

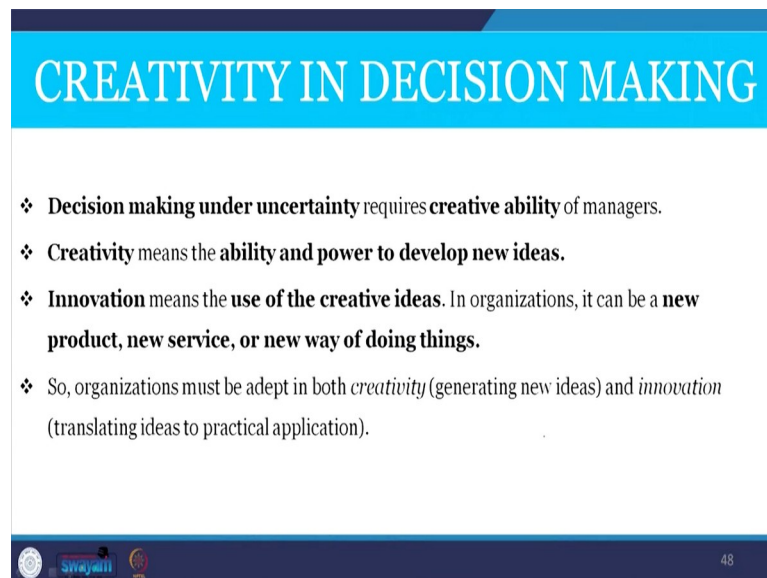
Principles of Management
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Lecture - 21
Decision Making - IV

Today, we will be discussing about Creativity in Decision Making Process. We discussed about 8-step decision making process in the previous sections and today, we will discuss creativity in decision making process helps in improving the decisions. Decision making under uncertainty requires creative ability of managers.




We discussed about unstructured problems; unstructured problems can be addressed by taking non-programmed decisions.

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CREATIVITY IN DECISION MAKING

- ❖ **Decision making under uncertainty** requires **creative ability** of managers.
- ❖ **Creativity** means the **ability and power to develop new ideas**.
- ❖ **Innovation** means the **use of the creative ideas**. In organizations, it can be a **new product, new service, or new way of doing things**.
- ❖ So, organizations must be adept in both *creativity* (generating new ideas) and *innovation* (translating ideas to practical application).

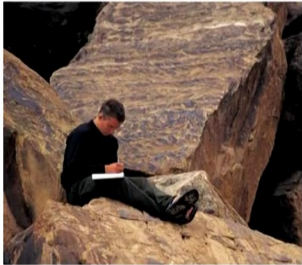
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So, decision making under uncertainty requires a creative ability of managers. We will discuss what is creativity? Creativity means the ability and power to develop new ideas, come up with some kind of novice ideas, novel ideas to tackle the complex problems. Innovation means the use of creative ideas. So, creativity is a precursor to innovation. Innovation means use of creative ideas.

In organization, it can be a new product, a new service or a new way of dealing things or doing things. So, organizations must be adopt in both creativity; i.e, generating new ideas and innovation translating ideas to practical application.

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WHAT IS CREATIVITY ?



Unconventional

Abstract

Less structured

Less organized

Intuitive

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So, what is creativity? Creativity is something which is unconventional which is abstract or ambiguous. It is less structured, less organized and it is intuitive.

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CREATIVITY IN DECISION MAKING

Creativity process

(1.) Unconscious Scanning

- ❖ It requires to deeply **contemplate the problem** which is ambiguous and ill-defined.
- ❖ It helps to **avoid premature decision making**.

(2.) Intuition

- ❖ It means to find **new combinations** and integrate diverse concepts and ideas.
- ❖ Intuitive thinking can be promoted by **brainstorming** (developed by William Osborn and the purpose is to improve problem solving by finding new and unusual solutions).

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Creativity process, what are the steps in creativity process? Unconscious scanning – it requires to deeply contemplate about the problem. As we discussed in section 3, that

some problems are clear or they have relevant information with associated. So, there is a structured way or which is called otherwise structured problem and structured problems can have a very straight approach to solving the problem with the help of existing rules, policies and procedures.

But, when the situation is complex or ambiguous, there is no clarity in the problem and related information so, in that case how the decisions can be taken and decision making is not very simple unless people are engaged, unless people come up with creative ideas. It requires unconscious scanning and it requires deeply contemplating the problem which is ambiguous and less defined or ill defined. It helps to avoid premature decision making.

