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THE IMPACT OF ORGANIZATIONAL CULTURE ON EMPLOYEE INNOVATIVENESS

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- The elements of organizational culture that influence employee innovativeness

The purpose of this thesis is to study the influence of organizational culture on employees' innovative work behaviors. Employee innovativeness is considered as a key determinant which contributes to an organization's capabilities to innovate. A large body of literature has examined a variety of factors impacting employee innovativeness which encompass individual-, job-, team- and organizational level factors. Among the organizational level factors, organizational culture emerges as a pervasive contributor to employees' innovative efforts. Therefore, this research was set out to gain an in-depth comprehension of the elements of organizational culture that enhance or hinder employee innovativeness.

The thesis consists of two main parts: literature review and empirical research. In the literature review, the theoretical aspects of employee innovativeness and organizational culture were presented and analyzed. First, the definitions of employee innovativeness, how it works in an organization and factors influencing employee innovativeness was explained respectively. Subsequently, the definitions of organizational culture was unearthed while the theories of organizational culture dimensions by Hofstede (2011), Schein (1985,2010) and Martins (2003) are shed light on. After evaluating the relationship between organizational culture and employee innovativeness, the literature review concluded with the author's theoretical framework of cultural dimensions which was used as background for later data collection.

For the empirical part, a qualitative method was employed. Primary data of the research were gathered by conducting semi-structured interviews with executives from different industries. The framework of the interviews is formulated based on the organizational cultural dimensions concluded in the literature review chapter.

The key findings of the research are to affirm the impact of organizational culture on innovative work behaviors and indicate five elements of organizational culture that positively influence employee innovativeness. They include (1) an innovation-oriented strategy, (2) customer focus, (3) organizational structure, (4) managerial support and (5) a collaborative climate. By effectively coordinating these elements in organizational culture, firms can cultivate their employee innovativeness deliberately and systematically.

KEYWORDS:

Organizational culture, innovation, employee innovativeness, innovative work behaviors

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LIST OF ABBREVIATIONS

Abbreviation	Explanation of abbreviation
B2C	Business to Customer
HR	Human Resource
MNCs	Multinational corporations
PwC	PricewaterhouseCoopers, LLP (accounting/consulting firm)
R&D	Research and Development
SMEs	Small and medium enterprises

1 INTRODUCTION

1.1 Research background

Innovation is believed to be one of the most powerful engines for the growth of an organization. Due to characteristics of the knowledge-based economy, increasing global competition, highly turbulent markets, and the rapid diffusion of technological change, innovation becomes the main determinant of an organization success (Read, 1996; Leskovar-Spacapan & Bastic, 2007; Fay, Shipton, West, & Patterson, 2014; Watt, 2014; Manso, 2017). Through introducing new products, services, processes, and technology, firms are able to diversify, adapt and reinvent themselves in order to make their organizations competitive (Barbara, Claudio, & Crowston, 2005; Holt & Daspit, 2015). Not only in academic literature, surveys in real business world repeatedly show that organizations have been under immense pressure to adopt new ways of doing business. For instance, more than 70 percent of 600 senior executives, in a McKinsey poll, stated that innovation will continue to lie among top three priorities for the development of their companies in the next three to five years (Joanna, Marla, & Jonathan, 2008). Until 2017, 1,379 CEOs in 79 countries once again highlighted that innovation was the aspect of their business they most wanted to strengthen (PwC, 2017). However, while companies recognize the importance of innovation; they still struggle to create and stimulate innovation in their organization (Manso, 2017).

Consequently, as one of critical contributors to organizational innovations, employee innovativeness, or employees' innovative capabilities, has been widely discussed in the strategic planning of companies. In a survey of over 1,200 companies in 44 countries, PwC showed that 60 percent of executives from these firms asserted that innovations start with their internal employees, and 65 percent believed innovative behaviour is a key to innovation success (PwC, 2017). Besides, many scholars, since the late 20th century, have argued that fostering employee innovativeness makes a significant contribution to overall organizational innovations through their extensive research (Amabile, 1996; Oldham & Cummings, 1996; Janssen, 2000; Stock, 2014, 2016). Despite any novel products and technological advances, people are believed as the most valuable asset of an innovative firm (Gupta & Singhai, 1993; Vrakking, 1990). As such, employee innovativeness has been received a considerable attention both from practitioners and researchers. Based on previous literature research, different factors which influence

innovative work behaviors have been brought to the table including individual, job, team and organizational level factors (Parzefall, Seeck, & Leppänen, 2008; Anderson, Potočník, & Zhou, 2014).

