

# Influence of management style on creative firms

[Business](#), [Management](#)



Contents Contents2 Introduction3 Section One4 Management styles in creative firms4 Section Two6 Benefits and reasons of having a suitable management style6 Section Three8 Alternatives and comparisons8 Conclusion10 Reference Page11 Introduction By the definition from the book written by Howkins (2001), creative economy includes advertising, architecture, art, crafts, design, fashion, film, music, performing art, publishing, research and development, software, toys and games, television and radio, and video games.

Nowadays, creative industries have become an important economic role in many developed countries, for example, America, United Kingdom, Canada, Japan and Hong Kong. Take United Kingdom as an example, department for culture, media and sport (DCMS, 2010, p. 6-8) states that the creative industries contributed 5.6% to Gross Value Added (GVA) in 2008, excluding Crafts. In addition, DCMS also lists that creative industries provided 2. million jobs in the summer quarter of 2010 in Great Britain. Last but not least, creative industries exported 17.3 billion services in 2008. Based on the statistics above, it shows that creative industries have a great contribution in British economy. Since creative industries are becoming more and more critical in a mature economy, it is fascinating to figure out what essential factors can lead creative firms to be successful.

As a result, I decided to evaluate the factors that influence the management style for a creative firm since I am interested in business management and it would benefit my future studies in university. This essay is mainly concentrated on the management style using in creative industries, the benefits of the management styles, and evaluating the connection between

the successes and particular management style. This essay is divided into three sections. Firstly, the management styles using in creative industries will be stated and discussed, the aim of this section is to find out the management styles in modern economy and hence, can be studied deeply in the section two. In section two, the benefits and the reasons of using a particular management style in the creative industries will be evaluated. The idea of this section is to work out the influence of management style on creative firms. Finally, in section three, alternatives of management styles and comparisons will be commented. In this section, different management styles can be compared; therefore the pros and cons can be accounted.

**Section One Management styles in creative firms** In order to analyze the role of management in a creative firm, I am going to provide several management styles in some famous creative firms. By understanding the intermediates of the management styles, the importance of management for a creative firm can be figured out. In addition, we are going to go through some successful creative firms in the world for evaluating the elements of their successes, and try to make a connection between the achievements and the critical management styles.

Media is the first example I am going to discuss. Howkins (2001) mentions that, media belong to the sort of creative economy. So the management style using in a media company does reflect the function of management style in creative firms. Bilton (2007, pp. 67-69) states that in 2000, there was a huge change of management style at the British Broadcasting Corporation (BBC). Before the succession attempted by Greg Dyke, there was a straight management style in the BBC by the pervious director general, John Birt.

Bilton (2007) claims the management of Birt as old fashion since the structure in the BBC was a tall organization structure before 2000, which means that the management structure within the BBC was a tall hierarchy. Decision-making was from the top of the board of directors down to the employees. In addition, Bilton states that there was a “strategic centralization” inside the BBC. It means the board of directors had the absolute power in the BBC. Based on the example provided by Bilton, it is not difficult to see that the management style in the BBC was autocratic management.

After the succession, Greg became the director general and there was a huge change in management style at the BBC. Bilton claims that as a new management style for the BBC. Describing by Bilton, Greg was a program-maker and the first thing he did after his arrival was making the BBC a more inspired and interesting place to work. All the employees were encouraged to give new ideas for perfecting the BBC. Under the entirely new management style, the employees were more willing to contribute their ideas to the senior managers.

Bilton comments the Greg’s management style brought the BBC a new working culture and made the BBC “the most creative origination” in the world. Another example I am going to give is a software firm, Google. Larry Page and Sergey Brin founded Google Company in 1998. It has become one of the most successful software companies in the world by having more than 25, 000 employees and valued at more than 150 billion US dollars (Jackson, Schuler and Werner, 2009, p. 3). Jackson, Schuler and Werner mention in

their book that the management style, especially human resource management, appears as a critical factor in the success of Google.

They show that the managers in Google highly respect the employees and provide as much as they could to the employees in order to stimulate their creativities. One of the evidence is that there is only five percent voluntary turnover rate of Google employees per year (Jackson, Schuler and Werner, 2009); also, Google was the top five in the ranking of “ the top 100 best companies to work for” in 2011 (CNN, 2011). Last but not least, Jackson, Schuler and Werner state that there are more than 1 million people apply to work at Google every year.

All of the above show that the employees in Google have a great satisfaction. Jackson, Schuler and Werner show the importance of human resource management in Google. For example, they suggest that treating the employees as same as the company wants the employees to treat their customers is the philosophy of Google. They also claim that there is a strong connection between the business strategy and managing human resource in Google. By the examples provided above, it is not difficult to find that the management styles applied in creative industries have a direct impact on the performances of the companies.

As a result, having an appropriate management style in a creative firm is a critical factor for leading the company to be successful. Section Two Benefits and reasons of having a suitable management style It is obvious that a suitable management style is a critical factor for leading a creative firm to be successful. In this section, the benefits of having an appropriate management style and the reasons of applying a particular management

style will be discussed. Based on the examples given in the last section, the management styles applying in creative firms can be concluded as democratic and even Laissez-faire.

