

Management And Creativity: The Honda Case

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Abstract: Management has become a subject of major interest in different domains such as political science, history, psychology, sociology or business for centuries and led to numerous researches. As a concept, science, discipline, philosophy and practice, management aims at achieving both efficiency and effectiveness. To survive and prosper in today's highly competitive business world companies need to be managed in a creative way. The aims of the paper are to define the concepts of management and creativity, and to present the case of Honda, one of the most innovative companies around the world. The research is based on a case study.

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1. Introduction

Management constitutes one of the oldest concerns of people, organizations and societies because it has proved to be fundamental in the accomplishment of human goals (Hamel and Breen, 2007). Since the beginning of the 21st century management has remained a significant debated topic all over the world (de Holan and Mintzberg, 2004). However, the systematic exploration of management represents the product of the past century (Koontz, 1961; Sheldrake, 2003). It has become a subject of major interest in different domains such as political science, history, psychology, sociology or business for centuries and led to numerous researches. In this respect, theorists and researchers have tried to capture the essence of management without reaching a consensus on what constitutes management (Shafritz et al., 2016).

As a concept, science, discipline, philosophy and practice, management aims at achieving both efficiency and effectiveness. It provides the strategies that managers can pursue to obtain superior performances and, therefore, can explain the persistent growth and profitability obtained by companies. Prominent profitability and sustainable profitable growth are highly valued by shareholders, one of the main stakeholders of a company (Hill et al., 2015). Also, management is capable of creating a pleasant, motivating and flexible working environment, optimizing employees performances, exploiting the opportunities provided by the digital transformation of the business world and balancing stakeholder interests (Nicholson and Nairn, 2006; Dike et al., 2015; KPMG, 2016). All of these explain the spread and the application of management both as a term and a practice not only in business,

but also in public administration and non-governmental organizations (Engwall et al., 2016).

The new realities, specific to a volatile environment and disruptive world, call for strong, flexible and creative management. To survive and prosper in today's highly competitive business world companies need to be managed in a creative way (Henry, 2001). The continuous increase in the pace of change of the business environment imposes organizational change and, therefore, a shift towards mixing management with creativity within business organizations. Politicians, researchers and business leaders have understood that creativity helps companies to better respond to the challenges facing today's society and, therefore, is central to economic and business success (Heunks, 1998; World Economic Forum, 2016).

The aims of the paper are to define the concepts of management and creativity, and to present the case of Honda, one of the most innovative companies around the world. The research is based on a case study.

The structure of the paper comprises three sections. The next section presents the literature review. The third section displays the relationship between management and creativity at Honda Motor Company (HMC). The paper ends with conclusions.

2. Literature review

In attempting to deeply understand management, theoreticians have made numerous researches in the last century. The variety of theoretical approaches of management has produced a huge number of definitions. Taking into account that there is no generally accepted definition of management,

it can be considered as:

- “a socially valuable technical function, normally acting in the general interest of workers, employers, customers and citizens alike” (Alvesson and Willmott, 1992, p. 1).
- “the art of getting things done” (Eccles et al., 2003, p. 39).
- “a collection of activities involving planning, organising, motivating and controlling” (Cole, 2004, p. 7).
- “the process of working with people and resources to accomplish organizational goals” (Bateman and Snell, 2007, p. 16);
- “the activity of getting things done with the aid of people and other resources” (Boddy, 2008, p. 10);
- “the organisation and coordination of the activities of a business (or some other formal organisational setting) in order to achieve defined aims and objectives” (Combe, 2014, p. 5).

All these definitions reveal several features of the concept of management. First, management involves the deployment of

some specific activities such as organisation and coordination. Second, management relates to achieving organisational goals and objectives. Third, management implies the use of resources such as people and information. In this respect, management is interested in recruiting, attracting, motivating and exploiting human resources characterized by hard work, responsibility and creativity.

Since its emergence, the concept of creativity has been studied from different perspectives (e.g., psychology, business). However, creativity comprises at least four elements as follows:

- the creative process,
- the creative product/services,
- the creative person,
- the creative situation (MacKinnon, 1970).