Among the organizational level, the cultural factor has emerged as an undisputable impetus to an organization's ability to innovate (Michela & Burke, 2000; Van der Panne, Van der Beers, & Kleinknecht, 2003; Miron, Erez, & Naveh, 2004). On an innovation study among 759 companies based in 17 major markets, researchers also affirmed that corporate culture became a dominant driver of organizational innovation in comparison with labor, capital, government and national culture (Tellis, Prabhu, & Chandy, 2009). Although the academic literature on organizational culture is vast, there seems to be less specific research on how organizational culture exerts effects on employees' innovative behaviors at work. In addition, tying up with unspoken behaviors, mindset and social patterns, culture is an elusive phenomenon which makes it more complicated to understand and analyze in a practical sense.

1.2 Motivation

Back to one year ago, the author did a practical training in a small firm that produces innovative educational solutions in Vietnam. Despite the modest size and early age of the firm, the executive board adopted interesting practices to build an innovative culture. Some of them encouraged the author to engage in the innovation activities of the company. The supervisor at that firm used to mention a famous statement from the business management guru Peter Drucker that "culture eats strategy for breakfast". She meant if companies solely focus on coming up with thoughtful plans for strategy and execution, but neglect the culture's power, their plans will soon go off the rails. From that point of view, the author understood that organizational culture seems invisible and intangible, but once it is embedded to an organization, it can shape employees' behaviors and activities. That previous experience aroused the researcher's interest in the influence of organizational culture upon employee innovativeness particularly.

1.3 Research objective and questions

This thesis intends to explore how organizational culture influences employee innovativeness. The central research question is, hence, broken down into following sub-questions:

- R.Q 1: Does organizational culture impact employee innovativeness?

- R.Q 2: If so, what are some of the elements of organizational culture that influence employee innovativeness?
- R.Q 3: How do these elements influence employee innovativeness?

1.4 The structure of this thesis

Following the introduction, the second chapter entitled Literature Review introduces definitions of employee innovativeness and organizational culture. At the end of this chapter, an organizational culture model with relevant dimensions is generated as a background for data analysis.

The third chapter presents the chosen methodology as well as data collection techniques. In other words, the author shows how the research is designed to achieve the wanted outcomes. The chapter is concluded by assessing the credibility, dependability, confirmability, and transferability of this thesis.

In the fourth chapter, the analysis of collected data is presented. The interview results are introduced based on different dimensions of the culture model agreed on the second chapter.

The last chapter entitled Conclusion summarizes the research findings and suggest further research.

2 LITERATURE REVIEW

2.1 Definition of employee innovativeness

To fully understand the term “employee innovativeness,” it is crucial to start with the notion of innovativeness itself. The term “innovativeness” is often mistaken with the term “innovation”. To differentiate these two terms, scholars suggested that innovation should be considered as an output; meanwhile, innovativeness is rather a strategic orientation of an organization (Manu, 1992; Menguc & Auh, 2006). If innovation is described as an interactive process including associated steps from realizing new opportunities, develop and produce these opportunities into real products with commercial value, innovativeness is viewed as “a measure of the degree of ‘newness’ of an innovation” (see, Garcia & Calantone, 2002, for a review).

In respect of the concept “innovativeness”, product innovativeness and organizational innovativeness are two commonly discussed terms. Fundamentally, product innovativeness implies a product’s level of newness in relation to the internal firm and the external market (Nybakk, 2012). Following Garcia and Calantone’s review, product innovativeness assesses the rate of possible disruption that a product creates in the marketing/or technological activities. Meanwhile, organizational innovativeness is often used to indicate a firm’s ability to innovate or the tendency for a firm to adopt new products and innovations (Garcia & Calantone, 2002; Hult, 2004). In this thesis’s literature review, the term “innovativeness” is used with this idea of a firm’s capacity to engage in innovation consisting of improving or introducing new processes, products, or ideas in the organization.

