



Waterford Institute *of* Technology

An Investigation into the Relationship between  
Leadership and the Creative Capabilities of SME's in the  
Irish Retail Industry

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This dissertation is submitted in partial fulfilment of the requirements for  
the Degree of Masters in Business Studies, Waterford Institute of  
Technology

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Submitted to Waterford Institute of Technology

August 2012

## **ABSTRACT**

Creativity contributes significantly to organisational performance, growth and survival in the long term (Oldham and Cummings, 1996; Scarborough, 2011). The world, economy and customer expectations are constantly changing therefore the necessity for creativity will only continue to increase (Henry, 2001). Leadership has a major influence on unlocking and managing creativity within an organisation (Houghton and DiLiello, 2010). They also have a responsibility to promote and sustain creativity along with overcoming barriers to creativity and innovation. Due to their size, SME's are facing many challenges including limited access to finance and competitiveness (Enterprise Europe Network, 2011). They can overcome these challenges through creativity and innovation and in turn achieve competitive advantage (Mostafa and El-Masry, 2008; Powell and Dodd, 2007).

The aim of this study is to investigate the relationship between leadership and the creativity and innovation capabilities of SME's operating within the Irish retail industry. The study specifically provides a contemporary Irish perspective to add to the existing body of literature. The primary research of this study was qualitative in nature and consisted of five in-depth semi-structured interviews with managers of small and medium sized retailers.

The research findings indicate a prominent correlation with the literature review. The key findings of this dissertation indicate that there is a strong relationship between creativity, leadership and SME performance. SME's are dependent on creativity although many are not aware of this dependency. Creativity may not be expressly stated as a company priority but it is inherent in the majority of the SME's studied. Employees play a central role in idea generation and creativity but it is the responsibility of management to encourage and sustain it.

## ACKNOWLEDGEMENTS

Firstly, I would like to offer a sincere thank you to my supervisor Dr. William O’Gorman for his guidance, patience and encouragement throughout the process of completing this dissertation and for making the overall process much less daunting.

My thanks are extended to the managers and various organisations who offered their valuable time to help me to complete my primary research. Their contribution was invaluable in completing this study and I couldn’t have done it without their help.

To my friends and classmates throughout the last five years; someone once told me this while in school, “everyone says your schooldays are the best days of your life – but wait ‘til you get to college”, thank you for making that a reality. All of those college and gallery days truly were the best. Now let’s make the best of the future. Special thanks go to John for all of those tea times this year; college wouldn’t have been the same without you.

To all of my family and friends, thank you. I would especially like to take this opportunity to sincerely thank and acknowledge my Mam and Dad. I wouldn’t be where I am today without your constant encouragement and support and for being the reason why I can always look on the bright side. I really do appreciate everything that you do for me. To my sister Theresa, thank you so much for everything not just this year but always, especially the road trips, legendary cupcakes and all of the fun along the way.

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Word Count: 15, 395

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## **LIST OF ABBREVIATIONS**

SME's	Small and Medium-Sized Enterprises
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## **Chapter One**

### **INTRODUCTION**

#### **1.0 Introduction**

The introduction chapter will provide an overview of this dissertation. Firstly, the purpose of the study will be outlined along with justification for its undertaking. The research question and objectives will be presented along with the methodology used to satisfy these objectives. The contribution and limits of the study will be acknowledged. Finally, the structure of the dissertation will be specified.

#### **1.1 Purpose of the Study**

The purpose of this study is to explore how creativity and innovation are managed within Irish small and medium-sized enterprises (SME's). SME's make a significant contribution to the Irish economy; leadership, creativity and innovation are paramount to their successful performance. The study aims to provide an overview of management and leadership functions within SME's. Furthermore, creativity and innovation within these organisations will be examined. The study will provide an analysis of the relationship between each of these factors.

#### **1.2 Justification of the Study**

The subject of creativity and innovation has long been studied. Creativity is vital for the long term survival and growth of organisations (Oldham and Cummings, 1996). The ability to become more creative is becoming more important now than ever before as the marketplace and customer expectations are constantly changing (Henry, 2001). The challenge for managers is to have the ability to guide the creative process as they have a major influence on creativity within an organisation (Houghton and DiLiello, 2010). Creativity is a significant contributing factor towards the successful operation of SME's in particular (Mostafa and El-Masry, 2008; Powell and Dodd, 2007). Therefore, the study will investigate the relationship between leadership and the creativity and innovation capabilities of SME's. Much has been written regarding this subject globally and predominantly with regards to large organisations. However, very few studies have researched the topic from an Irish perspective. It is with this

mind that the author has chosen to research this topic with a focus on SME's within the Irish retail industry.

### **1.3 Research Question and Objectives**

For the purpose of this dissertation, the following research question was developed:

*An investigation into the relationship between leadership and the creativity and innovation capabilities of SME's operating within the Irish retail industry.*

In order to satisfy the research question, the following research objectives were designed to guide the study:

- To analyse the management and leadership function within Irish SME's in the retail industry.
- To ascertain the levels and importance of creativity and innovation within these SME's.
- To discover the strength of the relationship between leadership, creativity and SME performance.

### **1.4 Research Methodology**

Secondary research was completed in the form of a literature review to analyse the existing data available regarding the chosen topic. This allowed for the research question to be identified. Primary research was conducted in order to satisfy the research question and objectives. The approach to primary research was qualitative in nature allowing the author to gain an in-depth perspective of the relationship between leadership and creativity. Semi-structured interviews were used as the method of data collection. These interviews were conducted with managers in five separate SME's operating within the Irish retail industry.

### **1.5 Contribution of the Study**

In an academic sense, it is hoped that this study will add to the growing academic body of existing literature on the concept of the connection between leadership and creativity within SME's. In addition, the study may be of benefit to future students

interested in conducting further research into this area. The study will also provide new insights concerning the topic from a range of practising managers from SME's based in Ireland. The researcher anticipates that this dissertation offers an opportunity to research an area which is of particular interest thus enhancing her knowledge and research skills.

## **1.6 Limitations of the Study**

Ideally the researcher would have liked to have conducted interviews with a greater number of managers from SME's. However, due to time constraints and difficulty gaining access to respondents, this was not feasible. As a result, a smaller sample set of managers were interviewed and hence generalisation cannot be guaranteed. This was the major limitation of the study. Data gathered from interviews can also be subject to interviewer bias which could further limit the study.

## **1.7 Structure of the Dissertation**

This dissertation is comprised of six chapters as illustrated by Figure 1.1.

*Chapter One;* the present chapter introduces the topic to the reader and provides an overview of the dissertation. Furthermore, it outlines the purpose of the study and reasons for its undertaking.

*Chapter Two* is the literature review consisting of a summary of the existing data available on the chosen subject. It provides a synopsis of the management and leadership functions within organisations. Creativity and innovation are explained and the main concepts of each are explored. Finally, SME's are analysed in relation to leadership and creativity and the performance ensuing as a result.

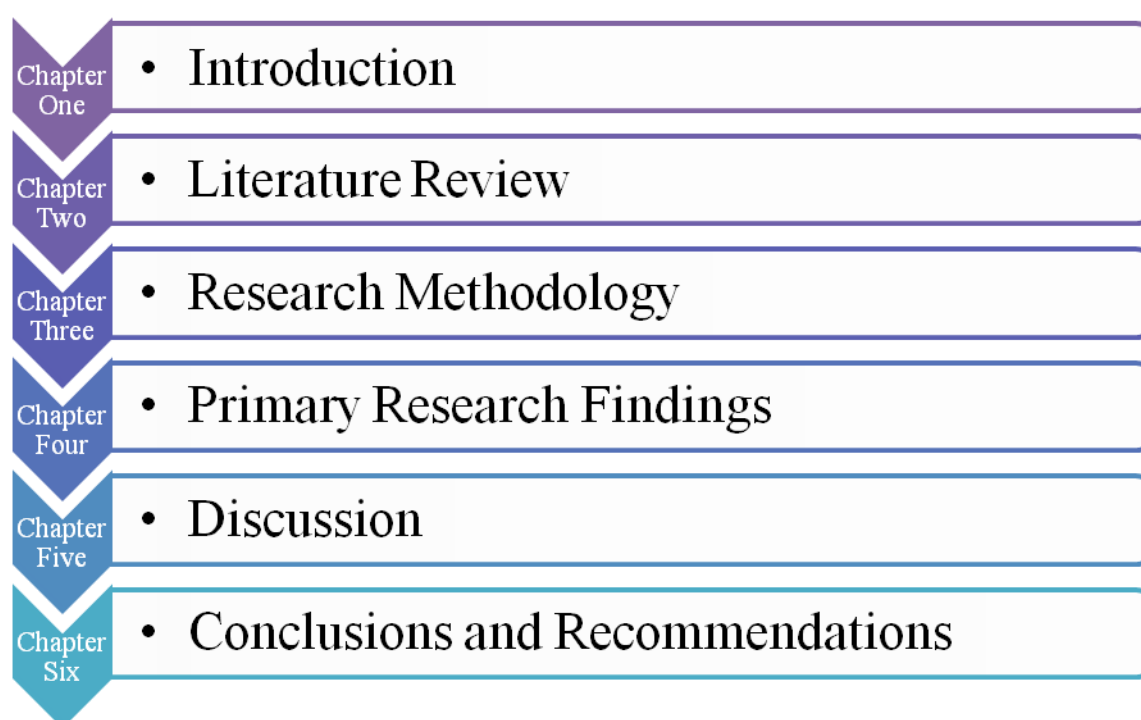
*Chapter Three* is the research methodology chapter and includes the primary research questions, objectives and methodology. The most appropriate method of primary research is identified along with operational details and the limitations of the research.

*Chapter Four* presents the findings gathered from completion of the primary research in the form of semi-structured interviews in order to satisfy the research objectives of this dissertation.

*Chapter Five* will provide discussion and evaluation of the primary research findings. The purpose of this chapter is to measure and compare the level of congruency between the literature review and the research findings.

*Chapter Six* is comprised of the conclusions of this dissertation. Conclusions are drawn from a review of the data presented in previous chapters. Appropriate recommendations will be proposed regarding both the organisations involved and areas for future research.

**Figure 1.1 Structure of Dissertation**



## **1.8 Conclusion**

This aim of this chapter was to introduce the dissertation by outlining the purpose of the study and justification of the reasons for choosing this topic. The research question and objectives were introduced. Furthermore, the contributions of the study were specified along with the structure of the dissertation and the contents of each chapter. The following chapter will provide a review of the literature on the research topic.

## **Chapter Two**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

The objective of the literature review chapter is to provide an understanding of the subject of management and leadership and an overview of organisational creativity and innovation. The relationship between both themes, leadership and creativity, will be explored. It will finally investigate the role and contribution of SME's, the importance of creativity and the challenges which they currently face.

#### **2.1 Defining Management**

Management is a fundamental element of business; Mintzberg (1989) acknowledges that management often comes to mind first when we think of organisations. Management is defined as *“the process of achieving desired results through an efficient utilisation of human and material resources”* (Bedeian, 1993). Jones and George (2008) concur and further define management as *“the planning, organising, leading and controlling of human and other resources to achieve organisational goals efficiently and effectively”*. Tiernan *et al.* (2006) agree and summarise that the key functions of management are planning, organising, staffing, leading and controlling. The main objective of management is based upon obtaining *“maximum prosperity for the employer”* and also realising the *“maximum prosperity of each employee”* according to Taylor (1947), cited by Taneja *et al.* (2011).

