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# Leadership in Innovations of Finnish Household Goods Producing Companies

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<p>Leadership - one of the most examined topics of social sciences', yet the least understood one, while simultaneously innovation is still undergoing development. Clearly therefore, the importance of leadership in innovation should not be underestimated, as both are vital components of today's organisations, which never is an easy or effortless process. Additionally, leadership is one of the most influential factors affecting innovation, where leaders do not fall into the trap of much talking but little actual doing, and therefore through their action and example they can change the course of the company, while influencing the innovative leadership culture. This makes it critical to find the most suitable leadership in the organisation, enhancing innovations, yet attention should be paid to the matter that the selected leadership style and model should vary based on the situation and stage or type of innovation at present. The deep understanding and implementation of leadership in a company can create positive results in various ways, give the ability to embrace challenges and opportunities, ultimately result in effective leadership and innovation strategies. This research conveys leadership in innovation of Finnish household goods producing companies, where the conclusion of the research will be beneficial for any company leader's leadership in innovation strategy</p>	
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## Table of Contents

<b>1. Introduction</b> .....	<b>5</b>
<b>1.1 Finnish Household Goods Producing Companies and the Relevance of the Topic</b> .....	<b>5</b>
<b>1.2 Leadership in Innovation</b> .....	<b>6</b>
<b>1.3 Structure</b> .....	<b>6</b>
<b>2. Literature Review</b> .....	<b>7</b>
<b>2.1 Leadership vs. Management</b> .....	<b>7</b>
<b>2.1.1 Challenges of Leadership</b> .....	<b>8</b>
<b>2.2 Leadership Styles</b> .....	<b>8</b>
<b>2.2.1 Interactive Leadership</b> .....	<b>9</b>
<b>2.2.2 Transactional and Transformational Leadership</b> .....	<b>9</b>
<b>2.3 Contemporary Leadership Theories</b> .....	<b>11</b>
<b>2.3.1 Innovation Leadership</b> .....	<b>11</b>
<b>2.4 Contingency Leadership Theories</b> .....	<b>12</b>
<b>2.4.1 Fred Fiedler's Contingency Theory</b> .....	<b>12</b>
<b>2.4.2 Cognitive Resources Theory</b> .....	<b>12</b>
<b>2.4.3 The Vroom-Yetton-Jago Decision Model</b> .....	<b>13</b>
<b>2.5 Path-Goal Theory</b> .....	<b>14</b>
<b>2.6 Situational Theory of Leadership by Hersey and Blanchard</b> .....	<b>15</b>
<b>2.6 Conclusion of the Current State of Literature</b> .....	<b>16</b>
<b>3. Research Methodology</b> .....	<b>17</b>
<b>3.1 Theories Used in the Research</b> .....	<b>18</b>
<b>3.2 Choosing the Sample</b> .....	<b>18</b>
<b>3.2.1 Fiskars</b> .....	<b>19</b>
<b>3.2.2 Finlayson</b> .....	<b>19</b>
<b>4. Result Analysis and Discussion</b> .....	<b>20</b>
<b>4.1 Fiskars</b> .....	<b>20</b>
<b>4.1.1 Importance of Leadership and Innovation</b> .....	<b>20</b>
<b>4.1.2 Fiskars' Leadership Style and Model, and Innovation Processes</b> .....	<b>21</b>
<b>4.1.3 The Results of Leadership in Innovation</b> .....	<b>22</b>
<b>4.2 Finlayson</b> .....	<b>23</b>
<b>4.2.1 Importance of Leadership and Innovation</b> .....	<b>23</b>
<b>4.2.2 Finlayson Leadership Style and Model, and Innovation Processes</b> .....	<b>24</b>
<b>4.2.3 The Results of Leadership in Innovation</b> .....	<b>25</b>
<b>4.3 Previous Case Studies</b> .....	<b>26</b>
<b>4.4 Discussion</b> .....	<b>27</b>
<b>5. Conclusion and Discussion</b> .....	<b>27</b>
<b>6. References</b> .....	<b>30</b>
<b>7. Appendices</b> .....	<b>34</b>
<b>7.1 The 21 Challenges of Leadership</b>	
<b>7.2 The Vroom-Yetton-Jago Decision Model</b>	
<b>7.3 Interview Questions</b>	
<b>7.4 Previous Research Results on Leadership Styles Relation to Innovation</b>	



# 1. Introduction

Leadership - one of the most examined topics of social sciences', yet the least understood one, while simultaneously innovation is still undergoing development. Clearly therefore, the importance of leadership in innovation should not be underestimated, as both are vital components of today's organisations, which never is an easy or effortless process. Additionally, leadership is one of the most influential factors affecting innovation, where leaders do not fall into the trap of much talking but little actual doing, and therefore through their action and example they can change the course of the company, while influencing the innovative leadership culture. This makes it critical to find the most suitable leadership in the organisation, enhancing innovations, yet attention should be paid to the matter that the selected leadership style and model should vary based on the situation and stage or type of innovation at present. The deep understanding and implementation of leadership in a company can create positive results in various ways, give the ability to embrace challenges and opportunities, ultimately result in effective leadership and innovation strategies. This research conveys leadership in innovation of Finnish household goods producing companies, where the conclusion of the research will be beneficial for any company leader's leadership in innovation strategy.

## 1.1 Finnish Household Goods Producing Companies and the Relevance of the Topic

The largest and recognized Finnish household goods producing companies are expanding and creating larger profits year by year, slowly looking for in increasing amounts for international success as well. Meanwhile the competition is toughening, industry is enlarging and attracting increasingly, due to the globalisation and the ease of entrance for new competitors, as the production, development and investment are not as time consuming with extreme expenses compared to many other industries. Although Finnish household goods producing companies do not generally have strong international success, yet their domestic success has long history. The success is not coincidental as Fazer Group (2015), publication shows three out of ten companies in the 2015 top ten most valued Finnish brands were Finnish household goods producing companies; 2nd Fiskars, 6th Arabia and 7th Iittala. In addition, many of the Finnish household goods producing companies have created many iconic products as well as products that are a 'must have' and daily used in Finnish homes, while many Finns recognize these products and brands. Therefore, various of these companies are doing something right, in their leadership and innovation.

At present it is indispensable to consider new and enhanced understanding about leadership and innovation, as the older theories do not simply address adequately today's challenges. Meanwhile a focus on knowledge, change and globalisation shape the current economy, making

it agile, unpredictable and constrained by innovative knowledge-based organisations, where they are attempting to innovate with scarce resources and skill shortages. An extensive response to change is a necessity due to the triumphing dynamic and uncertain environment, which demands more inclusive leadership – present and on-going in all levels and functions (Isaksen & Tidd, 2006).

In increasing amounts, it is more needed and valuable for organisations to guide the change, due to the increasing pace and volume externally and within the organisation. Simultaneously organisations need to be more innovative and create new and enhanced product offerings, as the competition is intensifying due to ever growing globalisation. In addition, growing complexity can be expected, fuelled by major levels of growth, government regulation, legislation changing the rules of the game and the rates of knowledge, information and data (Isaksen & Tidd, 2006; PennState, 2006).

## 1.2 Leadership in Innovation

In this research the focus is on analysing different theories, models and styles of leadership, and their impact on the innovation of the Finnish household goods producing companies. As (Doyle and Smith, 1999), classified leadership theories into four categories; trait, behaviour, contingency and transformational theory. Whereas leadership based on Stead & Stead (2009), has passed through three eras; the trait era (late 1800s-1940s), the behaviour era (1940s-1970s) and the contingency era (1960s to present). Meanwhile the research will concentrate on analysing theories, models and styles from the contemporary and contingency era, as they are the most relevant and suitable for the research. As a result of Goertzen (2012), describing the contemporary era to view leadership as social process, including leaders and followers interacting and working collectively to reach common interests and goals. In addition, (Bisk, 2017 Daft, 2011) characterise the contingency era, representing a situational aspect; leadership's success or failure is situational.

