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## BEHAVIOR, LEADERSHIP, AND ORGANIZATIONAL CULTURE OF EMPLOYEES DURING THE INNOVATION PROCESS

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### ABSTRACT:

Businesses with a strong entrepreneurial orientation often possess unique capabilities and creative perspectives, as well as a management vision and an inventive organisational culture focused on achieving the company's goals via operations. Corporate culture is critical in encouraging and fostering entrepreneurial behaviour inside organisations. Establishing and cultivating entrepreneurial attitudes and behaviours such that they become ingrained in an organization's culture and ethos may serve as a catalyst for renewal and innovation. Leadership is another significant component that has been consistently recommended to effect creativity. Company leaders may assist define and shape work environments that foster innovation, as well as establish and maintain an innovative organisational culture. The purpose of this research is to investigate the connections between organisational culture, leadership, and creativity. While the literature on innovation is voluminous, research in this area is very limited.

**Keywords:** *Leadership, corporate culture, innovation*

### INTRODUCTION:

Recent academic and management literature provides enough evidence that innovation is crucial for a company's long-term success in today's competitive marketplaces. There are several definitions of innovation in the relevant literature (Schumpeter (1960), Porter (1990), Drucker (1992), etc. Diverse definitions exist because diverse parts and components of innovation—a mix of processes of invention, new idea development, implementation, and implementation of existing changes—are emphasised (Flynn, Chatman, 2001). Such an understanding of innovation leads to a multifaceted and diverse investigation of innovation's factors. They may be categorised at the individual, group, and system levels. At the individual level, personality, learning, and

dedication are crucial innovation factors. At the group level, creativity is determined by the team's characteristics, including its standards, durability, cohesion, diversity, size, leadership, and communication (Flynn, Chatman 2001). At the system level, the most commonly identified factors are structure and company culture.

Companies with a strong entrepreneurial orientation often have unique capabilities and creative perspectives, as well as a management vision and inventive organisational culture geared toward achieving the company's goals via operations (Calantone, Gonzalez-Padron, and Hult 2008; Bina 2012). According to Kanter (1985), organisational culture is primarily responsible for encouraging and developing entrepreneurial behaviour. Establishing and cultivating entrepreneurial behaviour and practises such that they become part of a company's culture and ethos might give the potential to launch renewal and generate innovation (Hsu, Tan, Jayaram, Laosirihongthong 2014).

Leadership has been cited as one of the most important variables affecting innovation (King, 1990; Osborne, 1998; Schein, 2004). Leaders may build and manage an organisational culture that fosters innovation, serve as product advocates or heroic innovators who support innovation throughout the implementation phase, and provide the organisational framework required to enable inventiveness (Peters & Waterman, 1982). Strategic leadership study, according to Damanpour and Schneider (2006), reveals that top managers affect organisational results through defining organisational culture, affecting organisational climate, and fostering the capacity for change and innovation.

This research explores the linkages between organisational culture, leadership, and innovation, and finds the characteristics, i.e., the cultural values that have the greatest impact on the performance of organisations. Even though the innovative literature base is vast, research in this area is very limited. The report describes the results of a study done in Polish businesses.

### **ORGANIZATIONAL CULTURE AND INNOVATION:**

Positive cultural traits may equip an organisation with the elements essential for innovation. Innovation and culture are closely intertwined (West, 2000). The success of an organisation is highly dependent on its culture, provided that all employees are totally devoted to this topic. Each business has its own vision and goal that serves as a kind of roadmap to organisational greatness. The organisational culture is the ingredient that binds the goals of workers to attain successive degrees of excellence while representing the organization's image. On

the other hand, according to studies, creativity fails to flourish in organisations (and in people) if the environment and organisational culture are not suitable to fostering these competencies. Numerous studies have shown this, and particular inhibitors have been found (Bina, 2012). These include employee complacency and cynicism, fear of failure and change, bureaucratic, top-down decision making, lack of leadership advocacy, empire building and office politics, lack of diversity, a focus on financial controls and mitigation of risk, and a concentration on financial controls and risk mitigation (Andrews, 2006).

