

Harnessing Creativity at Kings & Company

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Abstract

What started as a potentially valuable initiative at Kings & Company was threatening to degenerate into a routine system of rewarding a handful of employees who were brave and lucky enough to get their suggestions pass through multiple gates of evaluation. The company is in the business of manufacturing and selling home appliances in the Indian market. Its financials bear evidence of its success as a business. The CEO, Prakash Parekh, believed in the creative potential of individual employees and wanted to harness it to create sustainable value for the company. He, therefore, conceived of and implemented an employee suggestion scheme (ESS) whereby each employee could give suggestions to improve aspects related to his/her area of work, operations and business. The case describes how the ESS at Kings & Company has evolved from 2013, when it was initiated, till 2017. These changes are juxtaposed with a steady decline in employee satisfaction during the same period. Worried with such a trend, Parekh asks Uday Gupta, GM Human Resources, to review the ESS and recommend further changes, including dropping it altogether.

Keywords

Creativity, employee suggestion scheme, employee satisfaction

Disclaimer: This case is written for classroom discussion and is not intended to illustrate either effective or ineffective handling of an administrative situation, or to represent successful or unsuccessful managerial decision-making, or endorse the views of the management. The views and opinions expressed in this case are those of the authors and do not necessarily reflect the official policy or position of South Asian Journal of Business & Management Cases.

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It was past 7 PM on a Friday evening in September 2017 as Uday Gupta, General Manager, Human Resources at the Kings & Company, sat in his office on the second floor of the corporate headquarters in New Delhi, sifting through the notes he had taken in the past 6 weeks. These had been penned during discussions he had had with a number of employees working in the company at various levels with the purpose of getting their feedback on the existing Employee Suggestion Scheme (ESS). He realized he would have to work through the weekend from home to finalize his recommendations about possible changes in the ESS. He was expected to present his proposal to the Management Committee on Monday morning.

Gupta was new to the role as well as to the organization. The special assignment of reviewing the ESS had been entrusted to him by Prakash Parekh, the Managing Director (MD), in less than 2 months of his joining with Kings & Company. Although Parekh had not specified, Gupta suspected that the trigger had been the recent results of the annual employee satisfaction survey, which had confirmed the southward trend that had started 2 years ago, ever since the ESS had undergone significant changes in its policy.

Parekh had told Gupta:

I am unable to clearly understand the issues. On the face of it, the ESS has been designed so that our people get enthused to engage in creative problem solving at work. There aren't many companies that provide such opportunities to their people. And it's not that we are not incentivizing them for their contributions. Yet, there are indications that they are not happy with it. Clearly, we need to do something about this. Either we scrap the scheme, or we go to the bottom of the problem so that we can close the loopholes.

Although many in the organization perceived the ESS as Parekh's 'baby', Gupta knew that the MD would not flinch even if the scheme had to be discontinued. He would have to make up his own mind, though, within the next 2 days. The mandate from Parekh had been clear. Scrapping the scheme was the easier of the two options, even though it would have ramifications. If Gupta recommended continuing with the ESS, on the other hand, he would also need to recommend suitable changes therein so that it served its intended purpose.

Kings & Company

Kings & Company was a mid-sized player in the Indian home appliances industry. Dominated by big companies such as Samsung, Godrej, LG, Videocon, and Philips with diversified product range spanning multiple categories, the size of the consumer electronics and home appliances industry was estimated to be over ₹500 billion in 2016, expected to grow at a Compounded Average Growth Rate (CAGR) of 14 per cent in the next 6 years. Kings & Company had been growing at a CAGR of 11 per cent in the past 4 years, although its net sales increased by over 17 per cent in the FY2017. See Table 1 for the company's income statement. Its shares were listed on the National Stock Exchange and were trading at around ₹250 in September 2017.

In spite of the highly competitive Indian market for home appliances, the company's outlook for the future was mostly positive. This was due to several factors that brightened the prospects for the industry. Penetration levels of home appliances in India were significantly lower than the global average. The footprint of modern retail was increasing into non-metro and semi-urban areas in the country, and so was the availability of consumer credit. Another contributing factor was the increasing electrification of rural belts.

Kings & Company was traditionally organized according to functions, with marketing and production being the most critical divisions. Supporting functions included engineering and design,

Table I. Kings & Company's Income Statement

	(in ₹million)				
	March 2017	March 2016	March 2015	March 2014	March 2013
Income					
Net sales	17,008.70	14,436.58	12,492.65	10,925.15	10,896.98
Other income	569.95	115.48	207.90	205.73	203.10
Stock adjustments	95.03	-1.73	113.98	-4.63	-5.85
Total income	17,673.68	14,550.33	12,814.53	11,126.25	11,094.23
Expenditure					
Raw materials	11,833.95	9,761.83	8,928.28	7,873.75	8,180.50
Power and fuel cost	129.30	173.15	178.08	148.53	123.43
Employee cost	582.75	497.18	401.65	342.03	267.40
Selling and admin expenses	1,761.38	1,576.45	1,420.40	1,282.25	1,262.40
Miscellaneous expenses	208.10	181.63	0.00	0.00	0.00
Total expenses	14,515.48	12,190.23	10,928.40	9,646.55	9,833.73
Operating profit	2,588.25	2,244.63	1,678.23	1,273.98	1,057.40
PBDIT	3,158.20	2,360.10	1,886.13	1,479.70	1,260.50
Interest	22.35	20.38	51.50	43.98	47.45
PBDT	3,135.85	2,339.73	1,834.63	1,435.73	1,213.05
Depreciation	650.53	705.98	617.58	521.10	465.30
Profit before tax	2,485.33	1,633.75	1,217.05	914.63	747.75
Tax	650.90	490.90	289.25	218.88	149.73
Reported net profit	1,834.43	1,142.85	927.80	695.75	598.03
Per share data (annualized)					
Shares in issue (million)	37.76	37.76	37.76	37.76	37.76
Earning per share (₹)	68.54	59.44	44.44	33.74	28.00