Managers contribute skills and knowledge, in the form of expertise, to an organisation which they apply to design its structure and culture and also to plan and direct an organisation's response to environmental pressures (Jones, 2010). They apply their skills to encourage innovation, empower, inspire and develop talent within organisations (McCrimmon, 2010). Management responsibilities include the coordination of resources and the successful achievement of organisational goals. Top management are further responsible for investing in resources in order to maximise value and ensure future output of goods and services (Jones, 2010).

The debate continues about the differences between management and leadership. According to Yukl (2010), a person can be a leader without being a manager and vice

versa. Kotter (1990) proposes that managing seeks to develop predictability and order whereas leading seeks to produce organisational change. Both roles are essential within an organisation but a balance between the two must be achieved.

## 2.2 Defining Leadership

Leadership and the task of defining the concept have generated much debate over time. Academic scholars have constructed numerous and varied definitions to explain the concept of leadership (Dubrin, 2001). Stogdill (1974) goes on to state that “*there are almost as many definitions of leadership as there are persons who have defined the concept*”. Among the many definitions of leadership, Katz and Kahn (1978) describe it as the “*influential increment over and above mechanical compliance with the routine directives of the organisation*”. Goffee and Jones (2004) believe that every leader is unique and it is this difference that others are encouraged to follow.

Rowe (2001) expands the definition of leadership and describe it as “*the ability to influence others to voluntarily make day-to-day decisions that enhance the long-term viability of the organization, while at the same time maintaining its short term financial stability*”. Furthermore, strategic leadership is described as “*the managerial ability to anticipate, envision, maintain flexibility, and empower others to create strategic change as necessary*” (Hoskisson *et al.*, 2004). Organisational creativity requires a creative leader (Hightower, 1993) and in turn supportive leadership has a positive influence on creativity within an organisation (Woodman *et al.*, 1993, cited in Klijn and Tomic, 2010).

Amongst the many definitions of leadership throughout the literature, many authors agree that leadership involves; influencing others, having followers and becoming more visible when an innovative response is required (Yukl, 2010). Leaders also require “*energy, a strong sense of direction and a clear vision*” (Goffee and Jones, 2004). Daft (2007) differentiates between old styles of leaders and new styles of leaders. The old style of leadership is also called “*fission leadership*” and is based on; hierarchies, span of control, specialism, roles, procedures and the creation of followers. Conversely, the new style of leadership which is emerging, also referred to as “*fusion leadership*”, is based on heart, enthusiasm, openness, freedom of expression, empowerment and the creation of leaders.

There is a growing emphasis on everyday leadership with a view of leaders as real people managing in a consensus seeking manner (Mullins, 2007). Leaders must demonstrate enthusiasm and have the ability to excite people in their organisations. Leadership involves working hard and also having the ability to recognise their failures or weaknesses (Goffee and Jones, 2004). Shared leadership is also becoming more common as leaders are not giving up control but rather empowering others. Empowerment and leadership are not mutually exclusive (Mullins, 2008).

The new leader understands the power of appreciation and this is one of the most important aspects of leadership (McLean, 2005; Amabile *et al.*, 1996). A leader keeps reminding people of what is really important and has the ability to generate and sustain trust. The new leader and the led are intimate allies (Bennis, 2009). Followers are becoming increasingly difficult to find and it is difficult to do anything in organisations without them (Goffee and Jones, 2004).

### **2.2.1 Guiding the Creative Corporation**

Leaders have a major influence on unlocking and managing creativity within an organisation (Houghton and DiLiello, 2010). Guiding the creative corporation has three areas of responsibility for leaders; watching, acting and learning (Mauzy and Harriman, 2003).

*Watching:* This involves using diagnostic tools to analyse every aspect of the climate of the organisation; actively looking for where the problems are, basically, looking for the organisation's blind spots in order to increase understanding.

*Acting:* Leaders have a responsibility to initiate change by creating a vision and establishing a sense of urgency. Following this, they must build a coalition of support; people who support the vision and can bring experience, talent, character and insightful perspectives. Leaders can then plan and experiment with changes to creativity continuously and flexibly.

*Learning:* Leaders can learn through gathering as much feedback as possible and capturing lessons which can contribute to future success. This adds to the body of understanding about creativity in the organisation and can help to recognise weaknesses.



### 2.3 Defining Creativity

*“Some look at things that are, and ask why. I dream of things that never were and ask why not?”*

George Bernard Shaw

The recorded study of creativity can be traced to 1898 (Unsworth, 2001). The more formal and academic study of creativity dates back to the 1960's but the volume of research on the subject has increased greatly since the 1990's (McAdam and McClelland, 2002). Many researchers (Oldham and Cummings, 1996; Houghton and DiLiello, 2010; Scarborough, 2011) propose that creativity is vital for the long term survival of the organisation, particularly with regards to competition as the market place is now described as *“hypercompetitive”* (D'Aveni, 1998, cited in Englehardt and Simmons, 2002).

The world is changing at a great pace and corporate creativity is essential (Henry, 2001). Customer expectations are also changing at a faster rate than ever before. Lizotte (1998) asserts that the smartest companies are looking *“beyond the horizon”* and are predicting future demands along with satisfying current expectations. These projections require great imagination and research. Creativity is one of the main drivers of competitive advantage (Fillis, 2007; Gumusluoglu and Ilsev, 2009). A key responsibility for management is to anticipate customer needs and make continuous improvements, both of which are crucial for any organisation in the pursuit of competitive advantage (Lizotte, 1998).

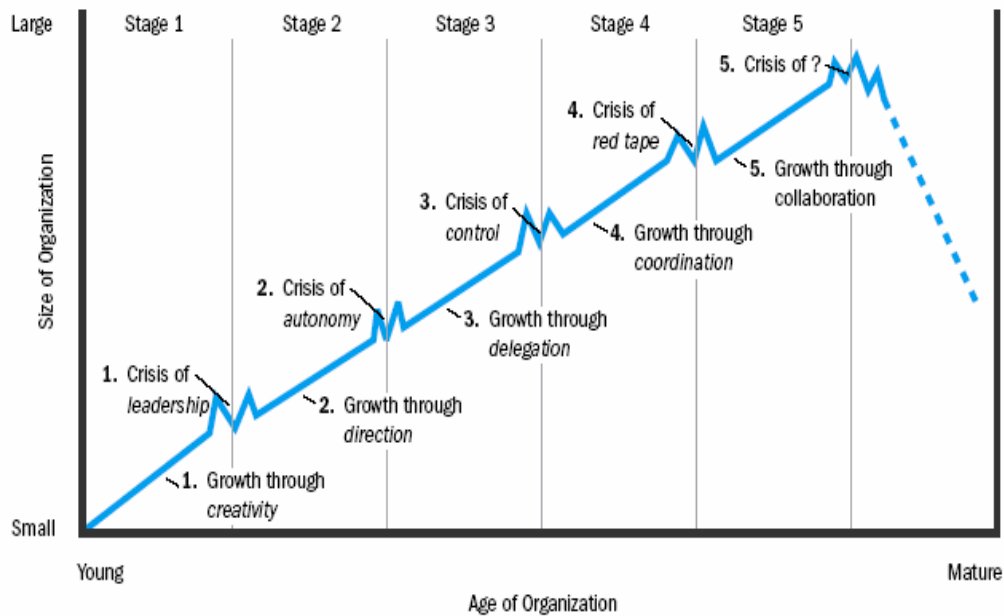
According to Amabile (1983), cited in Klijn and Tomic (2010) creativity is defined as *“the production of new and useful ideas or solutions”*. It can be further defined as *“the mental process that allows people to think up new and useful ideas”* (Gaspersz, 2005, cited in Klijn and Tomic, 2010). For Lizotte (1998) creativity can be referred to as thinking outside the box, that is, outside of the limitations of our natural biases and assumptions. Robinson and Stern (1998) explains creativity clearly and describes it as the process of having original ideas that add value. Creativity has been described as being ‘innovation’ and ‘value’ or in other words a combination of novelty and fitness for use (Boden, 1994; Weisberg, 1993). Idea generation is central to the process of creativity. According to Drucker (2007), most innovative ideas result from a

conscious, purposeful search for opportunities to solve problems or to please customers.

Amabile (1998) identifies that, in many organisations, creativity often receives less attention in comparison to other business areas such as control or productivity. Effective management and leadership are central to creativity and innovation. The value of creativity is recognised by the majority of managers. However, having a greater focus on other business functions can detract from the time and other resources allocated to creativity. Managers see no place for creativity in some organisational departments, such as accounting. Conversely, Amabile (1998) continues and states that some types of accounting, such as activity based accounting, are indeed inventions and have had a major impact on the world of business. Firms are often acclaimed for implementing company policies which encourage creativity and for regularly launching new products or services onto the market (Ko and Butler, 2007).

### **2.3.1 Creativity and Organisational Growth**

Creativity contributes significantly to organisational growth as it is a source of new and competitive ideas *“through which an organization positions itself in its environment”* (van Woerkum, Aarts, and de Grip, 2007). Mumford and Simonton (1997) argue that creativity and innovation are key requirements for organisational growth. The importance of creativity to organisational growth is demonstrated in Figure 2.1. Greiner’s Model of Organisational Growth (1972).



**Figure 2.1 Greiner's Model of Organisational Growth, (1972)**

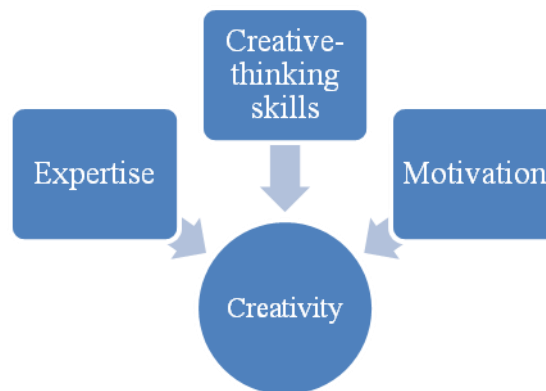
This is one of the most well known and widely recognised models of organisational growth. Greiner's (1972) model proposes that organisations progress through five chronological growth stages throughout its development. At each of the five stages an organisational crisis is encountered which must be resolved if the organisation is to move forward to the next stage. Creativity is paramount as stage one of Greiner's model is 'growth through creativity'. This stage includes the founding of the organisation. Entrepreneurs develop the skills and abilities required to introduce new products or services for new market niches. Entrepreneurship and innovation play a vital role and a great deal of organisational learning occurs (Jones, 2010).

During this stage, behaviour is determined by the norms and values of the organisation's culture as opposed to hierarchy or structure. An organisational culture which is organic and open to change can stimulate creativity and innovation (Buchanan and Huczynski, 2010). As the organisation continues to grow throughout the creativity stage, the task is to manage the organisation effectively and use resources efficiently (Mumford and Simonton, 1997). If the entrepreneur lacks the necessary management skills, problems can arise that may eventually lead to a crisis of leadership demonstrating the importance of leadership during the creativity stage. Crisis can emerge where the existing organisational attributes are in conflict with the growth it is experiencing. The crisis of leadership can be resolved with the

recruitment of a strong manager with the necessary skills and abilities who can direct the organisation through the subsequent stages of organisational growth.

### 2.3.2 Components of Creativity

Amabile (1998) explains that creativity consists of three components; expertise, creative-thinking skills and motivation as outlined in Figure 2.2.



**Figure 2.2 The Three Components of Creativity (Amabile, 1998)**

The component of expertise can be explained simply as knowledge. Motivation involves converting desire and commitment into effort (Whetten *et al.*, 1994). Finally, creative-thinking skills describe an individual's approach to problems. Each of these components can be influenced by management, workplace practices and conditions. This managerial influence can be beneficial or harmful depending on the combination of these components. Combining each of the components together successfully will result in creativity whereas if some of the components are overlooked; creativity is hindered as a result.