## 1.3 Structure

In the first chapter the current literature will be reviewed and discussed. The following chapter after the literature review will present the methods used in conducting the research, as well as the methods used to collect the required data, in order to execute an analysis; on the used leadership styles and models, the relationship between them, the result of leadership in innovation and the potential factors affecting weaker international success, finally analysing if there can be determined a leadership formula for effective and successful leadership in innovation. Then will follow 'The results analysis and discussion' chapter, where the collected data will be demonstrated and analysed. The final chapter ends the research to a conclusion, containing recommendations for further research.

## 2. Literature Review

In this chapter the current state of literature will be reviewed and analysed using various relevant theories to justify the need for the research. The literature will comprise of vast range of leadership researchers, styles, theories and models, evaluating the effectiveness and criticism of the theories, comparing leadership and management, as well as looking the challenges the future leadership faces. In the era of globalisation and civilisation pushing for innovations and reforms in various sectors, which makes leadership theories highly attractive but also forever changing. This constantly shapes leadership leaders, as much as leadership is shaped by them. Therefore due to the fast changing environment the theories covered in this chapter will be from contemporary and contingency era. Yet some of the theories and models are widely universally recognised, with extensive studies, making them relevant regardless of the nature of the organisation, location or era. The literature review also consists of theories and models, which will be used in conducting the research and analysing the results. Finally based on the findings of the literature review the relevance of the research is identified and justified.

### 2.1 Leadership vs. Management

As early as 1300s the term 'leader' was remarked, while the term 'leadership' has only been existing since late 1700s. Leadership has been predisposed to organisational, psychological and scientific research (Van Seters & Field, 1990), yet it still remains as an ageless topic of various definitions. It is also a subject of misunderstandings, as some have interpreted that everyone in a leadership position would provide actual leadership. This is simply not accurate, since it is evidential that some do lead well, some poorly and some do not lead at all. Furthermore most of today's leadership positions in organisations are called managers, yet it does not propose them to be closely related, as they are not (Kotter, 1990). As James B. Rieley (2006), emphasises management to be clearly different, where it is defined by the aim to 'manage' and have some form of control, which is not the case in leadership.

*"Leadership is all about creating environments in which your company and its employees can realise their individual and collective potential". - Rieley, J.B., 2006.*

Path of forward, where leadership avoids short-term thinking, and focuses on long-term objectives, not defined by creating consistency and order, it rather produces action for change. It suggests leadership to have its own implementation process of; aligning people to new directions and motivating them to make it come reality. Leading happens between people, not under the ownership of the leader or the followers. Where leaders will only be able to truly lead if they connect with others in a manner assisting the opportunity and obstacle embracing, for them to be addressed. Some researchers describe current leadership as 'Living Leadership' or 'Enlightened Leader', which can be seen present in today's organisations (Binney et al, 2005; ten Hoopen & Trompenaars, 2009). Although different leadership theories consist of generally similar principles

- choice, purpose, passion, standards, capability, resolve and reflection (Harkins & Swift, 2009). Surely some similarity between management and leadership can be seen in deciding what needs to be done, creating networks of people and relationships which can accomplish an agenda, and afterwards ensuring that people can get the work done (Kotter, 1990).

In 19th century Thomas Carlyle's Great Man Theory dominated the leadership theory, outlined that leaders are born not created. Only few and scarce individuals in any society at any time had with their unique characteristics ability to shape or express history. The theory has no scientific support or empirical validity, which makes this skills-approach unusable as a scientific theory, justifying the examining of further leadership theories (Maslanka, 2004).

### 2.1.2 Challenges of Leadership

Leadership in today's business environment is everything else but effortless. Leading will only become more complex and demanding in the future, as groups and people become more diversified, while work across organisational and cultural boundaries will become more convoluted forced by the need of improvement and growth in the globalised world (Gentry, et al. 2015). The 21 Challenges of Leadership illustrated in (Appendix 1), indicate difficulties and opportunities encountered in leadership. Where the outer zone consists of 14 key challenges, ordinary challenges faced in work, while the inner seven core practices contain more personal challenges, faced in leadership. These inner challenges reflect action, what is required to do skilfully, but also ways of being; of who you are and how/what you do. Understanding all of these challenges is vital, as the quality of one's responses to both inner and outer challenges, adds and determines between good and bad leadership (Pedler, et al. 2004).

There can be identified a real danger of leadership vacuum. A result of ineffective leadership, which comes from inadequate leadership knowledge, values and behaviours. It cannot be emphasised enough how important it is to understand that the biggest competitive edge of an organisation lies within the people that the leaders lead. Self-perception and awareness are the key, and in order to enhance it leader needs to learn enough of his or herself before leading others (ten Hoopen & Trompenaars, 2009; Zigarmi, et al. 2005).

### 2.2 Leadership Styles

In the present global competitive environment finding an effective leadership style is a necessity for a strong organisation. Whereas it is important to remember that different leadership styles have different impacts on employee involvement, performance and commitment, which again affects the leading of innovational climate of the organisation. Where often a failure in innovation leading stems from ineffective leadership styles and skills. Transformational leadership is not the only style to lead innovations, as different innovation styles suite to different innovation types and stages (Kesting et al., 2015).



### 2.2.1 Interactive Leadership

Already in 1990 Interactive Leadership concept was studied by Judy B. Rosener. This study defined its core characteristics to be; encouragement for participation, widespread sharing of information and power, efforts to enhance the self-worth of employees, and energising employees for different work tasks. An interactive leader can also be seen as empowering others to innovate, by cooperating and showing them how to become innovation leaders themselves in the organisation. Although comparing to distributed and shared leadership, interactive leadership's empowerment is still restricted, and operated under interactive leader's control. As it usually involves some guidance, showing empowered leaders how to innovate by coaching and providing them with other relevant support (Kesting et al., 2015; Rosener, 1990).

Although some researchers have pointed out that interactive leadership style may not be sufficient for innovation due to its inherent lack of a specific future vision, and thus recommend carrying it out in combination with other leadership styles. On the other hand, some researches show that the style contributes to firm's competitiveness and innovation projects (Kesting et al., 2015).

### 2.2.2 Transactional and Transformational Leadership

Rainey (2003), gives merit to political historian and biographer James McGregor Burns as one of the first social scientists to develop the distinguishing characteristics of transactional and transformational leadership during 1978. Meanwhile Bernard Bass has been further credited developing and influencing transformational leadership theory (Agard, 2011).

Transactional leadership, also called managerial leadership has been widely applied to innovation projects. It is practised management-by-exception and contingent reward. The focus of the leadership lies in the role of supervision, organisation and group performance. It emphasises followers' cognition, leaders promoting compliance of his followers by reward and punishment. Moreover transactional leaders do not try to affect future, rather to keep things as previously. The leaders monitor followers' work to point out faults and deviations, abdicating responsibilities and avoiding decision making (Bass, 1990; Odumeru & Ogbonna, 2013). The leadership in a sense keeps an alignment between organisation's mission and goals, but also simultaneously holds the motivation and interests of employees in reaching set objectives (Agard, 2011).

Often transactional leadership is about keeping things on track during the implementation phase, which some researcher say makes it less suitable for the stimulation of new ideas. Although some researchers state that incremental innovations might be better led by transactional leaders and radical innovations by transformational leaders. Also some see transactional leadership to

specifically fit to product innovations and R&D, as it helps achieving straightforward goals. In addition, a recent case provided evidence of it working through all of the stages mentioned before (Kesting et al., 2015). The usage of transactional leadership might be effective in crisis and emergency situations, also in projects which are required to be carried out in specific way (Odumeru & Ogbonna, 2013). The criticism faced by the theory also highlights that these specific behaviours run the risk of gaining only compliance than, actual commitment. The theory also seems to be based on short-term objectives, due to the rewarding and punishment, which may lead to the risk of stifling human development. Finally all this may result in a loss of competitive advantage (Gill, 2011).

