2 THE REVIEW OF LITERATURE

Review of literature provides a framework of the theoretical advancements that have been made in the study of and research on creativity. Creativity can be regarded as not only a quality found in exceptional individuals, but also as an essential life skill through which people can develop their potential to use their imagination to express themselves, and make original and valued choices in their lives.

The review of literature has been divided into three parts. Part 2.1 discusses research in creativity with specific reference to Managerial Creativity, Part 2.2 discusses research in Organizational Effectiveness and part 2.3 discusses Managerial Creativity and Organizational effectiveness.

2.1 Managerial Creativity

Drucker, (1967) commenting on the need for creativity in management, estimate that the demands on the creative abilities of manager have doubled in every generation. Journey of creativity started when Guilford (1950) described creativity as the resultant of traits and their interaction with environment. With the advancement in research a new school of thought emerged which gave emphasis on the interactive effect of person and the environment. The inspiration in this regard was drawn from work of Murray (1938) and Lewin (1951).

Mackinnon (1961) pointed out that there is no conclusive evidence to demonstrate that stress rather than freedom and autonomy and the adoption of playful attitude to work as properties of the task environment, stimulates creativity more or less than orderly habits of study, strict discipline etc. Albright and Gleen (1961), Mackinnon (1962), Wallach and Kogan (1965) and many others have explained creative product or output as major indicator of creative performance. Sharma (1980)
reported that there existed a positive relationship between intelligence and creativity. Besemer (1981) and Greenberg (1992) have also defined creativity in terms of product characteristics. Creativity as a process has been approached initially by walls (1926) and later on Hutchinson (1949) and Torrance (1969) have further analyzed the creative process. Researchers have been conducted to study the relationship of highly creative individuals in respect of their cognitive style. Bloomberg (1967) in his research hypothesized that individuals who possessed independent cognitive style were high on creativity, but the result of the study didn’t support the hypothesis. However, studies can conducted by many other researchers (Noppe and Gallagher, 1977; Del Gaudio, 1976; and Spotts and Mckleer, 1967) are supported the hypothesis.

Research on the impact of work environment can be classified into two categories based on proximal and distal factors. Proximal factors are those that are related to daily work of employees and distal are those, which are associated with the organization. Andrews and Farris (1972) had found that time pressures in important and urgent projects gave the impression of work being important and thus, enhanced creativity. Hackman and Oldham (1980), while studying proximal factors, had concluded that jobs that were complex and demanding accompanied with high autonomy and complexity associated themselves with higher intrinsic motivation. The impact of distal factors on creativity had concluded in the case of scientists that when their organizations were supportive and when managers patiently listened to employees and asked for their participation in the decisions affecting them, then creativity was high.

As per Kirton (1980), the members of more externally oriented functions, such as marketing and strategic planning tend to score significantly more on innovation and creativity than those who belong to the more internally oriented functions like accounting, quality control and
operations management. As Amabile (1983) explains creativity is a novel and appropriate, useful, correct or valuable response to the task at hand and the task is heuristic rather than algorithmic. Further, Edwards and Sproull (1984) indicated that generally organizations embarking on an effort to become more creative give due attention to improving overall motivation, improving self esteem, changing the organizational climate to make it more compatible with creative functioning, improving communication among members, making jobs both challenging and interesting, defining problems more creatively, and instituting incentives to promote creativity.

Simon (1988) reports that the literature on creativity draws partly on historical, biographical and autobiographical accounts of discovery, on systematic surveys of creative (and uncreative) persons, on a limited number of laboratory studies aimed at eliciting creative behavior or comparing creative with non creative styles of problem solving and a number of recent attempts to stimulate creative behavior with computer programs. Roe (1963) and Baron (1969) have also defined creativity in terms of traits of creative people. Yong (1994), and Scott (1995) have further attempted to describe the behavior of creative people. Researchers have also tried to explore the relationship between stress and creativity. Mathew (1985) has gone to the extent of advocating that particular types of stresses are essential for being a creative manager.

Simon (1988) analyzed creative thinking and problem solving process. He advocated that creative processes are problem solving processes and effective problem solving rests on knowledge, including kind of knowledge that permits the expert to grasp situations intuitively and rapidly. Creative performance also involves taking calculated risk, where the accuracy of the calculation rests again on the foundation of
super knowledge. Amabile (1988) had proposed three broad organizational factors, which in turn included several specific elements. The board factors proposed were organizational motivation to innovate, resources and management practices. Many research studies were conducted emphasizing importance of work environment in the promotion of creativity. According to Kirton and McCarthy (1988) there prevails a cognitive climate and individuals experience cognitive fit in every organization. Further, if there exists a cognitive misfit, then it will result in negative consequences, such as tension and stress.

