

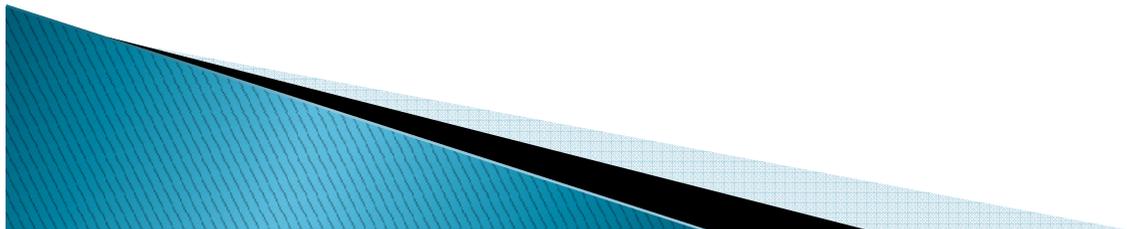
# Connections between organisational culture, leadership and the innovation climate in Estonian enterprises

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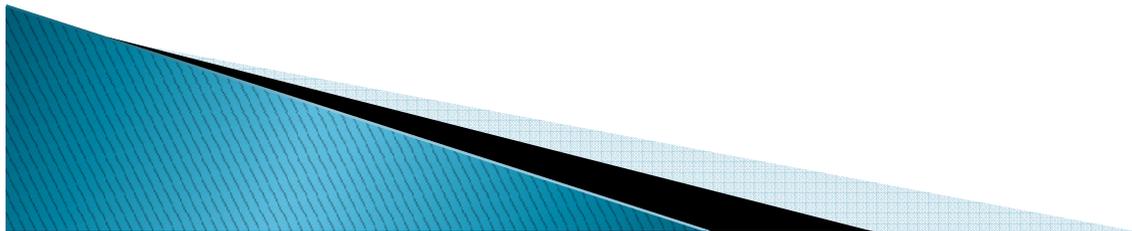
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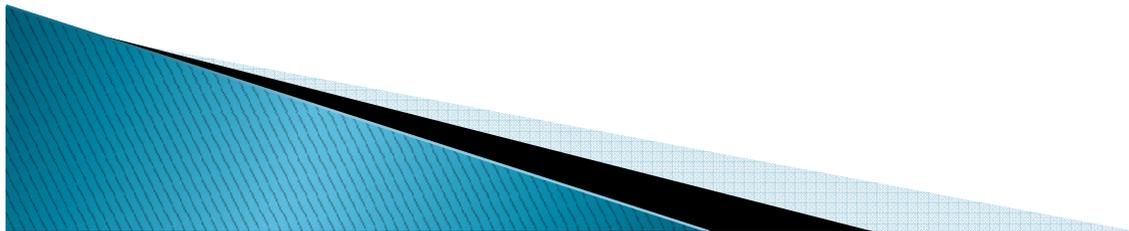
# The main aim

- ▶ is to investigate connections between organisational culture leadership and the innovation climate



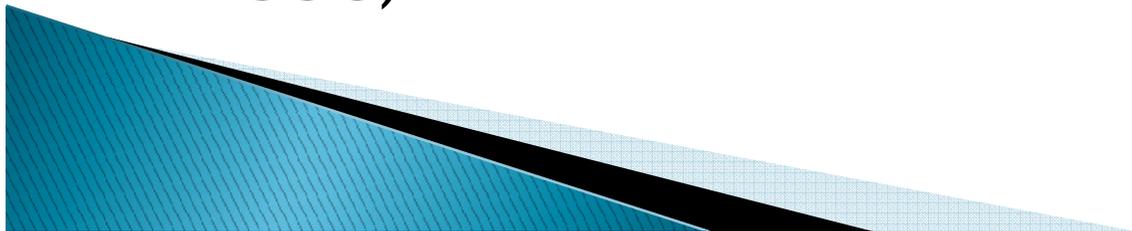
# The main research questions:

- ▶ Do four organisational culture types – clan, hierarchy, market and adhocracy predict leadership factors – affect, loyalty and professional respect?
- ▶ Do leadership factors – affect, loyalty and professional respect predict the innovation climate?



