

# **ORGANISATIONAL CULTURE AND ITS INFLUENCE ON INNOVATION MANAGEMENT**

## **FIELD OF THE INVENTION**

This Invention relates to the field of Management and more particularly elaborates the innovation and organisational culture in present internal operations of a company for healthy Environment.

## **BACKGROUND OF THE INVENTION**

Economic modules and theories have been postulated in the past that have attempted to predict the future of nations and markets. Body of work began to emerge that employed the Darwinian approach to address the questions of economic growth. This approach argued that the key to economic success lie in a nation's ability to introduce valuable new goods, to improve the quality of existing goods and to find more efficient ways to manufacture and deliver these goods. At its core the theory emphasized that "novel ideas" are central in driving economic growth. Technological changes accounted for about eighty per cent of the economic growth in America. Sustained economic growth is possible only by accumulative improvements in capital goods. Therefore, any discussion on the economic future of a company or country must hinge on innovation, invention, discovery and technical progress. The place for innovation in economic growth has been well-established. Innovative economies have experienced sustained growth and have led the economies of the world. Competition has intensified with expanding globalization. Success, therefore, can be achieved not with just innovation but by reaching world-class Empirical y innovation (Hamel, 2000). Companies that are more innovative than others have a system of values that encourages individual and collective behaviour to creative endeavours.

## **SUMMARY OF THE INVENTION**

Evidence indicates that the perceived organizational culture has a strong influence on the behaviour of the employees in terms of creativity and innovation. These cultural perceptions can either facilitate or inhibit the promotion of innovative ideas, processes and practices. The more innovative group of employees perceived the organizational culture more favourably than the less innovative group in terms of valuing diversity, treating employees fairly, communicating openly and honestly, giving honest feedback on performance, having the freedom to express opinions relating to work, support risk taking and finally paying equitably. On the other hand, the less innovative group was more positive on the dimensions of team functioning. Industry can reap the benefit—recognize the problem, support and implement policies that values diversity and provide flexibility and space for the individual's to operate in an environment of allowing free knowledge sharing.

## BRIEF DESCRIPTION OF THE DRAWINGS

**Table 1:** Depicts the Gender and Percentage.

Sex	No. of Respondents	Percentage (%)
Female	25	46
Male	30	54

**Table 2:** Depicts the Age Group and Percentage.

Age Groups (years)	No. of Respondents	Percentage (%)
Under 25	9	16
26 – 30	25	46
31 – 35	13	24
36 and above	7	13

**Table 3:** Depicts the Years at the Company and Percentage.

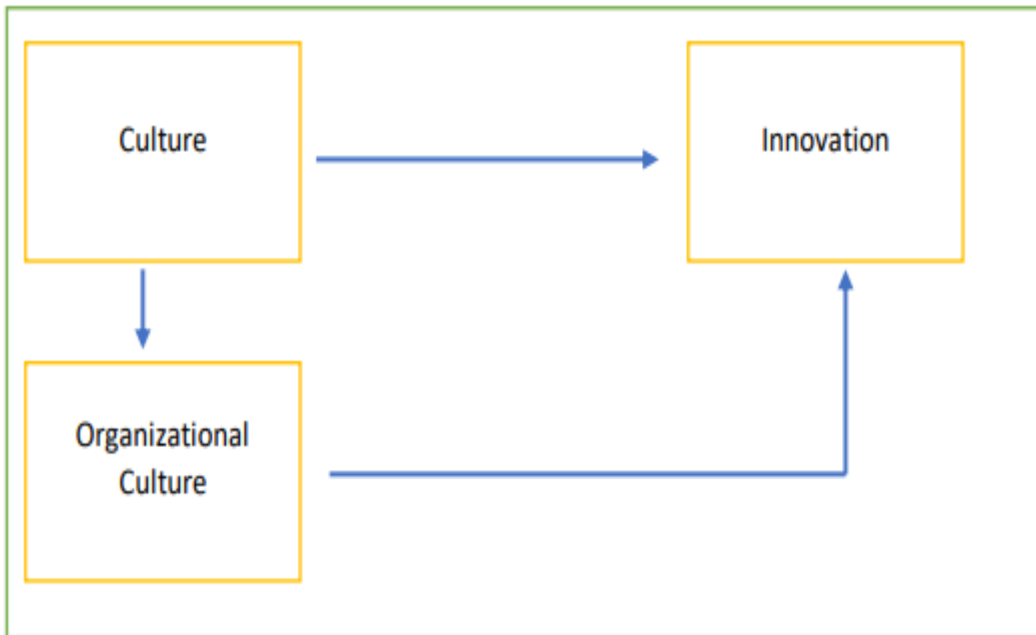
Years at the company	No. of Respondents	Percentage (%)
Less than 1 year	13	24
1 – 2 years	13	24
2 – 4 years	17	31
More than 4 years	12	21

