

# EFFECTS OF ORGANIZATIONAL CULTURE AND TYPES ON INNOVATION CULTURE CREATION ACTIVITIES

Bülent Demir\*

## Introduction

In today's world where competition is intense, the need for innovation increases day by day. When the innovative culture is evaluated in terms of sustainability, profitability and growth for the organizations of the modern economy, it is seen that it has become a vital phenomenon. In this context, environmental changes create opportunities for innovation. As a result, businesses need to enter new markets, creating opportunities to survive. New technologies that accelerate environmental change, shorten product lifetimes by changing customer needs, and with this rapid change, competition between companies increases with the elimination of borders. For the realization of innovations, it is necessary to focus on organizational culture, creating an innovative environment and how to create a cultural structure and which type of organizational culture is more suitable for innovation.

## 1. Organizational Culture

Defining the organizational culture in an organization is difficult for both managers and other researchers. Despite the fact that almost every manager sees the organizational cultures unique and special, when they try to define the concept, they state that they use expressions like “we are customer-oriented”, “we see employees as our most valuable asset” and not very different from other businesses (Alvesson & Sveningsson, 2007). The reason for this is that the concept of organizational culture has a complex structure that is difficult to define and measure, has a lot of relationships with many other concepts (Alvesson & Sveningsson, 2007; Schein, 2004). However, considering the common characteristics of different definitions of organizational culture or corporate culture structure, they defined organizational culture as a concept that is holistic, based on an accumulation of history, which is related to other concepts related to human and society, and difficult to change and understand (Hofstede et al., 1990). Accordingly, culture is a mental event that enables individuals within a certain group to think and evaluate the facts differently than other groups, rather than social structures and behaviors (Alvesson &

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\*(Dr. Öğr. Üyesi); İstanbul Kent Üniversitesi, İnsan ve Toplum Bilimleri Fakültesi, İşletme Bölümü, İstanbul-TÜRKİYE, e-mail: bulent.demir@kent.edu.tr

Sveningsson, 2007). It defined organizational culture as a social unit as a pattern of shared basic assumptions that will be taught as a method of perception, thinking and feeling about the problems, which is considered valid by a group of members who have solved an external harmony and internal integration problem (Schein, 1992).

## 2. Organizational Culture Elements

Studies of examining the organizational culture generally showed two different approaches. The first is the studies that categorically examine the organizational culture (Desphande et al., 1993). Studies that show a categorical approach have tried to determine the unique characteristics of each class by subjecting the cultures of the organizations to various classifications. The second approach is interpretive approaches. Studies that deal with organizational culture with an interpretive approach have tried to explain the culture as seen in figure 1 through symbols, rituals and myths that dominate the organization (Schein 1992).

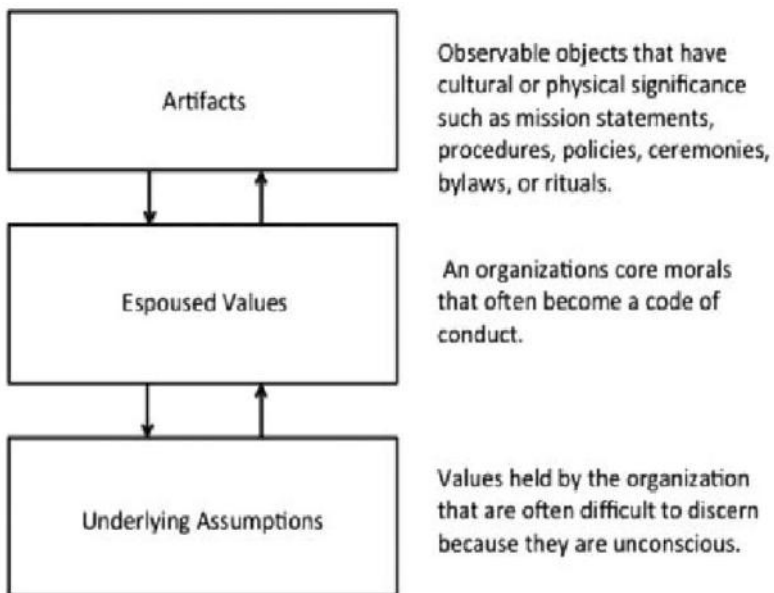


Figure 1: Organizational Culture Model

Source: Schein, (1992)