Source: Company records (disguised).

quality, materials and procurement, finance, HR and IT. The company's primary production facility comprised a modern plant built over an area of 60 hectare in Noida (outskirts of Delhi) and employed over 2,000 people. The corporate office was at a central location in Delhi and housed the corporate functions and marketing. All other functions operated from the plant. Figure 1 gives a high-level representation of the organizational structure of the company. Each function was called a division and a typical division had multiple departments.

Employee Suggestion Scheme: The Inception in 2013

The ESS was introduced in the company in 2013. Given the positive outlook for the industry on one hand, and the stiff competition in the market on the other, Parekh believed that the only way Kings & Company

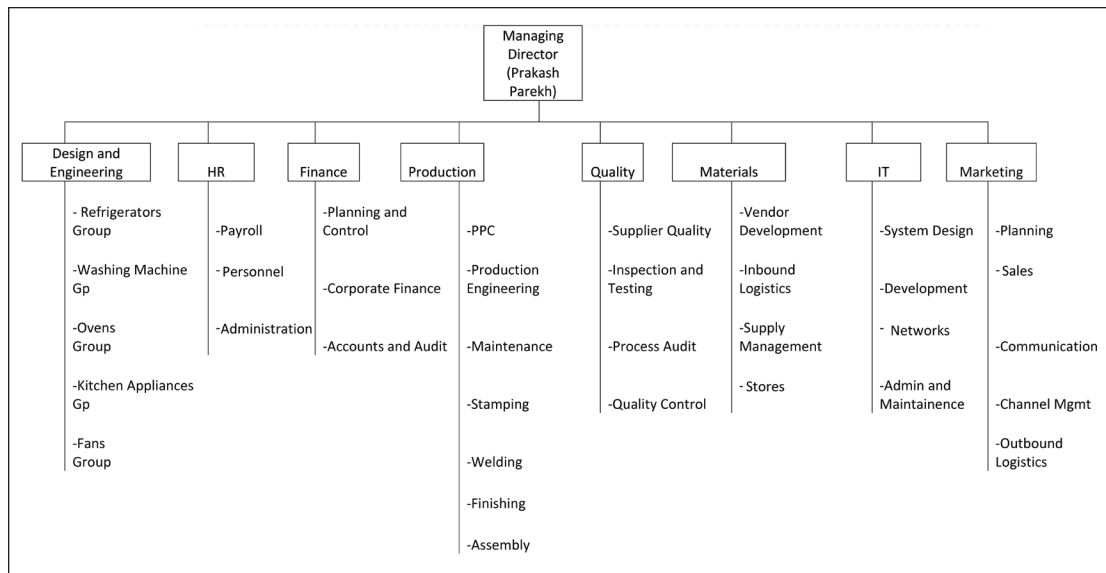


Figure 1. Kings & Company's High-level Organizational Structure

Source: Recreated by case writer based on own prior experience.

could grow and outpace the market was by being innovative in various facets of its business—not just in bringing out novel products, but also in critical processes and operations in every function and department.

During one of his visits on a trade delegation to Japan, Parekh had discovered that many Japanese companies had successfully implemented suggestion schemes whereby their employees were encouraged to give suggestions to improve things related to their operations and business areas. This had seemed to Parekh a simple way to harness the creativity of his own employees, a tool that could potentially energize and even empower them. Thus, on his return to India, he had handed over the onus of implementing a suggestion scheme at Kings & Company to the HR division located at the factory in Noida.

At the inception, with the goal of encouraging as many employees to participate as possible, the scheme was kept simple and accessible to all. Any employee could submit his suggestion directly to the Personnel Department in the HR Division. An HR executive registered each suggestion and recorded the name and department of the suggester. As an incentive, the scheme provided for a token monetary reward of ₹500 for any suggestion forwarded by an employee. The suggester received his reward in his monthly salary.

In terms of employee participation, the initial results had been encouraging enough. People seemed to have welcomed the scheme. Looking at the sheer number of suggestions being generated, the IT division implemented a system whereby, instead of putting down the suggestion on paper, an employee could key it on a computer screen and 'attach' supporting documents. It would automatically get included in the database containing suggestions pending review and decision. Once a suggestion was thus 'registered', it became the responsibility of the Personnel Department to follow up with the concerned department(s) and monitor its implementation.

In the very first year, the Personnel Department registered over 5,000 suggestions from the employees. Although this was a heartening response, it created its own problems. In its role as a promoter of the

scheme, the Personnel Department was expected to go through each suggestion and follow up its implementation. Considering the number of suggestions pouring in every month, the limited resources of the department, and the fact that the suggestions pertained to a large variety of work areas spanning different functions, it proved to be an uphill task for the Personnel Department to manage the process.