The next step is intuition it means to find new combination and integrate diverse concepts and ideas. Creativity does not happen always. Creativity requires diverse concepts and knowledge about different ideas, knowledge of diverse concepts and ideas. Integration of diverse concepts and ideas will lead to combining those ideas and coming up with a novel idea.

Intuitive thinking can be promoted by brainstorming developed; brainstorming is a technique of decision making, group decision making. Brainstorming develop, this concept has been defined by William Osborn and the purpose is to improve problem solving and to give new and unusual solutions. So, novel solutions are generated with the help of a brainstorming session.

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CREATIVITY IN DECISION MAKING

Creativity process

(3.) Insight

- ❖ New insights are result of hard work.
- ❖ It may last momentarily. Managers must make notes of their creative ideas.

(4.) Logical formulation

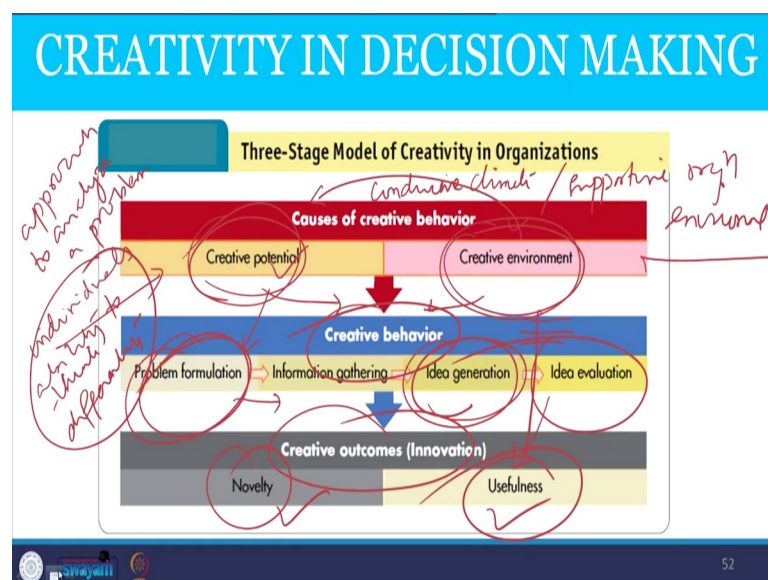
- ❖ Insights are tested through logic or experiment.
- ❖ This is done through inviting critiques from others.

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Creativity can also be generated through insight. New insights are results of hard work. It may last momentarily. Managers must make note of their creative ideas. It is a kind of logical formulation insights are tested through logic or experiments. This is done through inviting critics from others which is otherwise called there is a concept in management called devil's advocate.

If there is a problem and people critic or people criticize the approach of solving a problem then there would be more alternatives generated. So, creativity in decision making there is a three-stage model of creativity in organization.

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First we will start with causes. What are the causes of creative behavior? Creative potential and creative environment. As we discussed creativity starts with an individual's ability to think differently or to approach differently to a problem. There is a different approach to analyze a problem.

So, what is that, what is a different approach? Each individual based on his or her past learning experience brings that or looks at that problem differently. So, with the past or with the ability of perceiving the problem differently, people bring in diverse ideas and which is called the creative potential of an individual.

And creative potential will not lead to creativity unless there is a conducive organizational climate. There is a supportive climate, conducive climate or supportive

organization, supportive organizational environment. So, which is very much important supportive organizational environment is important to generate continuous creativity.

So, these creative potential as well as creative environment lead to creative behavior of an individual. So, this creative behavior is in a way it is helping or facilitating the creativity of an individual. So, there is a problem or formulation of the problem. The creative individual will look at this problem from his diverse perspective, he will look at the creative individual will give a different opinion or have a different approach towards a problem.

Then with the help of information gathered about the problem and related information. So, the person should not have any kind of bias like what we discussed earlier. In the earlier sections, we discussed about various types of biases like decision making biases, overconfidence bias, immediate gratification bias, anchoring effect, selective perception. So, these biases may interfere in the creativity of an individual.

So, a person must try to overcome any kind of biases and this will reaffirm the information gathering process will lead to idea generation. When you are freely accepting ideas of others without interfering in the decision making process. So, there will be accumulation of more ideas, you are taking views of others and this will lead to idea evaluation.

