Power of innovative culture within organisations

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Dmitry Moiseev and Polina Koroleva
Kalmar, May 2012
Abstract

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**Program:** Leadership and Management in International Context  
**Title:** Power of innovative culture within organisations

From 18 century almost everything that occurred during economic growth was done due to innovations. Companies started to understand that innovations could give a competitive advantage and increase organisational effectiveness. Innovative culture, in turn, is one of the most important conditions that make innovations happen. However innovative culture is not so popular and common within a lot of companies, maybe because of lack of knowledge according to this notion, maybe because of unwillingness and fear to change something.

Innovative culture consists of aspects that have some particular shade and lead to innovations’ creation. In this research we defined innovative culture, determined and analysed different aspects that differentiate it among any other kind of culture. We showed advantages of innovativeness and described the leadership style which serves to innovations. Our findings are proven by the examples and words of leaders from global companies, which helped to build us empirical part.

Key Words: innovation, innovativeness, organisational culture, innovative culture, leaders’ tasks, leadership, innovative leadership.
### Table of Contents

**ACKNOWLEDGEMENTS** .......................................................................................... 1

**ABSTRACT** ........................................................................................................... 3

**LIST OF FIGURES** .............................................................................................. 6

**1. INTRODUCTION** ............................................................................................. 7
1.1. **BACKGROUND** ......................................................................................... 7
1.2. **RESEARCH ISSUE AND RESEARCH QUESTION** ...................................... 10
1.3. **THE PURPOSE** ............................................................................................ 10
1.4. **JUSTIFICATION** .......................................................................................... 12
1.5. **THESIS STRUCTURE** ................................................................................... 13

**2. METHODOLOGY** ............................................................................................. 14
2.1. **ACTING DURING RESEARCH** ................................................................. 14
2.2. **CHOOSING A TOPIC AND FRAMING A RESEARCH QUESTION** ............ 15
2.3. **DATA COLLECTION** ................................................................................... 17
  2.3.1. Interviews .................................................................................................... 18
  2.3.2. Strategy concept plan ................................................................................... 18
2.4. **THE SYSTEMS VIEW** .................................................................................. 20
2.5. **QUALITATIVE RESEARCH** ......................................................................... 21
2.6. **Grounded Theory** ....................................................................................... 22
2.7. **CASE STUDY** ............................................................................................... 23

**3. THEORETICAL FRAMEWORK** ...................................................................... 24
3.1. **INNOVATION** ............................................................................................... 24
  3.1.1. Background .................................................................................................. 24
  3.1.2. Understanding of innovation ....................................................................... 25
  3.1.3. The mosaic of innovation ............................................................................. 29
  3.1.4. The goal and role of innovations within organisations ............................... 30
  3.1.5. Types of innovations .................................................................................... 32
  3.1.6. The innovation cycle in organisations ........................................................ 35
  3.1.7. Innovation risk ............................................................................................ 37
3.2. **ORGANISATIONAL CULTURE** ................................................................. 39
  3.2.1. Genesis of organisational culture ............................................................... 39
  3.2.2. Understanding of organisational culture ..................................................... 40
  3.2.3. Theories of organisational culture .............................................................. 41
  3.2.4. Pieces and parts of culture .......................................................................... 47
  3.2.5. Culture as a metaphor and metaphors for culture ....................................... 49
3.2.6. Types of organisational culture ................................................................. 51
3.3. **INNOVATIVE CULTURE** .......................................................................... 53
  3.3.1. Dimensions of innovation culture ............................................................... 55
  3.3.2. Three roles .................................................................................................. 56
  3.3.3. Changing corporate culture towards more innovative .................................. 61
  3.3.4. Activities that foster growth of innovative culture ...................................... 63
3.4. **LEadership IN INNOVATIVE ORGANISATION** ......................................... 64
  3.4.1. Background ................................................................................................ 65
  3.4.2. “Fleas and Elephants” ................................................................................. 67
3.4.3. Tasks of a leader ................................................................. 68
3.4.4. Types of employees ........................................................... 73
3.4.5. Innovative Leadership ......................................................... 77
4. EMPIRICAL PART .................................................................. 79
  4.1. COMPANY SELECTION .......................................................... 79
  4.2. FLEXLINK ........................................................................ 80
    4.2.1. Brief overview .............................................................. 80
    4.2.2. Company’s credo .......................................................... 80
    4.2.3. Key figures ................................................................... 82
    4.2.4. Structure and possible scenario of innovation ..................... 83
    4.2.5. Network of COESIA GROUP .......................................... 84
    4.2.6. Sustainability at Flexlink .................................................. 85
    4.2.7. Conclusion of the case study ............................................ 88
  4.3. NORDEN MACHINERY AB ..................................................... 89
  4.4. ANALYSIS ........................................................................ 89
    4.4.1. Human Resource Manager, Flexlink, Sweden ...................... 89
    4.4.2. Managing Director, Flexlink, Italy ...................................... 92
    4.4.3. Managing Director, Flexlink, Spain .................................... 94
    4.4.4. Automation Manager, Norden .......................................... 96
    4.4.5. Sales manager, Norden .................................................... 97
5. FINDINGS AND CONCLUSION .................................................... 99
  5.1. FINDINGS .......................................................................... 99
APPENDICES ............................................................................. 104
  APPENDIX 1. GROSS DOMESTIC EXPENDITURE ON R&D AS A PERCENTAGE OF GDP .... 104
  APPENDIX 2. LIST OF QUESTIONS ................................................. 105
  APPENDIX 3. TABLE OF STRATEGIC CONCEPT PLAN. ................................. 108
    Plan 1. .................................................................................... 108
    Plan 2. .................................................................................... 111
List of figures

Figure 1.1. Gross domestic expenditure on R&D as a percentage of GDP................................................................. 7

Figure 2.1. Table of strategic concept plan................................................................. 18

Figure 2.2. Relation between aspects and innovative culture........................................ 20

Figure 3.1. Developing idea for innovation..................................................................... 26

Figure 3.2. The Mosaic of innovation............................................................................ 28

Figure 3.3. Goals of innovation in organisations......................................................... 31

Figure 3.4. Types of innovations.................................................................................... 35

Figure 3.5. Levels of culture.......................................................................................... 42

Figure 3.6. Denison organisational culture model....................................................... 44

Figure 3.7. Functions of culture.................................................................................... 46

Figure 3.8. Pieces of culture........................................................................................ 47

Figure 3.9. Culture as a subsystem in an organization................................................. 49

Figure 3.10. Culture as a metaphor: a fundamental dimension which permeates various “subsystems” 50

Figure 3.11. Examples of types of organisational culture............................................. 53

Figure 3.12. The innovation culture table..................................................................... 54

Figure 3.13. Dimensions of innovative culture............................................................ 56

Figure 3.14. The innovation cycle............................................................................... 58

Figure 3.15. Relation of three roles.............................................................................. 61

Figure 3.16. Myers-Briggs type Indicators................................................................... 73

Figure 3.17. Classification of creative employees......................................................... 76

Figure 4.1. Key figures of Flexlink............................................................................... 82

Figure 4.2. Organisational structure of Flexlink.......................................................... 83

Figure 4.3. Production logistics’ impact on operational performance in manufacturing industries................................................................. 86

Figure 5.1. Our view on the important aspects of innovative culture............................ 103
1. Introduction

This chapter provides with background and research question, explains purpose and justification of thesis. Finally, the structure of thesis is disclosed.

1.1. Background

The world has changed a lot the last half century. If we imagine the situation that was half a century ago we already can keenly feel this huge difference. Today there are new far-reaching trends such as globalisation, increasing competition between organisations, flattening of organisational structures, which are developing at a brisk pace. Obviously these trends affect the way this world rolls. We think that most of the drastic changes and new trends are connected directly and are consequences of innovations.

Innovations are important on various levels and for various reasons. From one hand, innovations play an important role for the world society as it drives economic growth. Thus, it leads to increasing of living standards and welfare. People get an opportunity to make their life more comfortable. Baumol (2002) states that “virtually all of the economic growth that has occurred since the eighteenth century is ultimately attributable to innovation”. From the other hand, innovations are important for organisations as they have a positive impact on them. Innovations may provide them with competitive advantages, facilitate their development, open new horizons. Moreover, innovations have a positive influence on employees. Organisations, which consider innovation as one of their core values, stimulate employees with exciting and challenging work; they encourage people with worthy ideas. We agree with Brynteson (2010, p. 7) that “employees who are allowed to innovate and be creative are happier and have higher morale”. Thus, innovations have potential to turn our world for the better.

The figure below shows percentage of Gross Domestic Product that went on research and development. This is only part of the figure, for the full one see Appendix 1. There are some countries that have negative dynamics in this direction, however in most countries rate increased. That shows that there is a trend to spend more money on research and development. Appendix 1 reveals
that on average 40% of companies are involved in innovation activity. That also points on the trend and on the aspect that innovation is integral part of business life.

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Figure 1.1. Gross domestic expenditure on R&D as a percentage of GDP
Source: Main Science and Technology Indicators, OECD Science, Technology and R&D Statistics, 2011
Power of innovative culture within organisations

However, there is always another side of the coin and besides opportunities the 21st century came with different problems. One of the most urgent challenges of the 21st century that need solutions are global warming, obesity, different types of addictions, shifts in resources, environmental pollution, demographic shifts and this list is possible to continue and continue. Brynteson (2010) considers all these challenges through “innovative lenses” and we think that is how the world society should look at them because we believe that in future innovations will provide us with solutions.

After realizing significance of innovations in general we asked ourselves: how is it possible to make innovations happen? That is not a simple question and the answer includes many different aspects. We would like to touch on the aspect of shaping innovative culture within organisations.

The trends that we mentioned above have a great impact on people all over the world. Today world society can observe forming of global economy where integration of interdependence between countries enormously increased. Common economic space is shaping where industries’ structure, exchange of information and technology, geographical allocation of productive forces depend a lot on global situation. Moreover, globalisation brings together business and consumer cultures of different countries and international communication increasing. Organisational structures in companies are undergoing shift from vertical to horizontal. More and more organisations change their structure to less hierarchical. 21st century is the age of “intangible assets” (Ashby and Miles, 2002).

All these and other trends influenced a lot on cultures within organisations. Thus, the scheme and approach for shaping culture are changed. Innovation became one of the crucial values within successful companies. We would like to investigate how cultures of organisations fit in such context and what aspects are important for shaping innovative culture.
We would like to examine what is significant for creating such culture where people are highly involved, share values and have a common purpose.

1.2. Research issue and research question

Our main research question is:

*Which aspects are important for shaping an innovative culture within organisations?*

Innovative culture is still not so common along companies. Moreover, there is not a lot of literature written according this issue. We decided to investigate what aspects facilitate building such culture. Further we investigate such aspects as what kind of communication has to exist to make the culture innovative, which people are responsible for making innovations happen, how people are motivated to behave themselves innovative and others.

Before answering the main question we will provide conceptual framework of innovative culture. It means that to evade misunderstandings we will explain firstly the notions and related issues that are essential to start considering innovative culture. These are innovation and organisational culture. We think it is vital to speak the same language.

We would like not only identify the aspects specific to innovative culture but also elaborate them profoundly to understand which role each of them plays. We realize that the number of these aspects is large. They could be from different dimensions and distinctive by content. However, we would like to identify and examine them in depth.

1.3. The purpose

So far as innovation culture is very wide topic we define the purpose of our research as deeper understanding of innovation in general, innovative culture and the role of leadership in creating and maintaining such kind of atmosphere in the organisation. This work completes and shapes our previous knowledge
Power of innovative culture within organisations

about management and leadership with great theoretical base. Moreover, the empirical research also gives us new concepts and thoughts about innovativeness and leadership aspects. In Russian science the concept of leadership is different from European. Usually a leader is associated with politicians. There are not many books that translated into Russian about leadership and less of them are written by Russian authors. The Master’s Programme provided us with conceptual framework of leadership and management. Moreover, this year in the university gave us awareness of differences of these practices and understanding of the role of leadership in various directions. Due to this project we analysed innovativeness within organisations from leadership perspective. Since we are interested in innovations and we want to be leaders in future we would like to know how it is possible to shape and encourage innovative culture, this research is valuable for ourselves for the development different skills that are necessary for successful work.

“Innovation is becoming THE corporate strategy” (Phillips, 2007, p. 2), thus our study is valuable not only for ourselves but also it can be useful for readers of this thesis. Building the culture that supports and includes innovation can be the challenge that organisation faces and it is important to know the possibilities and opportunities of creating such kind of culture. Innovations and innovative culture are very “hot” topics nowadays. It is the possibility to change our life for the better. Thereby, our research touches an important subject and provides some answers to certain questions about possibilities of creating innovative culture, aspects which constitute it and the role of leadership. We think that this study helps readers to evaluate the importance of building and maintaining innovative culture and enhance the significance of leadership aspects related to this topic. From the fact that everybody has a different perception of innovations, culture and leadership, we examined these issues from different angles in order to fulfil a picture and give better understanding about what innovative culture in organisations can be. With our thesis we would like to make a contribution to the extensive research in the leadership and innovations’ field and transmit our knowledge to readers.
Power of innovative culture within organisations

1.4. Justification

Innovation as the value “is among the top priorities” (Morris, 2007, p. 2), the key to the progress and betterment of the welfare of a society, therefore we think that our topic is interesting for the large and diverse audience. Innovations are among everybody even in the daily life, from the perspective of the consumer either from the perspective of the producer. Thus, different aspects in our topic touch the life of every human being. On one hand, innovative culture, in turn, is one of the most important conditions in which innovations are born; it is an expression of people, their values, beliefs and experience. On the other hand, innovative culture includes itself some special conditions and components for fostering innovations. In the thesis research we looked for organisations, because it is the first place where innovations happen. Innovation is a result of collective work; it is creating and improving through active teamwork. These teams, in turn, are consisted of individuals, who are the “heart” of this hard process. In our days most of companies realised that creation and promotion innovations among humanities can be the great competitive advantage and chance to go to a forefront in the business.

For more in-depth analysis of innovative culture, we have analysed company which represents an example of innovations that are improving our existence in the world and trying to solve some of the major problems of humans that are connected with the environment. This topic, we believe, also is valuable from a leadership perspective, for leaders and followers, because they are main components of organisational culture that we analysed. Leader is the cornerstone in building the innovative culture; followers are people who directly influence this ongoing process. Knowledge about opportunities, possible ways of creating innovative culture and aspects which are included in this are the half of the whole “course line” to make your organisation flourishing.
Power of innovative culture within organisations

As far as innovation is relevant theme of today, we argue, that the topic of our study is interesting for every person who not only live day to day, but likewise concerned about the prosperous future for him or herself as well as for all people.

1.5. Thesis structure

We divided our research in 5 chapters. Chapter 1 presents the main ideas and reasons of our work. The background gives a partial understanding of the topic and reflects our motivation. After, research question, issues and justification explain why our study is valuable for ourselves and important for other people.

Chapter 2 is about methods and explanations of different approaches that we had chosen. The methodology chapter intends to help us with writing, collecting data and using different resources, in order to reflect properly our thoughts and structure the thesis.

The backbone of the thesis is theoretical framework in Chapter 3. There we reflected the main theoretical aspects. This chapter consists of three pillars: definition of innovations in general, identification of innovative culture, where we touched differences between innovative and corporate culture and various aspects that have an influence on it and finally the role of leadership in creating and maintaining such kind of culture.

Chapter 4 includes case study of Flexlink AB and it is supplemented with interviews from Norden Machinery AB.

Chapter 5 is conclusion where we give some answers on previous issues and pick out main findings, giving reflections about empirical part related to the theoretical framework.
2. Methodology

This chapter describes which methodology approach was chosen, how we acted during the research, why we chose the topic. It also includes information about how we collected and analysed data during our research.

Methodology is aimed to explain how to work on the thesis. Methodology is complex of various methods and approaches which helps us as researchers to collect and process information and further to obtain new knowledge. These methods and approaches will let to work with information from different perspectives.

2.1. Acting during research

On every stage of our research we tried “to think and to reflect critically” (Arbnor and Bjerke, 2009, p. 23). It means that we had to eliminate barriers and limits that aroused in front and obstructed our ability to think “unconditionally” (Arbnor and Bjerke, 2009 p. 23). That is not an easy process. It required from us more efforts. From one hand, each of us devoted more time and energy towards elaborating different issues. From the other hand, through constant debates, discussions, questions we tried to break the deadlock, to force our imagination to see new alternatives of various issues.

However, we realise that we are human beings who possess certain experiences and clichés. In one case it is possible to free yourself from them for a period of time; in other case it is impossible as we are inmates of these experiences and clichés. We are convinced that the point that we are two different personalities gave us extra value for the research because we could share attitudes and also force each other to think and see differently.

During research process we considered phenomena as innovation, organisational culture, innovative culture, leadership from different perspectives. We think that such approach permanently gave us hints for new ideas. For instance, organisational culture is an abstract notion that can be perceived as a mechanism to manage relationships or as a compass or as
social glue. In this case we do not strongly bind our perception to one of these metaphors rather compile all the perspectives to achieve better understanding. We think that considering phenomena from different perspectives provide with new insights as well as with deeper comprehension; it gives an opportunity to go wide as well as deep.

