

# Creativity and Innovation in Organizations. A Managerial Approach

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**Abstract:** *The future of organizations depends decisively on their ability to constantly improve their technologies and processes and, on this basis, to develop new products and services that correspond in quantitative and qualitative terms to the evermore diversified requirements of the demand bearers. The paper addresses relevant aspects related to creativity and innovation as inexhaustible sources of sustainable competitive advantages. The conceptual framework of creativity is defined and the important phases of a creative process are delimited. The main types of innovations are briefly presented, while at the same time the variables defining the innovation capacity of organizations are revealed. The final section of the paper highlights the key role of management in stimulating creative and innovative processes within organizations and in developing innovative projects.*

**Keywords:** organization, creativity, innovation, management, sustainable competitive advantage.

**JEL Classification:** M10, L21, O31, O32.

## 1. Introduction

In today's economy, the development of new products and services is a permanent concern for organizations in their efforts to integrate strategically and to remain competitive in an increasingly competitive environment.

A new technology or an upgraded technology, a new process or an improved process, a new product or service, a modernized product or service, a new management method or technique, are the results of creative and innovative activities within organizations and, at the same time, sources of sustainable competitive advantages.

At Community level, the issue of stimulating creative and innovative processes in organizations is very topical, given that studies conducted by the European Commission show that there is no culture of innovation in the Union that would easily translate good ideas into new products and services. The European Union fails to place the excellence of its fundamental research activities in the service of the market-oriented innovation [4].

The strategy of the European Union is "to create an innovation-friendly environment in which valuable ideas can be transformed more easily into products and services that generate economic growth and jobs" [12].

The current Horizon 2020 Framework Program for Research and Innovation explicitly finances innovation.

Benefiting from a budget of 70 billion of Euro, allotted for 7 years (2014-2020), "Horizon 2020" is the most important program of research and innovation in the world.

## 2. On creativity

Teresa M. Amabile, PhD in Psychology and Professor of Business Administration in the Entrepreneurial Management Unit at Harvard Business School (USA), defines creativity as "producing new and useful ideas in any field of human activity, from science to arts, education, business or everyday life" [1].

Creativity is the process of revealing, selecting, changing and combining our facts, ideas and talents [10].

Creative thinking involves the division and restructuring of our knowledge about a particular phenomenon, in order to deepen the understanding of its nature. Creativity occurs when we organize our thoughts and ideas in a way that allows us to outline a different perspective on a situation [5].

The creativity of the human resources is essential in the evolution of an organization. There are several options that businesses can use to increase their creativity. One of the options is to use creativity tests in the process of recruiting human resources. After being hired in an organization, an important option is the participation of the human resources in training sessions for the development of creative potential. Also, coaching, which relies heavily on creativity and problem-solving techniques, at both individual and group level, is another option that may have a significant impact on the development of the capacity of the human resources within organizations to generate new ideas [2]. Therefore, the development of the creative potential of organizations must be a permanent concern for the management, who, through managerial and motivational tools, can create and maintain an organizational climate favorable to the generation and experimentation of ideas.

Creativity is the ability to see a challenge or problem in a new light and thus to find solutions that previously were not obvious. Creative people make a habit of thinking in a more open and flexible manner, they anticipate and also seek to invent things and new ways of thinking. Radical creativity can change the world. It can be as practical as the creativity applied to everyday issues, but it has long-term effects and does not give up when facing the most unreasonable and utopian hopes [11].

Creativity is the ability of the human resources within organizations to identify new solutions to current problems and brings together a complete set of ideas, behaviors, thinking styles and mental processes that can be evaluated.

A creative process can be divided into three main phases, namely:

- documentation phase (collecting, selecting and structuring ideas and information);
- analysis and interpretation phase (critical analysis of information, combination of the resulting ideas and, on this basis, development of new ideas and concepts, methods and techniques, models and algorithms, etc.);
- results phase (validation of ideas and concepts, methods and techniques,

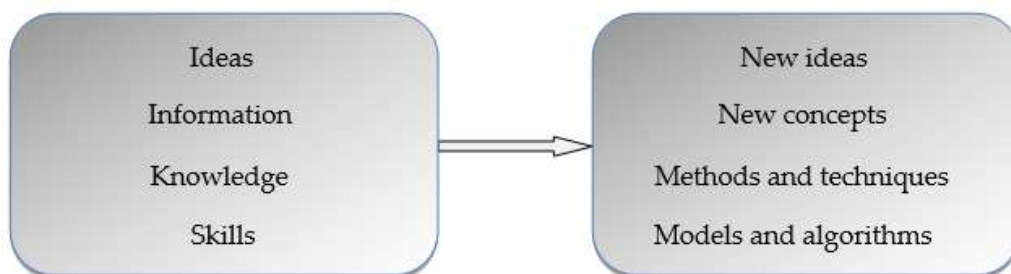
models and algorithms).