Clearly, the cultures of different sorts of organisations will differ (Smircich, 1983). On the one hand, this cultural variety is enriched by the values and attitudes that new workers bring to the organisation on their first day, while on the other hand, cultural norms serve as a guide for new employees to aid their assimilation to their new working environment. When it adds to the organisation, culture is considered a potential (Cormican and O'Sullivan, 2004). For firms concerned with their image and reputation, organisational culture is a crucial component of the strategy.

According to Ahmed (1998), culture has several features that may either encourage or discourage the inclination to innovate. Johannessen et al. (1999) highlight that creative organisations are (a) proactive, (b) risk-taking, (c) committed, and (d) change-initiating.

Organizational culture may be both an impediment and an impetus to the acquisition, accumulation, and application of knowledge, and hence innovation. In the process of adapting to a certain culture, people of the organisation gain a great deal of information that is integral to that culture; yet, they also develop poor habits and ineptitude. Frequent unwillingness to share information is one example. Banks (1999) notes that it is possible to create a culture in an organisation that encourages the creation, transfer, and use of knowledge by motivating and engaging people, "blending in" and consolidating the knowledge management activities into the daily practise of business processes, internal systems, and organisational structures. The organisational culture that supports innovation processes will emphasise the ability to deal with uncertainty, the improvement of communication and decision-making, the perception of environmental information as an opportunity rather than a threat, and the introduction of a management style that encourages employee independence, cooperation, creativity, and innovative activities (Smolarek 2009). Developing tolerance for risks, uncertainties, and exploration; strengthening respect for non-conformist attitudes; implementing democratic principles of decision-making and

conflict resolution; supporting group activities; fostering an atmosphere of recognition and responsibility; and fostering a climate that is conducive to organisational change are all characteristics of a pro-innovation organisational culture (Gadomska-Lila, 2010).

Organizational circumstances, such as a business strategy, a human resources management system, a pro-innovation management system, and an appropriate organisational structure, should encourage the development of such a culture. Innovative companies emphasise dedication (i.e., they seek to arouse a sense of pride in the organization, support the development of employees at the social and technical level). When things do not go according to plan, they do not stigmatise errors. When the organization's size surpasses that at which informal contacts were adequate, it is also essential to methodically construct a system structure that coordinates the activity of individual organisation members in the same direction. The use of a formal system should not compromise the organization's responsiveness and adaptability. (Cormican and O'Sullivan 2004, 2004). Creating a pro-innovation culture requires a focus on three important aspects of human resources management: (1) involving all employees in the pursuit of the common goal of action, which is possible if the common objectives of the organisation align with the individual objectives of its members; (2) rewarding professionalism, which positively affects the concentration of effort; and (3) ensuring consistency in action (particularly with regard to the aforementioned activities) by establishing a system of accountability (Gadomska-Lila, 2010).

In addition to the type of environment (national culture, the system of values of society and communities in the region, the local system of values) and the type of organisation (the market situation, products and technology, the industry), Kozminski also mentions the characteristics of the organisation (its history, size, leadership, administrative system, policy and strategy of action, management practises) as factors that influence organisational culture (values, attitudes, education, gender, age, work experience, life experience, emotional ties). Undoubtedly, the design of an organization's cultural patterns is determined by senior managers, whose responsibilities include the creation of policies, plans, and management processes. The organisational culture becomes a tool in the hands of managers, who, via personnel policy, may influence the organization's members in order to accomplish its objectives. Using the right criteria for recruiting and choosing personnel for different jobs (including management), the organisation chooses individuals with certain traits. The

behaviour of managers changes subordinates' perceptions of the organisation, which in turn influences the behaviour and actions of the organisation as a whole. The attitudes and actions of lower-level managers are determined by the attitudes and actions of their superiors, and all managers impact the formation of good attitudes and values in their subordinates. A competent leader develops a vision, communicates and cultivates it, and guides its realisation (Sloane 2007). You may assert that senior managers, their management and communication styles, preferred incentive schemes, etc. are among the most important factors of an organization's innovation-friendly culture.

### **THE IMPACT OF LEADERSHIP ON EMPLOYEE BEHAVIOUR:**

In today's world of fast change and the necessity for the continual growth of the organization's human potential, an acceptable leadership style is one of the issues faced by the majority of businesses. Some organisations shift from hierarchical "network organisations" (Drucker, 1988) or "smart enterprises" to a flat structure (Quinn 1992). In such circumstances, it is not enough to be a manager doing management duties. Organisations need leaders who will not just manage people, but who will mainly work with them to accomplish shared objectives, communicate organisational changes, and engage in assessing and resolving individual and group issues (Borkowska,1998).