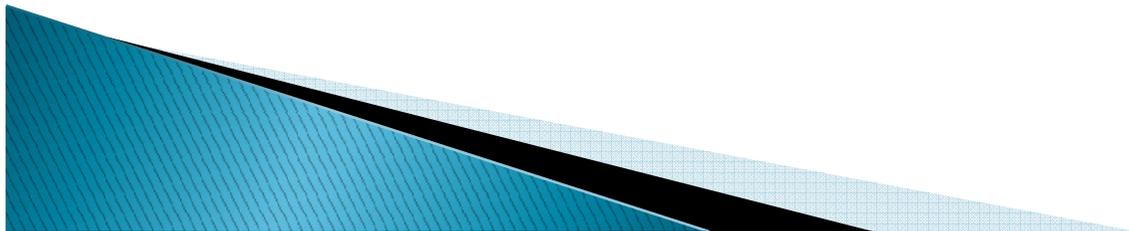
# Leadership

- ▶ Leader–Member Exchange (LMX) theory suggests that leaders do not use the same style in dealing with all subordinates, but rather develop a different type of relationship or exchange with each subordinate (Liden and Maslyn 1998).



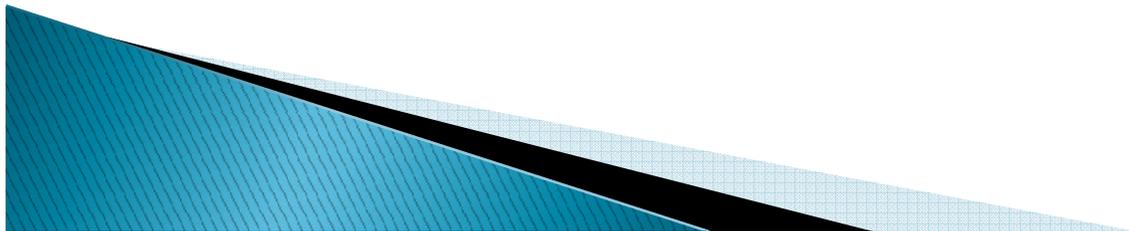
# The innovation climate

- ▶ Innovation climate is the degree of support and encouragement an organisation provides its employees to take initiative and explore innovative approaches is predicted to influence the degree of actual innovation in that organisation (Martins and Terblanche, 2003; Mumford and Gustafson, 1988)



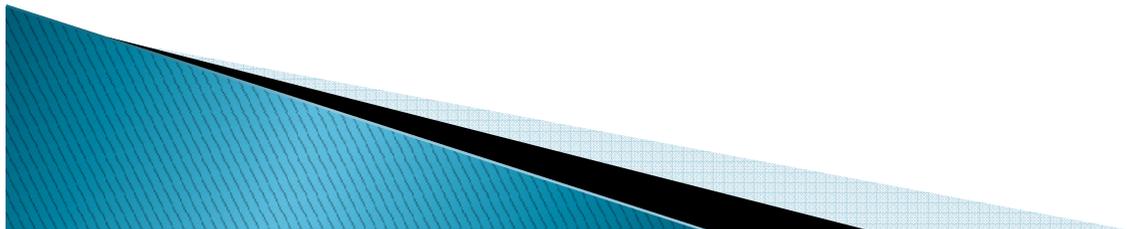
# Organisational culture

- ▶ According to Cameron and Quinn (1999) culture defines the core values, assumptions, interpretations and approaches that characterise an organisation.
- ▶ The four dominant culture types – hierarchy, market, clan and adhocracy emerge from the framework.



