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Leadership Strategies That Foster Innovation and Creattvity in 21st Century Organizations

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LEADERSHIP STRATEGIES THAT FOSTER INNOVATION AND CREATIVITY IN 21ST CENTURY ORGANIZATIONS

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ABSTRACT

LEADERSHIP STRATEGIES THAT FOSTER INNOVATION AND CREATIVITY IN

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In an increasingly change-driven world, leaders are called upon to evolve their mindsets and skill-sets to reflect and serve the demands for innovation that characterize the 21st century. In this research, I examined the leadership strategies that foster innovation and creativity as a stimulus for sustained competitive advantage in organizations. Creativity without innovation in an organization is a wasted effort. However, without creative ideas there is nothing to promote, feed and develop the innovation process. I focus on three critical questions: What type of organizational climate fosters innovation and creativity? What is leadership's role in fostering innovation and creativity? What leadership and organizational strategies are emerging? The aim of this research is to determine the main factors that foster innovation and creativity in an organization and synthesize the key leadership qualities that are required in the new environment.

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LEADERSHIP STRATEGIES THAT FOSTER INNOVATION AND CREATIVITY IN 21ST CENTURY ORGANIZATIONS

Introduction

The 21st century has ushered in a fast pace of change, global markets, social media, an avalanche of information, and a highly educated workforce. Companies that are surviving, and even thriving in this new environment are recognizing that today's turbulent times require nothing short of continual reinvention and innovation. This means that their leadership needs to support and foster creativity. According to a survey of over 1,500 chief executives conducted by IBM's Institute for Business Value, CEOs identify "creativity" as the most important leadership competency for the successful enterprise of the future (Berman, 2010). Implementing this evolution is going to be much harder for CEOs to achieve than saying it. Over the past 30 years, businesses have had an unrelenting focus on cost reductions, asset leveraging, off shoring, layoffs and outsourcing. The leaders who CEOs have hired and sculpted are driven by metrics and proving the past, not inventing the future. Not only must CEOs overcome the culture of the organizations they have created, but the business education system as well. Business schools rely on teaching deductive, analytical reasoning and data analysis, not the abductive and creative skills necessary to create a future state (Martin, 2009).

While strategy, technology, and other management tools are important in generating effectiveness in the 21st century, creativity and innovation are what drive organizational success in many sectors. However, for creativity to take place, leaders must actively create a climate that encourages it. Therefore, leadership is the catalyst and source of organizational creativity and innovation (Agbor, 2008). Past decades have shown how organizational structure, strategy, technology, and other management tools help bring effectiveness and competitive advantage to

organizations. In the 21st-century, organizational culture, climate, creativity and innovation will be the primary sources of competitive advantage.

To remain successful in the new climate, enterprises must begin to respond to change by constantly evaluating and adjusting their business processes, business strategies, operations structure, financial models, and the speed of execution of their businesses. The success of many organizations has become progressively more dependent on their ability to bring innovative products to market. They must create and foster a culture of innovation. This will require new skills and thought in leadership (Yadav, 2007). Companies that ask linear, single execution minded leaders to initiate and lead corporate innovation efforts without re-inventing themselves are practicing a form of insanity.

A survey Innosight administered in late 2008 with *Forbes* illustrates the basic challenge (Innosight, 2008). Innosight administered an online survey to 3,200 individuals. More than 300 respondents filled in at least a portion of the survey, with close to 250 respondents completing the entire survey. The 25-question survey included a mix of open-ended and quantitative questions. The first six questions captured basic demographic information. The next four questions addressed overarching views on transformation. The following 11 questions addressed specific components related to transformation; for each question respondents were asked to address the importance of the component, their conceptual understanding of what needs to be done, whether they had the tools and ability to implement, and whether they had implemented or were implementing this component. Finally, respondents had the opportunity to answer four open-ended questions.

The Innosight survey found that 80 percent of respondents recognized the fundamental need for transformation. Two-thirds of respondents reported allocating resources

toward transformation. But only 12 percent of respondents reported making excellent progress in their transformation efforts. Even more telling was that 80 percent of respondents reported that while the current climate was creating the need for increased transformation; they did not increase the allocation of resources for transformation.

Between September 2009 and January 2010 an IBM Global CEO Study (Berman, 2010 was conducted with over 1,500 face-to-face interviews between September 2009 and January 2010 who represented different sizes of organizations in 60 countries and 33 industries. A full 60% of the CEOs now realize that creativity trumps other leadership characteristics. Creative leaders are comfortable with ambiguity and experimentation. To connect with and inspire a new generation, they lead and interact in entirely new ways. To enact continuous change, the most successful CEOs avoid the old command and control style of leadership. Fifty-eight percent prefer to persuade and influence compared to just 17 percent that tend toward command and control. An electronics CEO in Switzerland stated that the world no longer functions in a top-down manner as in the army. He sees today's leader needing to exercise collaborative influence and demonstrate strong team leadership (Berman, 2010).

A wide range of factors has been found to affect organizational innovation. Of these, leadership style has been identified as being one of the most, if not the most, important (Read, 2000). A favorable organization climate for innovation demonstrates the belief that innovation will benefit the organization as a whole (Sloane, 2007). So, how do the top leadership styles directly and indirectly (via empowerment and organizational climate) affect their companies' innovation? A favorable organization climate for innovation demonstrates the belief that innovation will benefit the organization as a whole. Paul Sloane states that the critical

importance of creativity and innovation is well understood but many leaders find it difficult to translate those ideas into action (Sloane, 2007).

With rapid changes in technology and global competition, the success of many organizations has become progressively more dependent on their ability to bring innovative products to market. Ultimately, however, innovation depends on the generation of creative, new ideas (Berman, 2010). Accordingly, the literature bearing on the nature of creativity must be reviewed to identify the conditions that influence innovation. Observations about the nature of creativity need to be used to draw conclusions about the kind of leadership strategies that might enhance creativity. It is possible that leaders should consider multiple interventions that take into account the individual, the group, the organization, and the strategic environment when selecting interventions intended to enhance creativity and innovation.

Even though organizations cannot usually reach their goals without effective leadership, many are lacking the kind of leadership that encourages creativity and produces success. According to Senge (1997), many of the problems and failures that face organizations come from the lack of creative leadership. He places his emphasis on the concept of creating a shared vision. But when employees are bonded together by a "shared vision" of the future, it becomes much easier to jointly summon the courage to take the risks necessary to try something new. The challenges this era of constant, rapid change will place on us individually and jointly will demand the development of a common focus, courage, trust, and the leadership to stay the course. Yet the leaders cannot impose a shared vision upon the group. It must grow from within, formed by the personal vision of each member.

According to Senge (1990):

A shared vision is ... a force in people's hearts, a force of impressive power ... Few, if any, forces in human affairs are as powerful as shared vision ...Visions are exhilarating.

They create the spark, the excitement that lifts an organization out of the mundane ... a shared vision changes people's relationship with the company. It is no longer 'their company;' it becomes 'our company.' A shared vision is the first step in allowing people who mistrusted each other to begin to work together. It creates a common identity. In fact, an organization's shared sense of purpose, vision, and operating values establish the most basic level of commonality (p. 206).

In this research I conducted a rigorous review of literature studying the leadership strategies that foster innovation and creativity as a stimulus for sustained competitive advantage in organizations. The aim of this research is to determine the main factors that foster innovation and creativity in an organization and synthesize the key leadership initiatives that are required.

Review of the Literature

In this review of the literature I focus on four critical areas: creating a climate that fosters innovation and creativity, leadership's role in fostering innovation and creativity, and emerging leadership and organizational strategies.

