

Creative Contribution, Psychological Ownership, and Willingness to Invest

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Abstract:

Managers are typically the gatekeepers to their employee's ideas in organizations. Whether managers approve their employee's ideas, and in what manner, are both integral to understanding how the ideas are further developed and disseminated into the firm. To provide one tactic employees can use to get their manager's buy-in to their presented idea, we propose the employee asks their manager for a creative contribution to the idea. We show in two experimental lab studies that the manager's creative contribution to the employee's idea increases the manager's psychological ownership for it. Furthermore, if a manager contributes to the idea, the likelihood that manager will both financially invest and believe in the idea's future success will both increase. In addition, the second study found that a more incomplete idea positively moderated psychological ownership while a perceived lack of contribution of the idea attenuated one's willingness to invest.

Keywords: idea contribution, psychological ownership, investment intention

Track: Innovation Management & New Product Development

1. Introduction

Both producing ideas and implementing them are necessary to lead a company to innovation (Anderson, Potocnik, & Zhou, 2014; Baer, 2012; West, 2002a) and innovation remains one of the most important ways companies can grow and be successful (Tellis, Prabhu & Chandy, 2009; Rubera & Kirca, 2012). While innovation is considered the implementation of ideas that are both novel and useful in a business context (Amabile, 1996) studies on the implementation of ideas compared to their production are proportionally sparse (Baer, 2012; West, 2002b; Woodman, Sawyer & Griffin, 1993).

Part of the implementation of ideas includes a stage in which one seeks support from their manager who can act as an idea champion to move the idea forward or not (Perry-Smith & Mannucci, 2017). In these cases, employees rely on the creative feedback of their managers and form a dyad where two people elaborate upon and co-create an idea gaining mutual ownership for it (Rouse, 2018). When entrepreneurs pitch their ventures, for example, they rely on creative feedback from their funders like how employees rely on the feedback of their managers. The entrepreneurs, just like with employees, must navigate issues of ownership the founders have for their ideas (Grimes, 2018). Rather than using ownership of their ideas as a barrier, employees may be able to use it as a tool by asking their managers to contribute and co-create the idea, gaining support from them in the process.

In general, little research has examined the dyadic relationship between employee and manager in the context of psychological ownership (Baer & Brown, 2012; Rouse, 2018). Considering the limited strategies employees have at their disposal in the organization to get their ideas recognized and sold to their managers, we adopt Yukl and Tracey's (1993) suggestion for consultation, or "using the target as a platform to present ideas" (p. 13) as employees can use this tactic to gain idea support from their managers in the form of idea contribution.

In a recent study, Lu et al. (2019) used consultation among four of Yukl and Tracey's (1993) tactics in order to sell novel ideas to managers. However, the study did not measure the responses from the test subjects regarding the influence tactics. This paper, by comparison, uses upward influence with consultation to solicit a manager's contribution, and in receiving this contribution, create a feeling of psychological ownership so that the manager supports their employee's proposed idea.

In summation, there is a lack of research examining the situations under which the implementation of creative ideas happens (Baer, 2012; Piezunka & Dahlander, 2015). For this reason, this paper focuses on getting a manager to contribute to an idea with the aim of raising their psychological ownership for it, and thus, increasing their willingness to invest in it and see its potential (Murnieks et al., 2011).

2. Theoretical Development

While prior research in the endowment effect (Thaler, 1980) has mainly examined different types of ownership, mostly physical or tangible, a stream of research has emerged examining intangible items. For example, Carmon and Ariely (2000) found in a study that people who imagined owning baseball tickets had higher perceived ownership of them. In addition, Dr. Dreu & van Knippenberg (2005) further showed that people develop ownership of positions and arguments especially when there is an expectation of conflict. This research was among the first to extend ownership to nontangible items.

With the integration of the abstract into the emerging literature on ownership, Pierce, Kostova and Dirks (2001) to create a theory of psychological ownership that included both material and immaterial objects. They define psychological ownership as how much someone feels that a specific target is theirs, or how much that individual has feelings of possession toward a target. Once a feeling of possession is integrated with a person's sense of self, they develop psychological ownership for that target. One can be made to feel psychological ownership with a target through three routes, or ways: by controlling the target, having intimate types of knowledge about it, and/or investing one's self into it.