Creativity involves sustained effort and dedication from the human resources of the organizations, eloquent in this sense being the statement of one of the greatest inventors of all time, Thomas Alva Edison, that genius means 1% inspiration and 99% perspiration. Creativity also implies a certain degree of play, but it is based largely on discipline, perseverance and hard work.

An essential variable in the equation of creativity is imagination. Albert Einstein said that “imagination is more important than knowledge. For knowledge is limited, whereas imagination embraces the entire world”. Equally suggestive and full of content is another statement by Einstein: “Imagination is everything. It is the preview of life’s coming attractions”.

Edward A. Murphy also considered that “one grain of imagination is worth a pound of competence”. Therefore, in addition to good training, creative people have a rich, constructive imagination that, most of the times, makes the difference and is the source of novelty elements. The essence of a creative process is highlighted suggestively in Figure 1.

Figure 1. The essence of the creative process



### 3. From creativity to innovation

Creativity is the capacity of human resources to identify new solutions for current problems, whereas innovation is the process whereby an idea is transformed into utility and is launched on the market. Consequently, creative and innovative activities are interdependent [7].

Thomas Alva Edison said that “an idea, however valuable it may be, is worth nothing unless you put it into practice”. Therefore, creativity and innovation are not only in a relationship of interdependence, but also in complementarity.

From a managerial point of view, innovation can be defined as a process that implies a multitude of activities that are accomplished by a range of actors coming from one or more organizations, through a whole set of new combinations of means and/or goals, which aim at growth and/or the adoption of new products and services, which are developed and/or executed and/or implemented and/or transferred towards partners coming from old and/or new markets [8].

Innovation is therefore the process through which an idea is translated into practice and finally ends up on the market in the form of a product or service. Other concrete forms of innovation refer to new technologies, new processes, new managerial methods and techniques.

Innovations, as results of innovation processes, fall into the following categories:

- ▶ product innovations (new goods and services, goods and services significantly improved in terms of technical, constructive and functional parameters);
- ▶ process innovations (new manufacturing processes or technological flows, new methods of product quality control, new delivery methods, etc.);
- ▶ marketing innovations (new marketing methods, new techniques for the promotion, distribution and sale of products, new pricing policies, etc.);
- ▶ managerial innovations (new management methods and techniques, improved management methods and techniques, designed to help increase the efficiency and effectiveness of managerial processes in the organization);
- ▶ organizational innovations (aimed at increasing the economic and social performance of the organization and taking into account changes in development strategy, organizational structure, organizational culture, etc.).

The innovation capacity of the organizations is a function of at least three variables, namely:

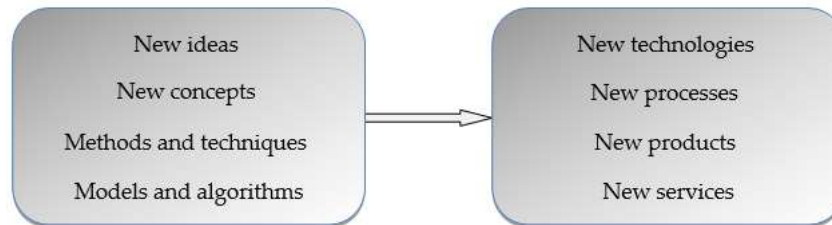
- the creative potential of the human resources (which can be developed through the options referred to in the second section of the paper);
- the competence of the managerial team (use of appropriate management methods and techniques fostering and enhancing the creative spirit of the human resources, giving them enough freedom to experiment with ideas);
- the promotion of motivational tools supporting the application of new ideas, i.e. their transformation into competitive products and services.

