

ENHANCING MANAGERIAL COMPETENCIES THROUGH ORGANIZATIONAL CREATIVITY

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Abstract:

To obtain competitive advantage in a fast-paced, emerging economy, companies realize that, the key to success will be the generation and use of “creative knowledge”. Thus, in this paper, we examine the importance of organizational creativity, which is increasingly becoming a core competency for many companies. We then develop a framework that summarizes the transformation process as required by those organizations which desire to be more creative and innovative.

Özet:

Örgütsel Yaratıcılık Yoluyla Yönetim Becerisini Arttırma

İşletmeler, hızla değişen yeni ekonomik çevre koşullarında, rekabet üstünlüğü sağlamada yaratıcılığın ve yaratıcı bilginin en önemli başarı faktörü olduğunu kavramışlardır. Bu çalışmada, işletmeler için hızla önem kazanan ve temel yetenek haline gelen örgütsel yaratıcılığın önemi vurgulanarak, işletmelerin yaratıcılık ve yenilikçilik süreçlerini geliştirebilecekleri bir dönüşüm süreci ve çerçevesi ortaya konulmuştur.

Keywords: Creativity, organizational creativiity, competitive advantage, globalization.
Anahtar Sözcükler: Yaratıcılık, örgütsel yaratıcılık, rekabet üstünlüğü, küreselleşme.

I. INTRODUCTION

Today, rapid and pervasive change has challenged the survival of companies and their ability to sustain competitive advantage. Globalization, with its impressive economic and marketing consequences, has created tremendous competitive pressure for all companies. Half of the Fortune 500 companies in 1987 are not part of the Fortune 500 list of companies today (White, 2000, p.1-2). Markets are changing as consumers are pushing for new performance standards in quality, variety, customization, convenience, time, services, innovation and cost. Factors influencing the effectiveness of organizations change rapidly. Workers for example, need to think of themselves as not just positions and boxes within an organization, but as “knowledge contributors” (Marquardt and Reynolds, 1994, p. 110). Thus, a new organizational language is emerging, which helps manage the shift from stable mass markets and mass production to a customer-responsive world of continuous innovation (Maccoby, 1993, p. 49).

To obtain and sustain a competitive advantage in this new world, companies realize that, yesterday’s knowledge will not lead to success. The generation and use of knowledge will be a key survival skill for all companies, but the key to success will be the generation and use of “creative knowledge.” A successful organization must be continually expanding its capacity to create its future (Carr, 1994, p. 2). The act of becoming more creative has increasingly become the most important way to develop valuable sustaining competencies for companies.

In this paper, we focus on organizational creativity which is becoming a major sustainable competitive advantage in this increasingly global world. We first examine and clarify the concept of organizational creativity in the light of contemporary changes and developments. We then discuss how one can build a creative organization via a framework of activities. Finally, several managerial recommendations are suggested.

II. ORGANIZATIONAL CREATIVITY IN THE EMERGING GLOBAL WORLD

A. Organizational Creativity

1. Creativity

There are many definitions of creativity. Some definitions appear to be in conflict with each other and some seem to promote confusion regarding a

universally acceptable definition. There does however seem to be some agreement regarding the essence of creativity (Isacsen, 1988, p. 257). Thus, creativity is often defined by use of synonyms. These include productive thinking, divergent thinking, originality, imagination, and lateral thinking. In that frame, we advance a definition of creativity.

Thierauf (1993, p. 9) defines creativity as “a process that solves a problem in a new and original way that is useful to those involved in the creative undertaking.” Creativity can also be the accomplishment of a realistic new vision that often integrates elements of science, art, imagination, and practical usage (Jacobs, 1995, p. 211). Creativity also can be defined as the process of generating unique products by the transformation of existing products (Isacsen, 1988, p. 258).

