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**The influence of organizational culture on innovation processes**

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# The influence of organizational culture on innovation processes

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## INTRODUCTION

Organizational culture is a single socio-economic space of the company, within which the interaction of employees is carried out on the basis of common ideas, perceptions and values that determine the characteristics of their work life and determine the originality of the philosophy, ideology and practice of human resource management of the company. This is a kind of social and spiritual field of the company, which is formed under the influence of material and intangible, explicit and hidden, conscious and unconscious processes and phenomena that determine the unity of philosophy, ideology, values, approaches to solving problems and behavior of the company's personnel and allowing the organization to move towards success. The role of organizational culture in a company is extremely important and multifaceted, in this regard, today researchers of this phenomenon assess its role as a socio-economic management tool in different ways. At the same time, almost all are in solidarity in opinion regarding the components that characterize its economic essence - the totality of material, spiritual, social values created and created by the company's employees in the process of working and reflecting the uniqueness and individuality of this organization.

Innovation is the state of being engaged in innovation and includes sustainability. Therefore, it is necessary to create an institutional innovative culture and an appropriate structure to ensure sustainability in the institution. In addition, companies that have an organizational structure that supports innovation tend to survive in today's competitive business conditions. Moreover, rapidly increasing and globalizing competition, reducing the profit rate, shortening the product life, and continuous and big changes cause pressure to innovate in high-tech industries that come with innovation. Therefore, these companies have innovative organizational structures that support not only new products, processes and methods, but also innovations to adapt this printing environment, gain competitive advantage and increase profit rate by reducing production cost. As a result, the innovativeness of companies is increasing its importance in the field of new and differentiated product development day by day.

Organizational culture is at the forefront of the internal factors that are effective in innovation. It is not possible for a company to imitate and apply its unique management style, which is formed depending on the existing culture in a company, and to be successful. For this reason, an organizational culture suitable for the company itself is important. A number of

different approaches that companies will implement in their organizational structures and business processes will increase their ability to produce innovation. In other words, organizational culture is a very important factor in creating an innovative firm.

Organizational culture, which has always been an interesting and frequently researched concept, was evaluated within the scope of innovation this time. From this point of view, there are many studies associated with innovation when looking at the literature of recent years on organizational culture. In the literature, organizational culture associated with innovation is generally referred to as either innovation culture or organizational culture that supports innovation. Although there are many studies associated with organizational culture and innovation, there is no consensus on the determinants of organizational culture that supports innovation.

The aim of this study is to contribute to the knowledge pool about the determinants of organizational culture that supports innovation, which is tried to be put forward with very different perspectives, and to reveal the relationship between innovation and organizational culture that supports innovation. The main purpose of the study is to identify the features of the organizational culture and identify the influence of these features on the innovative activity of organization.

# CHAPTER 1: ORGANIZATIONAL CULTUR

## 1.1 THE CONCEPT OF CULTURE AND ORGANIZATIONAL CULTURE

Culture is a communication system that encompasses all of the meaningful biological and technical behaviour of people, both verbal and non-verbal. It is the sum of the behaviours, beliefs, values, language and lifestyles shared by a society.<sup>1</sup> Culture is defined as a phenomenon that enables the interpretation of attitudes, behaviours, evaluations, beliefs and lifestyles that are shared by individuals who make up the community, passed down from generation to generation. Businesses consisting of people who come together to achieve various goals form a sub-cultural area in the society they are in. The culture of business organizations contains elements from and interacts with the upper universe, national culture, but has a unique system of values and symbols. Voltaire was the first to use the word culture in today's sense. According to Voltaire, culture means the formation, development and glorification of human intelligence. The word was transferred from here to German and used as a culture in a German dictionary dated 1973, and then this word passed into the dictionaries of other nations and became culture. Culture is one of the most important elements of the social environmental conditions surrounding organizations. Therefore, it affects the survival and development of organizations to a large extent. Organizational culture is an intellectual structure, that is, a paradigm, that allows the reality of the organization to be seen. A paradigm offers categories, routine processes, good and bad solutions to individuals, and increases members' ability to know how to act in the organization. In other words, the paradigm of an organization enables people to set out from similar approaches in solving a problem within the organization by offering shared structures, common language and references.<sup>2</sup> The book *The Changing Culture of a Factory*, written by Elliott Jaques and published in England in 1951, is known as the first work in which culture was used in management literature.<sup>3</sup> The first important study focusing on culture and management by analyzing the informal structure of the organization was in 1978. It is made by Peters as *Symbols, Patterns and Settings*. This was followed by Pettigrew's *On Studying Organizational Cultures* study in 1979. In this study, Pettigrew says that organizational culture consists of cognitive systems that explain the reasons for employees' thinking, evaluating and making

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<sup>1</sup> Herbig, P., and Dunphy, S. (1998). Culture and Innovation, *Cross Cultural Management*, 5(4), pp. 13-21

<sup>2</sup> Harrison, R., and Stokes, H. (1992). *Diagnosing Organizational Culture*, Pfeiffer, San Diego, CA.

<sup>3</sup> Hofstede, G. (1991). *Cultures and Organizations*, London: McGraw-Hill Company

decisions. Culture is the complex of values, assumptions and beliefs that define the functioning of an organization.<sup>4</sup> Malinowski defines organizational culture as a system of norms, values and habits that direct the behaviour of organization employees.<sup>5</sup> The language, norms, values, customs, legends, stories and customary daily work programs used in the organization are shared by the members of the organization and make them a whole by shaping what they will do and how. Thus, people from different cultures operate together in the organization and work for a common purpose, although they have different sub-systems and hence cultures within the organization.<sup>6</sup>

Organizations consist of individuals with different cultural mosaic. These individuals have come together with functional and professional norms and criteria, and as a natural result of forming a group in beer, they have formed a relatively common system of beliefs and values within themselves, but different from other organizations. This system is known as "organizational culture", which helps the coexistence of different beliefs, values, attitudes, ways of thinking and moral understanding within the organization. From a macro perspective, that is, from the social culture level, business or organizational culture is a subculture. Edger Schein defined organizational culture as the basic assumptions in a particular order that a group has formed and developed to solve the problems of external adaptation and internal integration. According to Smircich, Culture can be perceived as shared key values and beliefs that fulfil various important functions. First of all, it gives the members a sense of identity. Second, it allows the individual to be attached to something greater than himself. Third, culture strengthens the balance of the social system. And fourthly, it functions as a rationalization service that drives and shapes behaviour.<sup>7</sup> According to Morgan, when we talk about culture, we are actually talking about a construction of reality that enables people to see and understand a certain event,

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<sup>4</sup> Wallace, J., Hunt, J., and Richards C. (1996). The Relationship Between Organizational Culture, Organizational Climate and Managerial Values, *The International Journal of Public Sector Management*, 12(7)

<sup>5</sup> Malinowski, B. (1990). *People and Culture*, Ankara

<sup>6</sup> Massey, J. (2002). Cultural Management And Organizational Change, *The Review of Communication*, 2(2), pp.180-186.

<sup>7</sup> Smircich, L. (1983). Organizational Culture and Organizational Analysis. *Administrative Science Quarterly*, 28, pp. 339-358

movement, object, expression or situation in various ways. These ways of understanding provide the basis for a person's behaviour to be logical and reasonable.<sup>8</sup>

According to Meek, if culture consists of the interaction of all organization members, management's attempt to manipulate organizational symbols, myths, customs, etc. should be associated with the whole organizational culture of which the management is only a part. From the research perspective, organizational culture is the general name of the values created to hold together each member of the organization. In this direction, an organizational structure that is innovative and constantly learning must be created, with the awareness of material and moral values. Culture gives consistency to both the organization and its employees. For this reason, leader managers prefer tried and successful, consistent ways instead of different ways in communication with organization employees. As the success of the organization increases, the attachment to the culture that constitutes the structure will also increase. Culture helps to understand how close employees can be to each other in an organization and to determine whether teamwork is an important and hopeful phenomenon.<sup>9</sup> Based on these definitions, organizational culture is a social structure adopted and shared by the members of the organization and implemented in a certain discipline with the action of all members. Organizational culture can be considered as a reflection of social culture as a social and cultural system. It is known that culture has many different meanings as a word. When this word is combined with the organization, a semantically and conceptually complex situation may occur. Along with knowing the existence of organizational culture and how important it is, it can talk about the existence of different ideas and approaches in definition. Organizational culture is the core values and norms that determine how employees in the organization interact with each other and guide their behaviour within the organization by some researchers.<sup>10</sup>

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<sup>8</sup> Meek, V.L. (1988). Organizational culture: Origins and Weaknesses. *Organizational Studies*,9(4), pp.453-473.

<sup>9</sup> Massey, J. (2002). Cultural Management And Organizational Change, *The Review of Communication*, 2(2), pp.180-186.

<sup>10</sup> Guerra, J. M., Martinez, I., Munduate, L., and Medina, F.J. (2005). A contingency Perspective on The Study of the Consequences of Conflict Types: the role of organizational culture. *European Journal of Work and Organizational Psychology*, 14, pp.157-176.



## **1.2 RELATIONSHIP BETWEEN ORGANIZATIONAL CULTURE AND ORGANIZATIONAL CLIMATE**

Since the concepts of organizational culture and organizational climate are confused with each other or sometimes used in the same sense, we decided to consider these two concepts under a separate heading. The structure of culture and climate is being developed in parallel, but researchers are exploring the two concepts within different disciplines and using different methodologies. There are several studies in the literature that look at these two concepts under one roof. Whereas climate research is conducted by linking the psychological aspect of an organization with hidden personal values, cultural research is based on the understanding and understanding of the group within the organization. In other words, climate is the study of individuals and cultural groups in an organization.<sup>11</sup>

Although culture and climate are sometimes used in the same sense in literature, they do not mean the same thing. While climate is a situation related to the thoughts, feelings and behaviour of members of an organization, culture is a whole that arises from the gradual development of these interrelated situations. While the climate is short-lived, subjective and manageable; collectively created culture is rooted in the past and difficult to manipulate. Climate differs from culture, but provides important clues for defining organizational culture. Climate and culture thrive on similar factors, but climate can change more easily and faster than culture.<sup>12</sup> Organizational culture is made up of elements such as communication, behaviour, group norms, upheld values, formal psychology, rules, climate, skills, habits, shared meanings, and symbols. The views that the concepts of culture and the concept of climate are the same, and the views that these concepts are different, also indicate different approaches. The effects of the discipline of social psychology are visible in the emergence of the concept of organizational climate. The organizational climate concept describes the psychological environment that is perceived by personnel and affects human behaviour. In other words, the staff's perceptions of the work environment are the content of the organizational climate concept. On the other hand, shared values, norms, meanings and symbolic expressions formed as a result of interactions between

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<sup>11</sup> Sparrow, P.R., and Gaston, K. (1996). Generic Climate Maps: A Strategic Application Of Climate Survey Data?, *Journal of Organizational Behaviour*, 17(6), November, pp. 679-698.

<sup>12</sup> Moran, E. T., and Volkwein, J. F. (1992). The Cultural Approach to the Formation of Organizational Climate, *Human Relations*, 45(1), pp.19-29

personnel constitute an organizational culture that emerges in business practice mainly under the influence of anthropological discipline.<sup>13</sup> Culture is a set of core values and belief systems that explain organization, a more accurate concept than organizational climate, which consists of experimental characteristics such as behaviour. The concept of climate is used in organizations to refer to the work environment formed between managers and subordinates based on leadership style, and in this environment it is interpreted as a function of how the organization's employees work, the rules applied and the behaviour demonstrated.

Culture is a reflection of the climate. However, he said, culture and climate in general have the same effect within an organization. The climate can be observed in the policies and activities of the organization. Beliefs and values that are part of a culture are not visible, but provide a mental pattern for behaviour and activity. You might think that culture has two distinct parts. It represents clear patterns of behaviour and material elements that people create and use. It represents values, beliefs and rules determined by hidden patterns of behaviour.<sup>14</sup>

Cameron and Quinn agree that the concepts of culture and climate differ from each other. Whereas climate shows temporary personal perceptions, emotions and attitudes; culture is resistant to slow changes in organizational attributes. The relationships that underlie climate can change rapidly. Culture is the often unexplained and hidden side of an organization, and climate is the open and observable side. Culture, core values and shared beliefs, climate includes new knowledge and personal beliefs that can often be changed in the face of changing situations. Climate can be viewed as the totality of emotions, behaviours and attitudes that characterize the existence of the beliefs of members of an organization and life within the organization.<sup>15</sup> Climate can be objectively perceived as an organizational reality. In the concept of the organizational process, the climate plays the role of an intermediary between the activities of the organization and the results. Climate is the constraining force of organizational processes such as problem solving, decision making, communication, coordination, control, the psychological processes

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<sup>13</sup> Tran, T. (2008). A Conceptual Model of Learning Culture And Innovation Schema, *Competitiveness Review: An International Business Journal*, 18(3), pp. 287-299

<sup>14</sup> Subramaniam, N., And Ashkanasy, N. (2001). The Effect of Organizational Culture Perceptions on the Relationship between Budgetary Participation and Managerial Jop-Related Outcomes, *Australian Journal of Management*, 26 (1), pp. 33-54

<sup>15</sup> Cameron, K.S., and Quinn, R.E. (1999). *Diagnosing and Changing Organizational Culture*, Addison-Wesley, USA.

associated with learning, creativity, motivation, and commitment.<sup>16</sup> Ekvall explains the differences between the two concepts as follows. Climate refers to the observed and repeated side of emotions, thoughts, attitudes and behaviour associated with life in an organization.<sup>17</sup> On the other hand, culture establishes an easily observable, explainable, and changeable side of such behaviour. In Shane's model, climate reflects what people produce and shows patterns of behaviour that can be seen and heard during the organization. The climate has a harmonizing power through its influence on organizational processes such as problem solving, decision making, communication, coordination, motivation, commitment, creativity and psychological learning.

Denison argues that organizational climate and organizational culture are perceived as different concepts from a superficial point of view. In this sense, the organizational climate related to the behaviour, feelings and thoughts of employees is temporary and subjective, and at the same time expresses a situation that people with power and influence can directly change.<sup>18</sup> On the other hand, culture is a more deeply rooted structure based on the history of the organization that is complex and cannot be directly changed. However, when research on these issues is compared with a deeper perspective, the distinction between concepts becomes increasingly blurred. Denison argues that the difference is due to different interpretations of the facts, not their differences.<sup>19</sup> The main characteristics of the organizational climate can be defined as follows:<sup>20</sup>

- It is the perception of the working environment.
- Organizational climate is the psychological atmosphere of the institution.
- A quick picture of the relationship between the organization and its employees.
- It is a number of properties that can be measured with correct methods.
- It is about the quality and suitability of the working environment.

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<sup>16</sup> Ekvall, G. (1996). Organizational Climate for Creativity and Innovation, *European Journal of Work and Organizational Psychology*, 5(1), pp. 105-123.

<sup>17</sup> Ibid

<sup>18</sup> Denison D. R., and Fey C. F. (2000). Organizational Culture and Effectiveness: The Case Of Foreign Firms in Russia, *SSE/EFI Working Paper Series in Business Administration*, 4, pp.1-53

<sup>19</sup> Denison, D. R., and Mishra, A.K. (1995). Towards a theory of organizational culture and effectiveness, *Organization Science*, 6(2), pp.204-223

<sup>20</sup> Luthans, F. (1992), *Organisational Behaviour*, (6th Edition). New York, McGraw-Hill

- It has to be supportive so that employees feel what they have received from the organization.
- Organizational structure strongly affects the organizational climate.
- Organizational climate is a reflection of the degree of employee motivation.
- It has positive and negative effects on people's behaviour in the workplace.

### **1.3 ELEMENTS OF ORGANIZATIONAL CULTURE**

Collectively, there are many elements that make up the identity of an organization. These items can be transferred to employees in various ways. There are different opinions about the elements of organizational culture. Uncertainty on this issue is a continuation of another definition of organizational culture. Consistent with the common points of these different definitions, it can be seen that organizational culture is made up of core elements such as core values, beliefs, norms, assumptions, leaders and heroes, stories and myths, symbols, ceremonies, customs, language, and artifacts.

**Core Values:** Values, which are an important key to understanding behaviour, show desires, preferences, desired and undesirable elements, identifying what people consider important.<sup>21</sup> Values are easier to define than other cultural elements. When people in an organization are asked why they are in a position or what relationship they hold, the values that drive those actions are usually achieved. For example, in a business that implements an open door policy, if people can talk to their superiors anytime they want, it can be said that communication is an important value in that environment.<sup>22</sup> Managing a values-based organization is essential in terms of organizational effectiveness. Because values clarify behaviour and help clarify roles.

**Beliefs:** One of the most important elements of organizational culture is beliefs. Beliefs are people's assumptions about the existence or mode of existence of beings. Beliefs are basic assumptions that have been taken out of the scope of the study. Values are linked to the moral codes of the organization. Beliefs explain what to believe and what not to believe in an

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<sup>21</sup> Lund, D.B. (2003), Organizational Culture and Job Satisfaction, The Journal of business and Industrial Marketing, Vol: 18, No:3, Emerald

<sup>22</sup> Vanderberghe, C. (1999). Organizational Culture, Person-Culture Fit, and Turnover: A Replication in The Health Care Industry, Journal of Organizational Behavior, 20, p.175

institution. For example, the belief that success will be achieved through work and that the success achieved will be rewarded will have a motivating effect on employees.<sup>23</sup>

**Norms:** Norms are the rules, orders and measures that people with specific roles must obey. Cultural norms are based on cultural values, and these values limit the ways in which people can choose to achieve a goal, determine what is right and what is wrong, and manage behaviour.<sup>24</sup> From a business point of view, there are rules and criteria of behaviour implemented by the organization in accordance with the cultural values of the organization and accepted by the majority, they are called the norms of the organization. While managers are trying to create the culture of the organization, they must know the cultural norms of the people in the organization and adapt their management principles to those norms. Values and norms are important for the recognition of people, especially in defining employee managers.<sup>25</sup>

**Assumptions:** Assumptions that form the basis of organizational culture, the human nature of organization members, social facts, truths, and the nature of relationships; In other words, organization is defined as the way in which members perceive and value themselves, others, in short, the world, and constitutes the basic perception and frame of reference for group members in perceiving, sensing, evaluating and judging various situations and relationships. This element of organizational culture, which is the most abstract and difficult to observe, represents certain reasons why employees should continue to exist in spite of the external environment and the perceptions, thoughts and feelings of functional problems and solutions within the organization.<sup>26</sup>

**Leaders and Heroes:** Leadership is the ability to lead people towards specific goals, persuade and persuade them. Leaders are the people who contribute the most to the organizational culture. Leaders demonstrate that they are role models for members of the organization with their personalities, beliefs, attitudes, behaviours, philosophy and principles. Heroes are people who embody the values of the organization. Like leaders, heroes also have

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<sup>23</sup> Taejo, L. (2010). Relationships Among Organizational Commitment, Job Satisfaction, And Learning Organization Culture In One Korean Private Organization, *Asia Pacific Educ. Rev.* 11, pp.311–320.