**Table 4:** Depicts the Work Area and Percentage.

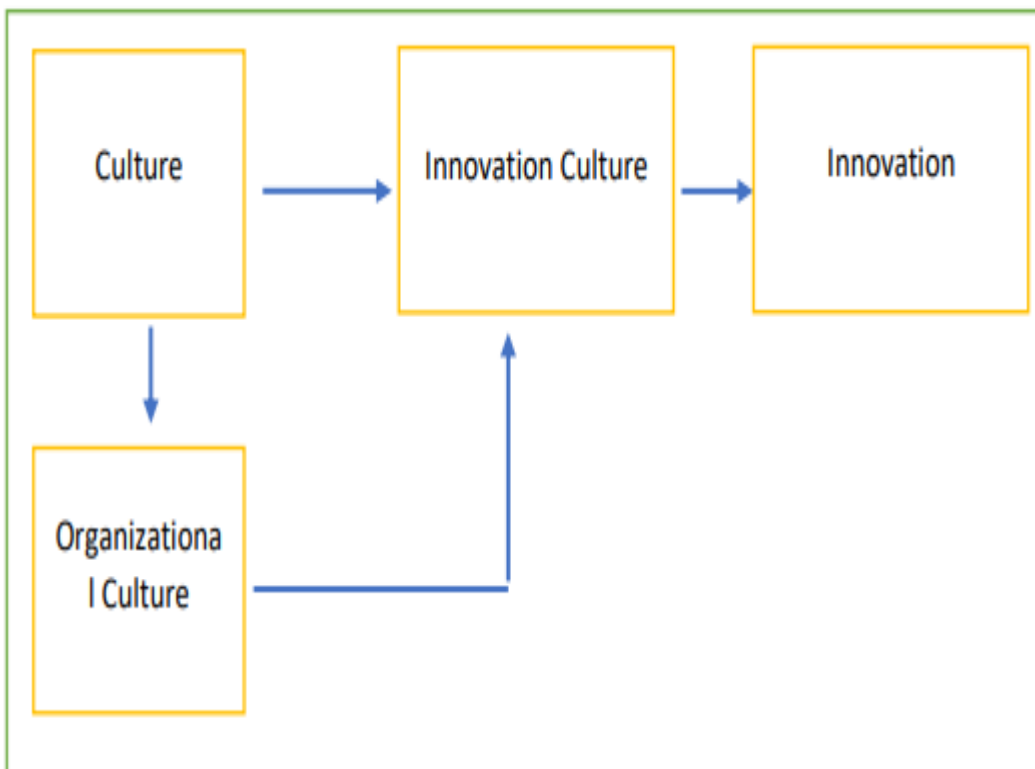
Work Area	No. of Respondents	Percentage (%)
Administrative Support	4	8
Executive/Officer - Technical	18	33
Manager/Project Manager	15	27
Project Leader/General Manager	2	4