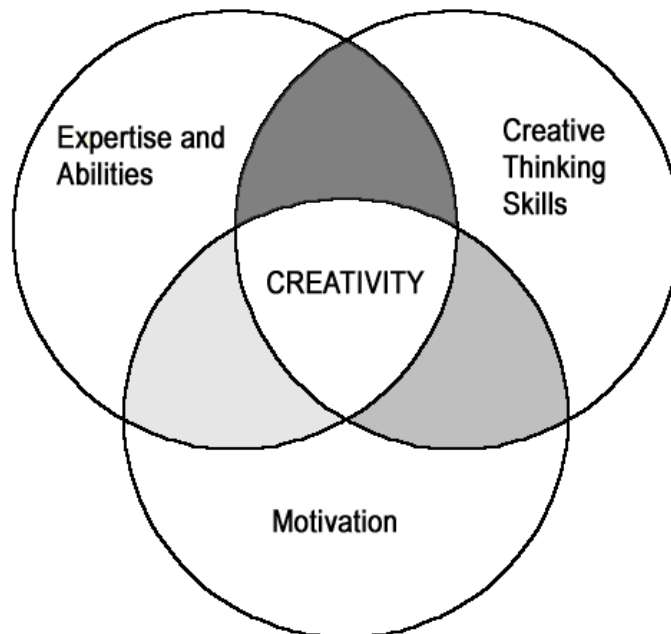


Figure 1: The Components of Creativity

Source: Adapted from Amabile (1998), p.78; and Panicker (1988) *Creativity and Innovation*: p.258

Creativity is a context-specific, subjective judgment of the novelty and value of an outcome of individual's or collective's behavior. According to Amabile (1998, pp. 78-79), within every individual, creativity is a function of

three components: creative thinking skills, expertise and motivation as it is seen in Figure 1.

Thus, creativity refers to the way people think – how imaginatively they approach problems. Indeed thinking imaginatively is one part of creativity, but two other components are also essential.

More definitely, they can be expressed as follows:

Creative Thinking Skills: It refers to how people approach problems and solutions—their capacity to both new ideas and put existing ideas together into new combinations.

Expertise: Expertise encompasses everything that a person knows and can do in the broad domain of his or her work.

Motivation: Creative-thinking and expertise are an individual’s raw materials—his or her natural resources. But the third factor – motivation – determines what people will actually do. A scientist can have outstanding educational credentials and a great facility in generating new perspectives to old problems, but if the scientist lacks the motivation to perform, nothing is likely to happen.

2. From Individual to Organizational Creativity

Creativity is seen mainly as an individual’s ability that occurs sporadically and unpredictably. Modern competence-based organizations, especially those that compete globally, must find ways of organizing and managing resources, so that creativity becomes part of “business as usual”. In business today, creativity and innovation are less often the product of individual genius and more often the outcome of organizing so that innovation can occur (Quale, 1995, p. 268-269).

Thus, organizational creativity can be defined as the creation of a valuable, useful new product, service, idea, procedure, or process by individuals working within a complex social organization (Woodman, 1995, p. 61). It may be seen as the collective visualization and realization of new ideas and processes, and as an intermediary entrepreneurial link between individual creativity and change (Nyström, 1998, p. 25).

Additionally, it is a process of being a creative organization that can be defined as the one, which is consistently able to develop or utilize original ideas, products, processes, or relationships in such a way, so it can contribute to an organization's success. The key relation is originality + consistency = success. However, the well known mathematical principle, "the whole is equal to the sum of all its parts" is not, true of organizations. An organization is equal to the sum of all its parts, plus the way they are organized. So, successful, creative organizations have not simply stumbled into their positions, they have planned for creativity and they have organized themselves so that they are able to achieve it (O'Connor, 1995, p. 297).

Certainly, organizations of future will have more fluid boundaries than today's organizations. In tomorrow's organizations, innovation will require a high level of cooperation among people and teams from different organizations. These individuals and teams will represent a variety of organizational cultures, and will often work in different geographical locations, -many in different countries (Damanpour, 1995, pp. 125-130).

B. The Need For Organizational Creativity

In the future, a strong market position based on an organization's innovation competence will be more important than ever.

The innovative organization is characterized by the ability to channel its creativity into useful outcomes. For example, the 3M Company is aptly described as an organization that developed a reputation for innovation over several decades. One of the stated objectives is that 25 percent of each division's profits are to come from products less than five years old. To meet this goal, 3M typically launches more than 200 new products each year (Robbins and Coulter, 1996, pp. 444-509).

Meanwhile, organizational creativity, which also realizes on social and group creative processes, will be a key factor in corporate success in the future, particularly in industries with complex, changing business environments. After all, innovation is a characteristic of an entire organization, not just individuals, because it is the full organization that must invest in the development, manufacturing, and marketing of a new product. Although employees' creative insights are necessary, they are a relatively minor factor in the overall innovativeness of the organization (Csikszentmihaly and Sawyer, 1995, pp. 167-169). Thus, it seems that organizational creativity capabilities will become major competencies in the new economy.

