

Organizational Culture Helps in Creativity and Innovation

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Abstract

The aim of this study was to determine what type of organizational culture would support creativity and innovation in an organization. The factors trust relationship, working environment, management support and customer orientation on operational level presented shifts in emphasis in the new model. The trust relationship in particular indicated that trust manifests in openness and sincerity. Trust influences both employee support for change and the probability of successful change, which influence the degree to which creativity and innovation are stimulated and promoted.

Keywords: *manifestations, intangible, cognitive, perception, articulate.*

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1. INTRODUCTION

For most organizations change is inevitable. Organizational cultural issues are becoming increasingly important and a source of a strategic competitive advantage. Organizational changes usually promote and intensify competitiveness, as they require dramatic changes in strategy, technology, working systems and management style, among others. These changes require an in-depth analysis of values, beliefs and behaviour patterns that guide day-to-day organizational performance. Creativity and innovation have a role to play in this change process. The topic of organizational culture often presents two contradictory images. The first is of culture as “the glue that holds the organization together”, and the second regards it as a central part of the change process.

Post-industrial organizations today are knowledge-based organizations and their success and survival depend on creativity, innovation, discovery and inventiveness. An effective reaction to these demands leads not only to changes, in individuals and their behaviour, but also to innovative changes in organizations to ensure their existence. It appears that the rate of change is accelerating rapidly as new knowledge, idea generation and global diffusion increase. Creativity and innovation have a role to play in this change process for survival. The result is that organizations and leaders try to create an institutional framework in which creativity and innovation will be accepted as basic cultural norms in the midst of technological and other changes. Organizational culture appears to have an influence on the degree to which creativity and innovation are stimulated in an organization.

Organizations are made up of individuals with different talents, personalities, and goals, the organization will have a distinct culture. Some aspects of this culture change when the personnel do; other aspects seem to be fixed and enduring. The anatomy of an organization’s culture – i.e., how the business functions on a day-to-day basis – can strongly influence that organization’s potential for success or failure. In addition, the ability of an organization and its leaders have to cope up with change and encourage innovation to achieve mission effectively.

2. ORGANIZATIONAL CULTURE DEFINED AND ITS ROLE IN ORGANIZATIONS:

Organizational culture is defined in many different ways in the literature. Perhaps the most commonly known definition is “the way we do things around here”. In this paper organizational culture is defined as the deeply seated (often subconscious) values and beliefs shared by personnel in an organization. Organizational culture is manifested in the typical characteristics of the organization. It, therefore, refers to a set of basic assumptions that worked so well in the past that they are accepted as valid assumptions within the organization. These assumptions are maintained in the continuous process of human interaction (which manifests itself in attitudes and behaviour). In other words, as the right way in which things are done or problems should be understood in the organization. The components of routine behavior, norms, values, philosophy, rules of the game and feelings all form part of organizational culture.

Organizational culture forms an integral part of the general functioning of an organization. A strong culture provides shared values that ensure that everyone in the organization is on the same track (**Robbins, 1996**). The role that organizational culture plays in an organization can be divided into the functions of organizational culture and the influence that organizational culture has on the different processes in the organization.

Furnham and Gunter (1993) summarise the functions of organizational culture as internal integration and coordination. Based on a literature study of the functions of organizational culture, internal integration can be described as the socialising of new members in the organization, creating the boundaries of the organization, the feeling of identity among personnel and commitment to the organization. The coordinating function refers to creating a competitive edge, making sense of the environment in terms of acceptable behaviour and social system stability (which is the social glue that binds the organization together) (**Martins, 2000**). Organizational culture offers a shared system of meanings, which forms the basis of communication and mutual understanding. If the organizational culture does not fulfill these functions in a satisfactory way, the culture may significantly reduce the efficiency of an organization (**Furnham and Gunter, 1993**).

