

Unit 4: Creativity, Innovation and Entrepreneurship

Level: 7

Unit type: **Optional**

Guided learning hours: 45

Credit value: 20

Unit introduction

This unit enables learners to explore the characteristics associated with creativity and innovation in organisations. Learners will explore the traits of successful entrepreneurs and how these can be applied by strategic leaders.

At the heart of this approach to strategic leadership is the need to look for creative solutions to the challenges faced by an organisation and to understand how innovation can be promoted and supported in all aspects of an organisation's activities. This requires an organisational culture in which people are not afraid to take calculated risks to improve the effectiveness of systems and processes and develop new ways of doing things.

Implementing changes to an organisation's culture brings its own challenges. Learners will explore how to identify key goals and priorities to help persuade and communicate innovative ideas to stakeholders and to identify and address barriers to innovation.

Learning outcomes and assessment criteria

To pass this unit, the learner needs to meet all the learning outcomes for the unit. The assessment criteria determine the standard required to achieve the unit.

Learning outcomes		Assessment criteria	
A	Understand the contribution of creative and innovative management to organisational development and performance	A.1	Systematically analyse the factors that influence innovation within organisations
		A.2	Investigate the impact of innovation on organisational development and performance
		A.3	Assess the factors that limit innovation in an organisation
B	Understand how entrepreneurial skills can enhance innovation within organisations	B.1	Critically analyse the qualities of entrepreneurship applied to strategic management
		B.2	Evaluate the influence of different leadership and management styles on the approach to innovation in an organisational setting
		B.3	Critically evaluate the influence of intrapreneurship in an organisational context
C	Understand the techniques used to generate support and commitment to innovation within an organisation	C.1	Evaluate the approaches used to promote innovation in organisational processes
		C.2	Comprehensively analyse techniques used to create creative solutions to strategic challenges
		C.3	Evaluate the impact of an entrepreneurial approach to workforce organisation and development
D	Apply an entrepreneurial approach in a strategic leadership role within a given organisational context	D.1	Prepare a strategy for promoting innovation in an organisational context
		D.2	Assess the impact of innovation in an organisation

Unit content

Learning outcome A: Understand the contribution of creative and innovative management to organisational development and performance

- *Drivers of innovation*: application of Drucker's seven sources of innovation in different organisational contexts; organisational change and restructuring aimed at increasing efficiency, productivity and profitability; changes in the internal/external business environment, e.g. responding to changes in trends or technology; to address changes in market conditions and customer needs; increased competition in the market; product development at different stages in the product life cycle; training and development of the workforce; collaboration and partnerships to promote innovation.
- *Leadership styles and behaviours*: strengths, adopting appropriate style for different circumstances; theory and practice of influencing and motivating and rewarding others; relationship between transformational and transactional change; decision-making processes and style; influence of key stakeholders in supporting and challenging innovation in organisations.
- *Vision and mission*: influence of vision and mission; indicators of organisational performance; influence of an organisational strategic plan and business plan on innovation; methods; concept that policies and procedures are supported by a culture that reinforces consistently what the organisation is about.
- *Innovation, organisational development and performance improvement*: organisational development, e.g. identifying new and/or improved products and services to improve revenue and profit; implementation of new operational processes; providing technical leadership.
- *Performance improvement*: e.g. first to market, premium prices, large market share, increased shareholder return, increased employee motivation and morale, improved systems and processes; monopolisation through patents, licenses, copyrights, trademarks, intellectual property rights.
- *Factors that limit innovation*: risk, investment needed, continual change; expertise in organisation, technological know-how; strategy – strengths and weaknesses; dealing with barriers to innovation, e.g. stakeholder engagement, organisational culture, resource implications.

Learning outcome B: Understand how entrepreneurial skills can enhance innovation within organisations

- *Key qualities of entrepreneurship*: e.g. problem solver, persuader, creative thinker, visionary, good communicator, team player, analytical and reflective; how qualities are used in different contexts, e.g. improving systems and processes, new product development, improving quality of product or service delivery to customer.
- *Leadership and management styles*: influence of different approaches to management and leadership on the development of an intrapreneurial culture within an enterprise; the characteristics of different types of leadership style; the potential impact on intrapreneurship of different leadership styles.