Edward (1989) studied the relationship between reward and creative contributions and suggested that an organization that desires enhanced innovation should accurately identify, and then systematically reward who make creative contributions. He has also proposed a model called TEAMS (Team Evaluation and Management System) for systematic and equitable identification of creative contributors. The TEAMS model represents essentially a peer supplemented procedure. Albert (1990) proposed six guiding ideas to grasp the essence of creativity. First, creativity is expressed through decisions, not product. Second, knowledge of self and of one’s world is the medium of creative behavior. Third, creative behavior is highly intentional. Fourth, creativeness and personal identity are emergent. Fifth, the latter two are mutually dependent. And sixth, creative behavior engages individuals at the personal level of their identities and abilities.

Kao (1991) defines creativity as human process leading to a result which is novel, solves an existing problem or satisfies an existing need and can be reproduced. Wheatley, et al., (1991) reported that managers require creative powers – imagination and creativity methods for strategic planning purposes. They have proposed a strategic planning attribute
model which can be utilized to enhance the imagination and creativity of planners in the strategic planning process. This model hypothesized that for more effective strategic planning certain attributes that influence the imagination and creativity of strategic planners are preferred – cognitive styles, personality orientation, and locus of control and vividness of imagery.

Pathak and Rickards (1992) studied the problem solving approach adopted by managers and observed that problem solving is an important aspect of managerial life and creative problem solving is one of the commonest vehicles for introducing the principles of creativity to managerial audiences. They suggested that within a board system approach, creativity (as well as innovation) can be treated as complex problem solving behaviors at individual and social levels. They further suggested Brain calming (and its relationship with brainstorming) a new technique for creative problem solving process.

Woodman, et al., (1993) studied creativity in the organizations and developed a theoretical model. In their model of creativity they described that creative behavior within organization is a function of two categories of work environment inputs; (a) Group characteristics consisting of norms, group cohesiveness, size, diversity, rules, task characteristics, and problem solving approach used in the group, and (b) Organizational characteristics consisting of organizational culture, resources, rewards, strategy, structure and focus on technology. Goklaney (1993) explored whether a high level of stress is associated with greater creativity in 50 middle level managers form three age groups (below 31 yrs, 32-41 yrs and 42-56 yrs.) Results revealed that age did not affect creativity. Low stress groups differed significantly from moderate and high stress group, but the latter two groups were comparable. Adaptation and anxiety were
found to be negatively related to creativity, whereas, stress variables were positively related to creativity. Warner (1993) reported that creative people intensely dislike doing routine low grade chores and paperwork. They work best in atmosphere of freedom to experiment and to make mistakes. Shalley (1995) viewed that when individuals were intrinsically motivated, then their energy was channelized in one direction with a focus on looking for many alternatives. Scott (1995) found that creative employees do not always respond to standard management and motivational techniques.

Shalley (1995) studied the effect of coactions, expected evaluation and goal setting on creativity and productivity. This research was based on the premise that social and contextual factor significantly influence creative performance. Her research examined effects of three factors on individual creativity and productivity: coactions, expected evaluation and goal setting. The study revealed that: High levels of creativity occurred when individual worked alone and productivity was high when they worked alone under no expectation of evaluation. Highest creativity occurred when individuals had a creativity goal and worked alone under expected evaluation. Productivity was low when people worked alone or were assigned a creative goal.

Puccio, et al., (1995) explored the relationship between individual styles of creativity and perceptions of the characteristics of their products at work. Their study revealed clear and consistent relationship between creativity style and aspects associated with work related products. Oldham and Cummings (1996) examined the independent and joint contributions of employees’ creativity relevant personal characteristics and three characteristics of the organizational context – job complexity, supportive supervision and controlling supervision - to three indicators of
employees’ creative performance; patent disclosures written as contributions to an organization suggestion program and supervisory ratings of creativity. Their study revealed that employees produced the most creative work when they had appropriate creativity relevant characteristics worked on complex, challenging jobs and were supervised in a supportive, non controlling fashion.

According to some researchers, the context in which individual is in affects his/her intrinsic motivation, which in turn affects creative achievement. Oldham and Cummings (1996) studied job complexity and supervisory style as the contextual factors affecting intrinsic motivation and its impact on creative performance. It was found that creative achievement was high when employees had creativity relevant characteristics, worked on complex, challenging jobs and were supervised in a supportive, non-controlling fashion. The four contextual conditions empirically linked to creativity are design of jobs, workspace configuration, supervisory style and coworker interaction.

Ford (1996) researched that creative and habitual actions represent competing behavioral option that may be simultaneously influenced by multiple domains of social action and defined creativity as “domain specific’ subjective judgment of novelty and value of an outcome of a particular action”. Amabile (1996) has categorized the work environment into six categories which alter creativity. They are challenge, freedom, resources, work groups, features, supervisory encouragement and organizational support. Gupta (1996) found that different creativity components influence task performance in an important way.