Organizations use different resources and processes to guide behavior and change. Organizational culture complements rational managerial tools by playing an indirect role in influencing behaviour. Culture epitomises the expressive character of organizations: it is communicated through symbolism, feelings, the meaning behind language, behaviours, physical settings and artifacts. Rational tools and processes like strategic direction, goals, tasks, technology, structure, communication, decision making, cooperation and interpersonal relationships are designed to do things. The expressive practice of culture is more a reflection of a way of saying things. An example is the role that organizational culture plays in the mission and goal statements. Organizational culture fills the gaps between what is formally announced and what actually takes place. It is the direction indicator that keeps strategy on track (**Martins, 2000**). Organizational culture plays an important role in organizations, regulating the behaviour of participants, and in extreme cases - of the organization as a whole. If the organization works in a similar and stabilized manner for some time, achieving goals and successes, its participants (or at least widely understood management staff) learn certain patterns of behaviour, accept standards that consistently reinforce further successes. So organizational culture is formed as "idealization of common experience." It primarily fulfills a function of the social stabilizing factor, integration and coordination mechanism, which ensures social balance (mainly internal), and, at least partially, external - the material balance of the organization. At the same time the main norms of culture focus on integration of both participants and the relationship between the organization and its environment. This is reflected in the emphasis on the product quality, respect for the rights of the importance of organizational culture for innovation in the company 31 consumer, and protection of the environment. In this way, organizational culture also creates a basis for the conceptualization of the external balance of the organization, determining the model of the desired relationship between the organization and its environment and how to maintain it.

3. CREATIVITY AND INNOVATION IN ORGANIZATIONS

The concepts of creativity and innovation are often used interchangeably in the literature. Consequently, it is important to analyse these concepts in the context of this paper. Some definitions of creativity focus on the nature of thought processes and intellectual activity used to generate new insights or solutions to problems. Other definitions focus on the personal characteristics and intellectual abilities of individuals, and still others focus on the product with regard to the different qualities and outcomes of creative attempts.

Creativity as a context-specific evaluation can vary from one group, one organization and one culture to another and it can also change over time. Evaluating creativity should, therefore, be considered at the level of a person, organization, industry, profession and wider (Ford, 1995). In the paper under discussion the context of creativity is at the level of the organization, and the concept of creativity can be defined as the generation of new and useful/valuable ideas for products, services, processes and procedures by individuals or groups in a specific organizational context.

Definitions of innovation found in the literature vary according to the level of analysis which is used. The more macro the approach (e.g. social, cultural), the more varied the definitions seem to be. Some definitions are general and broad, while others focus on specific innovations like the implementation of an idea for a new product or service. In an organizational environment, examples of innovation are the implementation of ideas for restructuring, or saving of costs, improved communication, new technology for production processes, new organizational structures and new personnel plans or programmes.

West and Farr (1990) define innovation as follows: "the intentional introduction and application within a role, group or organization of ideas, processes, products or procedures, new to the relevant unit of adoption, designed to significantly benefit the individual, the group, organization or wider society". It appears that the context in which a new idea, product, service or activity is implemented determines whether it can be regarded as an innovation within that specific context (**Martins, 2000**).

Innovation is often associated with change (**Drucker (1985) cited in West and Farr, 1990; Robbins, 1996; Hellriegel et al., 1998**). Innovation is regarded as something new which leads to change. However, change cannot always be regarded as innovation since it does not always involve new ideas or does not always lead to improvement in an organization. An example of change that cannot be regarded as an innovation is changing office hours in an exceptionally hot summer season.

In the research under discussion innovation can be defined as the implementation of a new and possibly problem-solving idea, practice or material artifact (e.g. a product) which is regarded as new by the relevant unit of adoption and through which change is brought about (**Martins, 2000**).

4. RELATIONSHIP OF CREATIVITY AND INNOVATION WITH ORGANIZATIONAL CULTURE:

Organizational culture seems to be a critical factor in the success of any organization. Successful organizations have the capacity to absorb innovation into the organizational culture and management processes. According to **Tushman and O'Reilly (1997)** organizational culture lies at the heart of organization innovation.

The basic elements of organizational culture (shared values, beliefs and behaviour expected of members of an organization) influence creativity and innovation in two ways:

- Through socialisation processes in organizations, individuals learn what behaviour is acceptable and how activities should function. Norms develop and are accepted and shared by individuals. In accordance with shared norms, individuals will make assumptions about whether creative and innovative behaviour forms part of the way in which the organization operates.

