

DOCTORAL PROGRAM (Ph Degree)

**DOES SOCIETY OR ORGANIZATION STIFLE CREATIVITY AND INNOVATION?**

**HOW DOES IT IMPACT ENTREPRENEURSHIP?**

## **DISCLAIMER AND COPYRIGHTS INFORMATION**

Unpublished work © 2008 Jaime Javier De La Guardia Avilés. All rights reserved. No part of this publication may be used, reproduced, stored in any retrieval system of any nature, or transmitted in any form or by any means - electronic, mechanical, digital, photocopy, recording, scanning, or any other - except as permitted under the United States Copyright Act, without the prior written permission of Jaime Javier De La Guardia Avilés.

This document is designed to provide general guidance only on accurate and authoritative information, in regards to the subject matter covered, and does not constitute professional or academic advice. If professional advice or other expert assistance is required, the services of a competent professional should be sought.

**CONTENTS**

Introduction	.....	4
What is Creativity?	.....	5
What is Innovation?	.....	6
Creativity, Innovation and Entrepreneurship	.....	7
Does Society Stifles Creativity and Innovation?	.....	8
Does Organization Stifles Creativity and Innovation?	.....	11
How does it impact Entrepreneurship?	.....	13
What could be done?	.....	14
Conceptual Drawings	.....	16
References	.....	17

## INTRODUCTION

Businesses, whether for-profit and nonprofit, are facing change like never before. Numerous driving forces to this change included a rapidly expanding marketplace (globalization), and increasing competition, diversity among consumers, and availability to new forms of technology. Creativity and innovation are often key to the success of a business, particularly when strategizing during strategic planning, and when designing new products and services. Creative thinking and innovation are particularly useful during Strategic Planning (when strategizing) and in Product and Service Management (when designing new products and services.) (Authenticity Consulting, 2008).

Leaders know in their gut that creativity and innovation are the life blood of their organization. New ideas can lead to programs that are superior to those that are already going on or planned in the organization and which would have been divested or never initiated had a better idea or program come along. So, the mission of every leader should be to search continually for ideas and programs that are superior to the ones the organization is currently committed to. In a word, it's called PROGRESS (Klemm, 2001).

Though, this is one of everyday leader's principal preoccupations. They, all, recognize that competitive advantage derives out of creativity and innovation. Creativity refers to a mental process involving the generation of new ideas or concepts, or new associations between existing ideas or concepts (Deragon, 2008). Innovation has to be understood as developing "better" products or services to bring further value to the customer (Drucker, 1993).

Yet, still today, most of these, "so called", leaders cannot develop or, for worst, do not allow, creativity and innovation within their organizations for reasons that go from lack of interest to fear of costs, and from ignorance to society and organization' stifle.

## WHAT IS CREATIVITY?

“Creativity is not the finding of a thing, but the making something out of it after it is found.” --- James Russell Lowell ---.

Although there are many definitions to it, Creativity could be defined as the creation of tangibles (products or services) that never before existed in any form, out of an identified need or desire, or say an identified opportunity. That would include the ability to take existing objects and combine them in different ways for new purposes (Cave, 1999). It is the ability to come up with ideas (or to fashion artifacts) that are new, surprising, and valuable (Boden, 2008).

Creativity is also defined as the act of turning new and imaginative ideas into reality. Creativity involves two processes: thinking, then producing. If you have ideas, but don't act on them, you are imaginative but not creative (Naiman, 2008).

In other words, creativity will be defined according to the specific aspect that an author would be evaluating at the time.

## WHAT IS INNOVATION?

Innovation could be defined as the introduction of tangibles (products or services) which are different, renewed, which have never been used before, or which had a different use before. That would refer to tangibles that already existed, but that, somehow, have been changed from their original form, in order to become more attractive to the market.

It is the key to the creation of new wealth in our economy. Innovation drives employment growth, technological development, business rejuvenation and our global competitiveness. (Douglas 2001). Innovation allows resources the capacity to create wealth. Principles of innovation can be divided into positive actions to be pursued and negative actions to be avoided (Drucker, 1996).