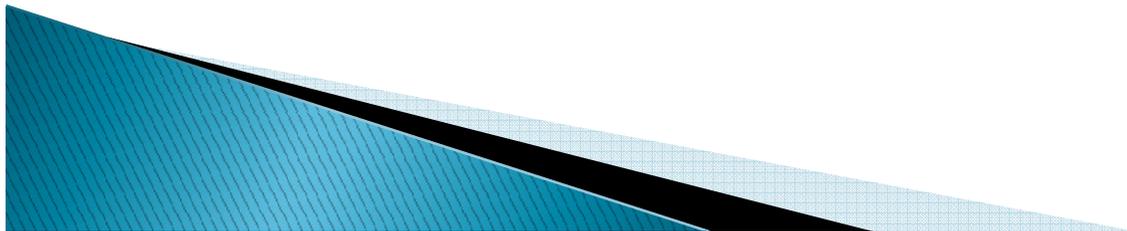
# Connections

- ▶ Many authors have indicated to the strong relationship between organisational culture and leadership in organisations.
- ▶ One of the main factors that repeatedly suggested to affect innovation is leadership



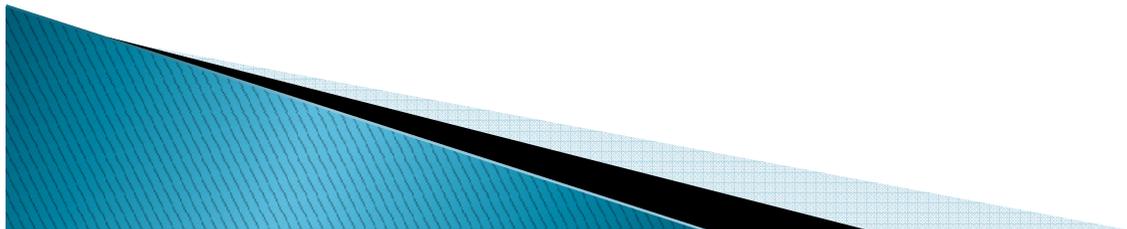
# Relationship between organisational culture and leadership

- ▶ The survival of an organisation depended upon the change and responsiveness of a culture as influenced by effective leadership (Bass (1998), Kotter (1998) and Schein (1992)).
- ▶ Kotter and Heskett (1992) observed that the most obvious factor that distinguished the success of major cultural change from those that fail, was competent leadership.
- ▶ Parry (2002) concluded that leaders who inspired and helped create adaptive cultures possessed the qualities of transformational leaders.
- ▶ According to Kwantes and Boglarsky (2007) the perceived relationship across samples was stronger between organizational culture and leadership effectiveness than between organizational culture and personal effectiveness.



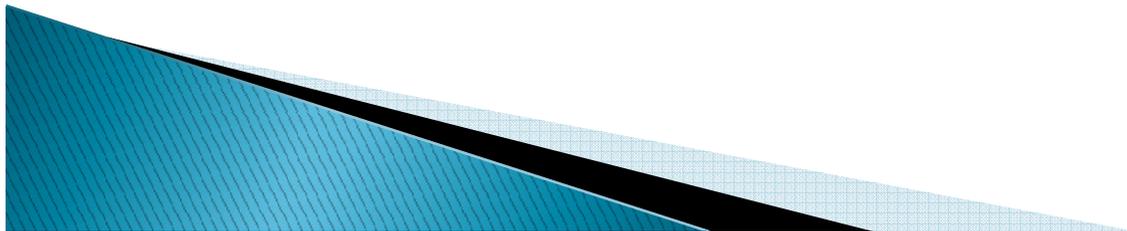
# Relationship between innovation and leadership

