

## Organizational Creativity and Competitive Advantage: A GCC Perspective

Dr. Fawaz Ali Thawabieh, Muhammad Saleem and Mohamed W Hashim\*

University of Buraimi, Al Buraimi, Sultanate of Oman

### Abstract

Nation, society or organization's prosperity depends on how creative and innovative the human assists they possess. It is widely believed that human creativity is one of the main sources of gaining sustainable long-term competitive advantage for an organization or a Nation. Low oil prices has continued to weigh heavily on the GCC (Gulf Cooperation Council) economies and forced these countries to diversify its economy and become less reliant on crude oil. In this context the need for creating a society that is creative and could use its creativity to innovate in the different sectors will be critical of its future success. This article shall discuss what creativity is and its evaluation and highlight the need for creativity in organization and how they could gain a competitive advantage. The authors have further investigated the present status of Innovation in the GCC counties by considering the Global Innovation index report 2015.

**Keywords:** Creativity; Competitive Advantage; Barriers to Creativity; GCC

### Introduction

Creativity is considered as one of the most valued commodities in business, science and in every day human exercises. It is argued by Franken [1] that the reasons individuals are propelled to be creative are three fold, first being Need for something new and stimulating, which motivates individuals to seek new things in terms of new products and services. The second is the need for individuals to impart thoughts and qualities and finally the need to resolve problems that they face on a daily basis.

This paper will discuss what is creativity, why is it important for an organization, how will it help to gain a competitive advantage for an organization in today's competitive markets as well as the barriers to creativity and creativity in the Gulf Cooperation Council (GCC) counties.

### What is Creativity?

It is believed that the English word creativity comes from the Latin term *creo* "to create, make".

Historically the concept of creativity was used to explain the creation and existence of the world. The concept of creativity for a long time had been understood as a divine act where only god had the privilege to create. According to Plato the Greek philosophe, only god had the ability create and the entire earth was just a imitative workmanship.

In the Renaissance period, human creativity and innovativeness was likened to God the Creator. However in the sixteenth century thinking changed where creativity was thought to be limited to areas such as artistic and philosophy and Innovators and researchers were not depicted as inventive individuals. The thinking totally changed in the twentieth century, it was recognized that everyone was capable of innovativeness and creativity and can happen in different fields: science, workmanship, family unit, correspondence and others [2].

Amabile [3], defined creativity as "the generation of novel and helpful thoughts by an individual or a little gathering of people cooperating". According to this definition any thought or idea that is helpful or in other words help solve a problem can be considered as creative. This is significant because it broadens the scope in which a person or grope of people can be creative and that creativity need not be a game changing idea but rather can be a simple idea that solves a simple problem faced in an organization or at an individual level.

We can look at creativity in another perspective, which will help

us better understand this concept. Ford [4] depicted three qualities of creativity: creativity refers to property of thought, item, and procedure, and it can be analyzed and judged; what this means is that creativity can be an idea or a concept, can take a form of a product or service, and take the form of a procedure or a combination of them.

Today it is widely believed that for something to be creative it should not only be novel, but also it must have value and help solve some problem that is faced by society.

### The Need for Organizational Creativity

Firms have grown increasingly dependent on innovation and creativity to compete and survive [5]. Creativity is one of the elements that helps achieve organizational success along with research and development, employee knowledge, experience and qualifications [6]. It could be argued that creativity is not only a way an organization can gain a competitive advantage, but rather a mean to build a sustainable competitive advantage that will ensure the organizational success in the long-term. The relationship between creativity and success can be explained by the relationship that exists between creativity and innovation. Creativity when implemented ultimately leads to innovation [7]. Innovation is what really grants an organization the competitive advantage.

### Creativity impacts in NPД

Organizations are known to utilize the creativity of its employees in many ways such as in new product development, providing unique customer experiences and revitalizing existing products by which adding value to the organization. If we consider news product development, it has become increasingly important as the customers have demanded new and improved products to keep space with the changes that are taking place in the environment. These changes have been intensified with the increased rate of globalization, technological advances and as a means to differentiate ones products and services in an increasingly competitive market.

\*Corresponding author: Mohamed W Hashim, University of Buraimi, Al Buraimi, Sultanate of Oman, Tel: 00968 96146157; E-mail: [mohamed.w@uob.edu.om](mailto:mohamed.w@uob.edu.om)

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New Product development involves a complex coupling between market needs and technologies [8]. What this means is that organizations are forced to make connections between their products and the rapidly changing technologies which was not anticipated few years back. The merging technology and products can clearly see the traditional door locks market. Door locks was never considered as a high tech product as the technology has changed very little over the years. However, today we see door locks that can be operated with your smart mobile phone and does not need the traditional key to operate it. Therefore companies need to see the linkage between its products and immersing technology to develop new product to suit changing customer needs. This can only be achieved by harnessing the creativity of its employees by creating the right internal environment and organizational culture.