Derived from the notion mentioned above, employee innovativeness is also defined as the propensity of an employee to innovate at work. In other words, employee innovativeness indicates the degree of engagement of employees in innovative work behaviors (Parzefall, et al., 2008). Until now, there is a vast amount of literature that has explained the nature of employee innovativeness as well as how to distinguish innovative behaviors from normal behaviors. Scholars of the 20th century argued that innovative work behaviors can be recognized when an employee makes major changes or comes up with new solutions in handling job tasks, processes, material or interpersonal relationship at work (Schein, 1971; Nicholson, 1984; West & Farr, 1990). Meanwhile,

according to Janssen (2000, 2003) employee innovativeness is merely when organizational members challenge and violate the existing frame of thoughts and actions. In a recent research, De Jong (2007) stated that employee innovativeness is shown as innovative behaviors related to “the initiation and the intentional introduction of new and useful ideas, processes, products and procedure within a work role, group or organization”. Thus, in this thesis, two terms “employee innovativeness” and “(employee) innovative work behavior” are used interchangeably.

2.2 How employee innovativeness happens in an organization

To shed light on employee innovativeness, it is crucial to explain how it takes place in organizations. Innovative work behaviors do not happen all of a sudden or by accident but follow a complex and coherent structure.

Because employee innovativeness has a solid tie with a firm’s innovation process, it is necessary to have a quick look back to a simplified organizational innovation process. According to Tidd & Bessant (2013), the simple innovation process which can be applied to different sectors comprises four stages including searching, selecting, implementing and capturing value from the innovation. Each stage is described in detail in Figure 1.

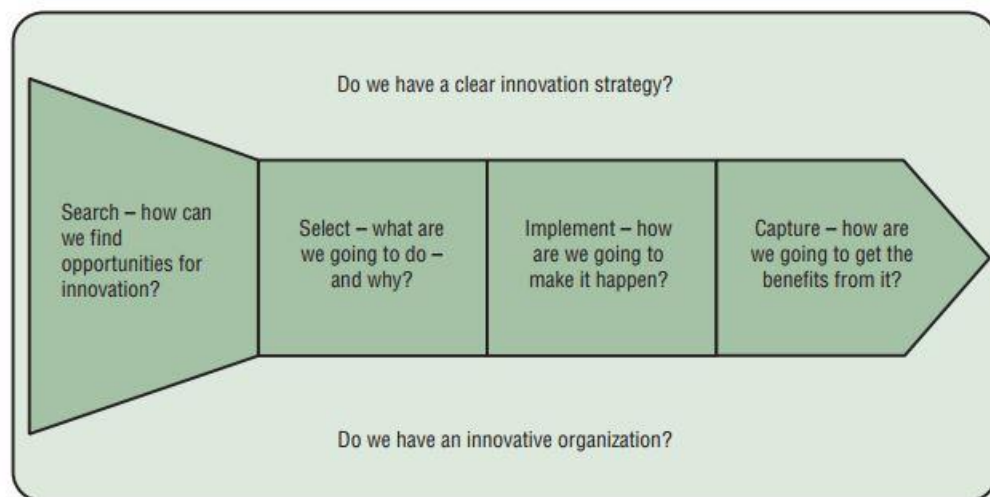


Figure 1. The simplified organizational innovation process (Tidd & Bessant, 2013)