So, there is a fairness or ethics involved in assessing the alternative ideas and you can come up with the ideas, creative outcomes or the innovation; that means, the idea should be novel and useful. So, if this step is being followed, you can come up with a kind of the creative decision making process. It is a three step process consisting of causes of creative behavior, creative behavior and creative outcome or innovative solution is being generated.

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THE CREATIVE PROCESS

- ❖ The creative process is seldom simple and linear
- ❖ It generally consists of four overlapping and interacting phases:
 1. Unconscious scanning
 2. Intuition
 3. Insight
 4. Logical formulation or verification

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So, creative process is seldom simple and linear. It involves four overlapping and interacting phases – one is unconscious scanning, intuition, insight, logical formulation or verification.

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THE THREE COMPONENT MODEL OF CREATIVITY

Proposition that individual creativity results from a mixture of three components

- Expertise is the foundation
- Creative-Thinking Skills are the personality characteristics associated with creativity
- Intrinsic Task Motivation is the desire to do the job because of its characteristics

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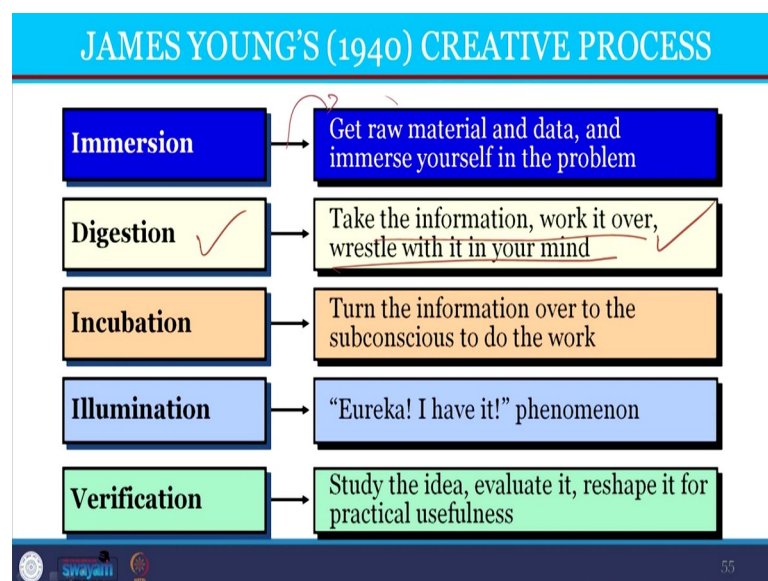
Next we will discuss about the three component model of creativity. This proposes that individuals creativity results from mixture of three components, what are those? Expertise in the foundation, creative thinking skills are the personality characteristics associated with creativity.

So, expertise persons, expertise in a particular domain, creative thinking skills and intrinsic task motivation. So, all these three together help a person to be more creative. What we discussed in the previous section about the creative potential of an individual. So, creative potential can be generated creative potential of an individual.

Creative potential is generated if an individual has the motivation to think differently, having an intrinsic desire to come up with a novel solution novelty or to propose for a novel cause. The person has also expertise or subject knowledge. So, then the person can also work sincerely towards a creative solution.

Then creative thinking skills if the person is expert, but does not possess intrinsic motivation or creative thinking style, creative thinking ability, then there cannot be creativity.

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So, if there are three important factors in an individual like an inner urge or desire to work for a novel solution an expertise and creative thinking skills then there would be creativity. Then there is another model which has been about the creative process which talks about or James Young's creative process which talks about the five steps – one is immersion, digestion, incubation, illumination and verification.

These steps they are also part of the creative process. Immersion means get raw material and data and immerse yourself in the problem. As we know that creativity starts with