In innovation processes, when innovation is a result of a company's strategy and not a one-time accident, leaders make employees aware of the objective, explain and justify the reasons for the action and associated advantages. In addition, they provide direction for activity and advice about the quest for creative solutions. Additionally, it is vital to concentrate. The leader must respond what the team's priority is and what the team should concentrate on. Leaders are able to make innovation both an aptitude and a business asset, as well as permeate all organisational tiers to provide solutions that transcend cliches.

There is evidence that an individual's leadership style influences innovation significantly. Leaders of organisations contribute to defining and shaping work environments that foster organisational innovation (Sarros, Cooper, Santora, 2008). Participative leadership is related with innovative cultures and high-performing organisations (Ogbonna & Harris, 2000). Transformational leadership, participatory leadership, and leader-member exchange (LMX) theories have been investigated in the study on the link between the behaviour of leaders and the creativity of people. Several studies

indicate that transformational leaders empower their followers (e.g., Jung and Sosik 2002), create an innovative climate (Jung et al. 2003), change the personal values and self-concepts of their followers, move them to higher levels of needs and aspirations (Jung 2001), and increase their followers' performance expectations (Bass 1995). In addition, transformational leaders assist followers grow and develop into leaders by reacting to the requirements of each individual follower by empowering them and by harmonising the aims and goals of the individual follower, the group, and the larger organisations (Bass and Riggio, 2006). This leadership is composed of four elements: charismatic role modelling, customised concern, inspiring motivation, and intellectual stimulation (Gumusluoglu and Ilsev 2009). Podsakoff et al(1990) 's Transformational Leadership Scale consists of six transformational factors: (a) articulates vision, (b) provides an appropriate role model, (c) fosters the acceptance of goals, (d) sets high performance expectations, (e) provides individual support, and (f) provides intellectual stimulation. Transformational leadership, which involves the creation of vision and inspiration, has a tremendous impact on the creativity of followers because the leader encourages people, moulds corporate culture, and provides the organisational environment required for organisational change (Wehrich et al. 2010). Participative leadership entails the use of diverse decision-making techniques that decide the amount to which individuals may influence the leader's choices and have the freedom to develop and execute their own duties. Participatory leadership may take several forms, such as consultation, shared decision making, and delegating (Yukl, 2002). Considered to precede individual invention is such leadership.

The LMX theory focuses on leaders' and workers' social exchange connections. It states that the nature of the connection between a leader and follower influences outcomes including subordinate satisfaction, supervisor satisfaction, performance, commitment, role conflict, role clarity, and turnover intentions (Yukl, 2002). Some argue that the quality of the connection between a leader and a follower is also associated with inventiveness (Graen and Scandura, 1987). High-quality exchange relationships entail assigning workers difficult tasks, offering assistance in dangerous circumstances, and providing task-related resources and recognition, all of which are conducive to individual creativity.

In general, leaders have a significant influence on staff work behaviours (Yukl, 2002). The most successful leaders assist people in coordinating and integrating their diverse styles via a process of applied creativity that entails

consistently identifying, defining, and addressing new challenges and offering new solutions (De Jong, and Den Hartog, 2007).

#### **METHOD:**

This study's information was collected from a random sample of private sector managers. Excluding respondents who classified themselves as self-employed resulted in a sample of 120 managers in the private sector. The majority of respondents were male (63.3%), between the ages of 31 and 40 (41.7%), and had an average of 12.73 years of experience as a manager. 11.7 percent of respondents self-identified as top-level managers, 20% as executives, and 68.4% as upper-middle managers. 56.7 percent of managers worked for firms with less than 250 people. There was a direct survey conducted. Informing prospective responders that the survey was confidential. A questionnaire consisting of ten items with a combination of Likert-scale and single-answer questions was devised. The answers were collected using a five-point Likert scale, with 5 signifying "highest agreement" and 1 "no agreement."