**Artifacts:** It is the visible aspect of culture and includes the seen and heard behavioral patterns of groups such as physical environments, technology and products, artistic creations, styles and behaviors of

individuals, emotional indicators, values, stories and legends about the organization, observable rituals and ceremonies. The purpose of cultural analysis at this stage is to understand the organizational process and the visible behaviors of groups within the routine behavior. Understanding these behavioral patterns that are seen and heard requires long-term living within the group and a degree analysis (Schein, 1992). Artifacts, creations, reflect the apparent and symbolic aspect of culture. This visible part of the culture can be classified into three ways: physical, behavioral and verbal. Examples of physical creations are symbols such as symbols, logos, clothing, layout, organizational chart, and procedures. Behavioral cultural creations consist of ceremonies, ceremonies and meetings. Verbal creations can be given as examples of language, slogans, stories and heroes spoken within the organization.

**Expoused Values:** “It is the criteria adopted by members of the organization in evaluating and judging the events, situations and behaviors” (Şişman, 2002). Values have an important place in organizational life as well as in human life and social life (Schein, 1992). If the values accepted within the organization match the basic assumptions, then it will be useful to express these values in the management philosophy, bringing the group together, creating a sense of belonging and attachment (Can, Aşan & Aydın, 2006). Values, in other words, reflect the general agreement created by the members of the organization about what the organization intends to do by summarizing the situation of the employees (Christensen, 1999). Various opinions have been proposed about what might be the source of organizational values. According to Schein (1984), the sources of these are the members of the organization, the beliefs that arise and accepted as a result of the interaction of the two. These beliefs and values also affect the attitudes and behaviors of people towards other people, objects, events and facts. The lack of common values, the dominance of different values in the organization causes organizational conflicts. Norms are formed depending on a certain system of values within the social system. Norms are social rules and standards that guide members of the social system in explaining and interpreting events, facts and situations. Culture is also defined as a normative system (Schein, 1984). In short, norms, approved behaviors, expected behavior standards are defined as the unwritten rules of the game or behavior.

**Underlying Assumptions:** “It is the basic beliefs that organization members share in relation to environmental relations, real human actions and the nature of human relations” (Türk, 2007; Şişman, 2002). The basic assumptions are predictions, thoughts, feelings, and subconscious beliefs.

So it is very difficult to change. The human mind needs conceptual invariance. Thus, shared basic assumptions to support the culture of a group can be considered as psychological conceptual defense mechanisms that allow the group to complete its function, both individually and at the group stage (Schein, 1992).

### 3. Organizational Culture Types

We see that in the literature by different social scientists classified as a variety of organizational culture. In terms of organizations, Harrison (1972) and Handy (1985) used culture in exchange for the character of the organization and mentioned four types of cultures or organizations. These are called power culture, role culture, task culture and individual culture.

**Power Culture:** Culture type where power and control are central. It is based on sovereignty and interest, and those who hold power in the organization establish a sovereignty over others. Its main feature is constant power and conflicts of interest and it is characterized as a type of culture mostly observed in organizations managed by traditional management approach.

**Role Culture:** It is a type of culture where bureaucratic features and principles are at the forefront, and in this culture, issues such as rationality, rules, hierarchy, role, status, authority and responsibility are given importance. The source of power is the authority. Emphasis is placed on choosing a man by job.

**Task Culture:** Organizational goals are at the forefront rather than individual goals. Therefore, almost everything in the organization is evaluated in the rate of serving the purposes. Therefore, it is essential to organize and change organizational structure, roles and processes towards achieving organizational goals. The source of power is expertise. Decision powers are given to the teams.

**Individual Culture:** This culture is defined as a dominant culture in organizations created based on the understanding that organizations are for individuals. In this culture, contrary to the task culture, priorities are given to individual goals and interests. In task-centered organizations, individuals are seen as a tool for organization and organizational purposes, while in individual-centered organizations, organizations are seen as a tool for achieving individuals and individual goals.

Handy and Harrison's classification in a similar manner based on the power of culture, role culture has mentioned the four types of

organizational culture, including culture-based tasks. Pheysey's classification was also based on the classifications of Harrison and Handy, and was organized into four groups as organizational cultures, role culture, success culture, power culture and support culture, similar to the above. Quinn and McGrath have classified organizational cultures as rational, developmental, compromising and hierarchical cultures differently from the above (Şişman, 2002).