Definitions of Creativity and Innovation

Throughout the literature the term *"innovation"* is often used and the distinction between creativity and innovation is important to understand. According to Van de Ven and Angle (1989) innovation is about "a process of developing and implementing a new idea" (p. 12). They assert that "innovation refers to the process of bringing any new problem solving idea into use and it is the generation, acceptance, and implementation of new ideas, processes, products, or services" (p. 20). The focus is on taking a creative idea and bringing it to fruition. In many organizations countless brilliant ideas never see the light of day. To bring an idea from concept to market or implementation, it must be recognized for its potential; it must receive funding in an

environment of scarce or competing resources; and it must overcome potential obstacles such as technology challenges, competitive pressures, and a variety of other obstacles. The process by which this happens is referred to as innovation and it is an important process when talking about creativity in the context of organizations. *Creativity* without innovation in an organization is a wasted effort. However, without creative ideas there is nothing to promote, feed and develop the innovation process. Amabile, Conti, Coon, Lazenby, and Herron (1996) differentiate between creativity and innovation as follows: "Like other researchers, we define creativity as the production of novel and useful ideas in any domain, and we define innovation as the successful implementation of creative ideas within an organization" (p. 1156).

Creating a Climate That Fosters Innovation and Creativity

Creativity is the beginning of all innovation, and psychological perceptions of innovation (the implementation of people's ideas) within an organization are likely to impact the motivation to generate new ideas (Amabile, 1995). In the study of componential models of creativity and innovation in organizations (Amabile, 1988), three broad organizational factors are proposed, each of which includes several specific elements: (1) *Organizational motivation to innovate* is a basic orientation of the organization toward innovation, as well as supports for creativity and innovation throughout the organization. (2) *Resources* refers to everything that the organization has available to aid work in a domain targeted for innovation (e.g., sufficient time for producing novel work in the domain, and the availability of training. (3) *Leadership practices* refers to allowance of freedom or autonomy in the conduct of work, provision of challenging, interesting work, specification of clear overall strategic goals, and formation of work teams by drawing together individuals with diverse skills and perspectives (Amabile, 1995).

Although some aspects of an organization's environment can be considered homogeneous, other aspects can differ considerably across subgroups within the organization. Most organizations are composed of a number of individuals working within various hierarchical groupings. In their theoretical and empirical work on the assessment of organizations, Ferry and Van de Ven (1980) proposed that subunits of a given organization can vary significantly in their effectiveness, their daily functioning, and the reactions that employees have to working within them. Even organization-wide elements, such as top leadership directives, might be perceived somewhat differently by different groups within an organization.

Amabile developed the KEYS scales in 1995 in order to assess the climate for creativity and the perceived stimulants and obstacles to creativity in organizational work environments. The research shows the KEYS scales have acceptable factor structures, internal consistencies, test-retest reliabilities, and preliminary convergent and discriminate validity. A construct validity study showed that perceived work environments, as assessed by the KEYS scales, discriminate between high-creativity projects and low-creativity projects; certain scales discriminate more strongly and consistently than others. According to contextual theories of organizational creativity, it is the psychological meaning of environmental events that largely influences creative behavior (Amabile, 1988; Woodman et al., 1993).

Many of the mechanisms of the KEYS scales derive from the intrinsic motivation principle of creativity: People will be most creative when they are primarily intrinsically motivated, by the interest, enjoyment, satisfaction, and challenge of the work itself; this intrinsic motivation can be undermined by extrinsic motivators that lead people to feel externally controlled in their work (Amabile, 1983, 1988, 1993). The KEYS scales measure seven stimulants for creativity. They are:

1. *Organizational encouragement.* The encouragement of risk taking and of idea generation and a valuing of innovation from the highest to the lowest levels of management (Amabile, 1995).

2. *Supervisory encouragement.* Goal clarity, open interactions between supervisor and subordinates, and supervisory support of a team's work and ideas (Amabile, 1979, 1983).

3. *Work group encouragement.* Team member diversity and mutual openness to ideas may operate on creativity by exposing individuals to a greater variety of unusual ideas; such exposure has been demonstrated to positively impact creative thinking (Amabile, 1994).

4. *Freedom and Autonomy.* Studies of creativity have revealed that individuals produce more creative work when they perceive themselves to have choice in how to go about accomplishing the tasks that they are given (Amabile, 1994).

5. *Resources.* A number of researchers have suggested that resource allocation to projects is directly related to the projects' creativity levels (Damanpour, 1991; Kanter, 1983).

6. *Pressures.* There are two distinct forms of pressure, excessive workload pressure, and challenge; the first should have a negative influence on creativity, and the second should have a positive influence (Amabile, 1995).

7. *Organizational Impediments to Creativity.* Because individuals are likely to perceive factors such as internal strife, conservatism, and rigid, formal management as controlling, they may lead to increases in an individuals' extrinsic motivation, and corresponding decreases in the intrinsic motivation that is necessary for creativity (Amabile, 1988).

The research to develop the KEYS scales consisted of the analysis of data from several different samples of KEYS respondents collected over a period of several years. The KEYS results, as well as results from other questionnaires administered to some of these samples,

allowed examination of the degree to which the KEYS scale structure fits a confirmatory factor analysis. The reliability or internal consistency of the scales, or the degree to which each item on the questionnaire statistically fits with the other items on its particular scale, and the short-term test-retest reliability were tested to determine that the respondents' answers are not random. It also was tested for convergent validity to determine that KEYS does assess aspects of the work environment by correlating it with established measure of work environment. Finally, it was tested for discriminate validity to determine that KEYS scores do not simply reflect the respondents' personalities or cognitive styles. The KEYS study database consisted of 12,525 cases. Of these, 9,729 were participants in a variety of public management programs at the Center for Creative Leadership and the participants' co-workers at their home organizations (usually, groups of 4-9 individuals from a given organization). The remaining 2,796 respondents came from a variety of functions and departments in 21 different organizations. These organizations represented a number of industries, including high technology, biotechnology, electronics, chemicals, pharmaceuticals, health products, traditional research and development, manufacturing, banking, and consumer products. The data were collected over the years 1987-1995 (Amabile, 1995). A validation study was then conducted to test the ability of KEYS to discriminate between work environments where demonstrably creative work is being produced and work environments where notably less creative work is being produced. The validation study was conducted at a High-Tech Electronics International company in the United States with over 30.000 employees providing diversified electronics products to international markets. Both technical and non-technical middle-level leaders were individually asked to nominate both the highest creativity and the lowest creativity project with which they had been involved during the previous three years in the company. For both projects, they were asked to select only from that

set of projects in which creativity was both possible and desirable. They briefly described each nominated project (using a standard questionnaire) and completed a KEYS scale survey on each project. They also provided some background information on themselves. Of those studied, 42 percent responded, yielding usable data on 306 projects, for a response rate of 42 percent. The majority (93%) of respondents were directly involved in the nominated projects, either as team members (58%) or as project leaders (35%) who were in many cases also team members. The results showed that the high-creativity project environments were higher on the creativity stimulant scales of work group supports, challenging work, organizational encouragement, and supervisory encouragement. Additionally, the freedom scale was marginally higher for high-creativity projects. Low-creativity projects, in contrast, were rated as higher on the creativity obstacle scale of organizational impediments. No differences were found for the workload pressure and sufficient resources scales. Both criterion scales (creativity and productivity) were significantly higher for the high-creativity project environments (Amabile, 1995).