There are three main types of creativity within organizations: individual creativity, group creativity, and organizational creativity (Table 1).

Table 1. Types of creativity within organizations

| | |
|---------------------------|---|
| Individual creativity | a function of antecedent conditions (e.g., past reinforcement history, biographical variables), cognitive style and ability (e.g., divergent thinking, ideational fluency), personality factors (e.g., self-esteem, locus of control), relevant knowledge, motivation, social influences (e.g., social facilitation, social rewards), and contextual influences (e.g., physical environment, task and time constraints) |
| Group creativity | a function of individual creative behavior "inputs," the interaction of the individuals involved (e.g., group composition), group characteristics (e.g., norms, size, degree of cohesiveness), group processes (e.g., approaches to problem solving), and contextual influences (e.g., the larger organization, characteristics of group task) |
| Organizational creativity | a function of the creative outputs of its component groups and contextual influences (organizational culture, reward systems, resource constraints, the larger environment outside the system, and so on) |

Table 1. Types of creativity within organizations

The concept of creativity has brought a lot of controversy regarding its meaning (Boden, 1994) as it involves every sense (Torrance, 1988). However, creativity can be defined as:

- „a function of three components: expertise, creative-thinking skills, and motivation” (Amabile, 1998, p. 18).
- „the ability to produce work that is both novel (i.e., original, unexpected) and appropriate (i.e., useful, adaptive concerning task constraints)” (Sternberg and Lubart, 1999, p. 3).
- “the development of original ideas that are useful or influential” (Paulus and Nijstad, 2003, p. 3).
- „the process through which individuals and groups arrive at ideas that are new and valued to those individuals, groups and others within their wider communities of practice” (Xu and Richards, 2007, p. 217).
- „the generation of a product that is judged to be novel and also to be appropriate, useful, or valuable by a suitably knowledgeable social group” (Sawyer, 2012, p. 8).
- „a vital form of human capital” (Runco, 2014, p. xi).

Thus, creativity proves to be a complex concept. It is linked with originality and novelty, and leads to value creation.

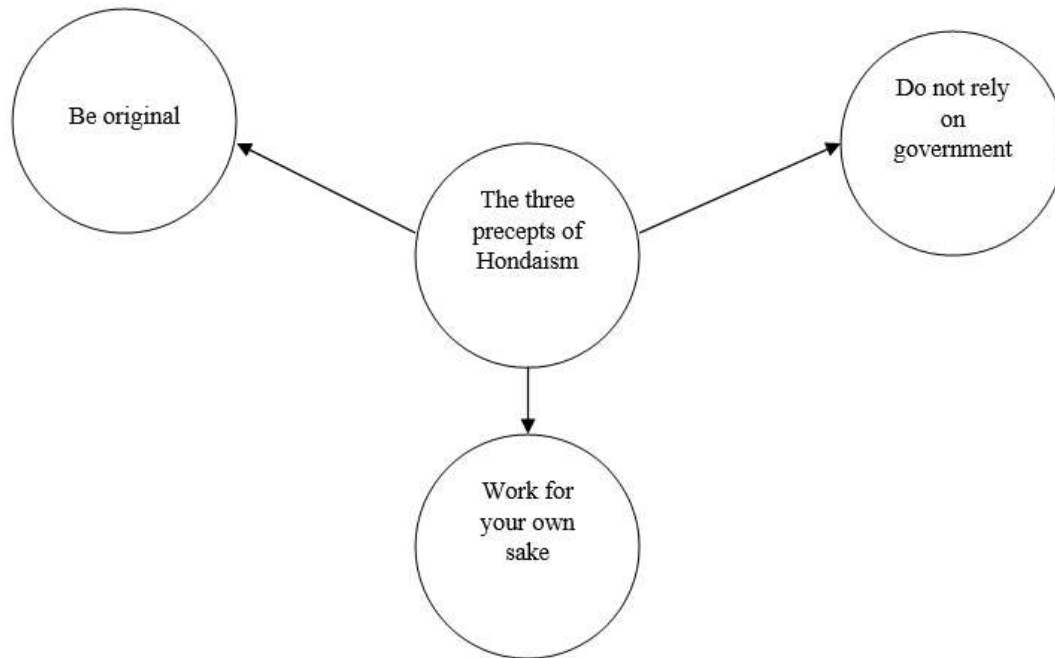
The relationship between management and creativity has been emphasized in the literature in the past decades (Henry, 2006; Bilton, 2007). By mixing management and creativity companies can obtain long-time corporate performance in an era of discontinuity. In this respect, creative management has become a powerful tool in order to achieve business success. Creative management is defined as “the study and practice of management, drawing on the theories of

