Fighting the 'Hermit Crab Syndrome'

As a new academic paper makes clear, leaders who fail to convey openness to new ideas will stymie innovation within their organizations.

By Andrew R. McIlvaine

Sue Ashford, chair of the management and organization department at the University of Michigan's Ross School of Business, had spent years as an academic examining subjects such as the propensity of organizations to inadvertently stifle ideas and innovation from within their own ranks.

Yet, it wasn't until Ashford herself assumed a leadership role that she realized how difficult it can be to respond to new ideas in a way that satisfies both parties.

"It really shifted my perspective," she says.

She says she wasn't surprised by the results of a new study, which finds that, as the hierarchy in an organization increases, ideas from mid-level managers that can benefit an organization are less likely to be passed up to superiors. Boris Maciejovsky, an assistant professor of management at the University of California-Riverside, co-authored the paper with Markus Reitzig, a professor of strategy at the University of Vienna. The paper, titled "Corporate Hierarchy and Vertical Information Flow Inside the Firm: A Behavioral View," was published in the *Strategic Management Journal*.

The researchers said they set out to study the assumption by information economists and organizational psychologists that the more hierarchical an organization, the less likely that ideas will be passed on from the mid-manager ranks to top decision-makers.

They used a dataset of nearly 10,000 observations from employees at a large, multinational Europe-based company, then they conducted simulation studies to outline the mechanisms that increase or decrease the propensity of managers to pass up information to their superiors.

"I like to call this 'hermit crab syndrome,' " says Maciejovsky. "When mid-level managers feel their ideas are not reflected in top management decisions, they withdraw, like a hermit crab retreating into its shell."

When Ashford was named the business school's senior associate dean, she found herself on the receiving end of various ideas and proposals from people lower in the ranks.

"It's easy to come across to others as not being open to new ideas, even if you consider yourself to be an open person," says Ashford.

One of the challenges is that a person championing a certain idea or proposal can't see the full picture and may not be aware of, or have fully considered, other factors, says Ashford. Leaders, by necessity, must filter out competing thoughts and proposals when deciding what's best for the organization. But in so doing, they must also ensure they don't inadvertently discourage ideas and feedback from the middle ranks, she says.

Leaders may face an additional hurdle in recognizing there's a problem because they may be surrounded by direct

reports who tend to filter out ideas unless they can claim them as their own, says Scott Deming, an organizational consultant in Syracuse, N.Y., and author of *Powered by Purpose*.

"Mid-level managers who feel they aren't being listened to won't just react like hermit crabs-they'll quit, because they feel they're working for someone who either doesn't value them or is just too paranoid to trust them," he says.

In addition to pushing away talented employees, leaders who fail to convey openness to new ideas will also hamper innovation, says Karen Radtke, a project leader and organizational coach at BPI Group, a global HR consulting firm in Chicago.

"We're working with a client that just split off from a larger firm and is having to re-brand the internal mindset to be more nimble and innovative, but it's proving to be tough to break old habits," she says. "It involves undoing years of practice in being 'good corporate soldier' types."

As companies grow, it gets more difficult for new ideas to percolate up through layers of management, says Radtke. Should a company divest or spin off one of its businesses, that business will be burdened by years or decades of risk-averse behavior, she says.

"If you over-think things, then you tend to miss some of what made an idea really unique in the first place, and if people get accustomed to seeing no movement on their ideas, then they'll stop bothering to submit new ones," says Radtke.

HR can instill a respect for new ideas by being a "culture-shaping champion," she says.

"HR can facilitate processes for people to exchange ideas and ensure there's a real 'accountability structure' in place so that good ideas receive some follow-up," says Radtke.

Leaders and HR need keep a close eye on a factor known as "perceived organizational support," or the sense employees have of whether they'll be supported if they bring up new ideas or concerns, says Ashford.

"CEOs can publicly state their supportiveness, but if an employee's immediate supervisor is not onboard, it can be stymied," she says.

Leaders can get around this by regularly celebrating people who bring up new proposals, says Ashford. This can override an employee's concern about his or her boss, because it will demonstrate that support for new ideas is the norm within the organization, she says.

Leaders can also require their direct reports to demonstrate receptiveness to new ideas as part of their regular 360-degree evaluations, says Ashford.

In her own role, Ashford says she struggled at first with responding to all of the ideas and proposals brought to her attention. She eventually hit upon a solution: Pacing her responses.

"My attention is limited and it's really easy to become overwhelmed," says Ashford, adding that the natural response is to give a quick answer and then move on. "I finally learned to break away from the tempo of my email inbox. I told them they raised a really good point and that I would give it some serious thought. That way, when I got back to them with my verdict, they at least felt like they were heard."

Send questions or comments about this story to hreletters@lrp.com (mailto:mhreletters@lrp.com).

Dec 4, 2014