### Cooperative networks and creativity

Organizational creativity can play an important role in gaining competitive advantage by building cooperative networks to carryout sophisticated research and development (R&D), thereby applying “dispersed knowledge from around the world” [9]. Here the role of creativity is three fold, first is in identifying the different ways in which different elements of a globalized company can work together or unlikely industries or even rival competitors can partner together in research projects. “Applying In this regard, multinational companies gains an advantage through their globally distributed innovation networks and their ability to assimilate, generate, and integrate knowledge worldwide”. The second role will be identifying the unique and different ways in which the cooperative networks will work together share knowledge and information among them, as this is an unnatural but critical element that will make this process a success. The third role will be how the partner organizations will reap the benefits of the joint research by developing new products and commercializing them. In other words to successfully carryout research and development in cooperative networks the relevant organizations will require to think outside the box and have a clear vision by all involved [10].

## Creativity and Competitive Advantage

### An indispensable tool

In today’s dynamic business landscape, it is hard to think of an organization enjoying competitive advantage without valuing creativity and innovation. According to Dobni [11] “by not being innovative, organizations not only miss out on opportunities, but also the ability to run a more effective and efficient organization. There is a strong correlation between level of innovation and financial performance in an organization”.

### Good for all

Is the idea of innovation relevant to large organizations only? states that “the importance of innovations and necessary knowledge is generally identical for all organizations, regardless of their size and economic sector”. This helps us understanding the all-encompassing nature of creativity and innovation in today’s environment of business.

### Role in sustainable competitive advantage

Though it is important for organizations to achieve competitive advantage but the real challenge lies as to how long the organizations are able to sustain the competitive advantage under the growing competitive pressures. It is also recognized that “Employees’ creative thoughts influence innovation with shared vision and trust between them to foster innovation. Thus, innovation brings escalation, expansion

and progress in organizations. They are able to expand themselves and face the turbulent market situations as they become able to sustain for long with their change initiatives” [11].

### Barriers to Creativity

Evans [12], observes that all people are creative and that people have culturally created barriers that hinder the creativity that they possess and many of these barriers originate from the educational systems that we hold close to our hearts. It is believed that the formal educational system trains us to think judicial or logically and that there is only one right way to solve a problem. In addition the majority of the test boos also support the same kind of thinking.

Research suggest that the right and left sides of the brain are responsible for different types of thinking and that the left side is responsible for logical and analytical thinking while the right side is responsible for the creative thinking. Further it is believed that the individuals who are creative have a relatively better developed right brain; therefore, one may argue that creativity is something you are born with. However resear research as rejected this hypothesis [13]. Therefore it is being claimed that everyone has the ability to think judicially and creatively [12].

### Two groups of barriers to creativity

Barriers to creativity can be categorized into two groups, first being habits, which help us in our daily lives by simplifying things by arranging them in a predictable pattern. This conditions us to behave in a consistent manner in response to a given situation. However habits can confine our thinking and how we view the world. This conventional way of thinking may hinder our creativity as we would not attempt to think out of the box.

The second barrier to creativity is blocks [14], suggests that there are four different types of blocks: perceptual blocks, emotional blocks, cultural and environmental blocks, and intellectual and expressive blocks.

Perceptual block is where the problem solver does not have a clear understanding or perception of the problem and/ or the information that is needed to find a solution to the problem. This can take the form of the problem solver making wrong assumptions, not being able to see the problem from different viewpoints, not being able to identify the core elements of the problem. In this scenario the problem solver will be not in a position to think outside the box in a creative manner to solve the problem at hand. Machol observes that people tend to solve problems using the tools they know best.

Emotional blocks to creativity include taking risks, inability to handle ambiguity and fear of making mistakes. Evans suggests that individuals that encounter this block may prefer to judge ideas rather than generate them. Also another quality of the individual with this block is the inability to relax and put a side problems faced as they desire to succeed quickly. This quality will hinder the ability to think in a unique and creative way and will also result in the lack of control over one’s imagination.

Cultural and environmental blocks are the third type of block that hinder creativity. This block will influence the cultural patterns and our behavior. Environmental blocks will include narrow-mindedness, autocratic supervisors, distractions, time pressures, and lack of support to bring ideas into action. For an example if a employee encounters an autocratic style of leadership at work, he will have less opportunities to share his ideas and exercise his creativity.

The fourth type of block is the Intellectual and expressive blocks. This type of block occurs when the problem solver does not have the subject knowledge needed to solve the problem and also may not have an idea of the strategies and tactics that are needed to solve the problem. Another element of this block is the problem solver may be finding it difficult to express his ideas due to language issues, which will result in problems being solved in none creative ways.

## Creativity and Innovation in the GCC Context

### Who is doing better?

When creative ideas are put into practice, innovative products and services emerge. How are the Gulf Cooperation Council countries utilizing their creative reservoir for innovation, as compared among them and around the world? An analysis of the findings in the Global Innovation Index reports gives interesting insights. "The Global Innovation Index is an annual ranking of countries by their capacity for, and success in, innovation. It is published by INSEAD and the World Intellectual Property Organization, in partnership with other organizations and institutions" [15].