Leadership literature and research have been established on leaders' competence to 'manage change' and to 'ability to transform organisations', while these two have a distinctive difference. As successful transformation of an organisation is based on different skills and attitudes (Luzinski, 2011). Therefore, transformational leadership is a process of systematic leading, with clarity of purpose and meaning within the organisation. It suggests that comprehensive and integrated leadership features are a necessity by individuals, groups and organisations. In order to have the capacity to move resources from areas of minor such as, self-interest into greater good and productivity for the strategic transformation to unleash (Hacker & Robert, 2004). Furthermore, this leadership style places significant weight on the emotional bond between the leaders and followers (Pawar, 2014), where these process-oriented leaders are also able to transform followers into leaders. Transformational leaders exploit the situation to launch and sustain the transformation process by common characteristics; idealised influence, inspirational motivation, intellectual stimulation and individualised consideration. Therefore transformational leadership is an insight into the effects of leadership on followers in an innovation context, as well as it can increase the level of trust (Alsolami et al. 2016).

A recent study findings highlight transformational leadership to be more effective and appropriate for stimulating creativity and generating ideas than, for the actual implementation of innovations (Kesting et al., 2015). Theory's criticism also stems of it being based around the concept of influence as a form of justifying explanatory power of transformational leadership theory, nor is the theory enough distinctive and meaningful compared to other leadership theories. Meanwhile various researchers point out all of the qualitative research studies constructing transformational leadership to be inherently flawed. This can be due to the nature of theory's openness to criticism, as the ideas expressed can be questioned by any flaws in the theoretical construct, due to the non-existent defense of theories in natural-science (Reid, 2008; Yukl, 1999).

## 2.3 Contemporary Leadership Theories

James McGregor Burns's bestseller book *Leadership* was published in 1989, it imprinted a major transition in the development of leadership theories. Ever since the research in leadership has been affected by his definition of 'transforming leadership', as he was one of the first ones who associated leadership as a social process, involving leaders and followers interacting and working together, in reaching and achieving their common interests and goals. This has resulted in contemporary theories having a strong flavor of followers and the leader-follower relationship in the leadership process (Goertzen, 2012).

### 2.3.1 Innovation Leadership

An innovation, is an idea, practice or object, recognised as new by an individual, teams, groups or departments. In order to be named an innovation, it must give value added for its adopter, possibly resulting to new or enhanced products, systems, services or work procedures. It is a necessity in every industry to have the capability to be innovative, required by the force of accommodation to changing industry elements such as, technologies, working conditions, the need of new skills and jobs. Finally resulting into retaining or gaining a competitive edge (Gliddon, 2006).

Innovation cannot discharge itself, leaders are the liberators and accelerators of innovation. Leaders are required to stimulate and control deliberate changes in structures, cultures and processes of organisations, in order to turn them into innovative, effective and productive. Although many organisations search for competitive edge, in their structure, strategy, technology and culture, yet leadership remains the most important component in creating a competitive advantage (Agbor, 2008).

According to Gliddon (2008), the creator of Innovation Leadership, describes it as a 21st-century view, of placing importance on innovation as a compelling force influencing organisational behaviour. This philosophy and leadership theory is much more than leaders identifying and diffusing innovations. In fact, innovation leadership (Bel, 2009; Gliddon, 2008; PennState, 2006), involves vast roles and abilities across organisation stages and strategic orientations, aheading the organisation and innovation life cycle. According to Gill (2003), in a sense of empowerment it promotes and encourages culture of entrepreneurship in the organisation. Therefore Gliddon (2008), emphasises that innovation leadership is not a duty of a single leader, as it is too diverse and needs the installation to the whole organisation

The critique that the theory faces is based on the controversy of its definition due to its vagueness, which might be due to varied results gained from it (Adjei, 2013). Additionally, some research on the theory indicates, a gap between the aspirations of leaders to innovate, yet the execution of it often lacks due to the belief of organisational structures and processes to be the

fundamental solution. Far more important for the success of company's innovation leadership, are the acknowledgement of commitment and cultural attributes, where the first steps of the value creating journey are the most significant ones (Barsh et al., 2008).

## 2.4 Contingency Leadership Theories

These theories describe how aspects of leadership situation can alter a leader's influence and effectiveness. The theories suggest that, the success of a leader depends on the specific situation at present, where certain factors in force determine if a particular leader of leadership style will be effective for the specific situation. These factors concern the task, the personality of the leader and the composition of the group that is meant to be led, where the success or failure of leadership is situational (Bisk, 2017 Daft, 2011).

### 2.4.1 Fred Fiedler's Contingency Theory

Based on Gill (2011), in 1960s Fred Fiedler was the pioneer of contingency theories, proposing that the effectiveness of leadership task or people oriented counts on the favourableness of a situation in terms of;

1. The level of definition and structuration of work.
2. The amount of authority the leader possesses.
3. The relationship between the leader and the followers.

The theory suggests a situation to be extremely favourable, when work is clearly structured and the leader has great authority with good level of relationships within the group. Meanwhile an unfavourable situation is defined to be when work is unstructured, leader has little authority with poor relationships with the group. Yet the theory is more complicated as Fiedler suggests that it is more challenging for a leader to change his or her style to suit the situation than, what it is to change the leader according to the situation (Gill, 2011).

The criticism of theory is based on if a leader falls in the middle category of the least preferred co-worker, then it can be unclear which style of leader he or she is. It has also been stated that even under the best circumstances the scale measuring leadership capability is not reliable measure. While it is also possible to one's least preferred co-worker is genuinely confused, unpleasant or 'malicious', and if one has encountered such person once during their career, there is a great chance that one will always be categorised as a low-LPC leader (Mitchell, et al., 1970).

### 2.4.2 Cognitive Resources Theory

A theory of industrial and organisational psychology, developed in 1987 by Fred Fiedler and Joe Garcia, which is a reconceptualisation of Fiedler's contingency model. It specifies the conditions under which cognitive resources such as intelligence and experience are related to group performance. The theory suggests that the performance of a leader's group is determined by a complex interaction among by the two leader traits of intelligence and experience, one type of leadership behaviour (directive leadership) and two aspects of the leadership situation which are interpersonal stress and the distribution of knowledge about the task (Tucker et al., 2009).

The leader's interpersonal stress alleviates the relationship between leader intelligence and subordinate performance. Stress may be created by the leader creating role conflict or demands for extraordinary performance without providing support and resources, while other stress stimulators can be also regular work crises and conflicts with subordinates. Beneath low stress level, leader's intelligence coordinates information processing and problem solving, which may enhance the quality of autocratic leader decisions. Meanwhile under high interpersonal stress, strong emotions will likely disrupt cognitive information processing and make applying intelligence hard. Yet in this particular situation a leader with already learnt high quality solutions through similar previous experiences will be more effective, while an intelligent and inexperienced leader will be a lot easier distracted and unfocused on the task, simultaneously looking for to find new solutions. The theory therefore presents an idea, that under high stress employees are more prone to committing indiscipline (Daft, 2011; Tucker et al., 2009).

When group members have relevant knowledge and information not possessed by the leader, a participative decision is more effective. Meanwhile when leader has more expertise concerning the task than subordinates, an autocratic decision should be made (Daft, 2011).

The limitations of the theory involve, the lack of addressing different types of stresses, the cognitive theory does not include leaders of high intelligence and experience, no mention of the types of tasks needed to be dealt with and it has been argued that it is misleading to think that simple tasks do not require highly intelligent leader with experience. Therefore the cognitive resource theory's few studies and some support provided by them, need further modification and research (Daft, 2011; Mehta, 2016).

### 2.4.3 The Vroom-Yetton-Jago Decision Model

A contingency theory focusing on situational factors, proposing the most successful leadership style in any occasion would be found through answering seven questions on a decision tree (Appendix 2). These answers are supposed to result in a recommendation to follow autocratic, consultative or collaborative approach in decision-making (Field & Andrews, 1998).

*Autocratic* – leader is the decision maker and informs afterwards others. Where one can either use information one already possess or ask team members for specific information and then execute the decision making.