It is necessary to develop means to integrate materials and knowledge in order to reach economic development, and thus, the discontinued introduction of new combinations of the above mentioned elements is the innovation process itself. In other words, innovation is the introduction of new products that transform the competitive environment (Schumpeter, 1988).

## **INNOVATION - ENTREPRENEURSHIP - CREATIVITY**

Entrepreneurship research considers the interactions between individuals, processes, and institutions in the emergence of new organizations, and organizational forms that engender wealth creation. The combination of creativity and innovation embedded in the entrepreneurial process is fundamental to the discovery and establishment of new ways of organizing, new production processes, and new institutional forms (Phan, Zhou, Abrahamson, 2008).

For an entrepreneur to become successful, the business (enterprise) has to be constantly growing. Though many view growth only as profit increase, there are also other symptoms, such as organization stability, low human resources turnover and constant creativity and innovation (product/services changes) to satisfy new needs or opportunities that emerge, which will, ultimately, determine the unending thrive or the predetermined fail of the enterprise.

The vitality and economic well being of a company, a community, and of our nation is directly related to those persons and organizations that successfully create, innovate, and then organize enterprises to provide competitive new products and services (Trexler, 2004).

## **DOES SOCIETY STIFLES CREATIVITY AND INNOVATION?**

There are many manners for a society to stifle creativity and innovation, and so it does. Factors, such as absence of stimulus, corruption, an inadequate educational system, the law, and last but not least, conformity, are stifling creativity and innovation, diminishing opportunities for possible entrepreneurs, whom, eventually, not only end up low-spirited workers, but finally become obsolete themselves.

For a start, every person, at any moment, acts according to his/her mood. So, as all motivational theories speak, humans need to motivation in order to be happy, to be productive, and to be cooperative and supporting. All which lead to a better society. For example, economics is a social science. It deals with people. It does not work mechanically. People make choices on the allocation of resources, the extent of resource use, the intensity of resource use, and the allocation of resources. People base their behavior, their choices, on incentives (Dipietro, 2001).

So, absence of motivation or stimulus for creativity and innovation, which also include recognition and gratitude, will result in little creative and innovation activity, if any.

In terms of education, the system is losing a great pool of intelligent, creative and innovative students because they don't fit the mold of how educational systems — K-12 and higher education — test for academic intelligence (Florez, 2006).

A case of this matter is that the Government takes great pride in Britain's creativity: from music to fashion design, animation to the Web, theatre and film, we are supposed to excel. But at primary-school level there is increasing evidence that art, music and drama are being down-graded and creativity pushed out of the teaching of English. And among policy-makers, Professor Ken Robinson - whose report on creativity and innovation in education was published

last summer, feels that its recommendations have been languishing on the back-burner without a positive response from the Government (O'Connor, 2000).

Furthermore, Creativity is likely to be particularly vulnerable to the detrimental effects of corruption. Ideas are very easy to steal. Inventions are very easy to copy. Innovative research requires immediate outlay of time, energy, and resources. Creative activity is very risky and the chances of a successful outcome are slim. Even when it is successful, the returns are scattered over the far future, and, without protection, can easily end up in other people's hands. Indeed, the reason countries establish patent systems are to insure originators the possibility of at least some return for their successful endeavors. Very unfortunate, the more profitable corruption becomes, the more it behooves individuals to direct their resources into corrupt activities at the expense of other activities such as creativity and innovation. Theoretically, therefore, one expects a negative relationship between the extent of corruption in society and society's creative and innovative activity (Dipietro, 2001).

In the case of the law, the mayor problem concerns with intellectual property rights and the Internet do to the remarkable creativity and innovation growth in technology.

For example, the Internet has enabled individuals to create new forms of music, remixed films, digital art and narratives—and to share that creativity with others.

Worse, these have been able to do so without paying much, if any, attention to the importance of keeping a residual intellectual commons alive for public use. In turn, this trend of rendering intellectual property private, and not public, and extending legal control over intellectual property without any regard for "fair use" traditions, has destroyed the ability to innovate on the Internet (Kumary, 2001).

