

Creative Society- Space for Development of Company Innovative Potential

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Abstract The paper discusses the contemporary concept of the so-called creative society and its capacity to become one of future platforms for the development of the companies' innovative potential. The key capability for economies and regions to remain competitive is to attract, cultivate and motivate groups of creative people. The authors emphasize that there are many such interested groups and individuals, the so-called stakeholders, in the undertaking's environment with which the undertaking interacts. Research into these key creative groups and their interactions creates a space for the innovation of offers of the undertakings. A competitive advantage gained by establishing and developing relationships with these individuals or groups of stakeholders offers itself particularly in sections of accompanying services that constitute at present an important part of the undertakings' offer.

Keywords - creative society, industrial market, creative class, stakeholders, innovation, product offer development, Czech Republic, research

I. INTRODUCTION

In recent years we have heard a lot about the transition from the industrial society to the information society, later about knowledge society and knowledge economy. The current economic crisis has accelerated the search for other, new approaches that might resolve the society's accumulated problems. People are losing faith in established systems that have failed them. The critical state of the contemporary globalized society is a matter of concern for members of the academia, economists and politicians. They are searching for new non-traditional solutions to the contemporary situation. The idea of change and of developing new economic paradigms based on the creativity principle is now in the forefront. One of the theories develops the idea of a creative society based on the creative class (Florida, 2002, 2005). While in the past the wealth of regions came mainly from natural resources whose location does not practically change in time, the principal asset at present are creative people with a great mobility potential. For economies and regions to remain competitive, the key capability therefore is the ability to attract, cultivate and motivate that very group of people.

Mitchel Resnick, professor at the Massachusetts Institute of Technology (MIT), prefers the creative concept of the society. He insists that the success in the future for individuals, communities, companies and nations will not

depend on how big the country is or what natural resources it has - they are exhaustible - but on how much we know, on our ability to think and act creatively. Resnick's concept has been accepted in the United States and is beginning to taken root also in Europe, and the term "era of creativity" is now being coined for our time. Derived from it is a newly defined specific segment of the economy called the creative industry or the economy of culture. Success in the future (for individuals, society, companies, for the entire nation) will not depend on how much we know (our knowledge) but on our ability to think and act creatively." He gives a new content to the word "creativity" thus accelerating a new paradigm of thinking (Giboda, 2009).

The European Parliament and the Council of Europe have declared 2009 the "European Year of Creativity and Innovation". Their decision stemmed from the realization that of creativity communities - both in the area of culture as well as in the areas of technology and commerce - were not properly interlinked. The bringing of the two worlds together in many areas, at schools, at universities, in private and public organisations, is to be the contribution of the European Year of Creativity and Innovation. It is especially universities that, in a broader economic context, are substantially more important as sources of creativity and talent than as sources of new technologies.

In the Czech Republic, the European Year of Creativity and Innovation was literally translated into Czech as the *Evropský rok tvořivosti a inovací* (2009). As one of the events of the Czech Presidency of the EU, the international conference Forum for Creative Europe was held in Prague, where convincing arguments were presented that culture and creativity make a significant contribution towards social and economic growth. In his speech at the forum, the Czech Minister of Culture Václav Jehlička said that "*The need for new creative approaches usually comes to the forefront whenever the entrenched mechanisms, including financial ones, begin to fail. The current economic situation is a veritable incentive to search for new solutions, for which there is neither enough will nor motivation at the time of relative abundance. This is a chance to make use of the creativity potential that emanates from the arts and culture.*"

From among Czech authors, Cikánek (2009) and Kloudová (2008, 2009) are the ones who develop the concept of creative economy, society and creative industry most consistently. According to Kloudová (2009), "creativity has been perceived as a new type of competitive advantage in recent years. It is a matter of creativity-based competitiveness. Because creativity and its connection with learning and experience are commonly considered a condition for the inception and development of innovations, the emphasis on creativity itself becomes a basis of a completely new direction with a potential to set up a new economic paradigm, the so-

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called *creative economy*." New approaches to the development of methods, theories and concepts of competitiveness need not be based on traditional approaches (Zich, 2008). On the contrary, it is non-traditional approaches, creativity, that stimulate new ideas which generate the highest added value in advanced economies.

