

Sorin-George TOMA
Faculty of Administration and Business, University of Bucharest
Anca BRATU
Faculty of Administration and Business, University of Bucharest
Marin BURCEA
Faculty of Administration and Business, University of Bucharest

WHEN BUSINESS STRATEGY MEETS CREATIVITY

Literature
review

Keywords

Strategy
Business strategy
Creativity
Cirque du Soleil

JEL Classification

M19

Abstract

Purpose – Our paper aims to present in short the theoretical foundation of the concepts of business strategy and creativity, and to highlight the relationship between them.

Design/methodology/approach – Using the literature review, the study examined the conceptual framework of the notions of strategy, business strategy, and creativity. Also, it analysed the relationship between business strategy and creativity.

Findings – The results confirm previous studies related to the beneficial impact of creativity on the business strategy of a company. As creativity has become an important input for a successful business strategy, companies are making significant efforts in order to bring creativity into play.

Practical implications/originality/value – Business strategy and creativity are two interconnected concepts not only in theory, but also in practice. Also, creativity represents a fundamental asset of a successful company in turbulent times.

Introduction

In the past, many people regarded the concepts of business strategy and creativity as being like oil and water. However, during the last decades researchers and practitioners have shown that the two concepts are not incompatible opposites [Oldham & Cummings, 1996; Amabile, 1988; Kanter, 1983]. In this respect, the concepts of business strategy and creativity have been often analysed and the relationship between them have become a highly fashionable topic in both the business and academic environment. As business organizations face an increasing number of challenges, they have to find solutions to particular problems [March, 1988]. In fact, “successful organizations of all kinds combine all the essential business elements creatively” [Parrish, 2007, p. 8]. That is why creativity represents a key asset for any business organizations and a prerequisite for their business strategies.

The aims of our paper are to present in short the theoretical foundation of the concepts of business strategy and creativity, and to highlight the relationship between them. The research type is a literature review.

The reminder of our paper is structured as follows. The next section is dealing with the definitions and the characteristics of the two above mentioned concepts. Then the concepts of business strategy and creativity are analysed in their relationship by using the case of Cirque du Soleil, a Canadian company. The paper ends with conclusions.

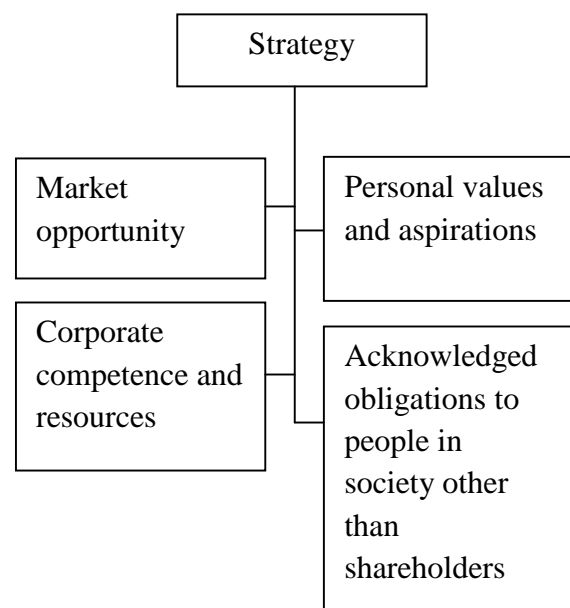
Conceptual framework

While the importance of the concepts of business strategy and creativity is generally accepted, there are as many definitions of them as there are business organizations. Strategy constitutes an

elusive and abstract concept. The concept emerged in the business literature in the 1960s when three American authors, K. R. Andrews, A. D. Chandler Jr. and H. I. Ansoff, delimited a new domain, the domain of strategy, in terms of concepts, theories and methodologies.

Andrews stated that strategy in a company represents the pattern of decisions that determines its purposes, or goals, the main policies and plans to achieve those goals, the range of business to pursue, the kind of economic and human organization it intends to be and finally, the contribution it intends to bring to its stakeholders [Moore, 2001]. In his view, strategy comprises four main components (Fig.1).

Figure No. 1. The components of a strategy according to K. R. Andrews.

