Summary

The companies that have done the best over the long haul are those who are the most creative and innovative. These organizations don’t copy what others do but use innovative and creative ideas, inspired by others, to develop unique applications, products, or services for themselves. They tend to distance themselves from the competition, rather than to compete with them. If another company poses as a competition for them, they will create something new and better. In other words, they are able to leverage their creativity and their innovative capabilities to attain long-term success. Creative and innovative leadership is what drives it all.

Key words: leadership; innovation; creativity

1. Introduction

Creativity and innovation are not mysterious forces over which leaders have no control. Effective leadership can and does create a climate that encourages creativity and innovation [1]. For creativity to take place, leaders must actively implement strategies that encourage it. There are many specific leadership initiatives that enlightened leaders can take to stimulate creativity and innovation in any work setting. For organizations to be able to achieve constant innovation, leaders must establish an environment conducive to renewal and build organizational culture that encourages creativity and innovation[2]. Organizational creativity also depends on how leaders encourage and manage diversity in the organization.

In many sectors today, work processes are changing at a much faster pace as organizations face the challenges of rapidly changing technology, globalization, uncertainty, unpredictability and turbulence. In the past, because of monopoly to technology, market, or brand, they could expect to be successful for a long time despite inability or refusal to innovate. However, due to the volatile environment in these sectors, many such organizations are failing and need creativity and constant innovation to remain competitive and successful[3].

2. Creativity vs. Innovation

Creativity and innovation are different. Creativity refers to generating new and novel ideas[4]. Innovation refers to the application of an idea and, in many cases, is a collaborative enterprise[5]. So in other words, innovation is applied creativity.
Key differences between creativity and innovation[6]:

- Creativity is an imaginative process, innovation is a productive process
- Creativity can never be measured, Innovation can.
- Creativity is related to the generation of ideas which are new and unique. Innovation is related to introducing something better into the market.
- Creativity does not require money. Innovation does.
- There is no risk involved in creativity, whereas the risk is always attached to innovation.

Creativity is a function of knowledge, curiosity, imagination, and evaluation. The greater your knowledge base and level of curiosity, the more ideas, patterns, and combinations you can achieve, which then correlates to creating new and innovative products and services[7]. But merely having the knowledge does not guarantee the formation of new patterns. The bits and pieces must be shaken up and iterated in new ways. Then the embryonic ideas must be evaluated and developed into usable ideas. In other words, there really is a process, which consist out of three important levels of creativity[8]:

1. Discovery. The lower level of creativity is discovery. It’s a point in time when you become aware of or stumble upon something—discover it. Many inventions start with a discovery.
2. Invention. A higher level of creativity is invention. While invention is higher than discovery, it’s something that is going to happen. If you don’t invent it, someone else will.
3. Creation. Creation is the highest level of creativity. There are things that only one individual can create.

Invention is the first occurrence of an idea for a new product or process, while innovation is the first attempt to carry it out into practice (Figure 1).

![Figure 1. Relationship between creativity, invention and innovation][9]

3. Leadership and Creativity

Creativity has always been at the heart of business, but until now it hasn’t been at the top of the management agenda. Creativity is essential to the entrepreneurship that gets new businesses started and that sustains the best companies after they have reached global scale. But perhaps because creativity was considered unmanageable it hasn’t been the focus of most leaders’ attention.
Creative leadership is a concept that promotes leaders who exhibit imaginative and inventive qualities which are able to impact individuals that work underneath them or look to them for guidance[10]. Motivating people to perform at their peak is especially vital in creative work. An employee uninspired to wrap their mind around a problem is unlikely to come up with a novel solution. The first priority of leadership is to engage the right people, at the right times, to the right degree in creative work[11]. That engagement starts when the leader recasts the role of employees. Though past breakthroughs sometimes have come from a single genius, the reality today is that most innovations draw on many contributions. Few people have equal capabilities in idea generation and idea commercialization; that’s why large corporations normally separate the two functions. If the keys to creative output are indeed intellectual challenge and independence, management must find ways to provide them. In large part, that demands awareness of individuals’ interests and skills. When people are well matched to a project, granting them independence holds less risk[12]. Ideally, creative workers would be able to set their own agendas, at least in part. The fact that creative workers are intrinsically motivated does not mean that managers’ behaviour makes no difference. A good leader can do much to challenge and inspire creative work in progress[13]. The work must be excellent technically, meaningful and engaging to the worker, and carried out in an ethical way[14]. While managers can do much to ensure the first two requirements in a workplace, the third is more problematic. Ethics usually are upheld best in areas where a type of work has evolved into a profession—when similarly educated people agree to a set of standards above and beyond their enterprise or personal agendas. But even where such “domain principles” are in place, rules tend to be bent in situations where market forces are dominant.

