IMPORTANCE OF CREATIVITY IN ENTREPRENEURSHIP

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Abstract
Purpose – The purpose of this paper is to highlight the importance and role of encouraging the development of organizational creativity in the modern enterprise. Creativity is an essential element of entrepreneurial activity, important for overcoming the challenges and obstacles in the development of the concept from the design to implementation. Creativity in contemporary market conditions refers to research and the application of different business access. Development of organizational creativity and introduction of new products and services is crucial for the survival and development of the organization. The aim of this paper is to answer the question of how encouraging creativity within organizations can help and contribute to better business and achieving competitive advantage.

Methodology – In this paper the existing theories and models of creativity were analyzed, according to which a model for managing organizational creativity that would be applicable to organizations willing to change was distinguished, taking into account the concept of a framework for networked creativity that may include individual creativity, creativity in team / group and organizational creativity.

Findings – Organisations themselves must in the best way possible develop their employees’ creativity on the road to good ideas. For this, motivated and multidisciplinary individuals or teams are needed, able to come up with creative ideas. Organizations that endeavor to devise methods of quality management, as well as decide to encourage creativity in their business, have to invested a lot in it, which is certainly the most common means investment in creative training.

Contribution – The work represents the first phase of research in preparation for the empirical study of the role and importance of organizational creativity as a competitive advantage in organizations.

Keywords creativity, organizational creativity, development, entrepreneurship

1. INTRODUCTION

Creative potential is one of the main engines of economic development of contemporary business. Thus, lately it has been treated as the ultimate economic resource. Reaching the competitive advantages in a global market and an ever more complex business environment of a contemporary organisation lead to the conditions under which a traditional manner of running business is unthinkable. The question is to what extent is creativity present in contemporary entrepreneurship? How can entrepreneurs strengthen their creative potentials and how can creativity provide assistance in reaching a sustainable competitive advantage? Creativity is an essential element of entrepreneurship, important in overcoming the challenges and obstacles in the development of a concept ranging from its conception to its implementation.
According to the conclusions of the European Economic and Social Committee\(^1\), the main issues addressed by the EU countries relate to the need to stimulate the entrepreneurial spirit and mobility in both education and capacity building of an individual. Entrepreneurship as a term is highlighted in the broad sense of the word as an individual’s capability to turn ideas into action. It implies creativity, innovation and taking risks, including the ability to plan and manage projects aimed at reaching the goals. Apart from the basic skills, such as literacy and mathematical skills, business nowadays requires a gradual development of transversal skills. This is a base for acquiring specific skills and knowledge needed by those who establish or contribute to the social and economic business activities. EESC invites the member countries to use all available programmes and tools for the encouragement of entrepreneurship in education and capacity building, including creativity, innovations and mobility\(^2\).

The purpose of this paper is to emphasise the importance and the role of encouraging the development of organisational creativity in contemporary entrepreneurship. This paper is aimed at responding to the question as to how the encouragement of creativity within an organisation may assist in and contribute to a better business and reach a competitive advantage. Therefore, based on a thorough analysis of the previous research into the entrepreneurship creativity model, the authors hereby propose the elements of a new conceptual model intended to increase entrepreneurial competitive advantages.

2. THE THEORETICAL FRAMEWORK OF RESEARCH

The word “creativity” originates from the Latin word “creatus”, which literally means “the one who grew up”. There are many definitions and determinations of creativity. According to (Klaić, 2004:750), creativity is production, working energy, creational ability. A large number of concepts interpret what creativity means and how it is manifested; in short, all that is original and useful at the same time is also creative. First and foremost, it is a person who is creative. However, creativity may also be a product, a process, and even an environment. According to (Vujić, 2010:194), creativity is a new and original way of thinking and acting, which always deviates from the standard (well established) methods for looking for a solution to a problem, a situation, or a conflict. Creativity assisted in the development of the most important innovations in human history and in finding solutions to some of our most complex and most difficult problems (Johnson, 2014).

Most of the creativity-related research nowadays take one of the two directions: the subject matter of research is a Big C and a Little c. The Big C refers to certain individuals' ability to generate new ideas which then considerably contribute to the

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\(^1\) European Economic and Social Committee (EESC) is an EU advisory body comprised of the representatives of the organisations of employees and employers and other interest groups. EESC provides its opinions on the European matters to the European Commission, Council of the EU and the European Parliament, and plays the role of a bridge between the EU institutions which make decisions and citizens of the EU.