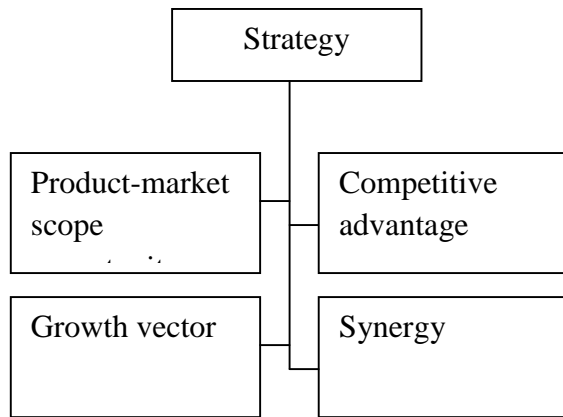


Chandler Jr. asserted that “strategy can be defined as the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals” [Chandler, 1990, p. 13]. In his opinion, strategy includes both means and ends.

Ansoff affirmed that „strategy is a set of decision-making rules for guidance of organizational behavior” [Ansoff, 1984, p. 31]. As Andrews, he thought that strategy

includes four key elements, but different (Fig. 2).

Figure No. 2. The components of a strategy according to H. I. Ansoff.



In a relatively short period of time, the discipline of strategic management emerged as a discipline providing a holistic perspective of the firm. Also, several schools of strategy appeared and contributed to the development of the strategy domain as follows [Mintzberg, Lampel, Quinn & Goshal, 2003]:

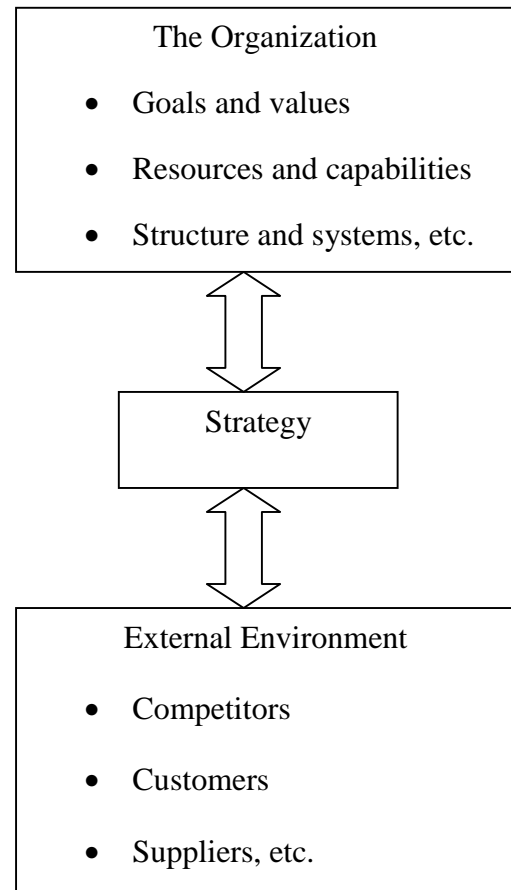
- design,
- planning,
- positioning,
- entrepreneurial,
- cognitive,
- learning,
- power,
- cultural,
- environmental,
- configurative.

Consequently, the concept of strategy underwent transformations and had many interpretations. However, there are four characteristics of a strategy that are conducive to organizational success as follows [Grant, 2013]:

- goals that are consistent and long term;
- profound understanding of the competitive environment;
- objective appraisal of resources;
- effective implementation.

In essence, strategy should play the role of a link between the organization and its external environment (Fig. 3).

Figure No. 3. Strategy as a link between the organization and its environment.



Source: Grant, 2013.

Within the organization, strategies are designed for different groups of people or activities. In this respect, one can identify the following levels:

- functional level;
- business level;
- corporate level;
- network level (Table 1).

Table No. 1. Levels of strategy within an organization.

Level of Aggregation	Level of Organization
Functional Level	Functional Department

Business Level	Operating Unit
Corporate Level	Corporation/Group
Network Level	Alliance/Partnership

Source: De Wit & Meyer, 2010.

Strategy at the functional level focuses on “questions regarding specific functional aspects of a company (operations strategy, marketing strategy, financial strategy, etc.)” and strategy at the business level requires “the integration of functional level strategies for a distinct set of products and/or services intended for a specific group of customers” [De Wit & Meyer, 2010, p. 8]. Business strategy is concerned with “how the firm competes within a particular industry or market” [Grant, 2013, p. 19].