It is essential that human resources benefit from enough freedom in experimenting ideas, given that the validation of innovative ideas involves experiments and simulations. The mistake is always to be considered as a learning experience and, implicitly, an

important step in the process of personal and professional development.

The relationship between creativity and innovation is synthesized suggestively in Figure 2.

Figure 2. The essence of the innovation process



**4. The management of creative and innovative processes**

Innovation management has been defined by Sandrine Fernez-Walch and François Romon as “a set of actions performed in an organization and a set of options expressed in order to favour the emergence of innovation projects, to decide the launching thereof and to accomplish the trading of new products or the implementation of new processes for increasing competitiveness” [6].

From the perspective of the final goal of the innovation process, innovation management may be approached as a process that aims to identify, organize and allot available resources - human, technical, economic ones – in order to acquire new knowledge, to come up with ideas that allow for new products and services to be obtained and modernized, through the transfer of the best ideas into the sphere of production and commercialization [9].

The British standard BS 7000-1:2008 is a guide in the area of innovation management and it particularly refers to the design and development of competitive products [3]. The general principles of innovation management that are comprised by this standard may be applied both in economic organizations (firms), and in public organizations (institutions and public authorities), as well as in non-profit organizations. This standard offers indications that are structured onto three main coordinates:

- innovation management at organizational level;
- performance within innovation management processes;
- instruments and techniques used in innovation management activities.

Why is management so important in stimulating creativity and innovation in organizations, in developing innovative projects?

Because the managerial team, through strategic vision, through effective coordination, through the use of complex motivational tools, puts in value the creative and innovative potential of the organization.

The performance of an organization depends to a large extent on the competence of the employees, but their creative and innovative potential, i.e. their ability to identify new solutions to current and prospective problems, is the key to success and, implicitly, to achieving the sustainable competitive advantage. Therefore, the sustainable competitive advantage is a function of three variables: the competence of the human resources, their creative and innovative potential and the management (see Figure 3).

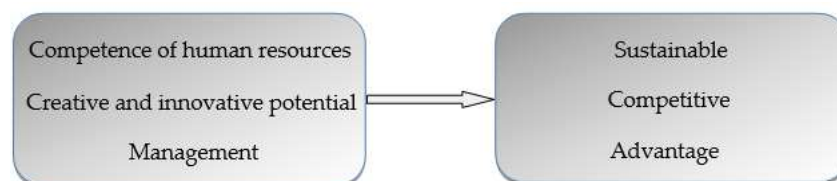
The human resources are strategic resources of an organization, as they produce, combine and use all other types of resources (material, financial, informational, etc.). The

main investment of modern organizations must be in the sphere of human resources, namely to support their participation in training and personal and professional development programs.

The management should promote evolutionary cultural models based on creativity and innovation that foster existing good practices and, at the same time, support the development of new creativity and innovation practices. It is essential for managers to encourage new ideas and create the proper framework for their experimentation.

Through the efficient and effective management of creative and innovative activities, the organizations can meet the evermore complex and nuanced demands expressed by demand carriers, thus adapting to the challenges of today's knowledge-based society and economy.

Figure 3. The sustainable competitive advantage



## 5. Conclusions

At Community level, the issue of stimulating creative and innovative processes in organizations is very topical, given that studies conducted by the European Commission show that there is no culture of innovation in the Union that would easily translate good ideas into new products and services.

Creativity is the ability of the human resources within organizations to identify new

solutions to current problems and brings together a complete set of ideas, behaviors, thinking styles and mental processes that can be evaluated. A creative process can be divided into three main phases, namely: documentation phase; analysis and interpretation phase; results phase.

Creativity is the capacity of human resources to identify new solutions for current problems, whereas innovation is the process

whereby an idea is transformed into utility and is launched on the market. Creativity and innovation are not only in a relationship of interdependence, but also in complementarity.

Innovations fall into the following categories: product innovations, process innovations, marketing innovations, managerial innovations and organizational innovations. It is essential that human resources benefit from enough freedom in experimenting ideas, given that the validation of innovative

ideas involves experiments and simulations.

The performance of an organization depends to a large extent on the competence of the employees, but their creative and innovative potential, i.e. their ability to identify new solutions to current and prospective problems, is the key to success and, implicitly, to achieving the sustainable competitive advantage.

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