The purpose of such research is to learn about the cognitive functioning of the creative geniuses so as to discover which creative processes, works and products might last forever. The Little c or the mini-c refers to the creativity which spreads over the entire population and focuses on everyday creativity. This approach implies that all people might be creative and it complies with the definition of creativity at a workplace as proposed by Amabile et al. (1996), who define creativity through an individual coming up with fresh ideas for changing products, services and processes so as to better achieve an organization’s goals (DeHaan, 2009).

For the purpose of this paper, the following definitions will be used: Creativity is defined as the creation of a valuable, useful new product, service, idea, procedure, or process by individuals working together in a complex social system (Woodman, 2014:472). While entrepreneurship is a creative activity focused on optimum communication of production factors by which, through an appropriate investment and motivated behaviour and with reasonable risk-taking, certain goals and economic effects shall be reached (Kuvačić, 2005).

Entrepreneurship is a business activity that involves the discovery of opportunities to introduce something new (new goods and services, new markets, production processes, and raw materials and materials, new ways organising the existing technology), and of the manner in which talented individuals discover and create such opportunities and explore and use them for reaching various effects (Shane, Venkataraman, 2000:218). What should be further taken into account when considering the importance of creativity is the division of power within an organisation and the opportunity for an individual’s creativity to be manifested and observed. The influence of leadership may considerably affect its manifestation and the desirability of creativity within a certain working environment. If creativity is not properly directed and adequately used, it sometimes may cause adverse and harmful consequences, and there arises an inevitable need to reduce the costs in parallel with the increased benefits a person receives for his/her creative conduct (Runco, 2007). The reduction of benefits and costs may be short term and long term, and this is actually defined by a timely and accurate recognition and determination of organisational factors which may be used to this end. According to (Bahtijarević-Šiber, 2014), creative individuals are those who strive to discover the opportunities for the introduction of new products and services.

Although a large part of literature on creativity management focuses on the recruitment of the most creative individuals in order to obtain a desired creative product or service, a whole range of new research shows that all employees must make more effort to be capable of consistent creative self-development (De Stobbelier, Ashford, and Buyens, 2011; Tierney and Farmer, 2011).

In her research on creativity of employees (Wheatley, 2010:2) claims that the true changes and creativity processes always start with the recognition of a problem or an opportunity in which an individual finds sense…. a true interest automatically triggers human creativity. If we wish to create innovative individuals, we must discover what is important to them... we must include them in everything that is essential. By carefully
listening to their conversations and by carefully monitoring the activities important to them, we will certainly succeed in that process.

Table 1: Review of Earlier Research on (Organisational) Creativity

<table>
<thead>
<tr>
<th>Author</th>
<th>Research results</th>
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<tbody>
<tr>
<td>Amabile, (1998), Isaksen and Ekvall, (2010)</td>
<td>Organisational creativity should always result in something new and useful, that is, valuable to the organisation.</td>
</tr>
<tr>
<td>Anderson et al., (2014)</td>
<td>At workplace creativity represents an outcomes, and products of attempts to develop and introduce new and improved ways of doing things.</td>
</tr>
<tr>
<td>Baer and Oldham, (2006)</td>
<td>Creativity is a desirable behaviour which is appreciated in the organisation, and which may be encouraged and rewarded.</td>
</tr>
<tr>
<td>Bilton, (2010)</td>
<td>Creativity is emphasised as a key element in creating a competitive advantage.</td>
</tr>
<tr>
<td>Brennan and Doley, (2005)</td>
<td>Introducing a “networked creativity”, the term which encompasses individual creativity, team/group creativity and organisational creativity.</td>
</tr>
<tr>
<td>Ferreira and Filho, (2011)</td>
<td>Creativity and knowledge are seen as the main challenges of modern business. The creative way of thinking leads to new knowledge, approaches and problem solving.</td>
</tr>
<tr>
<td>Goldstein, (2016)</td>
<td>Creativity is a driver of innovation and a key factor in the development of personal, professional, entrepreneurial and social skills.</td>
</tr>
<tr>
<td>Gumuslouglu and Ilsev, (2009)</td>
<td>The authors propose a model applied by entrepreneurs ready for changes, at both individual and organisational levels, and conclude that it is psychological support in particular that positively influences the employees’ creativity.</td>
</tr>
<tr>
<td>Halilović et al. (2014)</td>
<td>Research shows that innovativeness and entrepreneurial skills may be developed and learned, but they also indicate that entrepreneurial circles constitute a good opportunity for the promotion of creativity and innovativeness. Innovativeness is an activity which can be learned through education with the aim of improving the basic entrepreneurial skills and developing entrepreneurial competences.</td>
</tr>
<tr>
<td>Moultrie and Young, (2009)</td>
<td>The authors find that creative actions should correspond to familiar situations, when it views to creativity as the “production of ideas which are new and which apply to defined opportunities”.</td>
</tr>
<tr>
<td>Mumford, (2000)</td>
<td>Organisation should take into account various interventions at different levels, that is, the respective levels of an individual, group, organisation and strategic setting in order to enable creativity.</td>
</tr>
<tr>
<td>Nair and Gopal, (2010)</td>
<td>Explain organizational creativity as the mental ability to produce novel and useful ideas by individuals or group of individuals working together and hence it is critical for organization long-term survival and competitiveness.</td>
</tr>
<tr>
<td>Perry-Smith and Shalley, (2003)</td>
<td>They developed the creativity perspective value in entrepreneurship claiming that, if creativity is applied in continuity, the outcome must always be more or less creative.</td>
</tr>
<tr>
<td>Sriča, (2010)</td>
<td>Creativity is a fortune and a basic motivator of success. There are no products or services in which the original idea could not give value and create competitive advantage.</td>
</tr>
</tbody>
</table>

