

# The Role of Organizational Creativity Towards Innovations: A Conceptual Review on Services Sector Research Directions

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## ABSTRACT

The notions of creativity and implementation are two identical activities of innovation process, and it could find different antecedents or determined indicators for an organization to spark the creativity. Both earlier researches and recently found empirical efforts have equally treated creativity and implementation as highlights of competitive edge for an organization. This study has followed a deductive approach to review different thoughts and key components of early studies to present how creativity and innovation have been examined. Accordingly, contribution to knowledge has been proposed via a critical review on literature. According to the key notions found in the study, some factors have been identified as key determinants for creativity concept including organizational climate and culture. Creativity is something done by creative people, and researchers found in aged-decades seemed guiding their works in par with this notion focusing predominantly on individual differences. Most of studies have aligned to the postulations of “creative” by extending its connection addressing how they are different from individual subjectivities, how it has centered to gain y competitiveness, connections of creativity towards environment, role of personality traits, and works styles of creative people. In brief, traditional approaches emphasized the importance of helping people to become more creative in their work environment and it ignored the role of the social environment in creativity and innovation which is intensively ponded in contemporarily researches. Alongside, contemporary approach assumes all humans with general abilities are able to present at least creative work in some domain provided social environment and related factors are laid as complementary integration to the system or procedures that push individual dynamics on creative behavior. This paper reviews those concepts and provides a guide to services sector organizations referring the practice –related directions to initiative service innovations. Further, paper highlights and concludes avenues to extend future studies towards service innovations by highlighting Sri Lanka as specific context.

**Key Words:** Creativity, Innovation, Implementation, and Service Sector.

## 1.Introduction to The Main Research Notions

Researches found in the domain of “innovation” had highlighted creativity and implementation as two identical activities of an innovation process with different antecedents. Both earlier researches and more recent efforts have treated creativity and implementation as connected to process, systems, leadership behavior, organizational climate and resistances and even how it leads on competitive delivery culture. A variety of factors have been identified as crucial antecedents to this integrated concept particularly focusing organizational climate and culture as key roles (Miron, Erez & Nayeh, 2004; Yuan & Woodman, 2010). Group characteristics, job requirements, and personnel attributes (Feldman & Lam, 2010) are some important factors in understanding of the contextual and individual factors that shape the innovation in organization. When treating the innovation as unitary concept, it discloses about the relationship between creativity and implementation that have been considered as

separate activities as examined with unique antecedents (Axtell et al., 2006). Further, it has found studies that mentioned creativity as determined via personal and job variables which can contribute to the implementation role of creativity too (Axtel et al, 2000). It was highlighted that autonomy and self-efficacy were strongly related to the idea generation and attending decision making as a supportive push for innovation emerged. Researches are found focusing on the nature of employee's ideas rather than quantity, for instance, Frees et. al. (1999) has conceptualized and measured creativity as number of ideas employees suggested and generated. Meanwhile, it has referred that relationship between suggestions and creativity as important force that result not only generation of ideas but also to satisfy the criteria of novelty and usefulness (Baer, 2010, Oldham & Cummings, 1996). Accordingly, some of the research works have separately emphasized innovation and implementation as broad perspectives. Researches which are based on how people effect change in organizations, had clear the arguments of how important the dynamics of people and organizational environment to motivate idea implementation in organizations (Howell & Shes, 2001). However, it has paid relatively scant attention to the outcomes of this process that is affected to find innovations or new creativeness that upgrade the knowledge existing and contribute to the outcome. Specially, we believe that conceptual review or alternative models are needed to explain the creativity as a mechanism of competitiveness resulted through organizational factors pushed by external environmental motives. For instance, service organizations need specific template to understand the key roots for service innovations compared other product forms.

Alongside, this paper discusses how different thoughts and models do explain factors and processes in formulating the niche of creativeness and the conditions that shapes it. Besides, it has focused to bring some living scenarios to support for the theoretical contents as explanations of practical realities. In line with the said, this study presents future research directions by postulating propositions to creativity and innovation studies with special reference to Services sectors.

