



## The role of creativity, innovation and entrepreneurship in the organization

<sup>1</sup>Keyvan Gholami, <sup>2</sup>Arman Karimi

1. Department of Entrepreneurship Management, Tehran University School of Entrepreneurship.

E.mail: [kivangholamy@yahoo.com](mailto:kivangholamy@yahoo.com)

2. Department of Entrepreneurship Management from Tehran University School of Entrepreneurship.

E.mail: [arman83karimi@gmail.com](mailto:arman83karimi@gmail.com)

### ABSTRACT

Many scholars and experts of different sciences refer to the third millennium as a non-elastic or unsustainable and non-returnable age. They believe that non-elastic or non-returnable means that the solutions that were used to solve daily problems in the past are not practical and instrumental for the current and future issues. Today we must search for new organizational strategies with new structures for the growing challenges of human societies. Experience has shown that major innovations and technological advances in large organizations and public companies are not happened accidentally and will not occur again, but the only effective way is to create and develop conditions for small and medium economic activities so that they can be established and compete. Today, the world's economy is moving toward entrepreneurship with creativity and innovation, and creating new businesses is located in the center of this activity. Companies are also developing rapidly. Great entrepreneurs like Steven Jobs in APPLE Company, Bill Gates in Micro Soft Company and many others in other successful companies have opened new horizons to this centuries economy by showing the spirit of creativity, innovation and entrepreneurship. They have shown that money and luck are not enough for successful entrepreneurship, but entrepreneurship is a process that requires creativity, risk taking and planning. Innovation is considered the key actions in the process of entrepreneurship. Most of the researchers and Authors in the field of entrepreneurship agree with the idea of Peter Drucker on entrepreneurship concept. Today, survival and development of organizations require creativity and innovation. Now the speed of change and development is beyond imagination in a way that creativity and innovation are considered as the most fundamental principles of survival of an organization, and innovation is the most important source of competitive advantage.

**Key words:** Creativity, innovation, entrepreneurship, competitive advantage

### INTRODUCTION

The world is moving toward entrepreneur economy and creating new companies is located in the center of this activity. New businesses and companies are developing with incredible speed.

Famous entrepreneurs like Steven Jobs in APPLE company, Debi Fields in Miss Filders company, Bill Gates in Micro Soft Company and Fred Smith in Fedex company and dozens of others in successful companies have opened new horizons to this centuries economy by showing the spirit of creativity, innovation and entrepreneurship. In this article, in order to explain the ultimate goals in an organization, first the importance of creativity, innovation and entrepreneurship is discussed, and their definitions are mentioned from the viewpoint of different people, then processes of creativity, innovation and entrepreneurship are described, and some solutions are studied in order to resolve these problems in the organizations of our country, finally, with a quick look at the challenges that creativity, innovation and entrepreneurship face in organizations, some solutions are provided to solve these problems in the organizations of our country.

Today students in business fields need educative trainings and programs to provide them with a fundamental framework to understanding the process of entrepreneurship. Money and luck are not enough for successful entrepreneurship, but entrepreneurship is a process that requires creativity, risk taking and planning [1],

#### **Creativity:**

Theorizing about creativity and elements forming it by social scientists, goes back to more than a century ago, but the first major research spark was struck by Gilford. "Creativity is synonymous with divergent thinking (to find new approaches to solving problems) vs. convergent thinking (to obtain correct answers) [5].

Creativity can be defined in many ways. But most researchers consider it as a process. Thus creativity is defined as creating new and effective ideas. Being new refers to the purity and originality of an idea. Effectiveness is that the idea or other elements associated with it are directly related to the objectives of the organization and a basis for value creating for the organization [1].

Another definition for creativity is to create new ideas in mind and a creative solution can use the existing knowledge in a different direction [4].

In all definitions of creativity from the past till today, this word is simply "using mental abilities in order to create a new thought or concept (Kaiser, 1968: 4) and the process of developing imaginary and exquisite views about different situations" [8].

### **Innovation**

Innovation is the processes of collecting any kind of new and useful ideas in order to solve problems generally includes formation, adoption and implementation of new ideas for processes, productions and services []. (konter, 1995)

Innovation from the viewpoint of market consists of providing new and useful ideas and to transmit them to the market quickly and to implement them to the organization in order to produce cheaper and better products or acquiring more effective customer support [2].