According to some researchers, „the “rhizome” (A rhizome is, in botany, a root like subterranean stem, commonly horizontal in position that usually produces roots below and sends up shoots progressively from the upper surface) with its multiple horizontal roots best represents the nature of the relation between business strategy and the many scientific disciplines to which it is connected” [Noy & Luski, 2012, p. 24] such as economics, history, system theory, architecture or industrial organization.

On the other hand, the concept of creativity is also complex and multidimensional. The field of creativity emerged largely due to the pioneering efforts made by J. P. Guilford and E. P. Torrance [Sternberg, 2006]. Creativity has been defined in various ways by different authors. Guilford stated that creativity is not only a cognitive and social process, but also a personality trait. Torrance created and developed the Torrance Tests of Creative Thinking (TTCT), which are used both in the business world and in education to assess individuals’ capacity for creativity.

In his view, creativity represents “a process of becoming sensitive to problems, deficiencies, gaps in knowledge, missing elements, disharmonies, and so on;

identifying the difficulty; searching for solutions, making guesses, or formulating hypotheses about the deficiencies: testing and retesting these hypotheses and possibly modifying and retesting them; and finally communicating the results” [Torrance, 1966, p. 6]. In today’s business world, characterized by hypercompetition, creativity constitutes a key element for the business strategy of a company.

Business strategy and creativity: the case of Cirque du Soleil

As creativity has become an important input for a successful business strategy, companies are making significant efforts in order to bring creativity into play. This means that business strategy and creativity cannot be treated as peripheral to each other. On the contrary, the two concepts are interconnected and “a ‘creative strategy’ might begin from a recognition of the creative elements within strategy” [Bilton & Cummings, 2010 p. 26]. In this respect, Cirque du Soleil (Circus of the Sun) has succeeded to implement creativity in its business strategy. In fact, creativity has always been at the heart of Cirque’s business strategy.

In 1984, G. Laliberté and G. Ste-Croix, two street performers founded Cirque du Soleil, a Canadian entertainment company. In the beginning, the company employed only 20 street performers. Today, it has more than 5,000 employees. In less than thirty years, Cirque du Soleil has achieved an impressive level of revenues.

By reinventing the circus, the company appealed to “a whole new group of customers: adults and corporate clients prepared to pay a price several times as great as traditional circuses for an unprecedented entertainment experience” [Chan Kim & Mauborgne, 2005, p. 4]. The success story of the Canadian company is based on the creation of an uncontested new market space that made the competition irrelevant. In short, Cirque du Soleil created a blue ocean strategy (Table

2) by offering the best of circus, theater and ballet.

Table No. 2. Red Ocean Strategy versus Blue Ocean Strategy.

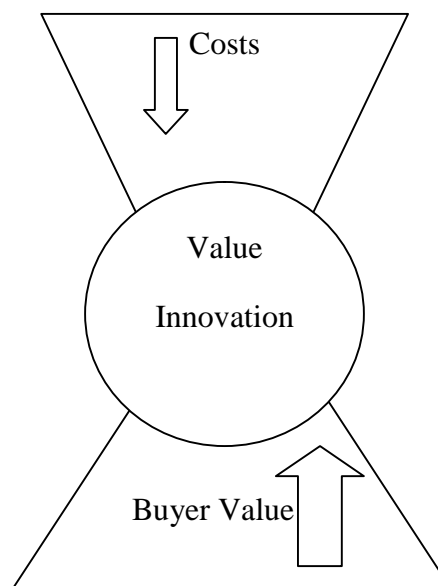
Red Ocean Strategy	Blue Ocean Strategy
Compete in existing market space	Create uncontested market space
Beat the competition	Make the competition irrelevant
Exploit existing emand	Create and capture new demand
Make the value-cost trade-off	Break the value-cost trade-off
Align the whole system of a firm's activities with its strategic choice of differentiation or low cost	Align the whole system of a firm's activities in pursuit of differentiation and low cost

Source: Chan Kim & Mauborgne, 2005, p. 18

The company “broke the best practice rule of the circus industry, achieving both differentiation and low cost by reconstructing elements across existing industry boundaries” [Chan Kim & Mauborgne, 2005, p. 18]. On the one hand, Cirque du Soleil eliminated many of the most costly elements of the circus. On the other hand, Cirque du Soleil invented a new form of live entertainment, different from both circus and theatre. It has created value innovation by saving costs and driving value up for its customers (Fig. 4).