Source: Author’s research
3. CREATIVITY IN ENTREPRENEURSHIP

An entrepreneur is a visionary, a passionate person who actually sees the opportunities and who therefore creates innovative values to be communicated to targeted users. Entrepreneurs are actually among the main drivers of creativity taking into consideration that they are the ones who have ideas and who turn them into innovative business activities. Entrepreneurship is present in any form of business, where dominant persons are primarily those who know, who are ready and, in particular, who are capable of starting up and creating a business because of their personal creativity and ideas, who listen to their intuition and enter into a direct market struggle.

Almost all areas of entrepreneurial activities and employee conduct in a contemporary organisation can be creatively improved. Entrepreneurs who chose to use creativity must also invest in it, which most often means to have training in creative and critical thinking. The costs and benefits of this king of training are subject to changes and they depend on the number of creative training courses and the number of creative projects in which they are involved. The benefits of each creative training unit per person shall depend on the amount of exercises an individual actually received through training and on the value an individual generally allocated to creativity (Lubart and Runco, 1999). If an individual refuses to take part in a creative process, the money invested in any training may be deemed to be lost. However, though, in order to survive and advance in a dynamic global market, organisations must, through creativity development, introduce innovations in their products, services, work and market environments (Burkus and Oster, 2012). There are five basic phases of a creative process in all models, that is:


A creative process of work and thinking is planned and programmed, and a range of activities have been implemented to enable an appropriate application of the creative methods and reaching the desired results (Vujić, 2010.). Entrepreneurship stimulates economic development by discovering good opportunities and by using them. According to (Kaplan, 2003.), creative processes in entrepreneurship consist of five steps: analysis of the opportunities, plan of developing and starting a business, securing a source of funding, identification of the required resources and the implementation.
plan, and selection of the entrepreneurship development strategy. Essential elements of the entrepreneurial process are highlighted in the Timmons model:

Figure 2: Timmons Model of the Entrepreneurial Process

The Timmons model identifies three components of the entrepreneurial process which may be shaped, assessed and modified. An entrepreneur is the one to assess the market opportunities, harmonise the available resources and opportunities and develop its team towards creating a competitive advantage. It is creativity, leadership and communication that increase the possibility of success of an entrepreneurial undertaking.

One additional factor, which certainly should be noted, is the fact that solving a problem, in entrepreneurship in particular, should be approached in a creative manner. This primarily refers to the manner in which ideas are generated within an organisation. Implementation of some of the creative techniques is certainly important in the idea generation process in the creative approach to problem solving. The creative techniques are basically aimed at encouraging individuals and groups to generate new and original ideas and to increase the likelihood of finding the quality and comprehensive solutions to problems that could not be solved through the routine, standard procedures or based on experience. Individual creative techniques assist in the creation of free associations, based on non-conventional thinking, and in overcoming personal rigidity in the problem analysis process and elaboration of possible solutions. Group creative techniques reorganise the communication method thus achieving a better team atmosphere, facilitating the problem identification and gathering relevant information, creating an ever-increasing number of ideas and possible problem solutions, forming an
adequate method for selection of the best solution in a group and more planning more efficiently the implementation of a selected solution in practice.