Researches on mood and creativity have yielded contradictory results. Some researches linking positive moods to creativity suggest that when leaders are in positive moods they may be more creative (Greene and Noice, 1988; Isen et al., 1987). A study conducted by Kaufman and
Vosburg (1997) where positive, negative and neutral moods were induced by showing films and then two insight problems were presented to be solved. In this study, it was found that individuals in negative mood solved the problems with ease followed by neutral and finally positive mood. He further added that creativity in organizational settings can best be conceived in terms of creative actions that may be simultaneously influenced and assessed across multiple social domains within and between levels of analysis.

Cummings and Oldhams (1997) have suggested a two factor approach to enhance creativity in the organizations: and employees need to be surrounded by context that nurtures their creative potential namely job complexity, supportive supervision and stimulating coworkers. Sternberg O’Hara and Lubart (1997) identified that creativity requires investing in following six distinct but interrelated resources, all of which must be present to get a positive result when they are combined; knowledge, intellectual abilities, motivation, personality, environment and thinking styles.

Nemeth (1997) analyzed the culture of organization favoring creativity and found that ‘dissent’ or ‘minority view points’ have importance and power, not just for the value of the ideas themselves, but for their ability to stimulate creative thought. As observed by Pandey (1997), creativity was found to have non-significant, but positive correlation with all the dimensions of role distance. Literature seems to suggest that by focusing on some personal characteristics, such as persistent and self starter, passion and innovation, self esteem, internal locus of control and some organizational factors like providing freedom for divergent thoughts and stimulation for creativity, the creative abilities can be harnessed in the work organizations.
Oldham and Cummins (1998) observed in a study that individuals who were given positive and informational feedback on an early trial of a problem solving task exhibited higher creativity on a subsequent trial than individuals who were given negative feedback or no feedback. The stimulation of excitement produced by competition may be especially beneficial to employees with high critical potential (Oldham and Cummins, 1998).

Zhou (1998) studied the interactive effects of three contextual variables, such as feedback relevance, feedback style and task autonomy vis-à-vis creative performance. The result showed that two variable, feedback style and feedback relevance predicted creativity. Individuals receiving positive feedback in an informational style exhibited greater creativity than those in controlling style. Based on the review of literature, Oldham and Cummings (1998) concluded that context influences creativity as it directly affects employees’ affective state at work.

As per Kichul and Gundry (2001), managerial creativity draws on the functional differences of management team members to enhance the opportunity assessment process. Thus, the CEOs who tapped into the diversity of perspectives present within their top management teams and fostered openness and creative exploration, were able to more successfully consider and evaluate new opportunities for their organizations. These findings lend support to what Woodman et al., (1993) described as the symbiotic relationship between creativity and organizational change. Behavior have been classified into categories i.e., one that encouraged creativity and other that discouraged creativity. Willingness to change was one of the factors that prompted creativity. Simon (2003) described creative manager as people who by their own
propensities or through learning can receive great satisfaction from creative outcomes even when their role in producing these outcomes has been an indirect one.

Scratchley, Linda Sharon (2009) had stated that individual differences model of managerial creativity has based on as review of the creating literature, four traits and ability were identified as having relevance for creativity in managers, divergent thinking, evaluate thinking, work motivation and openness to change, risk and ambiguity. Hornak Frantisek et al., (2012) have found explained that creativity will be considered to be one of the main resources of the 21st Century. According to their study 70 percent to 80 percent of competitiveness and growth of enterprises will be based on new knowledge and skill of employee. This assumption is based on changes in the business environment of 21st Century, the continuing globalization of market, intensifying competition, improving speed of innovation and the boom of information and communication technologies.

2.2 Organizational Effectiveness

Organizational effectiveness, also called as organizational success or growth, is defined and conceptualized in different ways, and no unanimity is found in different approaches. The various approaches are judgmental and open to question. Thus, various terms are often used interchangeably, such as, efficiency, productivity, profitability, organizational growth to denote organizational effectiveness. Likert (1961) found in a study three variables that help assess attainment of goals. These three variables are: independent variables (such as leadership style, organizational structure, technology, etc.), intervening variables (like perceptions, attitudes, values, motivational forces, etc.), and dependent variables (such as production, sales, employee turnover, etc.).
Bennies (1962) had stated that system resources involve four criteria: adaptability-to solve problems and to react with flexibility to changing environmental demands, a sense of identity i.e. knowledge and insight on the part of the organizational, capacity to test reality i.e. the ability to search out, accurately perceive, and correctly interpret the real properties of the environment, particularly those which have relevance for the functioning of the organization and integration among the sub-parts of the total organization. Argyries, (1964) have argued that system approach emphasizes criteria that will increase the long-term survival of the organization such as the organization’s ability to acquire resources, maintain itself internally as a social organism, and interact successfully with its external environment. Yuchtman et.al (1967) had explained that as goals focus on outputs, hence, an organization should also be judged on its ability to acquire inputs, process these inputs channel the outputs, and maintain stability and balance.

