

## Chapter 5

# Critical Success Factors of Innovation and Creativity for Global Entrepreneurs

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### **ABSTRACT**

*Innovation, is a subject of considerable interest for entrepreneurs. They share a keen interest in learning how to foster innovation and creativity in ways that help firms to create increasing amounts of wealth. Research on innovation and creativity has increased ever since they were considered to be the key to building a competitive advantage. In fact, it is a challenge for organizations to sustain innovation. In this chapter, we explore the factors that entrepreneurs should address to channel innovation in their organizations. Entrepreneurship, on the other hand, requires the funneling and implementation of creative ideas, leading to innovation. This chapter is particularly relevant to global managers seeking to identify inhibitors of creativity and business innovation and how to combat the roadblocks and create a sustainable innovation environment. The chapter discusses the three essential components that must be considered to spur innovation. We highlight the best practices associated with these factors through a case study of three organizations.*

### **INTRODUCTION**

General Managers and Entrepreneurs share a keen interest in learning how to foster innovation and creativity in ways that help a firm to create increasing amounts of wealth. In examining the various innovation contexts, it is clear that some organizational cultures produce many more innovations than others. Human beings are fundamentally creative; however, individuals can be nurtured to produce creative ideas. Entrepreneurs need to understand those various aspects to foster creative outcomes that can result in organizations emerging as successful enterprises. Research on innovation and creativity has increased ever since they were considered to be the key to building a competitive advantage. In fact, it is a challenge for organizations to sustain innovation. Specially, sustaining innovation within organiza-

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tions involves several coordination challenges that centre on how innovation can be translated across space and time (Bartel & Garud, 2009). Moreover, a sustainable innovation should be proven to be of benefit to the diverse stakeholders (Johnson, 2004), and what can be regarded as “sustainable” from the point of view of an individual organization is not necessarily sustainable from the point of view of the region and vice versa (Feedeeva, 2005). Global Entrepreneurs therefore should consider fostering these factors, which underpin and help to develop creativity and innovation within their organizations. The focus in this chapter is on illustrating the critical success factors that global entrepreneurs can consider nurturing to spur innovation. Creativity and innovation, though coined together at times, are defined separately. Hence, it is essential to understand these terms and to discuss the critical success factors that foster creativity and innovation in organizations. This chapter aims to define creativity and innovation and reconnoitre factors that entrepreneurs should embrace in their organization.

## **BACKGROUND**

Creativity in an organization is a continuous search for, and solving of, problems and the creation and implementation of new solutions for the betterment of the organization, its customers, and its members (Baccarani, 2009). Creativity is usually defined as “the production of novel that are useful and appropriate to the situation”. Creativity has many synonyms, such as productive thinking, divergent thinking, originality, imagination, brainstorming, and so on (Chen & Kaufmann, 2008). Oldham and Cummings (1996) define creative performance as products, or procedures that satisfy two conditions:

- They are novel or original and
- They are potentially relevant or useful to an organization.

Innovation can be understood as a process of learning and knowledge creation through which new problems are defined and new knowledge is developed to solve them (Lam, 2010). It is defined as “the intentional generation, adoption and application of new processes, products or procedures that aim to benefit the individual, group or organization in question” (Lipponen et al., 2008). Simply put, innovation is about the creation and implementation of a new idea in a social context with the purpose of delivering commercial benefits (Khairuzzaman et al., 2007). Innovation is driven by employees’ resources: creativity, competence and problem-solving abilities (Hoyrup, 2010). These innovative activities are embedded in employees’ daily work activities – often in working teams – on the basis of their experience and on-the-job learning.

### **An Idea Management System**

An idea management system is an employee involvement tool that organizations widely use to elicit employees’ creative ideas. It is a means of facilitating the process of motivating employees to think more creatively, to share their creative thoughts, and to convert those ideas into valuable innovations. It also helps employees to think innovatively and creatively about their work and work environment and to produce ideas that will benefit the organization, for which the employee will receive recognition (Du Plessis et al., 2008). The roots of this system date back to 1721, when Yoshimune Tokugawa, the eighth shogun, placed a box called “Meyasubako” at the entrance of the Edo Castle for written ideas from his

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