

An Empirical Investigation of the Impact of Organizational Culture on Innovation

1. Introduction/Background Study

Organisational culture is known to be a significant construct that plays an immensely significant role in affecting both individual as well as organizational related issues, processes and outcomes (Ahmed, 1998; McLean, 2005; Martins and Martins, 2002; Cameron & Quinn, 2006; Zain, 2009). There is no general definition of organization in the literature; it has been interpreted in various ways by various researchers (Abu-Jarad, Yusof, Nor'Aini & Nikbin, 2010). One can find different perspectives over that. Some define organizational culture as the basic, shared, assumptions which are learned by an organization in order to cope up the environment and solving internal and external adaptation's problems, newly recruited members learn all these things in order to solve organizational problems in the correct way (Park, Ribeire & Schulte, 2004). As stated by Lawson and Samson (2001), the today's organizations as compared to 1990s face more challenges and problems, therefore, innovation is the requirement to achieve solid success rate quickly. Due to this requirement, there is a pressure on organisations to explore new, creative as well as innovative ways. Therefore, enabling and motivating innovation in organisations has emerged to be a crucial question to be addressed and every organization needs to find answer if they want to be successful in a highly competitive world (Marques & Ferreira, 2009). These days organizations are paying more attention to their cultures because they can help establish and support the organizational environment where innovation is supposed to flourish. Many studies have highlighted the existence of crucially important relation between innovation capabilities and organisational culture. For example, if we look at the literature produced over that we can see many researchers working over that. There have been many individual, environmental and organisational factors that have a great impact on the organization's innovative capabilities. But the most important factors among all is organizational culture that immensely affect the innovation, and there is not getting away from this fact that it has been less studied by the researcher, therefore, it is selected as this study's subject. It has been defined as well as classified in different ways. Several factors such as sector, leadership and technology also play their role in affecting organisational culture (Park, Ribeire & Schulte, 2004). The definition of OR has been given by Schein (1990) in such way that OR can be considered a set of values which are invented by a group in order to deal with the internal and external

problem of any organization and these value work well for the benefits of organization, that's why they are called valid. According to Ball & Quinn (2001) it can be considered the organization's beliefs, values, rituals, practices, stories and rites and that's what makes any of the organization unique. Moreover, corporate culture is known to be the sum of expectations, beliefs, values and norms possessed the company's employees. An accurate definition is provided by Abu-Jarad et al., (2010) and most of the research will agree upon it. As per these researchers, organisational culture is something which can be regarded as holistic as well as determined by leaders related to various things researched in anthropology i.e. symbols and Ritual. These beliefs, values and norms are socially constructed and very tough to change. Innovation is known as the new ideas' development as well as implementation by people that get engaged in transactions over time (Van De Ven, 1986). According to Akman And Yilmaz (2008), innovation is the creative ideas' successful implementation within any organization. Various activities can be considered the part of innovation and they aim at offering value to the organization's customers and expecting satisfying results in return (Ahmed, 1998; Martins & Terblanche, 2003). Drucker (1954) argues that innovation is an important business function. Innovation is viewed by business organizations as a way in order to achieve goals and sustain competitive advantages (Salaman & Storey, 2002; Unsworth & Parker, 2003; Özgenc, 2006). As far as the Innovation capability is concerned, it has been defined as any organization's set of characteristics which facilitate as well as support innovative strategies (Özgenc, 2006). The innovation capability is comprised of abilities that help produce and carry innovative technological possibilities with the help of economic activities and it cannot be ignored that organizational culture plays a critically significant role innovating and enhancing and improving existing technologies in any organization (Kim, 1997). There has been a strong relationship between Innovation and organizational culture since they both affect each other in several ways. An effective organizational helps develop innovative capabilities in order to obtain as well as sustain strategic advantages in a highly competitive world (Akman & Yilmaz, 2008). Innovative capabilities, in particular, are associated with various strategic benefits. For example, it was noted by Shan and Zhang (2009) that the positive impact of organizational culture helps raise independent innovation capabilities in any organization in order to convert innovative ideas into community and commercial value.