Bhaskar Bose, Personnel Manager, was Gupta's deputy and had been in the organization for more than a decade. According to Bose,

Well, to be frank, I had anticipated the problem. Without there being any mechanism for screening for quality, people started coming up with all kinds of suggestions – some downright meaningless. They found the scheme to be an easy way of earning some quick bucks.

Employee Suggestion Scheme: The Subsequent Changes in 2014

By the end of the first year, it was clear to the Management Committee that the ESS was not sustainable in its present form. Besides the untenable workload on the Personnel Department, there was also the question of the scheme's efficacy in terms of bringing about any notable difference to organizational performance. True to Bose' view, a large majority of the suggestions were indeed evaluated to be trivial and insignificant as far as their contribution to overall value was concerned.

Starting 2014, two important changes were introduced to the ESS. One, taking a cue from a few similar schemes operating in other organizations, a Suggestion Committee was constituted to undertake the task of evaluating the employee suggestions. The Committee, headed by the General Manager of Production, Rajan Nanda, included the heads of all divisions, including HR. Second, the token reward of ₹500 was done away with. Instead, a new reward scheme was introduced. The mandate of the Suggestion Committee was to evaluate the value contributed by a suggestion in terms of cost reduction, or improvement in quality or productivity, and recommend a monetary reward as the case might merit. The monetary reward could range between ₹500 and ₹5,000. The Personnel Department was to continue as the nodal point for receiving suggestions, maintaining records and tracking them till a decision was reached.

However, in less than 3 months of these changes, the Personnel Department was inundated with queries from suggesters who were keen to know the status of their suggestions. The Suggestion Committee members were expectedly busy with running their respective functions. As a result, the Committee found it difficult to convene regular meetings and sometimes, even when it met, was plagued by the problem of insufficient quorum. This had resulted in a sizeable backlog of suggestions waiting to be evaluated. This also resulted in delays in the monetary incentives awarded to the suggesters.

To counter this problem, further changes were introduced to the ESS at Kings & Company just halfway through 2014. The Suggestion Committee wanted to shift the onus of quality and implementation of the suggestions to the suggesters. Thus, a communication was sent to all employees stating that only those suggestions could be registered with the Personnel Department that had already been implemented. The Committee also asked the Department Managers to do the first level of screening of the suggestions submitted by their employees, and if found worthy, lend support to their implementation.

These changes greatly reduced the evaluation load for the Suggestion Committee because they led to a significant reduction in the total number of suggestions registered. Gupta's deputy, Bose, approved of the changes. He felt that the quality of the suggestions now being registered had certainly improved. Although he regretted the fall in the number of suggestions, he attributed it to the natural law that there must be an inverse relationship between quality and quantity. Table 2 gives some relevant summary statistics regarding the suggestions registered in the system from 2013 till 2016.

Table 2. Kings & Company's ESS Summary Statistics

	2013	2014	2015	2016	Total	No. of Employees*	Suggestions/ Employee**
Design and engineering	1,653	1,178	798	936	4,565	231	19.76
Marketing	897	219	134	1,137	2,387	307	7.78
Production	216	167	158	3,548	4,089	1,126	3.63
Materials	842	654	566	521	2,583	151	17.11
IT	286	125	87	334	832	80	10.40
Finance	38	19	14	52	123	15	8.20
Quality	1,578	969	548	1,227	4,322	197	21.94
HR	29	13	11	68	121	17	7.12
Total	5,539	3,344	2,316	7,823	19,022	2,124	
Cost saving	27	79	98	113			

(in ₹million)

Source: Reconstructed by case writer (disguised).

Notes: * As of March 2016.

** Total from 2013 to 2016.

Employee Suggestion Scheme: The Latest Version

Parekh's own views of the revised ESS were mixed. Although concerned about the reduction in the number of suggestions, he was pleased that some of the suggestions had made significant contributions to reducing costs and improving quality. He was not sure if these innovations would have been implemented so smoothly, or indeed even been initiated, if the ESS in its present form had not been there.

In order to further energize people to participate in the ESS, Parekh proposed to integrate it with the annual performance planning of employees. After some deliberation in the Management Committee, it was agreed that in addition to the existing KRAs, each employee must propose and implement four suggestions in the year. These would be evaluated during the annual performance appraisal. To further motivate and incentivize employees, the Management Committee also approved the payment of up to 1 per cent of the total annual monetary impact of an implemented suggestion as the reward. This was to be in addition to the existing reward scheme. Further to the earlier system of evaluation by the Suggestion Committee, a Department Manager could now evaluate and take decisions about rewards for suggestions whose scope was limited to the work span of the department itself and the maximum reward for which did not exceed ₹5,000. These latest changes were implemented in 2016.

All Not Well?

