Creativity and Innovation: The Leadership Dynamics

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This paper explores the important role of leadership in the innovation process of organizations. It argues that while culture, strategy, technology, and other management tools are important in generating effectiveness in the 21st century, creativity and innovation are what drive organizational success in many sectors. However, for creativity to take place, leaders must actively implement strategies that encourage it. Therefore, leadership is the catalyst and source of organizational creativity and innovation. In essence, for organizations to be able to achieve constant innovation, leaders must establish an environment conducive to renewal and build organizational culture that encourages creativity and innovation. Organizational creativity also depends on how leaders encourage and manage diversity in the organization, as well as develop an effective leadership structure that sustains the innovation process.

The models many organizations have used in the past no longer seem adequate for effectiveness and success in the 21st-century organizational environment. The situation in their sector has changed from when the environment and processes were stable or slow.[1] In many sectors today, work processes are changing at a much faster pace as organizations face the challenges of rapidly changing technology, globalization, uncertainty, unpredictability, and turbulence.[2] In the past, because of monopoly to technology, market, or brand, they could expect to be successful for a long time despite inability or refusal to innovate. However, due to the volatile environment in these sectors, many such organizations are failing and need creativity and constant innovation to remain competitive and successful. This means that they must recognize and harness the creativity and leadership that exist in the organization to manage its innovation processes. Strategic design, technology, culture, and organizational strategy may not be able to sustain them very long unless organizations also establish a structure that continuously develops creative leaders to run and sustain the process. This strategy will help the organizations establish environments that are conducive to renewal, build organizational culture that encourages innovations, and establish organizational diversity that in turn helps these organizations remain competitive.

The Importance of Leaders in the Innovation Process

Scholars have shown how organizational structure, strategy, technology, culture, and other management tools help bring effectiveness and competitive advantage to organizations.[3] They also show that in the 21st-century organizational environment, creativity and innovation are the primary sources of competitive advantage. However, these authors say little about the role of leadership in the innovative process. Creative and effective organizations do not emerge by accident. They require leaders to drive and control deliberate changes in structure, culture, and process in order to transform them into creative, effective, and productive ones. Even though many organizations look for competitive advantage in their structure, strategy, technology, and culture, leadership is the most important source of competitive advantage. Organizational leaders usually decide what happens in the organization and give the direction, vision, and momentum that bring success. Therefore, leaders are the catalyst that create and manage the environment,

organizational culture, and strategies that encourage and sustain innovation, effectiveness, and success in the organization.

When the organization establishes its strategy and work processes, the leaders direct the implementation that brings it to accomplishment. Technology, right culture, and strategy are necessary and contribute to the success of the organization. However, for any of these vital aspects to bring any real benefit, the leadership must support, sustain, encourage, and inspire followers to make it work. Therefore, for the innovation process to begin in any organization, that organization must first put the right leaders and leadership structure in place. Moreover, the leaders must themselves be interested in innovation; otherwise, they can stifle creativity and innovation in the organization. The top leaders in the organization usually have the power and authority to develop strategies that lead to innovation, which means if they are unable to perceive opportunity for renewal, do not wish to exploit them, or are unable to respond to them, these leaders can impede innovation. Conversely, if the leaders' objectives are dynamic, ambitious, and innovative, and if they demonstrate proactive attitudes as well as a capacity to respond to change, this can help bring innovation, renewal, and success to the organization.

Some management theorists argue that effective strategy, culture, efficient work processes, and other management tools—not leadership—determine organizational success.[4] For example, they point to the Japanese auto industry and technology to show how their strong corporate culture helped in their success. Moreover, empirical research demonstrates the importance of culture in organizational performance.[5] However, Schein has also shown that leaders are the ones who develop the culture of the organizations.[6] For example, when IBM had to change its culture in order to renew the organization, it brought in a new CEO, Lou Gerstner. Similarly, it took Jack Welch, a new CEO, to change the culture of General Electric to help it become highly innovative and successful. Cameron and Quinn assert that culture change will not occur without the involvement, commitment, and active support of leaders who repeatedly work to convince the members of the organization of the benefits and need for an organizational culture change.[7]

Organizations with weak leadership tend to be less effective and are prone to constant restructuring and downsizing in order to solve their problems. On the other hand, organizations with creative and effective leaders work to avert the need for major restructuring and downsizing. These leaders run the organization effectively and therefore prevent it from reaching the stage of having to undertake major restructuring.[8]