### 2.3.3 Creative Thinking

A common indicator of creativity within an organisation is divergent thinking, described by Williams (2004) as the process of generating many and differing ideas and the ability to make mental connections between unrelated matters. Thompson (2003) defines divergent thinking as moving "*outwards from a problem in many directions and involves thinking without boundaries.*" Scarborough (2011) explains that divergent thinking is simply the ability to see the difference among various data

and events. An organisation can be identified as creative when its employees do something new and potentially useful without being taught (Robinson and Stern, 1998). Mauzy and Harriman (2003) describe four dynamics that underlie creative thinking on the individual level; motivation, curiosity and fear, breaking and making connections and evaluation.

*Motivation:* Motivation is described as a “*function of the difference between what people expect to happen if they don’t intervene and what they desire*” (Peterson, cited by Mauzy and Harriman, 2003). Motivation can be simply explained as a measure of the investment required for someone to break natural inertia. According to Amabile (1997) there are two sources of motivation; extrinsic and intrinsic. Extrinsic motivation is driven by external rewards such as money whereas intrinsic motivation derives from a person’s natural affinity. Intrinsic motivation is associated with greater creative quality and is generally a more powerful motivator. Extrinsic motivation may actually reduce the quality of creativity as it can stifle sharing of knowledge and collaboration because controls are given as demands. It should be used in conjunction with intrinsic sources of motivation, where controls are given as guidelines and support employee intelligence and judgement (Mauzy and Harriman, 2003).

*Curiosity and Fear:* Once motivation has been established, the subsequent step is action and the search for new information. Motivation encourages individuals to explore unknown possibilities and thus curiosity is the search to discover new knowledge. However, fear often accompanies curiosity. It is a reach into the unknown and hence it is vital to strike a balance between curiosity and fear for creativity to occur (Mauzy and Harriman, 2003).

*Breaking and Making Connections:* The practise of breaking and making connections is crucial to the creative process. This involves deconstructing existing business assumptions that can inhibit the formation of vital new connections (Borghini, 2005). Picasso said that “*the creative act is first and foremost an act of destruction.*” Motivation and curiosity along with the practice of connection breaking can help an organisation to overcome inhibiting assumptions and subsequently make the connection to new ideas. The various departments or functions within an organisation can operate in silos and often don’t communicate with one another. To counteract

this, connecting between disciplines helps to break down current ways of thinking and long-standing assumptions and can generate new connections and opportunities. Mauzy and Harriman (2003) argue that breaking and making connections is where the “*fundamental action of the creative process*” occurs.

*Evaluation:* The process of evaluation is important as it decides upon either the implementation or termination of a creative idea. The evaluation of creative ideas should not be based purely on past assumptions. Expectations must be realistic and immediate success should not be presumed. During the evaluation process, it takes time to consider all possibilities. Resistance can also occur and hence organisations must accept the possibility of making mistakes (Mauzy and Harriman 2003).

### **2.3.4 Promoting Creativity**

There are a variety of factors which positively influence creativity within an organisation. King and Anderson (2002) outline that individual creativity and innovation is influenced by characteristics, selection, training and the relationship with the organisation whereas on a group level, it is influenced by characteristics, theories, team building, outcomes and suitability. In an effort to encourage creativity, leaders can offer creativity friendly rewards which are closely related to motivation and consequently creative thinking. Creativity can be encouraged through the use of an effective reward scheme. Extrinsic rewards, such as financial rewards, may not encourage creativity and can discourage sharing of information and other forms of collaboration. Non-monetary rewards, or intrinsic rewards, such as praise and recognition are often more powerful incentives for creativity (Scarborough, 2011). Recognition encourages curiosity-seeking, risk-taking and connection-making behaviours. On occasion, monetary rewards can serve as recognition.

Employees make a substantial contribution to organisational creativity and the importance of this human capital should be a priority for organisations (Kanter, 1997). Employees must be made aware that their efforts are valued and that they will share in the rewards of the company’s success which could help to improve productivity (Peters and Waterman, 1982). The debate continues as to whether creativity is an innate characteristic or if it can be taught (Klijn and Tomic, 2010). Training can be

provided in an effort to encourage employee creativity and development of ideas (Amabile, 1997). The provision of creativity training could formulate part of an organisational culture which supports creativity (Woodman *et al.*, 1993).

Creating an organisational culture which supports creativity is a significant challenge when managing creativity (Andriopoulos, 2001). Driver (2001) maintains that there is a higher probability of employee creativity if the organisation maintains and encourages a culture which supports creativity. Employees need to understand that creativity is a core company priority for creative behaviour to occur and leaders are responsible for this. Leaders must demonstrate appreciation for creative performance and be supportive of the creative process, even if it is not always successful. To do this, leaders can promote creative thinking and set employees creative challenges. Innovative companies are proactive in their search for new ideas (Scarborough, 2011).

Leaders need to understand that creativity can bring long-term benefits, but inefficiency will always accompany creativity. Creativity will produce failures as well as successes (Scarborough, 2011). A broad tolerance for failure powerfully reinforces individual thinking and initiative in personal creativity. Quick failures are those that occur where it is not detrimental to the business if a new idea fails, and therefore the organisation can tolerate this failure (Gundling, 2000). Leaders can also share responsibility for evaluation and judgement of creative projects among several people within the business. This avoids one person holding accountability and responsibility for creativity and messiness which can accompany it.

Leaders are the resource providers within an organisation. Tangible resources include physical resources and training. Creativity and purposeful innovation increase when leaders can make more money, material, time, staff and space available (Nohria and Gulati, 1996, cited by Driver, 2001). Intangible resources are central to the creativity within an organisation and include goal setting, feedback and diversity as outlined below.

*Goal Setting:* Creativity is vital to organisational success (Egan, 2005) and in the achievement of business excellence (Eskildsen *et al.*, 1999). Leaders should set creativity as a clear corporate goal. Leaders should encourage employees to engage

with the corporate philosophy for creativity by removing the fear allowing employees to set their own goals, perhaps in the form of personal development plans, and build these into corporate goals. This should allow employees to bring creative flexibility and fresh ideas to bear on their work.

*Feedback:* Threatening or controlling evaluation of creative work undermines creativity (Amabile, 1979). Sensitive feedback mechanisms need to be developed along with engaging in discussion. Employees can gather information about their performance and evaluate themselves through self evaluation. Alternatively feedback from colleagues/peers and those who share mutual goals can be helpful. Focus should be placed on improvement and learning rather than on what went wrong.

*Diversity:* Leaders striving for creativity must provide for diversity. Developing creativity in an organisation will lead to a need to develop many types of creative temperament. Creative thinkers do not thrive in a traditional hierarchy. Leaders have a natural tendency to select against diversity and can hire employees in their own shadows – leaders should try to prevent this. Leaders need to actively encourage and recognise diversity through the development of policies, procedures, practices and training promoting diversity.

### **2.3.5 Sustaining Creativity**

Once creativity has been established, the challenge for management is to sustain it. Creativity within organisations requires continued attention, reinforcement, exercise, follow-through, and reinvention in order to sustain it (Mauzy and Harriman, 2003). For creativity to be maintained, it requires planning, management of information flows and an understanding that continuous creativity is results driven.

*Planning:* This is essential for any business. Continuous planning should build in flexibility that incorporates and takes advantage of creative opportunity. Systemic creativity is creativity which occurs as a matter of course within organisations. Bilton (2007) believes that the idea that strategy can be seen as a creative process has become more fashionable. To capitalise on this, planning should be largely decentralised and tolerant of risk and ambiguity. The planning process should involve broad participation, for example, relationship planning with suppliers and customers.



*Results Driven:* Systemic or continuous creativity is results driven where success encourages more success. Measures of creativity in the organisation should be developed and improved. The bottom-line impact of creative successes should be measured, reported and celebrated. Subsequently, a system should be developed for sharing learning experiences from creative successes.

*Manage Information Flows:* Creativity doesn't happen without a flow of information (McLean, 2005). Information is the fluid expression of knowledge feeding the creative effort. An organisation must open communication channels that funnel information from diverse stimuli, including suppliers, customers, competitors and management, towards creative individuals and onwards to creative opportunities. Leaders must be afforded the time to build communities of practice, coalitions of interest and networks that support creativity.

### **2.3.6 Measuring Creativity**

Creativity can be a difficult concept to measure (European Commission, 2009). However, Thompson (2003) cites Guilford's three-factor model of creativity as a means of measuring and evaluating creativity using the following three factors; fluency, flexibility and originality.

*Fluency:* Fluency can be explained simply as a measure of the amount of different ideas a person is able to generate. Alex Osborn, credited with establishing modern brainstorming, believed that quantity can and often does breed quality.

*Flexibility:* Flexibility is a measure of how many different ideas a person generates. Most individuals, and in particular most teams, tend to come up with a number ideas but within similar categories.

*Originality:* Originality is a measure of the “*uniqueness*” or originality of any given idea.

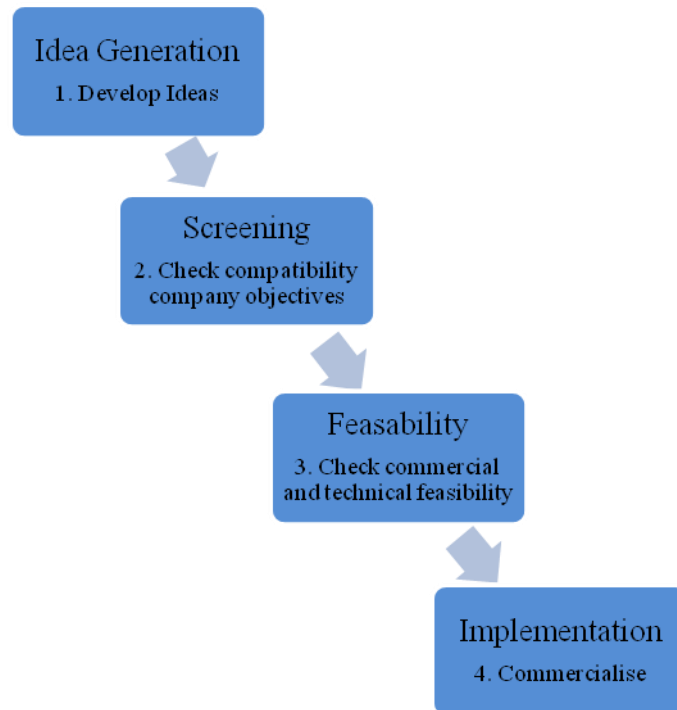
Thompson (2003) states that there is always a strong correlation between the three measures, therefore, there is a striking association between quantity, diversity, and novelty of ideas. According to Guilford, flexibility is the driver and yet most businesses do not reward diversity of ideas or value quantity because quality is frequently viewed as the single most important goal.

## 2.4 Defining Innovation

The terms innovation and creativity are often used interchangeably (McAdam and McClelland, 2002) and it is imperative to distinguish between them (Wilson and Stokes, 2005). Oldham and Cummings (1996) outline that creativity occurs at an individual level and thus innovation occurs at an organisational level. Innovation is simply defined as the successful implementation of creative ideas (Woodman *et al.*, 1993). According to King and Anderson (2002), innovation occurs on many levels; individual, group, organisation, industry and society.

Trott (1998) describes innovation as the management of “*all the activities involved in the process of idea generation, technology development, manufacturing, and marketing of a new or improved product*”. Janszen (2000) cites the economist Schumpeter when outlining that innovations are a combination of the technical and business worlds. Invention is the result when merely a change in technology occurs; invention develops into innovation when the business world becomes involved.