Figure 3: Model of a Creative Approach to Problem Solving


In order to develop a creative strategy, it is important for an organisation to encourage creative culture, styles of leadership and values, structure, and to develop skills and available resources.

Figure 4: Strategic and Systemic Aspect of a Creative Organisation

Bear and Kaufman, (2006) suggest three methods of approach to organisational creativity:

a) identify creative employees within an organisation and task them with assignments compatible with their abilities;

b) recognise and use the organisational factors which are to increase or decrease a creative work (including factors that increase internal and external motivation), and

c) train employees to become more creative.

Conaldi et al (2012) and Tonellato (2014) believe that individuals are those who provide new, creative ideas and proposals related to new products and services.

Research into a creativity stimulation model and the entrepreneurial creativity itself leads to a conclusion that, without creativity, there is no entrepreneurship. Entrepreneurs are those who are capable of creative thinking, willing to create, develop and place new ideas, products and services on the market. Entrepreneurs are expected to offer a creative initiative and use the existing resources in a new manner in order to adjust to various business requirements. Creativity in an entrepreneurial undertaking should be understood as any other skill which may be mastered and further developed on a continual basis. It is important to understand the importance of a creative work, freedom, openness, unimpeded flow of ideas, permanent work on promoting a strategy and idea valuation criteria, and to observe the possible obstacles to creativity.

Encouragement of creativity in entrepreneurship by applying various methodologies and creative techniques is certainly an empowering manner which contributes to the development of new products and services, which results in the achievement of a competitive advantage.

4. ELEMENTS OF PROPOSED CONCEPTUAL MODEL

Research into the existing models certainly indicates the importance of the manner in which creativity encouragement and development are approached. This particularly refers to a networked creativity, that is, a relationship between an individual and team creativity and, by all means, the overall organisational creativity. The question is if new products and services are created and implemented on the market owing to individual or team creativity? Vissers and Dankbaar (2000) take as a starting point that some team achievements cannot be reduced to individual team members. The authors warn that some joint views of the team may be good for the team functioning, but harmful to individual creativity. The importance of the team creativity, and openness for the free flow of information in particular, are also emphasised by (Gong et al., 2013), while the elements at the creative output level are analysed by (Gupta, Banerjee, 2016) who propose direct and indirect methods for measuring individual, team and organisational creativities.
Individual creativity is the creativity of an individual who, apart from building a career for him/herself, contributes with his/her ideas or many of them to the development of a creative organisation. Creative individuals are very curious, usually intelligent, yet not stimulated by logics and rationality. A creative person has an idea which he/she knows how to apply in practice and has the strength to introduce it. To an organisation, such creativity is sometimes the manner of survival in tough competition and also a support for the development and progress.

Team creativity in contemporary organisations has an increasingly important role and ever increasing amounts of funds are nowadays invested in the development of effective teams (team-building). A team may be described as something which is much more than a sum of individual members’ outputs. In other words, a team requires a joint (not mutually competitive) effort, where every member assumes responsibility for the success of the team, not only for their own performance. An actual team is a small group of individuals with complementary skills, who are equally loyal and devoted to a common goal, to the sense of the work and to the approach to problem solving, wherein there is a strong sense of mutual responsibility. However, it does not mean at all that team work implies a loss of individuals’ individuality.

Organisational creativity is an extremely needed activity of contemporary business organisations, especially because many organisations undergo a continuous process of internal reorganisation in order to promote the method of running their business activities, that is, to reduce the costs and increase the work efficiency, which is exactly achieved by stimulating creativity and introducing innovations in many fields, such as management, organisation, production, services and, particularly, informatics and electronic transactions. With regard to entrepreneurship, a fast and adjustable permanent flow of information and resources, that is, freedom and openness, is essential for the organisational creativity concept. Increasingly frequent technological and procedural changes are needed for the development, from various regulations, care for the environment, economic fluctuations, which make the market conditions even more complex. An organisation which is not capable of generating creative solutions for solving these and other pressures may easily find itself in a situation to struggle for survival or to face disappearance.