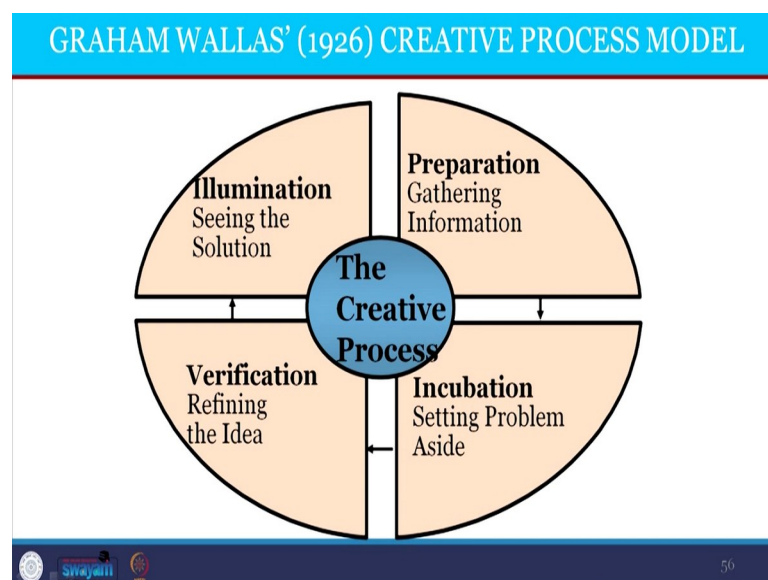
problem recognition. So, if a person is having the skills like intrinsic desire for looking for a new solution or the creative thinking skills and enough knowledge to look for an alternative solution.

The person should be also involved in the problem to the next process is called digestion. Take the information, work for it and wrestle with your an exercise it in your mind. The problem take the information input from the data that is available, work it over. Those people are creative if they keep on working, they keep on juggling with the idea and then wrestle in the mind and they come up with something unique or novel.

The third point is incubation turn the information over to the subconscious to do the work. As a human brain is intuitive and it keeps on working differently, keeps on working continuously in the subconscious mind. The subconscious of an individual turns the information which is procured from the environment into some meaningful or interprets it with the help of the environment and comes up with unique solutions.

Illumination- illumination is when somebody comes up with a new idea eureka. As I have done it or phenomena appears and lastly, even if the idea is new that has to be tested and verified study I evaluate the idea and reshape it in a for practical usefulness.

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So, this will lead to the entire creative process. There are different models of creativity illumination, preparation, incubation, and verification. As it is very similar to the

immersion, digestion, incubation, illumination and verification. So, there are different propositions by different authors.

So, illumination is seeing the solution, preparation is gathering the information; incubation is setting problem idea and verification is refining the idea.

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CREATIVE MANAGER

Creative Manager is:

- ❖ Inquisitive and come up with many new ideas ✓
- ❖ Not satisfied with the status quo
- ❖ Invite emotional aspects of problem solving in addition to rational aspects
- ❖ Excited about solving a problem
- ❖ Self-aware and capable of independent judgement
- ❖ Disruptive (ignore the established rules, procedures, and regulations)

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And, who is a creative manager? Creative manager is one who is inquisitive and comes up with many new ideas. In every industry there is a creative manager and the most progressive organizations and the creative organizations like Apple, Google they have creative managers. The ad agencies, the advertising firms, the manufacturing organizations in a progressive business world if we do not innovate; we are no where in, this company cannot exist.

So, to be sustainable innovation is a must. So, there is a relevance of the people who are idea managers. What is the characteristics of idea managers? They are inquisitive people, they keep on coming up with new ideas, many new ideas every day. They are not satisfied with the status quo. So, they keep on juggling with new ideas.

Invite emotional aspects of the problem solving in addition to rational aspects. They come up with some emotional aspects of the problem. So, there is a different approach what we discussed earlier and they come up with some rational thoughts, judicious decisions and they are excited about problem solving. So, there is an inner urge inner

feeling, inner urge to work on a new solution that is intrinsic desire to solve a particular problem.

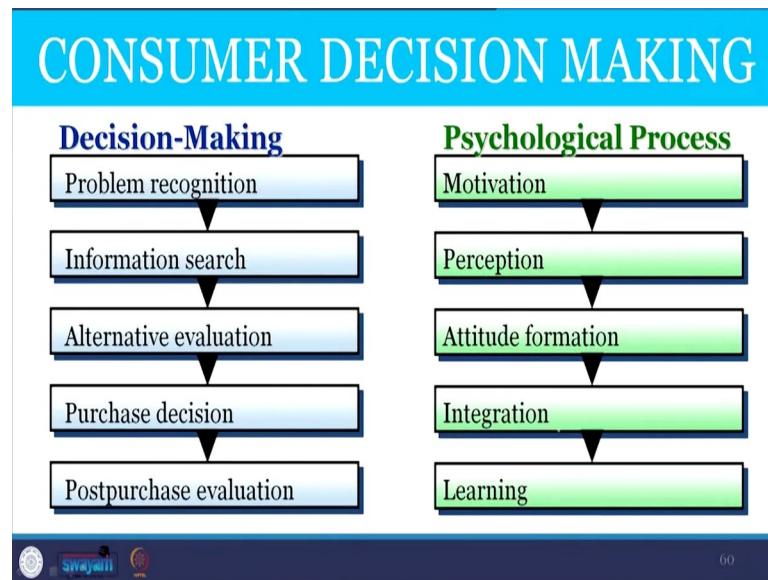
They are self aware and capable of their own independent judgment. Those individuals are self confident. They have a sense of self-esteem about their ability, to create their ability to do or come up with a novel idea. Disruptive; ignore the established rules, they are somebody who will not break away from the rules procedures and regulations that do not work in confines or rigidity, organizational rigidity.