Rensis Likert (1967) states that factors influence development within as organization. He classifies factors into three groups: Casual Factors, Intervening Factor, End-Result Factors. Goodman, et al., (1977) had explained that organizational effectiveness or performance mainly reflects a construct perspective in which the focus is on the definition of the concept in terms of assessment and conceptualization. The aim is to determine properties and dimensions encompassed by the concept. Scott (1977) had stated the explanation of effectiveness variation and the search for its true causal structure represent one of the most enduring themes in the study of organizations (March and Sutton., 1997). Price, (1972) had stated that goals are the central component of this approach. Thus, operative goals are clearly identifiable, consensual, assessable and time-bounded are the most important features to focus on when evaluating organizational effectiveness.
Organizational Effectiveness mainly reflects a construct perspective in which the focus is on the definition of the concept in terms of assessment and conceptualization (Goodman, et al., 1977). The aim is to determine properties and dimensions encompassed by the concept (Scott, 1977). The explanation of effectiveness variation and the search for its true causal structure represent one of the most enduring themes in the study of organizations (March and Sutton, 1997). For example, Chakravarthy (1986) identifies different conceptions of effectiveness including profitability, financial-market, multi-stakeholder satisfaction, and quality of firms' transformations. Moreover, strategic planners' flexibility and creativity may be inhibited by formal control systems (Langfield-Smith, 1997) which prompt management to engage in systematic planning (Flamholtz et al., 1985).

Katz and Kahn (1978) had defined that organizational effectiveness as the maximization of profit or return to the organization by all means. Jeffrey Preffer et al., (1978) have contended that strategic-constituencies approach proposes that an effective organization is one that satisfies the demands of those constituencies in its environment from whom it requires support for its continued survival. Yuchiman and Seahore (1967) had commonly contended that the system resources approach to effectiveness focuses on how well organization acquire and uses resources from the environment.

Preffer et. al., (1978) had explained that the goal approach to organizational effectiveness looks at the amount and quality of outputs in terms of goods or services. An organization is effective if it achieves its out-put goals of production, quality, and quality service and customer satisfaction. The goal approach also can be effective acquisition of resources, employee motivation and communication or efficiency.
Connolly et al., (1980) had explained that the constituency model considers organizational effectiveness "as a set of several statements, each reflecting the evaluative criteria applied by the various constituencies" involved with the organization being evaluated with an emphasis on means criteria. Cameron (1980) found that evaluating the effectiveness of organizations requires selecting the appropriate criteria. Basically, the evaluators have used four major approaches namely goal, system resource, internal process and operation, and strategic constituencies (multiple constituency) to define and assess organizational effectiveness (Cameron, 1980; Cameron and David, 1983).

Quinn et al., (1981) had explained that the competing-value approach is the criteria you actually value and also use in assessing an organization’s effectiveness be it. Strasser et al., (1981) address how goal and system models compare in: 1. generated single-value effectiveness ratings, 2. feedback utility, 3. relative costs, 4. causal relationships between them, and 5. ways a model's feedback influences organizational policy-making processes.

Zammuto (1982) had stated that the goal approach model describes organizational effectiveness in terms of the extent to which an organization attains its objectives. The legitimacy model regards organizational effectiveness in terms of a background evaluation "of component preferences for performance and natural limitations on performance from an external environmental perspective".

Robbins (1983) had stated the even if today there is some agreement that (i) organizational effectiveness requires multiple criteria, (ii) it must consider both means and ends, and (iii) the choice of model and criteria should be flexible and appropriate for the context (Cameron
the definition, circumscription and criteria identification of organizational effectiveness remain problematic, and no definitive theories have been put forth. According to Cameron and Whetton (1983), organizational effectiveness is a hypothetical abstraction existing in people's minds and giving meaning to ideas about organizational effectiveness.

Goodman et al., (1983) argue that most of the empirical literature is not helpful in understanding the effectiveness of organizations. To overcome this confusion and delineate a clear concept of organizational effectiveness, Cameron and Whetten (1983) had contended fine seven critical questions for bounding and assessing effectiveness models. These questions represent a source of pressure that motivates the analysis, improvement and criticism of existing models and the development of new ones: (i) from whose perspective is effectiveness being assessed? (ii) On what domain of activity is the assessment focused? (iii) What level, of analysis is being used? (iv) What is the purpose of assessing effectiveness? (v) What time frame is being employed? (vi) What type of data is being used for assessments? (vii) What is the referent against which effectiveness is judged?