In the context of new product development, research in psychological ownership is still young. Hulland, Thompson and Scott (2015) suggested that future research should explore and differentiate products and services applied to psychological ownership theory. For example, Franke, Schreier, and Kaiser (2010) showed that customers who designed specific products for themselves raised the economic value when compared to ones not created. This "I designed it myself" (p. 1) effect showed ownership conveying value is true for intention to buy in a consumer context. In addition, Norton, Mochon, and Ariely (2012) found that consumers who created small structures, including origami, Legos, and boxes, overvalued them compared to identical products that were pre-assembled, and called this the "IKEA effect" (p. 1).

There is a theoretical separation between the generation of creative ideas in organizations and having those ideas implemented (Baer, 2012). In addition, getting idea buy-in from managers is an important area of research and incorporates using selling tactics to be successful (Lu et al., 2019). One method to be successful may be consulting with a manager or asking them to offer feedback on an idea (Yukl & Falbe, 1990; Yukl & Tracey, 1993). Employees using creative contribution as a proxy to get their managers to feel psychological ownership for their ideas could be paramount for managers in organizations to recognize and better evaluate their employees' ideas

Although recent psychological ownership has been explored with immaterial objects such as ideas regarding adoptions of change (Baer & Brown, 2012), it has not been connected to willingness to invest. Since the endowment effect is closely related to possessiveness, it can be predicted that when one has psychological ownership over an idea, they are more willing to invest in it than not.

Therefore, we hypothesize that:

H1: Managers who contribute to an idea are more likely to invest in that idea. will exhibit stronger feelings of psychological ownership.

H2: Perceived ownership mediates the link between a manager's contribution to an idea and likeliness to invest in that idea.

In addition, if this idea is more incomplete, it may signal an openness to more iteration, and therefore, a manager's motivation to co-create it (Garud & Tuertscher, 2008), therefore creating higher levels of psychological ownership. A manager may see an idea as more incomplete and see a greater opportunity to use creativity and expertise to contribute to the idea. Thus, we hypothesize:

H3: Managers who contribute to more incomplete ideas will generate higher levels of psychological ownership than managers who contribute to more complete ideas.

Little research, however, has examined the dyadic relationship between employee and manager in the context of psychological ownership (Baer & Brown, 2012; Rouse, 2018) and at different levels of contribution. For example, some managers may have a leadership style that prefers employees to simply implement their vision, while others may want their employees to express their creativity more (Mainemelis, Kark & Epitropaki, 2015). In the former case, for example, leaders may insist on providing their contribution to ideas in order to feel their vision is

being implemented. If this does not happen, the manager may not feel they co-created the idea with a significant creative contribution and would be less likely inclined to invest. Therefore, we hypothesize:

H4: Managers who do not feel they have made a creative contribution to an idea will experience an attenuated tendency to invest.

3. Overview of Experiments

In order to test our hypotheses, we ran two experimental studies. The first was to show the mediated main effects, that idea contribution led to tendency to invest, but is mediated by psychological ownership. For the second study, we further posit two moderators, that idea incompleteness positively moderates psychological ownership while a lack of perceived creative contribution to an idea attenuates the willingness to invest.

We ran two online experiments on the Prolific platform, the first with 168 innovation managers who were randomly assigned to either a contribution condition, or a control. In the first experiment, both groups read a scenario in which an employee brings the manager, or participant, a video game idea. The participants either moved on to questions which requested them to contribute with more ideas, or an attention check in the control condition.

For the second study, we ran another experiment online using data from 210 innovation managers, again on Prolific. They were presented with a bike gadget idea in this experiment and asked to contribute to the idea with four similar questions as stimulus, as with the previous study. In the second experiment, we assigned the managers into a contribution condition as with Study 1, except we also manipulated a shorter version of the bike gadget idea (more incomplete), and a longer version with more details (more complete).

1.1 Measures

Psychological ownership. After they viewed the manipulations, we asked respondents in both studies what their level of psychological ownership they had for the idea presented to them. This variable was reported by the respondents. we developed four items to measure this construct based on Van Dyne and Pierce's (2014) construct of psychological ownership for one's organization except modified to reflect the studies' contexts (either using "video game idea" or "bike gadget idea", respectively). All items were evaluated with a Likert scale from 1 to 7.