4. Leadership and Innovation

Innovation is a big idea with a big potential[15]. It is generally wise to approach it in small steps, implementing just one or a few of the ideas proposed and building from there. For many companies, the initial steps on this value-creating journey are the most critical of all.

Innovation leadership is a philosophy and technique that combines different leadership styles to influence employees to produce creative ideas, products, and services. Innovation leaders collaboratively interact with their employees and support high levels of teamwork, providing opportunities to share innovations[16]. For the innovation process to begin in any organization, that organization must first put the right leaders and leadership structure in place.

Managers and employees broadly agree about the attitudes, values and behaviour that promote innovation[17]. In an innovative culture, employees know that their ideas are valued and believe that it is safe to express and act on those ideas and to learn from failure. Leaders reinforce this state of mind by involving employees in decisions that matter to them. There is also widespread agreement about the cultural attributes that inhibit innovation[17]: a bureaucratic, hierarchical and fearful environment. Such cultures often starve innovation of resources and use incentives intended to promote short-term performance and an intolerance of failure. To make the corporate culture friendlier to innovation, managers must acquire new skills to engage and lead the staff. It becomes crucial to identify managers who already act as network brokers. Since new ideas seem to spur more new ideas, networks generate a cycle of innovation. By focusing on getting the most from innovation networks, leaders can therefore capture more value from existing resources, without launching a large-scale change-management programs.
5. Importance of leadership for organisations

Creative and effective organizations require leaders to drive and control deliberate changes in structure, culture and process in order to transform them into creative, effective, and productive ones. Even though many organizations look for competitive advantage in their structure, strategy, technology, and culture, leadership is the most important source of competitive advantage. Organizational leaders usually decide what happens in the organization and give the direction, vision, and momentum that bring success. Therefore, leaders are the catalyst that create and manage the environment, organizational culture, and strategies that encourage and sustain innovation, effectiveness, and success in the organization[18].

When the organization establishes its strategy and work processes, the leaders direct the implementation that brings it to accomplishment. Technology, right culture and strategy are necessary and contribute to the success of the organization. If the leaders’ objectives are dynamic, ambitious, and innovative, and if they demonstrate proactive attitudes as well as a capacity to respond to change, this can help bring innovation, renewal, and success to the organization. Organizations with weak leadership tend to be less effective and are prone to constant restructuring and downsizing in order to solve their problems, whereas organizations with creative and effective leaders work to avert the need for major restructuring and downsizing[19].

6. Leadership style vs. creativity and innovation

Leadership has a direct cause and effect relationship upon organizations and their success[20]. Leaders determine values, culture, change tolerance and employee motivation. They shape institutional strategies including their execution and effectiveness. Leaders can appear at any level of an institution and are not exclusive to management. Successful leaders do, however, have one thing in common. They influence those around them in order to reap maximum benefit from the organization’s resources, including its most vital and expensive: its people.

Current leadership theories describe leaders based upon traits or how influence and power are used to achieve objectives. When using trait-based descriptions, leaders may be classified as autocratic, democratic, bureaucratic or charismatic. If viewing leadership from the perspective of the exchange of power and its utilization to secure outcomes, leaders are situational, transactional or transformational[21].

Transformational leaders represent the most valuable form of leadership since followers are given the chance to change, transform and, in the process, develop themselves as contributors. A leader scoring high on transformational leadership acts as a role model, inspires employees with a compelling vision, stimulates employees to be creative and innovative and mentors his employees. Organizationally this achieves the best leadership outcome since transformational leaders develop people.

The most successful trait-driven leadership style is charismatic. Charismatic leaders have a vision, as well as a personality that motivates followers to execute that vision. As a result, this leadership type has traditionally been one of the most valued. Charismatic leadership provides fertile ground for creativity and innovation, and is often highly motivational[22]. There is however, one significant problem that potentially undercuts the value of charismatic leaders - they rarely develop replacement and once they are gone, the organization faces major and long-lasting consequences.
7. Conclusion

For an organization to become innovative and successful, it must benefit from the creativity of all its members. Organizations can achieve this by harnessing all its leadership abilities. Investments in certain kinds of leadership styles and models can produce results that generate creativity. Therefore, the best way to build an innovative, vibrant, and effective organization is to diffuse leadership and empower everyone through training and coaching so that they become creative and effective leaders themselves. In a volatile and uncertain business environment, in a time when trends change, when decisions must be made effectively, a leader needs to be fully aware of all the styles of leadership, so that he can be flexible and apply the styles specific to the situation in which he finds himself, the company and the employees. Flexibility in decision making, taking a different view of the situation, and a willingness to take risks with innovation and new ideas, are all characteristics of creative leaders who can create a well-positioned business organization.

REFERENCES