The most generally accepted classification in terms of organizational culture types are four culture types that are under two dimensions. The first dimension shows the orientation of the business towards flexibility and judgment, and stationary and control. This size of enterprise is between flexibility and rigidity. The second dimension shows whether the business is oriented inward or outward. He examined organizational culture in four groups: Clan, Adocracy, Hierarchy and Sunday culture (Cameron & Quinn (1999). These types of culture can be found in various rates in each organization. The distinction is which is the dominant culture (Desphande et al., 1993).

Shared values, harmony, participation, individuality and “us” identity are important for clan (collaboration) culture type businesses. Businesses of this type operate like a large family rather than an economic unit. Rules and procedures from the hierarchy have been replaced by teamwork, employee engagement programs, and corporate loyalty.

The main purpose of the adhocracy (creativity) culture type enterprises is to promote compatibility, flexibility and creativity in an uncertain, complex and overloaded environment. The main thing for organizations of this type is to offer innovative products and services and adapt them quickly to new opportunities. There is a scattered flow of power between individuals and teams rather than a central power or authority relationship.

In the hierarchy (control) culture type, control of the external environment is essential. Rules and procedures guide the behavior of people. Especially in large organizations and bureaucratic structures, the clarity of decision making authorities of this type, standardized rules and procedures, control and accountability mechanisms are required for success.

Market (competition) culture type control drives market mechanisms, competition dynamics and money exchange. The aims of businesses in this culture are to be profitable, to be strong in market segments and to create a reliable customer base (Cameron & Quinn, 2006).

It has been stated by various researchers that organizational culture influences innovation (Pfister, 2009; Uz Kurt & Şen 2012) and even organizational culture is at the center of innovation (Tushman & O'Reilly, 1997). In addition, organizational culture not only has an enormous impact on an organization's ability to innovate, but also determines how it will innovate, what kind of innovation it will focus on, and the skills it will use to deal with potential threats (Kelley, 2010).

Organizational culture supports innovation in several ways. The first one is that it enables the members of the organization to see innovation as an appropriate strategy for solving problems related to competition. It also creates an empowering network of values and beliefs, giving formality to the activities carried out for innovation. Organizational culture motivates its members by waiting for them to act in an innovative manner and by accepting these behaviors and ensures that those who engage in innovative activities are rewarded. Finally, it allows to support innovative changes among the members of the organization (Russell, 1989).

According to the organizational culture model, organizational culture can be divided into four groups: cooperation, innovation, determination / consistency, effectiveness as shown in Figure 2 (Chang & Lin, 2007).

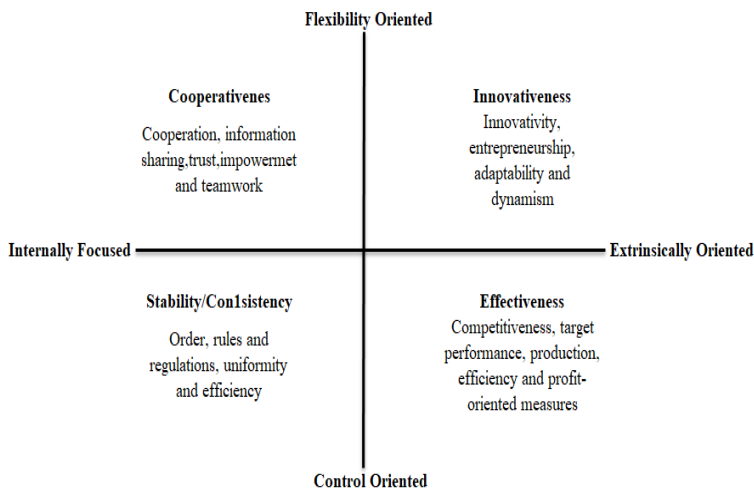


Figure 2. Organizational Culture Model  
Source: Chang & Lin (2007)

**Cooperativeness Culture:** In the two-dimensional model of organizational culture, it is located in the upper left corner. It is internal and resilient and focuses primarily on collaboration, information sharing,

trust, empowerment and teamwork. This collaborative culture is typical of a friendly atmosphere. Organization members share information in team work. Thanks to the authorization in the organization, each individual has a certain division of labor and has an internal flexibility in performing this task. Relations are based on trust, and members of the organization treat each other just like members of a family.

