

CREATIVITY AND INNOVATION IN ORGANIZATION

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Decisions made by executives today form the shape of their organizations in the future. This fact remains valid whether we are considering a very small enterprise, a very large and complex corporation or whether we are responsible for a major government department or division. In fact, it is applicable to all organizations.....government, business, or social.

If we are going to have qualified executives prepared to make tomorrow's decisions, can we as members of society seek less than the best qualified leaders to set in motion plans and programs which will affect our national posture in the future? Can we be satisfied with less than the most creative and innovative decision makers in our organization? Can we be satisfied with subordinates and workers who are not creative? Can we afford to be content with government or business leaders who lack professional training, the sense of responsibility, and the understanding required to fully comprehend the importance on tomorrow of the decisions they make today. The future survival of healthy and dynamic political, economic, and social systems of any nation can be seriously handicapped by ineffective leadership.

Why, then, are some organizations innovative and others not? Who has the prime responsibility for seeing that innovative people are developed and employed within an organization? Can creativity be developed? Let us explore these and other concepts for a few moments.

Some of the more significant factors generating a serious need for effective leadership and influencing the future of society include:

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1. the rapid advance of technological change,
2. the social responsibilities of business leaders,
3. government and business relationships,
4. the social phenomenon of rising expectations of all peoples in the world--including the pursuit of greater social justice,
5. the growth in size and complexity of modern organizations both in government and business,
6. the multinational business organizations, and
7. inflation--the threat to economic prosperity.⁽¹⁾

This list is to provoke thought and is in no way intended to be inclusive. Each person may in his own mind rearrange, add to or subtract from this list. But, the mainpoint is: the modern leader is not only confronted with internal management problems of his organization but with many significant external issues--national and international--that have a dramatic impact on tomorrow and create an inescapable need for effective, professional leadership. Ideally, the individuals who assume leadership roles should have the quality of character and the depth of courage to anticipate future problems, to communicate the impact of these problems on society, and have the motivation to search for constructive means for their solutions.

Creativity is bringing about innovation and change in an organization rather than waiting for that change to occur and then adapting to whatever has already happened. In short, it is what we might call progressive leadership rather than followership on the part of the managers. An important component is managerial philosophy. Management philosophy supplies the basis for the solution of business problems; an executive without a philosophy can have only limited capability for creative thinking, regardless of his basic intelligence. The realization that for an executive to lead he must be able to communicate a philosophy of management to his followers is a very fundamental fact of

(1) Phillip D. Grub and Norma M. Loeser, "Executive Leadership" *The Art of Successfully Managing Resources*, (Wayne, Penn.: MDI Publications, 1969), pp. 1-2.

executive leadership that is often overlooked.

The need for a philosophy of management is no new problem. For instance, Andrew Ure in 1835 published a book entitled "Philosophy of Manufacturers" in which he reflected upon the mutuality of profit interests of both managers and workers. He also gave recognition to the multiple objectives of management. Approximately 100 years later, Oliver Sheldon, a British management consultant, published a book entitled "Philosophy of Management" in which he stressed the need for business to develop ethical and social responsibility.⁽²⁾

The goals and objectives of an organization, and the means used to achieve them, is a reflection of executive leadership philosophy. The goals and objectives can be stated in terms of profits, growth, share of market, services, and/or social responsibility. In any event, an organization attains such goals and objectives through the personal values, attitudes, and actions of its people. The functions of the executive--planning, organizing, motivating, coordinating, and controlling--provide a basic foundation for the development of a sound philosophy of management. This is the basis for what we might call progressive leadership rather than followership on the part of the managers.

A major function of the executive is planning, for planning in reality is thinking about something and then making it happen. Technological changes have significantly broadened the functions of the modern executive. Today's successful chief executive must have a firm grasp of the vigorous impact technological change on the operation and management of the organization and on his own job performance. Furthermore, he must understand the impact of his own performance on those working with him in the organization.

Creativity is fostered or developed through an atmosphere or climate in an organization that is receptive to change. A major part of that atmosphere is the role undertaken by those who are in a position to guide the future of the organization. A well known management authority stated, "that if

(2) Grub and Loeser, *op. cit.* p. 3.

business is to cope with impending crises of change, the chief executive must cultivate innovative, resourceful administrators as individuals and not as identifiable parts of an established organizational hierarchy. The qualified individual must be put in an atmosphere of mental freedom and encouraged to develop his potential to the fullest.”