*Consultative* - the leader gathers information from the team, and afterwards the decision is made. This can be executed by informing team members of what leader might do, while possibly asking for individual's opinions, but the group is not brought together for a discussion of the subject. Another way suggests the leader to have responsibility for decision-making, but the group is brought together to exchange perspectives.

*Collaborative* - leader works together with the team to reach consensus, where the decision is made by the team together, where the leader facilitates and helps the team to come into the final decision.

All this is said to ensure the elimination of much clutter that an individual's preference for task or human-oriented behaviour might bring to the process. Whereas the theory's simplicity and standardisation in the decision-making process are vital in proving a point of view emphasising only on the situational factors (Halaychik, 2016). This model of situational and prescriptive stance encourages leaders to examine the characteristics of each decision situation before the decision-making and what decision method is to be selected for solving the conflicts (Field & Andrews, 1998).

The theory has been questioned through major criticism on; the use of concurrent validation with the problem attributes, decision-making process, decision effectiveness, quality and acceptance all being self-reported by the leader. As well as the theory is said not be parsimonious as some other theories involving leader decision process. In addition, the theory also deals a single aspect of leader behaviour rather than, selecting different decision processes for different problematic situations (Field, 1979).

## 2.3 Path-Goal Theory

Developed by Robert J. House in 1971, which has been described as, one of the most influential contingency theories. It is a dyadic theory of supervision, where leaders supply the necessary direction and support to subordinates, in order to gain individual and organisational goals. The objective of the theory is to strengthen the performance and satisfaction of the employees, with the focus on employee motivation. This theory stands in contrast to situational leadership, which expects leader to adapt to the development level of subordinates. Meanwhile the contingency approach, highlights the match among leadership behaviour and specific situation, yet path-goal theory underlines the match between leader behaviour and subordinate characteristics with work settings (Malik, 2013).

The theory's initial version presented leader behaviours, while the later version of path goal-theory added two more, totaling four leader behaviours. It is also stated that the effect of the leader behaviour on subordinate satisfaction depends on the situation, task characteristics and subordinate characteristics. These situational variables also determine the potential subordinate motivation, the manner that the leader needs to improve subordinate motivation, the preference of the leadership behaviour by the subordinate and its effect on subordinate (House, 1996; Yukl, 2013).

1. Supportive Leadership; acknowledging the subordinate's needs, exhibiting interest towards the subordinate and lastly generating friendly work climate.
2. Directive Leadership; letting subordinates know the expectations concerning them, by giving specific guidance, asking the following of the set rules and procedures, while scheduling and coordinating the work.
3. Participative Leadership; negotiating with subordinates, while considering their opinions and suggestions.
4. Achievement-oriented Leadership; appointing challenging goals, simultaneously seeking improved performance, emphasising excellence and demonstrating having a confidence for subordinates fulfilling the high expectations.

The theory is weakened by its criticism pinpointing the inconsistent findings, a group averaging of ratings, a lack of consideration of informal leadership, dubious causality and measurement problems (Gill, 2011).

## 2.5 Situational Theory of Leadership by Hersey and Blanchard

The theory is among the most comprehensively recognised leadership theories, which has been revisited and cultivated during several occasions after its dawn. In addition, it has been broadly applied in organisational leadership training and development (Northouse, 2012).

This contingency theory, was created by Dr. Paul H. Hersey and Kenneth Hartley Blanchard, which established the relevant type of leadership behaviour in contrast to different levels of subordinate maturity to the work. The focal point of the theory is on the leadership in situations and acknowledging the demand to different leadership styles. The determinant of an effective leader is defined on his or her ability to change their style accordingly to the situation, while recognising that, subordinates' motivations and skills vary over time, requiring adjusting by the leaders to meet the changing needs. The theory also concludes, that a high-maturity subordinate obtains both the ability and confidence for completing the task, while a low-maturity subordinate

experience scarcity in the ability and self confidence (Northouse, 2012; Yukl 2010). Hambleton and Gumpert (1982), state the theory's basis to be the integrity play, between the leader and subordinate. Established on the amount of direction and the amount of socio-emotional support, required from the leader in a situation specific approach, concerning the situation and level of maturity of a subordinate. In brief Williams (2006), underlines the fundamental premise of the theory to be the functioning maturity of the team members is the major determinant of the 'style' of leadership needed to be adopted by team leader in order to produce the most successful contributory responses from people.

The theory's criticism is based around its dependent on situation, which often is criticised for the rigidity. Other aspect of criticism has been that the theory has very few research studies conducted justifying the assumptions and propositions of the approach, also the ambiguous conceptualisation in the model of subordinates' development levels as well as how the commitment has been conceptualised. Lastly the model has been said to fail to recognise the characteristic variations of the subordinates (Northouse, 2012).

## 2.6 Conclusion of the Current State of Literature

The current state of literature includes a tremendous amount of leadership theories for effectively successful leading and leader-follower relationship. It also highlights the great difference between leadership and management, where leadership has its distinctive characteristics of recognising the social processes and situational factors, which is more fitting and inclusive for the current nature of the organisations. The literature also justifies the relevance and vitality of leadership in innovation in today's organisations, where one-size fits all is not applicable due to the volatile economic climate. Leadership must be ever changing, in order to keep up with, fulfill the requirements and forecast the possible future. Therefore the more tailored leadership is gaining momentum, to provide the best support and motivation. Many of the theories lack vast studies, strong empirical support and face conceptual weaknesses, which leads to contradictory results. Whereas many of the researches have been conducted on the company's perspective, making it justifiable to conduct further researches on the theories and models presented in this chapter. The models, theories and styles of leadership will be used to analyse the research questions; what are the models and styles of leadership used by the examined companies, is there a positive or negative relationship between the used leadership and innovations, are the results and weaker international success affected by the Finnish investment environment and lastly, can there be identified a certain formula or type for successful and effective leadership in innovation, that is universally valid.



### 3. Research Methodology

The primary research will be conducted by qualitative research. In order to obtain deeper understanding of the gathered data and information on leadership in innovation; the organisation's leadership style and model, their effect on the innovation and can there be identified a positive or negative relationship between the leadership and innovation. As well as can there be defined a certain formula and type for successful and effective leadership which is universally valid. Lastly analysing if the weaker international success is due to lack of innovativeness or in fact affected by the Finnish investment environment.

Unlike in standardised approaches, the chosen method will enable deeper grasping of understanding the feelings, values and perceptions which underlie and influence behaviours. In addition, providing the basis on understanding the perceptions of a company, brand, innovation, category and product, affected by the present leadership in the organisation. Although the subject has been exposed to many studies, yet executing the research as a qualitative research is vital due to the nature of high misunderstanding of leadership and innovation concepts, models and theories. Lastly as Bryman (2004) underlines that qualitative research has been a significant contributor in the role of leaders in the change process.

When identifying and searching for answers to the research questions, the major challenges will be in analysing the accurate data and collecting identified specific data. Meanwhile the qualitative data collected will be more descriptive and harder to analyse, which under some circumstances can make it less distinctive. The sensitivity of the research topic can be also a possible issue, which can affect on the availability of the data gathering and the nature and extent of it. The broad and vague definitions and concepts of the leadership and innovation do also difficult analysing the results, yet due to the universal recognition of the models, styles and theories used in the research makes the obtained data universally valid with the possibility to generalisation into some extent.

It would be possible if someone would wish to reproduce the results of the research, as the topics' extensive number of studies, techniques used and the availability of data indicate. Which is indication of proper scientific method, credibility and usefulness of the research. Although the generalisation of the results can prevent extensive generalisation, for sure it gives a general direction and understanding. Yet the subject studied can be very organisation, industry and culturally binded.