<sup>24</sup> Brown, A. (1995). *Organizational Culture*, Pitman, London

<sup>25</sup> Luthans, F. (2002). *Organizational Behavior*, New York:McGraw-Hill,Inc.

<sup>26</sup> Joseph, K. E. and Dai, C. (2009). The Influence of Organizational Culture on Organizational Learning, Worker Involvement and Worker Productivity, *International Journal of Business and Management*, 4(9)

model characteristics; however, heroes do not have the managerial abilities that leaders do. Heroes can be found in any department of the organization, by duty and responsibility. This can be a person who has shown great value to the organization, or an engineer who turns a product into a brand.<sup>27</sup>

**Stories and Myths:** Real or virtual events that tell about the creation, past or achievements of an organization. They are especially effective in companies with a long history. It is passed down from one generation to the next and plays a role in the consolidation of organizational values. Oral narration of stories or myths can be much more effective than written rules. Stories, especially about the personalities of founders or successful managers, play a motivating role for members.

**Symbols:** Symbols can be verbal, behavioural expressions, various physical objects that create richness of meaning, stimulate excitement and direct individuals to action. Some businesses rent private limousines for their top managers and give business jets to their orders when they need to travel by air. Some businesses, on the other hand, provide private cars instead of these and reserve a ticket in the economy class of a good airline instead of a private jet. Such topics are examples of symbols. In addition to these, things such as office layout, furnishings, clothes are examples of symbols.<sup>28</sup>

**Ceremonies:** Ceremonies are ceremonial activities held to convey a special idea or to achieve a certain purpose. Ceremonies are special events and the meaning of ceremonial activities is to convey a specific message or achieve a more specific purpose.<sup>29</sup> Organizational ceremonies and meetings include welcoming, meeting, commemoration, celebration, retirement, graduation ceremonies, dinner meetings, balls, picnics, special days, weeks and holidays.

**Traditions and Customs:** Customs are actions that are repeated and standardized in order to harmonize the perceptions and behaviours of the members of the organization with the organizational culture. Customs are habitual and repetitive actions that strengthen cultural values

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<sup>27</sup> Hofstede, G., Neuijen, B., Ohayv, D.D., and Sveers, G. (1990). Measuring Organizational Cultures: A Qualitative and Quantitative Study across Twenty Cases, *Administrative Science Quarterly*, 35(2), June, pp. 286-316.

<sup>28</sup> Swidler, A. (1986). Culture in Action: Symbols and Strategies. *American Sociological Review*, 51(2), pp.273-286.

<sup>29</sup> Ibid

within the business. Customs are all kinds of social practices, including beliefs, organizations, and ceremonies that are handed down to the next generations by partially transforming a community as a necessity of cultural change, inheriting from generations before it.<sup>30</sup>

**Language:** Language is the most important part and carrier of culture. Language mediates the transmission of all elements of culture from generation to generation, interpersonal communication and regulation of social relations. This basic element helps to learn culture and symbolize meanings.

**Artifacts:** Artifacts are concrete organizational elements that people can hear, see and feel. Artifacts, which are all things created by man, are the products of an organization that constitutes the physical environment, annual reports, documents, fixtures and material objects such as all kinds of tools and equipment used. It creates the physical environment in elements such as how office spaces are used, furniture, dress codes, and office architecture.

#### **1.4 IMPORTANCE AND BENEFITS OF ORGANIZATIONAL CULTURE**

Culture influences the attitude and behaviour of a person or member in the environment or society in which he or she finds himself. For this reason, an effective organizational culture will clearly influence employee behaviour in a company. In other words, organizational culture can create a competitive advantage for an organization by increasing collaboration and staff productivity with each other. In addition, an effective culture helps to reduce conflicts within an organization and to manage, motivate, and control employees.<sup>31</sup> First, a strong culture speeds up communication between members; It helps them to share a common understanding of the problem and to evaluate, choose and direct their actions within the same denominator. When there is a risk of conflict and disagreement within an organization, shared norms and values are the elements that bring people together, help them assess the situation correctly and act correctly. Second, organizational culture determines the behaviour of members by standards, rules, regulations, etc., directs and controls with help. In addition, culture helps narrow down the space

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<sup>30</sup> Hartnell, C. A., Ou, A. Y., and Kinicki, A. (2011). Organizational culture and organizational effectiveness: a meta-analytic investigation of the competing values framework's theoretical suppositions, *Journal of Applied Psychology*, 96(4), pp. 677.

<sup>31</sup> Valencia, J. C. N. (2010). Organizational Culture As Determinant Of Product Innovation, *European Journal of Innovation Management*, 13(4), pp. 466-480

that needs to be taken into account in the decision-making process. Because a solution is only effective when it is culturally appropriate and approved by employees.<sup>32</sup>

On the other hand, the organizational culture helps the participants to get a clear idea of the purpose and direction of the task. A strong culture also fosters good relationships between participants as they share a common understanding and interests. This ensures a comfortable and healthy working environment. When an organization succeeds in creating a strong culture, it creates a commitment to the people in the company that makes them proud of their work as well as the organization.<sup>33</sup> Combined with the above effects, the culture of an organization can positively influence a firm's performance; This creates a difference in the market and thus creates a competitive advantage for the company.<sup>34</sup> For these reasons, the need to create and maintain a strong culture is very important for any organization during this period of intense international competition.

Businesses can continue their lives by adapting to environmental conditions. In companies with a strong organizational culture, stereotyped parameters are formed that determine the behaviour of employees. In addition, a strong organizational culture makes planning and decision-making easier and reduces the need for written documents explaining the rules. Although organizational culture has an important influence on the formation of goals, strategies and policies of the enterprise, it is a tool that makes it easier or more difficult for managers to implement the chosen strategy.<sup>35</sup> Organizational culture is also important for employees, as an employee of an enterprise concentrates on very few key values, and everyone understands what is most important. For example, so that employees work efficiently without daily orders and instructions. It is important for organizations to manage their culture and characteristics in order to survive in a tough competitive environment and respond appropriately to changing environmental conditions. While organizational culture is important in guiding people to work together, it helps to transmit shared values to future generations and ensure the

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<sup>32</sup> Schein, Edgard H. (2010). *Organizational Culture and Leadership*. Fourt Edition, San Fransisco: Jossey-Bass.

<sup>33</sup> Dawson, C.S. (2010). *Leading Culture Change: What every CEO needs to know*. Stanford, CA: Stanford University Press.

<sup>34</sup> Ibid

<sup>35</sup> Robbins, S. P. (1990). *Organization Theory: Structure, Design and Applications*, 3. ed, Prentice Hall Inc., New Jersey.



continuity of the organizational culture. The benefits of organizational culture, which is so important to organizations, can be grouped under six headings:<sup>36</sup>

1. It helps employees understand certain standards, norms and values and thus be more decisive and consistent in achieving their expected success, work in harmony with their leaders, and improve the efficiency of the organization by introducing standard practices into business methods and processes.
2. It promotes the development of knowledge, skills and behaviour of new managers.
3. Improves intra-organizational communication, prevents clumping, improves “we” and team spirit. It connects people with each other and with business and positively improves the organizational climate.
4. It reduces intra-organizational conflicts with standard practices and processes that it develops.
5. The organization supports the life of the organization, passing it on from generation to generation through symbols, ceremonies, heroes, slogans and stories.
6. Culture is like identity. An organization is assessed based on the culture of the organization.

An organizational culture guarantees adherence to beliefs and values. Ideas that are part of a culture can arise from anywhere in an organization. Organizational culture often starts with a leader who puts forward and implements certain ideas and values, such as vision, philosophy, and business strategies.<sup>37</sup> When these ideas and values lead to success, they become institutionalized and an organizational culture emerges that reflects the vision and strategies of the leader or leader. Five important benefits of organizational culture can be mentioned. These:<sup>38</sup>

1. This ensures that the values shared in the organization are passed on to future generations and thus contributes to the continuity of the organization.
2. defines the identity of the organization.

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<sup>36</sup> Schein, Edgard H. (2010). *Organizational Culture and Leadership*. Fourt Edition, San Fransisco: Jossey-Bass.

<sup>37</sup> Drucker, P. (1998). *The Discipline of Innovation*, Harvard Business Review, Vol.76, Issue 6, Nov/Dec.

<sup>38</sup> Schein, E. H. (2010). *Organizational Culture and Leadership*. Fourt Edition, San Fransisco: Jossey Bass.

3. It motivates employees.
4. Employees can know what to do, in most cases because of the organizational culture.
5. Promotes structural change as needed.

Organizational culture has five main functions. First, culture plays a limiting role that distinguishes one organization from another. In other words, the culture of each organization sets it apart from other organizations. Second, it creates an identity for the members of the organization. In other words, people integrate with the organization in which they work. This gives them a privileged self. Third, working people can be more attached to the organization and donate to the good of the organization. Fourth, it increases solidarity among members of the organization. It acts as a unifying element in maintaining the integrity of the organization. The fifth and final challenge is to function as a control mechanism for the members of the organization.<sup>39</sup> That is, it simultaneously shapes the attitudes and behaviour of employees and guide them. The functions of organizational culture are as follows:

- It is an organizational building tool
- It is an organizational process and a socialization tool
- This is a method for solving organizational problems
- It is a moral and motivational tool
- The determinant of the organizational climate, the key to organizational effectiveness and efficiency
- is a goal, tool and determinant of organizational change
- This is a sign of stability and excellence within the organization.

In short, we can say that the corporate culture is our own choice and method, we eat yogurt with the methods we adopt. In addition, for the corporate culture, a common stance can be defined during the journey towards the determined goals and objectives by following the values adopted by all employees (employees and all management levels) of an enterprise. Why is corporate culture so important? When we touch on the importance of corporate culture, there are two windows. First, the importance this business has for its internal stakeholders. The second is

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<sup>39</sup> Robbins, S. P. (1990). Organization Theory: Structure, Design and Applications, 3. ed, Prentice Hall Inc., New Jersey.

how the business looks from the outside, that is, the nominal value external stakeholders will assign to this business. What benefits does corporate culture provide? The highest moral values such as the employees' learning to be us, gaining and internalizing the team and team spirit, and the sense of belonging to the business and the corporation will undoubtedly be fed by this corporate climate pool. When the employees bring the wind of the common paradigms adopted without the distinction of white or blue collar, the desired and targeted measures in production and quality can be maximized with the effect of motivation and momentum power. Let us come to the window of external stakeholders, is there anyone who does not know or disagree with this view that the corporate culture that a business will have is the identity card of that enterprise, moreover, the skeleton of the enterprise? Therefore, an understanding of corporate culture that will leave a positive impression on the enterprise will affect external stakeholders and thus will reinforce the competitive advantage of that enterprise.

## **1.5 ORGANIZATIONAL CULTURE MODELS**

There are different approaches to the study of organizational culture. Different approaches use different studies, methods, techniques and criteria.

### **1.5.1. Hofstede model**

Greet Hofstede's thoughts on culture are based on one of the most comprehensive studies of different cultures. A study by Hofstede in over forty countries in 1980 allowed us to examine the results of national culture from the perspective of organizations divided into four groups. These are power distance, uncertainty avoidance, individualism-collectivism and masculinity-femininity.<sup>40</sup> Power distance means that employees in an organization, especially members of an organization with less power, feel that power is unevenly distributed. If society believes that the words of those who are stronger in their structure are fulfilled without hesitation, we can say that the power distance in this country is great.<sup>41</sup> Looking at power distance from an organizational perspective, power distance can be said to be related to the degree of power centralization and the degree of autocratic leadership. Power distance refers to the degree to which those with less power in an organization agree that power is unevenly distributed among members, and therefore

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<sup>40</sup> Hofstede, G. (1983). The Cultural Relativity of Organizational Practices and Theories, *Journal of International Business Studies*, 14(2), p. 78

<sup>41</sup> Hofstede, G. (2001). *Culture's Consequences*, London: Sage Publications

some members of the organization are given more power than others. Those who work in places where the power distance is high are subordinate to the boss / manager, because he has the right to give orders and wait for their execution. Where the power distance is small, those who work will obey because they believe the boss / manager's orders are correct. While Hofstede shows Austria, Israel, New Zealand, and Ireland as examples of low power distance societies, Malaysia, Mexico, Guatemala, the Philippines, South Korea, and Venezuela are examples of high power distance countries.

Table 1. Size of the energy distance<sup>42</sup>

Power Distance Size	
Low Power Distance	High Power Distance
<p>Hierarchy in the organization refers only to role inequality.                      Decentralization is common                      Small number of supervisory personnel                      Wage difference between levels is small                      Managers make decisions based on their individual experiences and subordinates.                      Subordinates expect to be consulted.                      The ideal manager is resourceful and democratic.                      Senior subordinate relations are pragmatic.                      Concession and status symbols are not approved.                      Those who work with arm strength and those working in the office have the same status.</p>	<p>Hierarchy high                      Centralization is common                      Presence of a large number of supervisory personnel                      High wage difference between tiers                      Managers make decisions based on their superiors and formal rules.                      Subordinates expect to be told they will do it.                      The ideal manager is autocratic and paternal.                      Senior subordinate relationships are based on emotion.                      Concessions and status symbols are welcome and common                      White-collar employees are more valuable than blue-collar workers.</p>

Uncertainty avoidance refers to how uncomfortable the members of society are in the face of uncertain situations, how they feel threatened and whether they avoid this situation. The uncertainty that society will feel in the case of insufficient or closed knowledge, unexpected and rapid development of changes and a high level of complexity is explained by the aspect of

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<sup>42</sup> Hofstede, G. J. (2005). *Cultures and Organizations Software Of The Mind*. New York: McGraw-Hill, p.59

uncertainty avoidance.<sup>43</sup> Societies with low uncertainty avoidance have low levels of anxiety, a friendly attitude toward everyday life, low stress at work, and low emotional responses to change, Hofstede said. In such societies, loyalty to the employer is not considered a virtue. Employees also strive for high risk and personal development. The hierarchy can be broken for various reasons.<sup>44</sup>

Table 2. Parameter of uncertainty avoidance

Uncertainty Avoidance	
Low Uncertainty Avoidance	Avoiding High Uncertainty
Flexible structuring in activities	Solid structuring in activities
Less written rules	More written rules
Little emphasis on specialization	Great emphasis on specialization
Managers for employees	Managers focus on the details.
Managers have a high risk-taking tendency	Managers' tendency to take risks is low
Little resistance to change	Resistance to change is high
A sense of success and belonging matters	Security and physical facilities are important

Individuality lies in the fact that people think about the interests of themselves and their relatives, while sociality belongs to the group, thinks about their interests and is loyal to it. Which varies best from society to society. While individuality is good for some societies, in some societies, individuality is seen as a self-abstraction, alienation from society. In organizations, the general rate of individualism / collectivism expected from community members will greatly influence the nature of the relationship between employees. Those who work in organizations in highly collectivist societies also create strong bonds. Again, the degree of individuality / collectivism in a society also affects the reasons why employees obey the rules. Emotional loyalty can manifest in organizations where collectivist values are prevalent, and profit-based loyalty can manifest in organizations with high individualistic values.

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<sup>43</sup> Hofstede, G., Neuijen, B., Ohayv, D.D., and Sveers, G. (1990). Measuring Organizational Cultures: A Qualitative and Quantitative Study across Twenty Cases, *Administrative Science Quarterly*, 35(2), June, pp. 286-316.

<sup>44</sup> Hofstede, G. (1991). *Cultures and Organizations*, London: McGraw-Hill Company

Table 3. Measuring Individualism and Community<sup>45</sup>

Individualism-Communityism Dimension	
Individualism	Collectivism
Occupational mobility is high. Rules operating according to employment contracts As members of the internal group, employees follow the interests of the group. Recruitment and promotion are expected to be based on skills and rules. The employer-employee relationship is in the form of a contract between the two parties in the labor market. Management is the management of individuals. Management training teaches the sharing of feelings honestly. Every customer should be treated the same (universalism). Relations take precedence over duties	Occupational mobility is high. Rules such as family relationships Employees follow the interests of the employer as long as they intersect with their own interests. In recruitment and promotion, the internal group is taken into consideration. The employer-employee relationship is basically a spiritual and family bond. Management is the management of groups. Explicit (direct) evaluations of subordinates distort compliance. Customers of the inner group should be treated better (particularism). Tasks take priority over relationships.

Masculinity-femininity emphasizes the role of the sexes in society. While money and success are considered the dominant values in a male society, femininity means caring for others in society and improving the quality of life. Societies with high levels of masculinity attach great importance to success and competition, while there is a high level of stress at work and women work for lower wages. Societies with low levels of masculinity have cooperation, friendship, job security and low work stress, while women with high wages are often found. According to Hofstede's research, high masculinity is seen in countries such as Japan, Italy, Austria, Mexico, Switzerland, and high femininity is found in countries such as Denmark, Finland, Norway, Sweden and the Netherlands.

### 1.5.2. Harrison model

Harrison classifies cultures as power culture, role culture, mission culture, and personality culture. In the Handy model, cultures are expressed by the names of the gods in

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<sup>45</sup> Ibid

Greek mythology. Harrison's and Handy's models intersect. In a role-playing culture (Apollo), roles are more important than those in positions, and these roles best define the organization. The organization recruits people suitable for certain roles and thus maintains its presence beyond individual contributions. This culture is often associated with bureaucracy and is purely formal and central. The symbol of the role model is the temple. Roles are symbolized by the columns of the temple. A role model is ideal for understanding what tomorrow is considered a repeat of yesterday. What happened yesterday is being analyzed, classified, investigated, and the new rules are translated into a series of improved transactions and are being prepared for tomorrow.<sup>46</sup> It is slow to adapt to change and therefore performs well in monopoly or oligopolistic markets. Because in these types of markets, changes are small and slow. However, there is a communication failure in this model, so if there is a problem it will be reflected in the clients. It is a type of task-oriented organizational culture in which work and task are important. Organizational goals are at the forefront in this type of culture.

A task culture adapts to teams and project teams. In this culture, employees have a high degree of control over their work. This culture is based on flexible and sensitive ecological compatibility. Although control is difficult in organizations with specific tasks, the main control is in the hands of top managers in terms of the distribution of personnel, resources and projects. Important projects are handed over to the best people who can complete this project, taking into account time and material constraints. Daily checks can be done according to a small number of cultural norms.<sup>47</sup>

In the type of Power Culture (Zeus), power is concentrated in the center, the holder of power can dominate others, and this is considered true. Examples are small organizations and military units. Organizations have very few roles, bureaucracy, and procedures. Management is widely carried out by the center through calls to the center or through VIPs designated by the center. These organizations and cultures have the ability to act quickly and respond to danger. Such cultures can be seen in gangs that existed in 19th century America, as well as in some modern commodity, trade and financial organizations. The realization of individual goals is important in the cultural structure of the Culture of personality (Dionysus). The question here is

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<sup>46</sup> Harrison M. Trice, and Janice M. B. (1984). Studying Organizational Cultures Through Rites and Ceremonials, *Academy of Management Reviews*, 9(4), p. 655.

<sup>47</sup> Harrison, R., and Stokes, H. (1992). *Diagnosing Organizational Culture*, Pfeiffer, San Diego, CA.

that the organization serves the person. The purpose of an organizational structure is to meet the needs of individuals within an organization.

