

# CREATIVITY'S CONTRIBUTION TO BUSINESS PERFORMANCE IN KENYA.

## A CASE STUDY OF BUSINESS IN NYERI COUNTY IN KENYA

Machira J. Mwangi

### Abstract

Creativity is secret to business survival; it is the origin of creating a competitive advantage for any business. The purpose of this study was to analyze the role played by creativity in business performance in Kenya. The study is guided by three questions i.e. what motivates business to become creative, does creativity adds value to businesses and if so does it leads to better performance of the businesses? The research took a descriptive research design being a case study of businesses in Nyeri county Kenya. The study targeted SMEs in Nyeri which have more than three years in operations. These were 271 in number .this was taken to be the target population .convenient sampling by Alan Bouchard was used to get the sample size of 54 firms being business owners or managers .a pretest was done to confirm the reliability and validity of the data to be collected using similar questionnaire and interview schedule. The collected data was analyzed using SPSS package. The study revealed that there is a positive relation between creativity and business performance. The study revealed that creativity is not a choice of businesses but a must if a firm had to stay in business. This is the best way of creating a competitive advantage over business rivals and keeps competition at bay, thus retaining the market share and improves on the business performance. The study recommends there to be a department in charge of creativity and innovation in every organization to be assured of survival in business.

**Key Words:** Creativity, Performance, competition, Market share, business rivals.

### INTRODUCTION

Many firms are continually experiencing pressure to enhance old systems and products. Growth and survival can be related directly to an organization's ability to being creative in they produce (or adopt) and implement new products or services, and processes (Benn, and Danny 2001). One of the key aspects of any organization's success or failure is its ability to stay ahead of the competition in a rapidly changing environment. The modern business, with its emphasis on competition, building larger markets, strategic planning, team working,etc.,has created the need for new problem solving and decision making strategies. This situation is uniform everywhere the world over because, according to Sessional paper of 2005 No.2 MSEs in Kenya have high collapse rate with most of the MSEs die within 3 years of operation. A mere 30% of MSE survive past the first generation and only 10% to 15% survive to a third generation.

Another reason is that managers need to discover

new and better ways to solve problems (Kiernan, 1996). In particular, an increasing number of problems have few or no precedents, hence there are fewer tried and tested ways of approaching them with the anticipation of reaching a successful outcome. To stay in business a company has to respond creatively to the problems it Organizations face a large number of problems of about equal importance, but only a few Solutions. Thus the chance of finding a solution to a particular problem is small. An increasing number of problems have few or no precedents, hence there are fewer tried and tested ways of approaching them with the anticipation of reaching a successful outcome. Problems may exist in both the external and internal environments. The former poses problems such as how to cope with slow economic growth, how to deal with new entrants to an industry, how to grow sales at the pace of competition in high-growth markets, how to deal with new technological developments and how to cope with shorter product life-cycles. The latter poses problems to do with poor internal communications, financial problems, alienated or poorly motivated staff and inadequate planning. Changes within a

Entrepreneurship, Jomo Kenyatta University of Agriculture and Technology and lecturer Mt Kenya University.

**Correspondence and Reprint Requests:** Machira J. Mwangi

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company, forced by either internal or external factors, create an unhappy climate for the company and its workers. Management needs to respond positively to such situations. It is in this context that this research was based on the issue of analyzing the important role creativity plays in helping a business organization to retain or increase its competitive strength.

Creativity have from time in memorial helped the world to develop to the point we are today through discovering new ways of doing things and have greatly contributed to the growth of economies the world over. A business competence, efficiency and effectiveness in operations and competitiveness entirely depends on the creativity in the research and development department which leads to innovation  
Down memory lane .do you remember how life was without the mobile phone gadget? How was life like with several trips to the post office for letters and telegrams, and of course the call box? Remember the initial gigantic 5-kilo mobile phone gadgets that had no more features apart from the basics like calling, sending messages, use as a watch and torch? How do you compare with your modern smart phone?