Figure No. 4. Value Innovation at Cirque du

Soleil.



Source: Chan Kim & Mauborgne, 2005.

In sum, the Canadian company gained high audience through the unceasing implementation of creativity in its business strategy. It emanates creativity, and invokes the imagination and evokes the emotions of the people around the world.

Conclusions

In the past decades there have been done numerous researches on business strategy and creativity. Due to the fact that both concepts are complex and multidimensional, they have been defined in different ways by different people.

In a business world dominated by hypercompetition, companies need to fully implement creativity in their business strategies. The importance of creativity to the continued success of a business organization has been recognized by researchers and practitioners. In order to stay in business, a company has to respond in a creative manner to the challenges it faces everyday in a globalized world.

Our paper has demonstrated that business strategy and creativity are two interconnected concepts not only in theory, but also in practice. Also, it has shown that creativity represents a fundamental asset of a successful company in turbulent times.

Our paper contributes to a better understanding of the strong relationship between the concepts of business strategy and creativity, and provides a platform on which to build further studies on the same challenging subject.

Reference list

- [1] Amabile, T. M. (1998). How to Kill Creativity. *Harvard Business Review*, 76 (5), 76-87.
- [2] Amabile, T. M. (1988). A model of creativity and innovation in organizations. In B. M. Staw & L. L. Cummings (Eds.), *Research in organizational behaviour*, 10, 123-167. Greenwich, CT: JAI Press.
- [3] Ansoff, H. I. (1984). *Implanting Strategic Management*. New Jersey: Prentice Hall International.
- [4] Bilton, C., & Cummings, S. (2010). *Creative Strategy: Reconnecting Business and Innovation*. Chichester: Wiley.
- [5] Chan Kim, W., & Mauborgne, R. (2005). *Blue Ocean Strategy: How to Create Uncontested Market Space and Make the Competition Irrelevant*. Boston: Harvard Business School.
- [6] Chandler Jr., A. D. (1990). *Strategy and Structure: Chapters in the History of the American Industrial Enterprise*. Massachusetts: Massachusetts Institute of Technology.
- [7] De Wit, B., & Meyer, R. (2010). *Strategy Synthesis: Resolving Strategy Paradoxes to Create Competitive Advantage* (3rd ed.). Hampshire: South-Western Cengage Learning.
- [8] Grant, R. M. (2013). *Contemporary Strategy Analysis* (8th ed.). Chichester: Wiley.
- [9] Kanter, R. M. (1983). *The change masters*. New York: Simon&Schuster.
- [10] March, J. G. (1988). *Decisions and Organizations*. Oxford: Basil Blackwell.
- [11] Mintzberg, H., Lampel, J., Quinn, J. B., & Goshal, S. (2003). *The strategy process* (4th ed.). New Jersey: Pearson Education International.
- [12] Moore, J. I. (2001). *Writers on Strategy and Strategic Management* (2nd ed.). London: Penguin Books.
- [13] Noy, E., & Luski, A. D. (2012). The Multidisciplinary Nature of Business Strategy: Suggesting a Rhizome Paradigm. *The Electronic Journal of Business Research Methods*, 10 (1), 22- 33.
- [14] Oldham, G. R., & Cummings, A. (1996). Employee Creativity: Personal and Contextual Factors at Work. *The Academy of Management Journal*, 39 (3), 607-634.
- [15] Parrish, D. (2007). *T-shirts and Suits: a Guide to the Business of Creativity*. Liverpool: Merseyside ACME. Retrieved from

http://www.davidparrish.com/dp/uploads/TShirtsAndSuits_AGuideToTheBusinessOfCreativity_DavidParrish.pdf.

- [16] Sternberg, R. J. (2006). The Nature of Creativity. *Creativity Research Journal*, 18 (1), 87-98.
- [17] Torrance, E. P. (1966). *The Torrance Tests of Creative Thinking-Norms-Technical Manual Research Edition-Verbal Tests, Forms A and B-Figural Tests, Forms A and B*. Princeton, New Jersey: Personnel Press.