C. Outcomes of Creative Organization

Creativity permits organizations to constantly develop practices, processes, products and services that are new and relevant to the organization's strategy, and loaded with values for the organization, its customers and its stakeholders. Thus, highly creative organizations not only develop new products; they also create or invent new processes, practices, and new services. They may gain market share by coming up with a creative new product or service that fills a customer need, product or service. They may gain even greater market share by providing their current product or service more quickly with a higher level of quality and customization.(Carr, 1994, pp. 2–8).

In that frame, we can speak about the following main outcomes of creative organization:

Superiority of Innovation: Innovation is the successful implementation of creative ideas about products or processes within an organization. Products can include anything produced by an organization, from automobiles to theatrical productions, and processes can include any methods of production, methods of management, methods of doing business, or services offered by organizations (Amabile, 1988, p. 146).

Core Competencies: Core capabilities are another main outcome which defines an organization's capability. These are actions and activities that they perform particularly well. For example, Sony has a core competence of miniaturization—a strength that is strategically and creatively applied to a wide array of products and markets (Collins and Porras, 1998, pp. 38–40).

New Context: Context is like the color of the light, and not the objects in the room. Context colors and shapes are much of what goes on in an organization. More accurately, the context alters what we see and experience usually without our being aware of it. Motorola is an example of a successful reinvention. Over the course of its 65 year history, Motorola has, on several occasions, decided that a new future was at hand; first in car radios, then in television, consumer electronics, and recently in microcomputers, wireless phones and pagers. In the late 1970s, CEO Robert Galvin forced everyone to confront quality problems, divisional limitations, and the Japanese threat. To do so, the company had to become self-questioning, outward looking, and be willing to change. A healthy degree of self-criticism replaced the former sense of superiority (Goss, Pascale and Athos, 1998, pp. 89-91).

Successful Competing Vertically: Hannan (1991, p. 97) argued that tomorrow's competition will be vertical competition, and segmentation and subsegmentation will be the essence of marketing. No longer will it be commercially feasible to try to get small shares of business from large numbers of customers. The only way to be successful now requires business to concentrate on getting an ever growing share of relatively small number of customers. Managers will be able to speak only of and for specific market segments. Only businesses that are everything or something special to customers will be successful. Companies which are able to subsegment best will be the most advantaged competitors. Thus, organizations develop core competences so that products or markets will be most successful in vertical competition.

In that frame we can show the strategic role and outcomes of the creative organization in Figure 2.

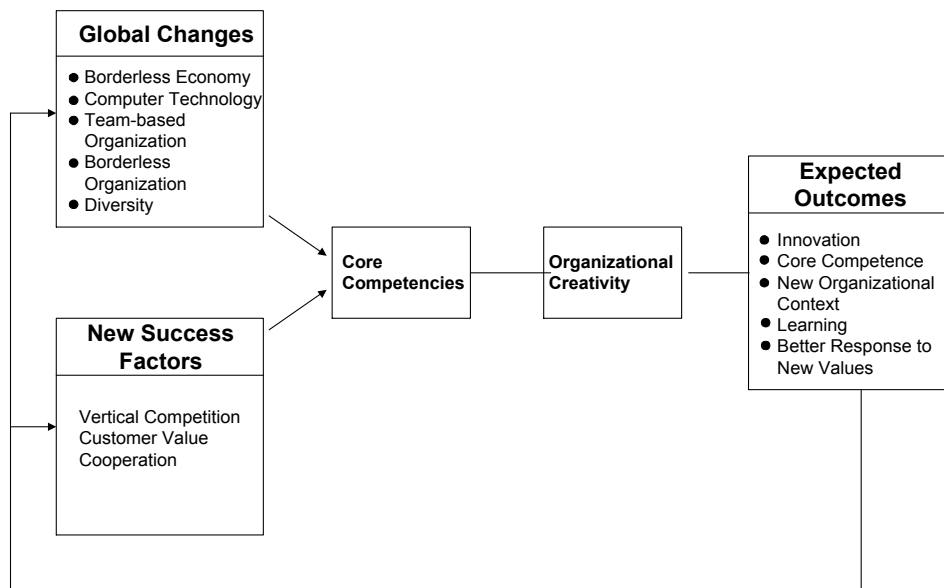


Figure 2: The Strategic Role and the Outcomes of Organizational Creativity

When we examine Figure 2, we observe that in order to win in this new competitive environment managers must plan far beyond such statements as, “what has carried us through the 1990s is not going to carry us through the 2000s”, and “we cannot go to the market in the way we had during the last twenty years”. In the new competition landscape, organizations are required to

master the ability to compete vertically, compete on the basis of customer value, and cooperate with suppliers in order to share brain power. (Hannan, 1991, pp. 6–15).