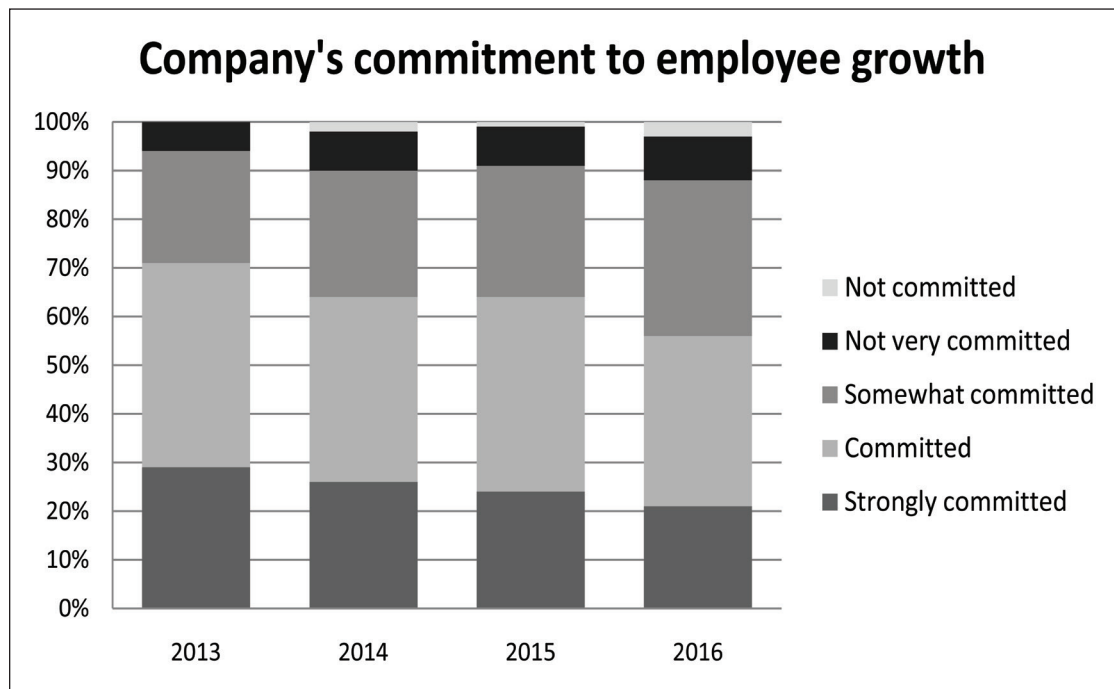
After making suggestions was mandated as a part of the annual performance planning and evaluation system, the number of suggestions increased dramatically. A majority of these, however, pertained to the suggesters' local span of control. Suggestions whose scope spanned multiple functions, or processes that interfaced with multiple functions, were far less in number. Like before, these had to be 'cleared' by the Department Manager. A suggestion of such greater scope would typically involve collaboration with

members of all the departments affected by it. On the event that it was finally implemented, the suggestion would then get evaluated by the Suggestion Committee for the monetary reward.

As Gupta met a number of different employees from different functions and levels to gather their perspective, he got the feeling that although the ESS seemed to be working fine, all was not well with the scheme, as was apparently corroborated by the employee satisfaction survey results of 2015 through 2017. Some key summary indicators of employee satisfaction at Kings & Company are given in Figure 2.

A number of questions perplexed Gupta. On the business front, Kings & Company had performed reasonably well in the last fiscal. As a result, annual performance incentive payouts were on the average 10 per cent higher than the year before. The annual salary increments had also been higher. Why had the employee satisfaction levels dipped? Were they unhappy about being forced to give suggestions as a part of the performance evaluation system? At the same time, though, the number of valid suggestions registered in the system had shown a record jump, as had the annual payout as monetary rewards. No one could, therefore, allege that the new policy had not worked.

Gupta was concerned and wondered if the explicit data revealed all that was true. He recalled his conversations with a couple of young executives. Shruti Khanna, an MBA from a premier Institute, and a Deputy Manager with the HR division, was perhaps the person who had most closely witnessed the entire cycle of the rollout and evolution of the ESS in the last 4 years. She and her team had been the nodal centre responsible for following up with different functions for implementation of employee suggestions on one hand, and interfacing with the Suggestion Committee on the other. Khanna had