Gaertner et al., (1983) found two major dimensions characterize the existing approaches to studying organizational effectiveness: 1. focus of the definition (outcomes or processes and structures), 2. Intended use of the concept (general or organization-specific). When these two dimensions are cross-classified, four distinct types of approaches can be seen, each of which focuses on measures of a particular kind of activity intended for a particular audience. A paradigm is developed that draws on each of these four theoretical perspectives. The proposed integrated paradigm views effectiveness as the ability of an organization to account
successfully for its outputs and operations to its various internal and external constituencies. An assessment of organizational effectiveness must consider not simply how much of a particular output is being produced, but also the decision making that sets the framework in which the production of such outputs is carried out.

Cameron (1984) had contended that the ambiguity and confusion surrounding the construct of effectiveness is another source of pressure. The numerous areas of conflict originate from the organizational effectiveness's ambiguous meaning and definition, the lack of agreement on how to measure it and the disparity in its use by practitioners and academics.

Daft (1985) had contended that the various approaches to effective focus on different parts of organization system to be effective, an organization must acquire the resources it need. Process them efficiently-effectively and deliver the out-comes its environment values. Cameron (1986) suggests that environmental dimensions and strategic orientations of managers be included as factors that could potentially influence organizational effectiveness. Toto, et al., (1986) had found the real focus of organizational effectiveness is on using all employees to the fullest to attain company objectives. In most companies, organizational effectiveness manifests itself in the presence or absence, and relative balance of, eight complementary characteristics: 1. clear understanding by employees of the company's purpose, mission, and direction, 2. performance standards supported by a good performance planning and review system, 3. the provision of rewards and recognition in 3 forms -- dollars, development, and distinction -- clearly linked to performance, 4. participation and teamwork, 5. coordination and cooperation among all organizational units, 6. formal support systems, including technical
assistance and personal assistance, 7. human resources development to improve employees’ skills and competencies, and 8. an effective relationship of the firm to the external environment -- both operationally and strategically.

Yuchtman et al., (1987) had described that the systems resource model defines organizational effectiveness in terms of its (the organization's) bargaining position, as reflected in the ability of the organization, in either absolute or relative terms, to exploit its environment in the acquisition of scarce and valued resources and how they utilize these resources.

Bedeian et. al., (1987) had explained that the resource acquisition approach to measure organizational effectiveness is appropriate when inputs have a traceable impact on results or output. The internal process approach is appropriate when organizational effectiveness performance is strongly influenced by specific process. The strategic constituencies approach is appropriate when powerful stakeholders can significantly benefit or harm the organizations.

Many studies namely Hart, (1992), Lee and Choi, (2003); Venkatraman, (1990) advocate that organizational effectiveness is more complex in terms of description and dimensions than aggregated measures can capture. Selz (1993) had explained that resources acquisition relates to inputs rather than out-puts. Organization is deemed effective in this regard if it possesses necessary factors of production such as raw material, labor, capital and managerial technical expertise. Other researcher had recommended a multidimensional approach to assessing the effectiveness of modern organization. It means no single criteria are appropriate for all stage of the organization’s life cycle. Nor will a single
criterion satisfy competing stakeholders. Well managed organization mix and match effective criteria to fit the unique requirements of the situation. Managers need to identify and seek input from strategic constituencies.

The most admired corporation survey Fortune magazine applies the following eight effectiveness criteria: quality of management, quality of product and service, innovativeness, long term investment value, financial soundness, ability to attract develop and keep talented people, responsibility to community and the environment and wise use of corporate asset. (Welsh, 1994 and Farnham, 1994). Robert Kreitne et al., (1995) had contended that how effective are you? If someone asked you this apparently simple question. You would likely ask for clarification before answering.

Models of organizational effectiveness are defined in a different way. The resource-system model developed by Seashoe and Yuchtman, quoted by Hall (1996), defines effectiveness of an organization as the ability to exploit the environment when acquiring scarce or valuable resources to support its operation. Whereas the goals model proposed by Etzioni defines effectiveness as the degree to which an organization reaches its goals, pointing out that complexity arises when one understands that most organizations have multiple goals (Hall, 1996).

James et al., (1999) points out that managers, and those who are interested in knowing if the organizations operate efficiently, can focus only on one or on all the three perspectives of efficiency: individual effectiveness, group effectiveness and organizational effectiveness. The author emphasizes the performance of the tasks of specific employees or members of the company. The tasks are part of the jobs or positions in the company. Managers constantly evaluate individual effectiveness through
evaluation processes of execution of tasks in order to determine who should receive salary increases, promotions and other types of recognition provided by the company. In general, employees work in groups, so it is necessary to have another perspective of effectiveness: the group effectiveness. Sometimes group effectiveness means just the sum of all efforts by all the members.