III. BUILDING A CREATIVE ORGANIZATION

A. Introduction

Developing organizational creativity involves several elements. These are: the creative person, the creative situation, the creative process, the environmental influences and the way in which each of these components interacts with the others (Woodman, Sawyer, Griffin, 1993, p. 294). Thus, we develop a framework for building a creative organization. We emphasize and try to seek answers to these questions:

- What are the key factors promoting creativity in organizations?
 - What factors inhibit creativity in an organization?
 - What actions are required to achieve a creative organization?
- Finally, we use
- A system view to develop a framework for organizational creativity that contains the essential components of a creative organization.

B. Key Factors Promoting Creativity in Organizations

1. Personal Characteristics

In our global world, a firm's most important competitive asset gradually becomes the skill and cumulative learning of its personnel. Every factor of production can be duplicated (Cascio, 1998, p. 15). Thus, some argue that to achieve a competitive advantage in the market place, enhancing the creative performance of people is a necessary (Amabile, 1988, pp. 123-163; Shalley, 1995, pp. 483-502; Devanna and Tichy, 1990, pp. 445–470). In other words, individual creativity is a crucial element in the process of organizational creativity. One definition of creativity is the production of novel and useful ideas by an individual or small group of individuals working together (Amabile, 1988, pp. 123-126; Stein, 1991, p. 4-9). Thus, researchers have identified these basic characteristics of the creative person in the following manner (Woodman, Sawyer, Griffin, 1993, pp. 293-301; Frohman, 1997, pp. 39-52; Amabile, 1988, pp. 123-163; Moorhead and Griffin, 1995, pp. 252-253; Panicker, 1988, pp. 31-9):

Various personality traits: These traits include high experience, broad interests, attraction to complexity, high energy, independence of judgment, autonomy, intuition, self-confidence, ability to resolve problems. In addition, highly capable people tend to have an internal locus of control.

Self-motivation: Being self-driven, creative people are driven internally to make a difference.

Action oriented: Creative people who attack problems without waiting for orders or approval. They usually possess high degrees and initiative.

Cognitive Abilities: These are an individual's power to think and to effectively analyze situations and data. It also includes the ability to discern differences between situations, phenomena or events.

Expertise: Talent, experience, and acquired knowledge in (a) particular field (s).

Social Skill: Effective social and political skills, rapport with others, being a good listener, a team player and being broad-minded and open to the ideas of others.

2. Group Characteristics

Organizations use groups to get work done. A group is two or more persons who interact with one another, such that each person influences and is influenced by the other person. The performance of any group is affected by several factors. In a high performing group, a synergy often develops in which the group's performance is more than the sum of the individual contributions of its members (Moorhead, Griffin, 1995, pp. 271-283; King, 1995, p.82-87). The basic group factors include norms, cohesiveness, size, diversity, roles, task and problem-solving approaches which can mutually be explained under the headings of norms, cohesiveness and diversity as follows (Woodman, Sawyer, and Griffin, 1993, pp. 309; Woodman, 1995, pp. 60-64; Moorhead and Griffin, 1995, pp. 271-283):

Norms: Result from the combination of members; personality characteristics, the situation, the task, and the historical tradition of group. It regulates the behavior of group members rather than their thoughts or feelings.

Cohesiveness: It is the motivation of members to remain in the group. Cohesiveness can be increased by competition or by the presence of an external threat upon clear goals, frequent interactions, and success.

Diversity: Many companies are finding that groups are the key to creating the multicultural organization necessary for success. Two types of groups have become popular: special focus and diversity groups. Diversity task forces usually comprise people representing a broad cross-section of minority groups, organizational levels and functional areas. The global market place requires high-level cross-cultural, multilingual, and cross-functional group that is established heterogeneously. The probability of creative outcomes may be highest when groups are composed of individuals drawn from diverse fields or functional backgrounds.

3. Situational Characteristics

Individual and group characteristics have important influences on the creative process within organization. However, the selection and training of people is most beneficial, if it occurs within the context of organizational policies and practice that facilitate creativity.

Creative Culture: Organizational culture is the values of the organization as manifested in action, especially by the actions of the leader and top executives. Values imply norms or expected ways of acting. 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 favors innovators as models to be emulated. An example is 3M, where employees are not only expected to develop new innovations, but are also expected to find new ways to finance the initial phases of their projects. At Hewlett-Packard, new employees “are nothing” until they have been part of a successful product development team. The cultures at both of these companies value creativity and innovation highly (Locke, Kirkpatrick, 1995, pp. 115-120).