Based on that model, innovative behaviors are also conceptualized as a multistage process connected to distinct stages of the innovation process. Scott & Bruce (1994), who set a cornerstone study for innovative work behavior stated that individual innovation

starts with problem recognition, idea or solution generation, coalition building, and application. Following this theory, other scholars such as Janssen (2000), Yuan & Woodman (2010) and Kheng (2013) summarized innovative work behaviors into only three different behavioral tasks: idea generation, idea promotion, and idea realization. However, Kleysen & Street (2001), as well as De Jong & Den Hartog (2010), claimed that idea generation includes two phases: discovering problems/ opportunities and coming up with new ideas. Meanwhile, the exploration of opportunities and the generation of the idea is demonstrated to have distinct nature and external determinants so that they cannot be unified in one stage (Krueger, 2000). Recent studies continuously emphasized the importance of opportunity as the core puzzle to encourage the innovation process in organizations (Butler, 2010; Short, 2010; Suddaby, 2014). Also, concerning innovative behaviors in a big picture of the innovation process above, it seems reasonable to separate opportunity discovery and idea generation. Hence, the researcher presents her own model of employee innovativeness in four types of innovative work behaviors in a sequential process: **1. opportunity discovery, 2. idea generation, 3. championing, and 4. Implementation.**

Innovative work behaviors commence with opportunity exploration in which employees recognize a challenge or a problem at work, or they try to think about work procedures, products, and services in alternative ways. Kleysen & Street (2001, 285-286) found several common innovative behaviors in this first stage such as “paying attention to opportunity sources, looking for opportunities to innovate, recognizing opportunities and gathering information about opportunities”. Also, the seven sources of innovation model built by Drucker (1985) points out factors that trigger opportunity discovery in individuals including witnessing unexpected occurrences such as (i) unexpected success or failure; (ii) realizing incongruities of various kinds or gaps between “what is” and “what should be”, reality and expectation; (iii) process needs; (iv) changes in an industry or market such; (v) demographic changes such as composition of the labor force; (vi) changes in perceptions, and (vii) new knowledge. In a recent research, Birkinshaw & Mol (2006, 84) specified that the dissatisfaction with the status quo such as “a future threat, a current problem or a means to escape a crisis” can also be a starting point for the opportunity exploration behaviors in employees.

Idea generation is the next stage of employee innovativeness. Being aware of a need or an opportunity is not enough to construct new solutions and address the needs. In our daily life, we can recognize countless problems and opportunities to innovate, but that

does not guarantee innovation will be made to solve those problems. Also in an organization's routine operation, after exploring opportunities, it is necessary for an employee to produce clear and concrete ideas about how they will exploit those opportunities. According to De Jong & Den Hartog (2010), idea generation refers to "generating concepts for improvement". Also, following Schumpeter's conceptualization of innovation as new combinations (1934), they stated the heart of idea generation is "combination and reorganization of information and existing concepts to solve problems or to improve performance".

The following stages of employee innovativeness are idea champion and implementation which play a critical role in drawing a line between employee creativity and employee innovativeness. Several researchers argued that creativity is a crucial component of employee innovativeness, particularly at the beginning of the innovation process, which is undoubtedly true and well-proven (Amabile, 1996; Sohn & Jung, 2010; Yidong & Xinxin, 2013; Abstein & Spieth, 2014). However, employee creativity and innovativeness show some critical differences because the former solely concerns the production of ideas, or is limited to serve pleasure experience of an individual such as performing arts (Anderson, et al., 2004; Miron, et al., 2004). Meanwhile, employee innovativeness is expected to result in specific innovative outputs with commercial values. In summary, compared to creativity, employee innovativeness covers a broader range of behaviors than creativity, and they are idea championing and implementation. Without the championing and implementation process, ideas become worthless no matter how creative, and great they are. To draw an analogy, nowadays, only great ideas are not enough to attract potential investors who require ideas have to come along with solid execution and a team of people making sure to implement these ideas (Steimle, 2013).

Idea championing refer to the way organizational members "take creative ideas and bring them to life". A champion has been described as an employee that push a creative idea beyond roadblocks within the organization or stand up to put efforts into making creative ideas become a reality (Kleysen & Street, 2001). Championing refers to behaviors such as promoting, convincing employees of new and innovative ideas in order to find support and build allies or a team to work on these ideas (Scott & Bruce, 1994; Janssen 2005; Young 2012). Employees performing a role as champions is demonstrated to be a pivotal person to drive innovations especially in highly innovative projects (Rese & Daniel, 2013).