creative processes and their application at individual, group, organizational and cultural levels” (Xu and Richards, 2007, p. 217) and “often entails a shift towards greater self-organization, seems to work best where social capital is plentiful, and can lead to new forms of relationship between workers, organization and the community” (Henry, 2001, p.ix). That is why top management is in charge of harnessing creativity by encouraging the continuous interaction among people from all departments and ensuring the flow of ideas (Davila et al., 2007).

3. Management and creativity at Honda

HMC was founded by Soichiro Honda (1906-1991). From his early childhood, Soichiro proved to be very interested in the mechanics of mobility and decided to build and invent machines. In spite of his large ego and ardent temperament, he was a brilliant mechanical genius and a creative entrepreneur. However, the Japanese company began to take the shape of a successful business organization when Soichiro hired Takeo Fujisawa (1910-1988) which brought financial and marketing knowledge. Soichiro personified a creative and self-confident man which considered the company as “a vehicle to give expression to his inventive abilities” whereas for Fujisawa “the engine innovation meant increased sales and easier access to financing” (Pascale, 1996, pp. 84-85). “Hondaism” was built on three precepts (Mito, 2012- Figure 1).

Figure 1. The three precepts of Hondaism



Soichiro's conviction was that the company belongs to its shareholders and employees (Sato, 2006). In fact, many former Honda employees became shareholders. This is why the managerial approach of Soichiro was flexible and the so-called "Honda Way", a go-it-alone attitude and a "philosophy of seeking out the toughest challenges and applying creativity, innovation and imagination to solve them" (Insley, 1989, p. 123), was seen as unorthodox and in opposition with the approach chosen by other automotive companies. He considered that ideas constitute the key to a company's success and, therefore, his business principles "foster continuous re-invention of product, people, and processes" (Rothfeder, 2015, p. 10) and emphasize:

- "individual responsibility over corporate mandates;
- simplicity over complexity;
- decision making based on

observed and verifiable facts, not theories or assumptions;

- minimalism over waste;
- a flat organisation over an exploding flow chart;
- autonomous and ad hoc design, development, and manufacturing teams that are nonetheless continuously accountable to one another;
- perpetual change;
- unyielding cynicism about what is believed to be the truth;
- unambiguous goals for employees and suppliers, and the company's active participation in helping them reach those metrics; and
- freely borrowing from the past as a bridge to what Honda calls innovative discontinuity in the present." (Rothfeder, 2015, p. 9)

Creativity is at the heart of Honda's management. This statement is emphasized by the following three managerial principles (Rothfeder, 2015):

1. Embrace paradox. Soichiro's unstructured management approach and style promoted the deployment of waigaya (unplanned meetings), real "laboratories" for exchanging ideas and producing innovation.

2. Real place, real part, real knowledge. At HMC, *sangen shugi* (going to the three realities/actualities before making a decision) is very important for management. The three realities are: *gen-ba* (the real spot), *gen-butsumu* (the real part), and *gen-jitsu* (the real facts).

3. Respect individualism. When making hiring decision HMC chooses independent and creative people with an unconventional attitude.

In sum, Honda's management is connected with creativity. The business precepts

and the managerial philosophy highlight the key role creativity plays at HMC.

Conclusions

The last decades have witnessed the rapid development of the researches related to creativity. The paper provides the theoretical framework to better understand the concept of creativity in correlation with the concept of management. It shows that today's companies are mixing management and creativity in order to achieve business success.

Also, the paper presents the case of HMC and emphasizes the way the Japanese company understands the need of embedding creativity in its managerial philosophy and principles. In essence, Honda's successful and creative management owes a lot to its founder, Soichiro Honda.

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