**Table 5 :** Depicts the Education Level and Percentage.

Education Level	No. of Respondents	Percentage (%)
Professional Degree	55	100



**Fig 1:** Depict the Relationship between culture-organizational culture and innovation.



**Fig 2:** Depicts the Relationship between Culture-Organization Culture-Innovation Culture and Innovation.

## **BRIEF DESCRIPTION OF THE INVENTION**

The place for innovation in economic growth has been well-established. Innovative economies have experienced sustained growth and have led the economies of the world. Competition has intensified with expanding globalization. Success, therefore, can be achieved not with just innovation but by reaching world-class. Empirical y innovation Companies that are more innovative than others have a system of values that encourages individual and collective behaviour to creative endeavours. It is this meta-theory that has led to the identification of appropriate contextual systems that encourage, cultivate and reinforce creative practices. New ideas are often triggered in an environment unique to the individual such as while taking a bath, gardening and so on. Creativity and innovation will only be sporadic occurrences and will not thrive without a supportive environment and culture. This y examines the individual's performance on innovation dimension in relation to the employee's perception of the organization in an Indian software company. The y explores the organizational cultural aspects that aid, facilitate or inhibit innovative performance in the organizational context. Innovation has become the strategy slogan of the nineties, a mantra for growth for most companies. Innovation in products, services and approaches to serving markets can drive revenues and profits to new heights. But doing better than the competition requires companies to emerge out of their comfort zone. Often seen as an isolated event, break through innovation is being viewed more and more as a process than just an event. A close examination revealed that all these companies fostered a culture that stimulated innovation. The factors have been synthesized in the groups of leadership, environment, aspiration and processes. The key components to creating an innovation supportive environment are relentless pursuit of performance, an outward looking focus – breakdown barrier, creating cross functional teams and learning by doing rather than thinking. On the other hand, the companies performing low on innovation were structured and organized with a low will to excel, were too small and fragmented, too

inward looking, inflexible, under equipped and had less challenging performance targets. Firms must have access to technology to be able to develop technology intensive radical innovations. However, simply having access to technology is not sufficient; the technology must be embedded into new products To encourage the development of technology intensive radical innovations, besides hiring employees who specialize in science, engineering or technology the management needs to follow a different set of business and management practices In addition, technology intensive radical innovations are likely to place the business at risk as they result in fundamentally different products than currently available in the market. Because of their newness they require a lengthy period of time before solid adoption occurs, which further adds to business risk Researches have tried to answer the critical question - "What can be done to improve innovation?". Companies need to harness all their resources and energy to the fullest to result in continuous innovation. Existing literature, however, remains ambiguous on how to do so. Several ies have provided partial solutions. Creating organizations with separate units pursuing transformational change and incremental change in the existing business mode keep the firms on the "edge of chaos" through, improvisation, co-adaptation, regeneration, experimentation and time pacing. However, they have not elucidated the application of these ideas. In order to create innovations and move them into production, you need three kinds of people. First you need "arrow-shooters" who will direct ideas to previously unexplored parts of the forest, for example, the creation of Photoshop at a time where no one dealt with digital imagery. Then you need a couple of "path finders" – fast programmers who can create a minimum working prototype as an existing proof of the new idea. Finally, you need "road builders" – engineering teams who can model usable and marketable products and know how to establish processes for producing them. Innovation and R&D Is innovation merely product development or R&D? has defined innovation as a "change that creates a new dimension of performance". Booz and Hamilton (1982) have defined innovation as: New to the world, new

