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Vision, creativity, strategic innovation, and transformational leadership

Abstract

Vision and creativity are concepts that are often used interchangeably in today's business world. A vision for the future is vitally important for contemporary business firms, establishing a strategic horizon against which short- and long-term organizational goals and objectives can be measured. Creativity may simply be defined as using the imagination in designing and actualizing organizational production. The institutionalization of creativity, or creativity management, is becoming ever more possible as the nature of innovativeness is better understood. Institutionalizing creativity involves deliberate modification of organizational culture in orientation toward the future, consistent with organizational vision as well as mission, as well as leadership and entrepreneurship. The present research proposes an integrative theoretical framework that takes these various subjects into consideration.

Keywords: business strategy, vision, innovation, leadership, creativity, organizational memory.

JEL Classification: M10.

Introduction

Vision and creativity are concepts which are becoming increasingly important in many sectors in today's world. Either tacitly or expressly, businesses across the globe are engaged in intensive efforts to convert individual creativity into organizational creativity, against a supportive background of vision and mission. Moreover, businesses wishing to establish and consolidate a firm place for themselves in global competition also attach importance to both organizational vision and creativity on an organizational level. Creativity can be seen as one of the most essential elements of organizational competitiveness and therefore survival.

According to Einsteine and Hwang (2008), the relationship between organizational creativity and innovative behavior is both direct and complex, if only because of the blurred boundaries between creativity and innovation (or *innovativeness*). The quality of implementation of creative ideas is critical. As organizations are pressed to "continuously improve, innovate and adapt", creativity has "become an increasingly critical component of both individual and organizational performance. Einsteine and Hwang also find (p. 1), based on a meta-analytical treatment of the available literature, that "when it is clearly communicated in an organization that creativity and innovation are valued goals, there is a greater likelihood that individuals will engage in more creative and innovative behavior. Organizational culture characteristics are positively and significantly associated with organizational creativity, particularly open communication, while individual experimentation is closely related to autonomy and self-

direction (Einsteine and Hwang, 2008; Akat, Budak and Budak, 1994, pp. 384-387).

Numerous researchers and scholars also conclude that fostering creativity and innovation is the responsibility of organizational leadership, and a mark of successful leadership. From this standpoint, creativity lies in the intersection between group/organizational dynamics and individual behavior, not least leadership behavior. There is close interconnection among leadership, motivation, creative problem-solving, cognition, and a supportive work culture and environment, which may be brought to coalesce through creativity management (Csikszentmihalyi, 1996; Tanner, 2003). For Einsteine and Hwang (2008), from the standpoint of leadership rather than management as such, "higher levels of transformational leadership result in higher levels of organizational creativity". Similarly building on the work of Tichy and Ulrich (1984), Chen et al. (2008, p. 1) further indicate that *transformational* leadership bears on employees' creativity through the mediation of creative thinking and intrinsic motivation among all critical organizational players: "It is found that creative thinking and intrinsic motivation fully mediate the relationship between transformational leadership and creativity".

When the concept of vision is approached etymologically, it is found to be derived from the Latin *visio*, which is in turn derived from the verb *videre*, to see, and it also connotes "being awake", understanding", and "conceiving", The word "weise", which meant knowing in German in the Middle Ages, was also derived from the same Latin root; it was used in reference to dreams and hallucinations (Leonhard, 1995, p. 13).

Waitley defines vision as something that we see through our mind's eye, value intensely, and finally turn into reality (Waitley, 1993, p. 90). Vision is

also described as “a mental look at the unknown for a definition of the future which is formed through a combination of existing truths, hopes, dreams, threats and opportunities” (Hickman and Silva, 1984, p. 151). Although it is not known exactly when it entered the management literature, the concept of vision began to gain strong currency in management theory and practice in the 1980’s and 90’s. Vision is taken to mean more than seeing; the term connotes a combination of seeing, desiring, and bringing about, or at least turning around; vision begets a desired future (Erçetin, 2006, p. 96). Envisioning is the “engineering of turning dreams into reality through effective mental imaging” (Chandler, 1999).