Janszen (2000) describes innovation as “*the golden route to building a growing and prosperous company*”. Organisations must innovate or die; McAdam and McClelland (2002) expand this statement and argue that any company that does not implement new products or instead introduces the wrong products will eventually exhaust their resources and ultimately fail. The marketplace demands rapid innovation of new products and services (Englehardt and Simmons, 2002). Companies must adopt a radical new innovation agenda (Hamel, 2000). Increased levels of innovation are required merely to remain in the same position along with aiming to improve competitiveness. Innovation has become increasingly significant for competitiveness in the marketplace due to globalisation, the emergence of the knowledge economy and advancements in technology (Lawson and Samson, 2001). McAdam and McClelland (2002) explain the stages involved in the innovation process, as illustrated by Figure 2.1.



**Figure 2.3 The Innovation Process (McAdam and McClelland, 2002: Adapted from Majaro, 1988)**

As illustrated in Figure 2, McAdam and McClelland (2002) depict that innovation includes creativity. Borghini (2005) asserts that innovation is the most significant element of organisational creativity whereby new ideas are put into action in order to achieve competitive advantage. The process begins with generation and screening of ideas. The subsequent stage involves feasibility tests and if successful, the new product is implemented and brought to market.

Knowledge management is one of the most fundamental elements of the innovation process (Janszen, 2000). Data must be transformed to information, knowledge and finally wisdom to allow for the implementation of effective innovation strategies and the discovery of new markets and customers (Smith, 2001). The leaders of innovation and new product development within established organisations are intrapreneurs (Jones, 2010). Intrapreneurship within an organisation involves creating, marketing and expanding innovative products, services, technologies or methods (Nielsen, 1985).

Managing the expertise and knowledge within an organisation is critical for innovation, research and development and new product development in particular (Madhavan and Grover, 1998; Woodman *et al.*, 1993). Firms who consistently create

new knowledge, disseminate it widely and include it in new products will often be among the most successful in their given industry (Nonaka and Takeuchi, 1995). Nonaka (1991) states that the innovation process depends on the ability of managers to access the tacit knowledge of all the people throughout the organisation. Madhavan and Grover describe tacit knowledge as *“knowledge that cannot be explicated fully even by an expert and can be transferred from one person to another only through a long process of apprenticeship.”* Tacit knowledge is difficult to transfer as it is accumulated through experience and this can be hard to articulate (Jones, 2010).

## **2.5 Barriers to Creativity and Innovation**

The structure of an organisation can impact greatly upon the creativity of an organisation (Kanter, 1983, cited by McLean, 2005). Vertical segregation can often produce functional or product or divisional silos. This is natural and is to be somewhat expected but it does harm creativity as the flow of information is disrupted. Horizontal segregation can result in layering and people within the organisation can become isolated in divisions based on their profession or level within the hierarchy. Boundaries and separation can cause distrust and poor working relationships (Mauzy and Harriman, 2003).

To counteract the negative impact some organisational structures can have on creativity, there are a number of steps which leaders can take. This can include; widening the membership of certain forums, instituting rotational assignments, reward cross-boundary collaboration, commission problem-solving that requires boundaries to be crossed, develop multi-disciplinary task forces, promote intra-departmental communication mechanisms including online, virtual, knowledge management systems; and develop and act as a gatekeeper to intra-departmental networks. Most importantly, an innovative organisation must remain flexible (Mintzberg, 1989).

According to Lizotte (1998) both managers and employees can experience and display resistance to creativity attempts as an organisation endeavours to make the transition from the traditional to the creative. To ensure the long-term creative efforts of an organisation, resistance must be combated effectively. Management can sometimes underestimate resistance and the potential negative impact it can have on

an organisation (Kotter and Schlesinger, 1979). Resistance can result in the failure of new initiatives and hence managers must have the ability to identify it (Robbins and Finley, 1997).

There are numerous potential barriers to creativity including time pressures and unsupportive management and yet the most difficult barriers to overcome are often those which individuals impose upon themselves (Scarborough, 2011). People may be sceptical of their potential and encouragement from leaders is essential (McLean, 2005).

Creative problem solving is an important and beneficial skill for managers to develop (Whetten *et al.*, 1994). Problems can be viewed as opportunities for innovation (Scarborough, 2011). Employees might resist creative efforts in the fear that it may destroy what has gone before. However, resistance can be viewed as a useful reaction from employees as it can expose potential problems associated with new ideas (Leigh 1998, cited in Waddell and Sohal 1998). Resistance can also stimulate brainstorming to generate improvements thereby becoming a source of innovation for the company (Gilgeous, 1997). A strategic leader recognises that mistakes will be made and may even create “*chaos*” themselves (Rowe, 2001). Innovative companies realise that resistance and failure have to be endured in order to eventually succeed in the future (Lizotte, 1998). Employees should be involved in the goal-setting process and it is essential for the organisation to persevere, acknowledge and celebrate.

## **2.6 Small and Medium-Sized Enterprises (SME's)**

Small and Medium-sized Enterprises are categorised by the European Union (2005) as “*enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro*”. SME's are the most dominant form of business in Ireland (Tiernan *et al.*, 2006). They make significant contributions to an economy and thrive in virtually every industry (Scarborough, 2011). Stokes and Wilson (2010) identify a number of reasons for the growth in the presence of SME's including; growth of the service sector; information technology; public sector reorganisation; unemployment; environmental and alternative awareness and a culture of enterprise.

Companies can be creative in many ways including; satisfying customer needs by providing innovative products and services, creating jobs and contributing to the economy (McLean, 2005). Murphy (1996) emphasises that SME's make a significant contribution to the economy as illustrated in Table 2.1.

<b>The Role of SME's in the Economy</b>	
•	SME's can help to diversify a nations' economic base and provide it with the opportunity of responding to a variety of market conditions
•	Job Creation
•	Provide an element of local control and can respond to local needs
•	Offer independence within regional economies
•	The presence of SME's in an economy is an expression of its competition policies
•	Contribute to a nation's gross domestic product (GDP)
•	Encourage new uses of technology and absorb technological innovation
•	Encourage higher levels of productivity by extracting more output per unit of capital
•	Cater for niche markets and hence encourage and satisfy innovation
•	An avenue for self-development and individual achievement and an expression of entrepreneurialism

**Table 2.1 Adapted from Murphy (1996)**

The organisational structure of SME's can be conducive to creativity as they are considered to be less bureaucratic with fewer hierarchical layers resulting in greater flexibility and motivation for success when compared with larger organisations (Michael and Palandjian, 2004). Creativity is the most valuable instrument available to enterprises as it can guide them to original and improved business solutions (Mostafa and El-Masry, 2008). SME's could transform their business with an injection of skilful creativity, in the early growth stages, SME's are frequently forced to operate as "*price takers as opposed to price setters*" for their creative services in order to survive and prosper (Powell and Dodd, 2007).

The many challenges currently faced by SME's in Ireland include: increasingly limited access to finance; increase in payment times from debtors; competitiveness due to high costs of doing business and underutilisation of internet technology

resulting in lost business opportunities (Enterprise Europe Network, 2011). Mabey and Finch-Lees (2008) outline that recruitment and retention of skilled staff is a significant and growing management problem for SME's in Europe.

## **2.7 Conclusion**

This chapter has analysed the literature available regarding the concepts of management and leadership. Organisational creativity and innovation have also been studied along with an analysis of SME's in terms of leadership, creativity and performance. The subsequent chapter will outline the research methodology used to gather primary data.

## Chapter Three

### RESEARCH METHODOLOGY

#### 3.0 Introduction

Research is described as something which is undertaken to discover information in a logical manner with the purpose of increasing a person's knowledge (Saunders et al, 2007). Research methodology is "*a discussion within the body of the research report*" which includes the research design, methods of data collection and data analysis (Zikmund, 2000).

The purpose of this chapter is to outline the research methods employed to collect and analyse the primary data. The research question is defined along with the specific research objectives. Rationale is provided to justify the chosen research design. The chapter concludes with operational details along with the limitations of the study.

#### 3.1 Research Problem

Identifying the research problem is the first step toward finding the solution (Zikmund, 2000). A gap discovered within the existing literature can be identified as the research problem. Sekaran (1992) explains that the research problem derives from the literature review; it subsequently allows for the research question to be developed and provides the rationale for the research which is being undertaken. From conducting the literature review, the author observed that there was a gap in the literature which warrants further research.

#### 3.2 Research Question

The research question must be identified prior to conducting research on a topic (Parlington, 2002). Jankowicz (2000) articulates that the researcher completes the entire research process based upon the original research question. Punch (2004) explains that research questions need to be "*clear, specific, answerable, interconnected and substantively relevant*". The research question must be useful, relevant and of interest and value to the researcher (Ritchie and Lewis, 2003). The focus for this research is:



*An investigation into the relationship between leadership and the creativity and innovation capabilities of SME's operating within the Irish retail industry.*

### **3.3 Research Objectives**

The research objectives must outline the intentions of the research in a measurable form. They provide a framework for the researcher and define what goals are to be achieved (Zikmund, 2000). Saunders et al. (2007) advise that research objectives should be clearly defined at the beginning of the research process in order for clear and conclusive findings to be derived from the primary research data. Upon review of the research question, the following research objectives were developed for this study:

- To analyse the management and leadership function within Irish SME's in the retail industry.
- To ascertain the presence and importance of creativity and innovation within these SME's.
- To discover the strength of the relationship between leadership, creativity and SME performance.

### **3.4 Research Philosophy**

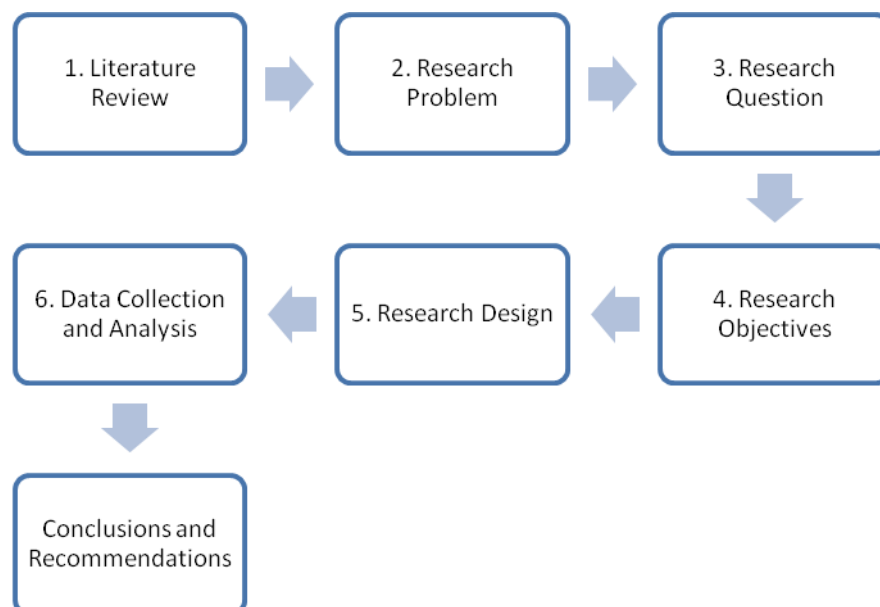
It is beneficial for the researcher to choose a research philosophy from the outset of the research process (Maykut and Morehouse, 1994). Research philosophy refers to the “*development of knowledge and the nature of that knowledge*” (Saunders et al., 2007). Understanding the philosophical paradigms of research is imperative as it allows the researcher to clarify the research design and failure to do so can impact upon the research quality (Easterby-Smith et al., 2008). Saunders et al. (2007) concur and advise that a philosophical perspective should be adopted during the initial stages of a research project. Doing so guides the researcher in choosing the most appropriate research methods for the study (Holden and Lynch, 2004). Easterby-Smith et al. (2008) discuss positivism and phenomenology as philosophical paradigms. The positivist approach to research is “*objective*” and the researcher is separate from the research process. Patton (2002) explains, conversely, that phenomenology is said to be more “*subjective*” and the researcher is fundamental to the research process.