**Innovativeness Culture:** It is located in the upper right corner of the two-dimensional model of organizational culture. Innovation culture, which is external and flexible oriented within the organizational culture model, has the characteristics of creativity, entrepreneurship, adaptation and dynamism. The company, which has an innovation, supports creativity by being in a completely dynamic environment.

**Stability / Consistency Culture:** it is located in the lower left section of the organizational culture model and is also internal and control oriented. It focuses on order, rules and regulations, uniformity and efficiency. This organizational culture, with determination and consistency, is typically a structured and organized organization.

**Effectiveness Culture:** It is located in the lower right part of the two dimensional organizational culture model. This exogenous and control-oriented culture model focuses on competitiveness, target achievement, production, efficiency and profit-oriented measures. The company with an event culture is primarily a result-oriented and profit-oriented company.

It is observed that there is no consensus on what the company will do more innovative organizational culture is analyzed studies cited above. However, according to Mortimer (1995), they stressed that in order to have a creative and innovative organizational culture, actions that would encourage innovations and motivate members should be taken and the following conditions should be fulfilled (Mortimer, 1995):

Organizations;

1. Must have predictive leaders,
2. Must have managers who can lead new programs and achieve goals,
3. Encourage and reward entrepreneurial actions,

4. Must be able to create the necessary funds to develop and evaluate new and original ideas,
5. To be able to produce appropriate values by forecasting customers' future needs and wishes,
6. Ensure mutual convergence and communication between employees and marketing staff at all levels,
7. Be able to understand the value of errors,
8. Pay attention to informal communication as well as formal communications,
9. Must value and motivate employees,
10. Besides those who are satisfied with the activities of the organization, they should be able to recognize and control those who are not satisfied.

In another study, the cultural environment that supports and motivates innovation should be summarized as follows (Zangwill, 1993):

1. Top management adopts innovation,
2. Building trust and honesty instead of behaviors where individual interests are at the forefront,
3. To emphasize the support and tolerance instead of punishment and reproach,
4. Encouraging creative discussions,
5. Creating a communication in which innovative ideas are listened and valued by bosses,
6. To establish and develop creative collaborations between individuals and groups,
7. Valuing consumer demands,
8. To learn employees' thoughts on innovative organizational culture.

Based on the above studies, it can be said that strong management support, effective internal and external communication, paying attention to customer needs and forgiving mistakes and rewarding successes for an innovative organizational culture.

#### **4. Innovation and Innovation Culture**

Before making a definition about innovation, it will be more accurate to mention its relation and types with similar concepts. The first of these concepts is creativity. Creativity, defined as the production of new and useful ideas in any field, is part of the innovation process, but innovation is the implementation of an idea developed with creativity. Accordingly, it can be said that creativity constitutes the first step of the innovation process (Amabile et al., 1996).

Invention is one of the concepts that are similar to innovation. However, in order for an innovation to occur, there is no need for inventions, invention can take place after innovation and multiple inventions can contribute to a single innovation (Samsonowa, 2012). In addition, in order to qualify as innovation, it must be commercialized. In this respect, innovation is an economic rather than a technological concept (Rothwell & Wissema, 1986; Drucker, 2001). Innovation is a word used instead of innovation. However, it is possible to say that innovation is much more than yen, since not every innovation has a commercial value (it has no value in the eyes of the customer).

In the literature, product and process innovation (Schumpeter, 1934; Utterback, 1996; North & Smallbone, 2000; Damanpo is & Goplkrishan, 2001, Boer & During 2001, Francis & Bessant, 2005), organizational innovation (Boer & During, 2001) marketing innovation (Schumpeter, 1934; North & Smallbone, 2000; Francis & Bessant, 2005), destructive and sustainable innovation (Christensen & Raynor, 2003), discontinuous innovation (Robertson, 1967), paradigm innovation (Francis & Bessant, 2005), innovation types such as finding a new source of raw materials or semi-finished products and repositioning the business in the sector (Schumpeter, 1934). What is meant by innovation is product innovations, the direct effect of which is most easily observed.