According to Geertz “the academic prose of hard scientists has traditionally been seen as author-evacuated” (Harwood, 2005, p. 1208). However, we intend to use pronouns and possessive adjectives as “we” and “our”. Because these “guide the reader through the argument, state personal opinions and knowledge claims, recount experimental procedure and methodology, and acknowledge funding bodies, institutions and individuals that contributed to study in some way” (Harwood, 2005, p. 1210). These pronouns and possessive adjectives helped us to describe the research process better. “The researcher who is totally free from previous knowledge does not exist” (Daudi, 1986, p. 126), thereby, we believe, pronouns and possessive adjectives demonstrate more our involvement in the work as researchers, and the proximity to the chosen theme, reflecting our previous knowledge and experience. The interpretation of data and further analysis are based on our own skills and experience.

Since our topic is linked to the organisational culture, it was interesting to analyse innovative culture as social phenomenon and to understand people’s actions and interactions. The research was a social process as well, and we saw ourselves as a “participant observes”, we were the part of the process with our own experience in this field, even “… it is not identical to that of those who live with it and experience it” (Daudi, 1986, p. 135).

2.2. Choosing a topic and framing a research question

The choice of the topic we “will have to live with for some time” (Corbin & Strauss, 2008, p. 21), seemed an easy task for us at first glance. By choosing the direction that best suits us from the full list of available topics we have
decided that the process of thesis writing will be easier and results should be better, if we combine selected by us research problems into one common problem. Therefore, the first variant of the topic for our intended research sounded like “Power of innovative and creative culture”. No doubt, this choice excited us, and we truly believed that this issue would be close and interesting to readers as well as to ourselves.

According to Fisher (2004), durability of the topic is an important point of the choice as well. We believe that our subject will be relevant for a long time, even more now it is located at the peak of its development. Organisational culture has always existed in every company and leaders at this stage began to understand its nature and use culture as a competitive advantage. Fisher (2004) also argues that when you are choosing a topic it is crucial to think further and be sure about its availability or access. And here we were not mistaken. Innovations in many organisations are replaced in the first place: the emphasis is made on its production; strategy and vision are built according to the innovation process. And the variety of companies that may be suitable for the study is very large. Many leaders create separate departments within his or her organisation which encourage research and development of innovation, and certainly there should “prevail” innovative culture, so we have thought in advance the possibility of obtaining interviews. Also it relates to the searching of literature, which consists of information about innovations, organisational culture and leadership.

Nevertheless, despite the fact that our first choice of subject met all requirements, then we faced with some challenges, which forced us later to change a little the direction and our topic. This problem lies in the fact that we realised that it is hard to “narrow the problem down sufficiently to make it into a workable project” (Corbin & Strauss, 2008, p. 21). By going deeper in the topic and analysing some literature sources we recognised that our theme is too wide and it is a big danger to find ourselves “flying around and unable to get a purchase on it” (Fisher, 2004, p. 34). Of course, the concepts of innovation and creativity as well as innovative and creative culture can be
interacted. Creativity, for example, can be regarded as one of the desirable components of organisational culture. Having analysed this fact on the other side, we found that putting the considered problem so broad carries the danger and we risk “running out of time to complete the dissertation on schedule” (Fisher, 2004, p. 33). Thereby we decided to build our thesis around innovative culture as a part of organisations and the engine of success.

Forming the research question we took into account the fact that qualitative research (the choice of qualitative research is explained in 2.6.) is built on analysis of different concepts and hypothesis and should be flexible with “freedom to explore a topic in some depth” (Corbin & Strauss, 2008, p. 25). It is really important to formulate the research question right, in order to be able to find answers, discover something and come up with the conclusion. We believe that our research question helped us to create the structure of the thesis and determine data and issues that we have to look for. The choice of the research question reflects our interest in different aspects that shape a culture of innovations in organisations, our desire to find them and examine in the study.

It should be mentioned that discussions with our tutor and professors helped us in shaping a common idea of our thesis and creating a theme and the whole structure of the work.

2.3. Data collection

Data collection includes a lot of different sources such as interviews, documents, videos, books and almost everything you can imagine. During our study, we used a variety of literature sources, interviews, online magazines and newspapers, for finding the suitable information about companies under consideration, some quantitative data. Regarding the literature review, with which we actually began, it is important to say that we used printed books as well as electronic variants, libraries and different Internet services, which are very popular in our time. It significantly accelerates the process of reading, by
making it easier in highlighting necessary information and in simplification of further search within the document.

2.3.1. Interviews

Our main technique for gathering primary data was interview. Every interview was taken by “Skype”. During interviews in some cases we could see and hear a person in others we could only hear. Thus, we employed two different types of interviews: “personal interview (face-to-face)” and “telephone interview” (Arbnor and Bjerke, 2009, p. 181). Through interview we gathered “data of an objective kind” (Bjerke, 2012).

Before taking interviews we combined a list of questions (see Appendix 2). This list includes questions about a person that we took interview, his role within a company, general and specified questions according innovative culture within certain organisation. However, this pattern was used only as an outline. We did not try to force interviewees strongly follow that structure. These questions helped to direct them in particular way. Most of the questions are open. There was always alternative to answer on them. During interviews we did not try to influence on interviewees. We tried to make atmosphere more friendly and informal so interviewee could feel him or herself comfortable and relaxed for easier information sharing.

2.3.2. Strategy concept plan

To make the writing easier for working with literature we made our own strategy or the Table of strategic concept plan that was created for identifying key aspects and points during the reading. This table structured selected information, did not allow us to lose influential components, identified a lot of items that was necessary to describe, and, if it possible to say, gave “food” for thoughts and ideas. It helped to make the literature review better, “where themes and ideas are taken from the literature, evaluated, and then woven into a coherent argument about the subject matter of the dissertation” (Fisher,
2004, p. 105). Also we can name it as some kind of structured “notes taking”.

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<td>computer change business</td>
<td>innov in service 143</td>
<td>p 16 graph</td>
<td>ideas are only beginnings !!!</td>
<td>innov is by nature an organic</td>
</tr>
<tr>
<td>org are more powerful than individuals !!!!!</td>
<td>innovation = ideas + motivation !!!</td>
<td>quality of life !!!</td>
<td>laser</td>
<td>types of innovation 16</td>
<td>value after innovation is ‘completed’</td>
<td>‘completed’ 35 !!!</td>
<td>innov and ongoing operations are always inevitable in conflict</td>
</tr>
<tr>
<td>Thomas Edison background</td>
<td>innovation = ideas + process !!!</td>
<td>example of nine dots and 3 lines 19 - thinking outside the box</td>
<td>all specialties are needed in every cycle !!!</td>
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</tbody>
</table>

- global innovation management
- think, play, do
Power of innovative culture within organisations

- the myths of innovation
- trot
- harward business review

Figure 2.1. Table of strategic concept plan

Above is an example of the table, which we made for “Innovations” in the theoretical part. The principle of the table is quite simple and clear. First, should be identified the parts that have to be included in the chapter for a full reflection of information. We put them horizontally into the top of the table. Further the process of gathering information begins, finding something interesting and appropriate to our topic, we wrote the quote or the general idea in the suitable column, also reflecting the page. In order not to take the place in the cell by reflecting authors and titles, we decided to use different colours for each book. Meaning of every colour and its’ relation to the particular author are listed below, in the end of the table. The analysis of the chapters went much faster, because when the literature and therefore the table were coming to the end, we had not only a clear idea about the content and the structure, but we had the half of the work in printed form. It remained only to properly reflect and discuss the notes on the paper and mark a point in the table as “done” with three exclamation marks, in order not to pay attention on them anymore.

2.4. The systems view

Arbnor and Bjerke (2009) distinguish three main methods for creating business knowledge. These are analytical view, systems view and actors view.

We have chosen systems view. It is “a framework by which a creator of knowledge can analyse and/or describe any group of objects that work in concert to provide some result” (Arbnor and Bjerke, 2009, p. 102). During our research we investigate which aspects are crucial for shaping innovative culture. These aspects are components that are interdependent and they form systems reality (see figure 2.2.). Composition of these components generates
“synergistic effects” (Arbnor and Bjerke, 2009, p. 63). It means that the components are considered separately as well as in relation with each other. This relation between them is also a valuable source of information.

Figure 2.2. Relation between aspects and innovative culture

### 2.5. Qualitative research

According to Strauss and Corbin (1998, p. 10) qualitative research is “any type of research that produces findings not arrived at by statistical procedures or other means of quantification”. It can relate to research about people's lives, how they behave themselves, what they feel and so on. Part of the information used in the research can be quantified as it is gives a wider picture of the studied issue; however, the main part of the analysis is “interpretative” (Strauss and Corbin, 1998, p. 11). Qualitative research can encompass qualitative data as well as quantified but the results are found out through “nonmathematical process of interpretation” (Strauss and Corbin, 1998, p. 11).
Qualitative research consists of three parts. The first part is data which can be derived from different sources, for instance, observations, interviews, videotapes, documents, etc. Second part is procedures which are related to coding. Finally, the third part is formed by written and verbal reports.

2.6. Grounded Theory

There are various ways to conduct qualitative research and one of them is grounded theory. Strauss and Corbin (1998) define grounded theory as “theory that was derived from data, systematically gathered and analyzed through research process”. The processes of collecting data, analyzing it and finally emergence of theory are in close relation with each other. Usually the research is not initially based on some certain theory rather than theory appears during research. Strauss and Corbin (1998, p. 12) assert that theory that is a drawn from data is more likely to reflect reality. Such theories are able to propose more profound and wide understanding, and also considerably lead towards action. Grounded theory approach is aimed not to prove or examine an already existing theory rather clarify a process.

The main aspects of grounded theory are “its iterative study design, theoretical (purposive) sampling, and system of analysis” (Lingard, Albert and Levinson, 2008). Throughout the research data is collected according research issue and preliminary analysis is made. Preliminary analysis gives an outcome that provides impulse for further data collecting. During analysis data is constantly comparing. Iterative design is followed by sampling process. The sample is not defined initially but it is picked in the course of analysis process. All the aspects are interdependent. It is important to use all these components during research to facilitate emergence of theories and models.

Since our topic is closely connected with organisational functioning, relationships between leaders and followers, people’s behaviours we think that qualitative approach fits well for our study. During our research we used different quantified data in order to supplement it with more information and
make the picture of the situation more explicit. However, the bulk of the study is qualitative data.

Initially we were very inspired by hunger for answer on our research question but we did not have an exact theory on which we based. We just started to collect and analyse different information. In the beginning we started with theoretical framework and then gradually collected empirical data. The core of our empirical data is interviews. Further final analysis was conducted and we came with the answer on the research question; the theory emerged in the end.

2.7. Case study

For composing and further analysis of empirical part we have chosen case study approach. “Case studies enable you to give a holistic account of the subject of your research. In particular, they help the researcher to focus on the interrelations between all the factors, such as people, groups, policies and technology that make up the case studies” (Fisher, 2010, p.69). This approach gives an opportunity to understand the research issue broader and deeper. Moreover, it facilitates elaboration according correlation between studied variables. Our case study is based on one company. Most of the research data is qualitative which interviews are but also some documentary sources were used.

We have chosen case study approach because it allows investigate phenomenon within context in the situation when the borderlines between them are vague. This approach includes diversity of methods for research and it can encompass qualitative data as well as quantitative. Moreover, it has an ability to employ previously gathered theories to guide further empirical data collection.

During conducting case study we did not rely on one specific kind of facts rather tried to use a combination of them. We investigated the research issue
from various perspectives. Moreover, we elaborated a formal pattern for collecting data so all the gathered material has a homogeneous nature. We traced a way to link the findings and conclusions with initial “raw research material” (Fisher, 2010, 71). Furthermore, we were aware that some information gave by interviewees could be bias.

3. Theoretical framework

This chapter encompasses the essential theories related to the research. It includes conceptual framework about innovations, organisational culture and innovative culture.

3.1. Innovation

In this sub-chapter the definition of innovation, its main features, advantages and different aspects are discussed.

3.1.1. Background

Nowadays organisations are one of the first suppliers of innovations, in some case it became the religion of the 21st century. “It is also emphasised the need to view innovation within the context of the organisation” (Trott, 2008, p.81). The current stage of development of the global market is characterised by increasing dynamics, instability and, above all, the globalisation of business. This, in turn, raises competition and forces companies to seek new opportunities to gain an advantage. Around 70 years ago Schumpeter (1942) told that price competition is receding into the background, while in the forefront comes competition for a new product or service, new industry or new type of organisation. Thereby, innovative component of the business is becoming a key factor in global competition, and globalisation of the world economy only accelerates the progress of this process.

The problem is that there are still a great number of organisations that “are not built for innovation; they are built for efficiency” (Govindarajan & Trimble, 2010, p. ix). In turn, it is obvious that organisations, at this stage of economic development, are much more powerful than individuals and have all opportunities
to change the world, the task of producing and promoting innovations lies on companies’ “shoulders”. Since innovations are the driving force and a prerequisite for the company, they play a crucial role in the strategic management of an enterprise aimed at survival, preservation and strengthening of its position in the market in the long term perspective. Thus, the best solution to achieve all these is to combine efficiency with innovations. Creation and promotion of innovations should become one of the core values and purposes of an organisation, the DNA of a company.

3.1.2. Understanding of innovation

Innovation has no specific sizes, shapes or colours; that leads to the appearance of multiple definitions, that depends on what sphere, industry, organisation or even profession it is used. “Innovation can only properly be understood in the context of the particular social and cultural environments in which they are developed and used” (Dodgson & Gann & Salter, 2005, p.19). Each organisation can provide a concrete definition of innovation, related to the direction of the company.

It is important to notice that innovations never stand alone. Berkun (2007) put interesting example of keyboard, to show how a combination of things and previous innovations are formed together and transformed into an innovation. If we had crossed created several years ago programming language, operating system or even an ordinary plastic, the keyboard did not appear before us today. So it is a big mistake not to take into account already existing things and isolate some factors, because without them, innovation does not happen. Berkun (2007) also compared innovation with mosaic. Even without some of the smallest and seemingly unnecessary puzzle the full picture does not emerge. This comparison is given by Berkun (2007) as an example in his book “The myths of innovation”, but he regarded the process of innovation from a technological point of view, considering the puzzle as set of components of innovation. In our understanding, one of the main components of innovation are people who are working on it. Without organisations and employees, talents and leaders, the “mosaic” would not appear
at all, no one would see in a set of scattered puzzles picture of what can happen.

A lot of various definitions of innovation are given, one has only to open a book or article where are plenty of interpretations can be found, and each of them considers this notion from different points of view.

“An innovation is a product or service with a bundle of features that is - as a whole - new in the market, or that is commercialized in some new way that opens up new uses and consumer groups for it” (Westland, 2008, p. 6).

“Entrepreneurs innovate. Innovation is the specific instrument of entrepreneurship. It is the act that endows resources with a new capacity to create wealth. Innovation, indeed, creates a resource” (Drucker, 1993, p. 30).

Innovation is invention, providing a qualitative growth of efficiency of processes or products that are demanded by the market. It is the end result of human intellectual activity, their imagination, creative processes, discoveries, inventions and rationalization. These are some definitions that are relevant nowadays, whereas in the past innovations were considered “as a “gift” somehow uncontrollable by human decisions or activity” (Westland, 2008, p. 322).

The process of innovation in an organisation begins primarily with the birth of the idea. However, more often there are situations where an organisation has thousands of ideas and even half of them cannot come-true. From another point of view, the more the ideas are generated the bigger is the chance that at least one of them will be implemented, “more ideas - better ideas!” (Hargadon & Sutton, 2001, p. 56). Figure 3.1. shows the way of developing idea into the innovation.
Idea cannot come alone. In the book of Berkun an interesting myth about Newton and the apple fallen is described. This apple put the idea of gravity into the mind of scientist, if it really was true. This myth promotes the ploy that “great ideas come to people who are lucky enough to be in the right place at the right time. The catalyst of the story isn’t even a person: it is the sad, nameless, suicidal apple” (Berkun, 2007, p.4). This well-known story sounds great, however there is not a single word about the work of Newton which lasted for twenty years. If he had not studied gravity, the fallen apple would not have led him to one of the greatest discoveries in science, and this discovery would not happened by itself as a mathematical description.

Hereby, the invention does not become an innovation before the execution or implementation of it. Execution is happening at each step and in every area, but only by constantly introducing new developments and putting into the practice perspective ideas, innovation will take shape. An embodiment of an idea in the innovation is not only the creation of this idea, but also its dissemination, development, treatment and implementation. Innovation is not just a new product or service, it is a combination of different processes, managerial decisions and team work. It is not enough just to have an idea, even one that seems perfect at first glance, it should be possible to implement it into practice, to have capacity for it, time, patience and money.

Govindarajan and Trimble (2010) consider innovation as the sum of some
components, for instance, an idea and its realization. Then, in this case, an implementation of innovation requires a sequential process. Innovation by itself is unique, and certainly, each of them has its own unique process of development and implementation, but it is possible to create a “template” of this process, where everyone understands his or her role at each stage of the process.