### 3.5 Research Design

The research design of a study provides a link between the research objectives and the methodology chosen to satisfy these objectives (Domegan and Fleming, 1999). It provides a structure for collecting and analysing data (Bryman and Bell, 2007). According to Blumberg et al. (2008), research design is the “*blueprint for fulfilling objectives and answering questions*”. In agreement, Davis (2000) characterises research design as “*the structure of the research project to solve a particular problem*”. Chisnall (1997) explains that the research design will provide direction for the entire research process.

One of the main components of successful research is planning; this process of planning is often otherwise referred to as research design (Altinay and Paraskevas, 2008). The author has chosen to employ the semi-structured interview method of primary research for this dissertation. The following diagram is adapted from Sekaran (1992) to illustrate the various stages necessary to meet the objectives of this research;

**Figure: 3.1 The Research Process**



Adapted from Sekaran (1992)

### 3.6 Secondary Research

Secondary data is defined as “*information or data that has already been collected and recorded by someone else*” (Blumberg et al. 2008). Several authors (Bryman and Bell

2007; Sekaran and Bougie, 2010) concur with this and assert that secondary data is that which has been compiled by existing sources such as researchers and organisations. Furthermore, Zikmund (2000) maintains that it is data which already exists and has been previously collected for a project other than the one at hand. Blumberg et al. (2008) and Sekaran (2000) emphasise that secondary data can be gathered from a variety of sources.

For the purposes of this research project, secondary research has been completed in the form of a literature review. The literature review allows both the researcher and the reader to gain an understanding of the research topic and to have an appreciation of the investigation and analysis of the primary data. Academic journal articles are the principal source of secondary data, acquired from databases including ABI Inform/Proquest, Emerald Fulltext, Business Source Premier and other recognised business journals. Books on the subject will also be referred to, available from the Luke Wadding Library at Waterford Institute of Technology.

### **3.7 Primary Research**

Primary Research is “*data that has been generated by an individual or organisation for the specific problem at hand*” (Chisnall, 1997). Primary data is acquired from tangible situations where actions take place (Sekaran, 1992). Primary data collection techniques include surveys, interview and case studies (Zikmund, 2000). Primary research allows the researcher to structure and manage the data collection process to suit their own particular requirements (Saunders et al. 2007). Conducting primary research and the data derived from it will supplement the literature review.

### **3.8 Data Collection Methods**

The collection of data must be rigorous as demands differ depending on the amount of data required (Cameron and Price, 2009). According to Robson (1993), there are the two principal types of primary research; the first approach is described as “*positivistic, natural science based, hypothetico-deductive, quantitative or scientific*” which forms the basis of scientific research. Quantitative research is based on “*quantitative information*” such as numbers (Blumberg at al., 2008). In comparison, the second approach is “*interpretive, ethnographic or qualitative*”, which is the foundation of social sciences (Baker, 2003). Qualitative research is based on

*“qualitative information”* including words, sentences and narratives (Blumberg et al., 2008).

### **3.8.1 Quantitative Research**

Davis (2000) defines quantitative research as characteristically utilising *“large samples and involves structured survey questioning of some type that is subsequently numerically and statistically analysed”*. It involves the gathering of numerical information and demonstrating it as the correlation between theory and research (Bryman and Bell, 2007). Surveys and experiments are common methods of quantitative research. Both types of research have their respective advantages and disadvantages. According to Baker (2003), quantitative research is fixed, explanatory, objective and rigorous. However, this type of research can *“hinder the connection between research and everyday life”* (Bryman and Bell, 2007).

### **3.8.2 Qualitative Research**

Bryman and Bell (2007) identify that qualitative research commonly involves an examination of behaviour in context. Creswell (1994) explains qualitative research as *“an inquiry process of understanding a social or human problem, based on building a complex, holistic picture, reporting detailed views of informants, and conducted in a natural setting”*. Denzin and Lincoln (2008) concur and state that qualitative research involves *“an interpretive, naturalistic approach to the world, thus qualitative researchers study things in their natural setting”*. Methods of qualitative research include interviews and case studies which are based on observations and questioning (Davis, 2000).

According to Bernard (2002), qualitative research involves interpretive analysis of texts, for example, interview transcripts. It is described as flexible, exploratory, subjective and non-rigorous (Baker, 2003). Qualitative research is attractive because it provides well-grounded, rich descriptions and explanations, preservations of time flows, chronologies, causality, serendipitous findings for new theory construction and a quality of undesirability (Miles and Huberman, 1994). Qualitative studies are more subjective as the conclusions are drawn from personal interpretations of the information gathered (Hussey and Hussey, 1997). However, qualitative research also

has its limitations in that it can be too subjective and difficult to replicate (Bryman and Bell, 2007; Silverman, 2006; Bryman and Cassell, 2006).

**Table 3.1 Characteristics of Quantitative and Qualitative Research**

Quantitative	Qualitative
• Large Sample	• Small Sample
• Positivist	• Positivist to Phenomenological
• Verifying Theory	• Discovery Theory
• Questions Preset	• Open-Ended Questions
• Casual and Predictive	• Exploratory & Descriptive Studies
• Researcher Uninvolved	• Researcher Involved

Adapted by Sekaran (2000)

### 3.8.3 Rationale for Choosing Qualitative Research

The characteristics of quantitative and qualitative research are compared above in Table 3.1. The researcher will conduct qualitative research for the purposes of this dissertation. Semi-structured interviews are thought to be the most appropriate method of data collection to gather the required information in order to further understand the topic and to satisfy research objectives of the study.

### 3.9 Interviews

Interviews are one of the major tools used by qualitative researchers (Bryman and Cassell, 2006) and can be a crucial source of information during the research process (Zikmund, 2000). Sekaran (1992) outlines that interviews are a method of data collection where *“the researcher asks for information verbally from respondents”* in relation to the topic of interest. The purpose of an interview is to try to understand the world from the subject’s point of view and experiences (Kvale, 1996). Interviews can be structured, semi-structured or unstructured in nature (Saunders et al. 2007);

- Structured: Use standardised questionnaires with identical questions for all interviews
- Semi-Structured: List of themes and questions which may vary between interviews
- Unstructured: Topic is known but no predetermined interview questions

### 3.9.1 Semi-Structured Interviews

Interviews are described as semi-structured when the questions to be asked are prepared in advance in the form of an interview guide and yet the respondent has flexibility and freedom when answering (Aaker et al. 2001). Using an interview guide can provide focus and direction for an interview as questions and key words are written down and help to prompt the interviewer (Bryman and Bell, 2007). Semi-structured interviews are flexible in nature; questions can be asked in any particular order.

Depending on the responses given, new questions may be posed which were not included in the original interview guide (Saunders et al. 2007). Therefore, each semi-structured interview is different due to new questions arising from the responses given (Jarratt, 1996). There is a great amount of interest in the opinions of the interviewees and the researchers aim is to gather rich detailed answers (Bryman and Bell, 2007).

Cameron and Price (2009) state that a successful semi-structured interview requires clear objectives and the researcher must have the ability to listen effectively. The quality of the data gathered depends greatly upon the skill of the interviewer (Brannick, 1997). Further limitations of interviews include high field costs, resistance on behalf of the respondents and difficulty obtaining permission and access from management (Frey and Oishi, 1995). Cameron and Price (2009) summarise the advantages and disadvantages of interviews in the following table (Table 3.2).

**Table 3.2 Advantages and Disadvantages of Interviews**

Advantages	Disadvantages
<ul style="list-style-type: none"><li>• Networking Opportunities</li></ul>	<ul style="list-style-type: none"><li>• Time Consuming</li></ul>
<ul style="list-style-type: none"><li>• Exploration of Meaning</li></ul>	<ul style="list-style-type: none"><li>• Lack of Comparability</li></ul>
<ul style="list-style-type: none"><li>• Flexibility</li></ul>	<ul style="list-style-type: none"><li>• Not a Simple Method</li></ul>
<ul style="list-style-type: none"><li>• Face Validity</li></ul>	<ul style="list-style-type: none"><li>• Scope for Misinterpretation</li></ul>
<ul style="list-style-type: none"><li>• Illustrative Quotes to Record</li></ul>	<ul style="list-style-type: none"><li>• Sample Size is Smaller</li></ul>
<ul style="list-style-type: none"><li>• Interactivity</li></ul>	<ul style="list-style-type: none"><li>• Susceptibility to Influence</li></ul>
<ul style="list-style-type: none"><li>• Various Types of Data Obtained</li></ul>	
<ul style="list-style-type: none"><li>• Richness of Information</li></ul>	

Cameron and Price (2009)

### **3.10 Reliability and Validity**

Reliability and validity are imperative in qualitative research in relation to data quality and appropriateness of the research methods. Bryman (1989) concludes that a measure must not be merely presumed as adequate or appropriate; rather it should meet the research objectives of the study. Primary research is completed in order to ensure and maintain the validity and reliability of the literature review.

Reliability refers to the consistency of a measure; validity measures the extent to which it actually relates to what it is it claims to measure (Baker, 2003). A qualitative researcher must understand that reliability and validity are imperative when designing a study, examining results and assessing the quality of the findings (Patton, 2002). The researcher seeks to uphold reliability and validity throughout this study.

### **3.11 The Interview Process and Operational Details**

To enable the researcher to conduct the primary research, contact with the interviewees was made in advance via e-mail and telephone. The interview questions and guidelines were forwarded to each manager prior to the interviews. The schedule for the semi-structured interviews is outlined below in Table 3.3. A sampling method was chosen for this study; Aaker et al. (2001) describe a sample as a subset of elements from a population which are selected for a study. Each of the interview respondents were managers currently employed within SME's in the retail industry.

The interviews were conducted throughout the month of July 2012. All interviews were between thirty and fifty five minutes in duration and were recorded using a Dictaphone and written notes to allow for transcription and analysis later. Yin (1994) describes data analysis as the process of examining and categorising findings discovered from the completion of primary data in order to meet the objectives of a study. To maintain confidentiality, the interview respondents preferred to remain anonymous so therefore will be addressed throughout the study as outlined in Table 3.3 below.

**Table 3.3 Interview Schedule**

Date	Interviewee	Organisation	Job Title
2 <sup>nd</sup> July 2012	Manager 1	Company A	General Manager
4 <sup>th</sup> July 2012	Manager 2	Company B	Department Manager
9 <sup>th</sup> July 2012	Manager 3	Company C	Store Manager
13 <sup>th</sup> July 2012	Manager 4	Company D	General Manager
17 <sup>th</sup> July 2012	Manager 5	Company E	Assistant Manager

### **3.12 Limitations of the Research**

Qualitative research and semi-structured interviews in particular were considered to be the most suitable source of primary data for this dissertation. However, the author acknowledges that limitations were encountered throughout the study and these are outlined as follows. The primary limitation of this study was the nature and potential sensitivity of the information required for completion of the research.

Gaining access to organisations and managers willing to participate and share this information for research purposes proved challenging. This difficulty in gaining access to respondents and some refusals for interviews resulted in time becoming a restraint of the study. Hence, five in-depth semi-structured interviews were conducted as opposed to gathering responses from a larger sample. Although the research was in-depth, due to the small sample size used, the study's results cannot guarantee generalisation. Lack of generalisation is one of the disadvantages associated with qualitative research (Myers, 1997). Results gathered from interviews can be subject to interviewer bias. The author will endeavour to remain objective throughout the research process to maintain the validity and reliability of this dissertation.