Last, but not least is conformity. Related to this factor, there are some concepts that could be analyzed: the creation of groups, the fear of competition, to mention some.

In the case of groups, creativity and innovation could be stifled for reasons such as : pressure to conform to group norms, inability or unwillingness to collaborate, a defensive communication climate, differences in group members' communication styles, and cultural norms (Coopman, 2000).

Regarding fear of competition, no one likes conflict; most of us will go out of our way to avoid it. But here's the paradox: Conflict is as essential as it is inevitable. Unchecked and unmanaged, conflict can be negative and corrosive. But when the competition of ideas is suppressed, conformity stifles creativity (Miller, 2005).

As said: Conformity is the enemy of everything Australia is and needs to be in the 21st Century. It stifles creativity and innovation, threatens security and peace, undermines individual and social health, and limits economic growth (Dawson, 2008).

Globalization has changed our world, where creativity and innovation are the talents needed for a nation to compete in today's knowledge-based economy. More and more organizations, including business and the National Association of Governors, are realizing that imagination, creativity and innovation are the currency needed to succeed (Florez, 2006).

## **DOES ORGANIZATION STIFLES CREATIVITY AND INNOVATION?**

As society, organizations, too, stifle creativity and innovation. In some manners they act similar to society, in other manners they act different, but the result is about the same. Stimulus (motivation), procurement and implementation, empowerment, management (finance, human resources) and even ignorance are some possible factors.

As should always be, the principal factor is stimulus: hiring creative employees and throwing them into a stiff, policy driven operation will crush their ideas and drain their every creative vibe. If an employee has a great idea and has it quickly squashed and mocked by their superiors they tend to stop sharing their thoughts in fear of more rejection and humiliation (Abinav, 2001). This is called “Procurement and Implementation”.

For many reasons and in many ways, American corporations tend to stifle creativity and innovation within their organizations. The exceptions to this stand out as the market leaders who constantly introduce new products, new services, and new visions of how the customers can work, play, travel, etc. They all want new ideas to flow around their company; they want new products and services. Yet while trying to meet other important corporate goals, e.g., cost control, focus, they create an environment and a culture that kills creativity (Envision, 2008).

Some managers do not like the idea of empowerment of employees, which eventually results in increased initiative, involvement, enthusiasm, innovation and speed, all in support of the company's mission. Why? Maybe managers are afraid to loose control. The word “empowerment” means to authorize, enable, and to permit. However, traditional leadership in a multi-level organizational structure may be wary of empowering their subordinates in anxiety that ideas and initiatives from 'below' may undermine their authority and ultimately their position

in the firm. This is indeed a struggle but may be overcome by clear, ongoing communication and commitment from the top of the firm down (Abinav, 2001).

In managing human resources, many organizations stifle creativity and innovation because they don't understand how to manage Creatives – the geese who lay the golden eggs that are critical to the organization's survival and success (Periwal, 2008).

For managers, the abundance in elements such as: complexity of work & problems, fast pace of change, globalization & competition, fragmentation & silos, tradition & inertia, helplessness & hopelessness (Beyerlein, 2006), in addition to their supervisory role, do not let allow them to know how they should organize to optimize meaningful interaction and achieve excellence in innovation for sustainable competitive advantage (Beyerlein, 2006), practically paralyzing them.

One critical factor is to weight creativity and innovation in terms of short-term financing costs. Budgets stifle creativity and innovation. Budgets have long had a bad press, but they have attracted even more flak recently for being at best inappropriate to modern business practice and at worst potentially harmful (Hope, Fraser, 2003).

When speaking of the word ignorance, it clearly refers to the absence of vision from management. History is a valuable key to knowledge. Stories are important. Take away the memories of the past and children can conceive only of their own Nickelodeon and MTV world. They can never learn from a history of which they know nothing. And such ignorance stifles the realization that you can invent and grow and change things (Collins, 2007).

There is also a topic called fraud. Fraud within offered products/services to the consumers, fraud within established budget (how manager make use of). But there is limited information from organizations themselves, as they usually resolve their disputes internally. The available information is regarding fraud against consumers, people, and society in general.