II CREATIVITY AND INNOVATIONS

Creativity presents, brings forth, provides raw intellectual material – thoughts, concepts, identification of problems and new discoveries that may in the future turn into new theories, approaches, means, tools, products and services, which may in turn become the basis for innovations. Creativity is the ultimate product of imagination. Artistic creativity is only one form of human creativity, and the functions of the art and of the artist change. The artist becomes part of the production team: artist (the art), technologist (science), manager (commerce) (Giboda 2009).

Innovation is the implementation and social transformation of discoveries made by creativity. The European Commission defines innovation as the revamping and broadening of the range of products or services and markets associated with them, the development of new methods of production, supplies and distribution, implementation of changes in management, labour organisation, working conditions and labour skills. According to a glossary (2009), *innovation* is a continuous development of new products and services, or improvement of existing products and services rendered, production technologies, organisation of labour, improvements in management that give the entrepreneur certain competitive advantages and make it possible for him to strengthen his market position. The basis of innovativeness is the ability to see the relationships, take note of opportunities and exploit them. A company is innovative if in all respects it thinks and acts differently from others, but it is not only a question of good ideas; rather, it is a combination of good ideas, motivated workers and an instinctive understanding of what the customers want." (Branson, p 64, 1998, in Tidd, Bessant, Pavitt, 2007).

Creativity has to do with the search for ideas when developing new imaginative offers (products). "Creativity is not simply an attempt to do something better. Without abilities, productive and original thinking we are unable to optimally process the already stored information and experience that find themselves trapped within old patterns, ancient concepts and perceptions." (de Bono, 1996, p 16 in Trommsdorff, Stenhoff, 2009). New ideas should be produced based on a harmony between technical possibilities and market needs. Even a creativity product may be elicited by the market or a field of technology A creative solution can be characterized as something non-standard, truly new. Creativity is ascribed especially to artists - painters, composers, script writers, novelists, musicians, to the "creative ones" in advertising, to those who absolutely do not conform, to those who think differently. Creativity is not limited to arts and non-conformism (de Bono, 1996, p 30 et seq. in Trommsdorff, Stenhoff, 2009). Various new associations have recently been established that are trying to

enhance the importance of creativity for the economy and the society. Drawing on the theory and their own experience, the so-called association of renowned creativity trainers, entrepreneurs and university teachers (Darmst adter kreis-Initiative fur Kreativitat) produced twelve maxims of creativity. For this paper, the following ones are particularly important:

1. Encounters with other branches of science and experience generally tend to produce original procedures that are more far-reaching than those produced by continuous specialist training in some narrow field of issues.
2. Creative abilities are stimulated and strengthened in constructive groups.
3. The use of creative techniques can help increase the number, originality and quality of thoughts and ideas.
4. Creativity is a source of all innovations, substantially contributes towards prosperity and the quality of life.
5. Creativity is an inexhaustible source of energy, it is a spring that never dries up.

III SOURCES OF INNOVATIVE IDEAS

An identification of the sources of innovative ideas is very important for the entire process of innovations. When searching for ideas, we distinguish between external and internal sources. One of important internal sources is, e.g., company employees. New product development is done by research and development departments, which have in recent years been abolished in a majority of undertakings for reasons of economy. Many ideas in the heads of employees might be exploited. Although the costs involved are significantly lower than licence fees, companies practically do not use that potential at all. The contemporary trend calls on companies to start recognizing such untapped resources. External sources include, for instance, publications in specialist journals, online and offline databases, information published by the patent offices, technological and invention trade shows, licences, company acquisitions, cooperation, suggestions from advisors, new laws and regulations, activities of competitors or the changing social values establish a sufficiently broad basis of thoughts and ideas for a new product (Alam, 2003, p 301 in Trommsdorff, Stenhoff, 2009). An excellent source is customers and their suggestions, which can be obtained through sales representatives, from requests and complaints, by market research, or by directly involving customers into the process of generating new ideas. The resolution of currently existing problems may be another source of innovative ideas. An example of it is the so-called Osborne's Checklist, designed by the American advertising consultant Alex Osborne (1953). The method is commonly used under the name of brainstorming or a verbal checklist. A special form of stimulating ideas on the basis of existing solutions is the so-called Reverse Engineering, when an existing product or a competitor's exceptionally successful product is subject to a detailed analysis and possibilities for their further improvement are studied. Regelbrecher-Disruption method goes even a step further. It focuses on the existing solution of problems but it purposefully tries to evade the rules: ideas may be hiding where nobody is expecting them. In the first