Organizational effectiveness (OE) has been one of the most extensively researched issues since the early development of organizational theory (Rojas 2000). Walton and Dawson (2001) address effectiveness in organizational function by using indicators such as efficiency, productivity, and profit. However, there is much confusion in the literature in general regarding appropriate definitions and criteria for assessing organizational effectiveness. Matthew et al., (2005) had explained that organizational effectiveness is the net satisfaction of all constituents in the process of gathering and transforming inputs into output in an efficient manner. He further stated it is the maximum combined utility of the primary constituents.

When we measure the organizational effectiveness, we consider some important factors such as focusing on employee orientation, the level of customer satisfaction and the most importantly organizational growth (Aydin fe Ceylan, 2009). Organizations should emphasize on enhancing the learning ability as more the organization would be able to learn, more improved behaviors would be generated that would help organizations to perform their activities more effectively (Aydin and Ceylan, 2009). An organization is said to be effective if it's achieving the affirmed goals (Noruzi fe Rahimi, 2010). Organizational effectiveness has an important impact in accelerating the organizational overall development (Aydin fe Ceylan, 2009). Organizational effectiveness is the
perception of how effective organizations are in attaining the desired outcomes, which the organization means to produce (Malik, et al., 2011). Increasing organizational effectiveness has a huge impact in boosting the development of the organization where behavioral knowledge and practices help organizations to achieve greater effectiveness and efficiency and is mostly used as dependent variable (Aydin and Ceylan, 2009). Organizational effectiveness is achieved in various forms that help an organization to flourish in various directions. It could be lesser turnover rate, higher performance level or high motivation of the employees on the workplace.

Aydin (2009) had explained that when measure the organizational effectiveness is measured; we consider some important factors such as focusing on employee orientation, the level of customer satisfaction and most importantly organizational growth. He further stated that organizations should emphasize on enhancing the learning ability as more the organization would be able to learn, more improved behaviors would be generated that would help organizations to perform their activities more effectively (Aydin and Ceylan, 2009). He further explained that increasing organizational effectiveness has a huge impact in boosting the development of the organization where behavioral knowledge and practices help organizations to achieve greater effectiveness and efficiency and is mostly used as dependent variable.

Noruzi (2010) had stated that an organization is said to be effective if it is achieving the affirmed goals. Organizational effectiveness is achieved in various forms that help an organization to flourish in various directions. It could be lesser turnover rate, higher performance level or high motivation of the employees on the workplace. Khanka (2011) had stated that organizational effectiveness is enhanced when managers
properly handle the people and resources of the organization. He further contended that there is no unanimous definition of organizational effectiveness but various terms, which are used for organizational effectiveness such as efficiency, productivity, profitability and growth.

Malik (2011) had explained that effectiveness means how organizations intend to make maximum output with minimum input of their resources. A group of people that gathers for a particular reason is usually recognized as organization and attaining the assigned results within available assets is considered as effectiveness. He further stated that Organizational effectiveness is the perception of how effective organizations are in attaining the desired outcomes, which the organization means to produce (Malik, et al., 2011). Composition of people which formulate independent business identity for some specific purpose is commonly known as organization and getting desired outcome within defined resources is treated as effectiveness. Organizational effectiveness is the notion of how effectual an organization is in accomplishing the results the organization aims to generate. Organizational Effectiveness means how organizations intend to make maximum output with minimum input of their resources. A group of people that gathers for a particular reason is usually recognized as organization and attaining the assigned results within available assets is considered as effectiveness (Malik, et al., 2011).

2.3 Managerial Creativity and Organizational Effectiveness

Some of the more powerful uses of Organizational Creativity and its applications are for organizational design, change management, organizational restructuring, reengineering and/or restructuring an existing organization, organizational transformation and any other
activity which requires organizationally doing business in a new or
different way as a result of changing world conditions. In essence, it is
about accessing and bring truly creative ideas and innovations into
existing organizational dynamics.

However, it is also very effective for program management and
stable work condition to motive employees, improve quality and
performance, its strength lies in conceptually orchestrating the
organization for change and the unexpected. Since the Organizational
Creativity approach is focused on creativity and working with the
unknown, it is extremely effective for unknown situation like change and
emergency or upset operations.

Since Organizational Creativity can be used to create an
organization where both the creative spirit is nourished and the needs of
the workplace are met it can also be used to help guide career changes
and life transformations both individual and organizationally. Relative to
this fact, whether applied individually or organizationally, organizational
Creativity helps to establish clarity as to the direction individuals needs to
go in their life and the action they must undertaken.