## HOW DOES IT IMPACT ENTREPRENEURSHIP?

Entrepreneurship is primordial, foremost, basically, the development of a business. This refers to the starting of a new business, assuming all risk involved, not only to succeed, but to thrive, while contributing to the country, though researchers have been inconsistent in their definitions of entrepreneurship (Brockhaus & Horwitz, 1986, Gartner, 1988).

The entrepreneur is the innovator who implements change within markets through the carrying out of new combinations. The carrying out of new combinations can take several forms; 1) the introduction of a new good or quality thereof, 2) the introduction of a new method of production, 3) the opening of a new market, 4) the conquest of a new source of supply of new materials or parts, 5) the carrying out of the new organization of any industry. Schumpeter equated entrepreneurship with the concept of innovation applied to a business context. As such, the entrepreneur moves the market away from equilibrium (Schumpeter, 1934)

According to these and many other definitions and theories, some basic elements that are constantly considered are creativity and innovation. Sometimes the word “invention” is also considered.

When society and organization stifles creativity and innovation, they are really stifling present and future entrepreneurs. Worst, they are stifling their own wealth, the people’s future. They are stopping local economy. Instead, they should do just the opposite by inspiring such valuable characteristics in human beings.

## WHAT COULD BE DONE?

Society and organizations are responsible for the stimulus and develop of future entrepreneurs. As a person develops an idea, and is capable of identify or recognize business opportunities (Romaguera, 2008) society and organization shall cooperate, as to avoid those who have a concrete idea but deny themselves the opportunity to continue exploring entrepreneurial opportunities (Romaguera, 2008).

Creativity, foresight, idea generation, opportunity recognition, viability screening, lateral thinking and problem solving are entrepreneurial abilities required (Douglas, 2001).

Accordingly, foresight or vision is the capacity to recognize an opportunity and commence to make it a reality (Romaguera, 2008).

Opportunity recognition has to be connected to a need as a possible solution; moments in which some people succeed, while others stop (Romaguera, 2008).

Innovation needs to be part of the culture of any viable business, not just an add-on; innovation is corporate reproduction, and in today's competitive environment innovation is no longer optional (MacKenzie, 2001). At this point, those who have the entrepreneurial spark will be capable of using their creativity to see situations or needs as possible opportunities, which eventually becomes opportunities, resulting in successful enterprises (Romaguera, 2008).

But to be an entrepreneur, people have to study, to learn, and in the road of entrepreneurial opportunities quest is necessary to ask questions, to be curious. For entrepreneurial curiosity, to formulate questions is one of the most effective manners to imagine and visualize possibilities (Romaguera, 2008).

A good technique to stimulate curiosity is “SCAMPER”, for letters which refers to the following:

Substitute

Change

Adapt

Modify

Put

Eliminate

Rearrange (Reorder)

There are many types of entrepreneurs, whom create home businesses, small, small-medium and medium to large businesses (Romaguera, 2008), but they all are entrepreneurs, and their success, will eventually result, not only in their wealth, but also local, national or even global wealth, by the creation of jobs, investment, productivity and sales - all factors that stir up their economy.

But to these nice words, as entrepreneurs start their enterprises; there are some very important factors to evaluate, such as: type of business, possible customers, customers' needs, and costs for which a detailed business plan should be prepared, describing the client, the concept, and the competence. (Romaguera, 2008).

For society, these called “entrepreneurs” are a key to their progress: but for an organization, they are not only responsible for their success, but also to avoid a collapse while competing with other organizations.

Finally, it is an obligation to provide an adequate education, the correct stimulus and to facilitate tools needed to these “entrepreneurs” while developing.