As stated earlier, innovations include many aspects that one should carry out. Who makes a decision what idea can be taken for implementation? Who moves this idea further? The next component, which is included in the process of innovation according to Govindarajan and Trimble (2010) is a leader. It is the component that makes innovation happen. “After committing to a Great Idea, many companies put great emphasis on finding the Great Leader to execute it” (Govindarajan and Trimble, 2010, p. 9). Leadership role in the creation of innovation should not be underestimated. Rapid changes in our time are not surprising, therefore, the leader have to create conditions of stability and commitment to continuous development, while at the same time be able to recognise employees who have great initiative and have a potential to innovate. In each company there are people whose capacity is not enough to be leaders, but it is enough to successfully implement the most innovative projects. The Leader by himself or herself cannot organise all process of innovation creation, accordingly he or she needs the team, members of which are complementary and interchangeable with each other in achieving goals, which are learning from each other and sharing common goals. The only path to create such kind of team for productive work “is to depend on one another” (Hesselbein et al., 2002, p. 19). Important quality of a leader is his or her involvement in the innovation in order to “develop a culture that nurtures creativity and innovation” and “establish the strategic direction within which innovation should take place” (Tushman and O’Reilly et al., 2003, p. 129).
3.1.3. The mosaic of innovation

![Diagram of the mosaic of innovation](image)

Figure 3.2. The Mosaic of innovation

Along these aspects as **Idea**, **Leader** and **Plan** that the authors Govindarajan and Trimble (2010) consider in their book “The Other Side of Innovation”, we have added some components which we see are important for creation of innovation. “In fact, no product can be a product without having first been an idea that was shaped, to one degree or another, through the process of experimentation” (Thomke, 2001, p. 180). However, the idea is just the beginning of the hard work, without which the work would not have started, “there is too much emphasis on ideas, not nearly enough emphasis on execution” (Govindarajan and Trimble, 2010, p.3).

The connection of the puzzle below illustrates that the idea should pass through some “inspection” and been forceable at all extents, otherwise further work would not make sense. Since the creation of innovations is a long and laborious process that requires a specific plan, we decided to direct it into one aspect the sum of which leads to innovation. If the leader is part of this mosaic, his or her followers or the team certainly also are participating in the process at every stage from the start to the end. Innovation can be compared with a lottery ticket: a big waste of money to buy them does not mean that you will win. In any case, commercialization is an essential step in the implementation of innovations. According to Porter innovation is “a new way of doing things that is
commercialized” (Westland, 2008, p. 8). Execution or embodiment of innovation is happening at each stage of the organisational work. This is the action that a leader and his or her team make on their way to success. Therefore, execution is over every aspect that is included in the Mosaic of Innovation. According to Trott (2008), if a firm has the benefit of improving the innovation process, they need to arrange for places and continuously develop the factors that are stimulating the creation of innovations, such as creativity, R&D and leadership. Jigsaw puzzle has the same shape and colour and symbolises the fact that each of them can be moved or can be added by some new aspect. This is not a sequence of actions, it is not a plan of implementing innovations in life, it is rather the most important components that are needed for this. Should not be forgotten that this mosaic is only partially reflected some factors affecting the producing an innovation in an organization.

3.1.4. The goal and role of innovations within organisations

Innovations are playing an important role in improving the lives of all humanity, affecting the development of certain areas. On the purpose and role of innovation in our days, can be written a set of strings and can be given a large number of examples that have changed our existence for the better. Innovation is the driving force of economic growth, improving the welfare, a development of new types of jobs, etc.

The author of the article “Why is innovation important” Chris Mobbs divides the importance of innovation into several different areas in the organisation. According to him we created a chart which illustrates the role of innovation in the organisation:
Goals of innovation

Market
- Surviving in the infavourable changes in various conditions
- making customers' life easier, helping to improve their business
- achieving a competitive advantage
- increasing market share
- increasing market profile of the organisation
- giving the possibility to lead the market and enhance the reputation of a leader
- discovering new horizons

Eternal forces
- reducing the competition and/or having an influence on competitors

People and organisation
- stimulating and motivating people
- attracting and hiring high-quality staff
- ensuring the stability of workforce
- attracting partners to work with

Financial
- attracting new fundings
- increasing profits and profitability of a company
Power of innovative culture within organisations

Figure 3.3. Goals of innovation in organisations
Source: according to Mobbs (2010)

“An innovation process that successfully matches market demand with technological opportunity is a key source of sustainable competitive advantage” (Dogson & Gann & Salter, 2005, p.1), it is possibility to be confident in the future and be flexible to changes. Innovations can make organisations powerful, help to create the efficiency and put its developing in the sustainable way. The main prerequisite of innovative activities in the company lies in the fact that everything that exists is aging. Therefore, it is necessary to reject systematically everything that is worn out, outdated, that is the obstacle to progress, and to create new things. One more important role of innovation is creation of the main sources of value in the company and the impact on the corporate culture that will be considered further.

3.1.5. Types of innovations

It is important to distinguish innovation from inessential modifications in products and technological processes (e.g., aesthetic changes: colour, shape); insignificant technical or external changes in the products that does not provide a sufficiently significant effect on the parameters, properties, the cost of the product and its constituent materials and components. The novelty of innovation can be measured by process parameters, as well as from market position. From these different points of view classification of innovations is based. Depending on the technological parameters innovations are divided in two categories: product as an innovation and new process. Product innovations include the use of new materials and new components, obtaining fundamentally new products. Process of innovation means creating new methods of production, organisational structure.

According to authors of the book Managing Creativity and Innovation types of innovations are divided in two groups, depending on the novelty: radical and incremental. Incremental (minor, evolutionary) innovation is gradual changes in products, processes and strategies of the organisation, it is improving of something
that is already exists. This type of innovation is based on current knowledge and resources in a particular company. Also an incremental innovation more likely allows the product to remain competitive in the market, as it involves only little technological changes in existing products, processes or services. On the one hand, it is believed that minor innovations do not entail such a big risk, as radical, likewise, they bring a positive results with greater speed. On the other hand, evolutionary innovation “will not create a bridge between the current and the future generations of technology. Neither will they alter the competitive game in your favour” (Leifer, et. al., 2003, p. 7). Small incremental improvements can lead to significant changes over time. Definitely 30 years ago cars, compared with nowadays, were not saturated with gadgets. Over time, there were a lot of incremental innovations and today it is quite familiar to us to see an automobile with automatic windows, armrests and airbags. The creation of such improvements is necessary to extend the demand for the goods or services for the companies. Incremental innovations go hand in hand with radical, supplementing and giving the ‘field’ for the development of each other.

Radical innovation is something completely new for the world. These innovations are products, processes or services, that have never seen before or some properties that are already famous, but much improved in performance and price characteristics. Radical innovation based on research of new technologies which are fundamentally different from incremental improvements of existing products and which require an entirely new knowledge and resources. The emergence of such innovation in any industry makes existing products obsolete and not particularly competitive. Radical innovations are always associated with greater risk, and they take much longer time to be developed and implemented, “to be successful, companies must have the patience and the budgets to support these long timelines” (Ibid, 2003, p. 6). Thereby, this type of innovations requires in its process of creating a review of the social and cultural mobilizations in order to satisfy the needs of later targeted consumers. The early stage of radical innovation creation is rich in variety of features as well as it is poor in information. Due to the high degree of uncertainty, this phase of innovation process became known as “fuzzy” point. As one of the most popular examples can be taken creation of digital
camera. Today it is very difficult to see at least one person with a camera that takes pictures on film (unless, of course, it is not the most expensive Leica). Now photos appear instantly on the camera screen, where you can edit it or delete.

In addition to new product innovation can be submitted in view of the new process or service. “Great things happened when people rethink how best to serve customers” (Ibid, 2003, p. 9), many services are becoming increasingly popular, and new ones appear every year. According to the article *Succeeding through service innovation* (IfM and IBM, 2007) service systems occupy an increasingly important role in developing the global economy and become central in shaping the work of individuals, companies and government. Westland, in turn, speaks that during the 20th century the number of workers, involved in service work, and their salary increased minimum in 7 times and continues to grow each year. Service innovation can improve experience in finding, installation, upgrading of various products. The outstanding innovation in service was the implementation of electronic retailing by 7-Eleven, which reduced the cost of cash handling.

The last type of innovation, according to the classification of the Harvard Business Essentials, is the innovation in processes. Often hearing the word “innovation” people start to think about any material things, although improved processes as innovations are also important in the organisational activities, moreover it contributes to achieving and maintaining competitive advantage. This type of innovation can lead to lower production costs. Process innovation is a change in the way or the methods by which new products are developed or modified; revision in processes of organisational activities.

The classification above, of course, is not the only one: innovation can be classified for various criteria. To generalize it, we have created a table that reflects the types of innovations that are connected with each other.
Represented incremental innovations can be also radical or the final desired result. Also, they are accompanying aspects which lead to the emergence of entirely new.

3.1.6. The innovation cycle in organisations

All economic processes, as well as human life are flowing in time. They have beginning, forward movement and end. Requirements and installations of people change as they move from one stage of life to another. Similarly, any goods and services pass through several stages, which together represent some kind of cycle.
Power of innovative culture within organisations

There is a sufficient number of versions of cycles, which innovation is going through in organizations, from the appearance to implementation. We decided to describe the cycle that is taken as an example in the article written by Morris (2007) *Creating the Innovation Culture*. The writer identifies four stages in the innovation process, which complement each other and gradually transfer into one another.

The first phase, from which everything begins, in Morris’s opinion, is searching for new opportunities. This process is called “Need finding” (Morris, 2007, p. 9), when the organization is trying to find some “gaps” that they could fill in with their innovation to gain competitive advantage. Usually this is the phase where appear a lot of new and creative ideas, some of which can eventually be selected for further development. An interesting aspect at this stage is the choice of the direction and the separation of the products, services and markets into two categories: “core” which is typical, with known clients and certain markets, and the “edge” which includes an absolutely extreme components and users, whose needs are not known for the organisation. Definitely, the capture of a new audience gives a greater advantage, but at the same time it is more risky and unpredictable. In the age of rapid changes “it can be quite dangerous to remain focused only on the core, because the core can dissolve with surprising speed. The edge, on the other hand, may foretell the future, and help you to target innovations that will enable the firm to adapt to emerging market requirements” (Morris, 2007, p. 10). Therefore it is important to balance the organisation and try to be innovative in both directions. A common mistake and misunderstanding committed by organisations is the inability to implement the idea at the right time and right place. If once an attempt failed it does not mean that the next time it will not result in commercial success. The whole point is that it is necessary to wait and choose the suitable conditions for implementation. Companies tend to lose and forget the brilliant ideas, while they are not used by somebody else.

“Successful innovation is not just about coming up with good ideas. The real challenge lies in selecting and successfully implementing the best ideas in a timely fashion” (Stone, 2010, p. 24). The next step in the process of innovation is framing
a selected direction and generalizing available information. On this stage company is setting its limits and the overall framework through which the consumer needs are interpreted and further work is organised.

After the images are defined, the information is collected, the minimal plan is organised, comes the “time” of creative combination which is intended to create the most favourable possible, and specific options and variants for implementation of an idea. Morris emphasises that at this phase of the cycle the team work comes to the fore, however, since the creation of innovation is a collective process, each employee in an organisation is important and contributes at every stage of the cycle.

The last step that is described in the article is making a prototype of the ideas that have passed all first stages of the cycle and “deserve” a next study. It is important to note that not only one idea comes to this stage. For the greater success likelihood a number of the most worthy ideas are selected, and they will pass through the cycle more than once, “To invent, you need a good imagination and a pile of junk” (Hargadon & Sutton, 2000, p. 2). The first created prototype is never the last. With each new prototype the idea is taking shape, until it reaches perfection and becomes a final product: “No innovation has value until it is “completed” and “complemented” in various ways through the various processes of innovation management” (Westland, 2008, p. 35).

Moreover, innovation has its life cycle outside the organisation on the targeted market. However, in our interests primarily is the consideration of innovation within organisations, so this is an approximate inner cycle of the creation process. Each phase includes the extensive and depth work and needs a particular plan for development.

3.1.7. Innovation risk

Innovations provides a huge opportunity for the company as well as entail a big risk, it is the eternal “companion” of innovation and process of its creation.
“Risk is always a function of the uncertainties that surround innovation” (Dogson et al., 2005, p. 16). Not less danger brings risks that are connected with fear of changes and unwillingness to innovate. Such risks lead to the “fading” of the company even up to its disappearance. Innovation risks appear because even an idea for further development is very different from the situation on the market, so the success and results of the implementation are unpredictable and unknown. In the opinion of Westland “the greatest unknown in any innovation is consumer demand” (Westland, 2008, p. 53), it is quite logical, since innovation is a completely new product the reaction of the target audience is a mystery.

Mistakes and risks may also be consequences of misunderstanding the role and the nature of the process of innovation and its “work”. There are so-called “myths” about innovations that are described and refuted in many literary sources. One of the common misconceptions is that innovation is just creating extremely new products. In fact most innovations in some industries are generally unnoticed. The fear of innovation also occurs from the fact that the company believes it almost impossible to control and manage innovation, taking the process for chaos.

The Eureka Moment from the point of view of Birkinshaw (2011), for Newton's discovery, which we have already described, or rather it is a good name for the Myth, in which some companies truly believe in, expecting the voluntary arrival of an idea and its self-realization. Here also fits the myth about “crazy” (Westland, 2008, p. 42) creativity, without which, supposedly, innovation cannot happen. In real life, the time “of the “mad scientist” is enduring” (Westland, 2008, p. 42), to achieve benefits and positive outcomes it is crucial to understand that the creation of innovation is a much more complicated, and it requires a strong management system, involvement of staff, creative thinking and patience. This process just might turn into the chaos with the condition of the existence of poorly configured system.
3.2. Organisational culture

Here we are discussing the importance of organisational culture, different types of it, various numbers of theories and metaphors for culture.

3.2.1. Genesis of organisational culture

Organisational culture acquired a status of “business phenomenon” (Baker 2002, Chapter 11) and was popularised after appearing four books in the early 1980s.

“Theory Z” by Ouchi (1981) offers a new approach to management that is a hybrid of Japanese and American management styles. According to Ouchi this approach leads to the situation when employee is provided with long-term job with an emphasis on his or her well-being. In this case employee feels him or herself stable and satisfied so he or she becomes more loyal to the company. Author argues that it leads to increasing of organisational performance.

“The art of Japanese management” by Pascale and Athos (1982) is very similar with “Theory Z” as authors also explored Japanese and American business realities and how Japanese techniques can be applied in American companies in order to increase their performance.

The third one is “In Search of Excellence” by Peters and Waterman (1982). Parker (2000, p. 10) claims that this book is “probably the most influential management text of recent times” and “the first of a new kind of popular and populist management writing”. Through examining 43 companies authors defined eight aspects (“active decision making”, “productivity through people”, “hands-on, value driven”, etc.) which those companies to success. The main allegation they make is that prosperous companies have “certain cultural qualities” (Parker, 2011) that assure their success.

Deal and Kennedy (1982) in “Corporate Cultures” found out that only 18 surveyed companies from 80 could explicitly tell their “sets of qualitative (non-financial) beliefs” (Parker 2010, p. 13). Exactly those companies were extremely
successful. Authors point on essential interrelated features of strong organisational culture such as history, values and beliefs, rituals and ceremonies, stories, heroic figures, cultural network as the underpinnings of corporate culture. Deal and Kennedy considered different facets that facilitate smooth communication and interaction within organisations.

All these books suggested that the culture within organisations is in the direct relation with performance level and that culture could be handled in the way to make an organisation more competitive.

3.2.2. Understanding of organisational culture

Organisational culture is an abstract notion and it is hard to define it. However, the phenomenon is real and it “transcends every aspect of organisation” (Kuratko, Morris and Covin, 2011, p. 267). Members from various organisations tell that culture exists and it is of great importance for an organisation. However, when they try to define it their opinions could diverge on what exactly it means.

The concept of organisational culture has been a debate issue for about 30 years already. There are a large number of definitions of the notion. There are some of them below.

“A pattern of shared basic assumptions that that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems” (Schein, 2004, p. 17).

“The way things get done around here” (Deal and Kennedy, 1982).

“Any social system arising from a network of shared ideologies consisting of two components: substance – the networks of meaning associated with
Power of innovative culture within organisations

ideologies, norms, and values; and forms – the practices whereby the meanings are expressed, affirmed, and communicated to members” (Trice and Beyer, 1984).

“How people feel about the organization, the authority system, and the degree of employee involvement and commitment” (Ashkanasy, Wilderom and Peterson, 2000, p. xxiii).

“Organization’s basic beliefs and assumptions about what the company is about, how its members should behave, and how it defines itself in relation to its external environment” (Kuratko, Morris and Covin, 2011, p. 267).

It is seen that the notions overlap. However, each of them in the same time touches on different facets. Authors have different approaches for examining organisational culture and they examine it from different perspectives. Thus, the outcome may vary.

### 3.2.3. Theories of organisational culture

Various authors differently consider organisational culture. They differently view how organisational culture functions.

**Levels of culture**

Schein (2004) analyses the culture through three different levels. These levels differ with the extent of visibility. These three levels are: artifacts, espoused beliefs and values, and underlying assumptions (see figure 3.5).
The first level is artifacts. These are visible organisational structures and processes. It is possible to see, to hear and to feel them. Consequently, this level is easy to describe, however, it is not easy to decipher. Even if the artifacts look pretty similar in various organisations their meaning can be different. This level includes language of an organisation, its products, its style, publish list of values and so on. Artifacts do not appear from scratch though. They originate from more deep culture levels and are en expression of values, which were set during establishing of an organisation.

The second level is espoused beliefs and values. It is less explicit than artifacts. If a group was just formed or it has to make a decision under new circumstances all the values and beliefs that are the basis of propositions for acting are trial. Initiator of these propositions usually is a leader, a person who is able to influence individuals within a group with his own assumptions. Only after testing these propositions in certain critical situations through implementation of those propositions followers would see if they worthy or not.
In the case a group together perceived an action was successful and efficient the values and beliefs become shared; continuous success of such actions can lead finally to shared assumptions. Otherwise, the beliefs and values are rejected by the group. It could be a situation when values and beliefs cannot be tested because they have, for instance, connected with morale matters. In this case consensus can be reached through “social validation” (Schein, 2004, p. 29).