- The basic values, assumptions and beliefs become enacted in established forms of behaviours and activity and are reflected as structures, policy, practices, management practices and procedures. These structures make impact directly on creativity in the workplace, for example, by providing resource support to pursue the development of new ideas. In this way individuals in organizations come to perceive what is considered valuable and how they should act in the workplace.

Organizational culture affects the extent to which creative solutions are encouraged, supported and implemented. A culture supportive of creativity encourages innovative ways of representing problems and finding solutions, regards creativity as both desirable and normal and favours innovators as models to be emulated (**Lock and Kirkpatrick, 1995**).

4. LEVELS OF ORGANIZATIONAL CULTURE

One comes across a number of elements in the organization which depict its culture. Organizational culture can be viewed at three levels based on manifestations of the culture intangible and intangible forms.

Level One: the organizational culture can be observed in the form of physical objects, technology and other visible forms of behaviour like ceremonies and rituals. Though the culture would be visible in various forms, it would be only at the superficial level. For example, people may interact with one another but what the underlying feelings are or whether there is understanding among them would require probing.

Level Two: there is greater awareness and internalization of cultural values. People in the organization try solutions of a problem in ways which have been tried and tested earlier. If the group is successful there will be shared perception of that success, leading to cognitive changes turning perception into values and beliefs.

Level Three: represents a process of conversion. When the group repeatedly observes that the method that was tried earlier works most of the time, it becomes the preferred solution and gets converted into underlying assumptions or dominant value orientation. The conversion process is having few advantages. The advantages are that the dominant value orientation guides behaviour, however, at the same time it may influence objective and rational thinking.

5. CHANGE IN ORGANIZATIONAL CULTURE

When an organization does not possess a healthy culture, or requires some kind of organizational culture change, the change process can be daunting. Culture change may be necessary to reduce employee turnover, influence employee behavior, make improvements to the company, refocus the company objectives and/or rescale the organization, provide better customer service, and/or achieve specific company goals and results. Culture change may be influenced by a number of elements, including the external environment and industry competitors, change in industry standards, technology changes, the size and nature of the workforce, and the organization's history and management. **Burman and Evans (2008)** argue that it is 'leadership' that affects culture rather than 'management, and describe the difference. When one wants to change an aspect of the culture of an organization one has to keep in consideration that this is a long-term project. Corporate culture is something that is very hard to change and employees need time to get used to the new way of organizing. For companies with a very strong and specific culture it

will be even harder to change. Prior to a cultural change initiative, a needs assessment is needed to identify and understand the current organizational culture. This can be done through employee surveys, interviews, focus groups, observation, customer surveys where appropriate, and other internal research, to further identify areas that require change.

The company must then assess and clearly identify the new, desired culture, and then design a change process. **Cummings & Worley (2005)** give the following six guidelines for cultural change:

- 1. Formulate a clear strategic vision:** In order to make a cultural change effective a clear vision of the firm's new strategy, shared values and behaviors is needed. This vision provides the intention and direction for the culture change.
- 2. Display Top-management commitment:** It is very important to keep in mind that culture change must be managed from the top of the organization, as willingness to change of the senior management is an important indicator. The top of the organization should be very much in favour of the change in order to actually implement the change in the rest of the organization.
- 3. Model culture change at the highest level:** In order to show that the management team is in favour of the change, the change has to be notable at first at this level. The behaviour of the management needs to symbolize the kinds of values and behaviours that should be realized in the rest of the company. It is important that the management shows the strengths of the current culture as well; it must be made clear that the current organizational does not need radical changes, but just a few adjustments. This process may also include creating committee, employee task forces, value managers, or similar. Change agents are key in the process and key communicators of the new values. They should possess courage, flexibility, excellent interpersonal skills, knowledge of the company, and patience.
- 4. Modify the organization to support organizational change:** The fourth step is to modify the organization to support organizational change. This includes identifying what current systems, policies, procedures and rules need to be changed in order to align with the new values and desired culture. This may include a change to accountability systems, compensation, benefits and reward structures, and recruitment and retention programs to better align with the new values and to send a clear message to employees that the old system and culture are in the past.
- 5. Select and socialize newcomers and terminate deviants:** A way to implement a culture is to connect it to organizational membership, people can be selected and terminate in terms of their fit with the new culture. Encouraging employee motivation and loyalty to the company is key and will also result in a healthy culture. The company and change managers should be able to articulate the connections between the desired behavior and how it will impact and improve the company's success, to further encourage buy-in in the change process. Training should be provided to all employees to understand the new processes, expectations and systems.
- 6. Develop ethical and legal sensitivity:** Changes in culture can lead to tensions between organizational and individual interests, which can result in ethical and legal problems for practitioners. This is particularly relevant for changes in employee integrity, control, equitable treatment and job security. It is also beneficial, as part of the change process, to