The Situational Outlook Questionnaire® (SOQ) is one of the few climate assessments that has been extensively researched and therefore, has ample evidence of reliability, validity and utility (Ekvall & Isaksen; 2007Isaksen & Lauer, 2001). The SOQ is based on over 50 years of research and development started by Göran Ekvall's study of climate in Swedish organizations. The SOQ measures nine key dimensions of the climate for change, innovation and creativity (Isaksen, Lauer, & Ekvall, 1999; Isaksen, 2007). It has been used in organizational, team and work-group contexts, and has been validated through extensive research in each setting (Britz , Ekvall, Isaksen, & Lauer, 2001; Isaksen & Lauer, 2002; Ekvall & Isaksen, 2010). The nine dimensions are scored on a scale of 0-300 and are defined briefly in Table 1 below. The SOQ

usually consists of 53 quantitative questions scored on a four-point Likert-type scale and three

open-ended qualitative questions.

Table 1

The Nine Dimensions of Climate

SOQ dimensions	High level definition
Challenge and involvement	The degree to which people are involved in daily operations, long-term goals, and visions. High Challenge/Involvement implies better levels of engagement, commitment, and motivation.
Freedom	The degree of independence shown by the people in the organization. High levels of Freedom imply more perceived autonomy and ability for individual discretion.
Trust and openness	The emotional safety in relationships. In high Trust/Openness situations people feel more comfortable sharing ideas and being frank and honest with each other.
Idea time	The amount of time people can, and do, use for elaborating new ideas. When Idea-Time is high people can explore and develop new ideas that may not have been included in the original task.
Playfulness and humor	The spontaneity and ease displayed within the workplace. Good-natured joking and laughter and a relaxed atmosphere (lower stress) are indicators of higher levels of Playfulness and Humor.
Conflict	The presence of personal and emotional tensions (a negative dimension – in contrast to the debate dimension). When Conflict is high people engage in interpersonal warfare, slander and gossip, and even plot against each other.
Idea support	The way new ideas are treated. In a high Idea-Support situation people receive ideas and suggestions in an attentive and professional manner. People listen generously to each other.
Debate	The occurrence and open disagreement between viewpoints, ideas, experiences, and knowledge. In the Debating situation many different voices and points of view are exchanged and encouraged.
Risk-taking	The tolerance of uncertainty and ambiguity. In a high Risk-Taking climate people can make decisions even when they do not have certainty and all the information desired. People can and do "go out on a limb" to put new ideas forward.

In their studies, four climate dimensions accounted for a little over 40% of the variance in empowerment level; they are Risk-Taking, Freedom, Idea-Time and Debate. Risk-Taking manifests itself as a no blame culture that enables people to make decisions and take chances even though the outcome is not known. This allows individuals to be more forth coming when it comes to innovation initiatives and for people to evaluate and try new ways of doing things. One specific leadership practice for allowing Risk-Taking is to involve people in the learning of methods for idea generation that includes deferred judgment (Akkermans & Isaksen, 2007).

The second dimension that was indicated to account for a significant portion of the variance in how people perceived empowerment was Freedom. Freedom allows individuals and teams to generally improve and innovate on a daily, weekly, and monthly basis according to general guidelines. Freedom allows for innovation from all employees and therefore may allow for a large variety of ideas. One leadership behavior that allows for the feeling of increased freedom is to involve employees in re-engineering efforts, and perhaps some team problem-solving sessions on specific high-priority tasks (Akkermans & Isaksen, 2007).

The third dimension that accounted for a significant portion of the variance was Idea-Time. An example of how an actual participant perceived Idea-Time in the organization is the planning of schedules allowing time for discussing creative ideas. Increased amounts of Idea-Time allows for a more abundant amount of good quality ideas when undertaking innovation efforts. One strategy leaders can use when managing for Idea-Time is to provide a means to evaluate new ideas and a method to determine if the long-term benefits of a delayed project are greater than the short-term setbacks (Akkermans & Isaksen, 2007).

Debate or open and honest discussion about the competitive situation was the last climate dimension indicated to account for a significant amount of variance when exploring local

empowerment. One method leaders can use to increase the perceived level of debate is to increase the formal and informal interactions between leaders and employees (Akkermans & Isaksen, 2007).

Leadership's Role in Fostering Innovation and Creativity

Dionne and Jaussi (2003) conducted a study to delineate unconventional leader behavior from transformational leadership, theorizing how and why these two constructs would interact with the leader's role modeling to enhance creativity in individual followers. Newell, Shaw, and Simon (1979) argued that the concept of creative thinking is an unconventional act, where one is required to reject or modify previously accepted ideas. The research also examined the impact of unconventional leader behavior on group process and creative performance since organizations are increasingly relying on groups and teams for sustainability and competitive advantage.

To explore the impact of unconventional leader behavior on followers' creativity, an experimental approach was taken using students at a large northeastern (U.S.) public university. Because the nature of this investigation was to explore this relationship for the first time, the study followed the tradition of Maier (1972) and utilized an experimental setting because it allowed for control and consistency regarding a leader's behavior, experimental task, and context. The experiment consisted of 364 subjects, divided into 79 groups, where the mean age of the participants was 20.77 years (SD = 2.48), and 57.69% of the subjects were female. The average group consisted of 4.61 subjects. All subjects were either juniors or seniors in college and most were business majors.

There were four possible conditions in this experiment that reflected a two-by-two experimental design (i.e., high transformational vs. low transformational leadership and conventionally behaving leader vs. unconventionally behaving leader). Subjects were led by

either a conventionally behaving leader exhibiting low (to no) transformational leadership, an unconventionally behaving leader exhibiting low (to no) transformational leadership, a conventionally behaving highly transformational leader, or an unconventionally behaving highly transformational leader. Leadership style was manipulated via having the groups led by trained confederate leaders exhibiting either no transformational leadership or high levels of transformational leadership, according to scripts written using items (as guidelines) from the Multifactor Leadership Questionnaire (MLQ) (Avolio & Bass, 1990). Unconventional leader behavior was manipulated by having the group leader implement his high/low transformational leadership style by acting within the scope of a typical MBA student (conventionally) or in an unconventional and surprising manner. Confederates were trained by the primary researchers over four different 8-hour-long sessions, and adherence to the scripts was established by researcher observation of approximately 80% of the sessions.

Results indicated that unconventional behavior is unique from transformational leadership; although the two are correlated, the correlation is not exceedingly large. As such, unconventional behavior appears to be a distinct construct apart from transformational leadership. Results showed that the positive relationship between group cohesion and group creativity is moderated by the group intrinsic motivation for creativity, such that group creative performance is highest in highly cohesive groups with high levels of intrinsic motivation for creativity. Dionne and Jaussi, (2003) found that unconventional leader behavior appears to impact follower creativity through different mechanisms at the individual and group level. At the individual level, unconventional leader behavior enhances the effects of a leader role modeling creativity, while at the group level; unconventional behavior strengthens the cohesiveness of the group above and beyond transformational leadership.

Leadership plays a vital role in fostering innovation outcomes in organizations. Avolio and Bass, (1999) found that leadership styles in fact have the largest impact on the creative performance of the individual. Different processes and activities are involved in innovation efforts, therefore a ''one size fits all'' leadership approach may not be appropriate.

Hsieh (2009) conducted research to determine the impact of a leaders' motivating language on team members' creative performance. For the study and experiment, 50 undergraduate juniors were randomly assigned to 23 virtual teams headed by twenty-three MBA students who worked full time with a life insurance company. Each team included one to two undergraduate juniors who served as the team members and one MBA student who served as team leader from a university located in central Taiwan. All teams were required to use a Web-based group decision support system to complete their teamwork. After the experiment, each team was required to submit a five-to-ten page proposal. For the task assignment, each team was assigned to complete the same task which was "virtual recruiting team". It required team members to follow their team leader's directions and participate in an online meeting five times a month. Each subject was asked to play the role of a recruiter for a life insurance company. Therefore, each team member had to follow their leader's directions to participate in several online meetings and finally propose a recruiting proposal for the company. In addition, the team leaders were asked to give their team members feedback in accordance with their discussion. The study used an experimental design to investigate the influence of leaders' motivating language on the creative performance of team members. All the participants were asked to finish five online meetings, read three feedback emails written by their leaders during the meeting period, and then submit a final recruiting proposal.

