

## CREATIVITY IN KNOWLEDGE BASED ORGANIZATIONS

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**Abstract:** *The paper draws management specialists' attention to the present-day approach to creativity in an organization, inadequate to its role. Ensuing a scientific research, the paper explains the importance of the organizational creativity in the knowledge based firms. In the first part of this paper there is highlighted an original scheme used to formulate and capitalize individual creativity, group creativity and organizational creativity within an organization. Then, the key features of a modern organization are outlined, one of them being creativity. Finally, the paper presents a number of interesting concepts regarding the importance of human creativity and innovation for a firm.*

**Key words:** *creativity, organization, group, knowledge, performance, sustainability, learning, relating.*

### 1. INTRODUCTION

In accordance with present-day managerial literature, the importance of creativity to a firm is heavily dwindled due to its studying on two inferior levels: the individual and the group level.

The research method utilized in elaborating the paper was the scientific study of a specialized bibliography comprising of 90 references (book / paper titles – the majority of which have been published within the last two decades – and relevant internet addresses).

The upshots of the scientific research are concretized in putting forth the concept of organizational creativity and in accomplishing an unprecedented description of the modern organization through four key features, one of them being creativity.

### 2. THE PROBLEM OF CREATIVITY IN THE CONTEMPORARY SOCIETY

Enhancing economic performances is a prime objective sought by the EU by stimulating creativity and increasing organizational and technological performances with the aid of innovation. The Lisbon Strategy proposes the allocation of up to 3% of the European GNP to cover the expenses entailed by the innovation of products and processes. Within the context of the sustainable economy, it is expected that innovation lead not only to an increasing quality of products or services, but to that of economic indices as well – productivity, profit rate, etc. – as tapering the negative impact of certain processes on health and the environment and increasing the degree of work safety.

In essence, innovation is based on a much ampler phenomenon: human creativity. The importance and magnitude of creativity require its precise coordination within the organizational frame – particularly – and in society – generally [8]. This coordination can only be attained through creativity management, by resorting to various techniques, methods, instruments, etc. – new or popular but enhanced ones – that allows it to reach and even surpass some desired performances.

### 3. THE CURRENT RELEVANCE OF CREATIVITY TO A FIRM

Creativity flourishes and acts when the individual, group and organization have enough knowledge to solve problems. It is inadequate to consider creativity an inexhaustible and limitless organizational tool; however, it is no less true that the human factor can help minimize these limits and restrictions. In this context, knowledge-based management lays special emphasis – on the one hand – on stimulating innovation and on the other hand on giving a special treatment to those employees who generate and employ vital knowledge for the sake of the organization [5].

Individual and group creativity are frequently-addressed notions in the literature of the last century. Individual creativity is the capacity of an individual to bring something new to the organization. Group creativity is the grouped and coordinated elaboration and utilization of innovative ideas at group level. Some authors proposed new concepts, for example “creative region” [1].

The strategic competitiveness proven by some international companies for long periods of time, in spite of harsher competition and the drastic limitation of physical resources have shown that the two levels of addressing creativity in a firm are insufficient.

### 4. THE ORGANIZATIONAL CREATIVITY DEVELOPMENT

The organizational creativity represents the complex assembly of innovative ideas emitted at organizational level which can be used within the respective firm. Developing the individual creativity of an employee can occur spontaneously or in a controlled manner. A partly-controlled correctly-channeled partial development of individual creativity can lead – in time – through its managerial stimulation and its orientation along certain lines (Fig. 1) to the stimulation of group creativity and – on a larger scale – to the strategically-coordinated organizational creativity.