Each organization is a subsystem within a greater system as well as being a system having many subsystems as components. Take the director of an enterprise as an example; within his organization there are many subsystems that can be identified along functional lines--finance, production, quality control, marketing--as well as employee groupings--managers, engineers, researchers, clerks, janitors, technicians, assembly line personnel, etc. External to the organization are larger systems including industry associations, local economy, the national economy, interational competition, and so on. All of these place pressures on the executive, his colleagues, and the workers. Furthermore, this environment may also be seen from social and political points of view and these are continually changing. As a result, the manger needs to see the inter-relationships between the systems and the subsystems and how they affect his role as a manager. He is faced with many problems--how to satisfy the owners of the company, the workers, himself, how to maintain status for the organization, how to increase productivity, how to maintain an industrial and technological lead over competitors. To accomplish these many objectives, the manager must work with limited resources--human, financial, and technological. Therefore, a major part of the creativeness of management is how to optimize these resources, especially the human resources, and maximize the attainment of objectives. To do this, I feel, the manager needs to have a creative atmosphere within his organization.

What is this atmosphere that fosters creativity and innovation? It is, in a large part, the development of a management team whereby everyone in the organization plays an active role in achieving the organizational goals and

objectives.

This structure may be achieved in many ways--it may be fostered through techniques such as management by objectives using a total systems approach where there is group participation in setting of objectives and a coordinated effort at all levels to achieve them. As such, executives and workers combined their efforts together to objectively solve problems that occur. In fact, they function more like a professional partnership because they develop a confidence in one another's abilities. This is an important factor in delegating responsibility down to the lowest level at which the function may be performed. By capitalizing on this type of action, senior executives are able to plan and organize their duties more effectively, workers understand the significance of their role in the organization attaining its objectives, and the organization becomes more productive and able to progress in an era that is replete with change.

Another technique to develop creativity is to hold idea-sharing sessions. In these sessions, a problem is discussed and ideas of others are employed in resolving it. In this fashion, the problem becomes one of group responsibility rather than individual responsibility. The essence is to develop personnel who are capable of sharing responsibility and becoming an effective part of a successful team.

As I mentioned earlier, a prime factor in successful team work is delegating responsibility and commensurate authority downward in the organization. As such, management is able to utilize the talents of all personnel to their best ability. This technique is employed in most successful American companies. However, I have been surprised, in fact shocked, at the attitude of some European executives when it came to utilizing subordinate personnel effectively. This is particularly true when it applies to junior executives in an organization.

A French executive stated that, "he wouldn't even consider soliciting the ideas of a subordinate who had not been with the company for at least 15

years and, had a minimum of 10 years under his direct supervision." His attitude is ridiculous because a company needs to have the input of all of its managers. However, I have talked with junior people in German and Scandinavian firms and they are faced with approximately the same problem. That is, their ideas are never solicited by top management because top management feels that their ideas are always superior to those of their subordinates. If this were true, why would there be any need for subordinates at all? Often the younger people in the organization come in with fresh ideas and they are willing to question established procedures and are able to offer innovative ideas based upon their education and experience outside the company. This input of new talent is important in bringing about organizational change. Often these ideas cannot be adapted in their entirety or sometimes they are not suitable for employment at the present time but can be reserved for the future. What is important is that junior people must be made to feel a part of the management team just as workers must be informed of the objectives of the organization and the importance of their role in obtaining organizational goals.

Ideas come from many levels and often it is from the worker level that an innovative idea can lead to a technological advance by the company. For example, the oil that is used in automobiles and machines, which becomes thin in cold weather so that engines will start more easily and thick in hot temperatures so that there will be better lubrication and less wear on the equipment, was really the idea of a gasoline station operator. He questioned the need for having to change oil each time there was a major change in temperature and, working with his son's chemistry set, he experimented with the engine oil produced by his company and started what developed into our current 10-30 motor oil. Although the product was refined by the company's resource and development organization, the idea originated with the service station employee and he was rewarded financially by the company for his

efforts. Consequently, the ideas that workers might have for product improvement or work refinement must be able to filter up to the executive where action can be taken.