products to the firm; Additions to existing product lines, improvements / revisions in existing product lines Cost reduction in existing products; or Repositioning of existing products. The first one can be seen as radical while the later ones are incremental. Green et al. (found that radical innovation may be categorized as: The extent to which an innovation incorporates technology that is embryonic and rapidly developing within the general scientific community; The extent to which an innovation incorporates a technology that is new to a firm, but may be well understood by others; The extent to which an innovation represents a departure from the firms existing management or business practices; The extent to which an innovation requires a sizeable financial risk. It is unlikely that any company can initiate and maintain an innovation strategy without a dedicated and well positioned leadership. Leaders also need to check whether there is a systematic innovation philosophy in place. To structure this complex process A T Kearney has developed a model. This model creates a context for managing creativity, for maintaining a customer focus, for portfolio management and for executing program and technology management. It helps the enterprise in the ways that it matches the appropriate desk practices to each of the four parts of the model and it treats innovation as an integrated enterprise wide system. Innovation management can be integrated enterprise wide only through explicit strategic direction and leadership, clear focus, adequate resources and effective execution. Innovation according to the Confederation of British Industry has been defined as, “the exploitation of ideas”. In that sense, the total dimension of innovation involves getting people and the organization empowered to think differently, to be willing to take risks, change and challenge traditional practices, customs, processes and the way the business is approached and then to act. Innovation is a mindset. Innovation is multifunctional; a sign that the industry is moving from a onedimensional, stand alone system to subsystems that handle several related functions, It is possible to examine the effect of culture on innovation within the framework of three basic relationships. The first is the relationship between national culture and innovation.

The second is the relationship between national culture and organizational culture. The third is the relationship between organizational culture and innovation. These relationships are included in Figure 1. Although it is frequently emphasized in the literature that the innovation culture should be developed, it is not possible to talk about a consensus on what characteristics the culture that supports creativity and innovation should have. The low number of empirical studies on the characteristics of the innovation culture also has a great effect on this situation. However, as a result of the examination of these studies, although their number is small, the determination of the characteristics of the innovation culture constitutes the purpose of this study. For this purpose, by examining the studies in the literature, a conceptual framework of innovation culture has been created. In addition, it is thought that revealing the characteristics of the organizational culture that positively affect the innovation performance will be the basis for creating the innovation culture. Defining the organizational culture in an organization is quite difficult for both managers and other researchers working. They argue that when almost every manager sees organizational cultures as unique and special, when they try to define the concept, they use statements similar to "we are customer-oriented", "we see employees as our most valuable asset" and not much different from other businesses. The reason for this is that the concept of organizational culture is difficult to define and measure, it has a complex structure that is very related to many other. However, taking into account the common features of different definitions of organizational culture or corporate culture structure, defined organizational culture as a concept that is holistic, based on a past experience, related to other concepts related to human and society, and difficult to change and understand. Accordingly, culture is a mental event that enables individuals in a certain group to think and evaluate realities similarly but separately from other groups, rather than social structures and behaviors. Organizational culture is defined as any social unit as a shared basic assumptions pattern that will be taught to new members as a method of perceiving, thinking and feeling about problems,



which is considered valid by a group of members who have solved the problem of external harmony and internal integration stated that this definition focuses on three elements of organizational culture. These are: socialization (how organization members will learn about culture), internalized assumptions, and the possibility of an organization having more than one culture . The most generally accepted classification of organizational culture types is four culture types under two dimensions determined The first dimension shows the orientation of the business towards flexibility and judgment, as well as stagnation and control. In this dimension, business is located between flexibility and rigidity. The second dimension indicates the inward or outward orientation of the business. Culture types are clan, adhocracy, hierarchy, and market culture types. These types of culture can be found in various proportions in every organization. The distinction is which is the dominant culture. Shared values, cohesion, participation, individuality and “we” identity are important for businesses of the clan (cooperative) culture type. These types of businesses operate like an extended family rather than an economic unit. The rules and procedures from the hierarchy have been replaced by teamwork, employee participation programs and corporate commitment. relationship. In the hierarchy (control) culture type, the control of the external environment is essential. Rules and procedures guide people's behavior. Especially in large organizations and bureaucratic structures, clarity of this type of decision-making authorities, standardized rules and procedures, control and accountability mechanisms are deemed necessary for success. Finally, in the market (competing) culture type, control is driven by market mechanisms, competition dynamics and money exchange. The aims of businesses in this culture are profitability, being strong in market segments and creating a reliable customer base ).The need to demonstrate the credibility of financial reporting through internal audit to users of financial information stems from a variety of reasons defined innovation culture as a culture associated with organizational structures and processes that make innovation a daily business. The innovation culture