In order to investigate the effects of three motivating language approaches (direction-giving, empathetic, and mixed use) on the team members' creative performance, this study conducted a one-way analysis to assess differences among three groups based on the leaders' motivating language: 1) empathetic, 2) direction-giving, or 3) mixed-using. The mean scores of the members' creative performance (fluency, flexibility, originality, elaboration, and feasibility) in different groups were analyzed. Results showed there were slightly significant differences between leaders' motivating language approaches on team members' brainstorming, but there were no significant differences on their discussion. More specifically, team members expressed more ideas under empathetic approach then direction-giving and mix-using approaches. In summary, team members who perceived their leaders' feedback as being both direction-giving and empathetic led to recruiting proposals with a larger percentage of creative ideas (Hsieh, 2009).

A research study was conducted by Bartol and Zhang (2010) in a major information technology (IT) company headquartered in the People's Republic of China (PRC). They used a web-based survey tool to collect the data. The entire survey was translated from English into Chinese and then back-translated into English by two independent bilingual individuals to ensure equivalency of meaning. Participants were professional-level employees, such as software engineers and new product developers, whose work required substantial creativity in order to be effective. All variables were measured by participant responses to questions on a five-point scale ranging from "strongly disagree" to "strongly agree." Measures were completed by employees, except for the creativity measure, which was completed by supervisors. For empowering leadership, Ahearne, Mathieu, & Rapp, (2005) measure was used. This 12-item measure has multi-item subscales corresponding to four dimensions: (1) enhancing the meaningfulness of

work, (2) fostering participation in decision making, (3) expressing confidence in high performance, and (4) providing autonomy from bureaucratic constraints. Results showed that an empowering leader provides a follower with autonomy, expresses confidence in his or her abilities, and maps out the significance of the follower's job, all of which may help directly enhance the employee's intrinsic motivation. A case could also be made that empowering leaders directly influence employee tendencies to engage in creative process, because an empowering leader tends to help a follower gain confidence, emphasize the importance of his or her work, and provide freedom to carry out the work. As a result, an employee may become more involved in his or her job by engaging in processes likely to lead to creative outcomes (Bartol, 2010).

According to Deschamps (2005), the most difficult task of a CEO is to select a champion, an innovation leader, to facilitate innovation. Few senior executives, although promoted throughout the organization with the right functional knowledge and experience, have the will, qualities, charisma and strength to initiate and lead such a challenging, highly uncertain, and cross-functional process as innovation. Deschamps describes six general characteristics of successful innovation leaders (Bel, 2010; Deschamps, 2005):

1. *A modus operandi that combines creativity with strong process discipline from idea to end product.*
2. *An acceptance of uncertainties, risk and failures.* The leader doesn't stigmatize failure, but encourages employees to learn from experiences made, in particular the unsuccessful ones.
3. *The Courage to stop ongoing projects, when necessary, not only to start them.* The sooner failures are made, the less expensive they become.

4. *Openness to external ideas and new technology and an experimental mindset. A determination to contest the "it was not invented here" syndrome.*

5. *A talent for building and supporting efficient teams and for building a culture that attracts innovative people and maintain employees' enthusiasm, even in difficult times.*

6. *A passion for innovation and a commitment and an ability to share this passion with their employees.*

Emerging Leadership and Organizational Strategies

The general leadership literature often prescribes that organizations should increase their organizational innovativeness to remain competitive (Lengnick-Hall, 1992; Roberts, 1998), but the literature often neglects to address how organizations can impact their ability to foster creativity and innovation. Bharadwaj (2004) found that organizational structure directly influences employees within the organization and this is done through a number of channels such as the way teams are organized. The research used emerging meta-analytic methods, in combination with structural equations methodology, to synthesize empirical studies that examine the correlates of organizational innovation. Overall, empirical studies that measured organizational innovation were analyzed and 134 independent samples were coded for the analysis. The average sample size ranged from a high of 40,808 to a low of 16 with a mean of 917.49 and standard deviation of 3,895.75. The sample size for the meta-analysis across all studies was 122,943 observations. Sixty-five studies in the research examined innovation in a manufacturing context and 43 in service industries Twenty-six studies aggregated innovation scores across multiple industries for the analysis. Ninety-five of the studies were cross sectional in nature while only 39 utilized a longitudinal research design. The overall results of the study

suggest that an organization's past innovation has the strongest relationship with innovation. In addition, an organization's communication, customer and competitor orientation, network ties, and resource levels are all positively related to innovation. Managerial openness to change is positively correlated with innovation, as well as the presence of an innovation champion and team communication. The positive effect of organizational capabilities on innovation provides empirical support for the resource-based view of the firm. Further results indicate that collaborative culture has the strongest relationship with innovation. Collaborative cultures emphasize individual development, morale, teamwork, participation, and consensus. Other organizational structure variables are also positively related to innovation including complexity, formalization, inter-functional coordination, and specialization providing support to the role of organizational structure in the facilitation of innovation (Bharadwaj, 2004).

This section summarizes three approaches to organizational structure: entrepreneurial, inverted pyramid, and networked. These organizational forms all appear to positively influence innovation.

Entrepreneurial Organizations

Many organizations are seeking to introduce some form of entrepreneurial leadership as a response to the current environment of continual change, technological change, increased competition, and the need to attract and retain innovative-minded, creative people. Organizations, consultants, and authors are recognizing the need for in-house entrepreneurship. According to Kuratko (1997) this need has arisen in response to a number of perceived problems, including a rapidly changing global business environment, an increasing number of new and agile competitors, a shared distrust and disappointment in traditional corporate management, downsizing and an exodus of some of the best and brightest people (Kuratko, 1993). Some of the

literature maintained that entrepreneurial ventures and bureaucracies cannot coexist, but many companies, including 3M, Acordia, AT&T, Bell Atlantic, and Polaroid have developed entrepreneurial ventures (McWilliams, 1993).

To establish intrapreneuship, companies need to provide the freedom and encouragement that entrepreneurial individuals require to develop their ideas. Four important steps in establishing this new thinking are: (1) the presence of explicit goals -these need to be mutually agreed upon by worker and management so specific steps are achieved; (2) a system of feedback and positive reinforcement in order for potential inventors, creators, or entrepreneurs to realize there is acceptance and reward; (3) an emphasis on individual responsibility-confidence, trust, and accountability are key features in the success of any innovative program; and (4) rewards based upon results-reward systems that enhance and encourage others to risk and to achieve must be established (Quinn, 1985).

Establishing intrapreneurship requires entrepreneurial leadership. Walt Disney explained his entrepreneurial spirit well: "People who have worked with me say I am 'innocence in action. They say I have the innocence and unselfconsciousness of a child. Maybe I have. I still look at the world with uncontaminated wonder". The ability to have "uncontaminated wonder" is what ultimately distinguishes those who are fulfilled from the ordinary and mundane (Disney & Smith, 2001, p. 21). Entrepreneurial leadership is explained in unique terms by Bennis and Nanus (1985, p. 70) "Entrepreneurial leaders' true value and reward comes from a sense of play and adventure". They describe work in ways that sound more like scientists: solving a problem, exploring a new space, and discovering or designing something new.