1. What is creativity?

The Turkish word “yaratıcılık” is used as the equivalent of the word “creativity” in English and “creativite” in French (Akat, Budak and Budak, 1994, p. 365). Rich in connotation, *yaratıcılık* would suggest a number of English words including **art, fecundity, fertility, ingenuity, inventiveness, and imagination**. *Creativity* is defined as the skill to create, creating, giving existence, giving a new shape, enabling something to happen, causing, doing, producing using dream power, and designing. Creative thinking, on the other hand, may be defined as coming up with new ideas, enabling something to happen by using the mind, causing something new, doing something new, generating new ideas using the power of dreams, and designing or inventing something new. In this sense, the concepts of new and newness come to the foreground (Weiss, 1993, p. 368).

Creativity is a cognitive skill, one that entails a combination of rationality and proneness to change. Change entails creativity inasmuch as it tangibly demonstrates possible solutions and their probable results. Rationality, on the other hand, will help raise the value of the creative process (Akat, Budak and Budak, 1994, p. 368). Jazz master Charles Mingus describes creativity as the *extreme simplification of a complex thing* (noted in Chandler, 1999, pp. 190-191); from this perspective, creativity means the cognitive capacity that makes possible simplifying change, as well as a good (or improved) fit between innovations and their constitutive uses; the latter, fit adequate to use, is also a standard definition of *quality*. For Csikszentmihalyi (1996), creativity revolves around the transformation of existing symbols, rules, procedures, or other elements of a given domain, into those of a new domain, or into a new domain altogether. Csikszentmihalyi would insist that the test of an innovative product or initiative of any kind is its impact on the respective domain, such that to say that something is creative is tantamount to saying that it has thoroughly impacted its domain.

2. Vision and creativity for management

Prompting, brokering, or otherwise enabling the production of innovative ideas may well be a quality that distinguishes a successful person from an unsuccessful one. On the other hand, the empirical management literature strongly suggests that team-building is also required; much recent research has focused on the channeling and focusing of creative energies in and through management teams (O’Reilly, 2005). And the mere ability to have creative ideas may not be the only path, nor even a sufficient path, to success. The ability to discern opportunities as well as threats, natural talent and intuition, sheer luck, the ability to establish a good management team, and the ability to develop a powerful strategy and implement it also bring success, particularly when these are taken in combination.

Creativity and innovation often generate creative conflict. There are two ways to solve creative conflict. One is to forsake vision and forgo creativity or innovation, a certain recipe for demoralization and failure. The second method is to harmonize present organizational reality with vision, through efforts to focus on difficulties to be overcome rather than problems per se (Bahara, 1998, pp. 86-88; Kolasa, 1969, p.274). Creativity may then succeed in improving operational effectiveness, pursuant to a set of strategic targets for the long-term future. Responsibility for decisions and actions that will carry the organization forward and remove barriers to creativity lies first of all, and above all, with organizational leaders (Gardner, 1990, pp. 50-56).

Vision requires that strategic planning be in conformity with actual and emergent organizational goals. Vision can then assume its major role in the formation and transformation of modern business. In this connection, success indicators become the concrete, empirically-testable, reality-based expressions of a firm’s strategic goals.

3. Shared vision; creating a vision in the course of strategic planning

In the context of strategic planning, creating a vision begins with and relies heavily on intuition and visualization. An organization’s vision may best arise from a fully participatory strategic planning process in which intuitive exploration is encouraged and tacit knowledge is made explicit. However, the genesis of vision is probably not as important as having an articulated vision. Members of an organization lacking an articulation of vision may work very assiduously, but they cannot possibly be effective in realizing vision or mission or strategy. Visualization of an organization’s competitive status has been found in numerous empirical studies to help it

accurately identify current competitive position and adequately anticipate competitive position going forward (Raynor, 1998, p. 371; cf. Argun, 1997, p. 7).

