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# Creativity, Innovation and Entrepreneurship

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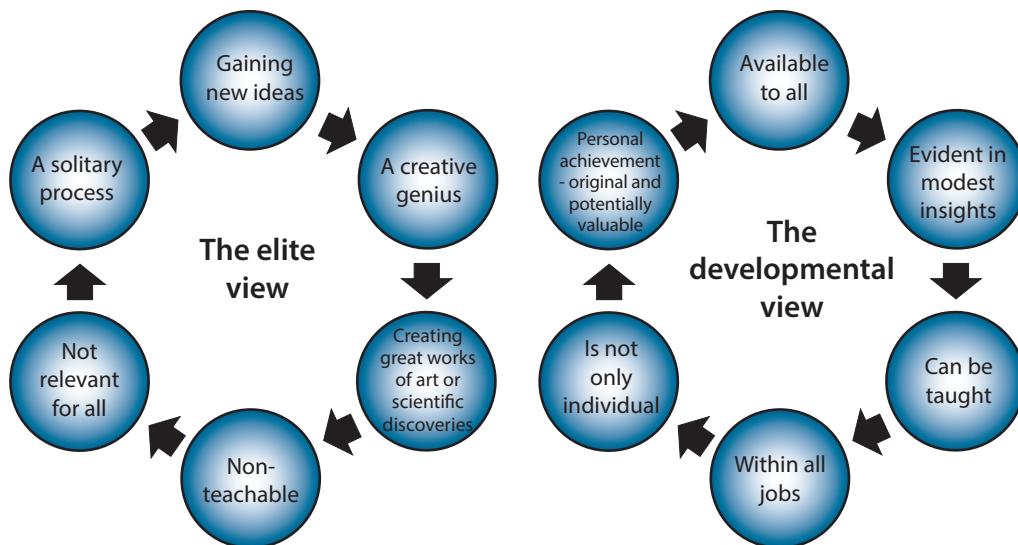
Since the 1990s, creativity and innovation have become more prominent within the fields of business and management, since it is increasingly the case that new markets, or even market growth, may best be attained via creative and innovative solutions. Studies of entrepreneurs, entrepreneurship and growth have catalysed identification and promotion of innovative knowledge industries, rendering their economic importance increasingly significant. For the first time in history, more than half of the world's businesses are now small-scale, creative and innovative, reflecting recent economic transitions around the world. Thus, to appreciate the role of creativity and innovation, it is necessary to understand the nature of entrepreneurship and, specifically, the creativity required to identify and exploit opportunities.

## Creativity defined: Past, present and future

Traditionally, being creative was to "unleash, harness, and empower potential from whatever source" (Landry, 2005, p. 53). Indeed, for many "the artist is a channel for a superior power, creativity a gift from the gods, and the imagination a divine spark" (Throsby, 2001, p. 94). Creativity was thought of as "spiritual experiences in the service of whatever muse held the artist in her thrall" (Ibid, p. 95). According to Hisrich, Peters and Shepherd (2012, p. 8), the "ability to innovate and create can be observed throughout history; although the fundamental tools may have changed the ability has been present in every civilization". Examples include classical Athens, with its complex exchange arrangements; the 'guild craft cities' (Hall, 1998), of Renaissance Florence in the fourteenth century, seventeenth century Vienna, and eighteenth century Paris, both with their strong atelier traditions. Each of these cities was a birthplace for renewal in disciplines including art, technology, science and literature. The city

of Edinburgh, for example, experienced an intense period of multidisciplinary breakthroughs in philosophy (David Hume), economics (Adam Smith) and architecture (Patrick Geddes).

For creative thinkers like Edward de Bono (2008), without these places and people, there would have been no progress. For de Bono, it is those people who turned creative thought to turn into creative action; the alternative is that ideas remain just ideas. The concept of creativity as a commercial concept emerged in the late 1940s and the economist Joseph Schumpeter popularized the term *creative destruction* to describe the process of one business model, technology or industry disrupting and replacing another. For many, interest in creativity was grounded in the changes in the world economy after both world wars, while for others in industry it was more about the reformation of wealth (Schumpeter, 1976) or the collapse of industrial and manufacturing dominance in the Western world. With the growing commercialization and commoditization of film, music and media, creativity as a core concept became "both a major force of production and formative mode of social organization and control" (Kellner, 2007, p. 56). The response was the first critical theory of the cultural industries, distinguishing between traditional creative arts and industrially produced forms of mass culture. Two distinct views of creativity emerged; the 'born' versus the 'made' (Figure 2.1).