### **3.13 Conclusion**

This chapter outlined the research objectives and design and the methodology used to fulfil these objectives. It also justified why the research methodology was chosen to uphold the validity and reliability of the literature review. A qualitative approach was taken in the form of semi-structured interviews. The following chapter will present the major findings from the primary research.



## **Chapter Four**

### **PRIMARY RESEARCH FINDINGS**

#### **4.0 Introduction**

The preceding chapter described the objectives of this study and the research methods utilised. The purpose of this chapter is to present the findings discovered from the primary research completed by the author in the form of semi-structured interviews. The primary research was conducted to satisfy the research objectives of this dissertation. The findings are presented in an integrative manner in line with the research objectives and as per the general layout of the literature review to allow for greater comparison.

#### **4.1 Profile of Interviewees**

The researcher conducted five in-depth semi-structured interviews with managers from five companies operating within the Irish retail industry to investigate leadership and creativity within their respective organisations. The results of the primary research are presented below. Table 4.1 below provides a profile of the interview respondents according to a range of categories.

**Table 4.1 Profiles of Interviewees**

<b>Interviewee</b>	<b>Company</b>	<b>Position</b>	<b>Length of Service</b>	<b>Amount of Employees</b>	<b>Interview Duration</b>
<b>Manager 1</b>	A	General Manager	7 Years	35-60 (Seasonal)	55 mins
<b>Manager 2</b>	B	Department Manager	6 Years	45	45 mins
<b>Manager 3</b>	C	Store Manager	9 Years	37	40 mins
<b>Manager 4</b>	D	General Manager	3 Years	13	30 mins
<b>Manager 5</b>	E	Assistant Manager	5 Years	20	48 mins

## 4.2 Management and Leadership

All interviewees were in agreement that management is a fundamental component for an organisation. Each of the managers questioned have a range of functions and responsibilities within their particular organisations, many of which comparable with those of their fellow managers. Manager 1 holds the position of general manager which involves the overall responsibility to oversee the smooth and efficient running of the business on a day to day basis. There are two assistant managers within the organisation but Manager 1 states that *“at the end of the day, the buck stops with me”*.

Manager 2 is responsible for the professional running of their department which includes organising staff rotas, entry of wages, delegating tasks to staff members, stock control, merchandising and ensuring high standards at all times across the department. Their number one priority is providing excellent customer service and achieving sales targets. Manager 3 lists staff management and liaising closely with employees as further responsibilities along with those identified by other managers. Manager 5 holds similar responsibilities and cites sales and customer service as the most fundamental of their responsibilities. Manager 4 summarises that their role can sometimes feel more like that of a team leader due to the smaller size of the business. Everyone within the store contributes to its performance although the manager does hold overall responsibility.

Manager 1 believes that for any business to run effectively and efficiently; there must be a good management structure in place. The most important capabilities for managers is to lead by example, be in control at all times and to be approachable with good people skills. Manager 2 explains that management means having the ability to *“take a group of people and work with them to achieved desired goals or outcomes”*. Manager 3 maintains that a good manager must have empathy for employees and also be a good communicator, delegator and problem solver. Manager 4 proposes that a manager should *“lead by example and also be good team player”*. Manager 5 feels that management involves *“being one of the team”* but it also involves having extra responsibilities such as delegating to employees and using your authority when required.

On the topic of the management versus leadership debate, the managers shared different perspectives. Manager 1 stated that management and leadership go hand in hand together and that there are no great differences between the two; if a person is a good manager they will also demonstrate good leadership skills. Conversely, the remaining managers hold a somewhat different viewpoint. According to Manager 5, not every manager is a leader and emphasises that “*anyone can be a manager and not everyone can be a leader*”. Manager 3 agrees and feels that many people have the ability to manage but that this does not necessarily make them a good leader. Manager 2 also claims that some people are born leaders and that this is evident across many areas of life “*from the playground to the workplace*”. Manager 4 argues that management and leadership are indeed different but that both are essential elements of a successful organisation.

#### **4.3 Creativity and Innovation**

Manager 1 believes that the change in the economy throughout recent years has resulted in the need for creativity and innovation to take a much more prominent role in SME's today. The observation of Manager 1 is that organisations have had to become more innovative in their thinking and change the way in which they do business. The store previously stocked higher end items with more expensive price tags whereas now their stock includes more reasonably and lower priced items. Creativity is helping to maintain and sustain the business as opposed to growth; Manager 1 observes that this is an achievement in itself particularly with current economic conditions in mind. Implementation of new ideas has proven successful for the company. They have introduced a customer loyalty card which gives customers a discount of ten percent. Manager 1 believes that the loyalty card is giving them an edge over competitors because customers can realise the benefits immediately.

Manager 2 states that to be successful in business, new ideas must be constantly generated. If creativity and new ideas are not set as a priority, Manager 2 insists that a business will get left behind and forgotten about by both customers and competitors. The organisation has become more creative in areas such as advertising. Previously, advertising was predominantly executed through more traditionally costly mediums such as newspapers and radio. Now, most advertising is executed through e-mail and text message directly to customers who have voluntarily submitted their details.

Changes such as these ones made by the organisation have proven worthwhile and successful and have contributed to the growth of the business. The company have opened six new stores around Ireland within the last year with plans for future expansion. Company B places great emphasis on creativity and it is at the core of their business strategy. Manager 2 credits this commitment to creativity with helping the store to “*stand out from the crowd*”.

#### **4.3.1 Leadership and Creativity**

All of the managers unanimously agreed that leadership plays a pivotal role in the creativity within an organisation. However, each manager also acknowledged the important role which the employees play in terms of being creative and generating new ideas. Manager 1 mentions that a leader can encourage employees to be more creative by reinforcing the need for creativity and the potential benefits of it and this is the approach which they take in the company. Employees are given sales targets but are also aware of the importance of providing excellent customer service. The retailer takes part in regular store assessments and outsources these appraisals to a separate independent company. The manager enjoys informing staff of good results but also reiterates that these high standards must be maintained and continues to set higher targets and goals for employees.

Manager 2 believes that creativity is vital to every aspect of the organisation and communication is at the core of their creative processes. From the CEO of the company to the front line employees on the shop floor, everyone can “*bounce ideas off one another, others can then add to it and eventually something great can about*”. The manager at Company C suggests that a manager themselves “*should be enthusiastic towards new initiatives and employees will follow suit*”. Manager 4 observes that both leaders and followers play an equal and significant role in organisational creativity. Manager 5 also comments on the importance of the employee role in creativity. Employees learn from their leader but often it is the case that the leader can also learn a lot from their employees. The manager then goes on to state that this highlights the importance of good communication within the organisation.

#### 4.3.2 Promoting Creativity

The managers held a variety of views in terms of enhancing creativity within their organisations. Manager 1 believes that creativity is often driven by customer demands and feedback. The company pays attention to customer requests and have introduced new products by passing in this feedback to those in the buying office. Some of the new product introductions have been more successful than others but overall the results have been very positive. Manager 3 shares this view that customers can often drive the need for innovation as their *“expectations are continuously growing”*. Manager 2 states that creativity within their store is promoted due to the fact that their *“no idea is ever put down, everyone feels at ease making suggestions be it something about our Facebook page or what stock we should get in”*.

At Company A, there are no monetary rewards offered for creativity but recognition is important with Manager 1 stating that *“it might be only something small but it is recognised”*. Manager 1 continued and believes *“monetary rewards might create an unhealthy atmosphere in a business because people can be in competition with one another”*. Larger organisations might benefit from monetary rewards but for a smaller business non-monetary rewards can be a greater motivational tool for employee creativity.

Manager 4 said that the policy of Company D is to recognise a good idea and they celebrate success as a team but that individual ideas and initiatives are also encouraged and acknowledged. Company B do not offer monetary rewards but instead use recognition as motivation. Employees are congratulated and encouraged *“for a job well done”*. The manager expressed the opinion that monetary rewards might perhaps be more effective *“given the current economic conditions and particularly the business that we’re in”*. Manager 5 concurred but also said that *“a sincere thank you and an appreciation for someone’s work go an awful long way”*.

Company C encourage and promote creativity within the organisation. The manager believes that having a large amount of employees within the store and encouraging them to be creative has improved their levels of creativity and thus performance has improved accordingly. Some of the company’s growth can be attributed to their creativity efforts as *“our marketplace forces us to be more creative because we want*

*to be unique from our competitors*". Manager 4 explains that creativity is a necessity for a small business and believes that technology and social media sites such as Facebook and Twitter offer an easy and inexpensive method for businesses to be more creative and to engage further with their customers.

According to Manager 5, Company E has had a similar experience and has recognised the need to become more creative in recent years stating that it is important to *"be in the creative mind"*. They have set out to improve the various areas within the business with a focus on visual store displays, customer service and promoting the store with a view to increasing customer numbers. The company have not formally set creativity as a priority or incorporated it into their strategy but Manager 5 insists that it is something which is inherent and *"naturally present"* in the company and its employees.

Manager 3 advocates that creating an atmosphere which is conducive to creativity helps them in their efforts *"there is great camaraderie between the team here and we do enjoy working together and have good times but we also work hard and that balance is key"*, the organisation have established a creative culture. At Company E motivation of employees is fundamental to increasing levels of creativity as is the use of teams. The manager tries to ensure that the teams always have as diverse membership as is possible with a mix of male and female and a variety of age groups.

Manager 1 explains that the company does not have much time to tolerate failure when it comes to creativity as this can also prove to be costly in financial terms. Not every idea can be implemented and there is a process which must be worked through to identify if an idea is feasible for the business and *"you must weigh up the pros and cons"*. At Company E, some level of "messiness" can be tolerated which can often be due to a difference of opinion between members of management. Manager 5 also cites time and money as influencing factors when implementing new ideas and recommends thoroughly analysing an idea prior to implementation in order to avoid inefficiencies. Manager 4 expressed the view that some sort of failure is *"inevitable when you are trying to be creative"* and explained that some of the ideas which had implemented had in fact been unsuccessful but had not been detrimental to the organisation overall.

### 4.3.3 Measuring Creativity

None of the companies involved in the research had a formal method of measuring creativity but all explained that there were some ways in which creativity could be measured. Many of the retailers measure the results of their creative efforts through repeat customers and their satisfaction. None of the managers questioned provide specific training for creativity within their organisations. Manager 1 states that no specific facilities are provided for creativity but instead creativity is expected from the resources already provided. In Company B, employees are taught and shown the basics but the organisation then expects them to *“add their own flair to it”*. Company E does not provide training for creativity but they do strive for continuous improvement and offer courses to employees such as sales, customer service and information technology and Manager 5 observes that *“this contributes to increasing our levels of innovation”*.

Out of all managers questioned, Company C was the only retailer which had an employee suggestion scheme in place to offer employees a formal system to submit their ideas. Manager 3 goes on to say that *“it’s a simple scheme and the employees know that they can come to us directly with a suggestion aswell but sometimes they prefer to submit their ideas through the scheme”*. The remaining managers explained that while no formal schemes were in place in their organisations, employees are free to submit ideas at any time. Manager 1 explains that many of their suggestions actually come directly from customers and they can either implement them in their own store or pass any suggestions onto head office for further assessment. Manager 3 explains that it is more of an informal system within their store and that *“you’re expected to do it more so than being told to do it”*.

### 4.3.4 Barriers to Creativity and Innovation

All interviewees alluded to barriers to creativity which they had encountered. Company A have encountered resistance and Manager 1 believes the reason for this is that change often comes with creativity and therefore employees can demonstrate resistance. Some employees are more creative and adaptable than others. The manager plays an important part in encouraging the employees to support creativity and to understand that changes are being made for the better. Resistance has also

occurred on behalf of higher management within the company. The structure of an organisation is recognised as a barrier and the more levels there are in a hierarchy the more creativity can be impeded. However, according to Manager 1 *“there are very few barriers which can’t be overcome in business”*. At Company B, some employee resistance has occurred but the company were able to overcome it through strong support from management and the involvement of employees in the creative process.