One of the authors (Rivera), in a study conducted with Karen King (King & Rivera, 2001) found that less than a third of nonprofit organizations in a major survey had formal strategic plans in place to guide their organizations. In her survey of nonprofit organizations in the state of Ohio, in the United States, King had found that respondents' vision of their organizations five years into the future served as a proxy for strategic planning because articulations of vision, like formal strategic plans, would connect specific strategies to definite outcomes. Respondents' characterization of an "idealized scenario" for their organization served the purpose of strategic visioning even in the absence of deliberate strategic planning.

Results of this study indicate that the nonprofit leaders in the sample were strategically managing connections to other organizations even when they lacked a formal strategic plan, or sophisticated awareness of what such a plan might be, or appreciation of its importance: two-thirds of the organizations surveyed did not have formal strategic plans. Nonetheless, respondents did suggest that they had rough notions of strategic management in the form of various idealized scenarios for their organizations years into the future. The concept of strategic equivalence was operative in this study, in that, for the nonprofits surveyed, *articulation of vision* and *the realization of shared vision* with organizational partners in networks were equivalent to explicitly-conducted strategic planning. The goals and objectives sought were non-exclusive, so that these organizations could in fact pursue shared goals.

John Bryson, author of *Strategic Planning for Public and Nonprofit Organizations*, argues that, typically, a vision is "more important as a guide to implementing strategy than it is to formulating it." This is because the development of strategy is driven by what one is trying to accomplish, by an organization's purposes. A mission statement answers the questions: Why does our organization exist? What business are we in? What Guiding Principles will guide us? A vision, however, is more encompassing. It answers the question "What will success look like?" It is the pursuit of this image of success that most forcefully motivates individuals and groups to work together.

A vision statement should be realistic and credible, well articulated and easily understood, appropriate, ambitious, and responsive to change. It should orient the group's energies and serve as a guide to ac-

tion. It should be consistent with the organization's guiding principles. In short, a vision should challenge and inspire the group to achieve its mission.

4. Vision, mission, and strategic management

Practicing strategic management enables an organization to define its own future, select a competitive advantage that carves out a market position, assess the organization, and establish a tiered plan to close the gap between the present and the future. It provides a dynamic roadmap responsive to the changing environment, for aligning operational processes, preventing wasted effort, focusing scarce resources and energy, responding more fully to stakeholder interests and needs, and creating added value. When done correctly, strategic management:

- ◆ clarifies the ultimate aim and purpose of the organization;
- ◆ provides a clear vision of the desired future;
- ◆ provides a current and future decision-making framework;
- ◆ finds new ways to leverage "core competencies" and "competitive advantage";
- ◆ aligns the future "desired state" with current operations and business processes;
- ◆ provides strategic constancy over time; and
- ◆ communicates clear expectations and priorities.

This is true for organizations of all sizes in all sectors – private, public, and nonprofit or nongovernmental. Because the process enables them to define their future based on both internal strengths and external opportunities and threats, it marshals and aligns resources toward attainment of that future.

The key to understanding strategic management is to gain an appreciation of both the difference between strategic planning and strategic management and the continuity between the two. Although related, these two concepts are not identical or interchangeable. Strategic planning refers to a disciplined effort to produce decisions and actions that shape and guide what an organization is, what it does, and why it does it (Bryson, 1995). By assessing internal and external strengths, weaknesses, opportunities, and threats (SWOT), organizational leaders devise specific strategies for addressing the issues they have identified through various kinds of diagnostic analysis – for instance, stakeholder analysis – and visioning exercises – for instance, structured brainstorming. Strategic management, by contrast, is not a one-time or stop-and-start activity, but rather a continuous and self-reinforcing effort. It provides managers with decisional guidance in directing resources and talent to those activities and options given highest priority in the organization.

Mintzberg may come closest to describing the difference between strategic planning and strategic management when he writes about crafting strategy; to Mintzberg, “a strategy can emerge in response to an evolving situation, or it can be brought about deliberately, through a process of formulation followed by implementation” (2001, p. 160). In the first instance, strategy evolves from the organization’s operations, while, in the second, corresponding to a more traditional conception, it is defined by high-level decisions and top-down implementation. Strategic management brings together both strands of strategy (i.e., emerging and directed). Strategizing is, in practice, both deliberate and emergent, encompassing planning and management, conceptualization and implementation, conception and development, and both the projection of new ideas and their realization in practice.

