Contents

[Introduction 2](#_Toc20087240)

[Importance of innovation 2](#_Toc20087241)

[Solve Problems Easily 2](#_Toc20087242)

[Increase Business Productivity 2](#_Toc20087243)

[Components of a creative work environment and problems 3](#_Toc20087244)

[Challenging work 3](#_Toc20087245)

[Top management support 3](#_Toc20087246)

[Positive interpersonal exchange 4](#_Toc20087247)

[Positive supervisor relations 4](#_Toc20087248)

[Conclusion 4](#_Toc20087249)

[References 5](#_Toc20087250)

# Introduction

In the world of business, the best and most effective way for a business to stay both in line with the demands of the market while also staying ahead of the competition is through innovation. Throughout history companies that innovate and improve tend to thrive and succeed, while those that fail to innovate will eventually fail. In the 2000s Blockbuster was a large retail company that allowed customers to rent or buy movies and video games, but a failure to enter the world of at-home online streaming meant that the company of surpassed by Netflix and in 2010 Blockbuster filed for bankruptcy and now Netflix is a $30 billion-dollar company (Satell, 2014). The same is also true for Nokia, once the world largest mobile company, a failure to enter the word of touch screen mobile devices and a refusal to take advantage of new innovations in mobile technology meant that Apple surpassed them and is now one of the largest companies in the world (Brand Minds, 2018). This constant process of rewarding innovation can be used to explain why companies like Apple and Netflix have continued to succeed and why companies like Nokia and blockbuster have failed. Innovation is the most important thing any business can do, but for this to be done the business first needs to build a creativework environment, although this is easier said than done, history shows that the business that can manage to build an environment that inspires innovation and change is most likely to be successful in the future.

# Importance of innovation

Innovation is important as it is the process of changing the business model of a company, or making improvements to an existing model, in order to improve the quality of the product that is being offered (business.gov.au, 2018). Thus, a culture of constant innovation is important for companies that have ambitions to thrive in the business world, this is because innovation allows a company to stay in tune with the needs of the consumers. As the target audience and their needs will always change over time, failing to adapt the business model to these changes in demand can lead to a business losing costumers and eventually result in the business falling behind its competition (business.gov.au, 2018). The two-key reason for the importance of innovation is the ability to **Solve Problems Easily, Increase Business Productivity**.

## **Solve Problems Easily**

A business that has a culture that encourages innovation is more likely to be able to identify problems and offer solutions to those problems based on the needs and wants of the target audience (Startupr Hong Kong Limited, 2018). For example, restaurants like Domino were the first to notice the importance of food delivery to homes, this service offered a solution to consumers, who did not live close to a restaurant or did not want to drive to a restaurant, and allowed them to expand their possible target audience (Meyersohn, 2018).

## **Increase Business Productivity**

Likewise, a business that Innovates is more likely to be able to use the process of innovation in order to increase the overall productivity of its workers, a key component of innovation is the ability to think “Think Outside the Box” (Startupr Hong Kong Limited, 2018). The slogan of ‘Apple’, one of the largest companies in the world, is “Think Different”. The idea is, for the employees to work smarter and better, they must think differently and streamline their work process. A good example of this would be the creation the automobile production line by Henry Ford, the creation of the assembly line allowed ‘Ford’ to produce more cars for an affordable price and reduce the time needed to produce a car from 12 hours to 30 minutes, this innovation meant that ‘Ford’ was able to beat it competition and become the largest car company and one of the largest companies in the world (history channel, 2017).

Innovation is very important, this is why big businesses like ‘Apple’ and ‘GOOGLE’ spend billions of dollars every year on research and development, that money is also spent on trying to create and maintain an environment within the company that encourages and rewards its employees for being creative and adventurous.

# Components of a creative work environment and problems

For new companies, creating a creative culture within the business can be difficult, and while there are many key components that allow innovation to be encouraged, there are also factors that may hinder this process. The four most important factors for creating a creative work environment are ‘Challenging work’, ‘Top management support’, ‘Positive interpersonal exchange’ and ‘Positive supervisor relations’.

## Challenging work

Setting complexed and challenging task for the employees and giving them the freedom to complete these task can create a feeling of intrinsic motivation, which is an important aspect of creativity. A study by ‘Society for Human Resource Management’ found that the top driver of job satisfaction is “the opportunity to use skills and abilities” (Borison, 2016). Although setting challenges for the employee is important, it is also important to strike a balance which ensures that the set tasks are not overly complex, as this can lead to stress and frustration, while also making sure that the tasks are also challenging enough to encourage creativeness (Denti, 2014). Some companies ask employees to juggle too many tasks at the same time which leads to the employee being overwhelmed. The challenge for big companies is that they have access to a large amount of money and resources which means that they can be tempted to employ a large amount of staff which leads less work for each employee, although this can make work easier for each employee, it will also lead to the employees being less challenged and thus less creative. For a small business, the resulting challenge is opposite, less money and fewer resources mean more work for employees, which can lead to an encouragement of creativity but also a risk of the employees being overwhelmed (Borison, 2016).