Do you also remember life without your bank in your hand (literally), thanks to the mobile phones money transfers service that enables you make transactions on your mobile phone wherever, whenever?

Remember the large-sized analogue TV sets that could compete for space in your tiny living room? Well, how do you compare that with your powerful slim and sleek flat screen that complements other features in your living room? And of course you remember your favorite photographer who could walk miles taking photos?(black and white)that you could only get a chance to see after a month or so?(He could only download and develop them after the whole roll of thirty six or so film slots are all used up)

Looking back, the world has come a long way .Kenya included. This is thanks to creativity in all key sectors from ICT, agriculture and Food security, tourism health to infrastructure, trade and renewable energy among others,. All in form of developing solutions to fill existing voids by coming up with local solutions to local solutions to local problems. Thus creating job opportunities to different sectors .thanks to creativity,  
Creativity operates along a continuum. It can come from the millions of small acts by employees that cumulate in significant continuous improvement, or alternatively, creativity can result in a radical idea that transforms business strategy or creates new

businesses. Organizations need to encourage creativity right along this continuum and at all levels. Creativity requires divergent thinking of what may be unrealized, unproven or untested. It may be knowledge-driven or vision-driven. Creativity may be viewed as the process of generating ideas (Burgelman & Maidique, 1988). Creativity is considered to be a vital asset for any person who is in a leadership role. Organizations face a large number of problems of about equal importance, but only a few solutions. Thus the chance of finding a solution to a particular problem is small. An increasing number of problems have few or no precedents, hence there are fewer tried and tested ways of approaching them with the anticipation of reaching a successful outcome. Problems may exist in both the external and internal environments. The former poses problems such as how to cope with slow economic growth, how to deal with new entrants to an industry, how to grow sales at the pace of competition in high-growth markets, how to deal with new technological developments and how to cope with shorter product life-cycles. The latter poses problems to do with poor internal communications, financial problems, alienated or poorly motivated staff and inadequate planning. Changes within a company, forced by either internal or external factors, create an unhappy climate for the company and its workers. Management needs to respond positively to such situations. Creativity is considered to be a vital asset for any person who is in a leadership role; Amabile claims that in business, originality isn't enough. To be creative and idea must also be appropriate – useful and actionable. (Amabile, 1998)

Throughout the 1980s and 1990s, managers and organizations faced operational challenges affecting their very existence. High quality, value-added imports were challenging the traditional dominance of Western industries in areas such as automotive, electrical and semiconductors. Initially hesitant to recognize and react to the significant changes occurring in their marketplaces, these organizations eventually responded spending much of the 1990s rationalizing core businesses, delaying, outsourcing and reengineering for productivity(Benn, and Danny 2001)..

During this period, competitive advantage rested variously on mainstream variables like efficiency, quality, customer responsiveness and speed. In the new millennium, control over the above variables represents the minimum threshold to "play the game". Each factor remains important, but is unlikely of itself or as part of a group to provide a sustainable

competitive advantage. Today's organizations face an additional challenge — the requirement to innovate, not just occasionally but often, quickly and with a solid success rate. The sphere of organizational and managerial attention has expanded to incorporate both mainstream variables and an innovation capability.

Innovation represents today's competitive advantage, supported by strong mainstream capabilities in quality, efficiency, speed and flexibility. Innovation can help firms play a dominant role in shaping the future of their industries. High performing innovators are able to maintain a giant juggling act of capabilities, and consistently bring new high quality products to the market faster, more frequently and at a lower cost than competitors. Moreover, these firms use process and systems innovation as a way of further improving their products and adding value to customers. This combination creates a dynamic and sustainable strategic position making the organization a constantly moving target to competitors (Kiernan, 1996).

