

READING PASSAGE 3

You should spend about 20 minutes on **Questions 27–40**, which are based on Reading Passage 3 below.

The psychology of innovation

Why are so few companies truly innovative?

Innovation is key to business survival, and companies put substantial resources into inspiring employees to develop new ideas. There are, nevertheless, people working in luxurious, state-of-the-art centres designed to stimulate innovation who find that their environment doesn't make them feel at all creative. And there are those who don't have a budget, or much space, but who innovate successfully.

For Robert B. Cialdini, Professor of Psychology at Arizona State University, one reason that companies don't succeed as often as they should is that innovation starts with recruitment. Research shows that the fit between an employee's values and a company's values makes a difference to what contribution they make and whether, two years after they join, they're still at the company. Studies at Harvard Business School show that, although some individuals may be more creative than others, almost every individual can be creative in the right circumstances.

One of the most famous photographs in the story of rock'n'roll emphasises Cialdini's views. The 1956 picture of singers Elvis Presley, Carl Perkins, Johnny Cash and Jerry Lee Lewis jamming at a piano in Sun Studios in Memphis tells a hidden story. Sun's 'million-dollar quartet' could have been a quintet. Missing from the picture is Roy Orbison, a greater natural singer than Lewis, Perkins or Cash. Sam Phillips,

who owned Sun, wanted to revolutionise popular music with songs that fused black and white music, and country and blues. Presley, Cash, Perkins and Lewis instinctively understood Phillips's ambition and believed in it. Orbison wasn't inspired by the goal, and only ever achieved one hit with the Sun label.

The value fit matters, says Cialdini, because innovation is, in part, a process of change, and under that pressure we, as a species, behave differently, 'When things change, we are hard-wired to play it safe.' Managers should therefore adopt an approach that appears counter-intuitive – they should explain what stands to be lost if the company fails to seize a particular opportunity. Studies show that we invariably take more gambles when threatened with a loss than when offered a reward.

Managing innovation is a delicate art. It's easy for a company to be pulled in conflicting directions as the marketing, product development, and finance departments each get different feedback from different sets of people. And without a system which ensures collaborative exchanges within the company, it's also easy for small 'pockets of innovation' to disappear. Innovation is a contact sport. You can't brief people just by saying, 'We're going in this direction and I'm going to take you with me.'