The literature repeatedly mentions the characteristics of an entrepreneurial leader that need to be developed. They are vision, risk taking, integrity, team building, overcoming adversity or failure, and lifelong learning.

Inverted Organizations

Early in the 1990s, HCL Technologies entered a joint venture with Hewlett-Packard in order to increase the company's bottom line and chances of success. HCL Technologies is an IT outsourcing company based in India. By 1992, Vineet Nayar, then a leading engineer, like many of his colleagues, was frustrated and worried about HCL's future. He was thinking seriously about leaving to start his own entrepreneurial venture when the current CEO offered him a unique opportunity. Vineet would become an entrepreneur within HCL.

In 2005, Vineet Nayar became the CEO of HCL Technologies and brought his programs and ideas from his successful internal entrepreneurial venture with him. Even though the company's revenues were growing by about 30% a year, it was losing market share and mindshare. HCL's competitors were growing at the rate of 40% or 50% a year, and the IT services industry was changing rapidly. By 2009 HCL Technologies had changed its business model, nearly tripled its annual revenues, doubled its market capitalization, been ranked as India's best employer, and pioneered a unique management culture that Nayar called "Employees First, Customers Second" (Nayar, 2010).

He started with ideas from the Blue Ocean Strategy developed by Kim and Mauborgne (2004) in which blue oceans denote all the industries that are not in existence today. They contend that there are two ways to create blue oceans; one is to create an entirely new type of industry, or more probable, create a blue ocean from within a red ocean by altering the boundaries of an existing industry (Kim, et. al., 2004). In doing this, companies are released

from creating strategies that focuses solely on competitors and a limited market space. HCL is a service organization and therefore employees are its key differentiator. He knew that if you are in a business where your employees are a key part of your customer offering then the more hierarchical your structure the more disempowered your front line employees feel. Step by step, Nayar created a blue ocean from within (Nayar, 2010).

The key initiatives undertaken at HCL Technologies were to create trust through complete transparency, to invert the organizational pyramid, and to transfer the ownership of change from the CEO to employees. In time, all company information was shared in an online intranet. This included the results of all the financial information, business plans, and 360 reviews of leaders including the CEO and a system was put in place where leaders were required to answer and be responsible to employee questions and suggestions (Nayar, 2010).

Another key to HCL's success was enabling and igniting the passions of its employees. It established a system of groups and teams that centered on the interests of the employees. Teams were allowed to gather and form not only in a functional work group but councils that encompassed their personal passion including music, philanthropy, art, and social responsibility. These councils helped break down barriers between personal and professional lives, encouraged cross-functional participation, and increased job satisfaction. All leaders also participated in the councils and increased not only employee trust but also their own personal development as leaders. Another benefit that arose from the councils was the formation of groups with passion about new technologies which generated many innovative ideas the company put into practice (Nayar, 2010).

Networked Organizations

Many companies have moved away from vertical and hierarchical ways of organizing into highly flexible and organic designs referred to as 21st Century Network Organizations (Miles & Snow, 1984). Network organizations involve leveraging business capabilities and developing people in the organization. They involve new leadership and management theories and practices. In network organizations every individual is considered a leader, a self-managed entrepreneur and a knowledge manager.

Individual leaders in network organizations do matter in the task of designing the organization, making daily decisions, designing their own work and the work of their teams and units. Individual leaders embody the knowledge of the business. They create and recreate the glue that holds the network organization's web of meaning, communication, and knowledge together. They matter in the organization's design because they are challenged to produce results and to creatively self-organize the ever changing and uncertain environments of the 21st century.

According to Coleman, Miles, & Snow (1992):

We are in the midst of an organizational revolution. Throughout the 1980s, organization around the world have responded to an increasingly competitive global business environment by moving away from centrally coordinated, multilevel hierarchies toward a variety of more flexible structures that closely resembled networks (p. 5).

In business organizations, network organizations have emerged as an attempt to move away from centrally coordinated and traditional pyramidal structures to more integrated, adaptive, flexible, dynamic organizational designs. Although network organizations represent an advanced organizational design, the origins of the concept of network organizations date back to the 1980's, when the discussion about the capability of companies to adapt to the uncertain,

constantly changing, uncertain, fast forward and technological environments became critical concerns in organizational design and management thinking. The context that has given birth to network organizations can be explained through three trends: (1) The emergence of sophisticated and high technologies in the workplace; (2) A global economy driven by customers and by changes in basic business assumptions and (3) The evolution in organizational structure that many companies have gone through during the last decades, from mechanistic to organic structures (Miles, Miles, Edvinsson & Perrone, 1998).

Because of this great emphasis on organizational capabilities, network organizations have not only been envisioned as 'competency-based' but as 'knowledge based.' Consistent with this idea, organizational members are conceived as 'knowledge workers,' as individuals engaged collaborative creation, sharing and transferring of knowledge (Miles, et. al., 1998). Collaboration for the purpose of creation of business knowledge is brought into being in the complex process of human interaction. This makes it critical to understand in greater depth the new type of relationships that firms and organizational members engage in over time. More specifically, this implies that network organizations are based on people's relationships (Miles & Snow, 1995).

According to Miles & Snow (1995):

. . . Just as we can build competence through education and training, we build trust by trusting-by treating the apprentice from the beginning as a colleague and by taking the risk that our trust will be returned (p. 15).

Relationships are substantial forces that hold network organizations together (Miles & Snow, 1995). Network organizations are individuals and organizational members working together. Beyond the type of arms-length relationships of hierarchical organizations, network organizations relationships are personal, varied and horizontal. Unlike the vertical relationships

of bureaucratic organizations, network organization members engage in horizontal relationships where people meet as required to conduct work (Chisholm, 1998). "Managers need to literally rethink the pyramidal resources of the traditional organization into a rotatable sphere" (Miles & Snow, 1995, p. 5)

The spherical structure illustrates that the power of individuals in network organizations is not hampered by a fixed power structure, but by effective actions and solutions initiated by teams and units. Organizational members become multi-skilled partners or associates and they perform various new and unpredictable tasks.

Members of the network organization are permanently challenged to share and transfer knowledge and solve problems together. Unlike command and control relationships, the structure of the authority of network organizations does not involve "one-fixed" leadership authority, but many changeable and rotatable ones (Jones, 1996). Therefore, leadership and management becomes a role and a behavior expected from everyone (Miles & Snow, 1995).

An outstanding capacity for shared responsibility and collaboration among individuals, teams, and managers is required within and across organizational boundaries. In this concept of leadership, leaders need to develop a balance between fully embodying their leadership --when it is required-- and releasing it at any time when the context changes (Miles & Snow, 1995).

A new leadership philosophy or new mindset called a 'human investment philosophy' has been proposed as being in the core of 21st Century network organizations.

According to Miles G., Miles, R., Edvinsson, & Perrone (1998):

... The human investment model goes beyond confidence in current capabilities and even beyond the willingness to train members to meet foreseeable organizational needs...

Neither using current capabilities nor providing training for current needs represents an

investment. The concept of investment implies risk taking -a hope for returns to capital above its costs and proportionate to the risks involved ... It involves investing in educating organizational members for technical demands that exceed all current needs, a business understanding that seems to go beyond the scope of an employee's job, and self-governance that extends beyond work team issues to customer, supplier and inter-firm relationships (p. 31).

Within this new concept, units and teams of the network organization take over most management functions. A leader's function is to empower individual members to act as project leaders, entrepreneurs and developers of the business and of their individual competencies. Every member of a network organization is expected to be an innovator, a team member, a collaborator, and a leader who makes decisions about the business. The power of individuals and leaders in network organizations comes not from their independence but from their interdependence (Miles & Snow, 1995).