All of the foregoing elements make a framework within which, in an entrepreneurship which supports creativity along with openness and free flow of information and which is focused on the quality and with motivation as an activity and implementation and development of creative techniques and skills, a competitive advantage is reached by creating new products and services which are efficiently positioned in the market. What is important for an entrepreneurship is to have a vision and skills to stimulate co-workers to accept and follow it.

The following Figure shows the main elements which, based on the implementation of creativity in an entrepreneurship lead to reaching a competitive advantage.
5. DISCUSSION AND CONCLUSION

Creativity and creative problem solving have a very important role in contemporary entrepreneurship. According to the traditional perception, only certain areas, such as the development and design of new products and services, are creative. However, a detailed analysis shows that creative solutions are also present in planning, personnel management, team work and relationships within an organisation. As a matter of fact, all areas of business activities may be creatively promoted. Considering that the promotion of business activities requires active participation of all employees, there is an increasing demand for individuals who are creative, innovative, motivated, who give proposals, take part in the decision-making process and who, on their personal initiative, strive to improve any segment of business activities.
Entrepreneur's task when it comes to creativity consists of focusing, identifying, recognizing and valuing creative behavior. Basically, it is important creating the conditions necessary to deploy creativity for achievement of the goals. Entrepreneurs must have certain vision and a well considered policy for stimulating, channeling and harvesting creativity.

Knowledge it is an essential ingredient for thinking up ideas. The process of forming ideas will be boosted if knowledge flows between the employees and departments of an organization. The knowledge could concern new customer needs, experimental projects, improvements to work processes or newly identified trends in the market.

Besides the role of knowledge it is also important for a climate to exist in the organization that stimulates and supports the transformation from knowledge into ideas. Characteristic elements of such a climate are diversity of opinions and styles of thinking, tolerance for failure, time for creativity, challenging targets that produce creative tension and knowledge-sharing. Besides free communication, the most important task in entrepreneurship is to find and support the best ideas. Therefore, it is important for entrepreneurs to create a safe environment in which people can put forward their ideas and possibly try them out.

Entrepreneurial creativity is particularly important in the problem-solving process. Many business decisions require creative solutions and seek complex reactions in a business environment. One individual can seldom make a complex decision himself/herself, the one that requires multidisciplinary knowledge, comprehensive experience and a detailed problem analysis. Many decisions require the engagement of competent and creative teams. However, adequate preconditions should be secured for creative and responsible behaviour of the team members. Apart from their expertise, the team members should be well informed and motivated for making the quality decisions, and it is also useful that they are ready to apply an individual or group problem solving creative technique.

The teams will have a higher creative potential if they work in an atmosphere of trust, openness, mutual support and responsible conduct of the team members. There is a slight possibility that the teams comprising uninterested or irresponsible members, those in which there is no trust and where the individuals are reserved and restrained, or if there is a conflict of interest in them and mutual framing by the team members, will be especially creative. All team members and the team leaders are responsible for the team atmosphere. The team creativity role is certainly worth noting. Although the role of an entrepreneur as a leader, that is, individual, is important, it is certainly beneficial if such leadership is optimistic and if it encourages all other individuals to present their ideas and proposals, and creates an atmosphere in which the team members feel that they are respected and that their proposals are seriously elaborated. Creativity in entrepreneurship must have a pragmatic dimension. Creative solutions must be useful in the context of an organisation and increase its competitive advantage. Identification of creative employees do not take as a starting point the concept indicating that some individuals are creative and others not, instead, the assignments should be adjusted in a manner not to disturb the stability of the organisation. On the other hand, where necessary, employees who do not demonstrate a creative approach
should be trained to approach their tasks in a new and different manner. Stimulation of creativity and a freedom to express a different opinion is exactly what contributes to strengthening of innovative potentials. It has always been known that originality in approaching the problem solving is the key factor in the development of science and human knowledge. For a creativity-oriented entrepreneurship to be successful, it is necessary to secure adequate conditions, that is, the atmosphere for creativity and an equal approach to the creative potential.

Creativity is a priceless asset of a successful entrepreneurship. An entrepreneurial creative activity is an entrepreneurial activity pursuing new values, through creating and spreading of economic activities, definition and implementation of new products, processes, opening of new markets and eventually, reaching a competitive advantage.

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