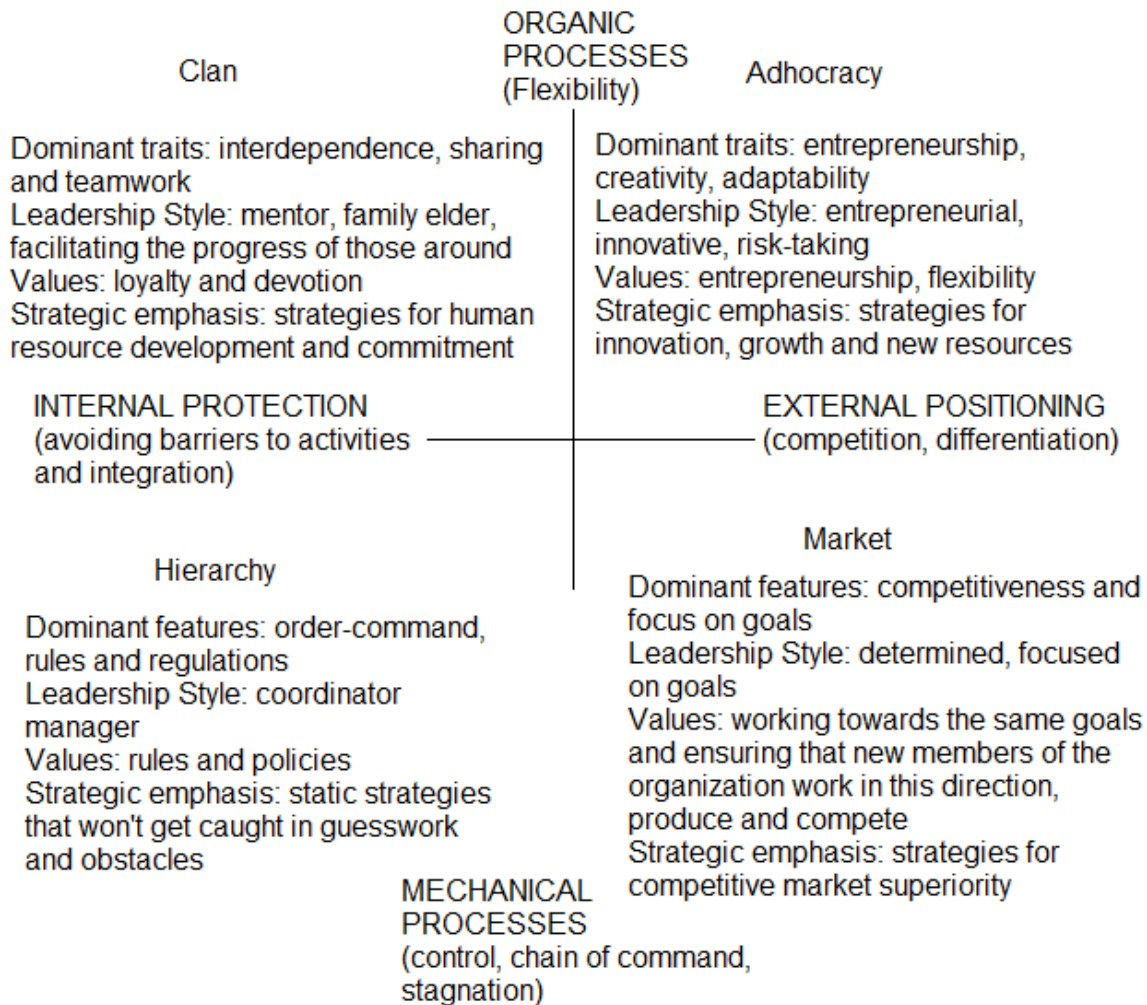
It is pointed out that functions such as oversight and control are not possible due to the lack of hierarchy, and it is argued that oversight can only be carried out through the establishment of a self-control mechanism with the consent of the persons who make up the organization. The existence of organizations underlies the existence of individuals, and although an organization cannot exclude an individual from its structure, an individual can automatically leave the organization in accordance with his desire. Management power is distributed among people and is based on experience.

### **1.5.3. Quinn and Cameron model**

The organizational culture model of Quinn and Cameron is classified as biaxial processes. It shows the transition from vertical flexible organic processes to mechanical processes. On the other hand, the horizontal axis shows the spread from internal protection to external positioning.



Figure 1. The Queen and Cameron model



A detailed explanation of the sub-sizes of the Quin and Cameron model shown in the picture above is given below. In the adhocratic (entrepreneurial) type of culture, entrepreneurship, creativity-innovation, quick adaptation to the environment, the search for new markets and the expansion of existing markets are important. Ad hoc, root of the word adhocracy, a Latin word for temporary. In this sense, the word adhocracy is a concept used to describe dynamic events that require experience. The main goal of this culture is to foster adaptation, flexibility and creativity in uncertain environments and situations. Organizations with an adhocratic organizational culture are considered organizations in which adaptation to the

environment and creativity create new resources and profitability, where vision is emphasized and complexity is streamlined.<sup>48</sup>

The most important features of this culture are originality, risk and foresight. Another feature of this type of organization is that it creates innovative products and services to quickly assess opportunities while encouraging creativity. Members must continually come up with innovative solutions to the problems they face, and thus strive to meet the future needs of the customers they serve.<sup>49</sup>

In a culture of adhocracy (instant and responsive), the organization has a structure that can quickly adapt to all kinds of internal and external confusion and new situations. The main task of management is to increase investment and entrepreneurship, as well as unleash creativity. For instance; In organizations of this kind, it is difficult to draw up an organizational chart because it is constantly changing. All offices are temporary, they can be changed at any time. Missions, roles and titles vary. The structure is highlighted in which creativity and innovation are the most important elements. Effective leadership is forward-looking, risky, and creative. We always strive to develop unique and unique products.

Clan-based organizations are similar to large families. Teamwork and employee development are very important. In addition, members of the organization are empowered and empowered to participate in all types of processes. Especially Japanese culture is the place where this type of culture is found the most. Loyalty and tradition keep these organizations alive. In this type of organizational culture, the organization manages its environment in the best possible way through teamwork and staff development. The main task of the manager is to strengthen the organization's personnel and ensure their participation, loyalty and commitment to the functioning of the organization. In this type of organization, customers are treated as business partners. In this type of culture, in contrast to the market (market) type of culture, teamwork, family commitment, a manager-leader structure and loyalty in the parental role are important. Organizations with a hierarchical culture type are organizations that have bureaucratic, formal communications and command-and-command operations. Administrators are good coordinators

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<sup>48</sup> Cameron, K.S., and Quinn, R.E. (1999). *Diagnosing and Changing Organizational Culture*, Addison-Wesley, USA.

<sup>49</sup> Cameron, Kim S., and Robert E. Quinn, (2011). *Diagnosing and Changing Organizational Culture: Base On The Competin Values Framework*, Third Edition, USA: John WileyandSons, p, 39

and have an orderly and harmonious management style. In a hierarchical type of culture, order, rules and a uniform structure come to the fore.<sup>50</sup>

Hierarchy is based on organization, logic, and rationality of a type of culture. Order, rules and regulations come first. Roles within an organization are more important than members of the organization, and an organization can survive by hiring people who are suitable for certain roles. Members of the organization must fulfill predetermined roles; They are not expected to add much of themselves. In this type of organization, operations are carried out under constant supervision, assessment and guidance. Members of the organization are expected to obey through oversight and control. Organizational effectiveness is expressed in the achievement and stability of clearly defined goals and objectives.

In measuring the culture of hierarchy, the emphasis is on continuing to do what was in the past rather than taking advantage of new opportunities.<sup>51</sup> This type of Cameron and Quinn culture is analogous to the hierarchical (procedural) type of Deal and Kennedy culture. In organizations with a market culture, competitiveness and efficiency come to the fore. He accepts the situation in accordance with the events around the organization. This is the achievement of goals that unite the organization, the achievement of victories over competitors and the achievement of goals and objectives. Success depends on market share and penetration. In this type of organizational culture, leaders take on a productive and competitive role. Organizational leaders are very strict and demanding in their tasks. The management style of an organization includes tough and sustainable competitiveness. Market culture focuses more on external factors in the organization's environment.<sup>52</sup>

The main prerequisites for this type of culture are the following: the external environment is not favorable, but aggressive and hostile; customers are very picky; The main task of managers is to improve the productivity and profitability of the organization. From a market culture perspective, getting quick customer feedback is the biggest advantage, and it is strategically important to make changes that will lead to market superiority and competitive advantage.

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<sup>50</sup> Ibid, p.148

<sup>51</sup> Carrell, M. R. (1997). *Fundamentals of Organizational Behavior*, Prentice Hall Int. Inc., London

<sup>52</sup> Cameron, Kim S., and Robert E. Quinn, (2011). *Diagnosing and Chancing Organizational Culture: Base On The Competin Values Framework*, Third Edition, USA: John WileyandSons

### 1.5.4, Denison's model

Denison's model is based on four important characteristics of organizational culture and organizational performance. It is based on the fact that there is a positive relationship between strong organizational culture and organizational performance. He examines how these basic characteristics of organizational culture directly affect the effectiveness of the organization.<sup>53</sup> In his research, Denison divided organizational culture into four dimensions called organizational culture and performance. These 4 dimensions are adaptability, mission, participation and consistency.<sup>54</sup> In his research, Denison examined organizational culture in four main dimensions and three additional dimensions (12 in total) associated with these dimensions.

Table 4. Table of parameters and sub-parameters "Denison organizational culture"

Dimensions	Sub-Dimensions
Compatibility / Adaptability	creating change, customer focus, organizational learning
Mission	strategic direction and intent, goals and objective, vision
Consistency	core values, agreement, coordination and integration
Involvement	empowerment, group orientation, capability development

The four dimensions and additional sub-dimensions measure important beliefs, values and principles that serve as advocates for the organization's decision-making, performance management system, strategy, and other management practices.<sup>55</sup> The model also represents the tension between inner and outer focusing. For example, engagement and alignment indicate the

<sup>53</sup> Denison D. R., and Fey C.F. (2000). Organizational Culture and Effectiveness: The Case Of Foreign Firms in Russia, SSE/EFI Working Paper Series in Business Administration, 4, pp.1-53

<sup>54</sup> Denison, D. R., and Mishra, A.K. (1995). Towards a theory of organizational culture and effectiveness, Organization Science, 6(2), pp.204-223

<sup>55</sup> Denison, Daniel R. (2006). Diagnosing organizational cultures: Validating a model and method, Documento de trabajo. Denison Consulting Group

internal direction of the organization, while alignment and mission indicate the external direction.<sup>56</sup>

The primary and secondary dimensions of Denison's organizational culture can be explained as follows.

Compatibility: High-performing organizations can be distinguished from low-performing organizations by their competitive environment and their ability to respond and understand customers. In addition, they restructure behaviours and processes that help them adapt. Moreover, high-performing organizations encourage new ideas and different solutions to solve problems. Employees are constantly looking for new and better ways to meet customer expectations. Controlled risk taking is encouraged as the organization learns from both success and failure.<sup>57</sup> Compliance is the norms and belief systems that support an organization's ability to transform, interpret, and receive signals from the environment into internal behavioural changes that increase opportunities for growth, development, and survival.<sup>58</sup> Cohesion is the ability of an organization to create a regular alliance between its internal and external environment. Stability, manifested in the principles of the organization, in the cooperation between its employees, in the decisions made and in practice, is an indicator of harmony.

Organizations that are compatible with their environment immediately notice market demand, take action, and capitalize on it. The organization is constantly creating new value for its customers. The parameter of adaptability shows the ability of an organization to understand changes in the external environment in which it is located. The researchers suggest there is a relationship between high compatibility and market share, increased sales revenue, new product development, and competitiveness. Organizations dominated by a culture of interoperability implement appropriate strategies to adapt to changes in the external environment. Organizations

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<sup>56</sup> Dorabjee, S., Lumley; C.E., and Cartwright S. (1998). Culture, innovation and successful development of new medicines – an exploratory study of the pharmaceutical industry, *Leadership and Organization Development Journal*, 19(4), 199–210

<sup>57</sup> Ovidiu-Iliuta, D. (2014). The Link between Organizational Culture and Performance Management Practices: A Case of It Companies from Romania, *The Annals of the University of Oradea*, pp. 1130

<sup>58</sup> Ibid

learn from experience, innovate, and take risks. Sub-dimensions of the dimension of adaptability culture are change creation, customer focus, and organizational learning.<sup>59</sup>

**Create change:** High-performing organizations welcome new ideas and are willing to try new approaches as they work. See creating change as an important part of their business. Measuring the creation of change is the ability of an organization to respond quickly to changes in the environment, closely monitor new trends and predict future situations. The organization has the ability to create harmonious methods to meet the needs for change. It is the ability to read the business environment, respond quickly to current trends and predict future changes.

**Customer Focus:** Customer focus is critical. Employees are aware of the need to serve customers both internally and externally. They are constantly looking for new and improved ways to meet and exceed their customers' expectations. With a customer focus, an organization understands and responds to customers and anticipates their future needs. Customer focus indicates the degree of interest an organization takes to satisfy its customers. Understanding the organization's current and future customer expectations and acting accordingly. Making your customers happy is one of the most important goals of an organization.

**Organizational Learning:** Organizational learning means learning from success and failure. Organizational learning is when an organization receives and interprets notifications from the outside and turns them into an opportunity. As a result, creativity develops and the ability to receive information increases. Organizations receive, translate and interpret signals from the environment to foster innovation, gather information and develop their skills.

The mission is to define a meaningful, long-term direction for the organization. He is looking for an answer to the question whether we know where we are going. The mission of high-performing organizations is to educate employees every (one) day why they do what they do and how their work contributes to it. Successful organizations have a clear mission - to show employees why they fulfill their responsibilities and how the work they do contributes to organizational productivity. Strategic direction and intent are based on multi-year strategies and high priorities are set. In successful organizations, goals and objectives are short-term. In

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<sup>59</sup> Denison, Daniel R. (1996). What is the Difference Between Organizational Culture and Organizational Climate? A Native's Point of View on a Decade of Paradigm Wars, *Academy of Management Review*, 21(3).

addition, specific goals are set for employees to understand the value of their work to the organization's mission. The vision is the main reason an organization exists and competes in a given market.<sup>60</sup> Mission measurement gives organizations a clear sense of purpose and direction, enabling them to create a powerful vision for the organization's future and define the organization's goals and strategies. Effective organizations have goals, objectives, specific strategies, plans and clearly defined plans for the future. If the mission changes, the change makes itself felt in the organizational culture.<sup>61</sup>

The sub-dimensions of the mission dimension are strategic direction and intent, organizational goals and vision.

**Strategic Direction:** Strategic Direction and Objective refers to multi-year strategies, high priorities set to realize the vision. Clear strategic intentions communicate the organization's goals and explain how everyone can contribute and make them their own brand in the industry.<sup>62</sup>

**Key goals:** Goals and objectives are specific, short-term goals that are set to help each employee see how their daily activities relate to the vision and strategy. A clear set of goals and objectives can be linked to mission, vision and strategy and provide a clear direction for their work.

**Vision:** Vision is your main reason for being, your goal is ultimately what you are trying to achieve. The organization has a common view of the desired future situation. By providing guidance and direction, vision is embedded in core values and engages the minds and minds of the people in the organization.

In organizations dominated by mission, strategic direction and purpose, the goals and vision of the organization are clear. Mission is the main purpose of the organization's existence. All his exploration of the present moment and what he wants to achieve reflects the culture of the

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<sup>60</sup> Ovidiu-Iliuta, D. (2014). The Link between Organizational Culture and Performance Management Practices: A Case of It Companies from Romania, The Annals of the University of Oradea

<sup>61</sup> Fish, A. M., and Wasti S. A. (2009). Organizational Culture and Entrepreneurship Orientation Relationship, ODTU Development Magazine, 35 (Special Issue), 127-164

<sup>62</sup> Denison, Daniel R. (2006). Diagnosing organizational cultures: Validating a model and method, Documento de trabajo. Denison Consulting Group

organization. In short, the mission is to plan how the institution will reach the point at which it targets.

Consistency is the definition of core values and systems of a strong culture. Our system is looking for an answer to the question whether it creates pressure (force). Coherence provides centralized integration, coordination and control and helps organizations develop a set of systems for building a mutually supportive internal management system. Consistency refers to the main sources of integration, coordination and control. Consistency helps an organization establish an internal governance system based on mutual consensus support and establish a set of procedures. Successful firms have a clear set of values that help their employees and managers make consistent decisions. Faced with difficult issues and misunderstandings, members openly discuss them and try to come to an agreement. In these organizations, each employee realizes that their work affects others and how they are affected by the work of others. Employees are always confident that their work is consistent with the goals and objectives of the organization.<sup>63</sup>

Organizations are much more efficient when they are consistent and more integrated. Behaviour is based on a core set of values, and members of the organization must be able to translate those values into reality by providing compromise.<sup>64</sup> Consistency is an internal management system in organizations based on mutual consent. Thus, a system of common values, beliefs and symbols will be formed that are known and understood by the employees of the organization. Intrinsic values are more effective in ensuring coordination than clearly articulated rules and regulations. In institutions that have this way of working, when people are faced with an unfamiliar situation, it helps them to respond better by emphasizing the person's existing values. In short, consistency provides integration, coordination and control across institutions. The sub-dimensions of the measurement of consistency are core values, compromise, coordination, and integration.

Core Values: High performing organizations have a set of clear core values that help employees and managers make consistent decisions. Members of the organization share a set of

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<sup>63</sup> Ovidiu-Iliuta, D. (2014). The Link between Organizational Culture and Performance Management Practices: A Case of It Companies from Romania, The Annals of the University of Oradea

<sup>64</sup> Denison, Daniel R. (2006). Diagnosing organizational cultures: Validating a model and method, Documento de trabajo. Denison Consulting Group



values that create a sense of identity and a clear set of expectations.<sup>65</sup> Members of the organization develop a set of values that create an internal identity and make expectations clear.

Compromise: When complex issues and problems arise, people can come to an agreement by engaging in dialogue and having multiple points of view at the table. Members of the organization reach consensus on serious issues. This includes both the fundamental level of reconciliation and the ability to reconcile differences when they arise.<sup>66</sup>

The consensus is that members of the organization have a clear unity of thought and action regarding business goals and how to achieve them. Here, it is important that leaders demonstrate sufficient skills to successfully reconcile various critical ideas on critical issues. Reconciliation is the ability of members of an organization to come to a common decision on important issues and to come to a common solution despite differing opinions.

Collaboration and Integration: Employees are aware of the impact of their work on others and on themselves. They not only save the day, but they also make sure that the work serves the organization in a consistent and complete manner. The various functions and divisions of an organization can work very well together to achieve common goals. Organizational boundaries are not an obstacle to getting work done.<sup>67</sup> Collaboration and integration means that different parts of the organization can work together towards a common goal, and the organization has no barriers to doing so. The consistency of the organization depends on the harmony between the beliefs, philosophy and practice of the organization. If the core values of the organization are clear, if they take a compromise position when problems arise, if they aim at coordination and integration in their work, then the necessary conditions for ensuring consistency in the organization are fulfilled. Consistency is the ability of an organization to show the same attitude at different times, to different events, or to different competitors. Consequently, consistency is fundamental to an organization's existence and sustainability.