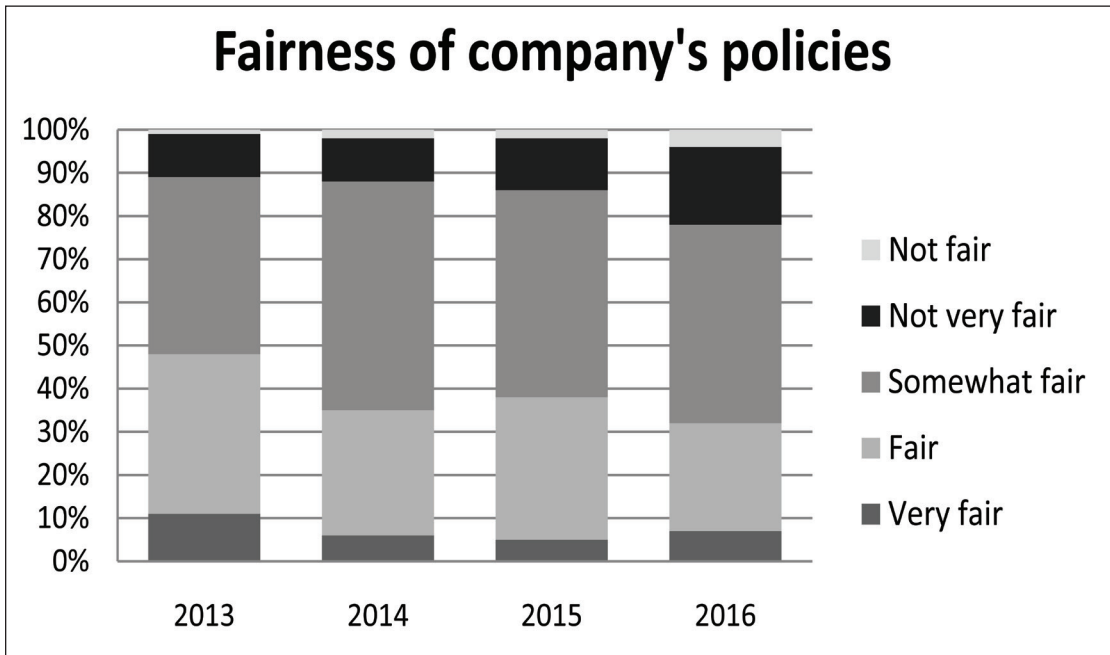
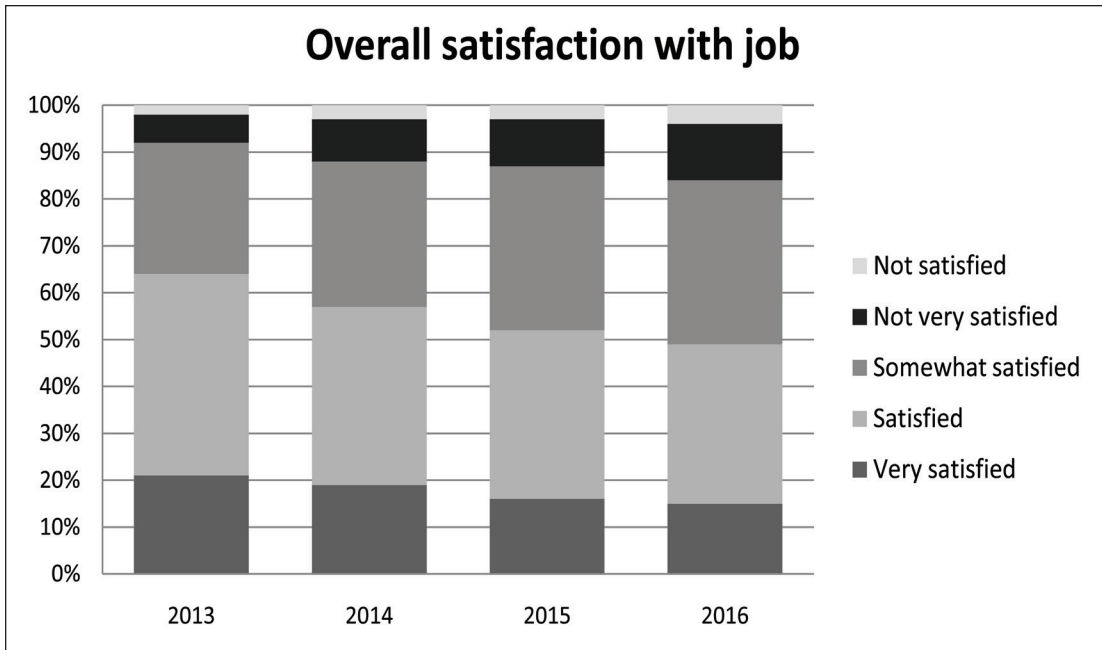


Figure 2. Employee Satisfaction Survey: Some Summary Indicators

Source: Reconstructed by case writer (disguised).

confided that a few of her young colleagues from other divisions, her lunch partners, were not happy with the ESS. For one, some Department Managers discouraged their members from proposing any suggestion that required collaboration with any other department or function for its implementation. The same was true if the suggestion implied major changes in the way work was performed currently. This view was corroborated by Madhukar Tambe, a young engineer working in the Design and Engineering Division. His boss felt that suggestions initiated by any of his department members that had anything to do with the domain area of some other department or division meant overstepping one's own jurisdiction and involved too much of hassle in coordination and implementation. Khanna, on the other hand, felt that such attitudes discouraged people from thinking big and resulted in suggestions that were trivial in their impact and produced, at best, incremental improvements.

Gupta's discussion with some employees had revealed that they were not satisfied with the monetary rewards decided by the Suggestion Committee. It had not escaped Gupta's attention that although some of the suggestions had resulted in recurring cost savings of millions of rupees annually, the highest monetary payout last year had been ₹15,000. Being a member of the Suggestion Committee, he had witnessed debates on the quantum of reward on many occasions. The general tendency of some of the more influential members was to avoid being liberal with the award money, although the policy allowed payouts of up to 1 per cent of the annual savings.

The Committee Chairman, Nanda, headed Production and was a veteran at the company. Gupta decided to have a word with him. Nanda's perspective on the entire issue of the ESS raised new questions. He felt the scheme was biased. According to him:

I was never in favour of monetary rewards. It creates imbalances. Have you seen the function-wise distribution of the suggestions in the past 36 months? We get the maximum suggestions from engineering and quality divisions. Finance produces the least. The fact is that the big buck savings are mostly in engineering and design. But what about productivity improvements? What about process improvements? These are not easy to quantify.