### 3.1 Theories Used in the Research

The theories used to analyse the results of the research are based on leadership theories, models and styles, with specific concentration on leadership in innovation. In the literature review the main leadership styles were identified to be interactive, transactional, transformational, autocratic, consultative and collaborative leadership. These styles are the most widely applied, contributed to the studies of innovation and having a scope for innovation. Meanwhile innovation leadership from contemporary theories will be utilised due to its specific nature of including and examining leadership in innovation. In addition, it also reviews it as a social process, involving leaders and followers interacting and working together, which is essential in this research. Meanwhile when analysing the results from the point of cognitive leadership theories, Fred Fiedler's Contingency Theory, Cognitive Resources Theory, The Vroom-Yetton-Jago Decision Model, Path Goal Theory and Situational Theory of Leadership by Hersey and Blanchard will be utilised. These are vital when examining the results of the research, due to their situational aspect concentration, affecting leaders' influence and effectiveness. As Thanh & Anh (2015), also describe the most important factors in leadership processes to be traits and skills of the leaders, leadership style, situational factors and leadership and the effectiveness of leadership.

The research approach selected in this research will be qualitative research, established on the data collected through telephone interviews with the organisations' appointed representative for the interview. This primary research will be the focus of the research in order to understand the organisation's structure and culture, interaction between the leaders and followers, leadership and innovation processes and the effects of the leadership in innovation and overall results of the organisation. The secondary research is conducted by reviewing previous literature on the topic and analysing the findings of previous case studies. Finally comparing the results of the primary and secondary research.

### 3.2 Choosing the Sample

After a comprehensive research on the topic the researcher came into the conclusion to execute a study on the leadership in innovation by interviewing Finnish household goods producing companies, which have global operations and are traditional with long operating history in the industry. The companies interviewed are chosen to be Fiskars and Finlayson. The reason for choosing to analyse leadership in innovation of Finnish household goods producing companies, was to limit the research in some extent to a specific industry and products, in order to get more precise and accurate data to compare. Although the Finnish household goods industry itself comprises of various industries. Additionally, choosing this specific industry is beneficial and relevant since many of the companies have great domestic success, majority of Finns recognise these companies and brands as well as their products are used on daily basis in the Finnish

households. Not to mention the vast range of products with iconic status among the Finns that, many of these companies have produced yet, many of these companies suffer from weaker international success.

The interviews focused on exploring the company culture, environment and structure, the importance of leadership and innovation in the company, the nature of leadership and how it is enhanced, the relationship between innovation and leadership, results, the effect of Finnish investment environment as well as, comparing the domestic and international success. The following questions were inquired in the interviews;

1. Are leadership and innovation important values in your company operations?
2. Does your company culture enables leadership and innovation? If yes how?
3. Do you follow a certain leadership framework in your operations? If yes, which?
4. Could you describe the leadership in your company, and the leadership processes that you follow?
5. How innovation is cultivated in your company?
6. Is there a clear positive relationship between leadership and innovation and in what way?
7. Does the industry itself require for innovation and its leading? If yes, why?
8. Why do you believe that the company's success and appeal is more domestic? Is it affected by the Finnish investment environment?

### 3.2.1 Fiskars

Fiskars was first established in 1649 as an ironworks, but then has grown and shaped into a leading consumer goods company. At present they are listed in Nasdaq Helsinki, with 8,600 employees in over 30 countries and their products are in more than 100 countries. Their globally recognised brands include Fiskars, Gerber, Iittala, Royal Copenhagen, Waterford and Wedgwood. Fiskars believes in responsibility in all areas, stating that their vision, products, work community and Fiskars' management board should be the source of innovation for the employees. Meanwhile their mission is to establish a family of iconic lifestyle brands and the vision is to create a positive and lasting impact on people's quality of life (Fiskars, 2017).

The main concentration on the interview was on Fiskars and therefore the research will present and analyse data concerning it. The telephone interview was completed with Fiskars' Head of Research and Development, Petteri Masalin on the 14th of February, 2017.

### 3.2.2 Finlayson

Finlayson has also long roots in the industry, as it was founded in 1820. As a textile manufacturer they have 130 employees in Finland, while besides having 12 stores in Finland and one in Stockholm, Sweden. They have also license partners, 16 in Japan, one in the Netherlands and three in Finland. In 2014 Finlayson was acquired as an industrial company on the verge of bankruptcy by new owners who have since then turned it into a successful consumer business.

The company therefore has gone through radical changes in their organisation and operations. Nowadays their organisation operates under principles of openness and honesty with no secrecy, where they try to be the world's most responsible company within textile industry. As a company they believe in an open and innovative work environment (Finlayson, 2017; Kallioniemi, 2015).

Although Finlayson is not as global and large organisation as Fiskars, they have operated for 200 years, while definitely being relevant one to study due to the recent acquisition and radical changes in the company, which have largely enhanced their appeal lately. The telephone interview was held with Finlayson's CEO Jukka Kurttila who is also one of the owners, on the 15th of February.

## **4. Result Analysis and Discussion**

In this chapter the data gathered from the interviews with Fiskars and Finlayson and case studies, will be analysed based on the objectives of the research. The objective of the research is to conclude the effect of leadership in innovation in the Finnish household goods producing companies. This was analysed through interview questions (Appendix 3), examining the company's leadership style and model and the importance they have in the company culture, the companies' results of leadership in innovation and can there be found a universally valid formula for effective and successful leadership in innovation. The possible effects of Finnish investment environment on the weaker international success will be also analysed. These questions will give a comprehensive understanding on the leadership and innovation processes, engagement as well as to relationship and effects between them. This comprehensive data gathered will be a solid basis for comparison with the previous case studies.

### **4.1 Fiskars**

The data collected of Fiskars has been through an extensive telephone interview with Fiskars' Head of Research and Development Petteri Masalin. The relevant findings from the interview will be compared to the measures of the research's objectives.

#### **4.1.2 Importance of Leadership and Innovation**

The information collected of Fiskars underlines the high importance which, innovation and leadership have had in the organisation for hundreds of years. Masalin (2017), highlights those to be the DNA that their company is based and built on. He goes even further by specifying that they truly live up to it and breathe it daily in their operations, where innovation is not a single unit, rather strongly linked with design, which are then channeled into their products. They see innovation as a whole product or palette linked into their brand. He also points out that their company culture enhances leadership and innovation as these values, design and products are

defined in the company's upper level, which are therefore part of their core skills, highlighting that everything needs to be connected due to global competition. He concludes that their leadership stretches deep into the company's every level, it is not just a duty of the executive board members. Rather the same vision is tried to apply in all of the steps; designing, factory, shops and to the consumer. The process is the same whether they are making an iconic or user friendly products.

#### 4.1.3 Fiskars' Leadership Style and Model, and Innovation Processes

Between Fiskars' brands their leadership styles and models differ, as their whole company models are different. Whereas for example, Iittala goes by the name of the designer or series, questioning if the designer or brand is known. While in Fiskars it is about large volumes and mass. Iittala's business is smaller based on the series they produce, where they need to be more involved with external employees, such as the designers. This can be seen limiting the leadership and innovation, as the products and series can be created by a one single designer. Iittala has main concentration in esthetics and brand, where Fiskars is about the product; its value added, functionality and quality (Masalin, 2017).

Masalin (2017), underlines Fiskars to not follow any specific leadership model, rather describing it to be an open non-hierarchical organisation, enabling them to go far and find new and different cooperations, areas and cultures in the organisation. In Fiskars they are also personnel proud, encouraging and supportive. In addition they do not have any dictatorship where employees are told what to do and what not, while their leadership is adapting based on the situation.

Masalin (2017), states Fiskars' executives being around similar ages and many are multi-talents, making the employees and Fiskars hybrids. Their executive board is multicultural, whereas before it was Finnish oriented, this change is due to the fact that global knowhow is needed, bringing new perspectives and ways to do things. Yet Fiskars is still a global Finnish company, which can be seen in respecting and cherishing them being Finnish. Meanwhile many of the employees are not Finnish, where they see it important that they can internalise and embrace these values. This is done through a hands-on approach by for example, taking employees to forest to chop logs. He states this to be a value building process, everyone knowing where the products and brand really come from.