Idea Characteristics. Once respondents answered how much ownership they felt to the ideas, they answered 10 item questions (Likert Scale of 1 = Not at all to 7 = Very much) about

different characteristics of the idea. The respondents were asked to “Please evaluate the [video game/bike gadget idea...]” and given one adjective to evaluate.

Willingness to Invest. After the psychological ownership condition, the investment variable was adapted from Murnieks et al.’s (2011) 3-item scale on how likely a venture capitalist would view an opportunity. The authors developed the scale to evaluate three dimensions that a VC would use to look at an opportunity using 1 to 7 Likert scales measuring the likelihood they would invest, the amount of money the VC would invest, and how much the VC expected the opportunity to be successful. In order to make the scale relevant to those taking the survey, we substituted “deal” with “video game idea” or “bike gadget idea”, respectively.

1.2 Results & Discussion

In both studies, we conducted regressions on SPSS using PROCESS to test our hypotheses. We found that, for both studies, there was a highly significant direct effect from idea contribution to investment intention. However, in both studies, psychological ownership fully mediated this effect. So, those invested in either the video game or bike gadget idea exhibited heightened psychological ownership for it, and, thus, were more likely to invest in it, confirming Hypotheses 1 and 2.

In the second study we found that, for those who had a more incomplete idea, they exhibited a stronger level of psychological ownership for the idea compared to the less incomplete idea. In addition, for those who psychologically owned the idea, if they perceived not providing a significant contribution to the idea (measured by the idea characteristics), they were unlikely to invest in the idea. The second study, thus, confirmed Hypotheses 3 and 4.

5. General Discussion

This research focused on the bridge between a manager’s contribution to an employee’s idea and the psychological ownership that it builds and the relationship to investment. This paper showcased an experiment that stimulated psychological ownership in managers for both a video game idea and a bike gadget idea. The results showed the manager has a greater willingness to invest in the idea as a result. In addition, the results showed a shorter and more incomplete version of the idea will strengthen psychological ownership compared to a longer, more complete version. In addition, we found that managers who psychologically own the idea yet do not see their contribution as creative have a lower tendency to invest in the idea.

6. Theoretical Implications

Results of the experiments have a few contributions to theory. First, this research shows the effects of presenting an incomplete or complete idea to one's manager. Little past research has identified how incomplete ideas encourage the participation of others in changing environments (Garud & Tuertscher, 2008) such as ideas that are not yet finished products or at the firm-level where companies may be ever-morphing their business models (Rindova & Kotha, 2001). This research suggests in the idea presentation and co-creation phases, employees may be best recommended to present their ideas more incomplete to their managers to gain a higher level of psychological ownership. In addition, if those managers do not feel they have made a creative contribution to the ideas they work with, this will remove their interest in investing.

Since the willingness to invest construct (Murnieks et al., 2011) used in this study includes likelihood of investment, money invested, and predicted success of the venture, it is a more comprehensive way of examining willingness to invest compared to similar measures such as Willingness to Pay, and, thus, captures how likely a manager would act in a business context more realistically. In addition, by using this dependent variable of willingness to invest measuring how likely the product would be successful, how much money the manager would invest, and how much potential the idea has, we expand the studies implications to the VC/investment theory. Investigating this new variable has implications in innovation research as it connects psychological ownership to investment theory, it expands the theory of psychological ownership of intangible items by linking it to a tangible investment construct, and it brings both investment and ownership into the context of selling ideas to managers.

Finally, the studies showed that in general, for employees to get their innovative ideas sold to their managers, they need to solicit the manager to contribute to their ideas. If managers ask their managers for consultation in the ideas, and, in doing so, solicit contribution from their managers, they will experience higher levels of psychological ownership and investment intentions. Therefore, this can be used in new product development and innovation contexts for employees to gain support for ideas from their managers. These studies also extend the research in abstract ideas and psychological ownership within a business context. While a few studies have examined abstract concepts and the construct of psychological ownership (Baer & Brown, 2012; Dawkins et al., 2017; De Dreu & van Knippenberg, 2005), less has been explored in the application of the psychological ownership of abstract ideas in a business scenario, and in the dyadic relationship between employee and manager.

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