So, what we discussed is what are the abilities of a creative manager who a creative manager is. Somebody who is inquisitive and comes up with new ideas, novel ideas who is not satisfied with the present status quo; that means, one who keeps on searching for new information like if every day when you see Google the search engine you will see that there is something new. Every day they keep on coming up with novelty.

So, there is a creative team, there is a creative manager who keeps on working for with new ideas who juggles with new ideas and these people they come up with, they are not satisfied with the existing status quo. They are excited about coming up with novel ideas with solving a problem, they are aware and capable of independent judgment about themselves. They are confident that they have that inner ability, they are motivated enough to come up with new ideas.

Disruptive, ignore the established rules procedures and regulations. They are somebody who cannot work in organizational rigidity. They break out from the rigidity and they do not work under the rigid rules, procedures and regulations and they are not satisfied with the status quo. And, they invite emotional aspects of problem solving in addition to the rational aspects.

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So, I will discuss about the application of consumer decision making process. Consumer decision making process it starts with problem recognition, information search, alternative evaluation, purchase decision and post purchase evaluation.

There is a psychological process which goes on in parallel the problem recognition like in the problem recognition the psychological process is motivation, perception, attitude formation, integration and learning which also helps in decision making.

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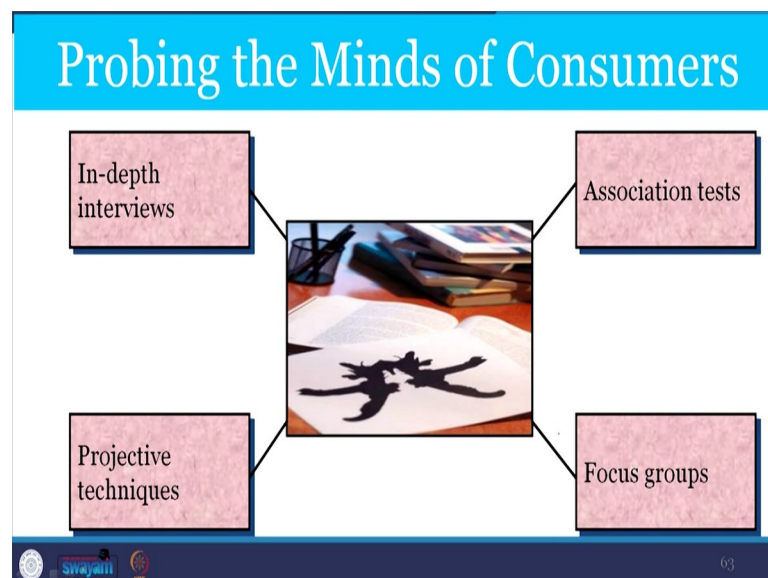
What are the sources of problem recognition? Like we can see the person is not satisfied with the present status quo, there is a need for new wants and needs. There is a search for new product there is a market induced recognition, then related product purchase when there is no product on the shelf. So, all these are problems.