## **2.Review on Creativity and Idea Application**

As it finds in different studies, for an instance, Axtell et. al. (2006), production of ideas is a positive predictor of idea implementation that leads for effective creativity and innovation process. Therefore, innovation process of an organization needs to have research focused discipline that result ideas for effective implementation. As it demonstrates in some of the stories of global brands, for instance, Samsung company, it has major focus on differentiation through reactive strategies against Apple brand (Dissanayake & Amarasuriya,2015). Then it postulates an argument whether Samsung follows innovation or reacting to prevailing market trends. However, this is where the thoughts of realities should be considered to demarcate what is demanded from an organization in terms of innovation and creativity. In the commercial value point of view, we suggest reactive strategies in meeting cost advantage or brand difference at a best offer may be a creative response. Meanwhile, there are many engineers who worked as designer to make creative innovations based on the trends of the market, results of the survey, technology improvements and perception of customer on the interconnectivity of the people and their dynamics organizational requirements that has devoted to do the design for the market with indifferent manner. It has affected to find a new strategy to capture the market. But that way is the best way to find differentiated innovation to the market since it verifies the commercial return at higher level of market acceptance.

However, creativity and implementation may not be as positive and straightforward as brief in the early discussion. When it refers to the relationship between creativity and idea implementation, the notion of the production of creative ideas is far more prevalent than their conversion into actual innovations (West, 2002). Although the prerequisites for an idea to be creative, the incredulity and resistance whereas new ideas are likely to be more attributable to variances of innovation rather than to differences in usefulness. If usefulness criterion is satisfied in a new idea, the novelty aspect is to be the reason why the production lead by said creative ideas does not regularly result in their implementation. Further, uncertainty is a significant feature of the most creative idea (Wolf, 1995). Sometime uncertainty enflames disputes to those who are affected by the ideas, and those conflicts in

turn may result in excessive delays in implementation (Green, Welsh & Dehler, 2003). In another preview, it seems Organizational power structures have affected to the resistance of the creativity in the organizations based on the initiatives (Janssen et al., Kanter, 2004). In contrast to the ideas of limited novelty that typically embraces within existing structures, creative ideas intend to be in line with more fundamental changes, changes in roles, power and status (Green Gavin, & Aiman Smith, 1995). Apart from that, we do postulate that creativity and innovation process need the strategic concern of resource allocation decisions alongside the organizational culture or work styles of radical readiness to disagree on even for value of an idea as it seems at a glance. Once an innovative idea is novel and inherently drilling to potential gain, it needs sponsorship and advocacy as natural mechanisms (Gree et. al., 2003). Therefore, creativity shows an extended face of difference against to the mechanisms of implementation rather than facilitating idea implementation as a part of creativity itself. It is true that creativity and innovations are well integrated but we suggest implementation as another art of the mechanism should be driven by managerial best practices. There may be bottlenecks for the creative and innovative thinking if things are initiated with mapping implementation capabilities as the gravity of creative thinking. Accordingly, we do propose “People” are of that extended importance in the innovation process particularly for the services organization. It is rather managing or facilitating staff to come up with creative ideas, letting them to experience different delivery methods as per the consumer expectations, could inculcate creativity to lead for service innovation as one of the avenues. Alongside, future research may also focus to investigate how moderating and mediating mechanism do impact to shape the effective service innovation practices in an organization.

Meanwhile, Anderson (1992) defined creativity as “nothing more than going beyond the current boundaries, whether those are boundaries of technology, knowledge, current practices, social norms, or beliefs.” This indicates how People factor of an organization could add value to the firm’s success, and further it has mentioned the streams of economic, psychological, social and aesthetic as value adding avenues. Adding to the same, it also referred three main factors that stimulate people to become creative minds in an organization, namely;

- Social needs
- Creativity needs
- Intellectual skills

Therefore, we suggest these three factors as the avenues that could be embedded within the employees to be creative thinkers. What matters is to make the organizational climate enabling staff to stratify those needs within result motivations them to be creative. It is critically important for services sector organizations to adhere human resource management strategies to reinforce its staff satisfying social needs, creativity needs and opportunities to use intellectual skills to spark their agility to be creative value adders to service delivery strategies.