Strategic management, from these perspectives, both follows from and incorporates strategic planning. It is the key discipline for creating and sustaining competitive advantage in ways that are consistent with organizational mission, vision, and strat-

egy. Strategic planning is both the prior and culminating element of strategic management. So, too, is performance measurement a central concern of strategic management, since performance measurement provides the managerial scorecard, prompting adjustments and revisions in strategic plans on an ongoing basis.

Any meaningful choice of change options with longer time horizons over other, more immediate, options more closely tied to an organization’s traditional strengths, is a strategic definition of organizational innovation. Decision making in and of itself is a strategic resource, engaging as it does an organization’s most scarce and valuable resource, the time and attention of top management. Agility in organizational positioning and repositioning, efficacy in the allocation and reallocation of resources, and consistency in the creation of value for shareholders and stakeholders, are the aims of mission- and vision-based strategic management. The following graphic brings together a number of the analytical strands developed so far.

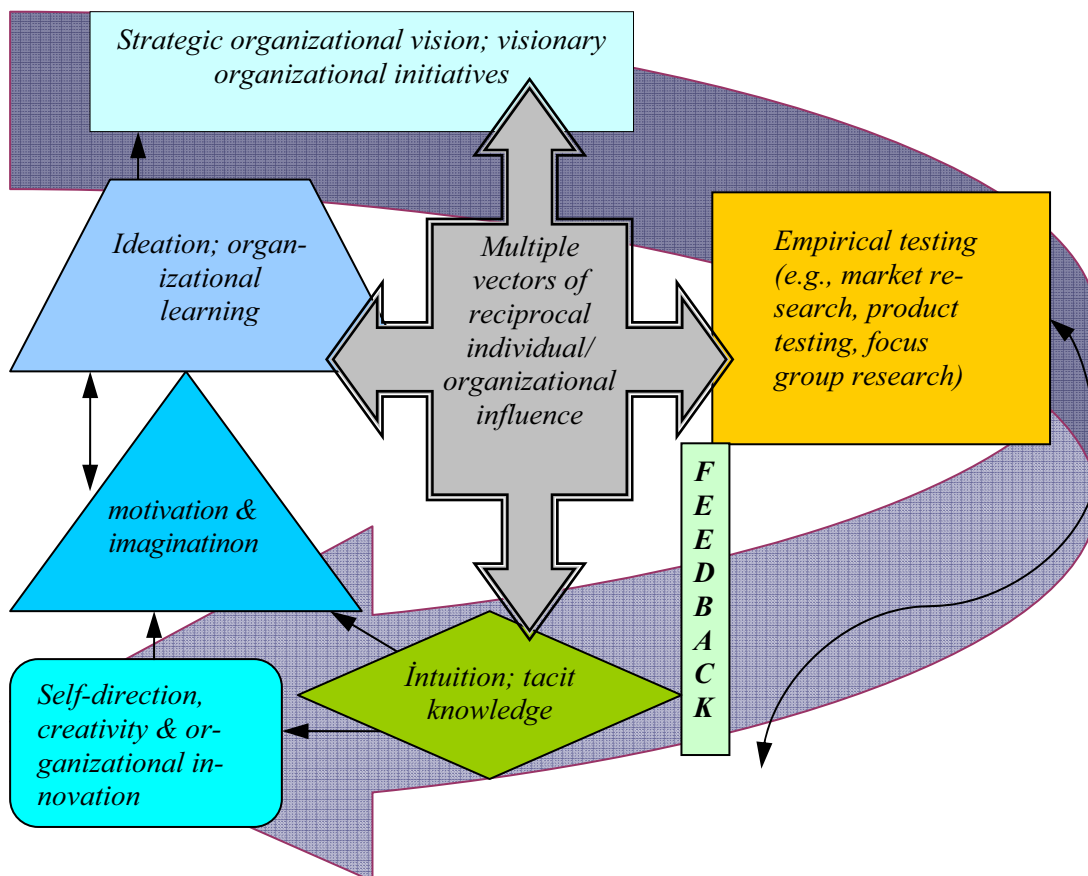


Fig. 1. The concepts of vision, creativity, imagination, innovation, and their interrelationships

Conclusions

Bringing together vision and a clear assessment of existing organizational reality, and capability (where are we in comparison to what we want) generates creative tension (Senge, 2002, p. 158). The gap between a strategic vision of what is desired and what obtains or may be readily attained, is the breach that creativity and innovativeness alone can close.