step, conventions are identified: what written or unwritten rules are there on the market? The next step is to consider what would happen if those rules were broken (an example is the convention that ice cream sells only in summer. The breaking of the rule worked well- Mövenpick's winter ice cream has been a success on the market for several years. Another way of looking for innovative ideas, besides orientation to existing solution to the problem, is to use expertise and experience from other disciplines.

VI UNDERTAKINGS ON INDUSTRIAL MARKETS AND SOME ASPECTS OF CURRENT SITUATION

Successful operation of undertakings depends on many factors whose identification has been in the centre of attention of both theoreticians and practitioners for a long time. Turbulent environments, mounting competition, increasing demands of customers and other stakeholders, dynamism in development and rapidly obsolescent technology and products force the management and owners of companies to search, among others, for new business approaches that would guarantee success of their operations not only on domestic markets but also success of their penetration onto European, world and global markets. The development of knowledge and technologies, burgeoning of high-tech companies that are globally oriented from their inception has a significant impact also on competitiveness of Czech traditional industries.

The Czech economy is a small and a relatively saturated market with a relatively high degree of industrial specialization. For that reason it is certainly necessary for seek new approaches that enable the traditional industries to survive under these circumstances. The growing importance of the tertiary, i.e. the service, sector is a major world-wide trend that has in recent years been observed also in the Czech Republic. Although the Czech Republic's economic structure does not yet correspond to economies of the Western type in its composition, the tertiary sector is gaining a more and more important position within the Czech economic structure. The moderate growth rate of the services sector in the Czech Republic has been caused by the traditionally strong position of the industrial manufacturing sector. Industrial manufacturing nevertheless offers, on the other hand, an opportunity for the development of the so-called business related services (BRS). Although industrial production has demonstrated some growth recently¹, the growth is mainly driven by companies under foreign control that are gradually begin to dominate the industry and whose production is intended mainly for export. It follows from the analysis of economic sources, specialized publications, analyses and reports from previous surveys that the key problem of Czech industrial companies, in spite of application of new methods and approaches, is the area of strategic management and the coordination of commercial and marketing activities. The above and certainly also many other reasons are an invitation to seek possible solutions to problems related with the identification and resolution of some selected tasks in

coordination and interconnection between the marketing and commercial activities of industrial companies and the area of accompanying services related to industry, as offered by the innovative space.

It follows from the current state of knowledge that, given the present-day competitive environment, it is inevitable, as part of strategic marketing management, to adopt an active approach to markets, to respond to current, potential and latent needs of customers and key stakeholders in a novel innovative manner. Contemporary marketing concepts, where relationship marketing and market orientation are among the most prominent, transform and shift the starting points of traditional marketing onto a new, qualitatively higher level. By doing that they reflect the needs of contemporary practice characterized especially by a more thorough focus on information, relations and processes viewed in the context of understanding and maintaining market relationships and satisfying stakeholders, which opens up new possibilities for the implementation of accompanying services, especially in the area of the sale of the company's own market production.