Creativity as the prerequisite for innovation is an important factor in contemporary organizations and Part of business processes in various creative industries (e.g. entertainment, games development, etc.) But also in industries that first of all can be characterized as non-creative but that rely on creativity in Processes such as marketing or product development. We seek to investigate the phenomenon of Creativity from a business process management perspective. Business process management has been defined by (Zairi, 1997) as "a structured approach to analyze and continually improve fundamental activities such as manufacturing, marketing, communications and other major elements of a Company's operation." A business process consists of a number of tasks or activities that need to be carried out in order to collectively realize an organizational objective or policy goal, and a set of Conditions that determines the order of the tasks (v.d.Aalst and van Hee, 2002).

Business process management (BPM) has been deployed in many organizations throughout different industries (Armistead et al., 1999; Scheer, 1996). Particularly, what is referred to as knowledge intensive business processes is of interest. This is reasoned by the awareness that there is a close relationship between a creative person's ability of being creative and her knowledge. The creative process is sensitive to context. Research suggests three factors May determine an individual's creativity in any situation:

Expertise is 'the foundation of all creative work'. It provides an individual with the cognitive pathways required for solving complex problems and the knowledge to identify the important elements of any particular problem. Creative thinking techniques— Some personality traits are useful — such as independence, risk-taking orientation and tolerance for ambiguity — but anyone can learn some useful techniques — e.g. 'make the familiar strange', 'try something counter-intuitive'. Task motivation— Self-motivation (intrinsic) derived from the pleasure of doing the job is the best motivator for creativity. External motivating factors can encourage one to greater heights, e.g. reward and recognition, but too clearly defined goals and too much external control can hinder creativity. (Amabile 1997)

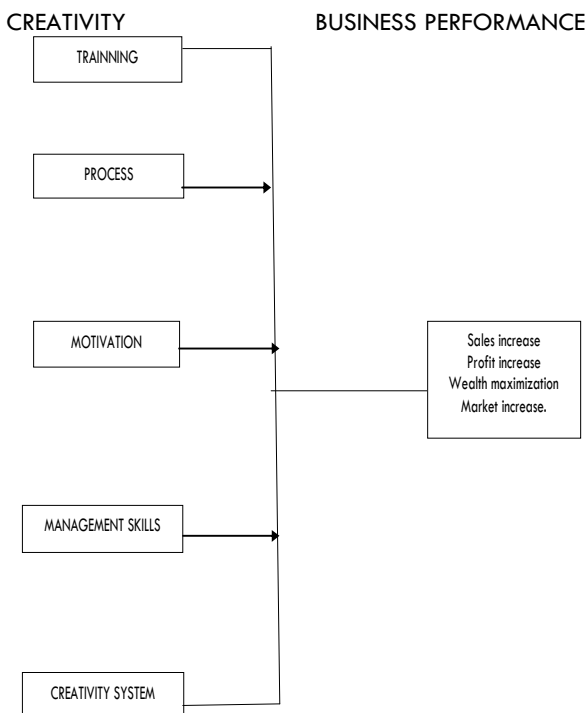
## RELATED THEORIES

Recent contextual theories of organizational creativity and innovation have attempted to identify dimensions of work environments that are related to creativity. In the componential model 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) *Management 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. The conceptual model underlying the development of firms is a more detailed and specific articulation of this componential theory.

Woodman, Sawyer, and Griffin (1993) took a similar theoretical perspective on creativity in organizations, but they extended their model in two additional ways. They included external influences as well as intraorganizational influences, and they gave prominence to intraindividual factors in their interactionist approach. In their model, creative behavior within organizations is a function of two categories of work environment inputs (inputs beyond the characteristics of the individual people involved in doing the work):

1. Group characteristics are the norms, group cohesiveness, size, diversity, roles, task characteristics, and problem-solving approaches used in the group,
2. Organizational characteristics consist of organizational culture, resources, rewards, strategy, structure, and focus on technology. Organizations should also tap many of these aspects of the work environment.