Participation is about developing human ability, responsibility and responsibility. Our people are looking for an answer to the question whether they are sorted and whether they are

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<sup>65</sup> Ibid

<sup>66</sup> Denison, Daniel R. (2006). Diagnosing organizational cultures: Validating a model and method, Documento de trabajo. Denison Consulting Group

<sup>67</sup> Ibid

related. Organizations create a sense of ownership and responsibility. Through this sense of ownership, organizations develop an ever-growing capacity for greater commitment and independence. Highly engaged firms differ from other firms in that they create a sense of responsibility. This responsibility creates greater commitment and autonomy for the organization. The employees of these organizations know what decisions they are allowed to make and what are beyond their responsibility. In other words, employees are empowered to make decisions in an informal setting. Employees are encouraged to work with the team, and employees support each other to achieve their goals. Last but not least, highly engaged firms are using training and coaching to improve employee skills. The measurement of participation is a measurement that emphasizes member participation and internal integration of the organization, creates a sense of ownership among members of the organization, and shows the organization's flexibility and ability to make change. It develops a sense of ownership and responsibility among members of the organization and emphasizes team harmony.

According to research and research, effective organizations are organizations that empower, care for, teamwork, and educate members. In this type of organization, participants become more active and they develop a sense of duty, and therefore they become more effective. The level of participation creates a sense of ownership and responsibility in the organization. In terms of participation, Fischer and Denison linked the quality of the organization's products and services to the satisfaction of its members.

The sub-dimensions of the dimension of participation are empowerment, group work, and skill development.

Empowerment: These define areas in which employees can make decisions, receive information, or clarify areas that are beyond the responsibility of employees. This promotes “informed” empowerment. People have power, personal obligations, and the ability to direct their own affairs. This creates a sense of responsibility and ownership of the organization.<sup>68</sup> Members of an organization with a certain authority and initiative are more responsible and more successful in their work.

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<sup>68</sup> Denison, Daniel R. (2006). Diagnosing organizational cultures: Validating a model and method, Documento de trabajo. Denison Consulting Group

Teamwork: Teamwork is encouraged to generate creative ideas and help employees support each other in successfully meeting business goals. The value of work lies in collaboration to achieve common goals for which all employees feel mutual responsibility.<sup>69</sup> Members of the organization feel more valuable in organizations that are focused on common goals and values and where teamwork is encouraged.

Talent Development: Talent development is done in a variety of ways, including training and coaching, opening up new roles and responsibilities for employees. To remain competitive and meet current business needs, the organization continually invests in the development of its employees.<sup>70</sup>

Organizations that continually invest in the development of their members become more competitive. In organizations with participatory functions, employees can take responsibility, develop and participate in teamwork. In these institutions, people's talents are developed, individual initiative is at the forefront, and employees are encouraged to make decisions and implement them. Dimensions of cohesion and mission together represent outward direction, dimensions of participation and alignment represent inward direction. The dimensions of mission and alignment together represent commitment, and alignment and flexibility to include.

When the literature on organizational culture was examined, more than 20 organizational culture models were encountered. Among these models, Cameron and Quinn (2006), Denison and Mishra (1995), Harrison and Handy (1986) and Hofstede (1990) constitute the most cited models in the field which are also included in the thesis work.

The literature study shows that it has been observed that organizational culture classifications are made by examining forty different dimensions with the organizational culture models that are universally proposed and discussed in the study. Although some of these dimensions have been handled by more models, some of them (performance, sharpness of targets, masculinity-femininity, universality, hedonism, impulse) were mentioned in only one model and added to the literature. The most used dimension in organizational culture models is the risk. The risk dimension has been considered in terms of the importance that individuals

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<sup>69</sup> Ibid

<sup>70</sup> Denison, Daniel R. (2006). Diagnosing organizational cultures: Validating a model and method, Documento de trabajo. Denison Consulting Group

attach to creativity, the degree of risk taking by leaders or business founders, or the environment in which the organization is located, organizational operations, and the risk of the sector. While the degree of risk in all these dimensions is important in terms of the risk perspective of the personnel to be recruited by the organization, the ability to withstand creativity, oppressive environments, and their combative characteristics, organizational structures such as flexibility and recycling speed will also vary according to the degree of risk.

Another dimension addressed in cultural models is the environmental factor, which is mentioned in the same number of organizational culture models with the risk dimension and is closely associated with risk. Considering that the organization and its environment cannot be separated from each other, it affects many dimensions such as the organizational structure, the mental models of the employees, the forms of communication to be formed, the control mechanism in terms of the characteristics of both internal and external environment; The importance of analyzing and interpreting correctly for organizations in creating an organizational culture for success is clearly evident.

The values of organizations also emerge as a dimension that is frequently used in cultural models. Values play important roles in many different areas, from the formation of their future perspectives, employment policies, the desire of employees to realize themselves, to the determination of the structure of decision-making and control systems, as well as gaining characteristics such as commitment to the organization, obedience and collectivism by becoming shared by employees.

Leaders who have strong communication with people and the importance of in-group communication are emphasized in about fifteen models as another dimension, in order to create organizations with a high sense of responsibility, open to innovation and high organizational commitment.

Goals, like values, are also important dimensions for organizations, but they are another dimension frequently mentioned in cultural models. It was emphasized that organizations whose objectives are clearly defined and shared by all employees will be more successful in their relations with the internal and external environment, their ability to adapt to changes and developments in the environment will be higher, and it will be easier for them to reach goals

such as growth, development and resource increase. In addition, the harmony of individual goals and organizational goals is among the features sought in organizations.

These dimensions, which are mutually related to organizational culture, play more or less various roles in the formation of organizational culture when they come together and when they are alone. The organizational structure, which is determined by many dimensions such as the number of rules in the organization, the way things are done, the structure of control, the source of power, is also defined as an effective dimension in the formation of organizational culture.

## CHAPTER 2: INNOVATION CONCEPT AND ITS ELEMENTS

### 2.1 DEFINITION OF INNOVATION

Although innovation is a new concept, many definitions have been given as to what it means today. When we examine these definitions, we see that innovation is actually a process of creating value. It is a process that adds value to products or services and creates economic and social benefits. Therefore, economic units occupy an important place here. The word innovation originally meant the use of new methods in a social, cultural and administrative environment. When we examine the concept of innovation in the historical process, one might think that they are perceived as a problem of new inventions and inventions that are a product of the 19th century, and this is a concept that has a predominantly technical aspect. Austrian economist and political scientist Josef Schumpeter first used the word “innovation” in his 1911 book and called it a driving force of development and defined innovation as representing existing resources as new combinations. An innovation is a new product, service, or business style that gives an organization a competitive advantage.<sup>71</sup> Innovation is the implementation of a new or significantly improved product (product or service) or process, a new marketing method or a new organizational method in internal applications, workplace organization or external relations.<sup>72</sup> This is an activity to create new capacities in resources in order to increase the level of use of innovations.<sup>73</sup> Innovation is the process of transforming a creative idea into a product that will benefit and be marketed. Innovation is a process of creativity, change, experimentation, transformation and radical change. Innovation is the most fundamental factor that differentiates an organization from others in terms of efficiency, and the main determinant of an organization's effectiveness. We can say that it is the process of turning new ideas into commercial gain, that is, innovation is a combination of creativity and commercial excellence.<sup>74</sup> Usually, when you think about innovation, products and services come to mind; However, innovation can also be made in processes, distribution, brand, customer experience and business model. Innovation in its broadest

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<sup>71</sup> Harvard Business School Press. (2009). Making innovation, Pocket Mentor, Optimist Publications

<sup>72</sup> OSLO Guidelines, Principles for the Collection and Interpretation of Innovation Data, 3rd Edition, OECD, European Commission

<sup>73</sup> Peter, F. D. (2001). Innovation and Management, Oxford, Butterworth Heinemann Inc.

<sup>74</sup> Mary, C. (2003). Entrepreneurship in Action, New Jersey, Prentice Hall- Pearson Education Inc.

sense is defined as the transformation of knowledge into economic and social benefits. Consequently, it is a set of technical, economic and social processes. The drive for change is the product of a culture that is synonymous with openness to innovation and an entrepreneurial spirit.

From an economic perspective, the difference between invention and innovation matters. In the discipline of economic thought, the first person to deal with and underline the distinction between invention and innovation is again Austrian economist Joseph Schumpeter. Invention has been defined as the creation of new ideas that are systematically transformed into technology. In this context, inventions are often protected by patents in terms of intellectual property rights, although not in all cases. On the other hand, inventions do not necessarily result in a technological innovation. Innovation is the commercialization of invented ideas into marketable modes of production.<sup>75</sup> Organizationally, innovation can be characterized by:<sup>76</sup>

- Innovation; is a specific process, product or method within an organization.
- Although a new idea within the organization is the starting point for an innovation, it cannot be called just innovation.
- Innovation; It must be new in the social environment in which it is presented.
- Innovation; It must be strictly purposeful and planned, not accidental.
- Innovation; It should be aimed at creating a completely different and new element, not as an ordinary change.
- Innovation; it should aim to create an organizational benefit.
- Innovation; it should have broad effects, not just within the scope of the person or organization making the innovation.

After the explanations about the concept of innovation, it can be said that this concept is not just about inventing, it is a concept that becomes concrete by passing from the intellectual abstraction to the implementation phase, which is put into practice by the competitors over time and can become outdated with the emergence of newer concepts and ideas.

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<sup>75</sup> Freeman, C., and Soete, L. (1997). Innovation Economics.

<sup>76</sup> King, N., and Anderson, N. (2002). Managing Innovation and Change: A Critical Guide for Organizations, 2nd edition, Thomson, London

## **2.2 FEATURES OF INNOVATION**

Considering the definitions of innovation and many studies on the subject, the characteristics of the innovation have been determined and classified so as to form the framework. We can list them as follows:<sup>77</sup>

- Innovation is a factor that increases the quality of life and welfare. (Social)
- Innovation is a tool that creates changes in the lives of its users. (Social and organizational)
- Innovation consists of a process and has continuity. (Organizational)
- Innovation is a value that generates social and economic benefits. (Organizational and social)
- Innovation is one of the most important competitive factors for countries and businesses. (Organizational)
- Innovation refers to a problem solving process. (Organizational)
- Innovation is the output of a social and cultural ecosystem. (Social and organizational)
- Innovation is a way of harmonizing and integrating with the environment. (Organizational and social)
- Innovation has an expansionist character.

## **2.3 BASIC CONCEPTS OF INNOVATION**

### **2.3.1. Invention**

The concept of an invention refers to the discovery of something previously undiscovered or unknown for the first time, something new, not of a commercial nature, but having a technical aspect. In this respect, the invention is seen as one of the important steps in radical innovation. But not every invention can bring absolute social and economic benefits. Some inventions may even remain at the same level at which they were invented and acquire no value. In this direction, in order for an invention to become an innovation, it must be brought into a position that will benefit society. Thus, innovation involves a complex process that goes beyond

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<sup>77</sup> Christiansen, J. A. (2000). Building the Innovation Organization. New York: Macmillan Business.



invention, which attempts to uncover something that never existed, and allows these newly discovered or existing inventions to change and consciously, turn them into advantages and put them at the service of believers. The advantage of innovation is to make inventions viable and commercialize them. The main difference between innovation and inventions is their commercial side. Some authors define this as innovation = theoretical concept + technological invention + commercialization.<sup>78</sup> In this equation, the conceptualization of new ideas and ideas represents the starting point of innovation, while the product and process that are the concrete results of those ideas unveils the invention. Science and technology play an important role in this process.

### **2.3.2. Creativity**

Many definitions associated with the concept of creativity have said that creativity is a mental process. In this direction, the concept of creativity is defined as a mental process that leads to new and different solutions, ideas, concepts, theory, product and service development.<sup>79</sup> Creativity is usually assessed on an individual and organizational basis.<sup>80</sup> Individual creative process; It consists of identifying problems, obtaining and storing information according to needs, generating new ideas, transforming those ideas into a viable form, and evaluating the results. In this context, individual creativity is built on three main elements. Expertise indicating educational attainment is the ability to think creatively, task awareness and focus, which show how motivated a task will be accomplished.<sup>81</sup> It is very important for organizations to have a creative organizational climate for their innovative work. Encouraging creativity in organizations sometimes leads to stability in short-term work. Because consistency and consistency are essential in order for daily work to be carried out completely and completely. While organizations take the necessary care in this regard, they must prepare the necessary environment to implement innovative actions that will support them in the long term. Creativity requires more flexible and unusual activities outside of routine. For this reason, there can sometimes be internal disagreements between creating such an environment and stability in the short term. Strategies

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<sup>78</sup> Trott, P. (2002). *Innovation Management and New Product Development*. (2nd ed.). Prentice Hall, Pearson Education

<sup>79</sup> Reber, A. S. (1985). *The Penguin Dictionary of Psychology*. (1.st.ed.) Newyork: Penguin Books

<sup>80</sup> King, N., and Anderson, N. (1995). *Innovation and Change in Organizations*, LondonandNewyork Routledge

<sup>81</sup> Amabile, T. M. (1998). *How to Kill Creativity*. Harward Business Review

that are effective for enhancing the creativity of an organization can be summarized as follows; The first is to identify ways to support the creation of new ideas within the organization. The most common method is brainstorming. The second is training employees in skills. Thirdly, in the selection of personnel, creative people are selected and people work in the relevant departments in this direction. Finally, some changes are made to the structure and culture of the organization that directly affect creativity.<sup>82</sup>

### **2.3.3. Research and development**

Nowadays, the production of knowledge is one of the main activities that make life easier and increase social well-being. At the moment when the modern information society emerged, it is very important to produce and transmit information, as well as develop and commercialize technology. In such an environment, skilled employees must also receive lifelong learning and training. Research and development (R&D) concept is one of the most widely used concepts in modern times. This term is used to describe the production of new products and services, as well as to describe scientific research. The general definition adopted in the world is expressed as the systematic transfer of creative effort and knowledge to new applications in order to enhance scientific and technical knowledge. The main goal of R&D is to provide the scientific infrastructure to develop or develop new products. R&D is the allocation of resources to produce an existing product or service at a lower cost for more efficient use, or in order to be a leader in a market that has not yet been produced, is planned to be produced in the future. In other words, it is a process that starts with the exploration phase and continues with the search for what was not found, and the development and updating of information or a product.<sup>83</sup>

### **2.3.4. Innovative entrepreneurship (Techno-Entrepreneurship)**

Entrepreneurship is the process of using opportunities in the environment or arising from innovation to create value. Entrepreneurship usually emerges as the management of a new

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<sup>82</sup> King, N., and Anderson, N. (1995). *Innovation and Change in Organizations*, London and New York: Routledge

<sup>83</sup> Afuah, A. (2003). *Innovation Management: Strategies, Implementation and Profits*. (2nd. Ed.). NY: Oxford University Press

business process or the creation of a new business with the help of individuals or groups.<sup>84</sup> In entrepreneurship, two fundamental driving forces come to the fore, such as creativity and innovation. Innovation and creativity can emerge as a new product, a new market, or a new technology. But a prerequisite for a close interaction between creativity and innovation will be serious economic and social development and hence the learning behavior of individuals and groups. In this context, innovation is one of the most important tools for entrepreneurs.<sup>85</sup>

### **2.3.5. Open innovation**

In the context of globalization, competition has expanded not only at the expense of companies located next to it, but also at the expense of companies operating around the world. The success of companies in such competition began to depend not only on the best satisfaction of the needs and expectations of consumers, but also on the production of goods and services that meet the needs, when they are produced, when they are not in their mind. However, it is not easy to implement such innovations in terms of information and funding. An innovative management model that can receive information that companies may need from external stakeholders (customers, suppliers, competitors) and share information and skills that they do not need in their production processes with external stakeholders is defined as open innovation.<sup>86</sup> While open innovation is a new concept, its main goal is to improve the efficiency of the innovation management process. It aims to maximize the value of innovation. While open innovation achieves its goal, it not only leverages the information it receives from stakeholders, but also strives to minimize costs. Firms partner with a variety of external stakeholders to innovate. Clients are the group with which firms most often partner in open innovation strategies. Because these are primarily those who consume and use products and services. In this way, companies can get answers to all the necessary questions about the products they manufacture.<sup>87</sup> Another stakeholder that companies are partnering with as part of their open innovation strategy is their

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<sup>84</sup> Ibid

<sup>85</sup> Schneider, W. E. (1994). *The Reengineering Alternative: A Plan for Making Your Current Culture Work*. Illinois: Irwin Publishing

<sup>86</sup> Chesbrough, H. (2003). *Open Innovation: The New Imperative for Creating and Profiting from Technology*. Harvard Business School Press

<sup>87</sup> Temel, S., and Glassman, B. (2013). Examining University-industry collaboration as a Source of Innovation in the Emerging Economy of Turkey. *International Journal of Innovation Science*, 5(1)

competitors. Companies operating in one sector can combine to conduct innovative research and create a significant source of input for other companies.<sup>88</sup> Thus, both costs are minimized and resources are used extremely rationally. Suppliers are other strategic players in the innovation process. They are an important part of this process, especially given the correct information they provide to companies. Their innovative end product additives make them indispensable. However, companies need to work with suppliers with the right and innovative culture for this strategy to be successful.

## 2.4 TYPES OF INNOVATION

It can be seen in the literature that many types of innovation are defined depending on the abundance of definitions of innovation. The theory of innovation is being developed in the manufacturing and high-tech industries. Innovation is often viewed as radical or gradual, technical or managerial, or as a product or process.<sup>89</sup> The categories of innovation types are based on the results of innovation processes. Over the years, many classifications have been created for types of innovations. The dual models put forward between the 1970s and 1980s viewed managerial, technical, complementary, radical, product and process differently as types of innovation.<sup>90</sup> In the most recent past, many unifying models have been proposed to describe many different types of innovation. For example, he mentioned the following types of innovations: product (including incremental and radical), services and processes (including administrative, service and production). In addition, four types of innovation have been identified:<sup>91</sup> position, process, product, an innovative paradigm.