2. Problem Statement

Organizational culture is considered to be an important issue which affects the innovation capabilities because innovation is what could be known as a critical source for any organization to growth and development. There has always been the trend of operating within culture by the most organizations and it has been identified with organizational performance' discussions in which that organizational practitioners or managers are supposed to comprehend cultural settings of the organization they are working in, if they want their organizations to perform effectively. There are many management problems which play their role in impeding the progress of any organization towards achieving high aims and objectives and the roots of these problems are in the organizational culture. Largely, it cannot be denied that innovation has played its immensely significant role in economic development, transformation as well as decrease in poverty. The capacity of any country to influence its population's creativity and to promote innovative commercial ideas has emerged to be highly crucial in order to upgrade economic activities and institutions that are considered to be significant for making it possible. A link can be seen between Organisational culture and organisational outcomes; therefore, the significance of this study lies in the fact that it aims to have argued over implication for the organizations' innovative capabilities. According to Saeed & Hassan (2000), it is important to understand corporate culture since it greatly contributes to the feelings, thoughts, performance and interaction in organization. Understanding the culture of any organization is important for improving organizational performance. The employees' behaviour is greatly influence by corporate culture as they adopt the norms, values and beliefs of that organization, and later it is transmitted to new employees for achieving organizational goals, therefore, an attempt has been made to empirically identify the organizational culture's impact innovation activities.

3. Purpose of the Study:

According to McLean (2005), relationship between innovation capabilities and culture and innovation explored by the existing research but it can be considered relatively limited and not extensive. Vincent et al., (2004) comes up with an argument over the impact of environmental as well as organizational factors on innovation while arguing that there are limited studies available in order to comprehend the role of strategic and cultural orientation on innovation. As stated by Valencia et al., (2010) that there is need to explore more with regard to the impact of organizational culture on innovations by utilizing the organizational culture model (Cameron & Quinn, 1999). Hence, an attempt has been made by this research in order to empirically assess the impact of organizational culture of innovation as it would

greatly contribute to the innovation and organizational cultures' literatures. The reason behind conducting this research in the developing country is it would bring up new insights with regard to better comprehension of the concept of innovation and culture while exploring factors that shape OR. This research would examine the influence of organizational culture, its strategies, trust relationship, purposefulness and behaviours which play their role in supporting innovation capabilities. Thus, the research' aims and objectives are as follows:

- To explore the factors shaping organizational culture
- To look at relationship between the innovation capabilities and organizational culture
- To assess the importance of innovation in any organization
- To critically evaluate the impact of organizational culture on innovation capabilities

4. Research Questions

Following research questions would be addressed in this research:

- Which factors play their role in shaping organizational culture?
- What is the relationship between innovation and organizational culture?
- How does the innovation play its role in organizational success?
- How does the organizational culture affect the innovation capabilities of any organization?

5. Hypotheses Development

In the conceptual studies, little agreement can be seen over the type of organizational culture which plays an immensely significant part in promoting innovation and creativity (Judge, Frxyell & Dooley, 1997). Nevertheless, a strong relationship between innovation and culture has been proved by many studies. As stated by Tushman & O'Reilly (1997), a capacity is possessed by all of the successful organizations in order to absorb innovation in the management as well as culture of organization and that organizational culture has the capacity to absorb innovation into the organizational culture lies at the organizational innovation's heart. According to Kenny and Reedy (2006), organizational culture plays a great role in encouraging, supporting, and implementing innovative and creative solution. There has been emphasize by Martin and Terblance (2003) that a organizational culture's dynamics have a great impact over innovation as it represents innovation solution to different problems. While looking at all these above mentioned studies, one can come to the

conclusion that innovation and organizational culture have a strong relationship since it OR greatly contributed to innovation as an important factor.

Hypothesis 1: There is a positive relationship between innovation and organizational culture.

Hypothesis 2: The organisation culture with norms, beliefs, values can be considered the innovation's invaluable enabler since it helps to support innovation.

As far as the collection of data is concerned, the participants in this research would be the manager of 10 firms. First of all, these firms would be located and then questionnaires would be sent to them through personal contact or mail. The firms that will be surveyed in this study would be food sector (13 %), textile sector (33%), Service sector (47%) and others (7%). The items for questionnaires will be derived from the past researches; they will be modified as per the present study. Organisational culture model will be adopted (Cameron and Quinn, 2006). There will be five response options' likert type scale. It would range from strongly agree to strongly disagree in order to measure the impact of organizational culture on innovation capability. The analysis would be based on data collected through these questionnaires in this study since they participants would suppose to tell about their experience in this regard.



6. References



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