determines how creativity, taking risks, entrepreneurship and sharing knowledge and ideas will be encouraged. The innovation culture enables the establishment of norms that help organization members develop behaviors that support innovation activities rather than prevent them. When considered in terms of innovation activity, it is clear that not all features of the organizational culture will be effective on innovation. At this point, a subculture that consists of the totality of the characteristics of the organizational culture related to the innovation activity emerges, which is the innovation culture. In this direction, a model that defines the relationships between culture, organizational culture, innovation culture and innovation was created in the study (Figure 2). The elements in this model are examined one by one and in the context of their relationships with each other. In accordance with the purpose of the study, the concept of innovation culture is mostly included. Innovation culture features are always discussed in a general framework in the literature. It is not known exactly what these characteristics are, and those that are known are not supported by empirical studies. According to the information obtained from the studies examined, the first characteristic that innovation culture should have is that it has a structure similar to the characteristics of adhocracy organization culture type. This is an expected result due to the peculiarities of the adhocracy culture type (promoting 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 benefit from different ideas and empower employees, a participatory way should be followed in decision making. Open-mindedness of managers in the face of outside ideas will provide flexibility and support the flow of information. It is important that business goals, objectives, mission and vision are innovation-oriented and these are shared with employees. Promoting risk taking is a must for innovation activities that always involve an element of risk. Failures should be seen as events that should be learned.

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## **ABSTRACT**

The aim of this study is to examine the relationship between innovation and culture, which is considered one of the most important sources of competitive advantage. For this purpose, the concepts of culture, organizational culture and innovation have been defined and the relationship between them has been revealed. The characteristics of innovation culture, which is a concept arising from the relationship between them, have been determined by examining both the studies directly related to the innovation culture and the studies that investigate the relationship between the organizational culture and innovation. Accordingly, it has been determined that the innovation culture has various characteristics such as organizational learning, participatory decision making, taking risks, accepting uncertainty, customer focus, independence, team and group work, learning from failure, organizational trust. Companies have already begun to realize the importance of internal operations and the knowledge driven environment within a company. The effectiveness to contribute towards new knowledge useful for the company, that is, innovation by an employee is dependent on his/her perception of the organization. Using data obtained from an Indian software company, this study examines the effect of some important organizational factors on the “innovation” dimension of its employees, that is, the ability to generate and stimulate creativity and innovation. The study supports the fact that the employee’s perception of organizational culture has an impact on the employee’s performance on the innovation dimension of performance. Therefore, it is the ‘feeling’ that guides the individual’s behaviour. Thus, the perceived congeniality in the working culture duly supported by the supervisor’s encouragement and acceptance of an idea and its reinforcement by appropriate recognition and rewards fosters innovation in the organization. The study also discusses its implications for the industry.

## CLAIMS

1. The most generally accepted classification of organizational culture types is four culture types under two dimensions, The first dimension shows the orientation of the business towards flexibility and judgment, as well as stagnation and control, well as stagnation and control. In this dimension, business is located between flexibility and rigidity.
2. The second dimension indicates the inward or outward orientation of the business. Culture types are clan, adhocracy, hierarchy, and market culture types.
3. In the market (competing) culture type, control is driven by market mechanisms, competition dynamics and money exchange. The aims of businesses in this culture are profitability, being strong in market segments and creating a reliable customer base.
4. Maintaining close contact with groups outside the enterprise who are knowledgeable about potential innovations.
5. Innovation culture features are always discussed in a general framework in the literature. It is not known exactly what these characteristics are, and those that are known are not supported by empirical studies.
6. According to the information obtained from the studies examined, the first characteristic that innovation culture should have is that it has a structure similar to the characteristics of adhocracy organization culture type.
7. Apart from that, organizational learning should be encouraged again, as it will provide the necessary information flow for innovation. In order to benefit from different ideas and empower employees, a participatory way should be followed in decision making.