Also, Joseph Schumpeter, presents four innovations in his research on innovation that include:

- 1 - Introducing new products or changing existing product quality.
- 2 - Create a new market.
- 3 - Finding new sources of raw materials and other input supplies.
- 4 - Changing the industrial organization [2].

### **Entrepreneurship:**

A number of thinkers regard entrepreneurship a kind of behavior and lifestyle, another group consider it an artistic work. But Peter Drucker (1979) expresses entrepreneurship as permanent searching for change, the reaction toward it and benefiting from it as an opportunity.

Arthur Cole (1965) believes that entrepreneurship is any purposeful activity, including individual or a group of people's coherent decisions to create, develop or maintain the economic unit.

On the other hand, Schumpeter (1934), the first one who presented this concept scientifically for in his theories, entrepreneurship is the process of creative destruction.

According to him, innovation occurs at the beginning of the process of entrepreneurship, creativity creates a transient monopoly and this condition leads to exclusive profits. Then by the extension of this innovation, the exclusive profits vanish and more innovation possibilities are provided. In entrepreneurship, both individual and the environment are necessary to be defined.

### **Creative process:**

Despite the differences in studies related to creativity, aspects such as creative process, the role of individuals creativity and creative environment are important in all the research environment.

Creativity is a process formed of the following steps: [8]

- Forming, identifying and defining a issue
- Preparation and acquiring data relating to the issue.
- Forming the idea.
- Evaluation.

Forming Construction, preparation and issue recognition Bnym data acquisition related issue forming the idea evaluation process creativity Figure 1-1 [8]

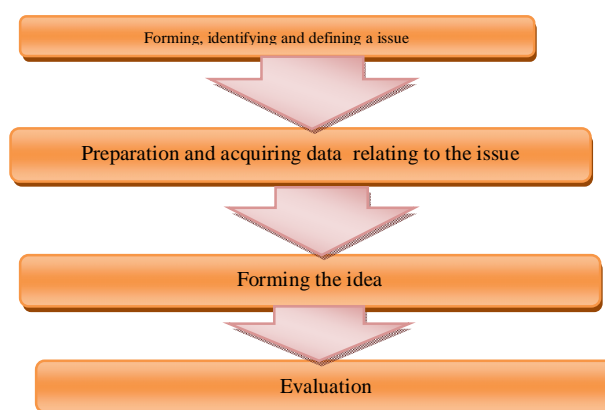


Figure 1-1 creativity process [] (Malaga, 2000: 129)

**Innovation process:**

Innovation process, includes decisions about things that should be changed, strategy and planning for change, resources of change and change implementation; in a way that each organization should take these steps and after performing, begins to look for new innovations.

According to Lyndhulm and Holm Green innovation process includes five steps: [3]

The first step: the idea (creating the idea)

The second step: evaluation (choosing idea)

Step Three: Making Pattern

Step Four: Business Planning (the final arrangement with organization's strategy)

Step Five: Acting and performing (shipping the product to the market)

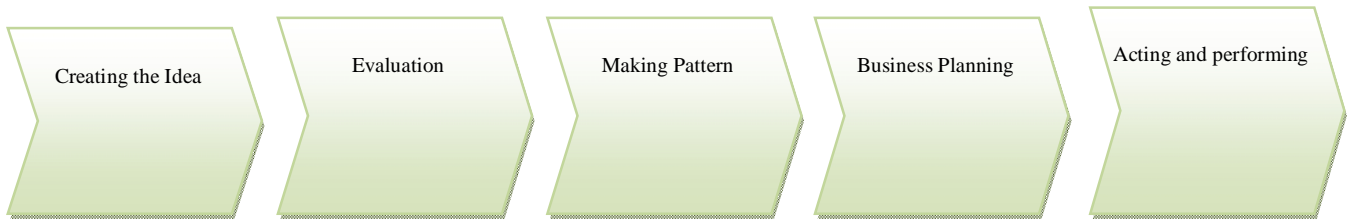


Figure 2-1 steps of innovation process [3]