The third level is basic underlying assumption. This level is implicit and the underlying assumptions are taken for granted. These assumptions are “nonconfrontable and nondebatable” (Schein, 2004, p. 31). Thus, it is extremely difficult to change them. Basic assumption embrace attitude towards the world, perception of the reality, human nature, human relationships, etc. The set of these assumptions become a part of reality.

It is possible to analyse different cultures through these three levels. If to understand the basic underlying assumptions of the certain culture it is possible to interpret correctly things that lie on the surface.

**The meaning(s) of culture**

Alvesson (2002) considers organisational culture through shared meanings and symbols. He claims that it is necessary to have joint beliefs and meanings for organised performance. This eliminates confusion and tense interpretation of meaning during interaction within a group. Alvesson agrees that organisational culture includes values and beliefs, however, he asserts that for him “values are less central and less useful than meanings and symbolism in cultural analysis” (Alvesson, 2002, p. 3). Organisational culture lives inside people’s heads as well as outside where these meaning and symbols are expressed.

Meaning “refers to how an object or an utterance is interpreted” (Alvesson, 2002, p. 4). Meanings in cultural context have a collective nature as they are
Power of innovative culture within organisations

socially shared. In various organisations the same rules or processes may have different meanings. It is extremely important to feel these meanings otherwise actions could lead towards negative consequences.

A symbol is “an object – a word or a statement, a kind of action or a material phenomenon – that stands ambiguously for something else and/or something more than the object itself” (Alvesson, 2002, p. 4). Symbols include sets of meanings. Within an organisation symbols are usually saturated with meaning(s) and it is very difficult for an outsider decipher them correctly.

**Denison’s organisational culture**

Denison (1990) considers culture through 4 dimensions: mission, consistency, involvement and adaptability (see figure 3.7).

![Denison organisational culture model](http://www.denisonconsulting.com/)

Figure 3.6. Denison organisational culture model
Source: [http://www.denisonconsulting.com/](http://www.denisonconsulting.com/)

Prosperous organisations have clear sense of their activity, their purposes and their long-term goals. Mission dimension helps to understand whether an
organisation is aware of its activity purposes, its position, its direction, its strategy, etc. When people within organisation share these components it instigates them towards common goals. Sub dimension are strategic direction and intent, goals and objectives, and vision. Strategic direction sets the course of an organisation and shows if it is clear for everyone how he or she is able to make a contribution. Goals and objectives have to be clear to every person and they should be linked with mission, strategy and vision. Vision shows if an organisation views its future state and how it is understood and shared by members of the organisation.

Consistency is to see whether a company is well-organised and have a strong internal culture. The idea is that if people have mutual beliefs and values internal coordination will increase. Sub dimensions are coordination and integration, agreement and core values. Coordination and integration shows if various departments or units within organisation working well together. Agreements indicate leaders have capabilities to reach agreement and harmonise various opinions and options. Core values, in turn, depict if an organisation has a strong set of shared values, which leads to identity and integrity among members.

It is important for employees have a sense of responsibility, ownership and capability. Involvement dimension represents the degree of organisation’s focus on engaging people, informing them and developing. Sub dimensions are capability development, team orientation and empowerment. It is important to invest in people’s skills as, from one hand, it is useful for organisation’s performance and, from the other hand, employees themselves have a need to learn and develop. Capability development indicates the level of investment in employees. To reach common goals team must be cooperative, members within have to trust each other. Team orientation depicts the level of reliance. Empowerment shows if the people are empowered with responsibility to do things.
Adaptability shows how an organisation is able to adapt to the surrounding environment, for instance, customers and competitors. An organisation receives signals from outside, interpret and translate them. Further it may influence organisation’s behaviour internally as well as externally. The idea is that adaptability facilitates surviving, growth and development of an organisation. Adaptability embraces the following sub dimensions: creating change, customer focus and organisational learning. Creating change tells the willingness of an organisation to take risk for conducting change. Moreover, it shows the ability of an organisation to read surrounding environment, envision changes and be ready for them. It is true that companies are actuated by its customers. Thus, customer focus shows the ability of an organisation to realise what exactly customers need, satisfy their needs and be able to foresee future ones. According to Denison (1990) organisational learning indicates capability of an organisation to decipher signals from outside and transform them into opportunities for favouring new knowledge, innovations and so on.

These dimensions attach importance to various facets of organisational culture and also make an emphasis on functions of culture. Mission and consistency promote stability and control. Involvement and adaptability, in turn, encourage change and flexibility. According to Baker (2002) consistency and involvement deal with internal dynamics while mission and adaptability with external. (see figure 3.7).

<table>
<thead>
<tr>
<th></th>
<th>Stability/Control</th>
<th>Change/Flexibility</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal</strong></td>
<td>Consistency</td>
<td>Involvement/participation</td>
</tr>
<tr>
<td><strong>External</strong></td>
<td>Mission</td>
<td>Adaptability</td>
</tr>
</tbody>
</table>

Figure 3.7. Functions of culture
Source: Baker, 2002, chapter 11
Mobley et. al. (2005) assert that this model is unique as it concentrates on two paradoxes: “consistency versus adaptability” and “top-down vision (mission) versus bottom-top (involvement)” (Mobley, et.al., 2005). The first means that, from one hand, if an organisation focuses much on market it may face problems with internal integration and, from the other hand, if it focuses on internal integration it may encounter difficulty with adjustment to the surrounding environment. The second one means that organisation which stress too much on general company’s mission may lack employee empowerment issue and, on the contrary, an organisation that involves employees too much could be lost with setting the direction.

### 3.2.4. Pieces and parts of culture

Organisational culture affects and touches on everything and everybody within organisations. It comes out in various ways, some are scheduled and lots of them are unscheduled, some it is possible to control and others uncontrollable. Kuratko, Morris and Covin (2011) distinguish six elements (see figure 3.9) that embrace components of culture.

![Figure 3.8. Pieces of culture](image-url)
Source: According to Kuratko, Morris and Covin, 2011

Values quickly became part of organisational culture language. Values are “internal compasses” that navigate people. Values are “social, cognitive and emotional” (Ashkanasy, Wilderom and Peterson, 2000, p. 9). They are social because they represent a set of experiences and informal agreements that characterize a group. Values are cognitive as they represent a set of experiences and informal agreements of an individual within a group. Finally they are behavioural as they determine preferences for particular behaviours. Values within organisation have a collective character and they are shared between people within this organisation.

Rules of conduct are set of rules that define how people should behave themselves in particular situations, it includes ethical behaviour, how a person should be dressed, how he or she should speak, etc.

Vocabulary means that usually in organisations there is particular language, slang, sings and so on that are often used and they ease communication between people.

Methodology is the “perception” (Kuratko, Morris and Covin, 2011, p. 269) of in which way everything should be done relating to concrete action that are connected with performance of organisation.

Rituals are rites and taboos also. It could be periodical conferences or ceremonies.

In organisations with long history usually exist different myths, heroes, legends and so on which is part of history and it motivates employees to achieve higher goals.
3.2.5. **Culture as a metaphor and metaphors for culture**

Metaphor is a tool that is often used when it is necessary to think and talk about complex phenomena. People usually refer to objective reality through the aid of metaphors. An organisation is generally considered as an organism, machine, theatre, etc. When the notion organisational culture was “discovered” and started to gain popularity many scientists began to see it as a new metaphor of organisation. Such view on organisation can provide with a better and richer understanding. However, there is another side of a coin. “Culture easily becomes too general and vague to work as a good metaphor” (Alvesson, 2002, p. 16).

Smircich (1983) in organisational analysis considers culture as a variable and as a root metaphor (see figure 3.9 and 3.10)

![Figure 3.9. Culture as a subsystem in an organization](image)

Cultural dimension

Figure 3.10. Culture as a metaphor: a fundamental dimension which permeates various “subsystems”


On the first figure culture is considered as one of the subsystems within organisation. In this case culture is delimited and distinct from other subsystems. On the second figure culture represents phenomenon that is “not outside anything, but permeates the entire organisation” (Alvesson, 2002, p. 26). In this case cultural aspects penetrates every subsystem and affects on the structure organisation has, its strategy, the way technology is implemented and so on.

Alvesson (2002) distinguishes various metaphors of culture. One of them is exchange-regulator. In this case culture is seen as a mechanism that manages complex relationships and it manages it implicitly. Culture takes away the necessity for “close monitoring and direct control” (Alvesson, 2002, p. 31). Culture makes employees involved and prevents employees from “short-term opportunistic bahviour” (Alvesson, 2002, 31).
Another metaphor is culture as a compass. Wiener (1988) notices the capability of shared values to set a direction. Individual values guide a person and helps him or her to make a decision or action. Shared values do the same for organisation. They determine organisation’s strategy, goals, etc.

One of the most common metaphors is social glue. In this case an organisation is “integrated and controlled through informal, non-structural means” and culture is associated as a provider of “consensus, harmony and community” (Alvesson, 2002, p. 32).

Exist other metaphors when culture is seen as sacred cow, affect-regulator, disorder and so on. All the mentioned metaphors are one-sided as they usually look at culture from one perspective.

### 3.2.6. Types of organisational culture

There is a discussion among scientists that study organisational culture whether there are some general characteristics of culture in various organisations or every culture unique. Researchers classify cultures differently. Trice and Beyer (1993) made a compilation of these classifications (see figure 3.11).

<table>
<thead>
<tr>
<th>Types of organizational culture</th>
<th>Dominant ideologies</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type A</td>
<td>Hierarchical control, high specialization, short-term employment, individual decision making</td>
<td>Ouchi, 1981</td>
</tr>
<tr>
<td>Type J</td>
<td>Clan control, low specialization, lifetime employment, collective responsibility, collective decision making</td>
<td></td>
</tr>
<tr>
<td>Type Z</td>
<td>Clan control, moderate specialization, long-term employment,</td>
<td></td>
</tr>
<tr>
<td>Culture Type</td>
<td>Characteristics</td>
<td>Source</td>
</tr>
<tr>
<td>-------------------</td>
<td>----------------------------------------------------------------------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>Process</td>
<td>Low risk, “cover your tail” mentality, tight hierarchy</td>
<td>Deal and Kennedy, 2000</td>
</tr>
<tr>
<td>Tough guy-Macho</td>
<td>High risk, quick feedback, fluctuating structure</td>
<td></td>
</tr>
<tr>
<td>Work hard-Play hard</td>
<td>Moderately low risk, race to the quick, flexible structure</td>
<td></td>
</tr>
<tr>
<td>Bet-your-company</td>
<td>Very high risk, slow feedback, clear-cut hierarchy</td>
<td></td>
</tr>
<tr>
<td>Sensation-thinking</td>
<td>Impersonal, abstract, certainty, specificity, authoritarian</td>
<td>Mitroff and Kilmann, 1975</td>
</tr>
<tr>
<td>Intuition-thinking</td>
<td>Flexible, adaptive, global notions, goal-driven</td>
<td></td>
</tr>
<tr>
<td>Intuition-feeling</td>
<td>Caring, decentralized, flexible, no explicit rules or regulations</td>
<td></td>
</tr>
<tr>
<td>Sensation-feeling</td>
<td>Personal, homelike, relationship-driven, nonbureaucratic</td>
<td></td>
</tr>
<tr>
<td>Apathetic</td>
<td>Demoralizing and cynical orientation</td>
<td>Sethia and Von Glinow, 1985</td>
</tr>
<tr>
<td>Caring</td>
<td>High concern for employees, no high-performance expectation</td>
<td></td>
</tr>
<tr>
<td>Exacting</td>
<td>Performance and success really count</td>
<td></td>
</tr>
<tr>
<td>Integrative</td>
<td>High concern for employees with high concern for performance</td>
<td></td>
</tr>
<tr>
<td>Paranoid</td>
<td>Fear, distrust, suspicion</td>
<td>Kets de Vries and Miller, 1984</td>
</tr>
<tr>
<td>Avoidant</td>
<td>Lack of self-confidence, powerlessness, inaction</td>
<td></td>
</tr>
<tr>
<td>Charismatic</td>
<td>Drama, power, success, abject</td>
<td></td>
</tr>
</tbody>
</table>
In general culture of an organisation is possible to relate to one of prototypes. For instance, banking and insurance are typical process cultures because environment within these organisations is characterized with low risk and slow feedback. Employees are more concentrated on how they do things instead of what they do. Tough guy culture is characterized by high risk and quick feedback. This culture is typical for entertainment and advertisement companies. Work hard/play hard culture is possible to relate to retail and sales and bet-the-company culture, in turn, to such industries as oil, aerospace, etc.

3.3. Innovative culture

The importance of innovation is stated above. Innovative culture is a new type of organisational culture. It is vital nowadays to have innovative culture for an organisation if it wants to be successful.

Morris (2007) defines innovative culture as “an expression of people, their past, and their current beliefs, ideas, and behaviours. They make innovation happen” (Morris, 2007, p. 3). Within innovative culture an emphasis is made on innovation. Innovation is a key value for people who are part of innovative culture.

Morris (2007) compares status quo culture with innovative and this comparison gives an understanding which features are inherent to innovative culture (see figure 3.12).
Despite all the benefits that innovation could bring it is not so common that companies have innovative culture. A lot of companies strive when for stability and predictability because usually these words associate with regular profit. Innovation, in turn, is tied with change, novelty and unpredictability. A
lot of companies do not want to put them in such situation when they are out of their comfort zone, when the consequences of the activity are vague. However, there are some companies such as Apple, Pixar and others that could “standardize the process of innovation” (Morris, 2007, p. 3). On the contrary, there are organisations that innovate when they are in crisis and it becomes evident that without innovation game will end. We think that such organisations are “innovation laggards”. They innovate only when they need to, when they are forced. When somebody is forced to do something it will not go that well a priori.

3.3.1. Dimensions of innovation culture

Shani and Divyapriya (2011) define six essential dimensions of innovative culture (see figure 3.13). ‘Relationships’ dimension means that innovations are usually a collective outcome and they appear within environment, which encompasses different people with different thinking, different environment and so on. Such environment facilitates innovations growth. ‘Risk taking’ dimension refers to the issue of building such organisational culture that encourage people to try new ideas and not punish them for failures rather than perceive failure as an opportunity to learn. ‘Resources’ refer not only to finances but can be understood in wide sense. Resources also can be time, autonomy and power to produce innovations. It is important when ‘knowledge’ and information within organisation is smoothly shared and it is accessible to every employee. ‘Rewards’ are needed to encourage and motivate people to innovate. Finally tools are methods and techniques that are used for “creative thinking, idea management and implementation” (Shani and Divyapriya, 2011, p. 3).
Power of innovative culture within organisations

Figure 3.13. Dimensions of innovative culture
Source: According to Shani and Divyapriya, 2011

3.3.2. Three roles

Innovative culture comes into existence when employees throughout company are involved into filling three significant roles. These roles are “innovation’s Creative Geniuses”, “innovation Champions” and “Innovation Leaders” (Morris, 2007, p. 5).

Creative Geniuses

Creative geniuses are people who are springheads of innovations. These people come with insights that further transform into ideas and then into innovations. Creative geniuses can be everywhere. They may work inside of an organization (employees) as well as outside (partners, customers, advisors, etc.). Inside a company it is possible to detect them on different levels. They may be front line workers who interact directly with customers and who are intermedium between a company and its customers. They also may be middle managers who stand on the crossways of huge amounts of information flows.
By all means, creative geniuses may be senior managers who are aware of general trends and whole picture and also are able to identify opportunities for innovations that others could skip.

Morris (2007, p. 7) asserts that the right approach to identify creative ones within organisation is to consider everyone within organization as creative geniuses. This means that it is not necessary to strive to identify those creative geniuses or put labels on certain people rather give chance to everyone be creative and innovative, be open and available to everyone who comes with new ideas. Previously employees and mostly front line workers were told what to do and it was not required from them to think or to come with new opinions and ideas rather just officiate within their position. Today it is obvious that front line workers as well as other employees are able to lead innovation in various directions. There are facts that prove it. For instance, “average Toyota worker, including those working on the assembly line, is said to contribute on average more than one hundred ideas each year” (Morris, 2007, p. 7).

The key feature of creative geniuses is their capability and desire to see and feel what things could be not just what they are. This ability is called “creative tension” and it facilitates geniuses bring reality to another dimension. Geniuses also usually have a deep knowledge about the industry and they are able to look at the situation from other perspective. Continuously they have are not satisfied with the current situation and always trying to find out new knowledge and strive change reality. They are driven by lack of satisfaction. The ability to look outside of the box helps them to see new opportunities.

However, breakthroughs do not happen only with endeavours from inside. After analysing various stories of companies’ it is seen that success comes with interaction of internal and external knowledge. “McKinsey study notes that 75% of them report getting new ideas as a result of interaction with outsiders such as suppliers, peers and partners” (Morris, 2007, p. 9). Thus, it is important to creative geniuses within organisation have a broad access to knowledge and experiences outside their department.
Innovation cycle model (see figure 3.14), that was explained in the details in the chapter of Innovations, is a guide that helps gives a better understanding of innovation process.

![Innovation Cycle Diagram]

Figure 3.14. The innovation cycle
Source: Morris, 2007, p. 9

These four stages are important for “harnessing creativity in the innovation process” (Morris, 2007, p. 9), it is the important part of innovative culture. It requires time to elaborate this cycle. Usually employees are extremely busy with current work and they have no time to think, contemplate or reflect. Therefore, it is important to provide employees with some spare time. For instance, such companies as Google or 3M encourage employees to spend up to 20% of their working on their own projects.
Innovation Champions

Innovation champions are people who encourage, support and promote innovation. They can do it spontaneously as well as in organised way. Thus, champions provide all the means for effective innovation process. Moreover, they may find creative people, encourage them to create new ideas, provide them with environment where those are comfortable to work, the environment, which is penetrated with openness, where knowledge and ideas are, shared.