Management of Intellectual Capital: Another characteristic of creativity in organizations is the effective management of intellectual capital. Employees’ brainpower has always been an important asset of a typical company. However, it has never been as important as it is today. Every company depends increasingly on knowledge: e.g. of management skills, technologies, patents, processes, information about customers and suppliers, and everyday

experiences. Added together, this knowledge leads to a company's intellectual capital which should be managed effectively (Thierauf, 1993, pp. 32-36).

Flexible Structures: Structures in creative organizations tend to be flexible, with a few rules and regulations, loose job descriptions, and high autonomy. Open communication is encouraged as well as the questioning of others' ideas. For example, at 3M employees are organized into cross-functional teams to facilitate the exchange of ideas (Locke, Kirkpatrick, 1995, pp. 116-117). Additionally, flexibility is important to adapt to changing environment (Gronhaug, Reve, 1988, p. 340). So, when a company develops a flexible organization where people can grow, develop products that customers want, and create customer value that match its unique strengths, it can become a formidable competitor (Wuench, 1995, p. 247).

Rewards: Creativity also must be rewarded. HP gives out "gold stars" to recognize creative achievement. On the other hand, innovative companies are not afraid to allow failure—as a means of achieving ultimate success. In some companies, this is called , "failing reward". Their employees learn by doing and are not punished when a solution does not work the first time (Locke, Kirkpatrick, 1995, p. 118).

Empowerment: It is the process of enabling workers to set their own work goals, make decisions, and solve problems within their sphere of responsibility and authority (Moorhead and Griffin, 1995, p. 117). Here, there are two major components: direction and capability. Direction consists of clear organizational purpose, goals and objectives. Capability results from an employee having skills and access to information, resources, and authority. Both are crucial if empowerment is to be a viable management approach (Hardy and Rodela, 1998, pp. 176-177). Empowerment became the core of organizational energy during the last decade. New organizations need and desire to enhance the capacity of their teams, and larger organizations need to be more creative and agile (Jaffe and Scott, 1998, pp. 188-190).

Resources and Time: Access to necessary resources, including facilities, equipment, information, funds and people is a necessary condition in a creative organization. On the other hand, time to think creatively about the problem, to explore different perspectives rather than having to impose a pre-determined approach (Amabile, 1988, pp. 146-147).

Research on creativity done by the Center for Creative Leadership has identified the following stimulants to creativity: freedom in deciding what to do

or how to accomplish the task, good project management, sufficient resources, creating a non-threatening, open environment, encouraging a collaborative atmosphere across levels and divisions. There is a general sense that creative work will receive appropriate feedback (Isaksen, 1988, pp. 260-261).

C. Barriers to Organizational Creativity

1. Factors Which Block Creativity

Identifying and understanding the blocks to creative thinking and behavior is an important factor in developing organizational creativity. It is important to identify these barriers since awareness is the first step toward overcoming them. Managers will overcome obstacles more effectively when they are conscious of their presence and impact (Isaksen, 1988, p. 260). Factors which block creativity can be organized into two broad overlapping categories. These are personnel barriers and situational or environmental barriers.

2. Personal Factors

Amabile (1988, p. 129) has identified several personal factors which can inhibit creativity as follows:

- a) *Unmotivated*: Lack of motivation for work, not being challenged by problems, having a pessimistic attitude toward the likely outcome.
- b) *Unskilled*: Lack of ability or experience in the problem area.
- c) *Inflexible*: Being set in one's ways, opinionated, unwilling to do things differently. Constrained by one's education or training.
- d) *Socially unskilled*: Lack of social or political skills, such as being a poor team player.

3. Situational Barriers

Isaksen (1988, p. 260) has identified these blocks to creativity to include: the belief that only one type of thinking is required for innovative outcomes, resistance to new ideas, a negative attitude toward creative thinking and autocratic decision-making. Beliefs of "we have always done it this way" and "we have never done it that way" are major reasons, why creativity is difficult to develop in business.

Amabile (1988, pp. 147-148) also has addressed several barriers to creativity in organizations which are somewhat different than Isaksen's barriers as follows:

a) Reward Systems: Inappropriate reward systems in the organization and little regard for innovation.

b) Constraints: Lack of freedom in deciding what to do or how to accomplish the task.

c) Poor Project Management: Managers being unable to set clear direction, managers possessing poor technical or communication skills, and managers who control too tightly or allow distractions and fragmentation of the team's efforts.

d) Evaluation: Inappropriate or inequitable evaluation and feedback systems, unrealistic expectations.

e) Insufficient Resources and Time Pressure: Lack of appropriate facilities, equipment, funds. In addition, insufficient time to think creatively.