Innovation has many directions. Innovation in products or processes, radical or gradual innovation, managerial or technological innovation, etc. The main types of innovation that drive business development are product innovation, technological innovation, market innovation, and

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<sup>88</sup> Ritala, P., and Hurmelinna-Laukanen, P. (2013). Incremental and Radical Innovation in Coopetition-The Role of Absorptive Capacity and Appropriability. *Journal of Product Innovation Management*, 30

<sup>89</sup> Hogan, S. J., and Leonard, V. C. (2014). Organizational culture, innovation, and performance: A test of Schein's model, *Journal of Business Research*, 67(8)

<sup>90</sup> Hartmann, A. (2006). The role of organizational culture in motivating innovative behaviour in construction firms, *Construction innovation*, 6(3)

<sup>91</sup> Birkinshaw, J., Hamel, G., and Michael, J. M. (2008). Management innovation, *Academy of management Review*, 33(4)

organizational innovation. Improved and radically modified products are recognized as critical to the long-term development of a business. Process innovation includes the deployment of a quality function and restructuring of business processes. Market innovation is associated with improving the composition of target markets and improving service to the selected market. The goal of market innovation is to identify the best (newest) potential markets and the best (latest) method of serving the target markets. In a broader sense, it refers to market innovation, identifying new market opportunities and entering new markets, as well as innovations related to market research, advertising, promotion. Organizational innovation refers to the ability of an organization to manage and organize resources in new ways to achieve ambitious goals.<sup>92</sup>

Schumpeter identified 5 different types of innovation: new forms of organization, new sources of supply, new markets, new production methods, and new products. With reference to Schumpeter and other innovation researchers, innovation, technical (new products, new production methods) and non-technical aspects (new markets, new forms of organization), as well as product innovation (new products and services) and technological innovation (new production methods or an organization can be viewed as a complex event involving new forms. Based on this assessment, 4 different types of innovation can be distinguished: Non-technical process innovation, understood as technical product innovation, non-technical service innovation, technical process innovation, organizational innovation.<sup>93</sup> Edison and his colleagues have divided innovation into 4 main categories based on their market impact and changes in underlying technology: incremental, large market innovation, large technological innovation, and radical innovation.<sup>94</sup> In addition, they stated that there are four types of innovation based on their core work: product innovation, process innovation, market innovation, and organizational innovation. Similarly, depending on the degree of innovativeness of the innovation, they

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<sup>92</sup> Leskovar-Špacapan, G., and Bastič, M. Culture, entrepreneurship and market orientation as determinants of organizational innovation capability: the case of transition economy, In Proceedings of the 6th WSEAS International Conference on Simulation, Modelling and Optimization. World Scientific and Engineering Academy and Society (WSEAS).

<sup>93</sup> Armbruster, H. (2008). Organizational innovation: The challenge of measuring non-technical innovation in large-scale surveys, *Technovation*, 28(10)

<sup>94</sup> Edison, H., Nauman, B. A., and Torkar, R. (2013). Towards innovation measurement in the software industry, *Journal of Systems and Software*, 86(5)

identified four types of innovation: new to the firm, new to the market, new to the world, and new to the industry.<sup>95</sup>

New to the firm: The lowest level of innovation is that it is new to the firm. It can be defined as the acceptance of an idea, practice, or behavior that must be implemented completely new to the organization, be it a system, policy, program, device, process, product, technology, or administrative method.

New to the market: when it was the first company to bring innovation to its market

New to the world: This innovation signals once again a greater degree of innovation in the market. It covers innovations that are being introduced for the first time in all markets, in industries, at home or abroad.

New in the industry: These innovations are new to the company's industrial sector.

The degree or nature of an innovation refers to the degree or originality of the innovation. Radical innovation leads to something new, and gradual innovation leads to something better. Radical innovation is about fundamental change, such as a new product or process, and is very often implemented through a specific innovation project. Complementary innovations are additions to previous innovations, such as changing the materials used to make a product or improving service operations.<sup>96</sup> Management innovation encompasses processes, while technical innovation is more result-oriented. While managerial innovation is aligned with process innovation, technical innovation can be much better defined as product innovation.<sup>97</sup> Similarly, there is a distinction between managerial and technical innovation. Daft has developed a dual core model. Managerial innovation arises in management processes and affects the social system of the organization, namely its rules, roles, processes, and it is a structure associated with communication and exchange between members of the organization, technical innovations, products, services are associated with the production process or service operations of the

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<sup>95</sup> Ibid

<sup>96</sup> Baregheh, A., Rowley, J., and Sambrook, S. (2009). Towards a multidisciplinary definition of innovation, *Management decision*, 47(9)

<sup>97</sup> Barjoyai, B. (2012). The role of organizational culture in organizational innovation in higher education institutions—a study of Libyan public universities, *Al-Madinah Management and Finance Science*, 2(1)

organization.<sup>98</sup> Some researchers have distinguished technological innovation, which encompasses processes and product types, from non-technological innovation, which includes marketing and organizational innovation.<sup>99</sup>

#### **2.4.1 Innovation in products or services**

Product innovation: This refers to the creation and implementation of new products that differ from existing products that are technologically new or significantly improved. It also provides manufacturing tools and points to the development and launch of new and improved products and services. Product innovation is the most obvious tool for generating income.<sup>100</sup> Product / service innovation can be defined as launching a new product and / or service, or making significant changes to a product / service or its use. Product innovation is based on the use of new information and technology, or the use of existing information and technology in new formations.<sup>101</sup> In the Oslo Handbook, product innovation refers to the economic benefits of developing a new or improved product or service in terms of their areas of use. Product innovation includes innovation in both products and services. Product innovations include products with enhanced features such as ease of use, safety, energy efficiency and environmental awareness, as well as user-friendly services that push the boundaries of time and space to ensure the highest levels of customer satisfaction. Version upgrades, seasonal changes, changes made for a single customer that do not vary much by standard, and sales of new products and services purchased from other companies are not considered product innovation.<sup>102</sup> Product innovation is change in the products and services offered by an organization. Product innovation is the introduction of a completely new or significantly improved product or service for use or in terms of its characteristics. This includes significant improvements in specifications, parts or materials, combined software, ease of use, and other functionalities.

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<sup>98</sup> Škerlavaj, M., Song, J. H., and Lee, Y. (2010). Organizational learning culture, innovative culture and innovations in South Korean firms. *Expert systems with applications*, 37(9)

<sup>99</sup> Ibid

<sup>100</sup> Ojasalo, J. (2009). Management of innovation networks: a case study of different approaches, *European Journal of Innovation Management*, 11(1)

<sup>101</sup> Moreira, M. F. (2016). Change and innovation: an observable relationship in services? *RAI Revista de Administração e Inovação*, 13(2)

<sup>102</sup> Poškienė, A. (2006). Organizational culture and Innovations, *Engineering economics*, 1(46)

### **2.4.2 Process innovation**

Innovative processes provide the tools to maintain and improve performance and reduce costs. Technological innovation refers to the application of a new design, analysis, or best practice that changes the way products are manufactured.<sup>103</sup> Process innovation involves the creation of new or improved methods for the production, distribution and delivery of services. Process innovation is changing the way businesses operate and the way products and services are produced. In fact, this type of innovation points to anything that is changing in the way business design works. Process innovation contributes to the continuous development of the enterprise and allows the enterprise to continuously improve. In particular, service businesses develop new service designs while at the same time conducting process improvement research to continually improve their services. Along with producing products and services that others cannot do for a business, creating those products and services using better techniques than others is an important source of competitive advantage.<sup>104</sup> By doing this in methods that others cannot, in many cases, costs can be reduced, so businesses either increase their sales by lowering prices or increase their profitability by taking advantage of low cost. Innovation in processes, changes in the way products and services are created and distributed. Technological innovation is the application of a new or significantly improved method of production or delivery. These methods involve significant changes in materials and / or software.

### **2.4.3 Eco-innovation**

Eco-innovation can be defined as the development of new products and processes that benefit customers and business life by significantly reducing their environmental impact. However, Anderson, in line with an idea similar to this definition, defines eco-innovation as a type of innovation ability that generates income that reduces environmental impact, creating

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<sup>103</sup> Losane, L. (2013). Innovation Culture–Determinant of Firms’ Sustainability, World Academy of Science, Engineering and Technology, International Journal of Social, Behavioral, Educational, Economic, Business and Industrial Engineering, 7(10)

<sup>104</sup> Ojasalo, J. (2009). Management of innovation networks: a case study of different approaches, European Journal of Innovation Management, 11(1)



value for organizations.<sup>105</sup> He points to a wide range of innovations such as eco-innovation, renewable energy technologies, pollution prevention programs, waste management devices, green financial products, and organic agriculture. The term eco-innovation is an abbreviation for environmental innovation. The term is today used to refer to green innovation, sustainable innovation, and environmental innovation. Eco-innovation encompasses many technologies (such as solar and wind power systems), many organizational applications (such as pollution prevention) and services (such as electrical routes). There are different definitions of environmental innovation these days. Kemp and Pearson are responsible for the production, implementation, and implementation of manufacturing processes, services, management and business practices that result in a reduction in the use of negatively impacted resources compared to related lifecycle alternatives such as eco-innovation. new and environmental risks of the organization, environmental pollution or energy use. They define it as implementation.<sup>106</sup> The Environmental Technology Action Plan (ETAP) defines eco-innovation as any innovation that benefits the environment, including technological innovation, technological innovation, and business innovation. Since 2008, definitions of eco-innovation have been approached in terms of industry dynamics. Within this new approach, the OECD defines eco-innovation as the creation and implementation of new or significantly improved products, processes, marketing management, organizational structures and institutional arrangements that lead to an improvement in the environment when compared to corresponding alternatives. In the same discussion, Arundel and Kemp point out that eco-innovation can be motivated to reduce resources by environmental and economic reasons, such as goals, waste management costs, and the sale of eco-products. While eco-innovation has great potential to improve the competitiveness of organizations, it is seen as an emerging phenomenon. According to Carillo et al., Eco-innovation can be defined in three different structures:<sup>107</sup>

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<sup>105</sup> Oliveira M., and Vanessa, S. K. C. (2016). Eco-Innovation in Global Hotel Chains: Designs, Barriers, Incentives and Motivations, *Brazilian Business Review*, 13(5)

<sup>106</sup> Despa, M. L. (2014). Evolution and Trends Regarding the Concepts of Innovation and Invention, *Informatica Economica*, 18(1)

<sup>107</sup> Obenchain, A. M., and Alice M. (2002). Organizational Culture and Organizational Innovation in Not-for-profit, Private, and Public Institutions of Higher Education

1. Adding a new element is the development of additional elements to improve the environmental quality of an existing product or product, to minimize or eliminate negative impacts without the need for forced changes in the process or system.
2. Changing subsystems aimed at reducing negative impacts, creating various goods and services that use fewer resources, thus creating minimal waste and pollution of the environment, using eco-efficiency;
3. Change in systems, which manifests itself as a radical change, since it changes the entire system and its elements. The third relates to radical innovation and is critical in determining the environmental impact of innovation.

Carillo and his colleagues said that eco-innovation can only take place in its orbit with the participation of various actors. These actors are government policy, suppliers, end users, competitors, and industry associations.

#### **2.4.4 Marketing innovation**

Marketing innovation is about developing a set of target markets and how best to serve the selected market. The goal of market innovation is to identify new and better potential markets, new and better ways to serve target markets. Marketing innovation is the use of new marketing techniques with great changes in product design, packaging, distribution, or pricing. Marketing innovation aims to move customer needs to a newly opened market or new position in order to increase the company's sales. Marketing innovation refers to the introduction of new or significantly changed marketing techniques, strategies, product design or packaging, placement, promotion or pricing, as well as to the discovery or development of new market opportunities, positioning innovations (changing the advertising content of products) and new or significantly changed It covers marketing strategies.<sup>108</sup> Marketing innovation is defined in the Oslo Handbook as the introduction of significant changes in product design, product packaging, product positioning, promotion or pricing. Changes based on previously used marketing methods, periodic, regular or other standard changes in marketing tools, and the use of previously used

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<sup>108</sup> Edison, H., Nauman, B. A., and Torkar, R. (2013). Towards innovation measurement in the software industry, *Journal of Systems and Software*, 86(5)

marketing methods to target a new geographic market or a new market segment are outside the scope of marketing innovation.

Marketing innovation: This is the application of a new marketing method that encompasses significant changes in product design or packaging, product positioning, product promotion, or pricing. Marketing innovation aims to position a company's product in the market in a new way in order to best meet customer expectations, open up new markets or increase the company's sales.

#### **2.4.5 Business model innovation**

Innovations that rethink the established value supply or the established role of the firm in the value chain, or both.<sup>109</sup> Examples of business model innovations are bagel homes, which have changed the conventional wisdom that simit is open food on the street. Business model innovation is not what you put on the market, but how you present it. Business model innovation can accompany innovation in products, services, processes and positions, and create new opportunities to take advantage of existing markets or even create new markets.<sup>110</sup> In contrast to products, services, positions, and process innovation, innovation in business models poses a greater challenge to competitors seeking to replicate the firm's innovation system because processes and systems are not visible to vision and understanding. As a result, the business model innovator will be able to achieve sustainable competitive advantage, while competitors will seek to copy products and services in order to gain a temporary competitive advantage.<sup>111</sup> History proves that successful innovation starts with great technologies as often as great business models. Firms may decide to innovate in terms of approaching markets. For example, a manufacturing firm may decide that it should act primarily to provide services such as

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<sup>109</sup> Ovidiu-Iliuta, D. (2014). The Link between Organizational Culture and Performance Management Practices: A Case of It Companies from Romania, The Annals of the University of Oradea

<sup>110</sup> Zott, C., and Amit, R. (2010). Business model design: an activity system perspective, Long range planning, 43(2)

<sup>111</sup> Tellis, G. J., Prabhu, J. C., and Chandy, R. K. (2009). Radical innovation across nations: The preeminence of corporate culture, Journal of marketing, 73(1)

consulting, or it may decide to move from a low-cost manufacturer to a value-added manufacturer by selling fewer products at a higher price at a higher price. profit.<sup>112</sup>

### **2.2.6 Organizational innovation**

Organizational innovation is the implementation of business practices in the existing organization of an enterprise or its relationship with the environment through a completely new organizational method. Organizational innovation aims to increase the productivity and productivity of the firm and reduce product launch costs by reducing administrative and operational costs. Organizational innovation refers to the application of a new organizational method to a firm's business practices, workplace organization, or external relationships.<sup>113</sup> Organizational innovation encompasses changes in the architecture of manufacturing and accounting for innovation, management structure, company management, financial systems, or employee remuneration and compensation systems.<sup>114</sup> Organizational innovation often means much more than creating new products and services. This means innovation in terms of business models, management practices and strategies, and organizational structures.<sup>115</sup> Initiatives to create new products and services can inspire an organization. He points to new ways of organizing work in areas such as organizational innovation, human resources management, employee empowerment and new people coexistence. Organizational innovation is defined in the Oslo Handbook as the application of a new organizational method in a company's business methods, commercial practice, workplace organization, international relations, etc. The birth of lean manufacturing, an example of organizational innovation, can help to better understand the concept of organizational innovation: Eiji Toyoda in his trip to America in the 1950s saw Ford-led mass production not suitable for Japan, with Taiichi Ono, Toyota Motor Corporation He lays the foundations for an industrial and management philosophy called Lean. Toyota is the company that created the lean philosophy. However, in addition to the person / company that

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<sup>112</sup> Shi, X. (2011). Organisational Innovativeness and Diffusion of Innovation (Doctoral dissertation, University of York)

<sup>113</sup> Seen, N. Y., Singh, S. K. G., and Jayasingam, S. (2012). Organizational Culture and Innovation among Malaysian Employees, *The Journal of Human Resource and Adult Learning*, 8(2)

<sup>114</sup> Ibid

<sup>115</sup> Birkinshaw, J., Hamel, G., and Michael J. M. (2008). Management innovation, *Academy of management Review*, 33(4)

created the lean philosophy, the company that adapts it to itself also introduces organizational innovation. In addition to applying new methods for the company for the first time, outsourcing production for the first time in the company, collaborating with universities or other research institutions for the first time, etc., is also considered within the framework of organizational innovation. Organizational innovation consists of changes in the process and structure of an organization as they introduce new management and operating concepts and practices, such as the introduction of collaboration in manufacturing, supply chain management, or quality control systems. Since the success of technical product and process innovation depends on the degree to which organizational structures and processes respond to these new technologies, organizational innovation primarily acts as an intermediary and prerequisite for the effective use of technical product and process innovation.<sup>116</sup> Second, organizational innovation becomes a direct source of competitive advantage because it itself has a significant impact on business performance in terms of productivity, lead time, quality, and agility.<sup>117</sup> Organizational innovation is the application of an entirely new organizational method to a firm's business practices, organization, or external relations. Organizational innovation also seeks to improve firm productivity by reducing administrative or transaction costs, increasing workplace satisfaction (and therefore work efficiency), providing access to non-market value (such as external information without coding), and reducing procurement costs. All of these studies view organizational innovation as either a necessary adaptation to the introduction of new technologies, or as a prerequisite for successful product or technical process innovation.

#### **2.4.7 Gradual and Radical Innovation**

Incremental innovation: The most common form of innovation is finding low-risk methods to improve the design of existing products using existing knowledge to serve today's markets. Even if the potential profits are less than the huge profits, larger and more established firms tend to be risk averse and prefer innovations that are more likely to generate profits. These

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<sup>116</sup> Barbosa, E. (2014). Organizational culture oriented for innovation: Influencing variables, *Zeszyty Naukowe Małopolskiej Wyższej Szkoły Ekonomicznej w Tarnowie*, 2(25)

<sup>117</sup> Ibid

innovations represent relatively small changes in technology on existing platforms that show relatively fewer added value to customers.<sup>118</sup>

Radical Innovation: These innovations can be classified for the first time as revolutionary innovations that offer features and exceptional performance. They use a completely different technology at a price that will reshape existing or created new markets and provide customers with an unparalleled rewarding experience. The definition of radical innovation has been debated for a long time. Linton (2009) explained this as a potential source of confusion, as the definition of innovation seems to depend on the point of view in which the innovation is viewed. To clearly articulate the perspective of innovation (technological or social innovation), to clearly explain the unit and level of analysis (e.g. process innovation, product innovation, individual, firm, industry or supply chain) that are being reviewed / analyzed is important.<sup>119</sup> Many definitions of radical innovation have been proposed. These definitions can be applied to various aspects of innovation: the degree of technical and market change, radical innovation process, impact on existing products and business. Based on a series of studies from the US Radical Innovation Research Program, Leifer et al. Defined radical innovation as the commercialization of products based on significant technological development, with entirely new features and the potential to increase productivity or cost over existing counterparts. This definition is consistent with Linton's. According to Linton, radical innovation must encompass two dimensions: a significant leap in technological development (the technical dimension) and the potential for entirely new functions and development (the social dimension). Radical innovation is not only innovation for the company, but rather innovation for the whole world. Radical innovation creates a new dominant design and thus creates a new set of core design concepts embedded in the interconnected elements of the new architecture. In other words, the connections between elements and elements change significantly with radical innovation. Verganti also noted that radical innovation is changing the technological and sociocultural significance of products.