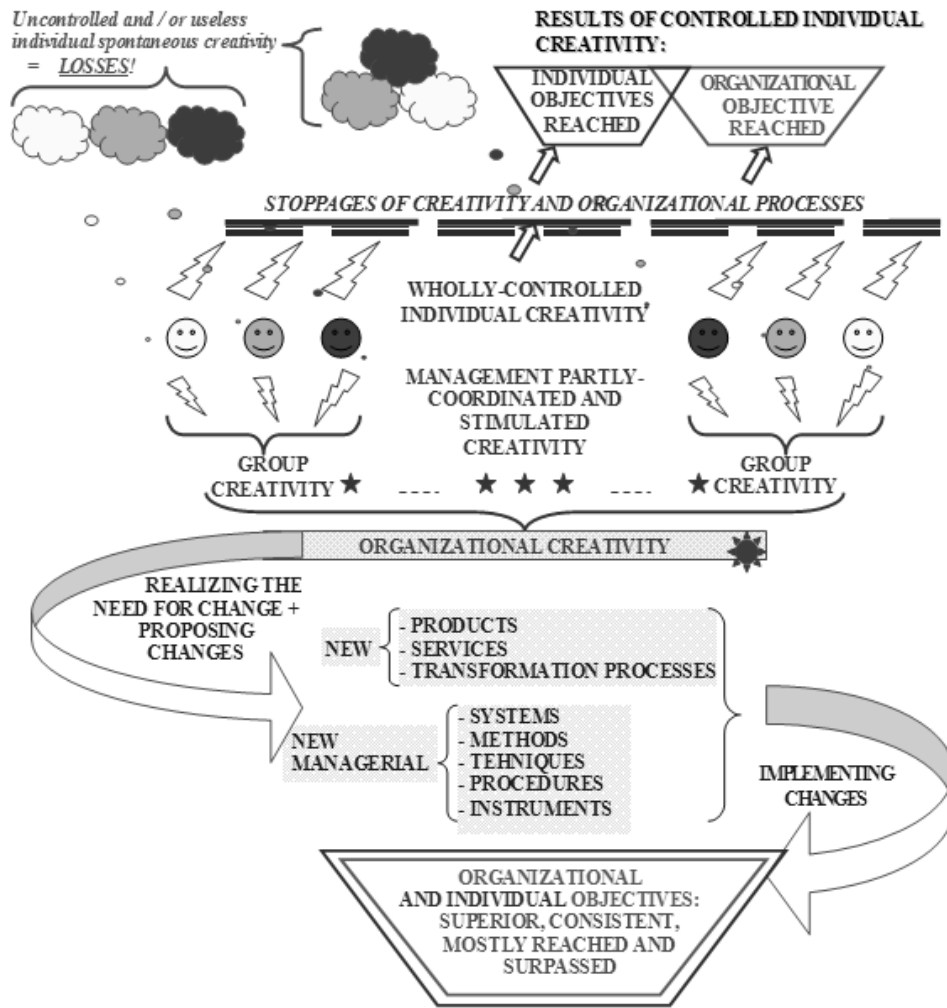


Fig. 1. Individual, group and organizational creativity.

This fact causes a shift in the organization’s means of work in order to facilitate the attainment of the goals and even surpassing them (in some cases).

**5. A RESULT OF THE SCIENTIFIC RESEARCH: APPENDING CREATIVITY TO THE ESSENTIAL TRAITS OF A MODERN FIRM**

The list of features of a knowledge-based organization analyzed by specialists during the last decade is vast (see for example [2, 5]). By compacting them, we can define a knowledge-based company through four keywords: sustainability, learning, relating and creativity (Fig. 2).

The sustainability of a knowledge-based firm derives from its capacity to capitalize its knowledge and other resources at a high level, by approaching all economic, social and ecological aspects entailed by the running of a firm in a balanced manner and ultimately attaining market recognition of these performances according to all three of these dimensions – according to Peter Zollinger’s triangle of sustainability [5].

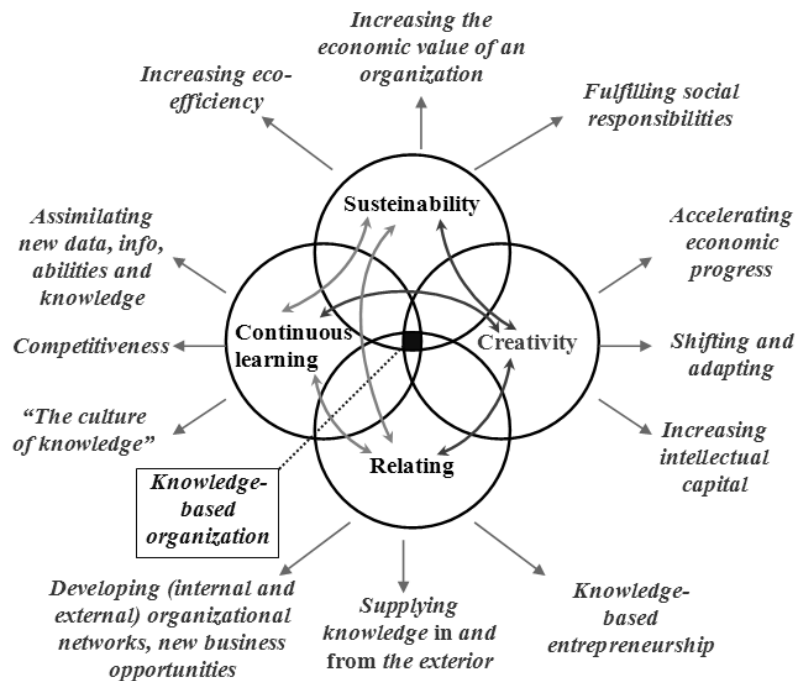
Continuous learning is a defining trait of the knowledge-based organization, its steps clearly pursuing the assimilation of this type of resource and the maximization of its efficiency:

- making managers, employees and stakeholders realize the role of knowledge;

- the continuous preoccupation regarding the furtherance of their knowledge;
- depositing collective knowledge at group and organizational level and developing knowledge databases accessible to employees and stakeholders;
- perfecting work, individual behaviors [3] and initiating changes;
- implementing certain constructive and functional changes to increase the efficiency of the processes pertaining to the acquisition, generation, utilization and capitalization of knowledge and the boosting of organizational performances.