Masalin (2017), highlights everything that they do to be based on doing and learning things together. As a hybrid organisation and product development, they have more designers than engineers. In the kitchen department chopping and frying things is daily, while in the garden department growing and digging is daily in order to be truly specialists in what they do. In that way they can better understand what, how and why for consumer, and therefore their knowhow and doing goes deep. It could be concluded that they are extremely hands-on. Therefore they

invest heavily in the first steps of designing, called concept designing, before starting to push ideas and designing with a tunnel vision.

### **Leadership styles identified in Fiskars;**

***Innovation Leadership*** - Leadership and innovation are core values of their business, enabled by their company culture and effectively tried to implement in all levels. According to Horth & Vehar (2014), this is the key for developing a leadership culture or climate of innovation, where first leaders individually and collectively being connected first into their innovative thinking skills to make sense of and deal with complexity. All this promotes and acknowledges the innovative and creative processes in a company. Based on Gliddon (2008), Fiskars can be identified using innovation leadership, being a compelling force in influencing organisational behaviour. It builds strong foundation for innovations and leadership in the organisation, in various levels involving vast roles and abilities across organisation stages.

***Interactive Leadership*** - Fiskars' leadership can be identified by the characteristics of interactive leadership; encouragement for participation, widespread sharing of information and power, efforts to enhance the self-worth of employees, and energising employees for different work tasks. While empowering others with light guidance to innovate, cooperate with them to innovate and shows them how to become innovation leaders themselves in the organisation (Rosener, 1990).

***Transformational Leadership*** – Successful organisational transformation is based on skills and attitudes, which their hybrid organisation and employees serve (Luzinski, 2011). Meanwhile their leading is systematic, with clarity of purpose and meaning within the organisation. Where comprehensive and integrated leadership features are implemented in all levels, while their transformation process is specified by common characteristics of transformational leadership; idealised influence, inspirational motivation, intellectual stimulation and individualised consideration (Alsolami et al. 2016; Hacker & Robert, 2004; Pawar, 2014).

***Situational Leadership*** – Their leadership adjusts to the prevailing situation's characters, concerning the situation and level of maturity of the subordinate. The leadership 'style' is adopted not just by the team, but in as many levels and processes possible in order to produce the most successful contributory responses from people (Northouse, 2012; Williams, 2006).

#### **4.1.4 The Results of Leadership in Innovation**

Masalin (2017), indicates a clear positive relationship between leadership and innovation in Fiskars. In general, it can be seen in business, growing turnover, feedback, achieved awards and rising brand loyalty. Meanwhile during recent years their investing to the quality of work, in motivating the organisation and making significant changes in operations have created positive results. As an example they have established License to Lead-programme for superiors and

Leadership Excellence-programme. All this has had a particularly positive relationship between leadership and innovation, which has resulted in investing more resources to leadership, company receiving bigger flow of money, new and enhanced products.

For sure the results may have been affected by the industry, where in consumer products business the competition is fierce, making it easier and quicker to enter to the game and challenge the competition. All this creates the need for leading innovations and being innovative. Meanwhile the weaker international success potentially indicating weaker innovativeness also generally among the companies in the industry, may not have anything to do with it nor with Finland's investing environment. Rather Masalin (2017), sees it as a result of Finnish humbleness, where there is not enough talking about their great products. This then indicates towards a possible problem in branding and marketing, where there are countries and companies with a lot stronger marketing and branding orientation. Finland has many global companies, but not necessary a lot of global knowhow. Meanwhile it takes time for company's brand and culture to build its own form, which is then perceived and accepted by the consumers.

## 4.2 Finlayson

The data collected of Finlayson has been through an extensive telephone interview with their CEO Jukka Kurttila, who is also one of the owners. The relevant findings from the interview will be compared to the research objectives' measures.

### 4.2.1 Importance of Leadership and Innovation

Kurttila (2017), points out after they bought Finlayson in 2014 as highly authoritarian and hierarchical textile industry company, they had to first take an authoritarian grip on the company as the employees were so attached to the old habits, in order to throw away everything that was involved in that value process between the owners. This enabled them to show what are the company's values, future of design strategies and what they believe in. They took the organisation towards more a creative one, with core values of independent thinking, courage, responsibility and tolerance. Therefore, nowadays leadership and innovation are vital in their daily operations.

After renewing the company, as well as its operations and values, they have built a company culture that is talkative, allowing to bring ideas forward. As a result, they have felt that fully new sort of energy has been released, which was kept on the backside before building a low organisation, which is based on vast responsibility, space and freedom giving, where employees have more power over their doings. Their employees consist of deep experts and multi-talents, which is vital as they have started to internationalise in a totally different pace, doubling international operations in last two and half years, compared to the last 200 years. Where also

they have not necessarily hired more international workforce, but rather have gained and enriched their multiculturalism through international partners around the world (Kurttila, 2017).

#### 4.2.2 Finlayson Leadership Style and Model, and Innovation Processes

They do not divide people into leaders and workers, rather they have a lot of experts, where leadership extends to many levels; all the way starting from designers and employees following sales and jobmarketing linked ideas, they need to lead themselves, going as far as possible in the organisation. For example Jukka Kurttila gave for one designer, a producer responsibility and responsibility to follow how the Tom of Finland develops. Yet still Kurttila spars and supports the designer, while the designer is on the lead (Kurttila, 2017).

Kurttila (2017), underlines that they do not follow any specific leadership model. Their leadership rather builds around creative organisation's leadership models, with vast responsibility giving and high expectance, while from the company is also expected a lot. Finlayson's leadership is courageous, open, low and talkative. They are not a command organisation, rather a dialogue one.

In Finlayson their innovation processes do not only contain the search for innovations internationally, but also it involves a lot of doing things, overall talking and trying things. They organise activities for the employees, for example the whole company went to see Tom of Finland movie premiere, they go to art exhibitions, follow trending innovations, go to fairs and talk about good and bad advertising. Therefore, for them it is important to do and try things courageously, although they may never see the light of actual production (Kurttila, 2017).

#### **Leadership styles identified in Finlayson;**

***Innovation Leadership*** - In Finlayson there can be also seen a specific characteristic applied of the innovation leadership, which promotes and encourages culture of entrepreneurship, by everyone being their own leader, where innovation is not a duty of a single leader, rather installed to the whole organisation, where everyone needs to lead themselves first of all (Gliddon, 2008).

***Interactive Leadership*** - Based on Rosener (1990), Finlayson uses interactive leadership as they use its core characteristics; encouragement for participation, widespread sharing of information and power, efforts to enhance the self-worth of employees, and energising employees for different work tasks. Meanwhile first and foremost in Finlayson everyone is their own leader, but also there can be identified interactive leaders empowering others to innovate, cooperating with them to innovate and showing how to become innovation leaders themselves in the organisation.



**Situational Leadership** – Their leadership can be identified situational, due to its contrast to situational characteristics, since when they acquired Finlayson their leadership was different to what it is today (Northouse, 2012). Highlighted by the Vroom-Yetton-Jago Decision Model it is not applied in the organisation but one of the two results are; the autocratic decision-making was used at first when the new owners had to show what kind of company they are, believe in and stand for. On the other hand, at present they use more collaborative decision-making as a talkative and open organisation (Field & Andrews, 1998).

#### 4.2.3 The Results of Leadership in Innovation

Kurttila (2017), emphasises that they have noticed a clear positive relationship after the changes in their operations and leadership towards more favourable for innovations. In general, this can be seen in the results, revenue has risen 84 percent since they purchased Finlayson, media has written about Finlayson more during the last two years than during the whole 200 years and are more publically interesting and appealing company at the moment than ever before. As a result of innovations they are doing things in a new way, bringing new products and creating new innovations. For example, they realised that the digitalisation has been totally forgotten in home textiles and are therefore at present creating a cloth which can bring all sorts of digitalised information to textiles. All this has been a clear result of them changing their leadership, where they take innovation a lot more lightly without celebration and seriousness which often ruins the whole innovation process. Kurttila, (2017) says; 'At the moment the executive board has truly a passion to innovate and want to change the world, not to maintain the world and that is how it should be.' Where with their example they have been able to really implement and communicate the same want and passion for the rest of the employees.