It is a well-known fact that the sector of services, both distribution and business ones, network industries or even the so-called services of public economic interest, hides in itself an unquestionable growth potential². What makes this information particularly interesting is the fact that economists consider further development of services market as inevitable and their cross-border supply as a new driver for the economy of many countries. Particularly the lower ratio of services with a higher added value continues to be the gap in the markets for the entry of new companies into the sector. As far as the situation in the Czech market of services, the situation is very much the same. In this respect, the market is developing but it is far from completely saturated. In spite of this, there are enough strong companies operating on the Czech market for which the Czech market is already now too small and for them cross-border supply of services makes an attractive proposition.

Summary of aspects of contemporary situation in the industrial markets

The world-wide growth potential trend of the tertiary sector also affects changes related to industrial markets and suggests that it is an area that deserves an increased attention. This is corroborated by, e.g., the following trends from a current analysis of situation in the industrial sector:

- ✚ A decrease in new orders in the industrial sector in general;
- ✚ An increase in revenues of foreign investors from industrial production;
- ✚ The focus of Czech industrial undertakings mainly on the domestic market;
- ✚ Increasing competition - pressure to make changes in manufacturing systems, organisational structures, the growing role of information and communication technologies and expertise, discovery of new types of services, pressure to innovate, etc.

The main challenges include especially:

- ✚ Opportunity in business related services sector - a direct effect on the competitiveness of the industry is expected;

¹ In the first half of 2006, the rate more than doubled to 11.9%.

Source: Analysis of the development of the Czech Republic economy and sectors administered by the Ministry of Industry and Trade in the first half of 2006. Available at www.mpo.cz

² Source: Ministry of Industry and Trade. Available at www.mpo.cz [online] [17.10.2007]

- Internationalization - opportunity for cross-border supply of services;
- Opportunity in the possibility to incorporate and integrate BRS into every step of the value chain;
- Closing of the classical gap between an industry and services;
- Growing representation and importance of SMEs in the sector of the so-called market services (in the sub-category of business-to-business services - expansion of distribution and commercial services);
- Single internal market and greater openness of the EU towards investment trading;
- Greater EU attention to the impact and benefits of commercial policies emphasizing support to competitiveness (open domestic market for the provision of cheap inputs, stimulation of technical progress, adequate access of domestic producers to third markets, guarantee of procedural correctness of resulting business transactions, etc.);
- Exploring possibilities in the area of selling one's own production, which may stimulate further demand for services, etc.

The following might at present be included among the main factors of rapid growth in industry:

- major foreign demand mainly for products of the automotive and electrical engineering industries;
- increase in production in new manufacturing and assembly facilities, especially in the means of transport and electrical engineering industries;
- production increase in the manufacture and repair of machines and equipment, especially for the energy industry;
- continuing recovery in the sector of manufacture of basic metals, metallurgical and metal working products;
- stable situation in meeting the energy requirements, particularly in power engineering.

VII IMPORTANCE OF STAKEHOLDERS FOR INNOVATIVE DEVELOPMENT OF COMPANY OFFERS

The strategic importance of establishing and building relationships with employees and other entities from the company's environment is being underlined in connection with the increasing value provided by the principal recipient (i.e. the customer). **The result of the contemporary dynamic environment is an ever more sophisticated customer who requires comprehensive solutions for his needs and requirements in the form of products and services.** In industrial market situations it is also expected that companies will offer packages of high-quality accompanying services together with their products. Increased emphasis on market orientation and the spread of networks of mutual relationships in the implementation of corporate activities is to a great extent connected with the growing importance of the human factor, human knowledge, abilities and skills that affect the quality of company's plans implementation. In the case of industrial companies, which find it much more complicated in today's competitive environment to gain a competitive advantage by product differentiation, the key to competitive success are broader and better quality services. This is closely connected with strategic marketing decisions on the selection

of target markets, the offers made and the placement of offers in those target segments.

The space for getting new ideas to innovate the offer of companies can be found by investigating relationships with key stakeholders. A survey was made (Šimberová, 2008) to identify key groups of stakeholders at industrial markets, and relationships of companies with those groups of stakeholders were then monitored.