Key Leadership Strategies Needed To Foster Innovation and Creativity

During the last 20 years, the global business climate has challenged organizations and leaders. How will leaders help organizations survive and even thrive in the face of constant pressure to change? Changes have radically altered how organizations deal with their business, creating increased pressure for speed, capability, and innovation. It's simply not possible to change current behaviors by refusing to embrace new paradigms. After synthesizing the ideas and data, I propose five leadership competencies that will foster creativity and innovation. These are illustrated in *figure* 1 and discussed below:

Create a Shared Vision

A shared vision requires a fully engaged workforce. A fully engaged workforce is informed, committed and empowered. Who wants to work for an organization that makes us feel powerless? Great organizations pull us together because of our aspirations, hopes and dreams, not because of fears or threats.

As Kouzes & Posner (2009) state:

The best way to lead people into the future is to connect with them deeply in the present. The only visions that take hold are shared visions – and you will create them only when you listen very, very carefully to others, appreciate their hopes, and attend to their needs. The best leaders are able to bring their people into the future because they engage in the oldest form of research: They observe the human condition (p. 21).

The concepts of shared vision include images of the future that the engaged organizational members wish to create, together with the principles, guiding practices and processes that will help them achieve these collective images (Senge, 1994). One role of a leader in an organization is to provide a vision of a "realistic, credible, attractive future for [the] organization" (Nanus, 1992, p. 8). That vision has been conceptualized as "a set of blueprints for what the organization will be in the future" (Tichy & DeVanna, 1986, p. 128), a "roadmap" for organizational members to follow (Barge, 1994, p. 183), and an "agenda" (Kotter, 1982, p. 60).

Sharing that agenda within the organization has been found to be among the most important tasks of a leader. Bennis and Nanus (1985) concluded that successful leadership and successful organizations result when members of the organization—from the leader on down— share the same vision or agenda:

The leader may be the one who articulates the vision and gives it legitimacy, but if the organization is to be successful, the image must grow out of the needs of the entire organization and must be "claimed" or "owned" by all the important actors (p. 109).

In spite of the evidence in support of creating a shared vision, evidence from research have shown that the development of an authentic shared vision (a vision that meaningfully guides the organization and is truly shared) is unlikely to happen without a strong formal leader who is committed to an emergent leadership approach (O'Toole, 1996).

True collaboration is needed in order to create a shared vision. Senge (1994) suggests genuine collaboration will occur only through dialogue, and in the right atmosphere, people will contribute and make commitments because they want to learn, to do good work for its own sake, and to be recognized as people (Senge, 1994, p. 200). Dialogue can occur only when equality exists. Dialogue allows people to feel involved and welcomed; there is no hierarchy and disagreement is encouraged. In such a context, genuine collaboration is more likely to occur as participants feel that it is safe to express and explore ideas or differing views, even those ideas that are not fully developed (Green & Etheridge, 2001).

As Lucas (1998) points out "the fact is every company does need a vision if it wants to go somewhere and be able to know when it has arrived. This need may seem less obvious in an autocratic organization, where people do as they're told and have very little idea of where the company is headed. But even the autocrat needs a blue print to follow while dictating the company into the future" (p.24).

Lucas (1998) highlights five reasons why organizations need a vision;

1) *To guide us.* A well-constructed vision allows the organization and its employees to prioritize activities and minimizes the chances of conflicting agendas.

2) *To remind us.* The vision statement is there to remind the organization where it is heading and why.

3) *To inspire us.* We are inspired by goals that we can relate to and that give purpose to our work - where we can measure our progress during the 'journey'.

4) *To control us.* The vision statement not only gives purpose, but creates parameters to keep us on track (so that we don't wander off the path).

5) *To free us.* It's hard to have a forward looking, high performance organization when we don't know who we are or what we want to become. The events of our past push us along with their inertia, to a chorus of 'this is the way we've always done it' in the past. A living vision pulls us loose from that mire and opens the door to a fresh future (p. 24). As Lucas (1998) concludes:

...a vision statement will be worth more than the paper it's printed on when it becomes a driving force and compels people to do something, change something, or become something. That means it must pass the 'baloney test' and get to the heart of the organization, answering key questions about its competitive strengths. The statement also needs to be a 'living' document that incorporates the best of the organization's past into an ideal yet feasible view of the future. Only then will people do more than just buy into the image; they'll actually own it (p.25).

Establish Transparency through Open Communication

An essential aspect of innovation is organization-wide communication that generates trust and encourages information exchange. A culture that allows communication to flow openly and evenly across all levels and departments will find that employees even in entry-level positions have the tools necessary to envision better ideas.

Most traditional organizations do not listen to the ideas of those lower in the ranks, but those employees are often right out of college or transfers from other organizations with fresh ideas. Those fresh ideas and new eyes can improve the organization in ways never thought possible by insiders. Employees that are left out of the information exchange will become less motivated and suffer from diminished levels of creativity. It is important that everyone in the organization is included in communications.

The mission and vision of an organization creates the culture that eventually develops. The mission and vision should be communicated daily and should foster openness and transparency in communication in all directions. Many organizations only say they have open communication or open door policies, but in practice they do not follow through. As a result, a lack of trust, cynicism, and decreasing levels of creativity develop within the culture.

The idea that leadership has all of the answers and that the followers should not question is an outdated and bureaucratic ideology that is not inspiring innovative thinking. Organizations that want to become more innovative need a mission and vision that encourages ideas and input from everyone in all departments and across all levels. It is important that employee ideas are rewarded by implementing those ideas to improve work processes and outcomes. By validating innovative and creative ideas, organizations inspire all employees to continuously look for ways to improve products, processes, and generate new ones. If employees do not think their ideas are welcome or rewarded, then they will never disclose them. The culture should celebrate and embrace innovative ideas no matter from whom they come in the organization.

From a leadership perspective, open communication promotes the flow of information like a central nervous system. An organization's capacity to compete, solve problems, innovate, meet challenges, and achieve goals varies to the degree that information flow remains healthy.

This is particularly true when information consists of crucial but hard-to-take facts and the information that employees play down, disguise, or ignore. For information to flow freely within an organization, everyone must feel free and be encouraged to speak openly, and leaders must welcome such openness. The more everyone knows and the more equally everyone is treated, the more likely it is that everyone will share the truth as he or she sees it. Greater collegiality lubricates the process of information sharing. (Bennis, Goleman, & O'Toole, 2008).

Create a Culture of Coaching and Continual Development

Employees in organizations today are less influenced by titles and more so by a leader's capabilities and willingness to share knowledge. Leaders should set an example of versatility and provide a safe environment where trust and candor are highly valued. Embedding innovation into the organizational culture requires leadership to foster and develop innovation among their followers.

The actions and behaviors of all levels of leadership and management are directly related to the creativity that an organization will produce. With in-depth leadership training, proper accountability, and daily communication about leadership's responsibilities to foster creativity and trust, they can grow the next generation of innovative leaders. The practice of coaching is a collaborative process designed to help people alter perceptions and behavioral patterns in a way that increases their effectiveness and ability to adapt and accept change as a challenge, rather than an obstacle. When leaders broaden and elevate the interests of their colleagues, generate awareness and acceptance of the purpose and common interests of the group, and when they motivate people to look beyond their own self-interest in getting things done.

Leaders must understand the importance of truly knowing their followers and what motivates them if they want to inspire them to contribute creative ideas. When a leader focuses

an employee in areas that are naturally motivating, the employee has the potential to far exceed average performance. Each person is motivated by different things, and it is the leader's job to get to know employees well enough to align their interests with overall job goals. A motivated employee will find that they are constantly pushing themselves to improve the work process and their skills.