## **2.5 INNOVATION PROCESS AND ITS IMPLEMENTATION CYCLE**

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<sup>118</sup> Edison, H., Nauman, B. A., and Torkar, R. (2013). Towards innovation measurement in the software industry, *Journal of Systems and Software*, 86(5)

<sup>119</sup> Chang, Su-C., and Ming-Shing, L. (2007). The effects of organizational culture and knowledge management mechanisms on organizational innovation: An empirical study in Taiwan. *The Business Review*, 7(1)

In a highly competitive environment, businesses have to innovate despite factors such as social and cultural development, social motives, technological change and current economic trends. From this point of view, innovation leads to positive changes in the standard of living of people, providing a competitive environment, creating new market zones and technological developments. For businesses to adapt to the competitive environment in today's competitive environment, they must continually produce information outside of their day-to-day operations. Thus, enterprises must demonstrate the characteristics of creating an innovative organization through the production of information and the dissemination of the obtained information in the organizational structure. While there are many definitions of the concept of organizational innovation in the literature, it cannot be said that there is still no consensus on what exactly organizational innovation means.<sup>120</sup> In addition, organizational innovation is considered as all actions, such as an organizational method, a decision-making system and the creation of new methods such as management of external relations and their implementation.<sup>121</sup> According to another definition, organizational innovation is assessed as an organization-specific function and is viewed as a creative activity aimed at creating value from an organizational point of view. Organizational innovation is a process that brings together many of the elements to be achieved through learning, along with knowledge production and access to information. At this stage, ongoing efforts to educate other organizations in the marketplace through new ideas generation and change methods can be listed as factors that increase the success of organizational innovation.<sup>122</sup> OECD (2005) defines organizational innovation as the process of finding and implementing new methods of business processes, workplace organization and external relations. Organizational innovation is now seen as new ways to reorganize routine operations. Through organizational innovation, businesses seek to positively improve organizational performance by changing organizational practices previously used and by minimizing operational and administrative costs that the organization sees as an expense. On the other hand, organizational innovation is expected to be news to organizations.<sup>123</sup> Until the opportunity for organizational

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<sup>120</sup> Nada, N., Kholeif, M., and Yanik, T. (2010). An Integrated Innovation Management Framework, In Proceedings of International Workshop on Innovation and Entrepreneurship Congress, 11(12)

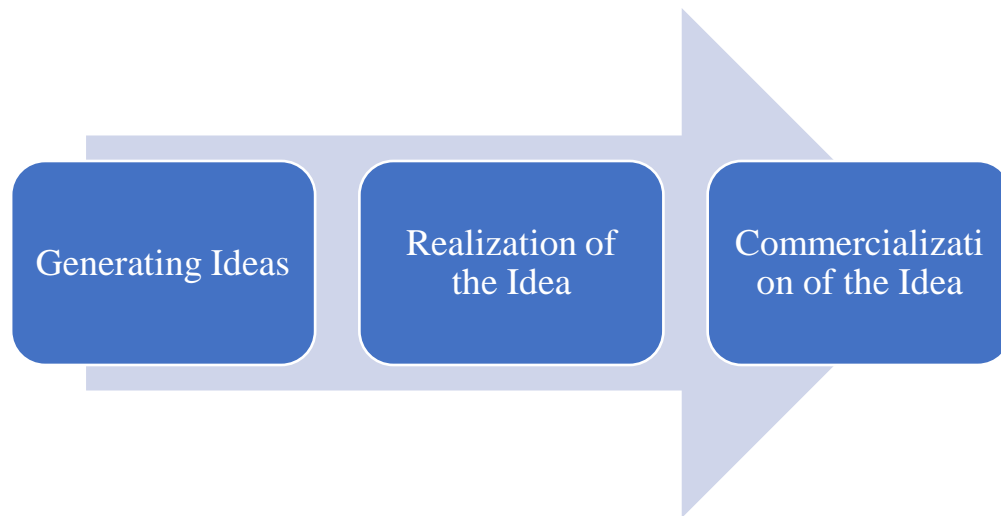
<sup>121</sup> Ettlie, J. E. (2006). Managing Innovation: New Technology, New Products, and New Services in a Global Economy, Second Edition, Elsevier

<sup>122</sup> Ibid

<sup>123</sup> Drucker, P. F. (2003). Innovation and Management, Oxford, Butterworth Heinemann Inc.

problems is eliminated, innovation, regardless of type and method, will be seen as an effective method for solving organizational problems.<sup>124</sup> In addition, it is a commitment to produce solutions for specific or incomplete customer requirements, and innovation emerges as the commitment is met. Innovation, whether it is R&D or not, is a three-step process.

Figure 1. Organizational innovation process



Innovation processes are often complex transformations that take place over a long period of time. Researchers have classified the activities in this process by viewing them from their own conceptual perspective. However, a significant part of the researchers agreed with the above process at the stage of the innovation process.<sup>125</sup> Details on the main directions of the organizational innovation process are presented below. This stage is the first stage of the organizational innovation process. At this stage, a new thought is formed or the most appropriate of several thoughts is selected. In this process, the organization relies on internal and external environmental factors, evaluates the arguments received from them and makes the most profitable choice in favor of the planned innovation. The chosen ideas are formed depending on the technological capabilities of the organization or the demand in the market.<sup>126</sup> Among the ideas generated during the idea generation stage, preference is given to the idea that contains the

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<sup>124</sup> Gorman, T. (2007). *Innovation: Create an Idea Culture, Redefine Your Business, Grow Your Profits*, Adams Media

<sup>125</sup> Tidd, J., Bessant, J., and Pavitt, K. (2005). *Managing Innovation: Integrating Technological, Market and Organizational Change*, John Wiley and Sons Ltd., 3rd edition, UK

<sup>126</sup> Ibid



most optimal risk for the organization. In making this choice, the use of the organization's technological capabilities and market information will affect the acceptability of the planned innovation and will help determine the most suitable idea. Because if the idea does not fit the structure of the organization, the resulting conflict negatively affects the innovation process. In other words, to implement a successful innovation process, the innovation process must be initiated using existing organizational resources and taking into account market opportunities. The ability to meet customer needs makes innovation attractive and applicable. For this reason, it is extremely important to correctly identify customer needs before planned innovations. At this stage, when market opportunities are realized, leaders should answer the following questions and properly assess them:<sup>127</sup>

- Will this innovation that you plan to develop work?
- Is the technical knowledge of the organization sufficient to implement this innovation?
- Does this innovation have any value and value for customers?
- Is this innovation compatible with business strategies?
- Is the cost of this innovation reasonable?
- Does this innovation bring economic benefits to the business?

On the other hand, the idea generation stage is usually seen as the process of finding business opportunities. Because the innovations that are formed as a result of the ideas generated at this stage have the potential to reach an advanced level. The idea adopted in the first stage is to develop the technology in the next stage. Thus, the level of economic success that is planned to be achieved in the market is assessed.<sup>128</sup> At this stage, different information is combined so that the idea can be realized. Legal responsibility, technological infrastructure, demand level and

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<sup>127</sup> Gorman, T. (2007). *Innovation: Create an Idea Culture, Redefine Your Business, Grow Your Profits*, Adams Media.

<sup>128</sup> Sattler, M. (2011). *Excellence in Innovation Management: A Meta Analytic Review on The Predictors of Innovation Performance*, Springer Science and Business Media

competitor behavior are effective in developing an idea. Technological and market research clarifies the technological feasibility and characteristics of innovation.<sup>129</sup>

At this stage, the transformation of an innovative idea, which is still at the theoretical level, into the product stage is assessed. In addition, at this stage, the possibility of transforming an idea into a product, process or technology is assessed. Demonstration versions of products are released, which are planned to be released at the stage of implementing the idea. After analyzing the production process, it is planned to switch to serial production with the provision of all standards. The last stage of the organizational innovation process is the market launch of the innovation produced. After this phase, innovation is expected to acquire commercial value and economic value. Product innovation and the expected commercial response from it depend on consumer awareness of the innovation and knowledge of what needs the innovation will meet. It combines promotion, advertising and announcement of the innovation. It is extremely important to identify some of the critical aspects of an innovative idea that is planned to be brought to the market before commercializing it. This is determining the best time, market and target audience to promote products or services.

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<sup>129</sup> Tidd, J., Bessant, J., and Pavitt, K. (2005). *Managing Innovation: Integrating Technological, Market and Organizational Change*, John Wiley and Sons Ltd., 3rd edition, UK

## **CHAPTER 3: RELATIONSHIP BETWEEN INNOVATION AND ORGANIZATIONAL CULTURE**

### **3.1 STUDIES ON ORGANIZATIONAL CULTURE AND INNOVATION RELATIONSHIP**

Nowadays, the key to achieving success for businesses is to be faster, more agile and quality approach than their competitors in innovation. Therefore, innovation studies should not only be in product and service issues, but also in process, marketing and organizational areas. In order for businesses to act innovatively and support and push their employees in this direction, they must have an innovative organizational culture structure.<sup>130</sup> This structure will provide the organization with advantages such as finding new ideas, adopting innovations, successfully implementing it by employees and ensuring continuity. Since organizational culture has an impact on the behavior of all employees in the organization, it will play an important role in determining the organization's perspective on innovation. Therefore, employees will display their innovation behavior according to the characteristics of this culture. These attitudes and behaviors are as follows:<sup>131</sup>

- Employees can create resistance to or support innovations.
- Management can convey very clear messages about innovation and ensure participation or prevent participation with complex messages.
- Management can take a cowardly or bold attitude towards innovation.
- Managers can be willing or unwilling to question and change management values.
- In some cultures rewarding achievements is essential, in others punishment may be the focus.
- Managers can be willing or unwilling to evaluate new ideas.
- During the innovation process, cultures' response to mistakes can also be different.

When Lawson and Samson compared the 1990s with the 1980s, they argued that today's organizations face additional challenges and challenges, such as innovating not only occasionally, but often and with serious success rates. This imperative puts pressure on

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<sup>130</sup> Oden, H. W. (1997). *Managing Corporate Culture, Innovation and Intrapreneurship*, An Imprint of Greenwood Publishing Group Inc., USA.

<sup>131</sup> Christiansen, J. A. (2000). *Building The Innovative Organization: Management Systems That Encourage Innovation*, MacMillan Pres, NewYork.

organizations to look for new ways to be creative and innovative. Thus, developing and motivating innovation in organizations is a crucial question in today's business world that every organization seeks the answer for survival. One of the most important resources that organizations attach importance to in this regard is the organizational culture that creates and improves the environment in which innovation can develop.<sup>132</sup> Organizational culture plays a very important role for innovation, as innovation requires very different business conditions, skills, structures and procedures. Culture is a major subject for researching the innovation effectiveness of the organization. Numerous quantitative studies cite organizational culture as an important factor influencing innovation capacity.<sup>133</sup>

Organizational culture appears to have an impact on the degree to which it promotes creativity and innovation in an organization. An important factor in creativity and innovation is the organizational culture that either encourages or hinders innovation.<sup>134</sup> Organizational culture is considered as one of the factors that can most encourage innovative behavior among members of the organization in the literature. As organizational culture affects employee behavior, it causes employees to accept innovation as a core value of the organization and feel much more involved in the work.<sup>135</sup> Organizational culture is investigated as a variable that affects organizational innovation.<sup>136</sup> Culture can affect an organization's ability to innovate, as it shapes examples of values, beliefs, and behaviors related to taking risks, identifying opportunities, and responding quickly to environmental forces and changes.<sup>137</sup>

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<sup>132</sup> Lawson, B., and Samson, D. (2001). Developing Innovation Capability in Organisations: A Dynamic Capabilities Approach. *International Journal of Innovation Management*. 5. Pp. 377-400.

<sup>133</sup> Cravens, D., Piercy, N., and Prentice, A. (2000). Developing market-driven product strategies. *Journal of Product and Brand Management*. 9. Pp. 369-388.

<sup>134</sup> Martins, E.C., Fransie, T. (2003). Building organisational culture that stimulates creativity and innovation, *European journal of innovation management*, 6(1), pp. 64-74

<sup>135</sup> Hartmann, A. (2006). The role of organizational culture in motivating innovative behaviour in construction firms, *Construction innovation*, 6(3), pp. 159-172.

<sup>136</sup> Hartnell, C. A., Amy Y. O., and Angelo, K. (2011). Organizational culture and organizational effectiveness: a meta-analytic investigation of the competing values framework's theoretical suppositions, *Journal of Applied Psychology*, 96(4), 2011, pp. 677

<sup>137</sup> Hogan, S. J., and Leonard V. C. (2014). Organizational culture, innovation, and performance: A test of Schein's model, *Journal of Business Research*, 67(8)

Innovation is a key issue for companies, institutions and governments at various levels, and the importance of innovation motivates researchers to identify its various drivers.<sup>138</sup> Understanding organizational inputs that contribute to creativity and innovation will increase the organization's ability to innovate. Many authors have examined the impact of different types of organizational culture on various aspects of innovation.<sup>139</sup>

Each study analyzing organizational innovation and culture types found support for the relationship between organizational innovation and at least one type of organizational culture. Despite the positive link between previous studies, culture and performance, some research has shown a negative association. In a study investigating the relationship between organizational culture (participation, mission, consistency, compliance) and product innovation on small businesses in Malaysia Denison organizational culture scale was used and as a result of regression analysis, it was determined a relationship between mission, consistency and participation dimension and product innovation.<sup>140</sup> The relationship between organizational culture (Adhocracy and Hierarchy) and product innovation was analysed on 420 companies. By analyzing the data with structural modeling, a significant and positive relationship between product and service innovation and adhocracy culture was found, and a negative relationship was found with hierarchy culture. Likewise, adhocracy cultures have found a positive effect on product innovation, and hierarchy cultures have a negative effect on product innovation.<sup>141</sup>

Skervlavaj et al. (2010) conducted a study investigating the relationship between innovative organization and innovation in 243 companies employing more than 30 employees in

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<sup>138</sup> Becheikh, N., Rejean, L., and Nabil, A. (2006). Lessons from innovation empirical studies in the manufacturing sector: A systematic review of the literature from 1993–2003, *Technovation*, 26(5), pp. 644-664

<sup>139</sup> Lemon, M., and Sahota, P. (2004). Organizational Culture as a Knowledge Repository for Increased Innovative Capacity. *Technovation*. 24. Pp. 483-498.

<sup>140</sup> Abdullah, N. H. (2014). The relationship between organizational culture and product innovativeness, *Procedia-Social and Behavioral Sciences*, 129, pp. 140-147.

<sup>141</sup> Naranjo, V., Julia C., Raquel, S. V., and Daniel, J. J. (2010). Organizational culture as determinant of product innovation, *European Journal of Innovation Management*, 13(4), pp. 466-480

Korea. As a result of their analysis, they found the effect of innovative organizational culture on technological and managerial innovation positive and statistically significant.<sup>142</sup>

In some theoretical studies, they argued that the hierarchy culture is also related to the innovation of the firm. Likewise, it has been suggested in previous studies that the hierarchy culture is also related to the innovation of the firm.<sup>143</sup> In a study examining the impact of developmental culture on innovation output in companies located in Hong Kong 332 valid questionnaires were subjected to correlation and regression analysis. As a result of the analysis, it was found that a culture oriented towards development and innovation has a direct impact on the innovation performance of the firm.<sup>144</sup> According to a literature research examining the impact of organizational culture (clan, adhocracy, hierarchy and market culture types) and organizational innovation (incremental, radical, product, process and managerial innovation) organizational culture plays an important role in innovation.<sup>145</sup>

The study conducted by Jaskyte investigated the relationship between organizational culture type and organizational innovation.<sup>146</sup> In the research, types of organizational culture were determined with competitive values analysis and their relationship with innovation was examined. As a result, it has revealed that the level of innovation is at the highest level in organizations where the culture of adhocracy is dominant. In his study, Price saw that some of the members of the organization were more creative and some had the ability to make quick decisions, but the important thing was to create an innovative organization that takes into account the capabilities of all members of the organization.

In 2012, Denison subjected the results of the survey on 35.474 employees in 1600 companies in different countries and different industries to the correlation analysis and

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<sup>142</sup> Škerlavaj, M., Song, J. H., and Lee, Y. (2010). Organizational learning culture, innovative culture and innovations in South Korean firms. *Expert systems with applications*, 37(9), pp. 6390-6403.

<sup>143</sup> March-Chorda, I., and Moser, J. (2008). How Organizational Culture Affects Innovation in Large Sized ICT Firms: A Pilot Study. [http://www2.hull.ac.uk/hubs/pdf/ID%20268%20Marc\\_h-Chorda%20I,%20Moser%20J.pdf](http://www2.hull.ac.uk/hubs/pdf/ID%20268%20Marc_h-Chorda%20I,%20Moser%20J.pdf)

<sup>144</sup> Lau, Chung-Ming, Hang-Yue Ngo. (2004). The HR system, organizational culture, and product innovation, *International business review*, 13(6), pp. 685-703.

<sup>145</sup> Abdi, K., and Aslan, A. S. (2014). Investigation on the impact of organizational culture on organization innovation, *Journal of Management Policies and Practices*, 2(2), pp. 1-10.

<sup>146</sup> Ibid

concluded that the organizational culture elements contribute to the efficiency of the organization. In 2012, a research was conducted by Mohammed on 390 university employees in Libyan universities. In this study, clan, adhocracy, market and hierarchy dimensions as organizational culture variables were taken into consideration and the relationship of these dimensions with technical and managerial innovation was investigated. As a result of the correlation and regression analysis, they saw that all organizational culture elements have a significant relationship with innovation types. In his study on 136 top managers in the aviation industry in 2015, Nelson concluded, as a result of their regression analysis, that the innovation of the market organization type is positive, the hierarchy and the clan culture type are negative, and the adhocracy culture type does not have a significant relationship.

### **3.2 ORGANIZATIONAL CULTURE INFLUENCING INNOVATION**

When we look at the recent literature on organizational culture, there is a lot of research related to innovation. In the literature, the organizational culture associated with innovation is usually referred to as either an innovation culture or an organizational culture that supports innovation. In this study, the organizational culture associated with innovation will be called the concept of organizational culture that supports innovation. It is widely recognized that innovation is a key element in the survival of a business and improving its future. However, competitors who put the same effort into an innovative business cannot achieve the same success. In fact, it is argued that the number of innovations that failed to reach the planned level in the investment phase and ended in failure exceeds 90%.<sup>147</sup>

While many reasons and factors have been put forward for this failure, we think one of them is the organizational culture of the business. Organizational culture is the most important factor in promoting an innovative environment. Organizational culture shows the process of doing business. Organizational culture is a core element, but a company's organizational structure, leadership behavior, and strategies are also elements that complement the organizational culture.<sup>148</sup> Organizational culture can be defined as a system of values shared by

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<sup>147</sup> Tran, T. (2008). A Conceptual Model of Learning Culture And Innovation Schema, *Competitiveness Review: An International Business Journal*, 18(3), pp. 287-299

<sup>148</sup> Joseph, K. E. and Dai, C. (2009). The Influence of Organizational Culture on Organizational Learning, Worker Involvement and Worker Productivity, *International Journal of Business and Management*, 4(9)

the attitudes and behavior of members of the organization. While organizational culture means certain rules and behavior according to them, this definition should be expressed a little differently for innovative and creative employees. Because creative people are more creative in organizations with original rules. In other words, a strong and rigid organizational culture creates an obstacle to innovation. While a strong organizational culture allows better use of social control mechanisms, it negatively impacts innovation as it fosters uniformity and identity among members.<sup>149</sup> Innovation is the process of changing existing practices and goals. Innovation can be directly related to new goals or various programs to create new policies in the enterprise. Innovation is part of an activity that leads to new or improved goals. Therefore, when talking about an organizational culture that supports innovation, it expresses an organizational culture that paves the way for total business change. If businesses recognize that we are the best, it will hinder them from both developing new technologies and teaching methods.<sup>150</sup> Therefore, the culture of enterprises should be based on the motivation of the members of the organization to constantly search for the best.<sup>151</sup> There are many studies in the literature claiming that organizational culture is one of the important factors in organizational innovation.<sup>152</sup> There is a wealth of conceptual and empirical research on the impact of organizational culture on enterprise innovation. Organizational culture is the main driver of innovation. Business missions have a strong influence on innovative practices and behaviors. We can say that there are five main elements in the organizational culture of an innovative business. These are the diffusion of business innovation, continuity, innovation awareness in hiring and promotion, balancing risk and reward in business, and supporting the leader. For a business to be innovative, three elements must be noted. These:

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<sup>149</sup> Lyons, R. K., Chatman, J. A., and Joyce, C. K. (2007). Innovation in Services: Corporate Culture and Investment Banking, *California Management Review*, 50(1)

<sup>150</sup> O'Toole, L. (1997). Implementing Public Innovations in Network Settings, *Administration and Society*, 29(2), pp. 115- 138

<sup>151</sup> Tidd, J., Bessant, J., and Pavitt, K. (2005). *Managing Innovation: Integrating Technological, Market and Organizational Change*, 3rd ed., John Wiley and Sons Ltd., New Jersey

<sup>152</sup> Merrill, P. (2008) *Innovation Generation: Creating An Innovation Process And An Innovative Culture*, American Society for Quality, Quality Press



- 1) An innovative culture that allows the use of the imagination, mentality and norms of the enterprise individually and as a team, taking risks, striving for creativity and innovative solutions,
- 2) The innovation process is suitable for the general business processes and applications of the enterprise to work effectively and achieve common goals in cooperation, and the necessary tools and methods are designed with innovation in mind,
- 3) Innovation structure refers to the flexible design of the human and financial resources of an enterprise, the use of technologies that support innovation, the existence of project teams, expert networks, innovation committees, and the existence of synchronized departments.