The results may have been affected by the fierce competition in the consumer products business, making it easier and quicker to enter to the game and challenge the competitors. This should create a need for leading innovations and being innovative, yet still Kurttila (2017), points out the latest innovation in the industry to be from 1960s when duvet cover was created. He does not either see the reason for weaker international success in the industry to be due to 'bad' products or marketing, not at least in Finlayson; they have great story, products, international name and can do marketing. Rather he sees the problem in not having the courage to try to get growth from international markets. As the net assets in Finland are quite weak, which lowers significantly the risk tolerance level of Finns, then affecting the investing on marketing. While also investing on things where profit cannot be straight away calculated is an unknown world to Finns. Lastly the strong domestic and weaker international success can be a result of Finns and southern Europeans dealing the home decoration culturally binding.

The both companies' positive results between the leadership, innovation and results challenge Fred Fielder's Contingency Theory's proposal of situation being extremely favourable based on

leader's amount of authority (Gill, 2011). The findings also challenge Path-Goal theory's proposal of leader behaviour on subordinate satisfaction to fully depend on the situation, task characteristics and subordinate characteristics. These situational variables also determine the potential of subordinate motivation, the manner that the leader needs to improve subordinate motivation, the preference of the leadership behaviour by the subordinate and its effect on subordinate (House, 1996; Yukl, 2013). The results also challenge the proposals of The Vroom-Yetton-Jago Decision Model, where the most suitable leadership style would be found from answering lengthy questions. Meanwhile the results support the Cognitive Resources Theory into some extent, as the companies especially Finlayson is not stressfully pushing for innovations with their leadership and therefore alleviating stress levels.

### 4.3 Previous Case Studies

As this research highlighted data on how different innovation stages and types require different forms of leadership, with clear indication that the transformational leadership is not the only one to lead innovations. These findings are supported by the results of an other research (Appendix 4) on different leadership types affecting the innovation, completed by analysing previous case studies' results.

The previous research underlines participative leadership resulting in encouraging team-level innovation, through being involved through the entire project while giving team members the freedom to develop new solutions simultaneously. This same result was found in Finlayson's interactive leadership. Meanwhile the previous research indicates that, directive leadership is particularly beneficial for establishing clear rules, which is a similar result found in Fiskars' training and developing the understanding of the company, as well as in Finlayson's early stages of renewing operations and leadership of the company. The previous study also indicates a result of the interactive leadership to be encouraging followers to participate and contribute, which enhances innovation climate and raising the general level of enthusiasm towards innovation. Although it showed inherent lack of specific future vision. These results were similar to this research's results, without the identification of lack of specific future vision. The past research highlights transformational leadership results to be similar to charismatic leadership's, where it increases self-efficiency, intrinsic motivation and adds to employees' psychological empowerment. It was also found to increase the level of trust, affects followers' attitudes optimistically and creates overall positive culture for innovation. This research found similar results on both companies studied, where using transformational leadership into some extent has created a positive innovation climate (Kesting et al., 2015). Meanwhile in regards of situational leadership, the results in previous studies has yielded into enhanced results in an innovative approach, which has resulted in sustainable profitability, which was found to be a similar result in Fiskars and Finlayson (Bruno, 2013).

## 4.4 Discussion

Analysing the leadership styles and models used by Fiskars and Finlayson, as well as the results of their leadership in innovation, is challenging due to them not specifically using a certain style or model, creating the need to find the potential ones used, through the gathered data. However, although neither companies specified to follow any specific leadership model, both companies' styles were identified to be combination of multiple styles. In addition, assumptions can be made based on the results of leadership and innovation on this research and on previous researches, toward a universal formula of potentially successful leadership in innovations. As in general the basis of the businesses is to be sustainably profitable, where especially in household goods industry the companies produce consumer goods where the need for innovation is relevant due to the ease of entry to the markets by competitors. Therefore it can be stated that there is no specific formula for successful leadership in innovation, as different stages and types of innovations require different leadership, and so do different situations require. Meanwhile general characteristics can be identified to be open, low, non-hierarchical, talkative and freely experimenting style, which is based on trust, motivation, passion and doing things together. This seems to create a positive culture of innovation in the work community that tries to include everyone on the innovation process, even at the very lowest and deepest levels of an organisation.

## 5. Conclusion and Discussion

The objective of the research was to analyse the selected companies' leadership models and styles, how the leadership has affected innovation and the results of it. In addition it was researched whether the weaker international success is due to actual lack of innovations affected by the company's leadership or does the Finnish investment environment affect the weaker success. Finally, analysing if there can be identified a universally valid formula for successful leadership enhancing innovations. The companies examined; Fiskars and Finlayson, both represent the same industry in terms of producing household goods or consumer goods, as a Finnish companies. Both of them are also traditional Finnish companies with long history of hundreds of years, while both brought vital and unique characteristics to the research. All this contributed to the research's solid basis, making it feasible to compare the companies reliably and accurately. Particularly when in Finland household goods industry is growing and new competitors can easily enter the market, while the weakening of purchasing power is clear in the sales of household goods. The research was conducted, since innovations and their leading is becoming increasingly important, in order to keep up with and ahead of the competition, underlining the importance of deep understanding on the importance of leadership in innovation. As leadership can be the enabler of an innovative leadership culture, which promotes, enhances and recognises innovative processes.

The results of the research illustrate there to be a clear, positive and firm relationship between leadership and innovations, where the results vary based on the leadership model and style used. The results also indicate that, different leadership should be applied to different stages and types of innovations, while different situations require different leadership. Fiskars' leadership was identified to build from various styles; transformational, situational, interactive and transformational leadership. Meanwhile Finlayson's leadership is also based on various styles around creative organisations leadership models; transformational, interactive, innovation and situational, as well as The Vroom-Yetton-Jago Decision Model's autocratic decision-making. The characteristics forming the leadership models of the both companies are identified to be; open, courageous, non-hierarchical, talkative, adaptable, responsibility giving, supportive and encouraging, where leadership is tried to extend and implement to as deep as possible in the organisation. Whereas the results found in this research between the used leadership and innovations, were increasing turnover, inventing new products, innovations, ways to do things and think. As well as increasing interest from media, creating innovative leadership culture, positive feedback, achieved awards and rising brand loyalty. Lack of innovativeness or something to be wrong with the products were not the reason for weaker international success found in the results. Rather the reasons was found to be lack of innovation, easy entry for competitors into the market, substitutes, "Finnish humbleness" and Finnish investment environment in terms of low net assets in Finland lowering the risk tolerance. Meanwhile Finns and southern Europeans at least strongly decorate their homes in a culturally binding manner. The comparison of the results between this research and previous case studies indicated similar results of where different innovation stages and types require different forms of leadership, as well as different situations. The past researches also found similar positive results between participative, interactive, transformational and situational leadership in innovation. The previous researches then also support the findings of this research on the characteristics of a successful leadership in creating innovative leadership culture, a climate that promotes, enhances and recognises innovative processes.