**Entrepreneurship process:**

William Baygriv believes that the entrepreneurship process includes all activities and tasks related to perceiving opportunities and making organizations pursue opportunities, [5]. Entrepreneurship is a process that consists of several elements. The most important components of entrepreneurship process are: [7]

- 1. Entrepreneur
- 2. Opportunity
- 3. Structure
- 4. Sources
- 5. Strategy and business plans

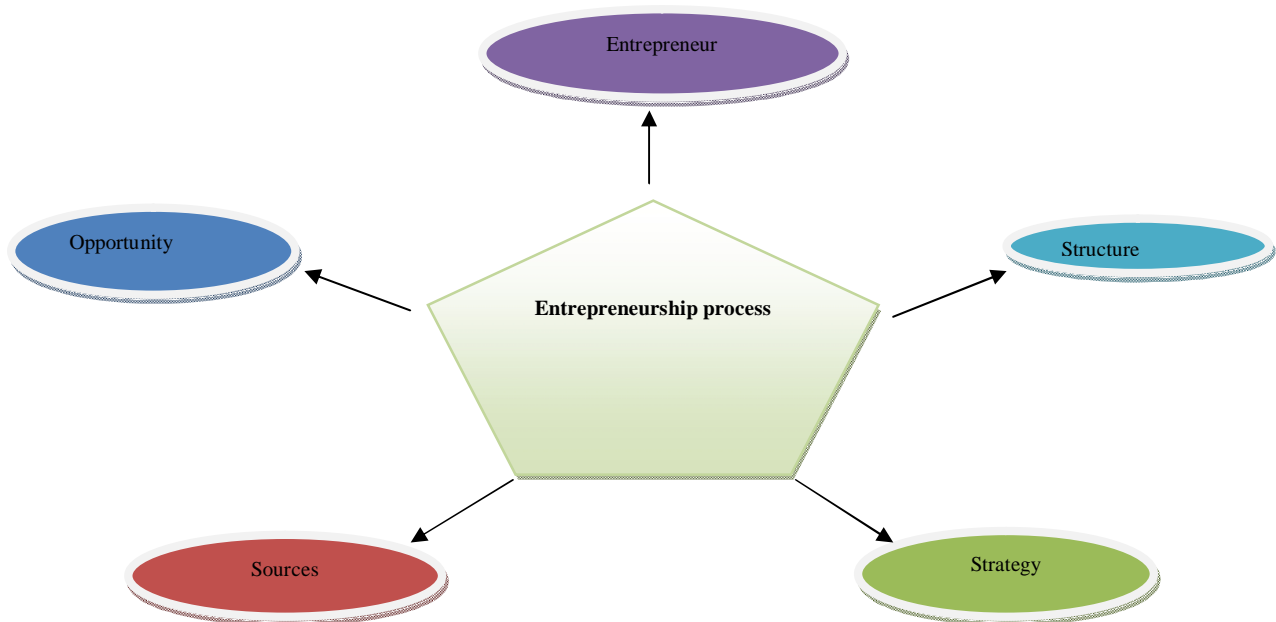


Figure 3-1 Components of entrepreneurship process [] (Frey, 1993: 377)

**Creativity in Organizations**

Organizations are suitable for creativities to flourish. Based on the level of attention and emphasis of an organization on development and following environmental changes and the rate of creativity, organizations are divided into four groups.

1. Organizations that pay much attention to the environment's development and changes and also enjoy a high rate of creativity. These organizations are called innovative and creative organizations.

2. In contrast to these organizations, some organizations are weak in paying attention to the developments and changes of the environment, and also enjoy a low rate of creativity. These organizations remain conservative and traditional.

3. Another category of organizations are those that are considering the developments and changes, but are not creative enough to respond to their environment. So they just emulate and use emulative innovations.

4. The final category is very creative organizations that do not have much emphasis on the development and change. This group of organizations are creative and they offer creative theories, but because they feel no need to practical creativity, their ideas are not applied [4].

#### Innovation in organizations

Today, organizations need new ideas and thoughts in order to survive the turbulent and variable world. Increasing threats on one hand and use of opportunities on the other hand, make the dynamic and unpredictable environment of the organizations face with severe tides, and challenges the organizations to change and innovate [1].

The structure of innovative organizations is flexible with little bureaucracy.