Again, Coffman (2009) took the credibility dimension in his work to create an innovation culture and mentioned six elements by which companies can create an organizational culture that supports innovation. These:<sup>153</sup>

- 1) the trust of colleagues in each other,
- 2) trust in the support of the manager,
- 3) confidence in the support of the employee,
- 4) confidence in business support,
- 5) confidence in the ability to support organizational change; and
- 6) confidence in the level of their skills and ability to lead change.

Angel (2006) attempts to explain organizational culture that supports innovation across a spectrum based on three stages (basic, advanced, and progressive) and five dimensions (governance, knowledge, activities, customers, and strategy) in his study on the transfer of innovation culture to business. -practice. Accordingly, each enterprise will achieve an innovative culture at the third stage, that is, at the breakthrough stage. For example, the management structure of companies at the basic stage is based on hierarchical control, information systems are transaction-oriented, activities are focused on reducing costs and risks; They try to increase

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<sup>153</sup> Coffman, B. Building the Innovation Culture: Some Notes on Adaptation and Change in Network-Centric Organizations, Innovation Labs, <http://www.innovationlabs.com/Building%20the%20Innovation%20Culture.pdf>

their productivity in the short term by working harder and selling more products / services to the target group of customers.<sup>154</sup>

An organizational culture that supports innovation; This refers to behaviors and attitudes that target and encourage creativity, innovation and change, and a high tendency to pay for the costs they require. Schlegelmilch, Diamantopoulos, and Kreuz (2003) argue that culture, resources, people and processes are the main factors that drive innovation.<sup>155</sup> Five key factors in their qualitative research are elements of successful innovation. These factors determine an effective development process, choose the right innovation strategy, promote talent, allocate resources and create an innovation culture. This model is based on an innovative culture. In an innovation culture, it is a question of mobilizing extraordinary or less used and less reliable skills, minimizing the number of hierarchical levels in the organization, constantly maintaining differentiation and re-institutionalization, sensitivity to internal information and signals, as well as external information and signals. It is very important to be the best or achieve the best that can be present in the culture of innovation. The type of culture that opposes an organizational culture that supports innovation is defined as a status quo culture, and the two types of culture It is said that there are five main differences between the two;

1. The main purpose of the culture of the status quo is to maintain the current situation, namely the status quo, and try to maximize its benefits. In an innovation culture, it is a matter of continually seeking innovation or change that will provide this, and maximizing the benefits of innovation.
2. Strategies for achieving excellence based on a culture of the status quo and a culture of innovation are different. The core values on which the strategy for achieving excellence in the status quo culture is based are stability, continuity and predictability. In a culture of innovation, one can embrace insecurity in order to achieve superiority, be open to external influences and surprises that undermine existing equilibria and stability, and even encourage them.

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<sup>154</sup> Angel, R. (2006). Putting an innovation culture into practice, *Improving The Practice Of Management Business Journal*, January/February

<sup>155</sup> Schlegelmilch, B. B., Diamantopoulos, A., and Kreuz, P. (2003). Strategic innovation: The construct, its drivers and its strategic outcomes, *Journal Of Strategic Marketing*, 11, pp. 117-132.

3. The third important difference between a culture of the status quo and a culture of innovation is in the tools and methods used.

In a culture of the status quo, the emphasis is on basic skills, and in a culture of innovation, it is a matter of mobilizing marginalized or less used and less reliable skills.

4. The fourth difference between a culture of the status quo and a culture of innovation concerns the measurement of performance. In the culture of the status quo, stability is the main criterion of efficiency. Stability in development, stability of the management model, stability of productivity growth, stability of the methods used are important. On the other hand, the criterion of efficiency in an innovation culture is the quantity and quality of innovations that can be made. It is important to ensure efficiency and success through innovation.

5. The fifth difference between the culture of the status quo and the culture of innovation is that the culture of innovation is a very expensive culture compared to the culture of the status quo. First, in an innovative culture, failure rates can be very high. Failures lead to a waste of financial and human resources. Uncertainty can also lead to significant costs. On the other hand, the culture of the status quo always functions in a predictable manner and is oriented towards high success.

In addition to all of these, having an appropriate organizational culture is never a guarantee for businesses to be innovative. In fact, an unsuitable organizational culture can be a good ground for innovation. In other words, the existence of a strong mechanism to ensure that sufficient resources are allocated, all communication resources are suitable for good communication, the existence of a strong mechanism to review and continue or terminate the innovation may not always provide innovation. However, it is clear that a proper organizational culture will facilitate innovation.<sup>156</sup>

### **3.3 DETERMINANTS OF ORGANIZATIONAL CULTURE SUPPORTING INNOVATION**

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<sup>156</sup> Sarros, J. C., Cooper, B. K., and Santora, J. C. (2008). Building a Climate for Innovation Through Transformational Leadership and Organizational Culture, *Journal of Leadership and Organizational Studies*, 15, pp. 145-158

As determinants of innovation, communication channels, decentralized structure, spending organizational resources for innovation, belief in the importance of innovation, willingness to take risks, willingness to exchange ideas, the size of the organization and industry type variables were used.<sup>157</sup> They argued that there is a positive relationship between innovation and all variables except the size of the organization and industry type among these variables. Subramaniam and Ashkanasy (2001) state that managers who need innovation should be optimistic, not enforced by too many rules, take risks and are willing to try new ideas.<sup>158</sup> Carrell et al. (1997) state that the organizational culture that supports innovation includes elements such as participatory leadership style, group cohesion, group longevity, the group being composed of members with different perspectives, and the group exhibiting an organic structure. The organizational culture that supports innovation consists of values that attach importance to innovation, development, taking risks, being open to new ideas, adapting to new competitive conditions and growth.<sup>159</sup> Organizational culture values that positively affect the formation of organizational commitment can be listed as risk-taking, result-oriented, creativity, communication, teamwork, participation in decision-making, encouragement, stimulation, entrepreneurship and orientation. Tidd et al. (2005, 468-512) argue that ten key elements must be fulfilled organizationally in order to establish an innovative business. These are shared vision, aiming leadership and innovation, organizational structure that will support innovation, individuals who play a key role in innovation, effective teamwork, lay the groundwork for continuous innovation in the organization, versatile communication, ensuring participation in innovation throughout the organization, focusing outside the organization, creating a creative organizational climate in the organization. creating and enabling the organization to reach the learning organization level.<sup>160</sup> Robbins mentions 10 criteria that must be fulfilled in order to

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<sup>157</sup> Ibid

<sup>158</sup> Subramaniam, N. And Ashkanasy, N. (2001) The Effect of Organizational Culture Perceptions on the Relationship between Budgetary Participation and Managerial Jop-Related Outcomes, Australian Journal of Management, 26 (1), pp. 33-54

<sup>159</sup> Carrell, M. R. (1997). Fundamentals of Organizational Behavior, Prentice Hall Int. Inc., London

<sup>160</sup> Tidd, J., Bessant, J., and Pavitt, K. (2005). Managing Innovation: Integrating Technological, Market & Organizational Change, 3rd ed., John Wiley & Sons Ltd., New Jersey

ensure that the organizational culture supports innovation, in other words, the current culture can be defined and the process of creating a new culture is fulfilled successfully;<sup>161</sup>

1. Use of personal initiative: The degree of responsibility, freedom and independence of individuals in the organization,
2. Risk tolerance: The degree to which employees are encouraged to be aggressive, innovative and risk taking,
3. Orientation: the clear goals the business gives to its employees and the level of performance expected of them,
4. Integration: The degree to which cooperation and coordination between departments are encouraged,
5. Managerial support: The degree to which managers support and assist their subordinates and be in open communication,
6. Control: Number of rules and regulations, quality and quantity of control mechanisms on employees,
7. Identity: The degree to which individuals in the organization can own the organization as a whole rather than their own departments or specialization groups,
8. Reward system: The system, favoritism, seniority, etc. to what extent it is based on performance criteria rather than values such as,
9. Tolerance in differences of opinion: The degree of incentive to expose criticism and tension openly in the organization,
10. Communication channels: It is the degree to which communication is limited by the formal and hierarchy in the organization.

As can be seen in the literature discussed so far, the organizational culture that supports innovation has been handled with many different dimensions and tried to be measured with many

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<sup>161</sup> Robbins, S.P. (1994). Fundamentals of Organizational Behavior

different expressions.<sup>162</sup> For example, Wallach (1983) discusses the organizational culture that supports innovation with the dimensions of risk taking, result-oriented, creativity, encouragement, struggle and direction, while Schein (1994), controllable, changeable and manageable environment, positive value given to innovation, risky. he examined the dimensions of trying new things, future-oriented organization, employees with the ability to develop new ideas and participatory relations.<sup>163</sup> Again, in their work frequently referred to in the literature, Reward and appreciation, the management's positive response to change, combating the status quo, accepting that mistakes are part of the job, allowing change, being sure is better than apologizing. They talked about teamwork, shared goals, sharing information openly, making quick decisions, flexibility and autonomy.<sup>164</sup> Russell (1990), on the other hand, as the determinants of the organizational culture that supports innovation, explore creative behaviors, seek new ideas from outside the organization, share information freely within the company, see innovation as an important activity, give importance to new ideas regardless of the resources, support taking risks, ideas. It has taken into account the elements of supporting its champions emotionally and as resources and supporting the first implementation.<sup>165</sup>

While Kitchell (1995) talked about flexibility and future orientation,<sup>166</sup> Amabile (1997) mentioned the elements of creativity, risk-taking, enthusiasm for doing something among organization members, and sense of pride among organization members.<sup>167</sup> However, there are studies in the literature that examine the concepts of customer focus and competitor focus, which is defined as the most important element that effectively provides the necessary behavior to create superior value for customers and the continuity of the superior performance of the enterprise. In addition, there are studies examining the applicability of these studies.

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<sup>162</sup> Jaskyte, K. (2002). Organizational Culture and Innovation in Nonprofit Human Service Organizations, The University of Alabama, Doctorate Dissertation

<sup>163</sup> Schein, E. H. (2004) Organizational Culture and Leadership, 3rd Edition, John Wiley and Sons, USA

<sup>164</sup> Ibid

<sup>165</sup> Russell, R. D. (1990). Innovation In Organizations: Toward an Integrated Model, Review of Business, 12(2), pp. 19-47

<sup>166</sup> Kitchell, S. (1995). Corporate Culture, Environmental Adaptation, and Innovation, Adoption: A Qualitative/Quantitative Approach, Journal of the Academy of Marketing Science, 23(3), pp.195-205

<sup>167</sup> Amabile, T.M., Conti, R., and Herron, M. (1996). Assessing the work environment for creativity, Academy of Management Journal, 39(5), pp. 1154-1184.

### 3.3.1 Communication

Communication between individuals forms the basis of the innovation process. Communication between individuals or groups is often important for the emergence of new ideas. For this, the organizational structure should be designed to encourage employees in the use of the information obtained or created, and share information about the market.<sup>168</sup> Information sharing and communication, which is an element of organizational culture, affect business innovation as well as the ability of the business to solve problems and develop new knowledge. Tidd and others state that a wide-ranging communication that will cover the inside and outside of the business should be versatile, in other words, up-down and horizontally within the business. The elements of the organizational culture that support innovation include an environment where employees and managers can easily discuss business-related problems, and employees can easily reach their managers, listen to senior management employees with effective two-way communication and encourage them to be a part of the decision-making process. As the elements of organizational culture that supports innovation, good communication between departments in the organization, information is clearly shared not as much as it needs, and communication is shared through formal and non-formal channels. Comprehensive internal and external communication and mutual sharing perspective between departments are effective in the formation of an organizational culture that supports innovation. Communication is an important channel for integrating new members into the organizational culture. The organizational culture provides formal and informal communication for new members. Formal communication covers topics such as job descriptions and orientation meetings, while informal communication includes stories and gossip. Organizational culture can only be made meaningful through communication. Consequently, there is a very close relationship between organizational culture and communication. Values, norms, stories, history, traditions, in other words, the symbolic world of an organization, can be interpreted through communication.<sup>169</sup>

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<sup>168</sup> Nasution, H. N. (2010). Entrepreneurship: Its relationship with market orientation and learning orientation and as antecedents to innovation and customer value, *Industrial Marketing Management*, Article in press

<sup>169</sup> Hurley, R.F. and Hult, G.T.M. (1998). Innovation, market orientation, and organizational learning: an integration and empirical examination, *Journal of Marketing*, 62, July, pp. 42-54.

### 3.3.2 Overall vision

Wang et al. (2005) used communication channel variables, decentralized structure, organizational resource spending on innovation, belief in the importance of innovation, willingness to take risks, willingness to share ideas, organization size, and industry type variables as determinants of innovation. They argued that there is a positive relationship between innovation and all of the variables except for the size of the organization and the type of industry among these variables.<sup>170</sup> Strategic goals and well-defined roles and goals that are known to everyone and spread throughout the enterprise play an important role in realizing a shared vision as part of an organizational culture that supports innovation. In order for the vision to be shared within the organization, the organization must have a well-defined vision, coordinate the goals and objectives of the organization across all departments, integrate all departments to meet the needs of the target market, ensure that employees are aware of what they want to achieve while adhering to organizational goals. adopting an organizational vision across all departments. It depends on the vision of employees acting as assistants to each other in achieving the goals of the organization.

To talk about a shared vision in the organization, clearly defining the awareness of who we are, which will allow us to understand what the business has done and what the long-term goals are, employees have a commitment to achieving the goals of the enterprise, employees see themselves as part of the design of the future orientation of the enterprise, senior management In other words, the purpose and vision of the enterprise must be shared across all levels of the enterprise. In order for the plan to be realized, it is necessary to receive the contribution of everyone and remove the obstacles in front of them. In this way, everyone will embrace the vision of the organization and move to a state of influence, change and creation of the future. Creative institutions that can question every truth, they believe, will be the defining factors of tomorrow. A common vision is the unification of all members of the organization under one vision and their answer to the question of what we want to create. A shared vision provides the focus and energy needed to train the organization. Only a truly shared vision can enable people to learn effectively. Because a shared vision is what many people really depend on. It reflects the

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<sup>170</sup> Wan, D., Ong, C. H. and Lee, F. (2005). Determinants of firm innovation in Singapore, *Technovation*, 25, pp. 261–268



personal vision of people. Through a shared vision, people learn not by force, but because they truly believe because of what they want. A shared vision is hope, an ideal accepted by members of the organization, vital to an innovative business. Because it provides ongoing focus and energy for learning. When a core ideology is formed for a shared vision and all opinions are taken into account for the foreseeable future, employees in the organization will have increased self-confidence and can see themselves as an integral part of the organization.

### **3.3.3 Management Support**

The presence of certain elements in the organizational culture negatively affects innovation in enterprises. These factors are dominant vertical relationships, weak horizontal communication, limited resources and tools, top-down governance, formal structure, an understanding of innovation that always comes from the outside, lack of emphasis on innovation, and lack of support for measurement and reporting practices. Instead, enterprises should have a culture that includes support for management as a whole, such as the systematic development of creative organizational structures, communication policies and processes, reward systems, learning policies, measurement and accountability systems in the enterprise.<sup>171</sup> Management support is essential to the success of innovation. In this context, issues such as the presence of cross-functional structures that support the creative and innovative initiatives of the teams created, clearly and clearly reflect the mission and vision of the organization in the activities, as well as the coherence of projects with each other, thereby ensuring strategic continuity. McGourty et al. (1996) show that organizational culture can be adjusted through management practices such as governance, employee selection, remuneration, employee assignment, and support for cross-functional teams within an enterprise to stimulate innovative enterprise behavior.<sup>172</sup> Trust in management is critical to building an organizational culture that supports innovation. Taking risks and trusting management without fear of undue punishment for failure is at the core of developing an organizational culture that supports innovation. Innovation is often the product of social relationships and the interaction of complex systems. Therefore, trust

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<sup>171</sup> Tidd, J., Bessant, J., and Pavitt, K. (2005). *Managing Innovation: Integrating Technological, Market & Organizational Change*, 3rd ed., John Wiley & Sons Ltd., New Jersey

<sup>172</sup> McGourty, J., Tarshis, L.A., and Dominick, P. (1996). *Managing Innovation: Lessons from World Class Organizations*, *International Journal of Technology Management*, 11(3/4), pp. 354-368.

is essential for any system of business performance. The need for managers to develop new ideas, try new ways and methods of doing work, create an environment that allows them to find new solutions to old problems and allow employees to reach out to their leaders at any time. Tidd and others emphasize that senior management commitment, effective team leadership that moves business out of unknown waters into specific strategic directions, is essential in an organizational culture that supports innovation. Leadership managers have a vital place in business innovation. Non-traditional, non-traditional leadership behavior plays an important role in the development and activation of creativity in organizations. These leaders act as models and encourage employees to think differently and creatively, maximizing the benefits and benefits of the organization from a multi-stakeholder perspective. Leaders are people who can bring innovation to an organization. Leaders unleash the creativity that exists in the organization and create the necessary vision for the issue. Gabris et al. They demonstrated that people who are able to fulfill their goals, are actively rewarded, valued, whose performance is measured, and whose mission and vision of the organization are communicated, are closely linked to successful innovation.<sup>173</sup>

Giving employees the right to say what they think has a positive effect on their identification with their work. Employees are satisfied when a lot of attention is paid to their responsibilities and work in the business. People need not only money, but also pride in their work. Focusing on basic skills in a status quo culture that opposes an organizational culture that supports innovation, a preference for multilevel hierarchies in an organization, an emphasis on standardization and detailed institutionalization, the imposition of behavioral patterns that will make life easier, and decision making by prioritizing inside information and signals, that is, internal dynamics. In an organizational culture that supports innovation, mobilizing marginal or less used and less reliable skills, minimizing the number of hierarchical levels in the organization, keeping differentiation and reinstitutionalization always on the agenda, allowing initiatives that will complicate life, internal information and signals, and external information and signals. This can be delicate. Thus, it is important to be the best among the current or existing status quo in culture. In a culture of innovation, it is important to be the best or to be the best. To support innovation in an organization, a leader must change the needs, beliefs, and

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<sup>173</sup> Gabris, G., Golombiewski, R., and Ihrke, D. (2001). Leadersip Creadibility, Board Relations and Administrative Innovation at the Local Government Level, *Journal of Public Administration Research and Theory*, 11(1), pp. 89-108

values of the team, giving new structure to his followers. The leader is also tasked with mobilizing people against the unverified and unknown. This requires imagination and strong faith. Again, among the issues to which such leadership should look are such concepts as human rights, individual empowerment, creativity, self-confidence and flexibility, which should be in the organizational structure. A high level of trust in top management, leaving the work to the people who do it and allowing employees to do their job in a way that makes employees happy, demonstrates support from employee leadership in the business.<sup>174</sup> In addition, trusted managers who care for employee peace of mind, help employees discover their problems, empower them to unleash their creativity, pave the way for their creative initiatives and ensure employee participation in decision-making, are considered managers who support their employees.