## Top management support

Support from top management plays a huge role in the creation of a creative work environment (Williams, McWilliams, & Lawrence., 2016). The top manager must provide both espoused support which is when top management communicates norms that encourage innovation such as risk-taking and experimentation. Top managers must also provide enacted support in the form of money and other resources. The role of top management is to communicate the ideology of the company and to ensure that the employees have all the incentives they need to encourage them to work better and smarter (Denti, 2014). Sometimes it is difficult for top managers to support innovation because of a lack of resources which can lead to researchers and developers being unable to get the materials they need to continue their research which can lead to a ‘brain drain’ in the company. Another challenge is that top managers with a large amount of money may result to just ‘throwing money’ at any problem that arises, this can lead to waste, the misuse of resources and a lack of creative incentives. There is less need to be creative if employees know that top management will just throw money at any problem that arises. Top managers must maintain the element of risk that encourages employees to work smarter (Tan, 2018).

## Positive interpersonal exchange

An important component of the creation of a creative work environment is to ensure that there is a positive interpersonal exchange among the employees. (Williams, McWilliams, & Lawrence., 2016). Managers of all levels should work to create a sense of togetherness and an acceptance of different ideas, within the company, that is centred around a common goal of creativity, freedom and positivity. Employees will work together based on their own benefit, thus encouraging and promoting these benefits will lead to not only better teamwork but also better individual performance, which in turn will lead to an increase in the overall creativity of the employees within the business. (Denti, 2014). Companies may struggle with ‘balancing work and play’, companies that have access to resources can offer childcare and give the employee time to exchange ideas and learn from each other but if employees have too much free time, this can make them less productive and lazy. This can be hard for companies that do not have a large amount of money and cannot offer these services, this may lead to employees leaving or not having the time to be creative and to interact with other employees (pingboard , 2016).

## Positive supervisor relations

Support, encouragement, acceptance and rewarding of new ideas is very important for further development and the improved implementation of products and services that business offer (Williams, McWilliams, & Lawrence., 2016). This process is very important for the creation of a positive work environment (Denti, 2014). Employees should be encouraged to take the risk whether they fail or not. The freedom to try to improve a product and the knowledge that they will be rewarded, important to should be implemented and encouraged by the top and middle managers. This is hard for some companies to implement as taking risk can cost money thus if too many risks are taken, and there are not enough positive results, this can lead to companies losing money (Low, 2009).

# Conclusion

There are many other components that can be important to the creation of a creative work environment, but those four are the most important as they are the minimum factors needed. Identifying these components can be easy but implementing them in a real-life business environment can be challenging. If a business can to implement these components they can expect to see the benefits of a positive work environment that sees their employees work harder and smarter while also becoming more productive overall.

# References

Borison, R. (2016). *Want to Make Your Employees Happy? Ask Them to Do Something Hard*. Retrieved from https://www.inc.com: https://www.inc.com/rebecca-borison/ask-your-employees-to-do-something-hard.html

Brand Minds. (2018). *Why did Nokia fail and what can you learn from it?* Retrieved from https://medium.com: https://medium.com/multiplier-magazine/why-did-nokia-fail-81110d981787

business.gov.au. (2018). *Innovation*. Retrieved from https://www.business.gov.au: https://www.business.gov.au/change-and-growth/innovation

Denti, L. (2014). *Top Six Components of a Creative Climate*. Retrieved from https://innovationmanagement.se: https://innovationmanagement.se/2013/05/22/top-six-components-of-a-creative-climate/

history channel. (2017). *Ford’s assembly line starts rolling*. Retrieved from history.com: https://www.history.com/this-day-in-history/fords-assembly-line-starts-rolling

Low, A. (2009). *Managerial risk-taking behaviour and equity-based compensation*. Retrieved from https://www.sciencedirect.com: https://www.sciencedirect.com/science/article/abs/pii/S0304405X09000245

Meyersohn, N. (2018). *Why Domino's is winning the pizza wars*. Retrieved from https://money.cnn.com: https://money.cnn.com/2018/03/06/news/companies/dominos-pizza-hut-papa-johns/index.html

pingboard. (2016). *work-life balance*. Retrieved from https://pingboard.com: https://pingboard.com/work-life-balance/

Satell, G. (2014). *A Look Back At Why Blockbuster Really Failed And Why It Didn't Have To*. Retrieved from https://www.forbes.com: https://www.forbes.com/sites/gregsatell/2014/09/05/a-look-back-at-why-blockbuster-really-failed-and-why-it-didnt-have-to/#6d66f1541d64

Startupr Hong Kong Limited. (2018). *4 important benefits of innovation in business*. Retrieved from https://medium.com: https://medium.com/swlh/4-important-benefits-of-innovation-in-business-64ed0d78d150

Tan, S. (2018). *Ecommerce Advice: Throwing Money At The Problem is the Problem.* Retrieved from http://www.thesystemscoach.com: http://www.thesystemscoach.com/ecommerce/ecommerce-advice-throwing-money-problem/

Williams, C., McWilliams, A., & Lawrence., R. (2016). MGMT3. South Melbourne, Vic.: Cengage Learning.