D. Factors Facilitating Creative Organizations

Supporting factors help organizations increase their creating abilities. Those factors are learning, thinking, and using team and project management, which can be described as follows:

Continuous Learning

Learning is a process by which individuals gain new knowledge and insights in order to change their behavior and action (Marquardt and Reynolds, 1994, p. 37). Learning means change. It is not simply a matter of accretion, or adding something. There is always reorganization or restructuring in the learning process (Schwandt and Marquardt, 2000, p. 22).

Organizational learning, on the other hand, is the capacity or processes within an organization to maintain or improve performance based on experience (Nevis, DiBella, and Gould, 1995, pp. 73-75). Both individual and organizational learning are necessary in today's environment (Schwandt and Marquardt, 2000, pp. 21-23). In dependence thereupon, continuous learning becomes crucial to organizational creativity. Knowledge is the most important force that companies have to be successful in highly competitive markets.

Creative Thinking

Continuous learning is vital for companies to survive and to be more creative. However, under some conditions, learning may be insufficient for companies to gain competitive power. Companies should think strategically as well as learn to be more competitive. Thinking is planned intentional and goal seeking activity to solve complex, ill-defined problems. In addition to individual level of thinking, it is used in organizations -from daily activities to long term planning- by every function in the organization (Akgün and Lynn, 2000, pp. 1-5).

Team-Based Efforts

Teams have become important in recent years, as organizations have come to rely on team-based arrangements to improve quality, productivity, innovation, and customer service. (Solomon, 1998, p. 13). Teams can execute newly adopted strategies stressing better quality, speed, and innovation. For example, Westinghouse, Corning, and Dana Corporation have found that teams promote greater flexibility, faster response to technological change and better response to new worker values. Teams also facilitate innovation by bringing together experts with different knowledge bases and perspectives (Cascio, 1998, p. 83). Heard (1995, pp. 239-243) notes that creativity in business is often the domain of groups (teams) rather than individuals. So the combined efforts of management and employees leading, organizing and rewarding teams can provide the opportunity for people to experience the emotional rewards of creative task completion.

Project Management

Some argue that tomorrow's customer challenges will no longer be directed to managers' in R&D, engineering, or manufacturing to answer the question, how good is their product? Or how reliable is delivery? But tomorrow's pressures will be on their ability to integrate all the cost contributors and revenue generators in a customer's process or department and manage them for maximum profitability. Thus, tomorrow's questions will ask, how much do you know about this function of my business? How good are you at integrating its component parts and systems? In short, are you the best manager for this part of my business (Hannan, 1991, pp. 161-165).

In this environment, the contract between individuals and organizations is also changing. Success will be measured by involvement in successful new

projects. Careers of the future will be based on progressing through many different project assignments that develop an individual's marketable skills (Ford and Gioia, 1995, pp. 4-5). Additionally, project groups serve as a source of new ideas and projects (Holbek, 1988, pp. 268-269). So shortly, trading on project management skills gradually becomes especially important in the new world of work and organizations.

E. Managerial Actions to Achieve Creative Organization

Relying on the frame of this study, we identify the managerial actions that address the process, in which creativity in organizations can best achieved in Figure 3.