For the executive, ideas do not come from sitting behind a desk doing routine work. Executives must do challenging work and that is why I say that responsibility must be delegated down in the organization to the lowest level so that all are challenged and at the same time, top executives are free from routine work to be creative. They need time for reflective thinking where they may view the organization in its entirety and its setting in the economy. Furthermore, by freeing the executive from routine work, he is then able to communicate and work more closely and subordinates, as well as travel and view what is being done elsewhere. As a consequence, a more effective and efficient management team and organizational team may be developed.

Furthermore, through effective delegation, the manager still has the responsibility but there is a way of measuring effectiveness and contributions. Decisions and their impact on the organization can be measured. As a result, the control process becomes an easy one so managers may manage by exception.

We might ask ourselves, is there an established guide to executive success? There is no criteria which applies to all persons, but there are some fundamental criteria that may guide an individual in seeking executive success. The criteria will vary with each personality. No one individual can possess "the ideal mix" of all of the characteristics and abilities commonly used to describe successful executives. However, the following fundamental criteria including both characteristics and abilities are found in most successful executives:

1. Integrity. Integrity is an indispensable requisite for legitimate success in a position of executive leadership. Although a lack of integrity may permit

a momentary windfall of success, an individual striving for professional achievement is short-sighted indeed if he overlooks the fundamental fact that integrity is absolutely necessary. The successful executive makes no compromise in the soundness of his character and the adherence to principles of honesty, loyalty, and trustworthiness.

2. Ability to Communicate. The success of a leader is directly related to his ability to communicate. A new ideal decision--a strategy for achieving objectives--regardless of how brilliant or ingenious cannot be brought into constrictive use unless communicated. Without the ability to communicate effectively, the executive is hampered in conveying his thoughts, desires, and intuitive judgments to his subordinates, associates, and superiors.

3. Ability to Delegate. A most difficult task for many executives is the effective delegation of responsibility and authority to their subordinates. In today's highly complex organizations, It is essential that the leader be able to delegate effectively responsibility commensurate with authority to give subordinates the power to act in performing tasks assigned to them.

4. Motivation. There are two aspects of motivation which are fundamental to successful leadership. First, the leader must be highly motivated to perform his job with excellence. He tirelessly strives to maintain his professional competence and improve upon "what he does" and "how he does it." Second, the leader must be able to inspire and motivate his subordinates to carry out their jobs with a sense of dedication for competent performance. The ability to motivate subordinates effectively is most vital in the highly automated, complex industrial environment of today. Lawrence A. Appley, past president of the American Management Association, has suggested that "possibly the great search for creativity has befogged the need for productivity, and the latter has suffered". It could be that we have not kept the two in balance. Lawrence Appley emphasizes the need for operating executives who can get things done through people. He has observed an increasing indifference in

terms of quantity, quality, cost, and time. Each day brings us an increasing number of illustrations of careless and poor workmanship, of incomplete staff work, of failure to meet schedules, of lack of adequate controls. Although Lawrence Appley recognizes the importance of executives who can motivate subordinates to perform their work with competence and can guide creativeness toward benefit of humanity.

5. Creativity. The ability to think creatively is another fundamental criterion for successful executive must not only be creative himself but he must be able to tap the creative potential of his subordinates. He must recognize the importance of an environmental climate where the ability to think is necessary and where creative achievement is encouraged and recognized. The exploitation of new ideas and the stimulation of creativity within the organization have a significant impact upon its future survival and growth.

6. Ability to Organize. The ability to organize the functions of the organization to obtain effective working relationships where people carry out tasks in a spirit of teamwork and harmony is also essential to successful executive leadership. Through organizing effective working relationships, the leader strives to avert situations which may compromise the goals and objectives of the organization, its profitability, or the morale of the employees.

7. Respect for the Human Dignity of People. By having and communicating a mutual respect for the dignity of each individual with whom he works, the successful leader builds organizational loyalty and esprit, He is conscientious in his efforts to be fair in his judgments and his associations with people. He seeks not a team of "yes-men" but rather a "healthy" association based on trust, respect, and loyalty. Once this sense of trustworthiness is established with people, a climate of confidence is generated in which the goals of the organization and the goals of individuals can be mutually achieved. Although constructive disagreement may transpire among

subordinates in the search for alternative solutions to problems once a decision is made by the leader, cooperative effort takes hold in the implementation phase.