On the question of the quantum of the rewards, Nanda felt that things were not as simple as they seemed.

Most of these suggestions that have resulted in considerable cost savings might be considered as a part of the suggesters' regular job for which they are getting paid anyway. If we start paying out as per the policy we would be creating incongruence in the work culture. Besides, what do you think the situation would be like if people in certain functions get these monetary rewards far more frequently than those in areas that are less prone to creativity? We would be having a huge HR problem on our hands.

Nanda's words echoed in Gupta's mind as he stacked his papers in his bag and prepared to leave. How much truth did they carry? Thinking of Nanda's words, he was also reminded of those of Sridhar Rao, General Manager Finance. Rao was of the opinion that the ESS was unlikely to succeed at Kings & Company because the system originated in Japan, which was culturally very different from India.

It was past 8 PM when Gupta left his office. As he walked down the dark unlit corridor, his attention was caught by a stream of light emanating from one of the common meeting rooms. Inside, a young man stood deep in thought as he stared at the white board, which was covered with figures and scribbles of different colours. His name was Baldev Panda and he said that he was working on a project that he felt very excited and optimistic about. Since his job left him with little time during the regular hours, he had decided to stay back a while and work on his pet project.

Baldev reminded Gupta of the responsibility he carried towards the people of Kings & Company as the one who would propose the future course for the ESS. He wondered what motivated the young man

he had just met to work late after office hours on the eve of a long weekend. Was it the lure of monetary incentive? He smiled at his own suggestion.

Note: For assignment questions and discussion guidelines, please see Appendix A.

Appendix A

Harnessing Creativity at Kings & Company: Teaching Note

Learning Objectives

The case has been written based on the author's own experience as an employee with a real organization. For reasons of confidentiality, the name of the organization as well as the industry has been disguised.

The case can be used to explore the following issues:

1. The role of employee participation and engagement in shaping and improving organizational performance.
2. The scope of an employee suggestion system as an instrument to elicit creative solutions to organizational problems.
3. The stumbling blocks on the way of implementing such a system across the organization involving all employees.
4. The role of the leadership in implementing and sustaining such a system.
5. The structural and systemic implications for successfully sustaining such a system.

Position in Course

Although the case has been written to teach courses on managing creativity and innovation, it can be used for courses dealing with organizational behaviour, corporate culture and managing change. The case has been used by the author in the classroom for teaching the course 'Innovation Management' to second year MBA students.

Relevant Readings

1. Juniper (1996).
2. Lasrado, Arif, Rizvi, and Urdzik (2016).
3. Amabile (1998).

Assignment Questions

1. With what purpose was the ESS started as an organization-wide initiative at Kings & Company?
2. To what extent has the ESS served its purpose?
3. What is creativity?

- a. Is it a special talent congenitally gifted to a fortunate few?
 - b. Is it fair to expect all human beings to be creative?
 - c. Can a suggestion scheme such as that described in the case and meant to harness the creative potential of all employees really work?
4. What is the role of a suggestion scheme in the organizational context? True, the name of such a scheme itself connotes the basic purpose.
 - a. But can it be made to serve a larger purpose?
 - b. Can it become a source of sustained advantage for an organization?
 - c. Can it engender a greater degree of employee engagement and ownership?
 5. What is the role of the organizational leadership in planning and implementing such a scheme?
 - a. Can the scheme be left to work on its own?
 - b. Can it be linked to a larger agenda or philosophy for the company?
 - c. What can the leadership do to encourage participation and facilitate meaningful contribution?
 6. How can an organization-wide initiative such as this be managed effectively so as to transform the organization into a creative powerhouse? What are the systemic and structural implications of implementing such a scheme?
 7. What kind of feedback and reward system needs to be put in place for such a scheme and practice to be integrated into the fabric of the very existence and working of an organization? How can one build a culture of creativity and innovation?

Analysis

Purpose of the ESS

The case says that the ESS was perceived by the MD as a mechanism to harness the creative potential of the workforce. There are numerous examples across cultures, industries and organizations of how such a system benefits the organization in multiple ways—saving millions in cost, enhancing quality and productivity, increasing customer engagement, improving and streamlining work processes and motivating employees. Another important outcome of such a system is that it engages employees to contribute to the workplace and the organization, either individually or as a team, which in turn feeds into their sense of ownership, belongingness and achievement. Most importantly, such a system works on the assumption, and rightly so, that the employees working in any area know the best about how to improve things in their area, and that creative and valuable ideas can be generated by anybody.

Has the ESS Served Its Purpose?

Looks like it has not. There are some evidence in the case to support this view. Although the number of suggestions registered in 2016 saw a jump of over 200 per cent over the years before (case Table 2), the corresponding cost saving increased by just 15 per cent. As a result, the cost saving contribution per suggestion dropped by 67 per cent during this period. Looking at the fact that the same had been

increasing in the past years, this drop in 2016 combined with the jump in the total number of suggestions seems to suggest that giving suggestions became a chore for Kings & Company's employees once it was integrated into their performance planning and evaluation system.

In addition, even though the total suggestions increased so drastically in 2016, the average number of suggestions per employee was less than four, which was the number mandated by the employees' KRAs. This could be either because the employees did not care about the KRAs beyond a point, or they could not implement four suggestions during the year in spite of trying. In either case, the ESS with its latest policy did not deliver very well.