A leader who really gets to know their employees and assigns tasks that match the employee's innate motivations will develop a team that searches for new ways of thinking about what they do best. Leaders can grow the organization in new and innovative ways and inspire everyone to live the company's vision of innovation by validating creative behavior in ways that personally appeal to employees.

The attitudes and behaviors required to be a successful coach are the same ones that promote leadership in the 21st century. Goleman, Boyatzis, & McKee (2002) describe this type of relationship as a "resonant relationship." A resonant relationship is a positive relationship where one is in-sync with the other person. This is essential for coaching and leading. Coaches and leaders can create resonant relationships in similar ways:

1. *Coaches inspire others by fostering hope and creating a positive vision of the future.* Leaders inspire by reminding us of the purpose of the organization and our relationship to that purpose. They don't just focus on measures. Measures are important, but they only tell us how we are doing, not why we are doing it and how it relates to personal values.

2. *Coaches show compassion.* They demonstrate that they are interested in the person and the problems the person is facing. Leaders who coach are individually

considerate and pay close attention to the people and their situations because they believe they are important as individuals, and not just a means to an end.

3. *Coaches are genuine, authentic and have integrity.* There is an openness and honesty toward others, as well as congruence between what coaches believe and the way they behave across situations.

4. *Leaders are role models.* They demonstrate self-determination and commitment to reaching goals, they are optimistic, and they are trustworthy (Goleman et. al., 2002).

There are similarities between effective coaching and the effective leadership of a team, individual, department, or organization. The attitudes and behaviors demonstrated by coaching and being coached would help all members and leaders deal with—and even thrive in—the uncertain and chaotic environment of today's 21st century organizations. Coaching and leadership are two sides of the same coin. Leaders and individuals can increase their effectiveness, creativity, and innovation by developing coaching as a leadership style (Goleman et. al., 2002).

Ignite Passion and Engagement

Job satisfaction plays a major role in stimulating new and productive ideas. Employees must be given the opportunity to do what they find to be satisfying and empowering in their jobs to harness the creativity necessary to establish an innovative thought process. The ability to attract and retain talented employees has become a significant organizational challenge. A growing number of people, from executives to front-line employees, have been leaving organizations to pursue personal passions that they were not able to experience on the job. These passions have ranged from the desire to start-up and run a business to using certain skills and competencies on the job. To address this issue, many organizations need to re-think their leadership and development strategies.

Leaders should learn to leverage their employees' passions and purpose to multiply the power of its impact on motivation, creativity, and results in a way that would make a meaningful difference to organizational and individual success. Searching for the optimal combination of incentives that will deliver the best business results while building employee engagement, loyalty and retention, Cugnon and Love (2009) conducted extensive research with more than 1,000 leaders across a global spectrum of industries. "Increasingly ... individuals are searching for a work identity that is an expression of their purpose and passions and a home for that identity inside the organization. ... Research has proven that while there is a baseline level of pay that individuals expect for their work, offering more money ... will not lead to greater motivation and commitment to work. ... Purpose and passion are the internal drivers that determine employees' performance and their commitment to the organization (p. 4)."

Organizations spend a great deal of time creating vision and mission statements, strategic plans and goals, but forget that they need to deploy human beings to execute them. An organization wants employees who are engaged, energetic, and passionate about what they are doing, since any important business plan requires sustained human effort. If you want people to be passionate and dedicated to their work, that work must connect with who they are and not only with what they can do. Personal fulfillment is linked to a combination of job satisfaction, a sense of calling, and the ability to contribute to larger societal needs. Most leaders overlook these connections, missing opportunities to build deep levels of commitment. By uncovering employee passions, leaders can:

- Align individual passions in order to further organizational goals;
- Partner team members whose passion archetypes are complementary;
- Become aware of archetypal characteristics that may create hurdles; and

• Increase job satisfaction, morale, retention, productivity, and profits (Cugnon and Love, 2009).

The key to high performance in the workplace goes beyond traditional "hard skills" — passion is an essential element of productivity. Employees who are able to identify a connection to passion and purpose in their lives experience heightened engagement and innovation, and they feel engaged in their work in exciting ways. Organizations that cultivate this sense of engagement can gain a valuable edge in today's competitive marketplace. The Ken Blanchard Companies conducted several studies over five years that identified eight key factors responsible for driving employee work passion. These included meaningful work, autonomy, collaboration, fairness, recognition, growth, connectedness to colleagues, and connectedness to leader. Further, they found that that an individuals' intent to stay with an organization is influenced by their perception that there are opportunities to grow within their current role and within the organization; by their perception that benefits, resources, and compensation are fairly and equitable distributed to all; and by the degree to which they have a autonomy to do their jobs. Therefore, they recommend that organizations provide a sense of meaning beyond simply making a profit; the autonomy and flexibility for individuals to give their all at work; opportunities for growth, collaboration, and recognition; and a sense of connectedness. In addition, organizations must ensure that processes and procedures are fairly and consistently applied to all employees (Diehl, Houson, Witt, & Zigarmi, 2011). These findings correlated to my review of the literature as well.

In a 21st century organization, leaders need to provide employees with the climate, permission, training, communication, and vision to thrive. Leaders need to focus on tapping the right people for each job and helping others determine where they can be their best; then they

can create that opportunity inside the organization. By connecting others' work and passion to a larger purpose and then harnessing the energy of the organization leaders can foster innovation, creativity, and achieve results.

Establish Trust

Leader behavior is an important influence on the development of trust in relationships between leaders and employees. Five categories of behavior capture the variety of factors that influence employees' perceptions of leader trustworthiness:

1. Behavioral consistency,

2. Behavioral integrity,

3. Sharing and delegation of control,

4. Communication and openness and

5. Demonstration of concern (Brodt, Korsgaard, Werner, & Whitener, 1998, p. 516).

Behavioral consistency is an important aspect of trust. Trust reflects the willingness to be vulnerable to the actions of another party and the willingness to take risks (Johnson-George & Swap, 1982). If leaders behave consistently over time and across situations, employees can better predict leaders' future behavior, and their confidence in their ability to make such predictions should increase. More important, employees become willing to take risks in their work or in their relationship with their leader. Predictable, positive behavior reinforces the level of trust in the relationship (Graen & Uhl-Bien, 1995).

Behavioral integrity refers to the consistency between what the leader says and what he or she does. Employees observe the consistency between a leaders' words and deeds and make attributions about their integrity, honesty, and moral character; attributions that affect employees' trust in their managers (Butler, 1991).

Research on trust perceptions has indicated that sharing control, including participation in decision making and delegating control, are key components of trustworthy behavior. Leaders vary in the extent to which they involve employees in decision making. Involvement may range from having no employee input at all into decisions to full discussion and input—even to the point of everyone coming to a consensus (Driscoll, 1978). The extent to which leaders involve employees influences the development of trust. Driscoll (1978) has found that employees' trust is higher when they are satisfied with their level of participation in decisions; it is also higher when employees can determine their work roles (Deci, Connell, & Ryan, 1989).

Communication researchers identify three factors that affect perceptions of trustworthiness: (1) accurate information, (2) explanations for decisions, and (3) openness. In many studies accuracy in information flow has had the strongest relationship with trust-in-supervisor when compared with other variables (Yeager, 1978). Employees see leaders as trustworthy when their communication is accurate and forthcoming. In addition, adequate explanations and timely feedback on decisions lead to higher levels of trust.