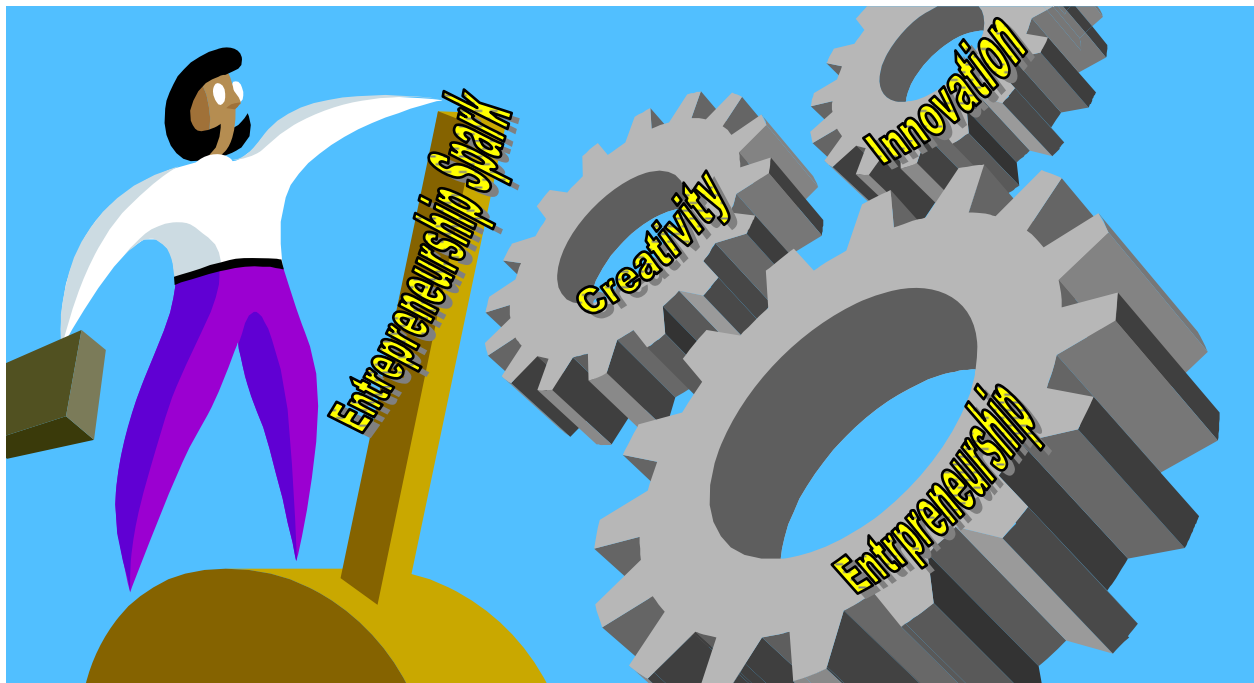
## CONCEPTUAL DRAWINGS

### INNOVATION - ENTREPRENURSHIP - CREATIVITY



*“SOME PEOPLE CAN'T SEE • SOME PEOPLE DON'T SEE”*  
(jjdlga<sup>©</sup>)

### THE ENTREPRENEURSHIP SPARK



## REFERENCES

- Abinav Innovation (2001). Creativity and Innovation in Business: Culture Transformation.  
<http://www.geocities.com/WallStreet/Bureau/9136/workplace.html?20083>.
- Authenticity Consulting, LLC. (2008). Creativity and Innovation. Free Management Library  
 Copyright 1997-2008, Authenticity Consulting, LLC.
- Beyerlein, Michael (2006). American Creativity Association International Conference 2006:  
 Enabling Collaborative Creativity at Work. Center for Collaborative Organizations,  
 University of North Texas. 2006.
- Boden, Margaret (2008). Hood Fellow Lecture: What is creativity? The University of Auckland,  
 New Zealand. Feb. 20, 2008.
- Brockhaus, R.H., & Horowitz, P.S. (1986). The psychology of the entrepreneur. In D. Sexton &  
 R. Smilor (Eds.), *The art and science of entrepreneurship*. Cambridge, MA: Ballinger.
- Cave, Charles (1994). Creativity Basics: What is Creativity? Creativity Web: Resources for  
 Creativity and Innovation. August 04, 1999.
- Collins, Lois M. (2007). Americans have lost historical perspective. Deseret News (Salt Lake  
 City). Mar 29, 2007
- Coopman, Stephanie (2000). Creativity in Small Groups, The McGraw Hill Small Group  
 Communications, Student's Section. 2000.
- Dawson, Emma, (2008). The future of the Australian economy. Australia 2020, Summits. April,  
 2008.
- Douglas, Evan (2001). Entrepreneurship: the link between invention, innovation and success. In  
 Australian Institute of Management (eds). *Innovation and Imagination at Work*. Sydney:  
 AIM: McGraw Hill, 2001.

