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## The Importance of Creativity and Innovation in Organizations

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### Abstract



The structure of top down hierarchies hinders creativity through inward focus and causes individuals to succumb to disempowering, non-participatory roles. Bottom up management encourages organizational success because collaboration, its fundamental premise, fuels creativity and innovation (Violino, 2006). Leaders contribute to organizational creativity through sharing decision-making, encouraging imagination, soliciting ideas, and rewarding pioneering approaches to change.

### The Importance of Creativity and Innovation in Organizations

The purpose of this article is to provide a basis for the importance of creativity and innovation in organizations and organizational leaders. Further, this article highlights top down management as a barrier to creativity and offers leaders suggestions on how bottom up management can contribute to the development of organizational creativity and success, thereby ensuring organizational success.

### The Importance of Creativity and Innovation

Creativity and innovation are important factors in organizations and organizational leaders because much of today's competitive marketplace demands ever-increasing value to customers, which translates to lowest total cost, highest total quality, fastest total cycle time, and highest total overall customer satisfaction (Atkins, Dykes, Hagerty & Hoyer, 2002). Smith

and Munn, (2006) predict that future success globally will be achieved only by driving down costs as well as improving operating efficiencies. Smith and Munn are content that creativity is what it will take to do so. Shapiro (2002) agrees that today's business world thrives on creativity and innovation in a climate of uncertainty, volatility, and continuous change. As more organizations vie for significance in the global marketplace, creativity and innovation have become the most important factors in establishing and maintaining a competitive advantage (Meisinger, 2007).

### **Top Down Management and Creativity**

Shapiro (2002) asserts that successful contemporary business models emphasize interdependence through collaboration, innovation and integration and are unlike those of the industrial age, which focused on hierarchal authoritative methods. Hierarchal authoritative organizations are typically characterized by top down configurations that are centralized in their decision-making and dissemination of ideas (*Tsai & Beverton, 2007*). *Tsai and Beverton* argue that top down management perpetuates a strong inward-looking authoritarian culture and can hinder an organization's ability to recognize external influences. While introspection may have its place in organizational development, it appears that organizations can more readily exact competitive formulas by observing market trends determined by the external environment. Additionally, hierarchal structures, where followers merely implement the ideas of others may not only be passé but a waste of valuable intellectual resources. In the interest of efficiency alone, organizations should learn the value of leveraging all human capital. The structure of top down hierarchies can hinder creativity by concentrating inward and forcing otherwise creatively contributing individuals to succumb to disempowering, non-participatory roles.

### **Bottom-up Management and Creativity**

Bottom up management is characterized by a decentralized and horizontal organizational structure that focuses on employee empowerment through collaboration and shared decision-making (*Tsai & Beverton, 2007*). *Cafolla (2007)* states that bottom up management encourages greater participation among employees and cultivates an environment for learning, education, and collaboration where people can tap into their creative potential. As employees are empowered to contribute and participate in the creative process, organizations ultimately benefit because creativity and innovation have become critical factors in organizational development (Meisinger, 2007). Thus, bottom up management encourages organizational success because

collaboration, its fundamental premise, fuels creativity and innovation (Violino, 2006). According to Kirkpatrick (2004), the world has entered into a “bottom up economy” where customers exercise more options and less loyalty. This is a very relevant trend in the external environment. Therefore, it is important for organizations not only to perceive the external environment but also to envisage the ability to exploit every opportunity toward innovation in the quests for market share and competitive advantage.

In order to cultivate an organizational environment where creativity flourishes, leaders should look for opportunities to recognize and demonstrate value for the innovative possibilities in others. Become a creative leader. Seek to inspire ingenuity in others by encouraging imagination, openly soliciting ideas and rewarding pioneering approaches to change. Encourage dialogue and participation in decision-making.

## **Conclusion**

The saying popularized by Hilary Clinton, “It takes a whole village to raise a child,” lends transcendent truth that in today’s world, it takes entire populations of individual organizations’ members acting in community to build, develop and ensure competitive success. Companies are being forced to reorganize constantly in order to stay competitive (PR Newswire, 2007) and creativity and innovation are the two main conceptual instruments needed to ensure organizations’ abilities to thrive in fluidity. Today’s globally competitive environment requires that organizations learn to leverage all the intellectual resources available. Innovative fresh ways and means are what organizations must offer constantly in order to succeed.

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