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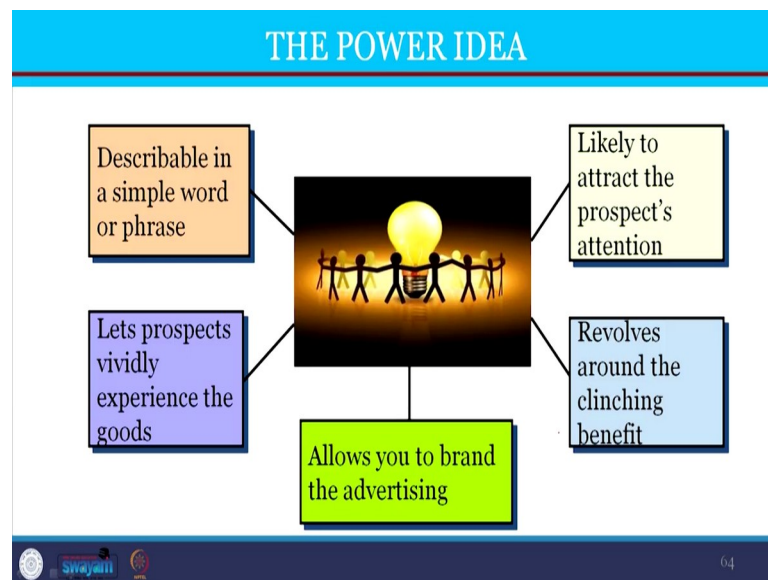
And, what prompts new needs or wants? The financial changes, employment status, lifestyle, changes, personality factors, culture, knowledge. These factors are prompt the need for search of specific information, search for new wants and needs.

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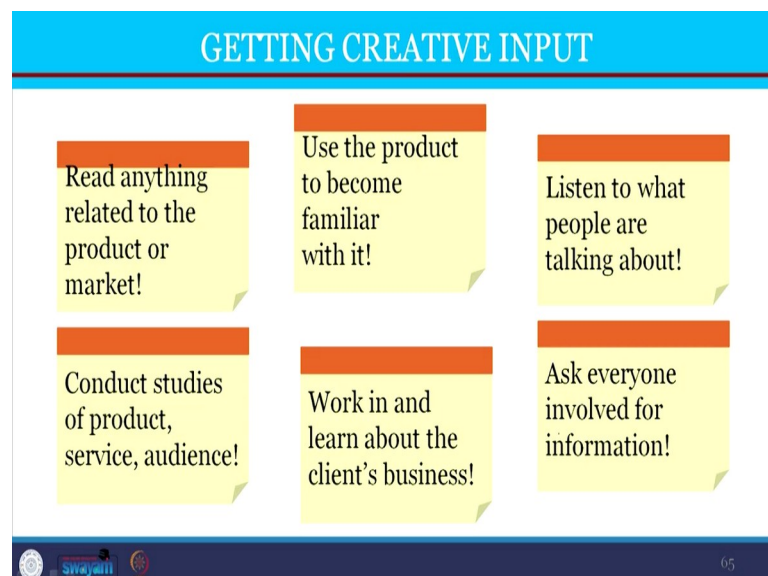
Probing the minds of consumers we can see that there are different processes involved – in-depth interview, associated association tests, focus groups and projective techniques which can be employed to know what is there in the minds of customers, what do they want, what is their need.

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And the power of idea - the power idea is describable in simple word or phrase; likely to attract the prospects attention; revolves around a circling benefit; allows you to brand the advertising; let us prospect vividly experienced the goods.

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And, getting the creative input – read anything related to the product or market; use the product to become a familiar, become familiar with it; listen to what people are talking about; ask everyone involved for information. We can get creative inputs from by conducting studies of product, service, audience; work and learn about the clients business; use the product to become familiar with it.

So, this is like generating our competitors intelligence. We are gathering the knowledge about creative input, getting creative input. And, we can like, idea can be more, idea can be generated by describing some simple words, phrases, attract the prospect prospects attention, revolves around clinching the benefit.

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And then we move on to advertising creativity. What is advertising creativity? Creativity advertising is also a creative process. There is a creative strategy which is developed. There is a creative tactics determining what the advertising message will say or communicate. Determine how the message strategy will be executed.

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Creativity and synergy – there is an agency and which has account executives, media planners, researchers and attorney and clients the like marketing managers, marketing managers brand managers and upper managers.

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So, creativity creative tactics for television, we can everyday when we look at some advertisements there is some creativity and creativity in sight, creativity in motion, creativity in sound and all these have not come up just with the knowledge of one person

or with the creativity of one individual. There is a complete team which is working behind it.