As a result of examining the types and their differences with other concepts, it is possible to define innovation as follows. Innovation is innovations or significant improvements in products, production processes, marketing methods or managerial activities that have commercial value. Innovation is one of the most important resources that businesses will use to increase their competitiveness (Drucker, 2001; Bessant, 2002; Afuah, 2009; Betz, 2011). Therefore, it is necessary to get help from any kind of instrument that will support innovation.

Organizational culture affects innovation processes as well as it affects many processes in the organization.

Therefore, creating an organizational culture (innovation culture) focused on innovation activities is a must for any business that wants to innovate. There is no guarantee that an innovation culture will result in innovation, but an innovation culture is definitely a prerequisite (Angel, 2006).

Gandotra (2010) defined the culture of innovation as a culture associated with organizational structures and processes that make innovation a daily business. The culture of innovation determines how creativity, risk taking, entrepreneurship and sharing of information and ideas are encouraged (Gandotra, 2010). The culture of innovation enables the formation of norms that help members of the organization develop behaviors that do not hinder their innovation activities but support them. These norms are listed below.

- Supporting the creative activities of the members of the organization,
- Seeing innovation as a suitable solution method for strategic organizational problems,
- To ensure free and open exchange of information within the organization,
- Maintaining close contact with groups outside the business that have knowledge of potential innovations,
- To be open-minded for new ideas,
- To provide psychological and financial support to those who produce new ideas,
- To encourage a reasonable risk taking for new ventures,
- Listed to support an effective change practice (Russell, 1989).

Innovation is divided into different types according to researchers. It is possible to divide them into general topics such as product innovation, process innovation, strategy innovation, market innovation (Henard & Szymanski, 2001). Although innovations are related to each other, it is seen that each innovation offers separate benefits to the business. Product innovation enables to achieve a higher market share, strategy innovation to achieve sustainable competitive advantage, Market innovation enables

reaching new customers, and process innovation enables internal functions to work more efficiently. From this point of view, it will be useful to determine what kind of innovation culture affects on which type of innovation. In addition, it is aimed to explain the role of staff empowerment in this relationship.

The culture that supports innovation has the characteristics of creativity, risk taking, independence, teamwork, solution orientation, communication, high confidence and respect and decision making speed. He also stated that innovation culture has four general dimensions. The first is the intention to be innovative, the second is the infrastructure that provides support for advancing innovation activities, the third is the information and orientations that will support employees' ideas and activities required for innovation, and finally environmental dimensions to support implementation (Dobni, 2008).

### **Conclusion**

Undoubtedly, the concept of innovation is becoming more and more involved in our lives with the increasing influence of today's world. It would not be wrong to say that the competitive conditions and customer expectations in the market have changed rapidly. For this reason, innovation, which used to be the business of only large-scale enterprises, has become an imperative for every business or even every organization. Since it is such an important concept, the culture of the organization and its relation with each other, which is considered to be one of the factors that can help enterprises to innovate, should also be examined closely.

As in many other activities, the organizational culture has a two-way impact on innovation activity. In other words, it can both facilitate the realization of the activities and prevent this activity. When considered in terms of innovation activity, it is clear that not all features of organizational culture will have an impact on innovation. At this point, a subculture consisting of the sum of the characteristics associated with the organizational culture of the innovation activity emerges, which is the innovation culture. Innovation culture features are always handled within the framework of the literature. It is not known exactly what these features are and what is known is not supported by empirical studies.

According to the information obtained from the studies studied, the first feature of the innovation culture is that it has a structure similar to the adhocracy organizational culture type features. This is an expected result due to the characteristics of the adhocracy culture type (supporting

innovation and creativity). Apart from that, organizational learning should be encouraged again as it will provide the necessary information flow for innovation. In order to take advantage of different ideas and empower employees, a participatory way must be followed in decision making. The fact that managers are open-minded against external ideas will both provide flexibility and support the flow of information. It is important that business objectives, goals, mission and vision are innovation-oriented and shared by employees. Encouraging risk-taking is imperative for innovation activities that always include a risk factor. Failures should be seen as events that require lessons. While group and team works are supported to benefit from the synergy effect, the independence of individuals should not be ignored and internal competition should be encouraged. Trust and open communication within the organization will enable the sharing of information, which is the most important input of innovation. Giving individual support and rewards to employees is important for the continuity of innovation activities.

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