Additional research on the leadership in innovation is recommended in order to gain deeper understanding, more accurate and reliable data on the effectiveness of certain leadership in innovation. The challenge although remains in the complexity of the two subjects, components they include and an extensive factors that they are affected by. Meanwhile in real life the one leadership fits all is out, while more tailored one is in, complicating the result comparison and generalisation. The recommendation for further research contains specific case studies around leadership in innovation with employee position, industry and culture variation, in order to achieve proper understanding on each employee's engagement in the leadership, not solely companies, leaders or managers. Therefore they should be studied as a whole, based on the evidence that all employees of the organisation contribute, shape and affect the form of the leadership and innovation leadership culture in the company. Meanwhile this research provides essential assumptions and deep results in the specific companies studied, which provides a base

for further research on the topic. In order to fully comprehend the factors affecting the results of leadership in innovation, it is advised to execute a research on these factors such as the investment environment, culture specific characteristics and marketing of the products. This would be relevant and vital in today's world where everything is more linked to each other, new leadership models and styles are being invented, as well as competition and innovations are increasing. Where this type of research would be helpful in a deeper level, as it becoming increasingly challenging for companies and brands to differentiate and stand out from other competitors, but also to maintain and gain new customers. The research would not only give a comprehensive understanding of the factors affecting the innovation results, but also in how they can use those factors as their advantage and the effectiveness of the different leaderships and innovation styles and models, building a firm base for effective leadership and innovation strategies. In regards of the learning experience achieved through conducting this research, where based on the personal view of the researcher few fascinating observations can be made in respect of leadership as a topic never seems to get out of date, while innovation is increasingly getting momentum and importance. Meanwhile almost three years of studies on leadership and business in general has contributed and added value for this research, in terms of deep understanding of the subject as well as critical thinking and analysing.

As a conclusion, it can be declared that the research included extensive and deep range of data, information and academic sources, as well as very respected professionals with years of vast experience and knowledge were interviewed. A clear indication on the relationship between leadership and innovation in organisations was found and identified. Although the topic requires further research in order to gain deeper comprehension on leadership in innovation for organisations, especially for household goods or consumer goods companies.

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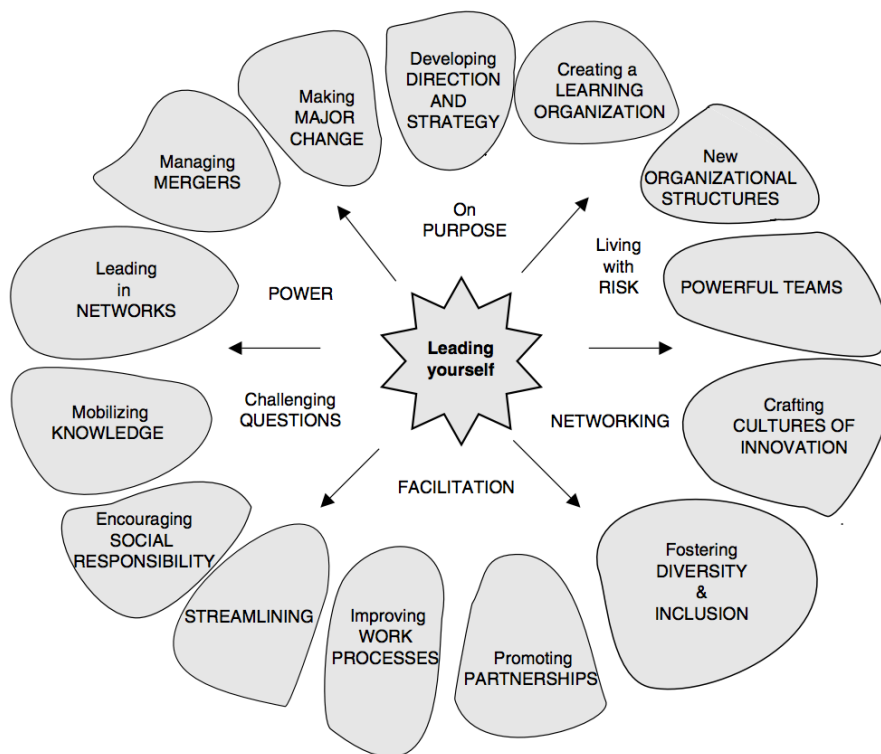


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## 7. Appendices

### 7.1 Appendix 1: The 21 Challenges of Leadership



(Pedler, et al. 2004).

## Appendix 2 (4)

## 7.2 Appendix 2 : The Vroom-Yetton-Jago Decision Model

1. Quality Requirement (QR): How important is the technical quality of the decision?
2. Commitment Requirement (CR): How important is subordinate commitment to the decision?
3. Leader's Information (LI): Do you (the leader) have sufficient information to make a high quality decision on your own?
4. Problem Structure (ST): Is the problem well structured (e.g., defined, clear, organized, lend itself to solution, time limited, etc.)?
5. Commitment Probability (CP): If you were to make the decision by yourself, is it reasonably certain that your subordinates would be committed to the decision?
6. Goal Congruence (GC): Do subordinates share the organizational goals to be attained in solving the problem?
7. Subordinate conflict (CO): Is conflict among subordinates over preferred solutions likely?
8. Subordinate information (SI): Do subordinates have sufficient information to make a high quality decision?

(Free Management Books, 2017).

## Appendix 3 (4)

## 7.3 Appendix 3 : Interview questions

1. Are leadership and innovation important values in your company operations?
2. Does your company culture enables leadership and innovation? If yes how?
3. Do you follow a certain leadership framework in your operations? If yes, which?
4. Could you describe the leadership in your company, and the leadership processes that you follow?
5. How innovation is cultivated in your company?
6. Is there a clear positive relationship between leadership and innovation and in what way?
7. Does the industry itself require for innovation and its leading? If yes, why?
8. Why do you believe that the company's success and appeal is more domestic? Is it affected by the Finnish investment environment?

## Appendix 4 (4)

## 7.4 Appendix 4 : Previous research's results on leadership styles relation to innovation

**Table 9.** Structured integration of insights into the different leadership styles in relation to innovation.

<b>People</b>		
<b>One leader</b>		
Direct (LS1a, LS3, LS5, LS6)		
Consult (LS1b, LS4)		
Delegate (LS2, LS4, LS6)		
<b>Multiple leaders</b>		
Shared (LS7)		
Distributed (LS7)		
<b>Means</b>		
<b>Inspiration</b>		
Personal example (LS3, LS4)	<b>Shaping the micro climate</b> Creating structure and Processes (LS5, LS6) Shaping the culture (LS6)	<b>Supporting people and projects</b> Coaching, guiding (LS2, LS4, LS7) Detection of needs, serving (LS4) Acquiring external expertise (LS5)
Visualizing future (LS3, LS4)		
<b>Involvement</b>		
Leader involvement in projects (LS1b, LS3, LS4, LS5, LS7)	Followers' involvement (LS1b, LS4, LS7) Empowering and autonomy (LS1b, LS2, LS4, LS7)	<b>Creation of innovative structures</b> Goal setting, tasks and responsibilities (LS1a, LS5) Directing (1a, 5); Controlling, monitoring (LS1a, LS5) Reward and punishment (5)
<b>Effects</b>		
<b>Attitudes</b>		
Energizing, enthusiasm (LS2, LS3, LS4)	<b>Mindset</b> Directing towards new objectives (LS3, LS4) Innovative climate (LS1b, LS3, LS4, LS7)	<b>Trust</b> In people (LS4) In structure (LS5, LS7) In visions (LS3, LS4)
Loyalty (LS3, LS4, LS7)		
Commitment (LS2, LS3, LS4)		
<b>Behavior</b>		
Specific activities (LS1a, LS5)	<b>Negative effects</b> High effort (LS7) Increased conflict level (LS1b)	<b>Others</b> Enhancing of followers' competences and capabilities (LS6) Directing individuals towards new objectives (LS3)
Involvement (LS2, LS3, LS4, LS7)		
Rational optimization (LS5)		
<b>Goals</b>		
Ideation (LS1b, LS3, LS4)	Incremental innovation (LS5) Radical innovation (LS4)	Product innovation (LS1b, LS5, LS6) Process innovation (LS1a, LS6) Administrative innovation (LS6) Resistance, task completion (LS1a, LS5)
Implementation (LS1a, LS5, LS6)		
LS1a – directive leadership	LS4 – transformational leadership	
LS1b – participative leadership	LS5 – transactional/ instrumental leadership	
LS2 – interactive leadership	LS6 – strategic/CEO leadership	
LS3 – charismatic leadership	LS7 – shared and distributed leadership	

(Kesting et al., 2015).