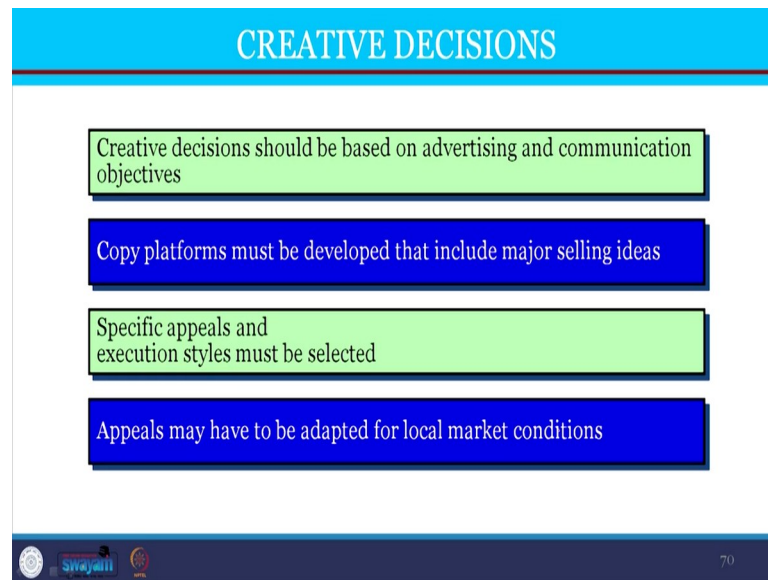
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JINGLES	
Jingle	Company or Brand
1. You deserve a break today	McDonald's
2. Be all that you can be	U.S. Army
3. Pepsi Cola Hits the Spot	Pepsi Cola
4. M'm, M'm Good	Campbell's Soup
5. See the USA in your Chevrolet	Chevrolet
6. I wish I was an Oscar Mayer Wiener	Oscar Mayer
7. Double your pleasure, double your fun	Wrigley's Doublemint gum
8. Winston tastes good like a cigarette should	Winston
9. It's the Real Thing	Coca-Cola
10. Brylcreem—A little dab'll do ya	Brylcreem

Even when jingles are being developed. Jingles or the company's brand name or logo is designed, so, you will see that there is a lot of effort being employed after that. So, like for McDonalds, You deserve a break today, a punch line for McDonalds.

U.S army – Be all that you can be or Pepsi Pepsi Cola Hits the Spot. M'm Good – Campbell's soup; then similarly Coca-Cola – It is a Real Thing four words in a sentence does not come out of one person, but there is a creative team which is involved.

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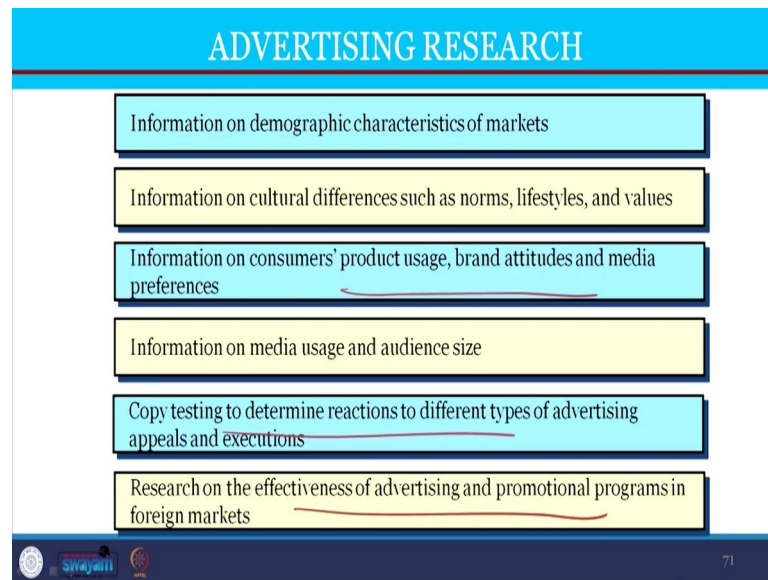


So, what is that creative decision making? Creative decisions should be based on advertising and communication objectives. What is the objective or goal of that ad, campaign of that marketing, that advertising company? Copy platforms must be developed that include major selling ideas, what is the major selling or unique selling proposition.

Specific appeals and execution styles – you must have seen various ads where the color itself there is no jingle there is no music, but still the ad with the image advertising the a whole lot of complete information is passed on. So, appeals may be or may have to be adapted for local market conditions.

Like Toyota had Toyota is a global brand. But when it launches its products in for a specific country, they have a different approach, they have a local advertising.