Consistent with the arguments made in the present essay, Chen, Li, and Tang (2008, p. 1), propose that “vision-driven strategic change is a non-linear process . . . [that involves] learning from the past, imagining the future, setting goals, identifying challenges, planning first steps, checking on progress, and celebrating and course-correcting. The obverse, as Hammond (1989) and Hinrichs (1992) suggest, is that one solves problems by referring to past experiences; against that background, we can understand new situations and evaluate correspondingly novel or innovative solutions.

Newell, Shaw, and Simon argue (in Newell, 1962) that creative thinking is a broad-ranging and intensive heuristic search that is carried out on a foundation of settled knowledge in organizations – an extension, therefore, of Simon’s “bounded rationality”, but one that ventures well beyond mere “satisficing” to self-aware efforts at pushing beyond the customary boundaries of cognitive limits and constraints, i.e., at learning rather than settling for procedures and routines that warehouse organizational memory. Creativity emerges from a combination of meaningful recall, representation of what obtains, generalization, adaptation, and recombination. Creative visioning both incorporates and goes beyond (or transcends) the customary, the known, or the comfortable. Creativity involves analogy, lateral and often counterintuitive comparison, and the bringing together of what to others may appear as disparate, incongruous, and incompatible. However, actualizing creative vision requires the discipline of articulation of vision and mission and their implementation through strategic management.

Strategic management is a process, but it also is a framework that can help business leaders and public and nonprofit managers create value for their shareholders, stakeholders, or constituencies, by aligning vision with capabilities and opportunities. The exigencies of strategic positioning and rapid repositioning in a time of hyper-change – when everything from sociopolitical to cultural and technological change is hyper-accelerated, and all but unpredict-

able – are forcing business leaders and organizational managers in all sectors to strive to *envision new strategic options and to plan organizational redirection accordingly*. In this vein, fundamentally new social and economic, and market, realities are prompting managers to test new ways of understanding and defining how organizational activities contribute to corporate success.

Realistically focusing on environmental threats and identifying distinctive competencies enable managers to creatively but concretely formulate business plans in ways calculated to increase competitive advantage. Considering the relative advantages of distinct product and service mixes, management executives now consider wider sets of options more comprehensively than ever before. The same is true for consideration of alternative product markets and alternative positions in current product markets. Strategic judgment among disparate options – intended to balance managerial, legal, moral, and fiduciary concerns with the call to creative visioning and leadership – requires the best possible evidence of managerial and operational capacity. Performance measurement is a discipline oriented toward evidentiary assessment of this sort. Performance measurement, reporting, and assessment – gauging organizational performance against strategic objectives – are the key to informed strategic judgment. Gauging performance is therefore a cornerstone of strategic management, and it is an effort that grounds innovation without releasing the creative tension it requires.

There is, finally, the concept of transformational leadership (Tichy and Ulrich, 1984), which is capable of bringing together the many strands of creative vision and action, from the cognitive to the organizational – considered in the present essay. Transformational leaders are able to bring organizations from frameworks defined by outdated vision, to panoramas of new vision and mission. Whereas transactional leaders only make minor adjustments in this regard, the transformational leader makes for major changes not only in vision and mission but also in structure, management process, products and services. The transformational leader is a *visionary* who elicits fundamental changes in the cultural systems of the organization, singularly articulating the need for change elicited from organizational members and stakeholders (Simsek, 2008) inspiring the individuals and groups that comprise it to commit to necessary reconception and redirection.

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