There has been a significant drop in employee satisfaction levels in the last 3 years (see case Figure 2). Although it can be argued that there could possibly be multiple reasons for this, the case does point to the possibility that the drop could have resulted from employees being unhappy with the ESS. First, the company has performed reasonably well financially during this period (case Table 1). The company has, in turn, rewarded the employees with incentive payouts and salary increments. Even then, there has been a drop in the employee satisfaction levels. Second, we find that the more motivated employees are not happy with the way their department heads have restricted the scope of their suggestions in terms of their domain of impact. They are also concerned about the transparency of the reward system.

We also find enough evidence of the ESS being stymied by at least some members of the leadership of the company. Although some may argue that transferring the onus of implementing their own suggestions to employees would make them more responsible for their proposals, it cannot be denied that it might also discourage them in some ways. Furthermore, curtailing the amount of monetary rewards for even deserving candidates sends negative signals about the intent of the Suggestion Committee. Finally, the case clearly shows that some members of the leadership harbor skepticism about the efficacy of the ESS.

Creativity and the Suggestion Scheme

For the suggestion scheme to work with company-wide participation, the word suggestion itself needs to be properly defined. This definition would entail a much wider scope than what is presently understood by people at Kings & Company.

In fact, one may wish to demystify the word creativity. Amabile of MIT (see relevant readings) defines creativity as the production of novel and useful ideas or solutions to problems. Although an individual can be more creative than another, what needs to be communicated without any ambiguity is that all human beings are capable of thinking of new ideas, especially when it comes to those related to the work they perform. It is under this premise that a suggestion scheme would work in an organizational setup.

There are a few other possible misconceptions that may need to be dispelled as follows:

1. It would be incorrect to define productivity, within creativity, in terms of number of suggestions made. A single original idea can sometimes be of much more value than a number of suggestions put together.
2. There is a common belief that certain areas of work in an organization require more creativity than others. Going by our operational definition of creativity that it is the phenomenon of generating useful and new ideas or solutions, this notion can be disputed. For the suggestion scheme to work, one needs to make creativity an all-pervasive need for the organization. Creative working needs to be understood as being synonymous with effective working.
3. There is one more notion that is plaguing Kings & Company and inhibiting it from unleashing the creative potential of its people—the common refrain that in order to be useful a creative idea must produce a tangible benefit. An idea can be abstract. It can relate to a vision of the future that is

intangible at present. It can be as intangible as a new way of looking at things. In which case, the leadership at Kings & Company needs to realize that an original idea can be much distanced from and yet linked to the final outcome it produces eventually.

It would also be imperative for the leadership to understand that a 'failure' of a suggested idea does not imply future failures as well. No one is expected to produce ideas that are all equally brilliant. This has implications for the seriousness with which feedback on suggestions is viewed. A positive approach to giving feedback that goes into the details of the suggestion and helps the suggester possibly modify the idea or come up with an alternative will go a long way in creating an ecosystem that might indeed make the system function the way it was conceived to.

Role of the Suggestion Scheme

From all evidence in the case, the suggestion system being practiced at Kings & Company has a very limited perspective of its scope, although the original intent may have been different. However, there is an opportunity for it to be transformed into a channel for new organizationally crucial ideas. There does not seem to be any linkage between the system at present and the larger organizational concerns and goals. The absence of such linkages would tend to demonstrate the lack of real conviction on part of the leadership about the true potential of such a scheme.

What Kings & Company really needs is a philosophical transformation of the suggestion scheme. If the organization were truly committed to democratizing the process of generating new ideas, it would realize that the broad-based involvement and integration of employees in the larger organizational goals could create an organization with a strong and distinctive advantage in the marketplace.

The philosophical transformation suggested here would essentially require the leadership of Kings & Company to fundamentally change its viewpoint about the purpose and utility of such a scheme.

Role of the Organizational Leadership

As suggested in the previous topic, the Kings & Company leadership needs to first discuss and assess the level of its conviction about the usefulness of the suggestion scheme. If convinced, it then needs to demonstrate its commitment seriously to the workforce.

1. It can start with sharing with all employees the bigger organizational creative concerns and goals. It can then ask the employees to be equal stakeholders by contributing to the resolution of the concerns and achievement of the goals, in their own ways. Thus, an effort needs to be made to create linkages between the ESS, the kind of suggestions the organization would value and the overall goals. Needless to say, the scope of the goals needs to be broad enough to encompass ways of working, organizing, products and processes and businesses—both current and future.
2. The leadership needs to then demonstrate its commitment by pledging adequate time and resources to the implementation of the ESS.
3. It needs to put in place a system that can look into each suggestion with adequate attention to detail and a feedback system that can positively reinforce the practice of working on one's own idea to bring it closer to what might work better.
4. It must train the workforce in the tools and techniques of creativity and innovation by organizing regular workshops.