8. Adaptability. The executive in the modern world is confronted with everchanging economic, social and political conditions and should strive to maintain an attitude adaptability in a sense, the successful leader is a pragmatist who has the foresight to plan ahead for the eventualities of change. He will usually have several alternative courses of action should unanticipated events give rise to changing decisions, plans, or policies.

9. Personal Dynamism. From the characteristics and abilities outlined above as fundamental to executive success, it may be concluded that the "ideal" successful executive is a respected, highly motivated and creative leader who can effectively manage the work of other people. In addition to these fundamental criteria, the personal dynamism of the executive in approaching his job transmits inspiration to the people with whom he works. He has a vigorous, energetic, positive attitude toward his job. His dynamism reflects the great satisfaction received from being confronted with challenging problems and finding effective solutions for them. He has a discerning interest in carrying out his functions of planning, organizing, directing and controlling and is prone to emphasize follow-through and to evaluate the results of actions taken. His ability to discriminate the important from the unimportant conserves his subordinates. In short, through the dynamism of his leadership, he constructively contributes to the motivation of the people through whom a healthy organization is sustained in a highly competitive environment.

Most important of all is a manager's willingness to develop himself and help others in his organization develop. I think that we would all agree that most managerial development is self-development. I feel that is true for two reasons; because the development pattern varies with each individual and secondly, the motivation for development is different for each individual.

However, this is not to say the organization does not have responsibility for assisting the individual in this development process. On the contrary, it has a major responsibility because the organizational "climate" has a great impact on each individual's development process.

What is this climate for creativity? It can best be experienced by evidence of the following factors in an organization.

1. The opportunity for each person to develop himself to the best of his ability. This is done through both training programs within the organization and the opportunity for the individual to observe and work outside of his organization through professional development programs.

2. Clearly defined responsibilities and accountabilities so that each person knows what he is responsible for and to whom he is accountable. Furthermore, he must know the responsibilities and accountabilities of others within his organization.

3. Delegation of whole pieces of work with commensurate authority to carry out these assigned tasks. Delegation should be as far down in the organization as is possible in order to optimize the utilization of personnel and to provide training and experience for junior executives who are able to make minor decisions at lower levels and who will be prepared to make major decisions at higher levels once they are promoted.

4. A manager's willingness to take risks of leadership and demonstrate this willingness to his subordinates so they in turn will be willing to take risks. Not all decisions will turn out to be correct ones, but nonetheless we learn by doing and consequently if we do not take risks with subordinates, our organization is not going to be a leader rather a follower.

5. Proper selection of personnel. Perhaps the most crucial factor in any organization is in developing a team of competent and complimentary executives and workers who are well trained and show promise of further advancement. In short, an organization must look for "doers" rather than "wanters" and must seek to retain the best possible personnel available.

6. Recognition of superior performance by both monetary and non-monetary rewards. The importance of monetary rewards should not be forgotten because they are an important form of recognition for excellent performance. Furthermore, it takes so little time for an executive to tell someone when he has done something well and the psychic income from this personal recognition will enhance the "team" concept of the organization.

7. Promotion of those who achieve. Promotion up the executive ladder should be based on one thing alone and that is successful-on-the-job accomplishment. Too often personnel are promoted because they have been with the organization for a certain number of years and have seniority or because they have completed a particular management training program or university degree program. While these are important considerations, the real factor should be on the individual's achievement and his potential.

These elements of "creative climate" cannot be prescribed by some management doctrine but rather is evidenced by management performance. Furthermore, to be effective this climate must be evidenced at all levels within the organization.

I'm reminded of a story which talks about "averages". One year it rained so much that all of the fields were flooded; as a consequence, no crops could grow. The next year happened to be a year of drought and as the sun parched the earth, the crops withered and died and so there was no grain to be harvested. However, if we averaged the floods and the drought, on the average there was an excellent climate for growing agricultural products. The same thing is true in an organization, if we have excellent management at one level and poor management at the other level on the average we should have good management. However, it just does not work that way. Good management must be found at all levels in order to have a viable organization and this is underscored when we attempt to have developed creative, and innovative personnel who are capable of keeping our organization competitive in a world of technological change.