#### **3.3.4. Risk taking**

To be able to speak without risk in an organization, senior management must have a strong commitment to high-risk, high-return projects, boldly take complex actions to achieve business goals, and make aggressive and courageous decisions that can maximize potential opportunities in an environment of uncertainty.<sup>175</sup> O'Reilly et al. (1991) defines an aspect of the organizational culture of innovation with dimensions such as innovativeness, willingness to acquire new ideas, opportunism, lack of structure with too many rules, and willingness to take risks. It is not unusual that insecurity poses no threat to creative people. On the other hand, these people are encouraged by insecurity. In addition, people with less self-confidence than creativity need specific goals and a work structure to fulfill their potential. As a result, businesses need to prepare the cultural ground by taking into account the structure of their employees. Managers should have a structure that allows employees to learn from their mistakes. The ability of employees to continue their work even when faced with uncertainty, to behave courageously even when the results are uncertain, and tolerance of uncertain and uncertain situations as elements of an organizational culture that supports innovation. To tolerate risk-taking, support new ideas, encourage employees to venture on unexplored areas, management acknowledging

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<sup>174</sup> Bozeman, B., and Kingsley, G. (1998). Risk Culture in Public and Private Organizations, *Public Administration Review*, 58(2), pp. 109-118

<sup>175</sup> Ren, T. (2009). Barriers and drivers for process innovation in the petrochemical industry: A case study, *Journal of Engineering and Technology Management*, 26, pp. 285–304

that some suggestions may fail after implementation, placing more emphasis on the opportunity for success than the risk of failure, thinking that new attempts that fail are tools for learning and experiencing. It shows that a business is risk-taking. The organizational culture that supports innovation includes elements such as adopting uncertainty in order to gain superiority, being open to external influences and surprises that will shake existing balances and stability, and even encourage them. It is a matter of giving a premium to the untested, unknown whether it will be successful, mechanisms, rules, behaviors and relationships whose results cannot be fully predicted. In this context, the strategy of differentiating and gaining advantage comes to the fore.

### **3.3.5 Customer Focus**

Businesses that want to bring innovation into a culture that spreads throughout the enterprise should free their management structure from the hierarchical command-control structure and become self-managed teams, a learning-based structure based on learning information systems, focus on continuous improvement, customer perspective to be value-based, and finally, their strategies should be transformed into innovation.<sup>176</sup> It is important to be internal and external customer focused and to use a wide network that covers the business environment in business strategies. In order to create a customer-oriented organizational culture, the policies and strategic plans of the enterprise should be determined to meet customer needs, should be in mutual relationship with customers in the design of products and services, the basic principle and mission of the enterprise should be determined for long-term customer satisfaction. Establishing communication with suppliers and customers in a wide network is among the factors that facilitate innovation. For customer focus, it is necessary to give importance to after-sales services, to ensure that the objectives of the enterprise are aimed at customer satisfaction, to understand customer needs and to continuously evaluate the service provided and the operational strategies to increase customer value. To talk about an organization being customer oriented; In the development of products and services, customers should benefit from their opinions, continuous studies should be carried out on what customers will need in the future, all department managers in the business should visit existing and potential customers, meet customers periodically about the quality of the products and services offered, have a structure

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<sup>176</sup> Angel, R. (2006). Putting an innovation culture into practice, *Improving The Practice Of Management Business Journal*, January/February

that can determine sudden changes in customer preferences, In order for the business to do its job better, customers should be encouraged to contribute with their comments and criticisms, customers 'satisfaction and information should be made known to all departments, customer feedback should be used to improve the quality of products and services, and finally, product development should be carried out in line with customers' requests and needs and try to gain competitive advantage. Similar to the above, in order for businesses to have customer focus, which is an element of the organizational culture that supports innovation, continuous review of the compatibility of products and services with customer needs, determination of the objectives of the enterprises in line with customer satisfaction, understanding customer needs as the basis of providing competitive advantage, It is emphasized that it should be determined to increase the needs and customer satisfaction should be measured continuously. Listening to customers, taking care to be reliable in their eyes, and keeping the quality they expect is very important for business success.

### **3.3.6 Competitor Focus**

Among the elements of the organizational culture that support innovation, it is extremely important to be competitor-oriented. Studies on this subject systematically analyze competitors' products, sales, etc. shows that the information about the innovation positively affects the innovation. Dobni (2008), in his study investigating the relationship between innovation and organizational culture, examined the organizational culture that supports innovation under the factors of organizational environment and innovation tendency, organizational learning, creativity and empowerment, market fit, value adaptation and application environment, which includes evaluating customers and competitors.<sup>177</sup> Tidd and others are in constant contact with the outside of the enterprise and state that being aware of the activities of competitors is important for the organizational culture that supports innovation. Elements such as regularly analyzing competitors' marketing programs, regularly sharing information about competitors' strategies within the organization, responding immediately to competitor behaviors that may be threatening to the organization, continuous discussion of competitors' strategies by senior management, frequent collection of information about competitor behaviors that directly affect

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<sup>177</sup> Dobni, C.B. (2008) The DNA of innovation, *Journal of Business Strategy*, 9(2), pp. 43-50.

the plans of the organizations. show that they are focused. In order to mention that an organization is competitor-focused, the initiatives of competitors should be constantly analyzed, the results of market research should be used as a resource in the decision-making process, market data should be used in the product development process, market plans of competitors should be constantly analyzed, market trend and future evaluations should be discussed in inter-departmental meetings Competition conditions related to market and future trends should be shared with all departments, should be immediately communicated to all departments when there is an improvement in the activities of competitors, senior management should constantly evaluate the strengths, weaknesses and strategies of competitors, and sales personnel should constantly share the strategies and information of competitors. In order for businesses to have a competitor focus, which is an element of the organizational culture that supports innovation, they must be in a structure that can immediately respond to the activities of competitors that pose a threat to the business, especially the sales personnel regularly share the information they have gained with the competitive strategies of the competitors, and the senior management is constantly on the strengths and strategies of the competitors. It is emphasized that they should make evaluations and target customers who will provide opportunities for competitive advantage.<sup>178</sup> In systems based on status quo, the power to resist and survive against external pressure is very high. However, in the face of shocks where this power of resistance is not sufficient, collapse may be very rapid. In this case, it is possible to respond to a strong competitive pressure from competitors by creating a strong counter pressure. In other words, in organizations where innovation culture develops, every external threat created by competitive pressures from outside will turn into an opportunity. In this context, the advantages expected from the competition process will be realized in excess.

### **3.4 MEASUREMENT OF ORGANIZATIONAL CULTURE SUPPORTING INNOVATION**

It is very difficult to measure organizational culture and compare cultures. In the first studies on this subject, researchers believed that they could obtain clues about organizational culture through stories, symbols, and ceremonies. Later, some researchers tried to measure

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<sup>178</sup> Radas, S., and Božić, L. (2009). The antecedents of SME innovativeness in an emerging transition economy, *Technovation*, 29, pp. 438–450

employees' values and beliefs with questionnaires consisting of interviews and open-ended questions. While some researchers preferred to use observational measurement, others tried to measure organizational culture through the scales they created.<sup>179</sup> Organizational culture scales are about what is done and how, rather than measuring what is visible. Hofstede et al. (1990) argue that the researches done to reveal differences in organizational culture should be applied together with the questionnaire and interview. The results of their study show that organizational culture can be explained by 6 sub-factors. The results of the research reveal the existence of more than one sub-culture in an organization. The six dimensions mentioned in the study are Process orientation/result orientation, business focus/employee focus, professionalism/narrow-mindedness, open system/closed system, strict control/loose control, pragmatic/normative.<sup>180</sup>

Organizational culture that supports innovation has been discussed in many different dimensions in the literature. Dobni (2008) tried to measure the organizational culture that supports innovation with four main dimensions and classified the studies in the literature according to these four dimensions. These are the innovation intention, the infrastructure of innovation, the innovation impact and innovation practice. Organizational culture is defined from different perspectives. First, the organization is an entity like other entities it has, secondly, as a social structure, a type of culture in businesses, and finally, the concepts of organization and culture are evaluated from a linguistic perspective, and these two concepts serve the intuitive purpose that helps people to think. Based on these differences in definition, there are researchers in the literature who defend that organizational culture is qualitative, as well as those who claim that it is a quantitative concept and that it can be evaluated from both perspectives.<sup>181</sup> Organizational culture is very difficult to measure because it includes the beliefs, rituals, legends and emotions shared by the members of the organization, unlike the visible aspects of the organizational climate. Sleezer and Swanson (1992) argue that a successful scale of

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<sup>179</sup> Newstrom, J. W., and Davis, K. (1998). *Organizational Behavior: Human Behavior at Work*, Tata McGraw-Hill Publishing, New York

<sup>180</sup> Hofstede, G., Neuijen, B., Ohayv, D.D. and Sveers, G. (1990). *Measuring Organizational Cultures: A Qualitative and Quantitative Study across Twenty Cases*, *Administrative Science Quarterly*, 35(2), June, pp. 286-316.

<sup>181</sup> Dobni, C. B. (2008). *Measuring Innovation Culture In Organizations: The Development Of A Generalized Innovation Culture Construct Using Exploratory Factor Analysis*, *European Journal of Innovation Management*, 11(4), pp. 539-559

organizational culture should be designed to gather specific information. Each statement on the scale should be about measuring how things are done within the organization. The general purpose of organizational culture scales is to use the results of increases in the performance of the organization.<sup>182</sup> Reigle (2001) measured the organizational culture with the Likert-type Organizational Culture Scale with 45 statements. This scale consists of 5 main dimensions. These are tongue, Icons and artifacts, Behavior patterns, Supported values, Beliefs and assumptions.<sup>183</sup>

Many different data collection methods are used in studies on culture. Kantek (2005; 2008), who is trying to develop a scale related to organizational culture, states that a combination of these methods, such as questionnaire, participant observation, structured interview, in-depth interview, group discussions, document analysis and business visits, can be applied in his study. Chandler, Keller, and Lyon (2000)<sup>184</sup> measured the organizational culture that supports innovation with a 10-statement Likert-type scale in their study. These expressions are improved product quality, eliminating ineffective work practices, new product idea, new ways to save money, new market ideas, trying new processes, improving team effectiveness, striving to improve efficiency and quality, trying out new ways to the way work is done and questioning the ways in which the work is done.

Subramaniam and Ashkanasy (2001)<sup>185</sup> used a 12-statement scale in their studies on organizational culture that supports innovation. These are being innovative, being quick to seize opportunities, enforcement for new experiences, risk taking, not being forced by too many rules, eliminating ineffective work practices, finding new ways to save, trying new processes, improving team effectiveness, trying to improve productivity and quality, trying new ways to the way work is done and questioning the way the work is done.

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<sup>182</sup> Sleezer, C.M., and Swanson, R.A. (1992). Culture Surveys, *Management Decision*, 30(2), pp. 22-29.

<sup>183</sup> Reigle, R.F. (2001). Measuring Organic And Mechanistic Cultures, *Engineering Management Journal*, 13(4), December, pp. 3-8

<sup>184</sup> Chandler, G., Keller, C., and Lyon, D. (2000). Unraveling the Determinants and Consequences of an Innovation-Supportive Organizational Culture, *Entrepreneurship Theory and Practice*, 25 (1), pp. 43-58

<sup>185</sup> Subramaniam, N., and Ashkanasy, N. (2001). The Effect of Organizational Culture Perceptions on the Relationship between Budgetary Participation and Managerial Jop-Related Outcomes, *Australian Journal of Management*, 26(1), pp. 33-54



Chavda (2005) stated that the support and trust of management, teamwork and reward-performance relationship positively affect innovation as elements of the organizational culture that supports innovation; He argues that bureaucracy, political control, and workload negatively affect innovation.<sup>186</sup> As the elements of the organizational culture that supports innovation, participation in decisions, sharing power, support and cooperation of management, learning and development factors positively affect innovation. The elements of promoting creativity, autonomy, allocating sufficient resources and low pressure positively affect innovation as elements of organizational culture that support innovation. The elements of the organizational culture that support innovation, spreading to international markets, being risk-oriented, long-term corporate goals, proactive information seeking, flexibility, openness in communication and future orientation factors positively affect innovation. The factors that encourage freedom in issues such as supporting new ideas, discussing and taking risks positively affect innovation. Autonomy, personal performance-reward relationship, organizational risk-taking tendency, tolerance of personal differences, organizational commitment, top management's support, responsibility to come up with new ideas, job security and moderate job uncertainty positively affect innovation. continues. As stated above, it has been suggested that the organizational culture and the organizational culture that supports innovation will be measured in different ways, however, the difficulty of measuring this concept fully has been expressed.

### **3.5 BARRIERS TO ORGANIZATIONAL CULTURE SUPPORTING INNOVATION**

Innovation, which has become the most important weapon of competition today, is becoming more and more important for business. To do this, one of the most important things that businesses need to look out for is to try to prevent factors that can create barriers to innovation. There are several factors that can create barriers to innovation. I am going to touch this issue from different perspectives. First barrier is an organizational structure that does not support innovation. In such organizations interdepartmental communication barriers preventing the exchange of innovative ideas and there are inappropriate measures limiting the benefits of innovative products and services. Innovation creation processes are not clearly defined and the

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<sup>186</sup> Chavda, K. A. (2005). Determinants of An Innovation Supportive Organizational Culture in Local Governments, The State University of New Jersey, Doctorate Dissertation

attention to customer requirements and expectations are not sufficient. Information about which product or service customers will buy, markets, technologies and the need for the creative process is incomplete. Innovations are incompatible create and can chaos instead of improvement. Another perspective is a management approach that does not support innovation. The motive to have control keeps people from being innovative. Middle managers make it difficult for top management to know about innovation. Wrong leadership style, excessive rules, restrictions, bureaucracy, intolerance to change and traditional thinking prevents organization from innovation. The next perspective is a group behaviour that does not support innovation. If groups are closed to all developments, except for solutions developed by them it creates inter-agency competition and discord, abuse and mistrust in organization which can lower the speed of innovation. There shouldn't be a competition between departments or battle of managers. Every department in organization should follow the main goal of the company and goals which were put in front of departments leading to the main goal. Group members shouldn't feel fear of being excluded or being humiliated. Everybody must be equal and each reasonable idea must be listened. Individual behavior that does not support innovation is another problem in organizations. Fears of trying new, risk, change, making a mistake, looking ignorant, showing your personal thoughts and sharing personal ideas with peers due to easy replication prevent workers from being innovative. Apparently these fears are not created solely because of workers individual characteristics, certain conditions in organizations which are stated above lead to these fears. Inability to meet the need for qualified employees, failure to meet financial needs. failure to comply with the requirements of the object and lack of sufficient technical infrastructure also prevent from hindering the innovation in organizations.

## **CONCLUSION**

One of the most studied topics in recent years, both in the business world and in the management literature, is undoubtedly innovation. Businesses want an innovative way to gain a competitive edge and thus gain a market advantage; Researchers are exploring how this can be achieved, managed and scaled up. Throughout the study, it has been argued that there are many determinants (determinants) that influence innovation. Each researcher attaches relative importance to one of the determinants of the concepts, which is influenced by so many factors. For us, one of the most important factors influencing innovation is organizational culture. The abundance of research in the literature on this topic, in which innovation and organizational culture are linked to each other, shows that there are researchers who think like us. Moreover, when we look at the literature on organizational culture in recent years, there is a lot of research related to innovation. In the literature, the organizational culture associated with innovation is usually referred to as either an innovation culture or an organizational culture that supports innovation. While there are many studies attempting to identify the determinants of an organizational culture that supports innovation, where organizational culture and innovation are intertwined, there is no consensus on what are the determinants of an organizational culture that supports innovation. The study attempted to contribute to the pool of information on the determinants of organizational culture that supports innovation, which they tried to present from very different points of view, and to identify the relationship between innovation and organizational culture that supports innovation. The starting point of the study was to better understand these concepts and to view organizational culture as an organizational culture that

supports innovation from a different perspective, and to show to what extent this factor influences innovation.

Successful organizations often respond effectively to evolutionary changes in the business environment, especially in the marketplace. Organizations need unique substitutes, new products, or breakthrough products to achieve long-term improvements. If an organization expects a significantly higher level of development than industry development, it must seriously consider innovation. All these conditions and developments make innovation an irreplaceable subject of study for every company. This situation is relevant not only for the private sector, but also for state and state-owned companies, which in their position can be called semi-public. Today, one of the things that companies have to do to stay in business and compete is innovation and the right organizational culture to make them successful. Because organizations need to constantly update and change their products, services, structures, processes and strategies in order not to remain indifferent to the changes in their environment and continue to exist.

A review of the relevant literature has shown the impact of organizational culture on firm innovation. Successful organizations have the ability to add innovation to organizational culture, and organizational culture is at the heart of organizational innovation. Organizational culture influences the degree to which innovative ideas are encouraged, supported and implemented. Organizational culture can inhibit creativity as well as foster innovation. Since organizational culture can both improve and prevent the effectiveness of innovation, companies seeking to develop / improve the effectiveness of innovation should pay attention to their organizational culture. Our study of the impact of organizational culture on firm innovative performance is an examination of the relationship between organizational culture and innovative performance and their impact on each other using existing literature. We can say that when businesses create an organizational culture that supports innovation or want to strengthen their organizational culture that supports innovation, they should give priority to the innovation tendency in the enterprise, to empower employees and to create a bond of trust among employees. We can say that if employees in an enterprise are empowered in training and organization support is given in this regard, and if the use of resources is supported and creativity is encouraged, a high level of trust can be established in the enterprise. Again, we can say that creativity will be positively affected when a bond of trust, empowerment and flexibility is established in the business, and the

relationship between all these dimensions will contribute positively to the organizational culture that supports innovation.

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