include an evaluation process, conducted periodically to monitor the change progress and identify areas that need further development. This step will also identify obstacles of change and resistant employees and to acknowledge and reward employee improvement, which will also encourage continued change and evolution. It may also be helpful and necessary to incorporate new change managers to refresh the process. Outside consultants may also be useful in facilitating the change process and providing employee training. Change of culture in the organizations is very important and inevitable. Culture innovations is bound to be happen because it entails introducing something new and substantially different from what prevails in existing cultures. Cultural innovation is bound to be more difficult than cultural maintenance. People often resist changes hence it is the duty of the management to convince people that likely gain will outweigh the losses. Besides institutionalization, deification is another process that tends to occur in strongly developed organizational cultures. The organization itself may come to be regarded as precious in itself, as a source of pride, and in some sense unique. Organizational members begin to feel a strong bond with it that transcends material returns given by the organization, and they begin to identify with in. The organization turns into a sort of clan.

6. WHAT IS THE DIFFERENCE BETWEEN CREATIVITY AND INNOVATION?

- Creativity is the capability or act of conceiving something original or unusual.
- Innovation is the implementation of something new.
- Invention is the creation of something that has never been made before and is recognized as the product of some unique insight.

If you have a brainstorm meeting and dream up dozens of new ideas then you have displayed creativity but there is no innovation until something gets implemented. Somebody has to take a risk and deliver something for a creative idea to be turned into an innovation. An invention might be a product or device or method that has never existed before. So every invention is an innovation. But every innovation is not an invention. When your company first published its website that was a major innovation for the company even though many other websites already existed.

We tend to think of an innovation as a new product but you can innovate with a new process, method, business model, partnership, route to market or marketing method. Indeed every aspect of your business operation is a candidate for innovation. Peter Drucker said, 'Every organization must prepare for the abandonment of everything it does.' So do not restrict your vision of innovation to products. Some of the most powerful innovations you can make are in business methods and customer services. If we look at companies like Dell, eBay and Amazon we see that their great innovations were with their business models rather than in new products.

Innovations can be incremental or radical every improvement that you make in products or services can be seen as an incremental innovation. Most businesses and most managers are good at incremental innovation. They see problems in the current set-up and they fix them. Radical innovations involve finding an entirely new way to do things. As such they are often risky and difficult to implement. Larger organizations and most managers are poor at radical innovation. If you had been making LP records then you could have introduced incremental innovations in your design and marketing. However, if this was your strategy then a radical innovation, the CD,

would eventually kill you. The CD manufacturer could similarly introduce various incremental improvements. Once again a radical innovation, music downloads over the internet, would make your offering obsolete. So we need to constantly look for incremental innovations and radical innovations. We need to develop creativity and turn it quickly into innovation.

7. CREATIVITY AND INNOVATION IN THE WORKPLACE

Exploiting both creativity and innovation in business can boost performance and the bottom line. But first, you need to make space for both to happen.

Encouraging creativity can involve lots of different strategies, from enabling employees to work outside the office to letting people come into and leave the office when they feel ready to, not when they're expected to. The office itself needs to be creativity-friendly and there are ways you can adapt the working environment to support employees' talents.

It is important to let staff feel free when exploring new ideas – whether it is tweaking your existing product or developing a whole new concept. Involve the team, share accountability, reward good work and be ready to respond to market feedback. Remember, your ideas and innovation, no matter how amazing, still need to fulfill a need among customers.

There is no guaranteed source of great ideas, but they do tend to be generated by the most engaged, positive employees. They do not come from staff who are bored or stressed. Great ideas sometimes come from brainstorming sessions, but trying to force out ideas can be counter productive. In reality, great ideas are equally likely to occur when a particular problem occurs that requires a solution, or even when an employee is on their way home, thinking about their day.