According to a Gulf News report published on September 20, 2015, the rankings of GCC countries in the Global Innovation Index report were as follows: Saudi Arabia topped the charts in the Gulf Cooperation Council (GCC) countries index at 43rd position (from 38th in 2014), followed by the UAE (47), Qatar (50), Bahrain (59), Oman (69) and Kuwait (77). Qatar and Kuwait dropped from 47 and 69 a year ago respectively, while Bahrain and Oman rose from 62 and 75, respectively.

### Relative strengths of GCC Countries - Global Innovation Index Report (2015)

#### Oman

According to the "GII 2015 Report Global Innovation Rankings," n.d. report [16], Oman's strengths are found in the areas of Regulatory Environment (particularly, (a) rule of law and (b) cost of redundancy dismissal, salary weeks), Business Environment (particularly, ease of paying taxes), Tertiary Education (particularly, graduates in science & engineering, %), Information & Communication Technologies (particularly, (a) ICT access, (b) government's online service, (c) e-participation), General Infrastructure (particularly, (a) electricity output, kWh/cap (b) gross capital formation, % GDP), Innovation Linkages (particularly, JV-strategic alliance deals/tr PPP\$ GDP).

#### Saudi Arabia

Saudi Arabia's strengths are found in the areas of Business Environment (particularly, ease of paying taxes), Education (particularly, school life expectancy, years), Tertiary Education (particularly, graduates in science & engineering, %), Information & Communication Technologies (particularly, government's online service), General Infrastructure (particularly, (a) electricity output, kWh/cap (b) gross capital formation, % GDP), Investment (particularly, total value of stocks traded, % GDP), Innovation Linkages (particularly, state of cluster development), Intangible assets (particularly, (a) ICTs & business model creation and (b) ICTs & organizational model creation).

#### United Arab Emirates

UAE's strengths are found in the areas of Regulatory Environment

(particularly, cost of redundancy dismissal, salary weeks), Business Environment (particularly, ease of paying taxes), Tertiary Education (particularly, tertiary inbound mobility, %), Information & Communication Technologies (particularly, (a) government's online service and (b) e-participation), General Infrastructure (particularly, electricity output, kWh/cap), Trade and Competition (particularly, Intensity of local competition), Innovation Linkages (specifically (a) state of cluster development, and (b) JV-strategic alliance deals/tr PPP\$ GDP), Intangible assets (particularly, (a) ICTs & business model creation and (b) ICTs & organizational model creation).

#### Qatar

Qatar's strengths are found in the areas of Political Environment (particularly, political stability), Business Environment (particularly, ease of paying taxes), Tertiary Education (particularly, (a) graduates in science & engineering, %, and (b) tertiary inbound mobility, %), General Infrastructure (particularly, electricity output, kWh/cap), Innovation Linkages (specifically (a) university/industry research collaboration, (b) state of cluster development, and (c) JV-strategic alliance deals/tr PPP\$ GDP), Intangible assets (particularly, (a) ICTs & business model creation and (b) ICTs & organizational model creation).

#### Bahrain

Bahrain's strengths are found in the areas of Regulatory Environment (particularly, cost of redundancy dismissal, salary weeks), Business Environment (particularly, ease of paying taxes), Information & Communication Technologies (specifically (a) ICT use (b) Government's online service and (c) e-participation), General Infrastructure (particularly, electricity output, kWh/cap), Innovation Linkages (particularly, GERD financed by abroad, %, and (b) JV- strategic alliance deals/tr PPP\$ GDP), Knowledge diffusion (particularly, FDI net outflows, % GDP), Creative Goods & Services (particularly, National feature films/mn pop. 15-69).

#### Kuwait

Kuwait's strengths are found in the areas of Business Environment (particularly, ease of paying taxes), Education (particularly, Pupil-teacher ratio, secondary), General Infrastructure (particularly, electricity output, kWh/cap), Ecological sustainability (particularly, Environmental performance), Investment (particularly, (a) ease of protecting investors, (b) Market capitalization, % GDP and (c) total value of stocks traded, % GDP), Innovation Linkages (particularly, JV-strategic alliance deals/tr PPP\$ GDP), Knowledge diffusion (particularly, FDI net outflows, % GDP), Online creativity (particularly, Generic top-level domains (TLDs)/th pop. 15-69).

## Conclusion

Economic growth in the GCC, which is already facing a slowdown due to persistent low oil prices, is expected to slow further in the short term as to the International Monetary Fund. This has forced many of the GCC countries to diversify their economies by developing existing and new sectors. For these sectors to excel in an ever changing global environment, they need to develop a competitive advantage which is sustainable. Therefore, these countries can ill afford to overlook the important contribution that creativity and innovation can provide. Therefore, National governments as well as organizations need to understand the barriers of creativity and put in place mechanisms to overcome these barriers. Some of these barriers relating to culture and the environment, they need to be addressed at the highest levels of the governments and others at the organizational level.

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