5. The leadership needs to create more opportunities in terms of time and space for people to wear their creative hats, and encourage generation and preservation of ideas even if they seem outlandish to start with.
6. It needs to lead by example. Senior executives must enthusiastically participate in the scheme by putting forth their own creative ideas. It would greatly help if the leadership implemented radical suggestions that involved multiple departments and functions, and widely publicized such implementations.
7. The leadership needs to realize that much greater results can be achieved through collaboration amongst people—rather than through narrow competition.
8. The leadership needs to completely overhaul the reward system. Although monetary incentive has its own merit, it is far too inadequate and limited to address the needs of such a scheme. It needs to put in place a broader and innovative reward system. This could include publicizing and extolling the suggesters and their suggestions, an opportunity for suggesters to work exclusively on their suggestions, opportunities to carve out new organizational units for suggestions that exhibit promise of new business opportunity and so on.

Implementing the Suggestion Scheme

What are the systemic and structural implications of implementing such a scheme? This question also brings out a set of diverse but interesting responses from participants. Although there can be no definitive answer to this question, some of the possible interventions are listed below.

1. Organizing creativity workshops on a regular basis. These would equip people with tools and techniques that aid creativity, as also help them better understand the process of creativity. Such workshops give best results if conducted by internal resources.
2. Some of the organizations known to be consistently innovative have set aside a fixed time in the week when employees do not have any fixed agenda and can use this time to do their own creative pursuits. 3M is an example. The same holds true about the place where employees spend this time. It could be a meeting room, the shop floor, the cafeteria or a garden in the premises. The idea is to let employees choose the place where they wish to spend this time.
3. In lines of quality circles, Kings & Company can encourage its employees to create ‘creativity circles’. These circles could be groups of employees drawn from different departments. The choice of members should, however, be left to the group. The leadership of the group could change by turn. The basic idea behind this is:
 - a. Creativity and idea generation can be more effective when done in a collaborative mode.
 - b. Members of the group can help each other in refining the idea.
 - c. Participative ways of working together on ideas can create greater bonding and sense of involvement.
 - d. The group can work towards self-appraisal of ideas generated by its members.
4. The suggestion committee’s role can be changed from being a ‘go/no-go’ valve to being patron to creativity teams. If needed, all senior executives in the company can be asked to volunteer as patrons for teams. Patronage could be crucial in creating the right environment that is seen as encouraging and supportive towards increasing and sustaining the level of participation from the workforce. Patronage such as this can in fact serve a number of important purposes. Not only can it provide the crucial support and encouragement, it can also create access to resources, muffle criticism and act as a sounding board for modifying and refining ideas.

5. The Kings & Company perhaps needs to put in place a separate organizational unit to run the suggestion scheme. The sole responsibility of the members of this unit would be to ensure successful and smooth running of the scheme. It is important that this unit be adequately empowered for its effective functioning. It could be made answerable to the executive or management committee. Alternatively, it could also report into a Chief Patron, a position that could be taken up by a very senior leader in the organization.
6. As already discussed, the system of rewards and incentives needs to be totally reformed.

Feedback and Reward System

Till now, the participants would have discussed the actions to be taken by the Kings & Company leadership to resurrect the suggestion scheme, including an overhauling of the leadership's belief and attitude towards the potential of such a scheme to create sustained competitive advantage for the organization, communicating this conviction to all in the organization and putting in place suitable organizational processes and systems to encourage, facilitate and support the generation and flow of ideas and their implementation.

The participants would perhaps realize that these actions might not ensure organization-wide participation unless a suitable feedback and reward system is put in place.

The existing system of feedback is virtually non-existent. In fact, in the scenario when employees were supposed to first implement their suggestions before being able to register those, the concept of feedback was rendered meaningless. If any, there might be rejections and negative feedback generated by the present system (a form of the negative feedback could be the delay in arriving at a decision on a proposed idea, or even a cutback on the monetary reward).

The participants would perhaps see that this kind of a scenario might propagate, although inadvertently, feelings of inadequacy and low self-efficacy among the employees.

Revamping or even initiating a feedback system that lends credence to the reformed philosophy behind the suggestion scheme would be one of the biggest challenges faced by the Kings & Company leadership. Meeting this challenge, however, would be a decisive step towards reforming the system.

What would be the characteristics of such a feedback system?

1. The feedback has to be prompt.
2. It has to be positively oriented; all efforts need to be directed to the retrieval of failure.
3. It needs to transcend the traditional format and needs to engage the proposer meaningfully to support him/her into building on the initial idea.
4. It needs to focus on strengthening the employees' command over their own and related domains through training.

The feedback need not be the sole onus of the suggestion committee. It would be impossible for it to do justice to the system as envisaged. Instead, self-assessment and peer assessment should be encouraged, and the 'creativity circle' teammates and the 'patron' must work closely on giving feedback to the proposer. What is being emphasized here is an attempt to make the feedback system multi-tiered.

Finally, coming to the reward system, it is clear that the existing system would need major alteration. The system needs to be wider with rewards more aligned with individual and team needs, and calculated to incentivize creativity.

One can think of a reward rubric with three arms—prestige, privilege and money. Participants would recognize the merit that each of these arms has. Prestige could mean formal recognition, awards, career growth and taking on bigger responsibilities. Privilege could include greater freedom to work on a favourite project, special training, sabbatical or even the opportunity to start a new work unit.

Monetary reward must also be a part of the rubric. However, to be effective, the following need to be considered:

1. The quantum of reward must take into consideration both immediate as well as the long-term benefits.
2. A fair system of quantification must be developed—it should be able to quantify not just technical proposals, but also organizational suggestions.
3. Consideration must also be given to the creation of future opportunities for creativity.

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