- *Influence of strategic leadership in promoting changes in workplace practices:* e.g. monitoring current operational practices, looking for and identifying opportunities for change or improvement, exploring creative ways to address organisational issues and challenges, improving productivity, increasing the capacity of the business to respond to changes in the internal and external environment.
- *The concept of intrapreneurship:* features and characteristics; impact on organisational culture and leadership styles; delegated leadership; risk appetite; organisational practices to promote intrapreneurship, e.g. training and development, quality circles, teams, employee engagement, delegation.

Learning outcome C: Understand the techniques used to generate support and commitment to innovation within an organisation

- *Impact of creativity and innovation on teams and organisational structure:* organisational structure, e.g. functional and matrix, impact of organisational structures on innovation and creativity; relationship between effective workplace teams, intrapreneurial skills, innovation and the success of an enterprise.
- *Techniques for creative and innovative solutions:* theory and application of lateral thinking, visioning and problem-solving techniques; theory and use of analytical tools – SWOT (strengths, weaknesses, opportunities, threats), PESTLE (political, economic, social, technological, legal, environmental) analysis; cost-benefit analysis; decision-making processes and styles.
- *Organisational processes:* processes for the evaluation, selection and development of ideas; ideas – value chain, inside/outside, cross-pollination, selection, development, diffusion; role of incubation; need to be systematic.

Learning outcome D: Apply an entrepreneurial approach in a strategic leadership role within a given organisational context

- *The stages of innovation of a new product, service or process :* product/service idea, design, development, test, implement; market identification, size, segmentation, customer perceptions, market testing, promotion, and launch; process identification, analysis, design, testing and implementation; use of information technology, e.g. SMART technology, e-commerce, computer-aided design (CAD)/computer-aided manufacturing (CAM)/building information modelling (BIM), additive manufacturing, 3D printing, data mining and analysis, internal and external integration of information systems; alignment and integration of new processes with established processes.
- *Risks:* risk analysis, risk management techniques.
- *Change models:* e.g. IDEAL model (initiating, diagnosing, establishing, acting and learning).
- *The decision-making process:* define/clarify the issue, gather facts, identify the range of solutions, consider advantages/disadvantages of the options, select best option, implement; decision-making models – rational, bounded rationality, intuitive, creative.
- *Performance metrics:* e.g. financial, market performance, workforce motivation and productivity, quality, efficiency and costs.

Essential information for assessors

Essential resources

There are no specialist resources needed for this unit.

Suggested assessment approach

This section must be read in conjunction with *Section 6: Assessment*.

This unit is assessed internally by the centre and externally verified by Pearson.

The table below shows the suggested approach to assessments.

When preparing the assessment for this unit, the learner should be given an Assignment brief designed by the tutor. This brief should be set in a specific organisational context, it should draw on learning from the unit, and be designed in a way that enables learners to meet all the assessment criteria.

Learning outcome	Suggested assessment approach
A Understand the contribution of creative and innovative management to organisational development and performance	There are a number of approaches that can be taken to cover the learning outcomes in this unit. It is possible to assess all the learning outcomes in this unit within one assignment. Alternatively, different assignments can be used to cover individual learning outcomes, although care must be taken to ensure learners understand that innovation is a process and is therefore likely to draw on aspects from more than one learning outcome. It is therefore suggested that, if the learning outcomes are not assessed within one assignment, then an individual assignment should cover more than one learning outcome
B Understand how entrepreneurial skills can enhance innovation within organisations	Learners must be given the opportunity to link theory to practice, for example by examining the relevance of Drucker's innovation model in an organisational context, and show the application of techniques used in the innovation process, for example SWOT and PESTLE analysis.
C Understand the techniques used to generate support and commitment to innovation within an organisation	Assignments can be based on tutor-devised case study scenarios, research studies involving specific organisations or a learner's own organisation. If case study scenarios are used care must be taken to ensure that learners have the opportunity to provide appropriate and sufficient evidence to meet all the assessment criteria. In the case of research studies, these can either be based on an organisation chosen by the tutor or self-selected by the learner.
D Apply an entrepreneurial approach in a strategic leadership role within a given organisational context	If either case studies or research studies are used, learners must be given the opportunity to analyse how creative and innovative management impacts on the prevailing organisational culture and how this