In line with the said notions, it could find another mechanism named as component theory for innovation orientation saying creativity and innovation comes from highest levels of the management and lower level of management via communicating and interpreting their mission and vision. The most important elements of innovation orientation are , a value placed on creativity and innovation, orientation toward risk, a sense of pride in the organization’s members and significance what they are capable of doing and their offensive strategy taking leads towards the future and defensive strategy simply wanting to protect the organization’s past position (Orpen,1990). Moreover, the initiative organizational supports for innovation appeared to be mechanisms for developing idea and active communication of information, rewards and recognition of creative work, fair evaluation of work including perceived failure (Mong & Cozzens, 1992).

### 3. Discussion: Conceptual Review On Innovation For Services Sector Applications & Future Research Directions

The integration of creativity as a fundamental driving force for innovation process has to be critically examined for an organization to create architecture for innovation. Specifically services sector organizations need more consumer driven innovation process to penetrate contemporary opportunities come through dynamic consumer lifestyles. As per the views of (Shalley & Zhou, 2008), creativity is resulted through the generation of novel and useful ideas and innovation comes through both production and creative ideas. Further, it needs to follow implementation as the second phase of innovation process. Meanwhile, it has referred that service innovation priorities as a needed mechanism for the overlaa public sector service institutes to mitigate the perceived service gaps ( Wasantha, Sekak & Ghosh,2015). Therefore, service innovation could be considered a mechanism that connects to service design and delivery perspectives which is extended to almost all the sectors including public sector institutions.

Moreover, services actor organization needs extended concern on “People” as a value creating and differentiating strategy. We do emphasize that fact that people have been considered in marketing as integral components which connects with different concepts of services marketing including service quality, service differentiation and service delivery mechanisms. Moreover, Zhou & Shalley (2010) added that idea generations initiated by employees in an organization is not always a pre-requisite for innovation. Accordingly, it has further referred that the new ideas and practices could also be produced by employees outside of the focal organization. Alongside, we highlight the notion that services sector organizations need to practice learning organizational principles where employees are encouraged as knowledge sources for new product designs and delivery mechanism apart from the role of information systems and automations found in the firms. Moreover, service innovation process of an organization should have to alert on cultural and social perspectives too. The corporate climate of an organization could facilitate the essentials to improve innovative culture. Specially, managers of services organization should be exposed to dynamic working atmosphere in facilitating management practices to encourage employees to be creative that subsequently contributes for innovations. In contrast, cultural differences may impact to shape the management practices as well. It may effect on best practices of a services organization to assist employees to expose to creativity and innovations. Adding this postulation, it was examined how differences in creativity in different cultures has significant influences on management practices (Morris & Leung, 2010; Zhou & Su, 2010). We do suggest this notion as one of the moderating effect to be examined in future research works as a mechanism of shaping the impact of organizational factors towards degree of service innovation.

Meanwhile, Bledow, Frese, Anderson, Erez, & Farr (2009a, 2009b) introduced a theory called “advocated ambidexterity theory” explaining the process of how to manage conflicting demands at multiple organizational levels to embrace innovation. Ambidexterity refers to “the ability of a complex and adaptive system to manage and meet conflicting demands by engaging in fundamentally different activities (Bledow et. al., 2009a). According to the said theory, it represents both of effective management of exploration such as creating new products, and exploitation, such as production and implementation of products. Accordingly, we suggest that service sector organization could also follow the mechanism of exploration as a practice to encourage employees and research processes to come up with new service designs and concepts. When it refers to the industries like banking, insurance, hotels and even hospitals could also come up with automated service concepts as innovations to differentiate their services brands. Further, Sri Lanka has been referred as a services driven economy and telecommunication, financial sector and insurance sector have been noticed as significant segments in the economy (Dissanayake, 2015; Dissanayake & Ismail,2015). Services sector organizations could consider the propositions of people and technology as well-fit mechanisms of service innovation initiatives backed by consumer-driven market research practices verifying commercial feasibility. The contribution made by Bledow et al., (2009) has been referred by Rosing, Frese, & Bausch, (2011), as a valid point to consider its significance for contemporary studies.