Innovation champions are responsible for smooth collaboration and trust within organisation because these aspects are crucial for innovative culture. Innovation is usually a collective endeavour so people have to feel comfortable working with each other. It is possible to derive best from collaboration when people trust each other. When atmosphere is trustful in a company employees perceive each other as a team, they do not fear to share knowledge. Trust has to exist on different levels and innovation champions represent mediators between senior managers and front line workers. Of course, senior managers can be innovation champions themselves.

Usually innovation champions are communicative persons and they have a big network, they keep contact with many people inside and outside organisation. This helps them to know people better and be aware of their knowledge, capabilities, etc. Therefore, at the right moment they know which people to put together to make innovative process maximum efficient.

Moreover, innovation champions may perform a function of coaches and mentors. They may collect some interesting information and disseminate it between people. Such data could help people find answers to their question, inspire them to find out new ideas. From the other side, they may communicate with people through meetings, conferences, coaching sessions or even informal discussions.
Another responsibility for innovation champion is to shape an infrastructure. It may include different types of interaction between employees. The tools could be different but the principles should be based on openness, free share of information and knowledge. Furthermore, it should not be restrained with boundaries, collaboration should bind insiders with outsiders.

Innovations can end with nothing and fail. It is important how innovation champions react on this when it happens. Morris (2007, p. 12) claims that champions “embody the enthusiasm for failure, intelligent failure”. It is possible to consider failure as an opportunity to learn.

**Innovation Leaders**

Innovation leaders are people who are able to affect on “core structures and basic operations” (Morris, 2007, p. 14). Core structures consist of basic principles, strategic policies, structure of an organisation, etc. Basic operations, in turn, include the way employees usually do certain operations and organise processes. All these components represent rules of a company and most of them are determined by leaders. At the same time these components could be changed by leaders if it requires accelerating innovation process.

Leadership involvement is mandatory to innovation. Leaders are those who establish budget for innovations, they make it possible to support potential innovations. “Without specific budgetary focus they’re never going to get there” (Morris, 2007, p. 15). Leaders make an emphasis on innovation and link it with organisation’s strategy. If leaders do not embrace innovation and do not perceive it as a key value nobody in a company will do it. Innovation leaders as well as innovation champions exclude barriers for innovation and accelerate innovation process but they do it on higher and more general level.

It seen that these three roles perform different functions. Thus, to make innovation happen and to shape smooth innovation process people who fulfil
these roles should complement each other. They are all interrelated. (see figure 3.15)

![Diagram](image.png)

Figure 3.15. Relation of three roles

### 3.3.3. Changing corporate culture towards more innovative

Today a lot of organisations are searching the way to be more innovative. A lot of organisations have culture which is concentrated on “process excellence” and are striving to avoid any risks (Phillips, 2007). When in an organisation already such corporate culture exists the most challenging issue for a company nowadays is “changing corporate culture to accept and embrace innovation” (Phillips, 2007). Phillips (2007) determines five substantial aspects that facilitate change of culture within organisations.

The first factor is *senior management*. It is very important when senior manager themselves believe innovation is an integral part of organisational culture. An organisation becomes oriented on innovation prosperity when senior managers continuously fortify necessity of innovation and promote it on strategic level. These senior managers in most cases are leaders who advocate
innovation. It is extremely important they should be strong and consistent. It is impossible to have innovative culture when leaders are committed into innovation from time to time. Innovation must be a constant value.

Of course there are also some obstacles to overcome when an atmosphere of innovation should be created. Delusive expectations about return on investment time for innovation of senior managers can block innovative process. It is important to understand that innovations require a certain amount of time to be implemented and mature. This period of time can largely vary. What sometimes happens in organisations is that when senior manager does not see a quick change and come back from innovation he or she stops the project. It is necessary for a senior manager to realise what amount of time and resources are needed for innovation process. This gives an understanding for a leader what place innovation is going to take within corporate strategy. Phillips (2007) asserts that investigating “life cycle” of a product helps to comprehend what time and investments are going to be required.

The second factor is compensation. It is obvious that people do things that have consequences. Compensation motivates people to do certain things. When a corporate culture is striving for process excellence it encourages employees to conduct the same operations and not to take risks. Moreover, employees are so involved into conducting regular operation so they do not have any free time for working on other projects and they are not willing to because their compensation is built on these regular operations. On the contrary, innovative culture encourages people to come up with new ideas. Such culture is ready to take the risk for developing new product, service or process. In this case compensation is based on active participation. In a company with innovative culture employees are expected to take part in innovation creating process. For leaders it is important to identify innovators in organisation and assure their compensation. Human Resources department has an ability to promote innovation by developing new “compensation models”, defining roles and liabilities related to innovation.
The third factor is *communication*. It means that communication at various levels within organisation facilitates change. The messages that are addressed to employees in innovative culture should contain innovation. It has to exist some program, which aims to reach every employee in organisation with a message, which makes emphasis on innovation. Leaders are those who are responsible for such continuous and repeating communication. The channels and tools for communication could be different. These are e-mails, corporate magazines, video clips. Another perspective of communicating certain messages is actions based on these messages. Leaders have to show with their behaviour how others should behave and represent themselves certain pattern of behaviour. This significantly strengthens those messages.

The fourth factor is *training*. Training can provide employees with tools and methods for innovation. Such training should consist different techniques that lead to “new methods and processes for idea generation, new roles and responsibilities for idea capture and evaluation and new attitudes and approaches for innovation” (Phillips, 2007). To get new results it is important to teach people new processes.

The fifth factor is *measurements*. It is important to think strategically and to have a plan according activity. In the case of innovation it is necessary to measure the amount of appeared ideas, how people are involved, how much time is needed, etc. Moreover, innovation aims have to be aligned with strategic aims. Measurements also show clearly the process of innovation.

**3.3.4. Activities that foster growth of innovative culture**

Birdi, Wall and Wood (2001) from Institute of Work Psychology (IWP) define innovative culture as “one in which continuous improvement through the generation and implementations of ideas in all parts of the organisation is the norm” (Birdi, et. Al., 2001). They assert that it is possible when a certain environment that supports those processes exists. Authors determine a number of activities that directed towards fostering growth of innovative
culture. It is seen that most of them are similar or overlap with factors of other authors mentioned above.

One of the activities that can facilitate growth of innovative culture is investing in R&D. Apart from focusing on initial functions this department can promote innovation on different levels, which at the same time have to be integrated with standard functions. Another activity is benchmarking which is conducted according organisation’s internal and external operations from innovation perspective. The methods for such benchmarking are “surveys, literature reviews, analysing performance” and so on (Birdi, et. al., 2001, p. 1). Direct involvement of customers can also facilitate development of innovative culture as customers are very valuable source to improve company’s products or services because they can provide an organisation with certain information that can be used for development. Next one is selecting innovative employees. This aspect needs some clarification. We agree with Morris (2007, p. 7) that “everyone in the organization can be a creative genius”. A company has to be open to everyone and encourage everyone to come up with new ideas. However, another situation is recruiting moment. When an organisation hires someone it is important to see that a person is able to accept and embrace innovation in future, that he or she has a good potential from innovation perspective. Otherwise, there is no purpose to hire such person if an organisation is aimed to build innovative culture. Then an organisation has to accept the risk. Usually among a large number of ideas only one is successful. Company has to be tolerant to failures and errors of employees and reward not only outcomes but also efforts. Other aspects that foster innovative culture are “reward systems for innovation”, “training for creativity and innovation”, “developing a learning culture”, (Birdi, et. al., 2001, p. 2).

3.4. Leadership in innovative organisation

This chapter of the thesis provides the reader with the understanding of the leadership aspects in innovative company. Different tasks and possible ways of leading are discussed.
3.4.1. Background

“Innovation has always been a primary challenge of leadership” - told Margaret J. Wheatley (2001) in the chapter “We are all innovators”. Many organisations have already realised the importance of innovations as an opportunity to gain a competitive advantage, but the creation process of innovations and its management is still in development. One of the biggest mistakes is to separate innovation from the leadership activity. Organisations need to have a special system of knowledge about the most rational ways of leading innovative process and innovation activities to achieve strategic goals and tactical objectives. The innovation process requires a leader, since initially, this is the process, which is planned and carried out by people.

Thereby, as we learned in the chapter about the culture, innovative culture should be a critical component of organisation, be an engine for the production of innovation and success in general. “Organizational culture, like the air you breathe, touches all employees. Get it right, and it provides a foundation for whatever flavour of innovation you need. Get it wrong, and it can squash creativity and initiative and create roadblocks to action and execution. If your culture isn’t supporting innovation, start at the top” (BlessingWhite, 2007, p. 12) this phrase perfectly reflects the value of organisational culture in the creation of innovations. According to Pottruck (2002) having a strong organisational culture can be more efficient and more productive for the company than having a well-written business plan, which is rapidly “going out of fashion”, and varies depending on the situation.

Innovative culture and innovative organisations do not arise by an accident. They need a leader who is able to transform his or her organisation into innovative and effective through the control and change of both: the structure and the culture of a company, and spirit and vision of its employees. It is very important to take into account that in order to achieve the desired results you need to create a distinctive culture that will not be the enemy of innovation, to avoid “organizational culture that militates against creativity and
Power of innovative culture within organisations

innovation” (Agbor, 2008, p. 43). Lack of creative leaders can become the cause of many failures and setbacks. Thus, we conclude that the right leader is also a competitive advantage for organisations, without which success cannot be achieved with efficiency. Leader, as a part of the organisation and organisational culture, should be involved in innovation process and be interested in it. It is essential to set an example by his or her behaviour and “not only believe in the company’s principles but live them” (Pottruck, 2002, p. 124). If the main condition is the involvement of a leader in innovation, his or her vision of innovation should be reflected in the mission and goals of the organisation.

Innovation is always associated with change and risk. Therefore, in the opinion of Agbor (2008) an innovative culture of a company should be based on diversity. In an atmosphere that supports diversity is a greater potential for innovative ideas. This diversity is created by workers with different experience, thinking and different talents. The concept of diversity should be understood properly, and have certain limits. Diversity does not appear immediately in the organisation, it requested scrupulous work and creation. And this, in turn, is as well a task of a leader. It is a pity, that “while senior executives cite innovation as an important driver of growth, few of them explicitly lead and manage it” (Barsh, et.al., 2008, p. 39).

Should be mentioned that the leader would not be the leader if he or she did not have followers, leadership as a phenomenon “is shaped through the interaction of at least two points of reference, i.e, of leaders and led” (Smircich and Morgan 1982, p. 259). Innovative culture implies prominent workers, creative teams, talents and people leading their organisation to success. Therefore for leaders it is necessary to determine the outstanding people, to combine them, “make room for people with unusual and creative gifts and temporarily become followers themselves” (De Pree, 2002, p. 32).

“Innovation can be a pain in the neck for leaders” (Kanter, 2001, p.77), they entail a risk, inconvenience, complexity in management and control,
because inherently the process of innovation itself - is a mess. On the one hand, the process of innovations must be clearly controlled; on the other hand, people working on innovations may feel constrained in their actions and limited in the creativity. Thereby, tactfully shaped innovative culture should reflect this balance in leadership.

3.4.2. “Fleas and Elephants”

The interesting theory about the existence of two types of organisations, and therefore two different types of leadership, described Charles Handy (2002). The author divides organisations into two kinds: elephants and fleas, which are significantly different from each other in size, age, companies’ way of managing activities, and, certainly, the culture within organisations.

“Elephants”, in the opinion of Handy (2002) are big established companies, there is peace, predictability is the engine of success, and workers perform routine tasks. The best friends of elephants are the same big and clumsy organisations, because the size of the company is considered to be essential in the selection of partners, as it seems more reliable.

By “fleas” implied any small and independent companies, in which key aspects for success are creative employees and teams. Another thoughtful definition of fleas is “The New Alchemists, because of their ability to create metaphorical gold, either from nothing of from desperate situations, the equivalent of base metal” (Handy, 2002, p. 26). With this definition, it becomes clear how different are cultures in these types of organisations. Fleas want to be bosses by themselves and they are aimed at independence, freedom and creative leadership.

This description is probably too radical and does not exist as described above in the nature of business. However the essence of the theory lies in the fact that even established companies such as elephants need some little fleas to be and to remain innovative. Task of a leader in this situation is to combine
two different cultures, provide conditions for a comfortable existence of both elephants and fleas, which need each other for survival. It is important to prevent the disappearance of the fleas, which can be dissolved in an atmosphere of elephants, by creating a favourable environment and the promotion and rewarding innovative ideas. In a good organisation it is not necessary to implement and import fleas, because the company should seem “as a natural home for fleas” (Handy, 2002, p. 28).

### 3.4.3. Tasks of a leader

To make innovations happen in an organisation “every employee needs to be responsible for innovation” (BlessingWhite, 2007, p. 4). This is quite clear to everyone. The main question is HOW to create such an atmosphere of the involvement and shared responsibility. As Barsh et. al. wrote “while senior executives cite innovation as an important driver of growth, few of them explicitly lead and manage it” (Barsh, et.al., 2007, p. 39).

First of all, we believe, that leadership for producing innovations and shaping innovative culture should begin with a more global action and to reflect the importance of innovation in strategies, priorities and mission of the organisation. Repeating and focusing on strategy help to make sure “that employees understand which problems are worth tackling and which goals matter most in driving the business forward” (BlessingWhite, 2007, p. 9), moreover innovative ideas, that are appearing will better take shape and take the direction according to established strategy.

However, describing the strategy, mission and objectives aimed at innovations is not the one and the last of the leadership duty. As we have said, it is important that employees understand these organisational culture components and feel it. A better understanding comes from the experience, and if own experience is not enough, it comes with hearing and learning by an experience of others. In this case, storytelling is the leader’s task, with the help of which it is possible to describe the concept of innovation to everybody.
Storytelling “can provide powerful illustrations to make innovation real” (BlessingWhite, 2007, p. 9). Not always simple words can express the whole situation, sometimes to great affect something need to be embellished and transformed. David Horth and Dan Buchner (2009) call this instrument “imaging” that means using images, photos, impressions and metaphors. All of these makes communications within an organisation more colourful, memorable and effective, thanks for it employees understand and imbued with their work. Imagine reading a book, it is always pleasant to receive the information, which is also illustrated. This process makes easier understanding and storing information and creates new associations. Moreover imaging liberates the imagination and produces more creative and innovative ideas. Leader should try to inspire his or her followers always to use the question “WHAT IF?” to promote more brilliant thoughts.

Culture is always composed of people and what they bring in it. Therefore, in no case, the importance of human can be reduced and his or her work and efforts can be underestimated. Horth and Buchner (2009) called this process Personalising – “seeking insight from the human experience” (Horth & Buchner, 2009, p. 11). Leader needs to pay attention not only to his or her employees’ work-life, but also to the interests, hobbies and preferences, “if we want people to be innovative, we must discover what is important for them, and we must engage them in meaningful issues” (Wheatley, 2001, p. 14). According to Clubb (2002) it will help to understand why workers act the way they do and how they see their places and tasks in the organisation. Personal feelings and emotions can help to emerge new fruitful ideas. The presence of a hobby by itself is an advantage that is expanding his or her horizons, proves that an employee has an additional energy that he or she can spend on something else besides work. Very often, a hobby or activity that brings fun, is helping people to take his or her career to the next level, and consequently develops the organisation as a whole. Well, if the leader is able to look after most of employees, find their sources of inspiration and provide a favourable atmosphere for work and development. “Innovative leaders show support and confidence in the work and value individual contributions” (Horth & Buchner,
Power of innovative culture within organisations

2009, p. 18). To make your organisation innovative you should be innovative in your mind and ideas that you want to implement.

In the opinion of Agbor (2008), the leader should be a catalyst for the environment; moreover, we see a leader as the creator, guardian and assistant in the same time. It is a leader, who sets the pace for his or her organisation, who provides people with direction and gives a right push. The feature of innovative culture is maintaining the balance and not putting a leader above others. Clubb (2002) suggested, “giving up the patriarchal leadership role of having all the answers” (Clubb, 2002, p. 157). We believe, that innovative organisation requires more free style of leadership. Different authors described different types of leadership appropriating to such culture, which with one word can be named as innovative leadership or leadership for innovations. Always keeping in mind the fact that “leaders do not single-handedly lead organizations to greatness” (Agbor, 2008, p. 41) will greatly simplify leadership work. Mintzberg (2002) sees leaders as an assistant from the background, who are listening and serving; “they work quietly to draw out the energy in everyone else”, (Mintzberg, 2002, p. 143). In all conscience, this type of leadership and innovative culture that “based on mutual trust by empowering employees” (Gill, 2008, p.1), which it set as the priority in an organisation. Innovative organisation will be more effective if all workers divide responsibility, if leader is able to inspire his or her company. However, even in innovative culture empowerment of employees “does not mean freedom for everybody to do what he or she wants to do” (Polland, 2002, p. 89). All processes have to be managed.