### Conceptual framework

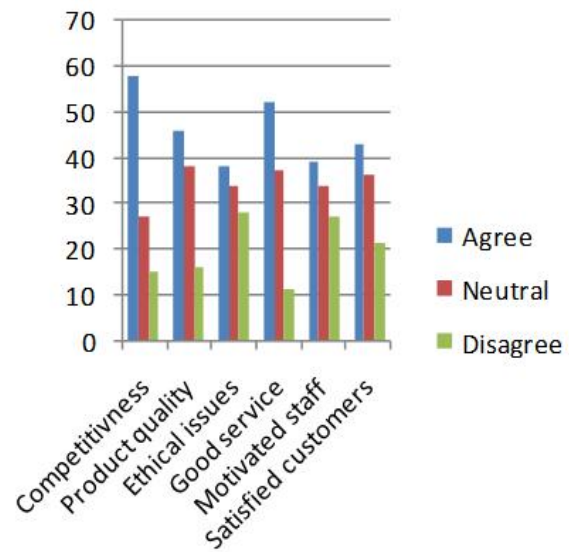


Source: researcher 2013

### METHODOLOGY

The research took a descriptive research design being a case study of businesses in Nyeri county Kenya. The study targeted SMEs in Nyeri which have more than three years in operations. These were 271 in number and this was taken to be the target population. A convenient sampling by Alan Bouchard was used to get the sample size of 54 firms being business owners or managers. A pretest was done to confirm the reliability and validity of the data to be collected using similar questionnaire and interview schedule. The collected data was analyzed using SPSS package.

### Findings and conclusions



### FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

The findings revealed that it is the experience of all the respondents that whenever they hand introduced any creativity of any kind, provided it is an improvement of whatever nature: from improvement of quality in service or product, ethical issues towards customers or even employees, it has acted a motivating tool to the staff members as well as satisfying the customers by them becoming more royal. This leads to a positive change in terms of performance of the organization economically.

The study findings shows that the respondents largely agreed on the positive effect of creativity on the performance of business firms which introduced any kind of creativity in their business, The performance noted ranged from customers satisfactions due to product quality and service improvement to, staff motivation leading to better sales and improved performance in terms of profit and market share increment and retention.

Creativity is not more contributing on the financial performance of business but the benefits also includes profits enhancement, return on equity, market share and creation of a competitive advantage. Thus there is a positive correlation between creativity and business performance.

The scope of this study would not be complete without mentioning some of the recommendation derived from respondent's views and the researcher's analysis of the issues, ie. Business should improve and dedicate

more time and effort on marketing issues with clear strategies and target customer. This set up mechanism to interact well with customers to know and understand them well and their grievance. Since all creativity that business are per suing are geared towards meeting needs that are for satisfying customers in order to enhance or sustain their competitiveness. There is also needs of the management looking deeply on the factor of credit risk which is an important components .that if not checked critically can have a negative effect on the overall performance of the firms and its sustainability. That is if it is not conducted in a prudential and controlled manner, thereby protecting the interest of the shareholders. Competitive advantage rested variously on mainstream variables like efficiency, quality, customer responsiveness and speed. In the new millennium, control over the above variables represents the minimum threshold to “play the game”. Each factor remains important, but is unlikely of itself or as part of a group to provide a sustainable competitive advantage. Today’s organizations face an additional challenge - the requirement to innovate, not just occasionally but often, quickly and with a solid success rate. This is only better realized depending on how an organization best manage the components of creativity, i.e. training, process motivation managerial skills and the system of creativity utilized. The sphere of organizational and managerial attention has expanded to incorporate both mainstream variables and a creativity capability.

Creativity which is mother to Innovation represents today’s competitive advantage, supported by strong mainstream capabilities in quality, efficiency, speed and flexibility. Innovation can help firms play a dominant role in shaping the future of their industries. High-performing innovators are able to maintain a giant juggling act of capabilities, and consistently bring new high quality products to the market faster, more frequently and at a lower cost than competitors. Moreover, these firms use process and systems in their creativity as a way of further

Improving their product and adding value to customers.

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