The consulting firm CSC surveyed 497 firms in the U.S. and 1,245 firms in Europe that undertook reengineering. Eighty-five percent reported little or no gain from their efforts.[9] However, companies like Motorola, Compaq, and General Electric implemented successful reengineering initiatives because they had creative and effective leaders to manage the process.[10] Other companies have used Total Quality Management (TQM) initiatives or downsizing to achieve efficiency. Many of these companies have likewise failed. Rath and Strong, a consulting firm, surveyed Fortune 500 companies who had implemented TQM initiatives and found that only 20% achieved their objectives. Likewise, a survey from the American Management Association found that less than 45% of downsized companies in the last decade reported any increase in profits.[11] These statistics seem to show that many companies who have undertaken reengineering initiatives have failed because of the lack of creative and effective leadership to manage the process. This shows that management tools alone cannot ensure organizational

creativity that leads to innovation, effectiveness, and success. Organizations need creative and effective leadership to help the management tools work.

Even though organizations cannot usually reach their goals without effective leadership, many are lacking the kind of leadership that encourages creativity and produces success. According to Senge and Deming, many of the problems and failures that face organizations come from lack of creative leadership.[12] Consequently, leadership is the fundamental and foundational competitive advantage for success because without the right creative and effective leadership in organizations, the strategy, technology, and innovations will not help it succeed. Organizations need creative and effective leadership to manage the implementation of the strategy and encourage innovation in the organization.

According to a study by Andersen Consulting, the stock price of companies perceived to have creative leadership grew 900% over a 10-year period, compared with just 74% growth in companies perceived to lack creative leadership. Therefore, the key to creative renewal in organizations is their capacity to create a structure that develops new creative leaders to manage the organization.[13]

The Type of Leadership that Encourages Innovation

The leadership structure of organizations help produce results that can encourage creativity and innovation. However, not every kind of leadership model is effective in creating this opportunity. Investments in certain kinds of leadership styles and models can produce results that generate creativity. Successful organizations have discovered that shared and collaborative leadership, rather than heroic and authoritarian management, is what unlocks the potential of organizations.[14] Organizations that operate from the authoritarian, hierarchical, command and control model, where the top leaders control the work, information, decisions, and allocation of resources, produce employees that are less empowered, less creative, and less productive.[15] This kind of model focuses on leadership as an extension of the top leader's actions and will. This heroic model of leadership was popular in the 19th century but continues even today in many organizations.[16] Organizations express the modern version of this leadership approach in followers' perceptions of leaders as those with all of the great ideas and who achieve great successes in the organization single-handedly. In such organizations, the leaders occupy central places and the followers believe these leaders are ultimately responsible for every outcome, as well as ensuring that the organizational processes work smoothly.

This heroic approach to leadership has little chance of bringing innovation and renewal because leaders do not single-handedly lead organizations to greatness. Rather, leadership involves many individuals with various tools and skills who together transform the organization.[17] The alternative form of leadership is that it is not the ability of one person to take charge, but the ability to inspire, empower, and exert broad influence in the organization. Contemporary leaders know that no individual has all the ideas, the skills, and time to carry out the complex tasks of contemporary leadership. They know that organizations will not survive if their leadership is limited to the top leaders because leadership opportunities exist at every level of the organization. Therefore, for an organization to become innovative and successful, it must benefit from the creativity of all its members. Organizations can achieve this by harnessing all its leadership abilities. Everyone in the organization in some way needs to be involved in its leadership.[18]

According to Raelin, 21st-century organizations are knowledge-based and require that everyone share the experience of serving as a leader; this means sharing power, responsibility, values and aspirations, and working together to bring success to the organization.[19] When this happens, the organization gets rid of a suffocating dependence of the followers on the top leader, which releases them to contribute their natural abilities to the organization. Tichy maintains that many creative and successful organizations today depend on multiple sources of effective leadership at all levels rather than maintaining a command-and-control leadership structure that often stifles creativity.[20] Therefore, the best way to build an innovative, vibrant, and effective organization is to diffuse leadership and empower everyone through training and coaching so that they become creative and effective leaders themselves.[21]