Integral components of management, leadership, and empowerment have always been training and coaching. For example, creativity trainings have to become a habit for organisations that are considered as innovative, because “creative people shake up organizations” (De Pree, 2001, p. 33). As a coach, according to BlessingWhite magazine (2007) leader needs to maintain a constant dialogue with his or her followers and support interactions, to give them rights to make decisions, to guide and focus them. “Providing data is one
thing. Creating dialogue on the data is something entirely different and more productive” (Harvard business essentials, 2003, p. 118), the aim of dialogue is reaching the understanding of each other and all organisational problems and activities. It is important to unite all workers together, give them a sense of belonging to the company and the team, to make them realize that thinking differently is highly appreciated, to “make all members of the organization feel a sense of worth, security, and acceptance that allows them to give much more of their talents and creativity to the organization” (Agbor, 2008, p. 43). Innovation has always been an unpredictable process that leads to success as well as to defeat. In order to do not lose innovative mood employees do not have to be discouraged and disappointed. For this purpose, according to the article “Innovate on the run”, a coach (leader) should acknowledge even small achievements and build a reward system.

Making mistakes that can lead to pessimism, loosing time and money, unwillingness try again should not scare a leader and employees, because all daily life in an organisation is an on-going learning process, there everybody is participating. In successful and effective organisation innovative culture implies “a forgiveness culture, one in which people are not punished for trying new things” (Pfeffer, 2002, p. 101), there workers have chances to try again and again and with a strong support by such culture, they will do their best. Since it’s all about learning process, not punishing failures does not mean ignoring them. It is important to turn default into a lesson that has to be learned, memorized and corrected in the future work, thereby, “leadership is about helping people to learn, develop and grow” (Gill, 2008, p.2). Steve Kowalski called such kind of mistakes “smart” mistakes and “intelligent” failures (BlessingWhite, 2007, p. 11). Also one of the reasons of employees’ mistakes can be internal competition. Strong and unreasonable desire to surpass other employees, and to be noticed by a leader can lead to carelessness and inaccuracy in whole work process. This, in turn, increases the chance of errors. According to Pfeffer (2002), in the presence of internal competition employees can be afraid to ask for help from others, and to be seemed not enough competent in their field. These internal difficulties “inventible makes innovation
and product development more time-consuming and less efficient” (Pfeffer, 2002, p. 103). Therefore, the task of a leader is to discourage internal competition, create the atmosphere of trust and equality, where people are working together in order to achieve common goals.

Mistakes, failures, defaults, new attempts are always connecting with risks. Innovative culture must take risks for granted. Organisations that are still supporting status-quo culture and avoiding risk-taking need some extra courage to “swim against a culture tide” (BlessingWhite, 2007, p. 11), even with the great opportunities for gaining large profits, not all leaders and cultures are tolerant to risks. Horth and Buchner (2009), identify impediments for innovative culture and effective organisation. There included avoidance of risk, fear of failure, rejection of changes, these are processes that are killing organisational creativity, innovativeness and new ideas. According to Barsh (2008), innovative culture should be built on the principles of understanding each other, evaluation and rewarding new ideas, sharing risk, collectively together with a leader. Trott (2005, p. 84) gave good explanation of risk that is suitable for innovative organisation: “Accepting risks does not mean a willingness to gamble. It means the willingness to consider carefully risky opportunities”, the risk is always possible to try to calculate and to take into account possibilities and the percentage of success. For the welfare of a company is desirable, of course, to take only calculated risks, and this fact should be debugged in the mind of every worker, or the chance of failure will become several times higher.

All components are interconnected with one another. You can add a lot into the leadership “list” of actions that help create and maintain a culture of innovation and promote your organisation. For instance, leader should instill confidence and trust, be able to listen, try to hire and then “grow” honest and authentic leaders. Hiring right people has to be a critical issue for innovative organisation and “not a distraction to getting the everyday work done” (Harvard business essentials, 2003, p. 120). Innovation culture can be considered as one of the leadership paradoxes, a leader, in all his roles, should manage in the
same time “the tension between a focus on people and a focus on results, they need to apply their expertise to managing their day-to-day tasks while at the same time creating the “new and different” (BlessingWhite, 2007, p. 15).

### 3.4.4. Types of employees

“Although creativity is often an individual act, many innovations are products of creativity groups” (Harvard Business Essentials, 2003, p. 84), thereby a leader should identify in his or her organisation different types of employees and put them into suitable for them groups in order to increase organisational effectiveness and individual innovativeness and creativity.

There are several ways to describe how different people think and act. In the book of Harvard Business Essentials (2003) authors gave an example of famous Myers-Briggs type Indicators, where humans’ thinking is divided in four categories.

**Orientation of mind**

![Diagram showing Extravert and Introvert]

**Orientation of actions**
As you can see, there are plenty of variants of human’s thinking that can exists in one person, moreover “everyone exhibits some aspects of all eight styles, but in varying degrees” (Harvard business essentials, 2003, p. 89), therefore leader should take into account all this categories of people and try to find the most appropriate way of leading them, finding the most effective ways
of combining them.

Russian author and professor Prihach (2005) gives an interesting classification of creative employees in an organisation. He sees active innovative activities of staff as a great competitive advantage. The innovation process is primarily a creation of a “bank” with innovative ideas. For outstanding ideas workers with creative abilities are required. They are, in turn, divided into several categories. From belonging of employee to any creative type also the further behaviour of the leader will depend.
Power of innovative culture within organisations

Creative people with drive
(employees, who are developing new ideas, regardless of how positively or negatively their suggestions are perceived, and have an impact on other employees, enhancing their creativity)

People, who actively producing new ideas.
(employees, who are engaged in the creative process, regardless of conditions, but do not have affect on others)

People who have high creative potential
(employees who offer their ideas, but start to be proactive without the response)

People who are capable to the creative process (employees who start to be active if they are expecting to be rewarded)

People with creativity skills
(start to work only after motivating effects or guidance)

People who can be creative, in the conditions of high motivation, but do not have enough professional knowledge.
People who have hidden creative abilities, that can occur with the help of creative work (do not appear as creative workers under any circumstances)
Figure 3.17. Classification of creative employees
Source: according to Prihach, 2005

First two types of employees are rare, but really valuable for organisation, because a leader cannot highly motivate their work. Other categories require special culture, atmosphere and leadership activities to achieve competitive advantage and innovations.

3.4.5. Innovative Leadership

According to Horth and Buchner (2009) leadership consist of two components: an innovative approach to leadership and leadership for innovation. An innovative approach means changing the way you are thinking and bringing new actions in leadership. Leadership for innovation implies the creation of special atmosphere where others use innovative thinking, “it is about growing a culture of innovation, not just hiring a few creative outliers” (Horth & Buchner, 2009, p. 7), and it is about helping others to think innovative and creative, putting them on the right way. These two approaches stimulate innovations and appearing of new ideas.

The authors also give a comparing of two way of thinking: innovative and business, telling that nowadays most of leaders are lacking in ideas but are skilled in traditional business thinking. Under the business thinking implied making decisions that are based on facts, research, calculations, deduction and induction. Leaders with this type of thinking tend to avoid risks and to remove the uncertainty by using in-depth study, thereby wasting time and “looking for the right answer among the wrong answers” (Horth & Buchner, 2009, p. 8). However, often in organisation events are unstable and occur rapidly. There not enough time for deep analyses and calculations, leader should be ready and know how to act.

Innovative thinking is “working” in the opposite way, it does not depend on the past experience and facts, “it imagines a desired future state and figures
out how to get there. “It is intuitive and open to possibility” (Horth & Buchner, 2009, p. 9). The biggest difference is that innovative thinkers see uncertainty as an advantage. Nevertheless, innovative thinking should be an addition to business thinking, which brings a new flow of ideas and energy. Horth and Buchner (2009) also say that innovative thinking opens the new road to innovations and organisational effectiveness.

Max De Pree (2001) made a wonderful metaphor, comparing leadership process with the ethos of jazz. Creativity is very important for innovations and should be protected by leaders from bureaucracy and legalism. As we said before, innovations most of time are products of a team, ”they have to be developed by a community of thinkers” (Tyrrell, 2009, p. 6), for whom leader should “prepare the classroom” (De Pree, 2001, p. 35) in order to organise a favourable atmosphere for work. Thus, in innovative culture, according to De Pree, a leader is as a leader of a jazz band, who “will pick a tune, set the tempo, and start the music – define a style. “After that it is up to the players to be disciplined and free, wild and restrained” (De Pree, 2001, p. 35). It is one of the best ways for a leader in innovative culture – to show the example, set the strategy, give a freedom for creativity and lead employees from behind.

In the chapter about innovations we compared innovation process with the mosaic. Now, according to Kanter (2001), the organisational behaviour and thinking can be looked through a kaleidoscope. Actually, kaleidoscope thinking means, “to imagine possibilities outside of conventional categories, to envision actions that cross traditional boundaries, to anticipate repercussions and take advantage of interdependencies, to make new connections or invent new combinations” (Kanter, 2001, p. 74). The important task of leader is to open his or her employees’ minds and to teach them how to see things through the kaleidoscope and be ready for changes. Leaders should inspire and empower employees to look for new ideas beyond a company and even an industry, to use wide view on things, “leaders in innovation-intensive organizations give kaleidoscope to everyone” (Kanter, 2001, p. 83).
Power of innovative culture within organisations

4. Empirical part

This part includes case study of Flexlink AB. Moreover, it is added by a series of interviews from several companies. This information helps to understand research issue from practical view.

4.1. Company selection

We have chosen Flexlink as our first and main direction of empirical part for several reasons. Firstly it is an innovative company. That is clearly seen from the company’s credo. Moreover, it is part of COESIA Group, which is “a group of innovation-based industrial solution companies” (cited in: http://www.coesia.com/). Another company in what we were interested in and which we could reach is Norden. This organisation as well as Flexlink is a part of a big network of COESIA Group. This company was advised to us as a close partner of Flexlink, which is also considered as innovative, successful, effective and very competitive.

Furthermore, Flexlink is a global company. When a company is global it operates in different countries all over the world. That gives an opportunity to gain more experience and be more innovative.

We decided to take companies that have headquarters in Sweden for case study. We are interested in company that was established in the country that we were studying the whole year and where we were writing thesis. While we were staying in Sweden we observed that Swedish companies are quite open for cooperation and it is not hard to reach employees from the company to take interview.
4.2. Flexlink

Further there is a breath overview about chosen organisation.

4.2.1. Brief overview

Flexlink is a company that produces conveyors and automation equipment for different industries. Headquarters is located in Gothenburg, Sweden. Flexlink called themselves as “a global provider of production logistics solutions”. Thereby, they are emphasising its proximity and interest to customers, offering them not just products, but solutions and personalised approach. When Flexlink starts to work with clients, they make an analysis of customers’ present situation, after offer some efficiency-improving solutions and then provide different appropriate components and systems.

The company was found in 1980. Appearance of the company is associated with SKF (world bearing manufacturer) efficiency project. Company was actively developing its products during the first 8 years of performance. XL conveyor platform was launched which is still the most popular product for sale; pallet system XMP and wedge elevator were created. That allowed setting 18 sales offices during the period of 1988-1903. In 2012 Flexlink became a member of COESIA Group that are leaders in some sectors as automated machinery, production logistics, printing systems and quality inspections. This is group of thirteen different industrial companies that are operating globally and based on innovation.

4.2.2. Company’s credo

Credo of Flexlink is based on five statements (Flexlink business review, 2010, p. 2):
  - We create customers value;
  - We thrive on change;
  - We build and operate networks;
  - We value honesty, openness, teamwork and trust;
Credo is a very important part of organisational culture as it is based on it. “Our credos are our ground rules and these are the glue of the company” (Eva Degerman, 03.04.2012).

Customers are integral part of company’s life. “Bain and Company’s Frederick Reichheld has demonstrated that 5% increase in customer retention leads to a 20-25% increase in company profits” (Pease, Marfise and Wright, 2001, II). To make customers loyal it is essential for a company to take certain action that lead towards maximising of customers’ value.

Creation of customers’ value means that Flexlink “tries to walk in customers’ shoes” to see things differently or more explicit. This helps to create value from customers’ perspective. According to Flexlink Credo Presentation (2012) creation of customers’ value is fulfilled through:

- lower operating expenses and total losses;
- by increased sellable throughput;
- by increasing the production flexibility;
- by improving product quality delivered;
- through less capital tied up in WIP and stock of finished goods.

Thriving on change means “challenged not to be afraid of changes but to take profit from them instead. We are usually afraid of change but if you try to look at the change positively you can take profit of it, then you can enable innovation instead” (Eva Degerman, 03.04.2012). Moreover, the company states that change provides it with new opportunities for making profit.

Flexlink is a global company, which operates all over the world. It is the part of Coesia Group also. “With more than 100 strategic partners and a large number of service partners, Flexlink is geared to offer the best possible value to the end users” (Flexlink business review, 2010, p. 9). It shows the company
Power of innovative culture within organisations

has a wide network which is significant because it is very often that innovations come from outside.

Fourth credo means that every employee can speak his or her mind, feedback is appreciated and respected within organisation, information is freely shared, leaders inspire and guide their followers (Flexlink Credo Presentation, 2012). People “should feel that we have an open-minded culture; that we can speak up with something that needs to be improved, that we should trust each other” (Eva Degerman, 03.04.2012).

The fifth credo means every employee can have an impact on company. “We really value when people are entrepreneurial, that they are taking initiatives of their own and also that they are accountable for their initiatives” (Eva Degerman, 03.04.2012).

It is extremely important that all the aspects claimed in credo have to be implemented; they have to be in people’s minds. “We are having not only these credos as something piece of paper on the wall. But all employees should understand how to live it exactly. If it is just a piece of paper on the wall nothing will happen” (Eva Degerman, 03.04.2012).

### 4.2.3. Key figures

<table>
<thead>
<tr>
<th>MSEK</th>
<th>2010</th>
<th>2009</th>
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<tr>
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<td>1,200</td>
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<td>Net sales</td>
<td>1,460</td>
<td>1,222</td>
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<td>EBITDA, adjusted for exceptional items</td>
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<td>157</td>
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<td>EBITDA margin, adjusted for exceptional items, %</td>
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<tr>
<td>EBITDA</td>
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<td>146</td>
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<tr>
<td>EBITDA, %</td>
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<td>12</td>
</tr>
<tr>
<td>Average number of employees</td>
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<td>683</td>
</tr>
<tr>
<td>Net sales per employee</td>
<td>2,1</td>
<td>1,8</td>
</tr>
</tbody>
</table>

Figure 4.1. Key figures of Flexlink
Power of innovative culture within organisations

Source: Flexlink business review 2010

Flexlink position itself as an “innovator of modern conveyor systems” (Flexlink business review, 2010, p. 2). Company asserts that to maintain their competitive position and customers’ satisfaction in long term it is important invest considerably in Research and Development. Such investments allow the company continuously offer new solutions, products and modifications. “Total research and development expenditure amounted to MSEK 14 (22) in 2010” (Flexlink business review, 2010, p. 17).

4.2.4. Structure and possible scenario of innovation

Figure 4.2. Organisational structure of Flexlink
Source: Flexlink business review, 2010, p. 12

“Innovation Management has the role of identifying and driving the research and development process and creating offer” (Flexlink business review, 2010, p. 12). Flexlink is an innovation centralised company. “We are trying to centralize innovation. All our 28 units can come up with new ideas but to develop new product, new offer we centralize it to headquarters because then we can have scale of efficiency” (Eva Degerman, 03.04.2012).
4.2.5. Network of COESIA GROUP

“We are a large enough organization to have an international network and customer base but each unit small enough to give room for and encourage creativity and personal initiative” (at http://www.flexlink.com/en/about/job-area/).

Flexlink has wide network all around the world. In 25 countries there are network units of sale and engineering, the partners network is more than in 60 countries around the world.

In 2011 Flexlink became a member of COESIA Group. As was written before it consists of thirteen world companies that are leading players in such industries as consumer goods, tobacco, health and beauty, aerospace and automotive industries. Here are main values, which guide COESIA Group to success: “The passion for high-technology and innovation. The respect for communities and people, the knowledge that help us to meet the demanders and users who utilise the products we contribute to making. The sense of responsibility that commits us to create and value every achieving results” (cited in COESIA Group web page). As you can see from this, innovations in COESIA is one of the core value, breakthroughs in technologies that they had created changed the way goods are packaged and machines are made. All members of the Group have almost the same strategy: studying and working on brand-new solutions and using new opportunities. And the other direction is analysing already existing successful solutions and their further application in other sectors. Research and Development department actively works on increasing production speed, developing new technical solutions for the production and packaging processes, creating new packaging forms and so on. They are trying to rethink processes and find new ways to predict the needs of clients and satisfy them. “It means going away from the beaten path and looking ahead” that is written at website at < http://www.coesia.com/eng/innovation_at_a_glance.html >
Flexlink as a part of COESIA Group are innovators in production logistics and an inventor of conveyor systems, which increase speed and effectiveness, simplify managing processes and make its automatic.

COESIA Group sees innovations as a result of collective generation that appeared because of favourable conditions that in company’s case consist of availability of talents, a creative organisational culture, wide network opportunities, high investments in Research & Development and a transfer of technological know-how.

The important component of organisational activities for all members of COESIA (cited at <http://www.coesia.com/eng/innovation_at_a_glance.html>) Group is sustainable development, which involves the use of resources in the most effective way in order to minimise negative impacts on the environment. Sustainable development includes a lot of different components, where innovations play one of the main roles. Research & Development units are working in order to find and improve new design techniques and build and work on energy-saving strategy.

4.2.6. Sustainability at Flexlink

Since Flexlink is working on the world market, in different cultures and under different conditions, the principles of sustainability are a natural aspect of their business. They build sustainability program that is called ‘Making tomorrow today’. According to the website of FlexLink at <http://www.flexlink.com/en/sustainability/sustainability-at-flexlink/>, this program is based on six main aspects, which are explaining the way company acts and represents main values of the organisation.