Relating is manifested both within the firm and between the various categories of human resources and the exterior. Favored by the transfer of knowledge seen as merchandise, it requires the mutual exchange of it, its transaction and the possibility of supplying it in order to derive social, moral or spiritual satisfaction, which leads to the consolidation of the image of the firm.

Creativity is the pillar holding the structure, functionality and the results of the knowledge-based organization of the present and future dynamic environment, supplying solutions to problems, answering challenges and channeling organizational shifts on the right track. Directly or indirectly, it influences the other three key features of the knowledge – based organization – sustainability, continuous learning and relating –



**Fig. 2.** Defining a knowledge-based company through its features and their effects.

enhancing their quality – a fact evinced by the double-headed arrows in Fig. 2. It goes without saying that group creativity outweighs the individual one, the most ponderous being the effects yielded by organizational creativity on the three key features of the knowledge-based organization.

In its turn, creativity can also undergo shape and background shifts, by interacting with learning, relating and sustainability, similarly to their capacity of mutual influencing (see Fig. 2). The four of them confer the knowledge-based organization the capacity to institute itself as the primordial link in the chain of the knowledge-based organization for many years to come. Through partnerships, these links can successfully interweave the three sectors capable of insuring a healthy future for everyone: the private, public and nonprofit sector.

Using new managerial methods and techniques, creativity management can lead a firm to the highest economic, social and ecological performances.

Today, one of the most used methods in creativity management is benchmarking. Benchmarking consists in determining who is the best in an activity domain, who sets the standards, what these standards are, and what we can do to improve the results of our organization to reach or surpass the standards [4]. One of the answers offered by benchmarking is that the firm must become a creative organization.

Benchmarking initializes the performance improving by increasing revenues, augmenting quality, and/or reducing operating costs. It compares methods of producing products, providing services, selling and marketing products and services, and managing internal business systems with practices in other businesses [8]. Benchmarking incites the organizational creativity.

A group of organization units are compared to identify best-practices that can be adopted to improve

organization results on dimensions such as quality, efficiency, creativity and profitability.

The comparison groups may include similar operating units and service providers within an organization, competing businesses, and even businesses with similar transactions in other industries. Benchmarking is particularly valuable when no objective or engineered standard is available to define efficient and effective performance. For this reason, it is often used in managing services because service standards are more difficult to define than manufacturing standards [8].

Benchmarking stimulate product and process innovations [4, 6], supports the individual employers' progress, develops a continuous learning system in an organization, and helps it to adopt a total quality culture. A creative organization can benchmark to improve effectiveness, quality and profits, to achieve innovations, to adopt better-informed decision, to understand performance, to repair the badly-done processes, to exclude complacency, to manage and hurry changes, to set and touch high goals. All these effects will increase the customers' satisfaction.

Benchmarking is an efficient method that could use organizational creativity in order to conquer the market and become a leader.

Other managerial instruments lately used in creativity management are expert systems [5]. Combining the intuitive techniques and method of creation with the logical ones, the new expert systems are developed in order to solve the problems in any managerial subsystem: the decisional system, the informational system, the organizational system or the methodological one.

## 6. SUBSEQUENT RESEARCH DIRECTIONS

In order to coordinate organizational creativity efficiently, we are required – in the near future – to perform a descriptive research of all new methods and

techniques which appeared and have been utilized during the last decade in the field of creativity management. Moreover, a predictive research regarding the future methodology in this field is also required.

It is necessary to develop a research study about the creativity role in the new economic theories, too, because creativity is currently regarded as a new production factor.

The new knowledge-based environment seems to allow the continuously-increasing volatilization of the boundaries between different organizations and between them and their external factors. Thus, we can foresee the apparition of a leadership process that embraces extra-organizational creativity, an extremely ample link of creativity used by a firm, which will integrate the organization's external groups of stakeholders' creativity. The most important sources of innovative ideas tend to group around two "centers": the internal and the external centre of the firm. Correlating these centers will be a daunting challenge for creativity management.

## 7. CONCLUSIONS

Managers can take an active part in stimulating, coordinating and partly-controlling individual creativity, in the sense of favoring the apparition of group creativity and subsequently organizational creativity.

Creativity is an essential trait of the modern organization. The other key features are: sustainability, continuous learning and relating.

Sustainability improves the economic, social and ecological results of the firm.

Continuous learning sustains an efficient cycle of knowledge inside and outside the organization.

Relating facilitates the transfer of knowledge seen as merchandise.

Creativity is the most important feature, because it amplifies and coordinates the results of the other three, and adds the innovations results.

Creativity expresses an unlimited intangible potential of the human resource.

One of the most used managerial methods in modern organizations, with direct involvement in their key features, is benchmarking. Another modern managerial instrument use for developing and coordinating creativity is the expert system.

Organizational creativity is a strategic advantage for a firm. We can forecast the future apparition of an extra -

organizational creativity. The two variants of creativity will become the prime intangible resource of the organization.

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