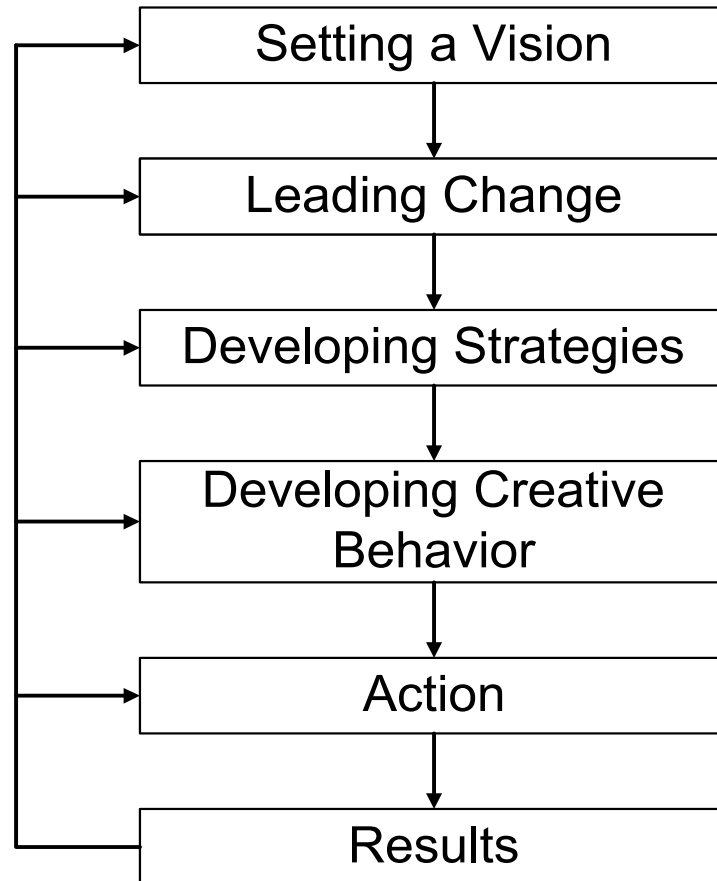


Figure 3: Action Steps to Achieve a Creative Organization

Below each action step will be examined in further depth:

Setting a Vision

In every successful organizational transformation effort, it is needed to develop a picture of the future which is relatively easy to communicate and appeals to customers, stockholders, and employees. A vision says something that helps clarify the direction in which an organization needs to move (Kotter, 1998, pp. 9-10). Vision provides guidance about what to preserve and what to change (Collins and Porras, 1998, pp. 21-23). For example “Our company will innovate endlessly to create new and valuable products and services, and to improve our methods of producing them.” When we look at this example, vision reflects what the company’s future could and should be (Locke and Kirkpatrick, 1995, p. 119). To achieve a creative organization, as a first step, a vision needs to be developed that emphasizes the importance of creativity and is communicated to all employees so that it can be widely shared.

Leading Change

It is often said that major change is impossible unless the leader is an active supporter. In successful transformation, the chairman or president or division general manager, plus another 5 or 15 or 25 people, come together and develop a shared commitment to excellent performance through renewal (Kotter, 1998, pp. 5-8). Here, along with leading change, the task is to teach to people how to think strategically, and anticipate problems and opportunities before they occur (Duck, 1998, pp. 55-57). Thus, assembling a group with enough power to lead important change efforts is crucial to be successful. This group may also establish a sense of urgency for the change effort being addressed (Kotter, 1998, p. 8).

Developing Strategies

After developing a shared vision, it is time to clarify the strategies which support the vision. Strategy, according to Porter, is defined as (1980, p. 47), “positioning to maximize the value of the capabilities that distinguish the firm from its competitors.” According to Nonaka and Takeuchi (1995, p. 74), “it is to conceptualize a vision about what kind of knowledge should be developed and to operationalize it into a management system for implementation.” To increase the creative abilities of the organization, some rules, guidelines and directions are needed which are inspired by the vision of the organization.

Developing Effective Creative Behavior

Organizations may have senior management that can guide change, they also may have developed a vision that clarifies the strategic direction of the company and it may have strategies that guide the resource allocation process. In addition, affective behaviors are crucial to be successful. Thus, in the process of transforming organizational creativity, individual, group and organizational characteristics can have significant impact on the creativity process and situation (Woodman, Sawyer and Griffin, 1993, p. 309).

Action and Result

Here, it is important to remember that creativity is an endless process and action. At the end of the stages that are proposed, there is no guarantee that an organization will be a high-performing, creative organization. In fact, some highly creative actions may result in some failures. It needs to be noted that some highly creative products come from these failures.

IV. IMPLICATIONS

When we take into consideration all the factors discussed in our study, several implications can be derived as follows:

In the new economy, environmental changes occur faster and the consequences of such changes are more dramatic and challenging than ever before.

A change-oriented mind-set is needed to be successful in today's markets. Because what worked for organizations during the 1980s and 1990s is not likely to be affective in the coming years. Old success formulas can lead to disaster.

Critical organizational success factors are changing very rapidly, even radically.

In the new marketplace, organizations that compete based on serving the customer and gaining critical core competencies will gain important advantages.

Increasingly, organizations are required to use more creativity in new product development, new procedures, new processes, etc. Organizational creativity becomes an increasingly important element in performance.

Creativity is vital at the individual level and equally important at organizational level. Creativity is used daily by every function in the organization.

Challenge to improve creativity is important for continuous organizational learning.

The individual characteristics that include cognitive abilities, social skills, and being action oriented are all important components of the creativity process of organizations.