The first one cornerstone is called “Our Business”. Flexlink tries to achieve long-term competitiveness; honesty, integrity and sound business manners are
Power of innovative culture within organisations

the basis on which operations are built. Principles of fair trade, fair competition and ethical standards define the business of organisation.

Flexlink is responsible for waste minimization and energy savings as well as reducing the negative impact on the environment. This aspect of “Making tomorrow today” sustainability program is named “Our environment”. In all operations and activities Flexlink also takes into account factors that affect climate change. One of the main reasons among which is the emission of CO2 that is widely controlled by the company. An integral part of the program is to comply with international standards of environmental management.

The next value is the respect for society that called “Our Community”, “FlexLink’s responsibility towards society is to manage the business as a responsible member of our society, showing respect for laws, cultures and needs of communities where we operate” (http://www.flexlink.com/en/sustainability/community.jsp). Producing innovations and working on it is very important for world community as well as for the environment, and Flexlink is making big steps in this direction developing solutions that help to better use of energy and less influence on the environment. These are not just beautiful words, but also far aimed actions, since the organisation is always participating in support of different catastrophes. Besides different management coaching sessions, innovation conferences and trainings, every member of the company has an opportunity to spend one working – day per year helping and supporting the community.

“Our offer” is the title of the next direction in sustainability program, which reminds that Flexlink is first of all selling the solution suitable for costumers in order to enhance the total efficiency. These logistics solutions can have some direct and indirect effects on the whole production process, some of them you can see on the graphic below:
Figure 4.3. Production logistics’ impact on operational performance in manufacturing industries
Sourced: Flexlink official web-page.

This graph shows what components of working process can be increased and decreased with the help of right logistics solution provided by Flexlink that finally leads to raise value and reduce organisational costs.

Of course, the main part of the company is also people, who are working in it. And the category “Our people” shows how Flexlink values its employees. The important task is to organise and provide workers with dynamic workplace that makes everybody live their credo and respect it. The working environment is built on the principles of equality and diversity, “We provide an ergonomic and safe work environment for our employees” (FlexLink Policy 2011). Every member of the organisation is encouraged to come up with new ideas, talents are developing and awarding for outstanding efforts.

The last aspect in the sustainability program is devoted to suppliers that are an integral part not only of present organisational work, but also an essential part of future development and success. In the Suppliers Handbook is a paragraph about innovation, there is written “At FlexLink, the Innovation
Management organization selects suppliers that are ambitious and capable to bring new material and production processes to the forefront” (Flexlink Supplier Handbook, 2011). As innovation is one of the core values of Flexlink, the finding and developing new ideas together with suppliers is strongly appreciated.

4.2.7. Conclusion of the case study

From the information stated above it is possible to derive some facts that indicate presence of innovative culture within organisation. Credo’s statements are very important, as exactly on them is based organisational culture. It is mentioned that Flexlink thrives on change. From the first glance it is obvious that organisation accepts and embraces change. Change is an integral part of innovation process and closely connected with unpredictable circumstances and risk. Thus, it is clear that Flexlink is ready to take a risk. Networks also play a significant role according to the fact that innovations happen not only from inside of a company but from outside. Innovative ideas can come from customers, suppliers, partners, etc. Honesty, openness, trust and teamwork these are the characteristics that are of great importance for innovative culture because they facilitate accelerating of innovations. Moreover, Flexlink company believes in initiative, it gives understanding that all the employees within a company are welcome with new ideas. They do not choose certain people to drive innovation process rather consider every employee as a potential innovator.

Furthermore, it is seen that total research and development expenditure from net sales in percentage is approximately 1%. The rate slightly diminished during 2009-2010 that is connected with crisis aftermath.

In the organisational structure it is seen that there is a special department that is responsible for innovation management. It means that the company plans innovation process, traces and controls it.
4.3. Norden Machinery AB

“Norden Machinery AB is the world’s leading manufacturer of tube filling and tube handling machinery” said the website at <http://www.nordenmachinery.se/>. It was founded in 1980. Norden as well as Flexlink is member of COESIA Group. It focuses on producing tube filling systems which can be customised and their performance varies from 25 till 500 tubes in a minute. Norden supports its customers throughout the whole lifecycle of the product. A high level of customisation allows satisfying different market segments (industrial, food, toothpaste, pharmaceuticals and cosmetics).

4.4. Analysis

Further we analysed all the interviews that we took from employees of Flexlink AB and Norden Machinery AB.

4.4.1. Human Resource Manager, Flexlink, Sweden

Eva Degerman

Values of an organisation

“Our credos are our ground rules and these are the glue of the company” (Eva Degerman, 03.04.2012).

Credo is what reflects the core values and goals of the company, to some extent, these are components on which the company’s strategy is built. It is what should permeate and inspire each employee in the successful organisation. The leader should constantly ‘articulate’ core values, say it aloud lead by his or her own example, to work on it, so that everyone can understand the essence, because the values are one of the main components of the culture within organisation. Credo reflects values, it is the key element, which integrates all employees from different departments, forms unity of views and actions and therefore, provides the effective achievement of organisational
goals. The central value system combines internal and external environment of the company as well as lower and top levels of management.

In the Credo of Flexlink, is mentioned all main directions on what the company is working on and evaluating as the most important. It affects all levels of the organisation: customers, business partners, employees as a team and each individual.

In the words of Human Resource Manager Eva Degerman, the way that Flexlink is achieving the success is an on-going work on the credo. They always try to discuss and communicate it around all 28 units, to figure out HOW to live the credo, what behaviour should has every member of the company and what behaviours go against corporate values, not just understand and know it by heart. Their Credo, that reflects mission, values and directions is something more than just a paper or the brochure, it is the “map” that helps every employee to be successful as an individual, as a member of the organisational team and, finally, to make all the company competitive, innovative and effective.

**Developing an idea into innovations**

“We really encourage all the employees to come up with the ideas and then we evaluate them” (Eva Degerman, 03.04.2012).

Every employee within company can come up with the genial idea, and every member of the organisation deserves to be heard independently of his or her working position. In order to make people feel free and not to be scared to announce his or her idea and try to implement it, leader should surround employees by relevant atmosphere of trust and mutual support.

This type of culture called innovative, said Eva Degerman, it is open-minded, there employees have willingness and opportunities to discuss everything, because it is easier to figure out something that needs to be
Power of innovative culture within organisations

improved and find ways how to do it if you are working as a team together. “I think innovative culture is when all people can come up with innovations” (Eva Degerman, 03.04.2012), and, of course, it starts with ideas to change anything: products, management systems, business environment and so on.

All ideas have to be evaluated, even if somebody already has spoken about it some time ago, because making innovations happen it is always about trial and error. Definitely, most of ideas are susceptible to failure because of some factors as high price of implementation, or discrepancy between desired and existing at the certain period of the organisational development. Moreover, employees can make mistakes on their way to innovate, innovation is always about the risk, thus without right leadership after some faults workers will stop to share their thoughts, scaring to be punished. The practice of Flexlink, told us Eva, is consist of building a forgiving organisation, where people are not blamed and mistakes are dismantled and learned. Forgiveness is a great aspect that you should put into the practice if you consider your organisational culture as innovative.

From where innovative ideas can come from? There are quite a lot of different sources, also “innovation can be forced and it can come spontaneously” (Eva Degerman, 03.04.2012). For some companies the first step to start with is to analyse customers’ needs and market in general. Some of them follow inside-out strategy that does not depend on customers demand. Also producing innovations can be a prerequisite of working partners. In the case of Flexlink, sometimes in order to cooperate, another company can ask them to fulfil with certain needs. After the idea comes in the business, it is kind of fostering a creation of innovations to be more competitive.

The important aspect in innovation development is centralisation. If ideas are finally not centralised most of them can be lost and forgotten. People should know where they have to go and with whom to speak if they thought that their idea could be effective. In Flexlink ideas’ evaluation is based on two levels, first, the evaluation of the boss of the department. Second, if it is a good
and possible idea it goes directly to innovation department, where best ideas are evaluated one more time and where it is decided how and when the idea can be implemented. Thereby, all ideas of every employee are centralised and carefully vetted, brought to suitability and ready for further implementation.

The innovative culture has to support the change from the beginning. In the theory, culture changes are one of the more difficult changes in the organisation, therefore it is very important to build initially suitable culture for the company. When Flexlink was experiencing major changes in the organisational structure in 2010, innovative culture was not exposed to change, it just helped and supported the process. During more then 30 years the main values in credo have been remained the same; it means that the culture of organisation is too powerful that can provide the company with sustainable internal conditions. What has become different in recent years is that people have spoken much more about core values, culture and credo.

4.4.2 Managing Director, Flexlink, Italy

Andrea Sambuy

Value of people

“I think that Flexlink does not own machines, the only thing it owns are brand name, patents and people” (Andrea Sambuy, 02.05.2012).

In innovative culture people should be the main value. Because of individuals, talents, teams innovations are happening in the organisation. Good leaders in effective and successful company should hire only right and suitable for the organisational culture people, otherwise if the individuality is in contradiction with the culture, an employee will not reveal his or her potential for all 100 %. Hiring right people is the way to support organisational culture. Employees should see the common vision of the organisation, be the part of the culture and put have a “sense of finding the right solution for the right
costumer at the right moment” (Andrea Sambuy, 02. 05. 2012). Since Flexlink knows the advantage, which the company can reach with great employees, they are really keen on people development.

Developing people within organisation should be everyday activity, which can consist of discussions, communications, trainings, coaching sessions. According to Andrea Sambuy, every member of Flexlink company has his or her development plan. Moreover every year they have a final performance review of all employees, in order to make an analysis of the work and change if it is necessary the individual plan to increase effectiveness and reach targets. During the communication of the employee and the manager they both decide what “gaps” can be filled in. It is also important to take into account the competence level of workers and try to develop by year not only in their career but also the competence, involving in the learning process, some coerce.

The practice of Flexlink shows the usefulness of making a training plan and paying attention to set scorecards. For example, one of the goals is to build the plan where at least 3% of employees’ time is reserved for training. These organised trainings can be about everything, starting from teambuilding and finishing with some technical workshops. Since Flexlink considered as an innovative organisation the innovation trainings are an integral part of the company. Italian Flexlink does not have innovations from technological of product development point of view. This department is connected more with doing business directly with customers. Thereby, in contrast to the Swedish division, they are innovative in the direction of customers’ service. Hereby, workers’ trainings are related to innovations in the relationships with customers. The Italian division is even more customer oriented, because exactly it is reaching out with clients and developing solutions.

The centralisation of innovations can be seen in every division of the global company. Innovative can be even the organisational model and ways how activities and company are organised. For example divisions in Italy are divided depending on tasks. In Torino is located sales department, there work
Power of innovative culture within organisations

commercial people, and happening of innovations are based on development of solutions for customers. Whereas, in Bologna’s unit people take care of the fulfilment of the system and design. One of the ways in which innovations happen is communication within the group. As Andrea Sambuy told us, regularly they have general meetings with employees where worthiest things about innovations are discussed.

4.4.3 Managing Director, Flexlink, Spain

Ramon Avalos

Innovations are different

“Innovation is in all the people so it is the innovation culture inside the company. Everyone is open to change, everybody is open to innovation” (Ramon Avalos, 08.05.2012).

Innovations can appeared in different sphere and different shapes. Everybody has his or her own definition of innovations. In business sphere every organisation or organisational department can focus on different kinds of innovations. The innovative goal of Flexlink according innovations can be producing new kinds of products that did not exist on the market before and supply more efficiency to their customers by these products. “Innovation is inventing new functions that are not on the market with our products” (Ramon Avalos, 08.05.2012). In Sweden the headquarter take care about innovations in product. In turn, in Spain there is the sale unit that is focused on functions and possibilities how to use the product in the most effective way. Furthermore process innovations aimed to simplify work and satisfy consumers’ needs.

For instance, in Flexlink there is an innovative practise that support and build powerful culture, it consists of changing and mixing all departments, putting people in different position than before. We found its organisational changes really useful and productive, because it can help to produce new ideas. People do not become bored because they always have opportunities to
move from one position to another, learn and open something new for themselves that, of course, helps organisational effectiveness in general. This Flexlink’s practice can be considered as innovation in positions, organisational structure and the strategy as well. To change positions and make some internal changes is not too hard and dangerous if employees understand not only their work but also the organisational goal and functioning.

Innovative culture should be the part of every member. For Spanish department the most important thing is to be close to the customers and to understand their needs. A company, which knows exactly what to do to satisfy consumers, builds strong relationships that in the future are working as an advantage for the organisation and creating the powerful reputation. Moreover it is a great support for innovations. Flexlink was able to achieve this closeness and now their employees are the first who want to test new products or solutions. This provides the company with good critic that allows improving innovations.

**Motivation of employees**

“Money is not the main thing. Normally I try to show them that if you are not innovative company you will be out of the market in 2-3 years” (Ramon Avalos, 08.05.2012).

The motivation of employees is the duty of a leader. As a person on the higher position he or she should be aware that every member of the organisation understands what is wanted of him. Generally, motivation is not about the money, and not a lot of leaders want to use it as the way to improve workers’ performance. In the opinion of Ramon Avalos, the best practice is to show your own example, your interest involvement in innovations. It is a long process that cannot be done in one or two meetings, speeches or letters, this is “something that you have to show every day” (Ramon Avalos, 08.05.2012). Leader should show strong example by which employees can understand the importance to innovate somehow on every position. Also good motivator can be
right built culture that is supporting changes and further development. In such kind of culture be innovative and open-minded is taken for granted. One more important task of the leader is to take into account distinctive features of every employee and directivities of departments, “motivating is not the same for sales, it is not the same for application engineers, it depends on the person, it depends on the department and also on the customer” (Ramon Avalos, 08.05.2012).

Some employees can be afraid to innovate, because they feel the risk to be punished or fired by reason of making mistakes. Coaching activity should be as a motivator for innovation activities, make people confident about themselves and help workers to think about risk-taking in a good and positive way.

4.4.4. Automation Manager, Norden

Magnus Möller

Customer orientation

“We are selling machines, really customised machines, so we listen a lot what a customer wants” (Magnus Möller, 27.04.2012).

Nowadays it is important to put interests of customers on one of the first places and to build the strategy of the company directed on the satisfying of customers’ needs. Norden is considered as the main advantage their opportunity to give consumers what they are expecting and even more as offering innovative technical solutions as well as appropriate service and support. A lot of ideas, that later can be transformed into innovations, appeared because Norden is always listening to consumers needs and willingness. Before starting to develop the idea into the product the company always first shows the designed solution to the customers in order to know if it is suitable and satisfying their requirements.
**Organisation of the work**

“It does not depend what position you are in the company, you have the opportunity to come up with ideas” (Magnus Möller, 27.04.2012).

To keep everything in order in the organisation, especially innovative process, ideas should be centralised. In Norden every employee can come up with the idea, because everybody has and is motivated by one common goal to develop a good successful and modern company. Employees can come with a suggestion of possible ways of solving problem, or improving some process or launching new kind of product. To simplify the process of innovation even in the mechanical part of the company there is a small R&D department. Also there are the technical director and other three group leaders who are always opened for the discussion of new ideas and after decide if it is necessary and possible to take it for further development.

**4.4.5 Sales manager, Norden**

Christer Bäck

**The importance of investing in R&D**

“This is very important to be driving company in this technology. It is a very niched area of sales or market segment. It is very important that we are the leading developer in this business” (Christer Bäck, 19.04.2012).

Christer Bäck asserts that Norden paid a lot of attention towards innovation already before they became a part of COESIA Group. *Investing in R&D* is an essential part of Norden’s culture. “Today we spend around 6% of the total turnover every year in R&D” (Christer Bäck, April 19, 2012). It is important constantly invest in this direction because company invests in its future. R&D is one of the activities that let the company be “leading developer in this business” (Christer Bäck, April 19, 2012). Products, services become outdated very fast nowadays so it is necessary for a company to develop existed
or create new ones. The share of turnover that goes on R&D can be different according the industry but anyway it should exist.

In Norden innovations depends a lot on customers. “We do not develop things that we believe customers do not want to buy” (Christer Bäck, April 19, 2012). Company has to have a clear idea according what customers want to satisfy their needs further. Norden involves their customers in innovative process through having a lot of discussions and getting feedback from them. From one side, it is possible to learn a lot about your customers and from the other side to make them more loyal to your company.

Another aspect that can accelerate innovation is upcoming ideas from outside. Correlation of ideas that come from outside or from inside the company could be different. For instance, Bäck claims that in Norden this correlation is “80-20. 80% outside and 20% inside” (Christer Bäck, April 19, 2012). In Norden’s case innovative ideas more often comes from outside because it is very customer oriented so it is vital to listen to customers. When the company has a big project it strives to make more meetings with customers and at the same time involve employees from different spheres. In general ideas can come also from suppliers, producers and every other partner you operate with. They also can bring some fresh ideas that may be could turn into innovations further.
5. Findings and conclusion

This chapter compiles together the findings and answer the research question.

5.1. Findings

We created the scheme called as “Our view on the important aspects of innovative culture” (figure 5.1.) that reflects findings, which we discovered through our work, and gives answers on our research question. The graph has a shape of the eye and it symbolises our view on innovative culture. In the figure the main aspects of innovative culture are shown in three different circles, each of which has a special meaning. Boundaries of each circle or segment are expressed by dotted lines; that means that all the components within circles are interconnected.