Individual can come to understand it is possible to create a
workplace where the creative spirit is nurtured and/or perform a job that
nurtured their creative spirit. It is possible to both nurture their creative
spirit in the workplace and successfully achieve the organizational
mission. Once one become aware of the need to nurture this creative
spirit one will become aware of what is possible in this regard. The
individual can then begin to look and see what they may do to create a
nurturing environment for themselves and others or go to an organization
that wants to create such an environment.
The next thing is to become aware of the types and kinds of things that make or don’t make nurturing environment in an organization and an understanding and idea as to the obstacles and problems facing an organization relative to embracing truly creative solutions. The individual benefits in understanding what they face it trying to bring a creative energy into the organization is more often than not, not personal. Rather, it is simply the result of nature of an organization.

The creative climate encourages people to generate new ideas and helps the organization to grow and increase its efficiency and at the same time it enables members to generate and implement creative ideas more effectively (Ekvall et al., 1983). According to the ‘investment theory of creativity’ put forward by Sternberg and Lubart (1991) creative individuals are characterized by taking up ideas with high development potential at a time when these ideas are still largely unknown or relatively unpopular or even disrespected by others. Creative individuals stick to their idea and make an effort to convince others of the usefulness of their idea in order to put it into practice eventually. Thus, creative behavior requires specific personality traits, intelligence, knowledge, specific thinking and working style as well as motivation on part of the ideator (Amabile, 1988; Sternberg & Lubart, 1996; Patterson, 2002).

Shalley, (1991) had stated that creativity in an organizational context is the conceptualization and development of novel ideas, products, processes or procedures by individuals or a group of individuals working together. The intera actionist model (Woodman, Sawyer and Griffin, 1993) assumes that creativity is phenomenon that is affected by situational and behavioral factors in particular emphasizing the interaction among individuals, groups and organizations. Creativity fills one gaping hole and our need to communicate to create new ideas and
new knowledge. The term knowledge is used here in its broadest sense, to encompass what we call knowledge, expertise, skills and information (Faulkner, 1994, 426)

An organization’s success and survival depend on its capability to create new knowledge and innovation. Knowledge is an organization’s most valuable resource because it embodies intangible assets, routines, and creative processes that are difficult to imitate. According to Nonaka and Takeuchi (1995), successful companies are those that consistently create new knowledge, disseminate it widely throughout the organization, and rapidly include it in new products. The core idea of the model is that knowledge is created through the interaction between tacit and explicit knowledge” (Nonaka & Takeuchi, 1995 p. 62). Leonard (1995) considers mechanisms for importing and absorbing knowledge, transferring knowledge across the organization, and developing new knowledge bases. She also introduces the notion of “creative abrasion”, where different knowledge bases are brought together through open discussion between individuals with different perspectives. If the potential conflict is successfully managed, it could lead to new, creative and exciting ideas.

Amablile et al.,(1996) suggested three broad organizational factors, related to creativity and innovation in organization “(1) Organizational Motivation to innovate is 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 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.” (Amabile et. al., 1996, p. 1156).

According to research, Amabile et. al., (1996); Milliken and Martins, (1996), that work groups conducive to creativity have diversely skilled members, an openness to new ideas, inter-personal trust, commitment to the work, and communication where members constructively challenge each other’s ideas. In particular, diversity in group composition provides potential for innovation (e.g., Johansson, 2004; Paulus, 2000). Innovations involve the challenge of enabling renewal based on diversity and facilitating the integration of knowledge in a creative way. Job characteristics that relate to creativity, including complexity, autonomy, variety, and feedback, also support creativity at work place. Also supportive leadership is positively related to employee creativity (Oldham & Cunnings, 1996). Leaders may provide encouragement for creativity by valuing individuals’ contributions and showing confidence in the work group (Amabile et. al., 1996).

Drazin, et al., (1999) found that the relevance of continuous interaction processes in creativity aimed at establishing the common patterns of references and shared meaning necessary to overcome moments of crisis in collective actions. Williams et. al., (2000) had found that organizational requirement for innovation include: creativity, experimentation, internal communications and learning. It will be shown that the formation of close feedback loops between designers, developers and users can contribute significantly to the identification of new ideas and the developers, non-specialist actors such as users and intermediaries play an active role in providing knowledge to increase creativity by fitting products to their purpose and imparting significance. The product is considered ‘unfinished’ evolving and acquiring its meanings in its implementation and use.
Bhardwaj and Menon (2000) had stated that the study finds that organizational creativity mechanism and individual creativity mechanism can lead to innovation in companies. The study suggests that high levels of organizational creativity mechanism led to significantly superior innovation performance that low levels of organizational and individual creativity mechanism.

Taggar (2002) had found study shows that although it is necessary for a group to contain members who are creative, team creativity-relevant processes that emerge as part of group interaction are also important. Indeed, without this latter type of behavior, the benefits of putting together a group of highly creative individuals are neutralized.