Learning outcome	Suggested assessment approach
	<p>culture promotes creativity within the workforce. Not all innovations are successful and case studies and research studies can be based on a comparative analysis of both successful and unsuccessful innovations with learners required to identify the critical factors that impacted on the final outcome.</p> <p>In those instances where the learner is required to consider their own organisation, there are two possible approaches that can be taken. Firstly, the learner could investigate how a specific innovation was introduced into the organisation and analyse the way in which the innovation was supported, the challenges that needed to be addressed to implement the innovation and an evaluation of the impact of the innovation on organisational performance. The second approach is based on an 'active research' approach involving the identification and diagnosis of a problem or a weakness in an organisational process and then proposing creative solutions to address the problem or weakness. The advantage of this approach is that learners would need to assess their own creative and entrepreneurial skills and to work with managers and team leaders to successfully implement the innovation process.</p> <p>Whichever approach is taken, learners must be aware that innovation is not solely concerned with new product development or the utilisation of technology. Creativity and innovation can also be applied to organisational processes with the aim to promote efficiencies and reduce costs. Hence, in this unit, organisational functions such as procurement, recruitment, communication systems and organisational structure can all form the basis of an assignment programme.</p> <p>Learner presentations could be used to present a strategy for promoting innovation in an organisation highlighting the strategic objectives, the main issues to be addressed, recommendations, the lessons learned and the implications for strategic leaders and managers drawn from a detailed risk analysis.</p>

Assessment requirements

Learning outcome A

To achieve learning outcome A, learners must provide evidence to show that they can analyse the influences that impact on the approach to innovation taken by an organisation. This can be evidenced in either a service sector organisation or a manufacturing organisation. Learners must apply theoretical models of the innovation process in a specific organisational context. Learners must clearly identify how leadership influences the approach to innovation in an organisation and how innovation impacts on the achievement of an organisation's strategic aims and objectives and its vision and mission. The evaluation of organisational performance must incorporate both quantitative and qualitative performance measures. Learners must analyse the factors that limit organisational innovation and assess their impact on innovation within an organisation.

Learning outcome B

To achieve learning outcome B, learners must identify the application of entrepreneurial skills in a specific organisation and show how these skills can be applied in different contexts, both in terms of strategic leadership and across the organisation as a whole. This can be evidenced in terms of product innovation or improving organisational processes. Learners must analyse how different leadership styles can influence innovation.

Learning outcome C

To achieve learning outcome C, learners must analyse the impact of the measures implemented by an organisation to promote the development of intrapreneurial skills within its workforce. The analysis must include the impact of intrapreneurial practices on organisational systems and procedures, workforce structure, organisational culture and performance. Learners must apply both SWOT and PESTLE analysis in a specific context and provide an analysis of the implications on the proposed innovation. The implications must be presented to include both the costs and benefits of the proposed innovation.

Learning outcome D

To achieve learning outcome D learners must show how a strategic change model could be applied to develop a strategy for promoting innovation in an organisation and help prepare it for implementing an innovation. Learners must provide evidence of how an entrepreneurial mind set and associated skills can influence and promote the development of the strategy. The strategy must be supported by a realistic operational plan which show the stages involved in the innovation process and clearly identifies and justifies priorities, targets, actions and management responsibilities. The strategy must include a detailed risk analysis and management plan. Targets should be identified for performance improvements in specific areas of the organisation and include both quantitative and qualitative performance targets.