In such organizations existence of a small group of committed and full-time staff seems important to help creating a culture of innovation. About the nature of innovative organizations, it is expressed that the complex nature of the environment causes interaction between the environment and the organization.

Also causes relations with stakeholders and consumers. Due to this complexity, innovative organizations are required to be aware of the complex needs and demands of customers [3].

#### Entrepreneurship in organizations

Is a process in which products or innovated processes are presented through the induction and creation of an entrepreneurial culture in an already established organization.

Formation of Entrepreneurial activities in a business is, the most prominent sign of organizational entrepreneurship

Organizational innovation refers to innovation in the goods or services and the emphasis is on development and innovation in technology [2].

Entrepreneurship within the organization is intensively reflected in entrepreneurial activities as well as orientation of senior management of an organization. The entrepreneurial efforts, includes the following four key elements [3]:

1. Doing newly established economic entrepreneurial activities.
2. Invention and innovation.
3. Self renewal.
4. Affection.

The main reasons for the failure of creativity, innovation and entrepreneurship in the organization:

Dr. Moshabeki and Dr. Vafa'i in an article entitled "Creative, the cause of stagnation in the organization" refer to the repression of creativity in organizations. To understand the claims better that the creativity of individuals, causes them stagnation in the organization, we can refer to cases that we have seen or experienced in our professional and social life.

→ Why do parents always want obedient children? Is that because tolerating the curiosity, analysis, and question asking characteristics of the children is difficult for parents?

→ Why in schools and teacher training institutions teachers always want students who do everything they say?

→ Why College Students are reluctant to take a course with the professors who do their job seriously and try to make maximum use of opportunities and the students' capabilities?

→ Why do some of the managers when confronted with Subordinates who have innovative and efficient ideas are (especially if subordinates are young and professional and educated), provide an environment that an individual rarely dares to mention his thoughts and ideas?

It seems that despite the importance of individual creativity, our organizations were not already successful in providing an appropriate atmosphere for this matter.

Also, the atmosphere of organizations is in a way that (lack of serious competition, lack of quality, broad political and financial support of the government, etc.) has not challenged the organizations in applying creativity.

On the other hand, managers, deliberately or not, have not made efficient use of human or material resources to apply creative programs.

In order to promote creative activities, organizational environment should make organizations face risky competitions, government should revise before supporting the organizations comprehensively. In these conditions we can expect that the organization feels the need for creativity.

The management of the organization moves toward making the staff creative, by understanding the need and using the internal resources of the organization, motivating the staff, monitoring the process of recruitment procedures and training programs, and providing the opportunity to gain experience.

"Vikov" mentions Ten important factors in the failure of organizations:

1. Lack of cultural creation to support innovation.
2. Lack of intellectual ownership in the organization.
3. Lack of a process that is understood by all the staff.
4. Lack of allocating resources to processes.
5. Mismatch between organization's strategies and projects.
6. Not spending enough time for planning.
7. Lack of sufficient variation in the definition of innovation.
8. Lack of training and leading innovation teams.
9. Lack of tools and criteria for measuring the progress.
10. Lack of an idea management system [6].

#### **Key success factors in an organization:**

To develop creativity, innovation entrepreneurship in an organization, some conditions are required that if they are achieved, creativity will be flourished among members and they enthusiastically start innovating. By the combination of creative and innovative actions, we hope to implement the appropriate form of entrepreneurship in the organization.

Some important factors to be mentioned:

1. Strategy and prospects in the organization.
2. Organizational Intelligence.
3. Creativity management and idea.
4. Organizational encouragement.
5. Systems and organizational structures.
6. Culture of risk taking.
7. Technology management in organizations.
8. Leadership in organization.

Considering the above factors and recognizing the value and philosophy of an innovative and creative entrepreneur organization, we can be hopeful to increasing development, and creation of strategic thinking in an organization. Strategic thinking in both individual and organizational levels, helps better understanding of the organization and leads to repeated creativities by creating coherence and foresight.

In addition, more communications and interactions are provided among managers and employees and they lead to benefit from the genius and creativity of the organization's staff. Organizational entrepreneurship has significant results in improving organizational performance, in an overall view you can create collaboration and progress together over a long time and sustainable development in various aspects of the community.

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