**Figure 2.1:** Feldman's (1979) elitist and developmental view of creativity.

Source: Adapted from Feldman (1979, p.660-663)

The elitist view sees the creative process as an individual spiritual experience; an innate ability that cannot be harnessed. Here, creativity is ground-breaking,

from great works of art to architecture and design. In the developmental view, creativity is a process, not an event, and something that can be harnessed and supported. In essence, creativity is in us all, not a select few, and is a problem-solving process. It can be learned, practiced and applied by anyone. Some research suggests there are a number of tools individuals can use to enhance creativity, while others have suggested that those entering the creative process must have the relevant skills and be strongly motivated.

Thus creativity has been slowly democratized, and popularized. We are now witnessing the convergence of new kinds of artistic and technological creativity, where individuals, businesses and even rich, affluent, cultural cities sell their beauty, philosophies, music and arts to the rest of the world (Hall, 1998). Yet we mustn't forget the skill and talent in innovation is people. Thus it is human creativity that will fill in the gaps left by the past and help to change the future.

### Exercise

Take 5 minutes and think about what creativity means to you.

Note down your own definition.

## How creative thought can turn into innovation

"May we be wakened by the Spirit of Creativity in this coming century"  
(Fox, 2002, p.1).

While the concept of creativity has been hotly debated in recent years, the discussion on how creative thought can turn into creative action and innovation also needs to be acknowledged. Fox (2002) suggests we are now in an era where creativity has the ability to change the way we do things. A clear understanding of what it means to innovate is required (Goffin and Mitchell, 2005). To innovate, according to the New Oxford Dictionary (2004, p. 942), is to: 'Make changes in something established, especially by introducing new methods, ideas, or products'. Joseph Schumpeter (1950) was among the first to categorise innovation as the creation of something 'new' that creates and adds value for those to whom it was intended. Something 'new' can also mean the updating of something which exists to take advantage of a specific segment or market.

Many of our greatest innovations come from natural sources, and without them our lives would be more difficult (Figure 2.2).

Nature's creation?	or	Human creation
Venoms and poisons	or	Anaesthetics
The leaf	or	Solar Panel (energy from light)
Brain	or	Computer/electronic circuitry
DNA	or	Computer program
Ear drum	or	Microphone
Eye	or	Camera (lens, focus, iris, film)
Eye lid	or	Windshield wiper
Tears	or	Wiper fluid
Incisor teeth	or	Knife
Heart	or	Pump
Spinal chord/nervous system	or	Communication/telephone cables
Song birds	or	Music

**Figure 2.2:** Nature's creations turned into human innovation

Ultimately, innovation falls into two categories; functional and design-driven. The former is focused on the functional elements of the products, for example: does it work? Does it meet customer needs? The Apple iPhone operating system is part of the functional characteristics of the product, while the way it is designed for ease of use is a remnant of the design element. In design-driven innovations the key focus is on the symbolic nature of the product. What does it mean to the consumer? How do they feel when they use the product? Ultimately the innovation must add value in terms of price, quality, and functionality, but it also has to fulfil a number of intangible requirements, for example how it makes a consumer 'feel'.

Another seminal theorist in the field, Clayton Christensen (1997), identifies two types of innovations: *disruptive* innovations and *sustaining* innovations. The former introduces a new value proposition; here, new markets are created, or alternatively, such innovations reshape existing markets. The effect is to dis-equilibrate and to alter the existing market structure, then wait until the process eventually settles down for the next wave of innovation.

Entrepreneurs innovate not just by figuring out how to use inventions, but also by introducing new means of production, new products, and new forms of organization (Figure 2.3). These innovations, he argued, take just as much skill and daring as the process of invention.