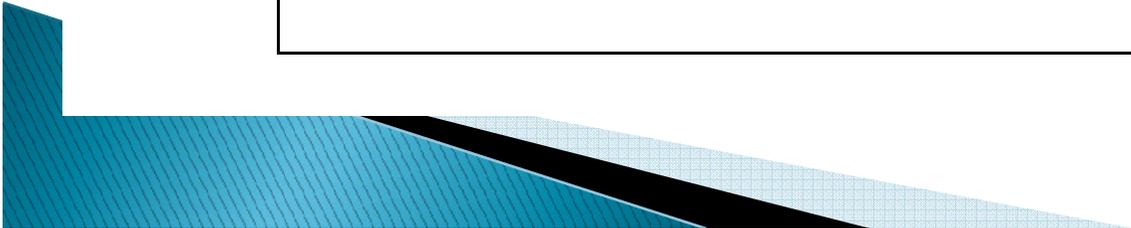
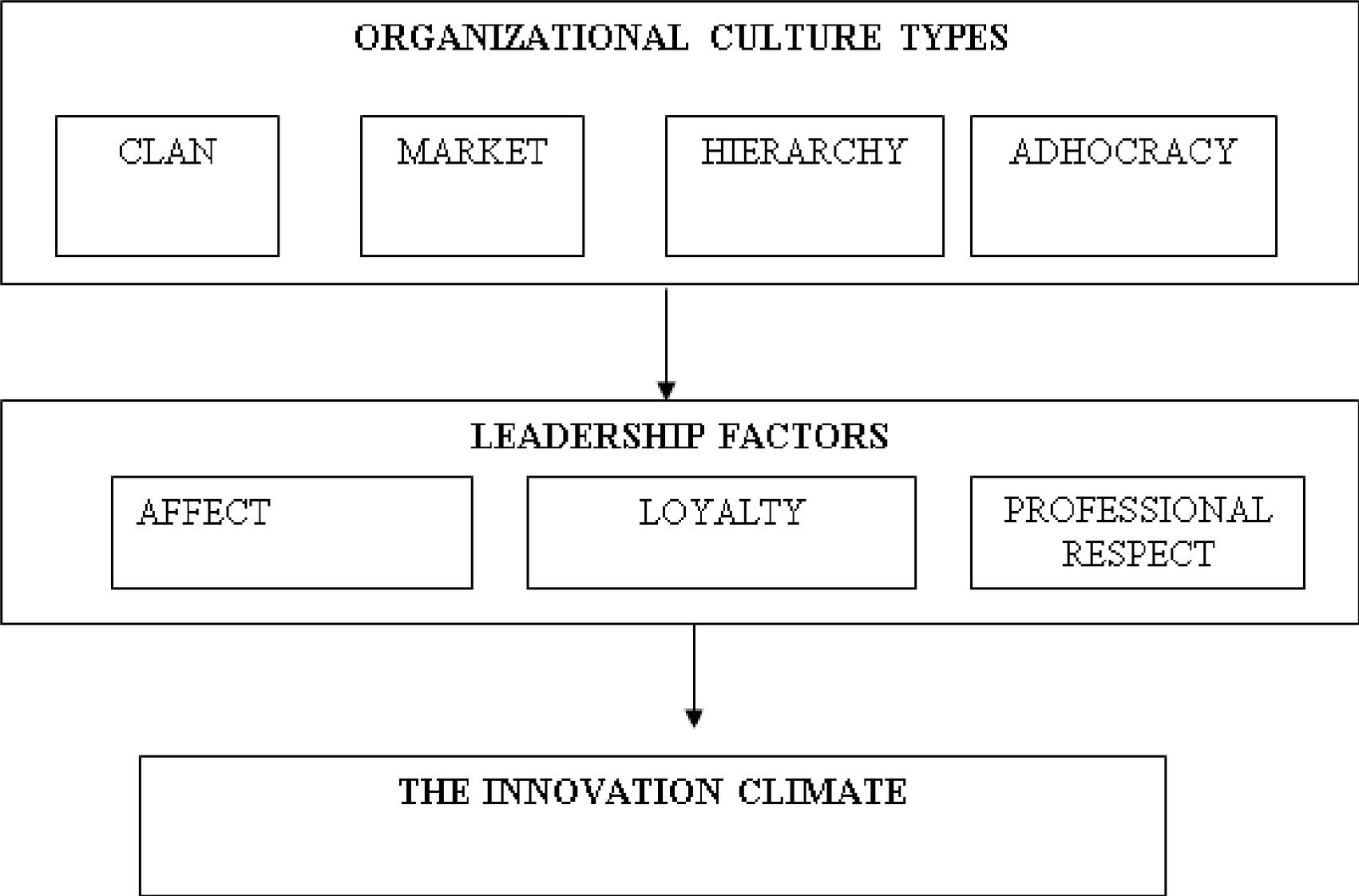
- ▶ One of the main factors that was repeatedly suggested to affect innovation was leadership (King, 1990; Osborne, 1998; Schin & McClomb, 1998, Schein, 1985).
- ▶ Leaders could promote an innovative culture, be product champions or innovators and create an organisational structure that promoted and supported innovativeness (Peters & Waterman, 1982; Van de Ven, 1986).