Leaders who take the time to explain their decisions thoroughly are likely to be perceived as trustworthy. Open communication, in which leaders exchange thoughts and ideas freely with employees, enhances perceptions of trust (Butler, 1991). The emphasis in communication is on sharing and exchanging ideas. This dimension is more limited than the previous dimension that focuses on sharing and relinquishing control. However, both dimensions build employees' trust in their leaders. (Brodt et. al., 1998, p. 517)

Demonstrating concern is part of trustworthy behavior and consists of three actions: (1) showing consideration and sensitivity for employees' needs and interests, (2) acting in a way that protects employees' interests, and (3) refraining from exploiting others for the benefit of one's

own interests. These actions on the part of leaders may lead employees to perceive them as loyal and benevolent. Researchers have shown such evidence of leader loyalty to be an important condition that leads to trust between mentors and protégés (Butler, 1991).

Lack of trust creates cynicism, doubt, and anxiety that lead to low energy and low productivity. When people don't trust their leaders, they don't come toward something; they pull back and withdraw instead. They doubt rather than cooperate. When employees perceive that an organization—or its leaders—are less than forthcoming, employees become unwilling to contribute extra energy or make any commitments to their organization's well-being beyond the absolute minimum. Often, the result is that employees will stay with the organization and do their job because they need a paycheck, but not much more. An organization or a leader without trust is not a climate for creativity or innovation.

When people believe that they are working for trustworthy leaders, they are willing to invest their time and talents in making a difference in an organization. Trust leads to a greater sense of self responsibility, greater interpersonal insight, and more collective action toward achieving common goals. Trustworthy leaders are rewarded by employees who stretch, push their limits, and volunteer to go above and beyond. When leaders create a high-trust environment, which is consistent over time, collaboration, creativity, and innovation flourishes.

Figure 1. Creativity and innovation leadership model.
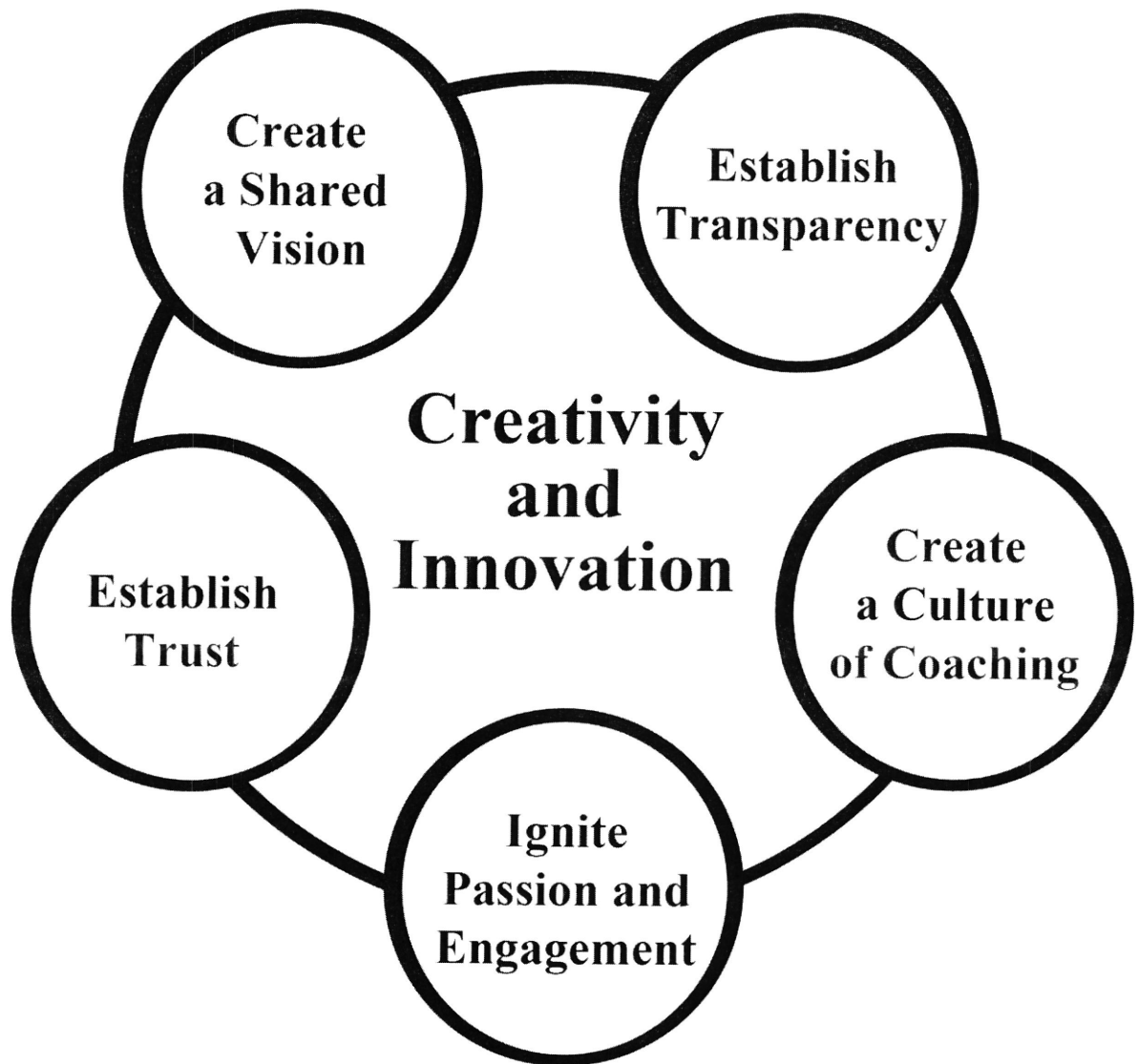
Create a Shared Vision

- Listen to all organizational members and allow true dialogue.

- Collaboratively create a realistic and inspiring vision of the future that is owned

  by all members.

- Allow each department and individual to collaboratively create measurable goals that contribute to make the vision a reality.

- Guide the organization by communicating the vision clearly and often.

Establish Transparency through Open Communication

- Freely share all organizational information with all members.

- Allow communication to flow openly to and from everyone in all departments and across all levels.

- Validate all ideas, questions, and communication to inspire innovation and creativity ideas in all employees.

- The more everyone knows and the more equally everyone is treated.

Create a Culture of Coaching

- Listen and truly get to know employees and colleagues to learn what motivates them.

- Open up and let employees and colleagues get to know you.

- Inspire employees with continual dialogue about the purpose and vision of the organization and the part each person contributes to its success.

- Develop a coaching leadership style among employees and fellow leaders.

- Establish a policy and program of continual development for all members of the organization.

Ignite Passion and Engagement

- Learn to leverage employees' passions and purpose to increase their satisfaction, performance, and commitment to the organization.

- Build deep levels of commitment by linking employee's personal interests, sense of calling, and unique abilities to further organizational goals.

- Assign employees who share similar passions to teams or projects to increase engagement.

- Create cross-functional and/or diverse level teams to increase collegiality and collaboration.

- Create a culture of dialogue and debate where many different voices and points of view are exchanged and encouraged.

Establish Trust

- Behave consistently and positively over time and in all situations.

- Share control and decision making.

- Communicate openly, accurately and explain your decisions.

- Demonstrate concern and respect for employees.

Conclusion

Today's ever-changing environment requires that all members be creative and innovative. Leaders should shift from an autocratic role and mindset to one of interdependency. They should learn to build effective relationships both internally and externally. Personally, they should develop the capacity to coach employees and be couched themselves. They should not only be communicating their vision, values, character, and commitment in actions, but also coaching other members to become co-leaders. Any leader or organization that focuses only on functional or technical competency overlooks the value in unleashing the whole employee. It is not only what a person knows that allows them to passionately contribute to an organization; it is the culture and climate. Today's leader must create a climate that supports trust, open communication, dialogue, coaching, experimentation, rewards risk taking, passion, collaboration, and embraces freedom and openness without judgment.

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