The relevant context of an organization—including culture, structure, rewards and empowerment—play a pivotal role in achieving successful creative activities.

A widely shared vision of the future and strategies that guide and give direction are important, in order to achieve a creative and highly effective organization.

As Drucker states, “innovative opportunities do not come with the tempest but with the rustling of the breeze.” (Drucker, 1985, p. 25). Thus, the encouragement of employees by providing freedom and resources is important in building a creative organization.

It is important to involve customers and suppliers in the creative process.

Based on our study, we suggest an organizational creativity framework illustrated in Figure 4:

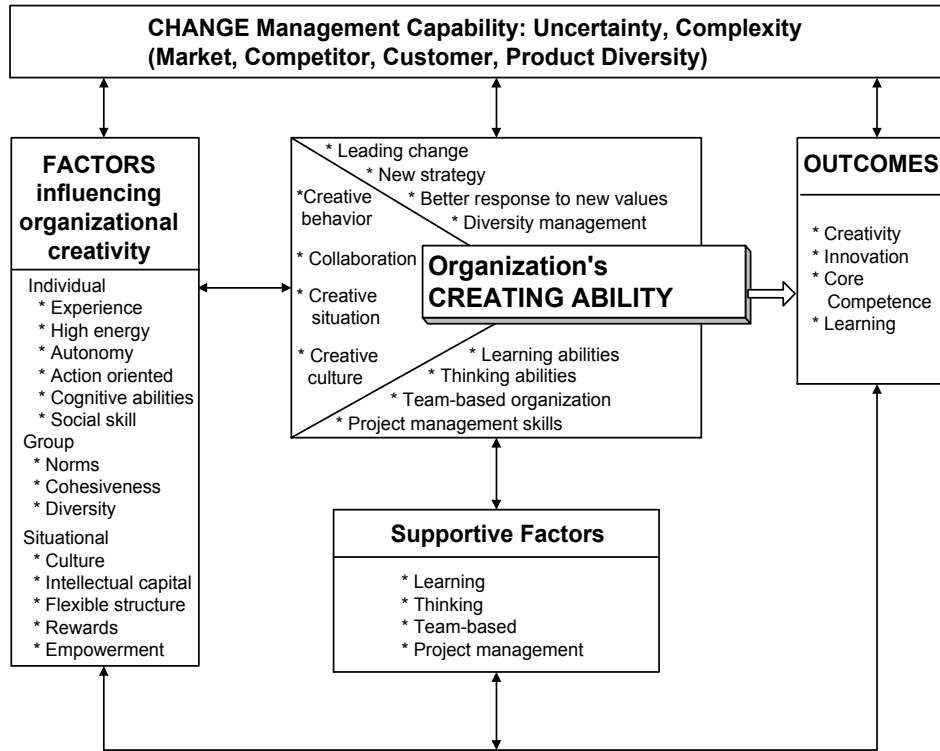


Figure 4: A Framework of the Organizational Creativity Process

As noted in Figure 4, to develop a creative organization, it is necessary to understand and lead change. Additionally, creative behavior, collaboration, and culture, continuous learning, creative thinking, project management skills are factors which facilitate creativity and its outcomes in organizations.

V. SUMMARY

Almost 30 years ago, most companies were organized around centralized functions: manufacturing, engineering, finance, and sales. Individuals were hired and trained to conform to this fairly rigid structure. Many were expected to spend their career within their organizational discipline. And, additionally, it was believed that, "I sell whatever I produce."

Today, all companies struggle to answer the question of "what and how can I produce to satisfy my customers?". Companies often involve customers and dealers at each step of the business activities. Customer satisfaction is being key to the success. Even, capabilities of the companies mostly depend on

the success of producing the products and/or services that may be in the mind of people's. Thus, "creative knowledge" increasingly becomes crucial in the emerging marketplace. A strong market position that based on an organization's innovation competence will be more important than ever before.

Thus, the new competitive business environment requires to build a creative organization that has the ability to compete vertically, compete on the basis of customer values and perform being based on the core capability.

In the process of improving the creative abilities, some factors play important roles: Firstly, having creative person, diversity group, creative culture, intellectual capital, flexible structure, empowerment are fundamentally needed. Additionally, some supporting factors as continuous learning, creative thinking, team-based efforts and project management skill help organizations to increase their creating abilities.

At that point, it is important not to forget that, for clarifying the direction in which organization needs to move, setting a vision is necessary. And, the lead of the head of the organization is needed. Additionally, developing some strategies and effective behavior are important managerial actions in the process of increasing creating abilities.

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