Manager’s 2 and 3 also outlined that the effects of creativity can be lessened if there is a surplus of managers or authority figures within the organisation. Manager 4 recognised that organisational structure can impact creativity but felt that their particular organisation did not experience this as they operate within a team based structure. Manager 5 explains that employees have displayed resistance but admits that this can be a natural reaction and even goes to say that *“I feel like that myself sometimes”*, referring to apprehension towards new ideas. The respondent states that sometimes they must persevere and move forward with a new idea for the good of the business at the present time and into the future.

#### **4.4 Small and Medium Sized Enterprises (SME’s)**

Each of the respondents were in agreement that creativity and innovation are critical contributing factors towards the performance of SME’s. The products at Company A are generally in the medium price bracket and hence they are competing with lower priced businesses. Manager 1 asserts that it is their policy of creativity which sets them apart allows them to compete. The store markets itself as a package or destination due to the facilities offered where customers are encouraged to stay for longer periods of time as opposed to minutes.

Manager 5 alludes to the importance of creativity and innovation to SME’s in terms of staying ahead of competitors particularly at the current time. Provision of excellent customer service is at the core of their strategy. They strive to always *“provide that little bit extra for the customer, they don’t cost a lot but they are important”*. This encourages customer loyalty *“SME’s might not be able to compete on price with the bigger companies sometimes but those little extras can make all the difference”*. Manager 2 maintains that creativity and innovation are important to SME’s such as



them because *“we have to constantly change to succeed and try to stay ahead of the game”*.

The managers interviewed mentioned the current economic climate at various stages throughout the interviews and it was also cited as being the biggest challenge which SME's are facing at the moment. Manager 1 postulates that *“we are in the throes of the worst recession our generation can remember; businesses have to be very strong and they have to be competing very hard to get customers”*. Customers are also more demanding and want value for their money and the company must ensure that customers are aware that each and every transaction is important. Manager 4 also perceives cost to be a challenge. They have had to *“cut out the middle man”* and go directly to producers and suppliers in an effort to reduce costs.

Manager 2 has experienced a certain level of competition between the various stores within the company itself. The company has also had to contend with the rise in popularity in online shopping. Manager 5 focuses on the difficulties gaining access to finance and overdrafts. Elevated rent and water rates are having a crippling effect on SME's. Manager 5 acknowledges that SME's do receive support but also argues that some larger companies receive greater assistance which is disappointing given the contribution which SME's make to the economy.

#### **4.5 Conclusion**

This chapter has presented the findings gathered from the semi-structured interviews conducted by the researcher. The current chapter, in combination with the literature review, forms the foundation for discussion and analysis of the research findings in the subsequent chapter.

## **Chapter Five**

### **DISCUSSION**

#### **5.0 Introduction**

The purpose of this chapter is to analyse and discuss the primary research findings. The discussion will examine the relevant findings from the semi-structured interviews presented in chapter four along with the literature presented in chapter three. This chapter will investigate the level of congruency between the literature and the findings. It will examine if the literature is supported or contradicted by the findings. In order to provide a consistent approach to this study, the discussion will be presented in a similar layout to the literature review and findings chapters.

#### **5.1 Objective One - Management and Leadership**

*Objective One: To analyse the management and leadership function within Irish SME's in the retail industry.*

Management and leadership are fundamental elements of a successful organisation. Jones and George (2008) identify that management involves the planning, organising and controlling of resources to achieve organisational goals. Each of the interviewees involved in the primary research are practising managers and engage in these managerial behaviours consistently. Management responsibilities discussed include human resources management, communication and delegation, customer service, setting targets and the general day-to-day running of the business.

There is a continuing debate surrounding management and leadership which questions what the differences are between the two concepts. Yukl (2010) observes that a person can be a leader without being a manager and vice versa. Kotter (1990) is in agreement outlining that managers seek to produce predictability whereas leaders seek to produce change. The findings were notable in that the managers questioned had differing perspectives on this debate. Despite the literature stating otherwise, Manager 1 claimed that there is little or no difference between management and leadership. All of the other managers were in agreement with Yukl (2010) and Kotter (2009) and

articulated that there are fundamental differences between both concepts. Manager 2 proclaimed that some people are born leaders.

The interviewees also demonstrated various leadership skills including influencing others and being visible. Manager 4 explained that a leader must “*lead by example*”. Daft (2007) maintains that a new style of leadership is emerging based upon enthusiasm, empowerment and creation of leaders. Manager 3 acknowledged the role of empowerment and credited the employees with the improved performance of the organisation.

## **5.2 Objective Two - Creativity and Innovation**

*Objective Two: To ascertain the presence and importance of creativity and innovation within these SME's.*

The literature review identified that creativity is vital for the long term survival of an organisation (Oldham and Cummings, 1996) particularly due to increased competition in the market place (D'Aveni, 1998, cited in Englehardt and Simmons, 2002). The findings were congruent with the literature in that the managers were unanimous in their agreement that creativity and innovation are becoming increasingly important for businesses today. Manager 1 felt that the change in the economy over recent times is one of the main reasons why organisations must place a greater emphasis on creativity. Lizotte (1998) asserts that management must anticipate customer needs with the ultimate goal being continuous improvement and hence achieving competitive advantage. Manager 2 was in agreement with the literature as at Company B they encourage constant generation of new ideas. Manager 2 further explained that businesses can get left behind and be forgotten about by customers and competitors alike if they are not creative.

For creative behaviour to occur within an organisation, the leader has a responsibility to ensure that creativity is a company priority and that the employees understand this. It appears that some of the companies studied are in agreement with this literature. Company C encourage employee creativity and Company B emphasise creativity within their organisation, so much so that it is a core element of their business

strategy. At Company E, the importance of creativity was recognised yet it is not formally set as a priority instead being referred to as something which is inherent and “*naturally present*” both within the company and its employees.

Greiner’s 1972 model of organisational growth illustrates the role of creativity in organisational growth (Jones, 2010). Creativity is a foundation for growth as it is a source of new and competitive ideas which help an organisation to position itself in its environment (van Woerkum, Aarts and de Grip, 2007). The findings revealed varying results. Company A consider that creativity is helping to maintain and sustain the business as opposed to encouraging growth. Manager 1 alluded to the view that this is an achievement in itself given the challenging economic times that businesses and customers are currently experiencing.

Managers 2 and 3 concurred with the literature and were of the view that creativity has contributed to the growth of the organisation. Manager 2 stated that the implementation of new ideas and successful changes being made as a result have helped to grow the business and cited new methods of advertising as an example. Manager 3 attributed some of the company’s growth to creativity due to their desire to be unique from their competitors.

Both academics and interviewees recognise that leadership is a fundamental component of organisational creativity and yet they were also in agreement that the input of employees of indispensable. Human capital should be restored to the heart of the modern organisation (Kanter, 1997). Employees should feel that their efforts are of value to the organisation in order for productivity to improve (Peters and Waterman, 1982). Manager 3 firmly believed that actively encouraging creativity amongst their employees and also the sheer number of employees within the organisation has had a positive impact on creativity and consequently business performance.

At Company A, it is the responsibility of the manager to reinforce the necessity for creativity and the benefits which accompany it. Manager 3 concentrated on the pivotal leadership role in creativity. If the leader is enthusiastic and displays a commitment to creativity then employees will follow this lead. Manager 5 acknowledged that the

leadership role is important in terms of organisational learning. It was also documented that leaders learn a lot from their employees because they work closely with customers.

The literature puts forward a variety of ways in which creativity can be promoted and enhanced within an organisation. Creative thinking is encouraged through motivation curiosity and fear, breaking and making connections and evaluation (Mauzy and Harriman, 2003). There is a general consensus amongst academics that motivation and creativity friendly rewards can increase levels of creativity. Motivation is described as a measure of the investment required for someone to break through natural inertia. Amabile (1997) expands the definition of motivation further and explains that there are two sources; extrinsic and intrinsic. Extrinsic rewards are financial in nature whereas intrinsic rewards are those of the non-monetary type such as praise or recognition (Scarborough, 2011). Intrinsic rewards have been found to be more powerful motivators for creativity.

There were some remarkable findings derived from the primary research. The practice at Company A corresponds with the literature in that they do not offer monetary rewards; intrinsic rewards are utilised in the form of praise and recognition. Interestingly, Manager 1 also believed that extrinsic rewards could potentially create an unhealthy competitive atmosphere between employees within a business. At Companies B and E there are again no extrinsic rewards offered to employees but recognition is used as a motivator. It is notable that, contrary to the literature review, the managers of both of these organisations were of the opinion that extrinsic rewards would perhaps be more effective motivators given the current economic climate.

Borghini (2005) asserts that existing business assumptions must be deconstructed due to the fact that they can hinder creativity. Mauzy and Harriman (2003) describe this stage as 'breaking and making connections'. The benefits of creativity are many and varied and yet inefficiency often accompanies it; creativity will result in failures as well as successes (Scarborough, 2011). Managers 1 and 5 disagreed somewhat with the literature and maintained that their respective companies do not have the time to absorb failures and the perceived negative financial implications which can accompany it. Manager 1 acknowledged that some new ideas have proven to be more

successful than others, perhaps indicating towards some previous failures, but in general the results have been positive. Conversely, Manager 5 experienced 'messiness' and inefficiencies during the implementation of new ideas but attributed this to differences of opinion concerning best practice amongst members of management.

Evaluation of ideas is the stage at which the final decision is made to either implement or terminate an idea. Evaluation can be time consuming and resistance and mistakes can occur (Mauzy and Harriman, 2003). Both managers continued and explained that in an attempt to avoid failure, there must be an evaluation process in place to assess the feasibility of ideas. Manager 2 was of the opinion that creativity within Company B is enhanced due to the effectiveness of their idea evaluation process where *"no idea is ever put down, everyone feels at ease making suggestions"*. The opinion of Manager 4 was congruent with the literature as they insisted that some failures are *"inevitable"* when implementing new ideas. However, the unsuccessful implementation of ideas had not been damaging to the organisation on the whole. The researcher observes that Manager 4 may be referring to 'quick failures', where the failure of an idea can be tolerated and is not detrimental to the business.

Once creativity has been established within an organisation, the challenge for managers is to sustain it. A major factor in sustaining creativity is the effective management of information flows. According to McLean (2005), creativity cannot happen without a flow of information. In order for information to be transferred freely, the organisation must open communication channels. These channels of communications funnel information from a range of sources, including employees and customers, towards creative ideas and opportunities. The interviewees were in total agreement with the literature. Manager 2 inferred that communication is at the core of creativity as Company B as ideas can be suggested to and from any level of the organisation, from the CEO to front line employees.

All managers stated that employees are aware that they can submit any ideas to management at any time. Company C, however, also provide employees with a more formal method of submitting ideas by means of an employee suggestion scheme. Manager 1, in particular, concentrated on the customer role in creativity and outlined

that creativity is often driven by customer demands and feedback. Some of the managers commented that they measure the success of their creative efforts through repeat customers and their level of satisfaction.

There are a variety of ways in which creativity can be impeded and an organisation can therefore be prevented from making the transition from the traditional to the creative. Lizotte (1998) states that both managers and employees can experience and display resistance to creativity. Managers can sometimes underestimate resistance and the potential impact it can have on the organisation (Kotter and Schlesinger, 1997). Resistance can result in the failure of new ideas and managers must have the ability to identify and overcome it (Robbins and Finley, 1997). Company A experienced resistance from employees but Manager 1 attributed this to the fact that change often comes with creativity and some employees are more adaptable than others. The manager encourages employees to support creative efforts and to understand that it is for the benefit of both the organisation and the employee.