# General propositions:

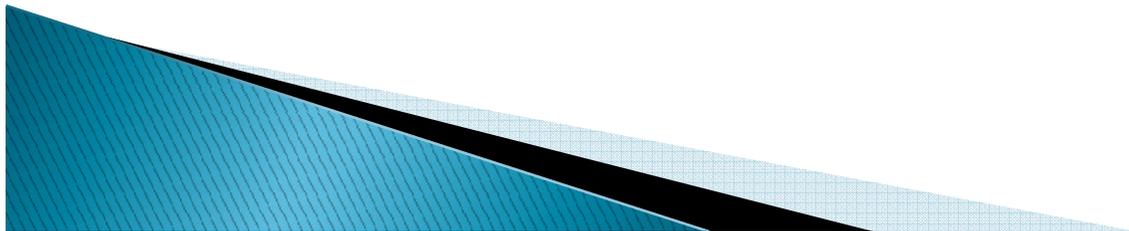
- ▶ P1. Four organisational culture types – clan, hierarchy, market and adhocracy predict leadership factors – affect, loyalty and professional respect.
- ▶ P2. Leadership factors – affect, loyalty and professional respect predict the innovation climate.





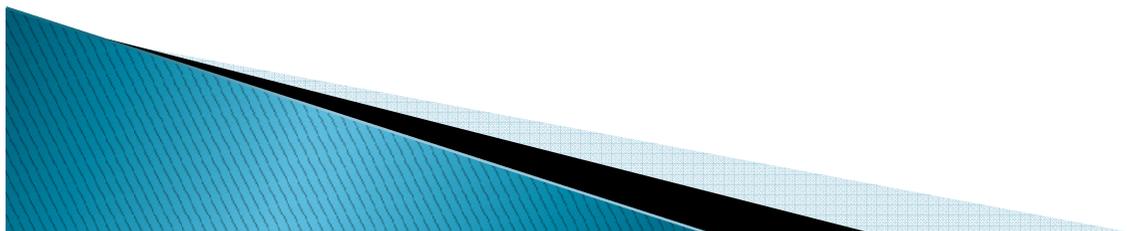
# Empirical study

- ▶ The research was done in Estonian enterprises with 623 respondents.
- ▶ The questionnaires were administered in Estonian electric–electronic machine, retail store and machine–building enterprises.



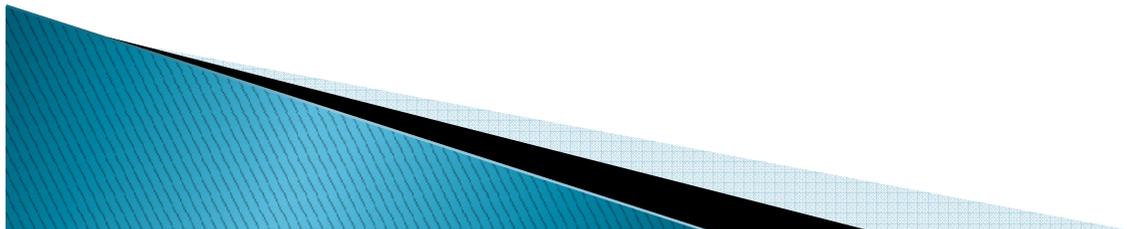
# Methodology

- ▶ Based on Cameron and Quinn (1999) authors developed subscales for measuring organisational culture types – clan, market, hierarchy, adhocracy.
- ▶ Authors developed Scale of Innovation Climate based on Ekvall et al. (1983) Innovation Climate Questionnaire.
- ▶ Authors used Leader–Member Exchange (LMX) scale.