Meanwhile, by confirming Innovation as a competitive advantage that organizations should earn to compete ahead with competitors, we claim that innovations do not limit by only creating additional value to customers but economically a competitive stance for the organizations too. Accordingly, it could found that how service innovation has been conceptualized in different studies. For instance, service innovation has been conceptualized as service concept, client interaction channel, service delivery system or technological concept. In line with the said, it is mentioned that service innovation as a combination of deferent modification that could lead different service functions in the face of new to the firm as well as the market (Ark & Hertog,2003).

According to the overview of the early studies, service innovations have been hypothesized with consumers' responses as dependent variables. Specially, perceived value of consumers and intention of clients to visit again have been found as conceptualized with service innovation dimensions. Adding to the said, it could summarize the sub-dimensions of service innovation for common cases as Customization of Service and Use of Information Technology (Victorino, Verma, Plaschka, & Dev,2005) , Process Innovation (Nasution & Mavondo,2008) , Marketing-focused Innovation (Wang & Ahmed,2004) , Brand differentiation (Berry, Shankar,Parish, Cadwallader, & Dotzel, 2006) and Pricing Innovation Lockyer,( 2005) . Meanwhile, Khuong, & Giang, (2014) examined the service innovation for hotels sector considering perceived values of consumers and intention of guests to return for the service experience as depending variables of the service innovation dimensions. This study concluded another interesting point referring information technology and customization of service strongly affect on the implementation of service innovation. Therefore, we do postulate that futures studies could further examine how different service innovation implementation mechanism do mediate or moderate the influence of service innovation on consumer-perceived values and related behavioral dimensions. In brief, aforesaid overview claims service innovation-related researches do have extended propositions to be tested in different countries, services sectors and even consumer segments to contribute for the knowledge and practice –related perspectives.

#### **4.Conclusion**

This paper reveals the notions of creativity and innovations in terms their integration for the organizational applications. Accordingly, it has explained how these two concepts do integrate with the implantation perspectives resulting competitive edge for the organization. Further, it has discussed the mechanisms of how internal stakeholders of an organization, particularly employees and managers, have been examined as critical forces for creativity that leads organizational innovations. Finally paper has organized its contribution to knowledge by specially referring the application guides for innovations in services sector firms based on the processes and mechanisms examined in different models for innovations. We do conclude the significance of the postulated future research directions as valid notions depending on Sri Lankan as a noticeable case of services sector involvement to its economy. Therefore, it is suggested that future research need to examine the services innovation as a niche of the extended studies, for instances, consumers' perceptions on services innovations as a new research proposition whilst examining adaptations of services sector organizations towards services innovations as a differentiation strategy. Currently, it notices insurance sector, telecommunication and financial services do practice services innovation strategies as a competitive edge and brand differentiation. This has been intensively demanded for services firms as per the lifestyle dynamics that shape the consumer perceptions towards services and the experiential values offered. Alongside, future studies may focus these trends as research propositions to investigate innovations in both external perspectives, particularly in terms of consumers' end, and internal perspectives as how organizational factors integrate with service innovation mechanisms. As per the noticeable efforts found in the services sector firms, we suggest the future research directions in line with innovations connected to internal marketing practices which enable performance driven organizational environment via service innovations. Adding to the said, Brand citizenship behavior (BCB) could be considered as one of the internal marketing practices to motivate innovations driven culture of the organizations to enhance service performance. Since it denotes a significant industry highlight, we do suggest that commercial banks need to focus on internal branding practices to enhance the BCB as to

enable brand promise deliveries and overall performance via service innovations as one of the potential outcomes of it. It could further specify that studies should be carried out to investigate how brand knowledge and brand commitment of services sector organizations including commercial banks could support BCB as a determinant of service innovations related performance. Moreover, it has mentioned that Sri Lankan services organizations including financial sector needs more empirical evidence to properly manage the internal marketing practices driven to BCB as a supportive mechanism for service performance. Alongside, we conclude that service innovations as one of the significant contexts to be examined in Sri Lanka as per the trends found in the market practices whilst propositional direction is suggested to investigate the service innovations connect with both consumer perspectives and internal stakeholder perspectives.

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