Since the employees in the BBC and Google are both highly respected; in addition, the senior managers currently accept their opinions and ideas (Bilton, 2001; Jackson, Schuler and Werner, 2009). Therefore, the management styles in creative firms should be based on the satisfaction of employees because the creativities and ideas are the most valuable resource in creative economy; Florida (2002, p. xiii) has a similar idea that the creativity from human is the critical supply to the creative economy. Bamfield (2006, pp. 52-154) suggests that the function of management in creative firms is to stimulate the creativities and encourage employees to generate new ideas. Since creativity is a force for making a creative firm to be successful, therefore Bamfield also claims that the managers should provide a full support to employees in order to fulfill their satisfactions. Jackson, Schuler and Werner (2009) also support the similar idea, which the founders of Google concentrated on giving the employees everything they needed to create and innovate.

Foote (2001) emphasize in his book that it is important to keep employees in an informal, open and friendly workingenvironment. This can stimulate their creativity and ideas development. And he states that the manager cannot be too emotional with the employees, otherwise, it might affect the decision-making. Therefore, we can conclude that employees-based management style can have a positive impact on stimulating creativities, encouraging contributions, and generating new ideas and innovations. At the same time,

the manager cannot be too emotional, which might lead to wrong decision-making.

Comparing with the old-fashion management style, tall hierarchy, power centralization, and limits of decision making from subordinates, the new-management style (freedom, good communication between workers and managers) is more suitable in a creative industry. Davila, Epstein and Shelton (2007) show that the successful development of younger electrical firms after World War 2 in Britain was benefited by used a more open mind management style and stimulated the innovations. On the other hand, older firms could not be successful because the old fashion of management style.

This is because the old-fashion management style inhibits the innovative development. To conclude, an old-fashion management style (autocratic) is not suitable for creative economy because not only it contributes nothing to creations and innovations, but also worse it restrains the expansions of new ideas. Thus, a creative industry is hardly successful with an old-fashion management style. Last but not least, the satisfaction of labor is also a consideration of whether it is a suitable management style for a creative firm or not.

Since Singh (2001) claims that a controlling style of management will lead the employees being passive. In order to control those passive employees, a more constricted control is needed. In this negative circle, a high labor turnover, low-morale, arguments or disagreements, low efficiency and poor sense of belonging to the company will be occurred. Singh gives an example that the managers from Mainland China applied an authoritarian management style and lead to the negative impacts mentioned above.

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In a conclusion, an unsuitable management style in a creative firm will conduct a huge negative impact to the industries. Section Three Alternatives and comparisons Management style plays such an important role in creative firms, how to pick a suitable management style should be the most difficult question to the senior managers in those creative industries. The information given above is a simple guideline to pick a appropriate management style since it mentions the management styles using in different kind of creative industries, some of them are famous all over the world.

In addition, it provides a wide range of benefits of different management styles and the conditions of using them. Actually, the management style that is suitable for a creative firm can be mainly divided into two big groups, one of them is democratic, and another one is Laissez-faire. These two management styles are quite similar to each other by the information provided in section one and two. The huge difference between these two is that democratic is described as more structural and formal; on the other hand, Laissez-faire contains more freedom for workers and the structure of the company is more like an individual work force. Bilton (2007, p. 67) states that the management style in creative industries is similar to a 'non-management' management style, which means the managers are almost invisible in the management; however, the employees can still contribute a lot to the creative firm. The managers would not set the deadline of the products and the employees can finish their works a relaxing and creative way.

Therefore, the products can be created in a high quality. Take Google as an example, the employees in Google are encouraged to do their creative



pursuits and Google will even provide 20 percent of the workweek to them (Jackson, Schuler and Werner, 2009). Compared with Laissez-faire, the management style inside Google is more like a democratic management. It seems that the founders of Google treat the employees as a kind of resources more than contributors to the company. The reason of claiming that is due to the strategic approach to managing the employees.

It might seem like Google already has had a plan to deal with the employees. On the other hand, the real example of Laissez-faire is hardly found. It might be because the over freedom of management style cannot give the board of directors confidence of making profits; since the manufacturing of innovation and new creation is not secured under Laissez-faire. In addition, it is tough to get the investments from the investment banks or investors because the managers are not able to give a warranty of making a brisk sale product. As a result, Laissez-faire is hardly appearing in the modern creative economy.

Stewart (2011) also suggests this idea and she gives a significant example of the failure of Laissez-faire in her journal. Conclusion To conclude, the management style does play an important role in creative economy and it is also a critical factor that can lead the industries to be successful or failing. By the examples given in section one, two management styles are mainly applied in creative economy, which is democratic and Laissez-faire. The reasons can be found in section two, one significant reason is that these two management styles can provide employees a better working place that can stimulate their creativities and generating new ideas. In addition, a new and suitable management style can prevent the labor turnover since employees' satisfactions are fulfilled; also it can avoid the restriction of creating new

ideas. Finally, in the modern creative economy, democratic management is mainly used. It is because the creation of products or services is more secured when comparing with Laissez-faire. Also, democratic management can give the board of directors more confidence and the investment banks as well.

Therefore the creative industries can more easily apply the investment from the investors. Management style is an essential part on developing creative economy and has a significant impact on it. Reference Page Bilton, C. (2007) Management And Creativity: From Creative Industries to Creative Management, Oxford: Blackwell Publishing Ltd Bamfield, P. (2006) Research And Development in the Chemical And Pharmaceutical Industry, Weinheim: Wiley-VCH Verlag GmbH & Co. Davila T. , Epstein M. J. , Shelton R. (2007), The Creative Enterprise: Execution, Westport: Praeger Publisher Foote C.

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