Company E have experienced similar resistance but Manager 5 displayed empathy summarising that resistance can be a natural reaction from employees and management. At Company A resistance has also been displayed by higher management according to Manager 1. This alludes to the fact that organisational structure is another barrier to creativity. Organisational structure has a huge influence on a company's creativity and innovation capabilities (Kanter, 1983, cited by McLean, 2005). Manager 1 held the view that the more levels there are in an organisational hierarchy, the harder it can become to be creative and to overcome barriers to creativity. Manager's 2 and 3 expressed the opinion that creativity can be stifled if there are too many managers or authority figures within an organisation. Manager 4 observed that structure could indeed stifle creativity but claimed that this had not been the experience of Company D due to their team based structure.

### **5.3 Objective Three - Small and Medium Sized Enterprises (SME's)**

*Objective Three: To discover the strength of the relationship between leadership, creativity and SME performance.*

The literature states that SME's make a considerable contribution to the economy and thrive in practically every industry (Scarborough, 2011) as they are the most prevailing form of business in Ireland (Tiernan et al., 2006). Creativity is the most valuable instrument available to enterprises as it can guide them to original and improved business solutions (Mostafa and El-Masry, 2008). The opinions of the interviewees were congruent with the literature as they considered creativity and innovation as critical factors to the performance of SME's. Manager 1 firmly believes that the organisations policy of creativity helps to set them apart from competitors. Manager 5 was of similar opinion and advocated that creativity and the provision of excellent customer service contributes to the achievement of competitive advantage. SME's are currently facing many challenges including: limited access to finance; increase in payment times from debtors; competitiveness due to high operating costs and underutilisation of internet technology (Enterprise Europe Network, 2011). The SME's involved in the primary research have encountered a variety of these challenges.

Each of the managers cited the current economic climate as the biggest challenge which SME's are up against. Manager 5 focused on the difficulties in accessing finance and overdrafts in particular. They have witnessed rising rent and water rates have a crippling effect on SME's and while acknowledging that supports are available, felt that more could be done. Manager 2 outlined that the various branches of store within the company can actually be in competition with one another. In correlation with the literature, Manager 2 outlined that Company B have had to contend with the rise in popularity in online shopping and they themselves have an online presence. Company D have recognised that embracing technology can be of major benefit to a small enterprise. Manager 4 stated that social media sites in particular offer an easy and inexpensive method for the organisation to be more creative and to engage more easily with their customers.



## **5.4 Conclusion**

This chapter has discussed the primary research findings presented in the previous chapter. These findings were analysed and compared with the theory presented in the literature review section and were in the most part, supportive of existing theories. The next chapter brings this dissertation to a close by providing conclusions and offering recommendations for future research and actions to be taken by the organisations studied.

## Chapter Six

### CONCLUSIONS AND RECOMMENDATIONS

#### 6.0 Introduction

The objective of this chapter is to provide conclusions for this dissertation arising from the analysis of the literature review and the primary research findings. This chapter aims to distinguish if the research objectives have been satisfied. Recommendations for actions to be taken by the SME's involved will be outlined along with suggestions for future research.

#### 6.1 Conclusions

The conclusions will be discussed using the three research objectives as headings to illustrate the extent to which these objectives have been satisfied.

*Objective One: To analyse the management and leadership function within Irish SME's in the Irish retail industry.*

This study has found that management and leadership are extremely important functions for the retailers involved in the primary research. The management responsibilities discussed were many and varied and play a significant role in the day-to-day running of each business. A variety of leadership skills and behaviours were also evident amongst the respondents which contribute to the overall performance and long-term sustainability of each organisation. Interestingly, the management versus leadership debate continues as practising managers/leaders could not reach agreement about the distinction between both concepts. Although, the vast majority were of the opinion that management and leadership are quintessentially different.

*Objective Two: To ascertain the presence and importance of creativity and innovation within these SME's.*

Each of the companies studied were found to have varying levels of creativity within their organisations. Creativity is at the heart of Company B's strategy whereas other companies did not formally proclaim this to be the case but creativity is inherent and expected within the organisations. All of the managers recognised the importance of creativity and innovation to organisational growth and longevity, particularly given the current economic conditions. Although overall responsibility lies with the

managers, the employee contribution towards creativity within SME's was highlighted. Motivation was recognised by academics and practising professionals alike as a method of promoting creativity. Intrinsic motivators including praise and recognition are used the SME's studied in accordance with the literature. Some level of failure and inefficiency often accompanies creativity but SME's are limited in the amount of failure which can be tolerated. Communication emerged as a key component of successful creativity as is overcoming barriers which can impede it.

*Objective Three: To discover the strength of the relationship between leadership, creativity and SME performance.*

It is clear that there is a strong relationship between leadership, creativity and the performance of SME's. As the most prominent form of business in this country, SME's make a sizeable contribution to the economy. The managers, although acknowledging the input of employees, were aware of their responsibility towards promoting and sustaining creativity. Despite their significance, SME's must face numerous challenges. Creativity and innovation can help an organisation to overcome these challenges and eventually achieve competitive advantage.

## **6.2 Recommendations for SME's**

The author makes the following recommendations for actions to be taken by the companies studied in the primary research;

The managers of the SME's recognised that there is a necessity for creativity and yet the majority of the companies do not expressly include creativity as a component of their business strategy or set it as a company priority. The author recommends that the companies should consider adopting a formal policy of creativity and innovation.

The author acknowledges that SME's are facing many challenges at the current time. However, provision of resources, financial or otherwise, specifically for the purposes of creativity could improve the levels of organisational creativity and consequently performance may improve as a result.

Offering training for employees could also improve creativity and performance and employees would also feel that their input and progression was valued by the organisation. Implementation of a suggestion scheme and/or a reward scheme within the SME's would offer employees a formal method of submitting ideas and may also act as a motivating tool.

### **6.3 Directions for Future Research**

There is scope for future research in examining the concepts of leadership and creativity within SME's. To validate this study and substantiate its findings, the researcher recommends that similar research may be carried out using alternative companies and a comparison be made with this study. Further research is recommended particularly in an Irish context and also within SME's. A qualitative approach to primary research was chosen by the author for this study. However, the subject area could also be examined using a qualitative research approach. The primary research focused on the opinions and experiences of managers. Future research could examine the topic from an employee point of view.

### **6.4 Concluding Comment**

This study was undertaken to examine the strength of the relationship between leadership and the creative capabilities of SME's operating within the Irish retail industry. The key findings from the research indicate that there is a strong association between each of these factors. The SME's involved in the research had a variety of experiences regarding the research topic. The managers were adamant that creativity is a necessity for modern organisations, whether this is expressly stated as a company policy or not. Employee contributions were acknowledged as being imperative to creativity although managers do have overall responsibility. Both successes and failures had been encountered. Creativity and the ability for leaders to guide the creative process will continue to grow more important for businesses and SME's in particular.

In order to conclude this study, this chapter has presented the conclusions drawn from the literature review and the primary research findings. Recommendations for actions to be taken by the SME's involved in the research have been offered along with recommendations for future research.

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## **APPENDICES**

### **Appendix A: Personal reflections on the dissertation process**

The first step of my research process began with selecting a topic which was of interest to me. One of my lecturers from my undergraduate degree would always remind us that business is all about management and that statement has stayed in my mind. I was aware that I wanted to choose a topic related to my area of study, management, and that it should be interesting to ensure that the process was an enjoyable one. I personally found that completing the research proposal in semester one helped me to focus and I eventually chose the topic of creativity and leadership. My topic was still quite broad and I was finding it difficult to narrow it down to a more manageable research area. One of my critical learning points was the development of a conceptual framework which I felt really helped me to focus my research topic and to narrow it down to a study of leadership and creativity but in the context of SME's.

For me, one of the greatest learning points I will take from completing this dissertation is the importance of time management. I found that I was reading a lot of literature around the topic but wasn't actually putting pen to paper myself. This time could have been used more efficiently and I find actually beginning the writing process is often the hardest step so in the future I would start writing as soon as possible. I found this process the most challenging because the master's course, in general, was a step up from my undergraduate and the dissertation was no exception. I believe that this is also good advice for future students and researchers.

I think that doing the research methodology chapter guided the remainder of my research journey because I had a road map of sorts to follow. Forming the interview questions proved quite challenging. However, it was reassuring to know that by using the questions as an interview guide, I was free to ask further questions based on the answers given. The prospect of interviewing managers was quite daunting but once I began, I enjoyed listening to the managers various opinions and experiences. They also gave me a lot of advice which was pertinent to me as a business and management student and I feel will be of benefit to me in my future career.

Many of my skills have been improved as a result of completing this dissertation. My research skills have been enhanced and I now feel that I would be better able to complete research in the future as a result. My time management skills have been tested and if I was to complete another dissertation, I would devote more time to it throughout the course of the master's year as I sometimes found that other college assignments and projects took priority during the first two semesters. I also learned that if I was experiencing a mental block, it is better to take a step back and come back to it at a later stage than to get confused and frustrated with the research process. The skills that I have gained will be of huge benefit to me both academically and professionally.

## **Appendix B: Interview Guide**

### **Section One: Introduction**

1. What is your title in the organisation?
2. How long have you been employed in the organisation?
3. How many staff do you employ?
4. What industry/sector are you involved in (main products/services offered)

### **Section Two: Management and Leadership**

5. Describe your current role in the organisation (What functions/responsibilities does your position entail).
6. In general, what does management/leadership mean to you?
7. Do you believe that there is a difference between management and leadership?
8. What skills/abilities do you believe a good manager/leader possess?
9. What influence does your management/leadership style have on your organisation and its followers?
10. Do you ever feel the need to change your leadership style based on any given situation?

### **Section Three: Creativity and Innovation**

11. What is your understanding of creativity and innovation in business?
12. Do you believe that creativity plays an important role in organisational growth/achieving competitive advantage?
13. How important do you regard creativity to your organisation? Is it a company priority?
14. Do you as leader/manager play a pivotal role in creativity within the organisation?
15. What factors do you think enhance creativity?
16. Are there any measures in place to promote creativity within the organisation? Can improvements be made?
17. Do you think that barriers to creativity have been encountered by the organisation? If so, how do you believe these barriers can be overcome?
18. Is there a formal system in place within the organisation where ideas can be submitted or the level of creativity measured?
19. Do you provide facilities/ training to develop creativity within the organisation?

**20.** Do you provide rewards/recognition for creativity?

**Section Three: SME's**

**21.** How important is creativity and innovation to SME's?

**22.** How important is it for your organisation to innovate/compete in your industry?

**23.** What are the major challenges do you think SME's are facing at the present time?

How do you think these may be overcome?

**Q:** Is there anything else that you feel is important?

### **Appendix C: Invitation letter to participate in study**

Caroline McGrath  
Address Line 1  
Address Line 2

Mobile No.  
E-mail Address

Date

Mr/Ms -----  
Title  
Company  
Address

Dear Mr/Ms -----,

I am currently undertaking a Masters of Business Studies specialising in Management at Waterford Institute of Technology. In partial fulfillment of my course, I am currently completing a dissertation regarding the area of leadership and creativity within Small and Medium Sized Enterprises (SME's).

I understand the demands and pressures on your time but I would be very grateful if you would be willing to participate in this study. This would involve taking part in a personal interview with me. I assure you that the information disclosed in the interview will be kept with the strictest of confidence and will only be used in a purely academic sense for the purposes of the study.

If you have any queries, or require any further information, please do not hesitate to contact me at the details given above.

Thank you for your time and co-operation

Yours sincerely,

...

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Caroline McGrath