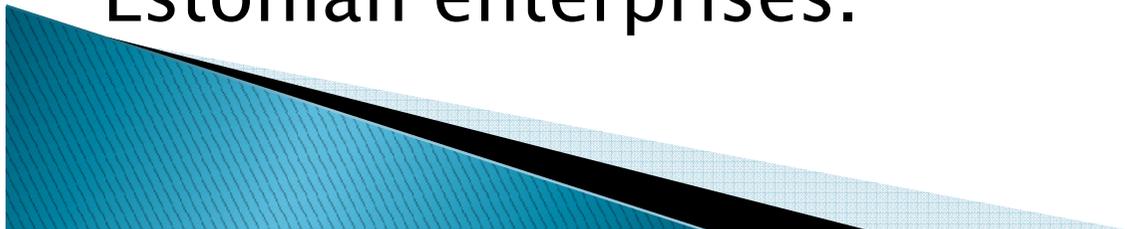
# Methodology

- ▶ The linear regression analysis was used in order to find statistically relevant connections between organisational culture, leadership styles and the innovation climate in Estonian enterprises.



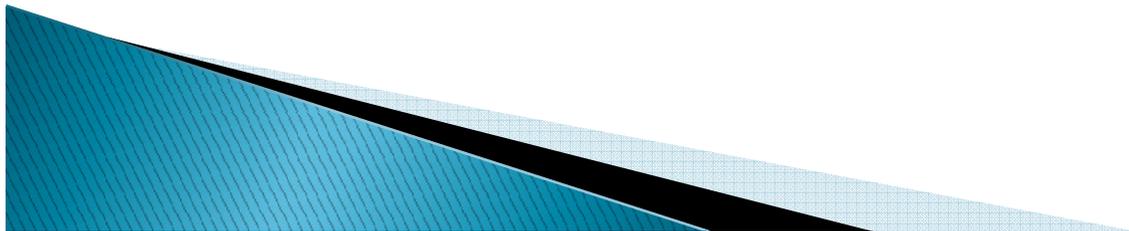
# Results

- ▶ Results indicate that two organisational culture types – market and hierarchy predict leadership factor – affect and leadership factor – loyalty.
- ▶ Three organisational culture types –clan, market and adhocracy predict leadership factor – professional respect in Estonian organisations.
- ▶ Clan and adhocracy culture types doesn't predict leadership factors – affect and loyalty. Hierarchy culture type doesn't predict leadership factor – professional respect in Estonian enterprises.

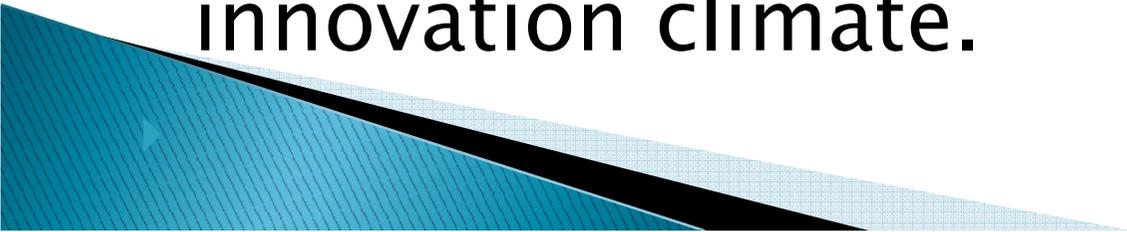


# Results

- ▶ Results indicate that two leadership factors – loyalty and professional respect predict the innovation climate.
- ▶ Leadership factor – affect doesn't predict the innovation climate in Estonian enterprises.