Drucker, Peter F. (1993) *Innovation and Entrepreneurship – Practices and Principles*, Harper Business, 1993.

Drucker Peter F. (1996). *Managing for Results, Innovation and Entrepreneurship*. The Drucker Management Omnibus, HarperCollins Publishers, 1996.

Envision Software (2008). Resources: Ten ways organizations stifle creativity and innovation. [envisions.visualrecords.com/DesktopDefault.aspx?tabid=42&showlogin=1](http://envisions.visualrecords.com/DesktopDefault.aspx?tabid=42&showlogin=1) - 63k

Florez, John (2006). *Deseret News: Lack of Creativity Stifles Education*. October 01, 2006

Gartner, William B. (1988). "Who Is an Entrepreneur? Is the Wrong Question." *American Journal of Small Business*, Vol 12 (4). 1988

Hope, Jeremy, Fraser, Robin (2003). *Beyond Budgeting: How Managers Can Break Free from the Annual Performance Trap*, Harvard Business School Press, 2003.

<http://rst.gsfc.nasa.gov/Sect16/full-20earth2.jpg>

[http://www.swpc.noaa.gov/primer/primer\\_graphics/Sun.png](http://www.swpc.noaa.gov/primer/primer_graphics/Sun.png)

[http://www.wrotniak.net/photo/moon/\\_img/morten-moon.jpg](http://www.wrotniak.net/photo/moon/_img/morten-moon.jpg)

Klem, William R. (2001). *Concepts for Air Force Leadership. Leadership: Creativity and Innovation: Concepts for Air Force Leadership*. 2001.

Kumari Katyal, Sonia (2001) *Of Creativity, and the Internet: A Review of Lawrence Lessig's: The Future of Ideas: How the Law, According to Lessig, Stifles Creativity and Innovation*. Wednesday, Nov. 21, 2001.

MacKenzie, Ken. *Survival in the Corporate Jungle: Innovate or perish*. In Australian Institute of Management (eds). *Innovation and Imagination at Work*. Sydney: AIM: McGraw Hill, 2001.

- Miller, Edward D. (2005) *Creating a Conflict-Management Plan*. Published by Pegasus Communications, 2005.
- Naiman, Linda (2007). *Creativity at Work (TM): What is Creativity?* Linda Naiman & Assoc. Inc. 2006-2007.
- O'Connor, Maureen (2000). *The Creative Tension Which Stifles Children*. Published by: The Independent, U.K.: Education. May 18, 2000.
- Periwal, Sukumar (2008). *Superseer Executive Coaching: Creatives*. 2008.
- Phan, Phillip, Zhou, Jing, Abrahamson Eric (2008). *Management and Organization Review: Special Issue on "Creativity, Innovation and Entrepreneurship in China"*. January 29, 2008.
- Romaguera, José M. (2008). *Chispa Empresarial: Reconociendo y haciendo Realidad las Oportunidades Empresariales*. Third Ed., Published by International Entrepreneurship Institute, 2008. First Published, 2006.
- Schumpeter, Joseph A. (1934). *The Theory of Economic Development*. Cambridge: Harvard University Press. (New York: Oxford University Press, 1961.) First published in German, 1912.
- Schumpeter, Joseph A. (1988). *Capitalismo, Sociedade e Democracia*. São Paulo: Abril Cultural. 1988.
- Trexler, Harry C. (2004). *Creating an Economy of Innovation and Entrepreneurship in the Greater Lehigh Valley*. A Program of the Harry C. Trexler Trust & De Sales University. Fall 2004.

Wortman, M.S. (1987). Entrepreneurship: an integrating typology and evaluation of the empirical research in the field, *Journal of Management* Vol 13 (2).