The first circle includes factors that are essential all kinds of organisational cultures. Such aspects as customers, employees, management and leadership are integral components for every company, without which the organisation is not able to operate. These components build the culture and have a great influence on it as well as a culture, in turn, has an input on them. Values, beliefs and assumptions and rules of conducts are factors that are created by the members of the organisation and can include all company’s stakeholders. These aspects set the common spirit for the organisation and define the behaviour. Strategy, goals and objectives are built according to main values of the organisation, direction in which the company moves and ways how it is doing the business. Myths and stories are essential activities of every successful manager and leader; this is the way to communicate values, discuss strategy and construct common beliefs.

The second circle of the figure represents activities and task of the leader directed on building and maintaining innovative culture in his or her organisation. A lot of components of this circle are also connected with each other, related to each other and are complementary. For example, ongoing learning process can include in itself such leadership activities as coaching,
mentoring, training as well as combining inside and outside knowledge. The important point in the innovative organisational leadership is to consider every person in the company as an individuality and to find personal approach to every member, taking in the consideration his or her character and willingness. Necessary part of company’s work is sharing the information that is better to do through the dialogue, which provides employees with understanding of the problem and involvement. Since nowadays direct involvement of customers is one of the main ways achieving organisational goals and taking the sustainable competitive advantage, this aspect should lie in the strategy, and to make it work is the task of the leader and his or her team.

Previous two circles lead to the third one, which reflects characteristics of the innovative culture. Trust is extremely important within organisation as it provides smooth cooperation, exchange of information and knowledge. Employees constantly seek for novelty and focus on creative tension. It is seen that innovative culture embraces change, surprises and ambiguity. Company that obtains such culture is ready to put itself out of comfort zone in order to try something new. Such company is ready to take the risk and understand at the same time that there is a high rate of failure. Moreover company is focused not on organisational hierarchy rather than organisational networks, which accelerate innovation process.

By this simple scheme we wanted to represent our point of view on the components of innovative culture. After long and productive research we found that innovative culture as a kind of organisational cultures has almost similar constitute elements, but the point is that these components have different characteristics and nature. For instance, the main value in innovative culture is producing innovations, and according to this strategy that is aimed to achieving success and taking advantages because of innovative processes within a company. Leader is considered as a supporter of the culture and of employees, performing as a coach, mentor, servant for innovations. Changes, unpredictability and risk-taking become well managed. All aspects of
innovative culture have special tone and lead an organisation to success, sustainability and effectiveness.

5.2. Conclusion

During our thesis we considered innovative culture from different perspectives. We considered innovation in general and then through understanding of organisational culture gradually moved to innovative culture within organisations.

Investigating of innovations in general provided us with understanding that it can be understood differently. Innovation is the last stage of innovation process, when idea is implemented and people have the use of the novelty. Moreover, innovations are connected with tangible as well as with intangible. Innovation can be connected not only with product development but also with service development and changing the way business is operated. The process of innovation was explored and it shows how innovation happens within organisation and how companies perceive innovations. It is an unpredictable and risky activity but companies finally are able to cope with it. Analysed data explicitly shows the importance of innovations today. Not long ago appeared certain trends that made the progress faster and consequently all the products become outdated. Thus, it is very important to innovate and create something new for companies in order to be competitive on the market.

Examining of organisational culture took considerable part because before moving to innovative culture it is important to understand the underpinnings. There are several theories that explain organisational culture from various perspectives. These different views helped us to derive essential components such as leadership, employees, customers, strategy and so on that are common for all types of organisational cultures including innovative one. Considering various types of organisational culture we moved to innovative culture.
Innovative culture that is what makes innovations happen within organisation. We discovered that is a complex notion that consists from a very wide range of aspects. All these aspects are revealed in findings in figure 5.1. All these aspects are investigated and discussed in different parts of our thesis. In findings we compiled all of them together and showed the relation between them. We would like to mention that all the components such as values, beliefs and assumptions, leadership, employees, customers, rules of conduct and others are in every culture. However, within innovative culture all these aspects have a special tone. Moreover, innovative culture in various organisations can be different and the share of these components within culture can be different.

Still this area of innovative culture is relatively new and there are a lot of directions that need to be investigated. In our thesis we touched upon every aspect of innovative culture as we wanted to understand each of them. We assume that may be it is possible to determine some optimal relation between these aspects in certain context that would lead the company to the top level of efficiency.
Figure 5.1. Our view on the important aspects of innovative culture within organisations.
Appendices

Appendix 1. Gross domestic expenditure on R&D as a percentage of GDP

Science and technology: Key tables from OECD - ISSN 2075-843X - © OECD 2011

Gross domestic expenditure on R&D
As a percentage of GDP

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</tr>
<tr>
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<td>1,17</td>
<td>..</td>
<td>1,14</td>
<td>..</td>
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104
Power of innovative culture within organisations

<table>
<thead>
<tr>
<th>Country</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>(2009)</th>
<th>(2010)</th>
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<tbody>
<tr>
<td>Norway</td>
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<td>1,59</td>
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<td>1,52</td>
<td>1,65</td>
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<td>1,80 (p)</td>
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</tr>
<tr>
<td>Poland</td>
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<td>0,56</td>
<td>0,57</td>
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<td>0,47</td>
<td>0,48 (..)</td>
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<tr>
<td>Slovenia</td>
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<td>1,44</td>
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<td>1,45</td>
<td>1,65</td>
<td>1,86 (p)</td>
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<tr>
<td>Spain</td>
<td>1,05</td>
<td>1,06</td>
<td>1,12</td>
<td>1,20</td>
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<td>1,35</td>
<td>1,38 (..)</td>
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<tr>
<td>Sweden</td>
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<td>3,40</td>
<td>3,70 (c)</td>
<td>3,62 (p)</td>
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<tr>
<td>Switzerland</td>
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<td>2,90</td>
<td>..</td>
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<td>..</td>
<td>3,00</td>
<td>.. (..)</td>
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<tr>
<td>Turkey</td>
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<td>0,52</td>
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<td>0,72</td>
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<td>0,85 (..)</td>
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<tr>
<td>United Kingdom</td>
<td>1,75</td>
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<td>1,87 (p)</td>
<td>1,81 (p)</td>
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<td>United States</td>
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<td>2,57</td>
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<td>2,79 (p)</td>
<td>.. (..)</td>
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<tr>
<td>EU27</td>
<td>1,76</td>
<td>1,73</td>
<td>1,74</td>
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<td>1,77</td>
<td>1,84</td>
<td>1,92 (p)</td>
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<tr>
<td>OECD Total (2)</td>
<td>2,21</td>
<td>2,18</td>
<td>2,21</td>
<td>2,24</td>
<td>2,28</td>
<td>2,34</td>
<td>.. (..)</td>
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</table>

**Last updated:** 27 April 2011

**Note:** Country specific footnotes are available at www.oecd.org/dataoecd/52/43/43143328.pdf

1 The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

2 Excluding Chile

3 National estimate or projection adjusted, if necessary, by the Secretariat to meet OECD norms

**Source:** Main Science and Technology Indicators, OECD Science, Technology and R&D Statistics

### Appendix 2. List of questions

**Interviewee background**

- Tell us please a few words about your role in the company and about your company
- –part of COESIA Group;
General questions
We expect to derive information about the most important aspects of innovation culture within organisation

- Your company considers itself as an innovative one. What do you mean by this?
- What are the most important highlights of your culture? I mean what aspects are important?
- Did innovative culture initially exist within organisation? How did it change during time?
- How do you maintain innovative culture?
- How do you organise everything that makes innovative culture work smoothly?
- How innovations are measured? Who track innovation process?

More precise questions

- Is there a special department that manages innovative culture and innovation process? (R&D)
- Who are creative geniuses in your organisation; I mean from who usually come with creative ideas? Does innovation usually come from inside or outside of organisation?
- Who encourage, support and promote innovation within organisation?
- Who links innovation with organisational strategy?
- Who establish budget for innovation?
- How innovation is communicated throughout organisation?
- How do you motivate people to innovate?
- Do you have any reward systems?
- Are there special trainings, seminars, conferences or other events that promote innovative culture and innovations for employees?
- Do you engage companies from outside or do you conduct these trainings yourself?
- Give some examples how innovation happened within organisation;
Power of innovative culture within organisations

- Did the culture change after joining COESIA Group? Does COESIA Group affect your culture?
  If no then why?
### Power of innovative culture within organisations

**Appendix 3. Table of strategic concept plan**

**Plan 1**

<table>
<thead>
<tr>
<th>Introduction</th>
<th>Definition</th>
<th>Goal/Role</th>
<th>Examples</th>
<th>Types</th>
<th>Cycle</th>
<th>Challenges</th>
<th>Myths</th>
</tr>
</thead>
<tbody>
<tr>
<td>Org can change the world !!!</td>
<td>Many shapes, sizes and colors DNA of every successful firm !!!</td>
<td>Competitive advantage 1 !!!</td>
<td>Apple, 3M, Nokia - the ability to spot innov and profitably commercialize them</td>
<td>New product or service, new ways of improving</td>
<td>Idea</td>
<td>Execution is important</td>
<td>Innov is all about ideas</td>
</tr>
<tr>
<td>Organisations are not designed for innovation !!!</td>
<td>Innovation = ideas + execution to improve innovation performance - to put in place factors 81</td>
<td>In order to generate product which customers want to buy to improve competitive position 12 !!!</td>
<td>Computer change business</td>
<td>Innov in service 143</td>
<td>P 16 graph</td>
<td>Ideas are only beginnings !!!</td>
<td>Innov is by nature an organic</td>
</tr>
<tr>
<td>Org are more powerful than individuals !!!</td>
<td>Innovation = ideas + motivation !!!</td>
<td>Quality of life !!!</td>
<td>Laser</td>
<td>Types of innovation 16</td>
<td>Value only after innov is ‘completed’ and ‘completed’ 35 !!!</td>
<td>Innov and ongoing operations are always and inevitability in conflict</td>
<td>Innov is unmanageable chaos</td>
</tr>
<tr>
<td>Thomas Edison background</td>
<td>Innovation = ideas +</td>
<td>Example of nine</td>
<td>All specialities are</td>
<td>How innovations</td>
<td>Only starts-up can</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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108
### Power of innovative culture within organisations

<table>
<thead>
<tr>
<th>nd process</th>
<th>dots and 3 lines 19 - thinking outside the box</th>
<th>needed in every cycle for innov to succes</th>
<th>happen to invent you need a good imagin ation and a pile of junk 60!!!</th>
<th>innovat e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innov has become the industrial religion of the 21st century</td>
<td>Innovat ion = ideas + leaders !!!</td>
<td>Apple’s iPod+iT unes innovation</td>
<td>the greates t unkno wn in the innov is costum er deman d !!!</td>
<td>innov reque res «crazy» creativi ty 42</td>
</tr>
<tr>
<td>Why? because of globalizati on !!!</td>
<td>nonrou tine and uncerta in</td>
<td>sustaina ble 13</td>
<td>Viagra 68</td>
<td>5categ ories of people are require d to implemen t specific idea 120</td>
</tr>
<tr>
<td>Where innov comes from? Where created</td>
<td>Innovat ion = ideas + leaders + team+p lan !!!</td>
<td>7-Eleven electro nic retailin g</td>
<td>protect ing innov 147 faking compa ny patents</td>
<td>myth about Newton , ideas don’t come so easily 4</td>
</tr>
<tr>
<td>way to come up with good ideas -</td>
<td>differen t definito in for</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>generate lots !!!</td>
<td>differ profession !!!</td>
<td>for innov 293</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------</td>
<td>------------------------</td>
<td>--------------</td>
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<td></td>
</tr>
<tr>
<td>Schumpeter it is not price competition, competition from the new... 12 !!!</td>
<td>innov = invention + commercialization !!!</td>
<td>innov as lottery ticket, spending more money on it doesn’t mean that you will win 16 !!!</td>
<td></td>
<td></td>
</tr>
<tr>
<td>innov never can stand alone 7 picture of puzzles, put everything together to get the innovation feelings !!!</td>
<td>definition in the past innov as a ‘gift 322’ !!!</td>
<td>risk is always a function of the uncertainties that surround innovation 18 !!!</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DNA of the company !!!</td>
<td>innov can be understood in the context of the particular environments 19 !!!</td>
<td>people who define problems, have ideas... 11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Most innov</td>
<td>the carrot</td>
<td>companies</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Power of innovative culture within organisations

- global innovation management
  p 319 the rise of innovation

→ think, play, do

→ the myths of innovation

→ trott

→ harward business review

**Plan 2.**

<table>
<thead>
<tr>
<th>Introduction</th>
<th>Fleas and elephants in organisations 25</th>
<th>Tasks</th>
<th>Types of employess.</th>
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</thead>
<tbody>
<tr>
<td>innov has always been a primary challenge of</td>
<td>Elephants definition 25</td>
<td>Support the culture for risk-taking 3</td>
<td>different sorts of people for innov 293</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Innovative approach to leadership 7</td>
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### Power of innovative culture within organisations

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Leadership separation from innovation</td>
<td>Acceptance of risk 84 Risk and progress are going together 102</td>
</tr>
<tr>
<td>depend on one another</td>
<td>Fleas definition 25 to notice what people are talking about and where they put their energy 14 understand people nature 154 manage human attention 7</td>
</tr>
<tr>
<td>Culture as an enemy</td>
<td>Connecting fleas with elephants 27 Everyone has to be responsible for innovation 4</td>
</tr>
<tr>
<td>Org culture like the air you breath</td>
<td>Federalism 28 Explain strategy, mission and properties 9 Imaging 11 Clarity around vision 178 Set of values 179 Innovativeness in the philosophy 197</td>
</tr>
<tr>
<td>Org culture like the air you breath</td>
<td>Definition of innovative leadership 20</td>
</tr>
<tr>
<td>Org culture like the air you breath</td>
<td>The quality of people is important 6</td>
</tr>
<tr>
<td>Org culture like the air you breath</td>
<td>Translated the concept of innovation, story telling</td>
</tr>
<tr>
<td>Org culture like the air you breath</td>
<td>Shared and collaborative leadership 41 Not heroic</td>
</tr>
<tr>
<td>Power of innovative culture within organisations</td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------</td>
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</tr>
<tr>
<td><strong>Innovation process is essentially people process</strong> 92 !!!</td>
<td><strong>Swim against the culture if it is needed</strong> 11</td>
</tr>
<tr>
<td><strong>Circle of innovation</strong> Porter 96</td>
<td><strong>Personalising 11</strong> <strong>Showing support and confidence 18</strong></td>
</tr>
<tr>
<td><strong>Creative and effective organizations do not emerge by an accident 39 !!!</strong></td>
<td><strong>Producing innovative thinking</strong></td>
</tr>
<tr>
<td><strong>Leader should be interested in innovations 40</strong> <strong>Believe in the company principles 124 !!!</strong></td>
<td><strong>Teamwork 19</strong> <strong>Leadership in the background 143 157 team for success</strong></td>
</tr>
<tr>
<td><strong>Leaders are the one who develop culture 40</strong> <strong>Culture is more effective than business plan 125 !!!</strong></td>
<td><strong>Decide what happen and show the direction 39 157 leader as a bus driver, showing the direction 84</strong></td>
</tr>
<tr>
<td><strong>Problems from the lack of creative</strong></td>
<td><strong>Ability to charge and empower others 41</strong></td>
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113
Power of innovative culture within organisations

<table>
<thead>
<tr>
<th>leadership 41 !!!</th>
<th>89 empowering</th>
<th>81 82 83</th>
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<tr>
<td>Culture can be against creativity and innovations 43 !!!</td>
<td>Training and coaching 42 Invest in people 180</td>
<td>Energising management 151</td>
</tr>
<tr>
<td>Diversity lies in the heart of org ability to innovate 43 !!!</td>
<td>Create the sense of belonging 43</td>
<td>Experience is the best teacher 160</td>
</tr>
<tr>
<td>Vision of innovation in the mission and strategy 2 Strategic management agenda 38 and leadership strategy 39 !!!</td>
<td>Learning from failure, putting the lesson into the practice 2 Do not punish mistakes 100</td>
<td>Sending e-mails 181</td>
</tr>
<tr>
<td>Create room for unusual people, become their followers 32 Rely on capabilities of others 166</td>
<td>Rules for developing innovations 78</td>
<td>Talents are important 243 246</td>
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<tr>
<td>Difficulties of innovations for leader 77 81</td>
<td>Making the decision about moving the idea forward 91 serve and listen 93</td>
<td>Information can stimulate thinking 104 And knowledge Create dialogue on the data 118</td>
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</tbody>
</table>
Power of innovative culture within organisations

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**Leadership for innovation**

**Innovate on the Run: The Competing Demands of Modern Leadership**

- Trott 4th edition
- Global innovation management
- Innovation leadership
- Creativity and Innovation: leadership Dynamics
- Leadership trust
- Leadership and innovation
- Cultivating talents
- Leading for innovation
- Managing creativity and innovation
- Leadership in innovative mature companies

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**Discourage internal competition in order to learn from each other**

**Reward and types of reward**

103

107

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Linnaeus University – a firm focus on quality and competence

On 1 January 2010 Växjö University and the University of Kalmar merged to form Linnaeus University. This new university is the product of a will to improve the quality, enhance the appeal and boost the development potential of teaching and research, at the same time as it plays a prominent role in working closely together with local society. Linnaeus University offers an attractive knowledge environment characterised by high quality and a competitive portfolio of skills.

Linnaeus University is a modern, international university with the emphasis on the desire for knowledge, creative thinking and practical innovations. For us, the focus is on proximity to our students, but also on the world around us and the future ahead.

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