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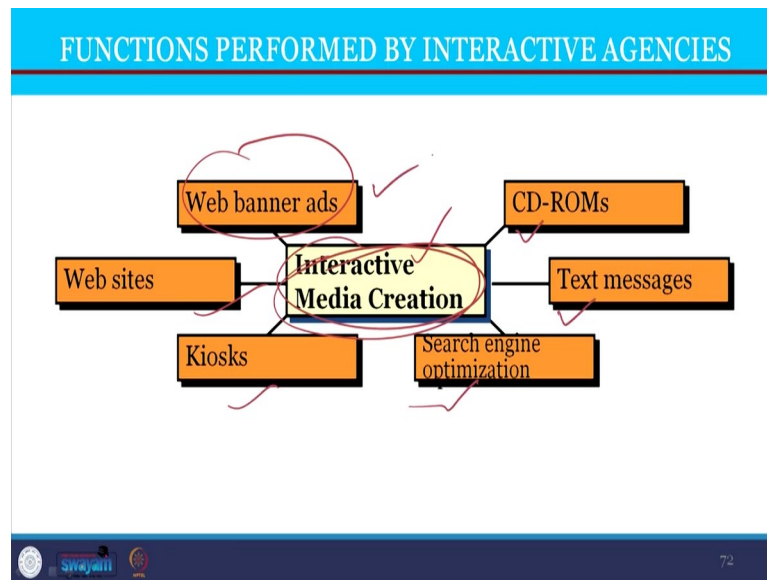


Here I wanted to state that decision making is not necessarily restricted to organizations one functional aspect, but decision making can be employed in different aspects different functions of organizations. We have discussed about the examples of decision making in marketing.

Similarly, it is also used in operations, it is also used in human resource management and so on. In advertising research information on demographics characteristics, demographic characteristics of market. Information on cultural differences such as norms, lifestyles and values. Information on consumers product usage, brand attitude and media information is also procured on media usage an audience size and so on.

Copy testing to determine reactions to different types of advertising appeals and executions. Research on the effectiveness of advertising and promotional programs in foreign markets.

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Then functions performed by interactive agencies as we discussed that the creativity of the media is again not restricted to only one domain, but it is a kind of it there is a whole lot of or there is a complete team which is working – the website team, the kiosks, the search engine optimization, text message, CD-ROMs and web banner ads.

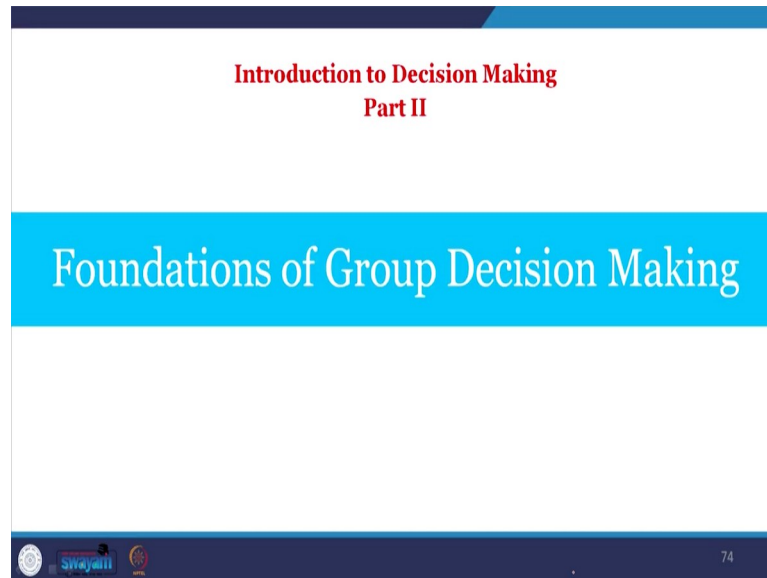
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So, then next moving on to the next topic that is marketing research companies, example in innovation. They help clients understand target audience through qualitative research

and quantitative studies. So, there is a lot of application of decision making techniques like qualitative and quantitative decisions are being taken.

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And then we will discuss in the next section about the group decision making techniques. Here what we discussed that creativity, both creativity and innovation cannot be just made by manager alone, but there is a team which takes decisions. Creativity is not the cup of tea of one individual, it includes a team or team is involved in decision making.

So, next chapter we will be covering about the foundations of group decision making. So, here I would like to conclude this session.

Thank you.