The key is to use your business culture and processes to capture these ideas when they are in operation, wherever they come from. Staff suggestions boxes and allocated creative time can work well, but sometimes all that's required is a clear message from the boss that all ideas are welcomed.

8. HOW TO PROMOTE CREATIVITY AND INNOVATION

It appears that support for change and trust relate to each other and both will influence the degree to which creativity and innovation are stimulated and promoted in an organization.

- **Behaviour that encourages innovation:** In the preliminary model idea generating and risk taking also formed part of the determinant “behaviour that encourages innovation”, which corresponds to the empirically postulated factor of behaviour that encourages innovation. Idea generating involves aspects such as encouragement to generate ideas, selling good ideas, management’s giving credit for ideas, encouragement to take initiative and to find new ways of solving problems. Management should create values that support risk taking and should demonstrate through their actions that risk taking and experimenting are acceptable behavior.
- **Working environment:** The determinant “working environment” seems to focus on employees in the organization and the way in which work takes place in the working environment as part of the organizational culture. When compared with the preliminary model, it becomes clear that the items were extracted from three different determinants, namely strategy, innovation behaviour and organizational structure (freedom of decision-

making and empowerment, team cooperation and group interaction). The actualisation of personal goals and objectives in pursuing organizational goals and objectives seems to relate to creativity and innovation. Conflict handling in the working environment should be handled constructively to promote creativity and innovation. According to **Robbins (1997, p. 169)** some conflict is absolutely necessary for a group to perform effectively. Another factor that has an influence on the degree to which creativity and innovation take place in an organization is cooperative teams.

- **Customer orientation:** This factor focuses on understanding the needs of internal and external customers, improving customer service and flexibility in customer service. For many organizations, fostering creativity and innovation is essential to their ability to offer high quality products and service. It is interesting to note that the factor postulation clearly distinguishes between a market-orientated strategy and this factor which focuses on a customer orientation on the operational level. Although **Nyström (1990, p. 156)** did not emphasise customer orientation as a core value of the most innovative department in this research, this factor supports his finding that reaction to customer needs should be flexible.
- **Management support:** In the preliminary model the role of management was emphasised in each of the determinants. However, in the new postulation of the empirical study, it appears that management has a specific supporting role in promoting creativity and innovation. Open communication between employees, management and different departments as a determinant of organizational culture that would support creativity and innovation. Availability of equipment and resources is dependent on management's support. The degree to which equipment and resources are available improves or detracts from the likelihood of there being creativity and innovation. The supporting role of managers in adapting rules and regulations is related to their role in supporting change, which will have an influence on creativity and innovation. In other words, the degree to which managers support the adaptation of rules and regulations to keep up with change will have an influence on creativity and innovation.

9. CONCLUSIONS

In attempting to create a culture supportive of creativity and innovation, it has been found that one of the best approaches to describe organizational culture is based on the open systems approach. This conclusion is based on the fact that it offers a holistic approach that allows the investigation of the interdependence, interaction and interrelationship of the different sub-systems and elements of organizational culture in an organization.

The patterns of interaction between people, roles, technology and the external environment represent a very complex environment. Under these circumstances creativity and innovation can be influenced by several variables. It appears that creativity and innovation will flourish only under the right circumstances in an organization. The values, norms and beliefs that play a role in creativity and innovation in organizations can either support or inhibit creativity and innovation, depending on how they influence the behaviour of individuals and groups.

This will enable organizations to determine the degree to which the culture of a specific organization supports creativity and innovation, which is essential in being successful and adapting to changing circumstances.

As regards the companies the respondents were associated with, one single universal model of organizational culture cannot be determined. However, the elements constituting a culture that

supports innovation have been specified. They occur in most companies, with varying intensity, namely:

- The management style emphasizing tasks and interpersonal relationships
- A significant role of managers in stimulating innovation and triggering innovation of employees.
- Motivating employees to be creative Forum.
- A low level of sense of danger felt by employees, arising from changes implemented in the company.
- Proper organization of work and working conditions aimed to stimulate employees' creativity.
- Support for new concepts and ideas.
- A possibility to express their opinion freely by employees, to propose and support new ideas, cooperation of employees from different organizational units.

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