#### **RESULTS:**

Respondents evaluated the role that managers and operational personnel play in innovation processes by dividing the responsibilities as follows:

- The manager's role is to: stimulate / trigger employee innovation (4.30), monitor the innovation process (4.27), motivate others to be creative (4.19), be a leader in implementing innovative processes (4.07), organise the various stages and conduct the process of introducing a specific innovation (4.07), and plan and initiate the innovation process (4.04),
- In equal measure, both management and workers are responsible for fostering an innovative culture (an inventive "environment") (3.76),
- Employees are responsible for seeking out sources of innovation (3.40).

Support and encouragement for every employee to explore and find non-conventional and non-standard methods of attaining objectives and completing tasks are crucial for the innovation growth of an organisation. 43.3 percent of respondents feel that the company supports workers' innovative ideas. According to the research, one aspect of an innovation-oriented culture is the arrangement of work and working circumstances that stimulate workers' creativity. In the companies surveyed, the following are valued: the appropriate range of responsibilities and assignment of activities to employees (61.7% of respondents),

access to facilities and social benefits (rated very highly and highly by 58.3% of respondents), and the proper equipment at the workstation (46.6 percent).

Change is a crucial aspect of an innovative culture. Employees are willing to assume the risks that change involves, which may include moving employment. Employment is a component of adjustment processes, indicating the necessity for its adaptability. It should be highlighted that in times of high unemployment, job stability (a solid work contract) may be a more crucial element in inspiring individuals to work. Each innovation may pose a danger to workers if the present state of equilibrium is disrupted, which may result in employees' unwillingness to implement innovation and even sabotage and resistance to change. 10 percent of respondents feel scared by the dangers associated with the company's deployment of innovation. They worry that the scope of their obligations will be altered, that they will be rendered redundant, that their job will be rearranged, or that they will be given additional responsibilities. Almost every second respondent (43.3 percent) felt the risk to a moderate degree, indicating that the adoption of innovation in the workplace may cause workers to feel out of balance, necessitating the implementation of neutralising activities.

Regarding the organisations with which the respondents were affiliated, an integrated management style may be identified (a heavy focus on tasks and interpersonal ties, according to 79.2 percent of respondents). Managers concentrate on both the technical process and performance, as well as the people, developing in them a passion for their job, assisting them in meeting problems, identifying obstacles at work and in their personal lives, and caring for their growth, resulting in higher productivity. Managers think that individuals are eager and able to perform effectively. They engage them according to their capacities, assuring their satisfaction with the jobs they do. They attempt to include everyone in the planning of projects, and they will be involved in their execution. (Szczepanska-Woszczyna, 2014)

## **DISCUSSION:**

The study includes theoretical thoughts on the impact of leadership and organisational culture on employee behaviour in innovation processes, which are corroborated by empirical research done among managers in private enterprises. The results of the investigations add to the comprehension of the relationships between various theoretical concepts. The results are consistent with studies indicating a relationship between transformative leadership and organisational



culture (Übius & Vanhala, 2011; Antonakis & House, 2002; Scott & Bruce, 1994; Deal & Kennedy, 1982; Trice & Beyer, 1993) and (Amabile, 1996; Mumford et al., 2002). A visionary leader fosters a culture of change that encourages the adoption of innovation (Damanpour, Schneider 2006). The components comprising an innovative culture have been outlined. They are the management style emphasising tasks and interpersonal relationships; an important role of managers in stimulating innovation and triggering innovation of employees; motivating employees to be creative; a low level of fear felt by employees as a result of changes introduced in the company; the proper organisation of work and working conditions to stimulate employees' creativity; and support for new ideas. The results reflect the conventional notion that innovation is related with strong and visionary leadership, as well as cultures that are supportive (Scott, Bruce, 1994).

### CONCLUSION:

Organizational culture may be a factor that encourages the growth of creative activities. Depending on how they impact the behaviour of people and groups, the values, norms, and beliefs that play a role in creativity and innovation in companies may either promote or impede creativity and innovation. In general, leaders have a significant impact on the work behaviours of their staff. These results are consistent with and expand prior studies (Schein, 1985; Trice & Beyer, 1993; Scott & Bruce, 1994) and give evidence of vision's power to shape organisational culture. Individual creativity was formerly believed to be impacted by coworkers and supervisors, but it has now been established as a multistage process including these agents and organisational factors such as culture and climate.

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