According to de Jong and Kemp, (2004); Parzefall, et. al., (2008) creativity at the organizational level can in general be divide into two categories: the characteristics of the members of the organization and the characteristics f the organization that facilitate and nurture employee creativity. An employee’s engagement in innovative work behavior requires the employees to be both able and willing to be innovative. Employees may exhibit creativity by developing new knowledge, advancing technologies, or by making process improvements that will lead to innovation. Employee innovativeness can be defines as engagement in innovative behavior related to the innovation process.

Shalley and Gilson, (2004) had found that to remain competitive, organizations need their employees to be actively involved in their work and try to generate move and suitable products, processes, and approaches. Creativity is the component that enhances the organizations’ ability to retain their competitive advantage as well as to stay ahead of their competitors. For this type of organizations, the ideas and insights of their employees are of crucial importance.
Perez-Freije and Enkel (2006) argue that the degree of an organization’s need for creativity depends on how fast the industry is changing. To get the balance between freedom and flexibility compared to managerial possibility to ensure that a project is moving in the desired direction is not easy, especially in rapidly changing environment. According to Hargadon and Be-chky (2006) the study confirms the relevance of investigating the processes that lead to significant and valuable collective creative result and demonstrated that four sets of interrelating activities foster collective creativity (help seeking, help giving, reflective reframing and reinforcing).

Organizations operating in highly competitive and pressured markets show a stronger relationship between creative achievement and climate, compared to organizations operating is less competitive markets and there appears to be a stronger correlation between creative climate and innovative output in low capital intensity organizations (Hunter et. al., 2007). Appreciation of the creative staff and rewards and incentives to encourage them promote creativity. The delay in the award or denial or the suppression of individual motivation or willingness to achieve the main goal of the organization decrease the creativity. In order to encourage worker who are creative and innovative there is need be set up groups in creative thinking.( Rezaeian ali, 2007).

Today’s business world thrives on creativity and innovation in climate of uncertainty, volatility, and continuous change. As more organizations vie for significance in the global marketplace, creativity and innovation have become the most important factors in establishing and maintaining a competitive advantage (Meisinger, 2007). As organization become more complex and are confronted with increasingly difficult challenges associated with globalization, technology, risk management, and driving innovation, the entrepreneurial role emphasized become more important than ever (Handfield, et.al.,2009).
According to Nayak (2008), a major limitation of the individual creativity research is its reliance on studies of the psychology of the creative person. Researchers have uncritically drawn on creativity studies that are based on artists, poets, and children to see whether organization have an impact on creativity. By posing the question in this manner, researchers have axiomatically constructed the organizational setting as inhibiting creativity. In other words, they assume that out-side the organizational environment, creativity would have flourished. Nayak (2008) investigated creativity in a large UK supermarket retailer undergoing major change and transformation. His findings show that in a creative organization, managers rely on their own values and beliefs. Awareness of personal can contribute towards a better understanding of how and why a reconstruction of an organization along creative lines may succeed or fail.

A constructivist view of knowledge focuses on the intra organizational processes through which new knowledge is generated and has highlighted the importance of both social practices within which new knowledge is created and social interaction through which new knowledge emerges (Tsoukas, 2009). Girdauskien et. al., (2010) had stated that creative organization is able to combine effectively two confronting poles-artistic individual nature and the manufacturing activity. Creative organizations –is a modern culture enterprise, that seek economic benefits employing its workers’ creativity, knowledge, and implementing innovations (Ensor, et. al., 2006). Creativity organization is creative in process, products and personnel, as well as the work environment and work culture, even the first word of the name is directly associated with the creativity, that often is identified in talent or artistic flair, as well as lateral thinking, knowledge and skills achieved through both generated and competence. Creativity organizations’ primary goal is to ensure the continuous creativity.
To survive, all organizations need new thoughts and ideas are innovative and fresh. Creativity and innovation are so mixed together that give the definition independent of each is difficult. The very survival and continuity of the organization depends on taking advantage of the creativity of staff and management. The phenomenon of creativity can be learnt and it can be established and reinforced in all staff and in guiding the organization and control. In other words, the creative process can be systematically taught and systematically the organization will use it to solve problems (Marzieh zere nazari, 2011).

According to Bissola and Imperatori (2011) that creativity is not only about creative genius, and designing potential for creativity is not an matter of linear correlation but includes more sophisticated and integrative approach according to which individual creative skill, team dynamics and organizational solutions interact with each other to produce a collective performance.

According to Beheshtifar and Zare, (2012), role of organizations are inevitable to improve any country, and according to Wall, a successful organization is one which could adapt itself to environmental changes during a long-term, create a purposeful management structure, and develop key competencies and human resources the efficiency and the effectiveness of the organization but it acts as a sheer source of competitive advantage which is inimitable (Mosadeghrad, 2003). Considering this fact organization’s success based on employee’s creativity.

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