How Leaders Encourage Creativity and Innovation

For creativity and the spirit of innovation to develop in any organization, it must recognize the role of the leaders in encouraging creativity. Leaders can successfully encourage organizational creativity and innovation by designing the organization to foster an environment that is conducive for creativity to flourish. Leaders can do this by building friendly and inclusive working conditions for the members of the organization. When the social structure of the organization helps workers feel secure and accepted, it brings out their creativity.[22] Consequently, organizational leaders must respect, value, and harness the richness of ideas, backgrounds, and perspectives of every employee and allow them to use their unique personal assets and experiences to work for the organization.[23]

Moreover, the top leadership of the organization must value creativity themselves and be enthusiastic about encouraging new developments. This provides the needed challenge and opportunities for people in the organization to be creative.[24] The vision and strategic goals of leadership determine if the organization actively nurtures creativity. Hence, an exciting vision helps produce a work environment where everyone can participate fully and achieve professional and personal growth in the pursuit of a common vision. Here the leader motivates the rest of the people in the organization to bring out their creativity through creating a shared vision of the type of organization they should build. The leader inspires others with a purpose and a greater sense of mission. This type of work environment is conducive to creativity, while this kind of leadership causes changes in followers that eventually convert them into effective and creative leaders.

Furthermore, leaders can be more effective in encouraging creativity by treating organizations as living systems filled with the innovative dynamics and potential that exists in all of the people. It is this creative potential that the leaders engage to tackle and solve organizational issues. In essence, leaders must stop treating the people in the organization as machines, but rather as living beings who work in organizations that are living systems. This worldview helps leaders create organizations filled with followers who are capable of adapting, alert to changes in their environment, and able to innovate purposefully.[25] However, the only way leaders can harness this innovative spirit is when they invite everyone to participate in solutions and in the creation of the organizational processes. This means that the leaders must engage the whole system in order to harness the intelligence and creativity that exists throughout the organization.

Additionally, leaders can help their organizations achieve creativity by stimulating it. They do this by challenging and freeing employees to produce fresh solutions to problems. Leaders ask questions that cause their followers to think freely. The stimulating leader creates challenges that

make work in the organization imaginative. This type of leadership loosens others up and focuses their intelligence and creativity on addressing organizational issues and goals in new ways. Frank Sonnenberg and Beverly Goldberg believe that the most difficult roadblock of creativity to overcome is organizational culture that militates against creativity and innovation.[26] This kind of culture fosters the belief that the way the organization functioned in the past is the way it must always function. The motivations for such behavior are usually fear of failure, organizational politics, and uneasiness with anything new or different. Creative leaders are able to embrace change and to encourage followers to question why the organization does things in a certain way, and then seek out alternative ways of doing things. These leaders treat mistakes as part of the learning process and do not punish followers who try new ideas and fail. Therefore, they help create organizational cultures where people can take risks and even make mistakes.

Diversity lies at the heart of an organization's ability to innovate. Therefore, leaders must actively encourage creativity and innovation through creating a more conducive environment for diversity to thrive.[27] The purpose of managing diversity by leaders is to harness the differences of the followers for a more efficient functioning of the organization. This means that leaders must design the social structures of the organization in such a way that all of the workers have a sense of belonging. They make all members of the organization feel a sense of worth, security, and acceptance that allows them to give much more of their talents and creativity to the organization.[28] This means that the organizational leader understands, values, and makes the most of the individual differences found in every person.[29] Many organizations have barriers that prevent people from contributing all their skills, ideas, and energies to the organization's success.[30] However, organizations will gain the full commitment and contribution of its entire workforce when it recognizes and removes barriers to diversity. Where there is true diversity in an organization, it becomes easier for innovative solutions to take place. According to Edwards, the presence of dissimilar mindsets in the workforce enhances creativity, flexibility, problem solving, and innovation.[31] When people with diverse backgrounds and talents join an organization, they tend to inject new ideas and challenge the organizational mindsets. However, diversity does not happen overnight. Rather, the leaders of organizations first need to be convinced of the benefits of diversity and in turn convince other members of the organization of its benefit. When this occurs, they will put in place polices and strategies that bring about diversity in the organization.

In essence, organizational leadership is the most important aspect of the organizational creativity and innovation dynamics. No organization can transform or renew itself unless the leaders put the process in motion and sustain it. Therefore, organizations need creative leaders to manage the innovation process. Hence, the creativity of an organization depends on how the leader designs the organization and creates the environment that allows creativity to develop. It can also depend on how they encourage and manage diversity in the organization. Finally, it depends on how the leader inspires everyone to bring out his or her best creative self and use that to help lead and transform the organization.

Endnotes

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