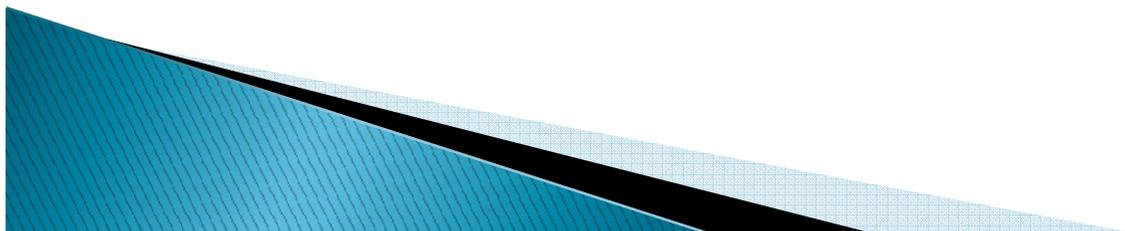
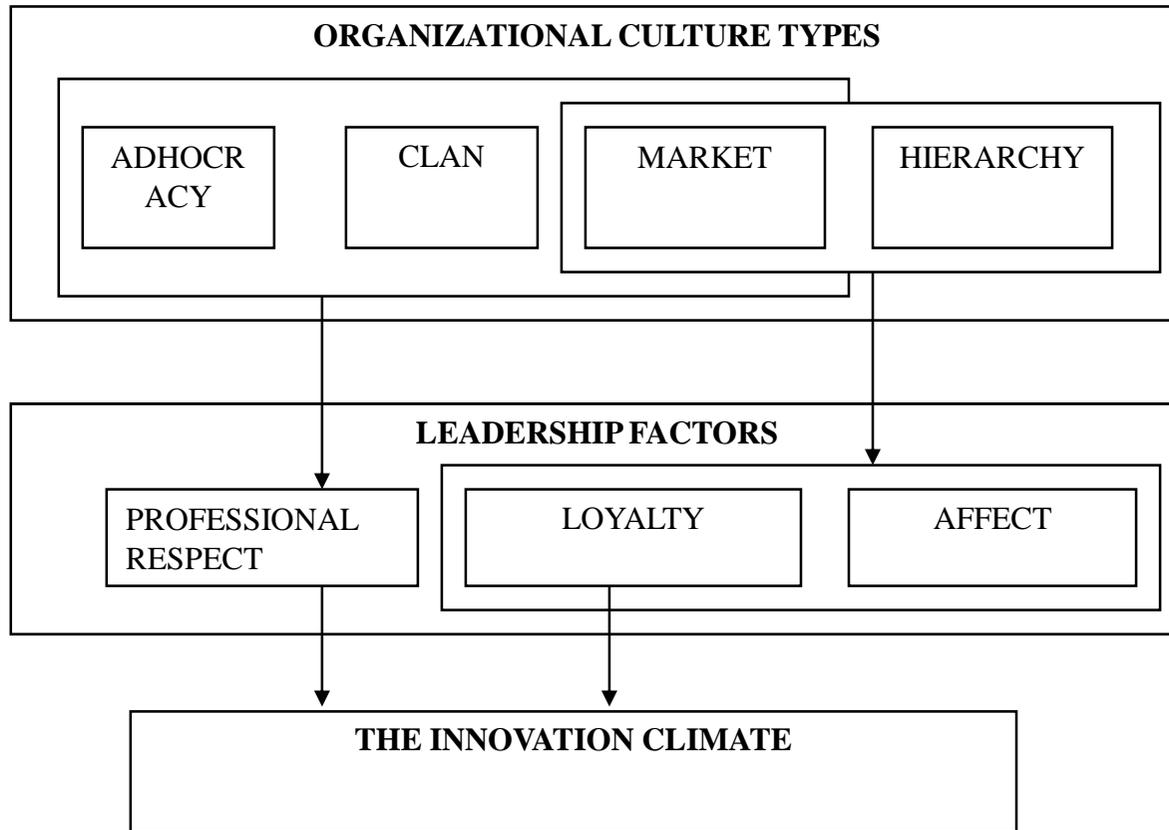


# Conclusions

- ▶ Market organizational culture type predict leadership factors – affect, loyalty and professional respect.
  - ▶ Hierarchy culture type predicts leadership factors – affect and loyalty.
  - ▶ Clan and adhocracy culture types predict leadership factor – professional respect.
  - ▶ Leadership factors – loyalty and professional respect predict the innovation climate.
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# Conclusions

- ▶ Therefore, the innovation climate in organizations is influenced by the loyal and professional leaders.
  - ▶ Market organizational culture type is most suitable for loyal and professional leaders.
  - ▶ Hierarchy culture type is suitable for loyal leaders and clan and adhocracy culture types for professional leaders according to this study.
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**Thank you!**