Identification of key groups of stakeholders and their importance for company market success

It is clear from the diagram below (Fig. 1) that in spontaneously offered lists of entities with which companies maintain long-term relationships, the key groups predominated in the following order: customers, suppliers, financial institutions, state government authorities, local government authorities, employees and competitors.

The processing industry survey set in the questionnaire did not include spontaneous answers, and respondents were asked to arrange the offered set of stakeholder groups in the order of importance (1 - the most important, 13 - the least important). The question was asked more specifically and its objective was to have the stakeholder groups arranged in the order of their importance for the company's operation.

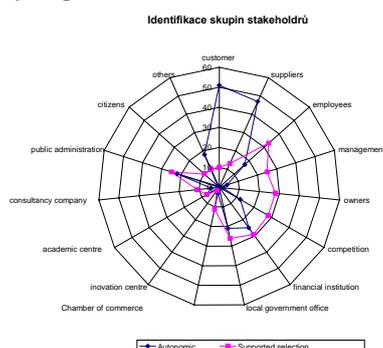


Fig. 1: Identification of stakeholder groups (sectors: industry, commerce and services)

The results are shown in the diagram in Fig. 2. Customers rank first, followed by employees, suppliers, management, owners, financial institutions, centres of innovation, local and state government authorities, consulting companies, chambers of commerce, with the local community being in the last position.



Fig. 2: Identification of stakeholder groups (sector: processing industry)

CONCLUSIONS

From the point of view of the results already obtained (Šimberová, 2008), the important fact seems to be the **shift in the perception of undertakings regarding the understanding of the importance of other key stakeholder groups** besides customers and suppliers. It is particularly the underscoring of the importance of stakeholders who make up their so-called internal markets (employees, management), where we can also include owners who create, but also financially interested entities. It is also important not to forget the role of other interested parties such as financial institutions, competitors, academic centres, and local and state government bodies. On the other hand, generally little importance is attributed to entities like, e.g., chambers of commerce, consultancy companies, local community, developing innovation centres and probably some more entities that were not identified in the research.

The reasons that lead undertakings to establishing and developing relationships with these entities are logical and follow from the economic nature of doing business, the main thing is the financial benefit and other reasons that influence its growth (customer loyalty, company image). Other results regarding the reasons for the building of relationships with different stakeholder groups are also quite interesting and might serve as an *inspiring potential in managing relationships with those stakeholders*.

A big group of services provided mutually in both directions between all groups of stakeholders (undertaking to stakeholders or stakeholders to undertakings) are the so-called information services, consultancy, and financial and commercial services. These services, together with other services such as servicing and training services, seem to offer a great potential for the development of mutual relationships. From the undertakings' perspective, the development of such services is important particularly for the building of mutual relationships with customers, suppliers, management, employees, owners and financial institutions. The utilization of that information for corporate practice will require further study of the issues.

The creative society paradigm expands the space for the investigation of stakeholder relationships in the company's environment. In recent years, the fact that social and economic progress is not bound to only innovations in the realm of technologies but that it is connected with the so-called non-technological types of innovations, is beginning to prevail. The ability to generate new ideas, to go beyond the limits of mere product functionality and the art of managing and implementing visions generated by creative talents is a potential that offers itself to exploitation. Creativity presents, brings forth, provides the raw intellectual material – thoughts, concepts, identification of problems and new discoveries that may in the future turn into new theories, approaches, means, tools, products and services, which may in turn become the basis for innovations. For innovations, as mentioned earlier, encounters with other branches of science and experience are absolutely essential, they generally create original procedures that are more far-reaching than those achieved by continuous specialist training in a narrow field of issues. Creative abilities are stimulated and strengthened in constructive groups. The use of creative techniques can help increase the number,

originality and quality of thoughts and ideas. Creativity is a source of all innovations, substantially contributes towards prosperity and the quality of life. The focus of further research on the identification of key creative groups from among company stakeholders and their inter-relationships opens up a new unexplored space for the innovation of undertakings' offers. The starting point might be the previous research and methodological procedures from surveys already conducted (Šimberová, 2008).

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