Finally, the supported idea needs to be implemented and put into practice. The implementation process turns novel ideas into product innovations including new products, services or management innovations including new activities, social processes, structures (see Parzefall, 2008, for a review). In this step, employee innovative behaviors are shown when they build a prototype of the innovation, testing and modifying it, then ultimately launching the innovative outcomes in the markets or make the innovations become a regular part of organizational processes (De Spiegelaere, 2014; Naranjo-Valencia, Jimenez, & Raquel, 2017).

2.3 Factors influencing employee innovativeness

Employee innovativeness is a complex phenomenon with multiple causes including both individual as well as contextual factors (Oldham & Cummings, 1996; Janssen, 2000; Anderson, Potočnik, & Zhou, 2014). At the individual level, employee innovativeness requires ability (including expertise and skills) as well as personality at the same time (Ford, 2000). Regarding abilities, employees need to obtain general skills, task-specific skills and knowledge as a ground to turn innovative ideas into commercial or practical products and processes (Taggar, 2002). Also, the elements related to personality play a crucial role in fostering innovative efforts. For example, open, flexible attitudes and risk-taking mindset toward changes enable individuals to be willing to try novel things and accept the possibility of failure. Meanwhile, intrinsic motivation is a dominant internal force that pushes the individual to persevere in the face of adversity related to innovative work. (Yidong & Xinxin, 2013; Stock, 2014).

Compared to the individual-level factors, contextual factors which encompass job-, team-, and organization-related factors provide the boundaries for employee innovativeness (Fay, 2014; Stock, 2014; Naranjo-Valencia, 2017). In fact, individual-, job-, team- and organizational level factors are interconnected and influence innovative work behaviors mainly in interaction (Hannele & Parzefall, 2007). Job-related factors refer to characteristics of everyday work that employees face, so their influence on employees' innovative behaviors is self-evident. These factors cover autonomy, non—routine tasks, sufficient materials and time, and social relations around job-related resources (Amabile, 2002; Parzefall, 2008). In addition, team context which indicates team composition, team processes and cohesiveness among team members is particularly important in offering support for innovativeness (West & Hirst, 2003). Finally, organizational-related factors

play a critical role in creating an overall context where employees perform their work, so it is undeniable to view organizational factors as contributors to employee innovativeness (Stock et al., 2014). However, organizational level factors are the most complicated for assessment because they vary significantly depending on the size of the firm, its market share, the industry in which the firm operates (Anderson et al., 2004). Emerging from the organization-level factors, organizational culture has been increasingly receiving attention from innovation experts and scholars because of its power in shaping employees' behavior and attitude (Naranjo-Valencia, 2011; Rao, 2013). From this point onward, the focus of this work is on organizational culture.

2.4 Definition of organizational culture

There is a famous quote saying that "Culture is what happens when no one is looking"- Culture is an abstract matter, and it is invisible to touch. When mentioning the term 'culture', people usually relate to something having a pervasive effect over their ways of thinking, behaviors, and actions although they might not be consciously aware of culture in their daily life. (Mullins, 2016).

The concept culture has grown from anthropology. Edward B. Taylor is one of the first anthropologists who came up with the definition of culture in a scientific way that culture includes "knowledge, beliefs, arts, morals, laws, customs, and any other capabilities and habits acquired by a human as a member of society" (Taylor, 2016). In general, anthropologists have used the term 'culture' to imply the customs and rituals that societies develop through their development (Schein, 2010).

In the literature of human resource management, organizational culture is often mentioned together with national culture or team culture (Hofstede, 2011; Scheffknecht, 2011). As it happens with the overall concepts of culture, most of the people understand what is an organizational culture in our mind, but feel challenging to express an explicit definition because of its different meanings in different situations (Mullins, 2016). In this regard, there seems to be no exact definition of organizational culture, and it is essential to go through several formal definitions in the academic literature to have a comprehensive outlook and capture universal features of organizational culture. Some of the theories are long-established, but they are cornerstones of the work on organizational culture.

To start, Schein (1990), in his first work, claimed that an organizational culture is “a pattern of *shared basic assumptions* that the group learned 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”. In his book “Organizational Culture and Leadership” updated in 2010, Schein once again emphasized that the set of shared assumptions mainly determines organizational members’ behavior; meanwhile, the rules and norms which are taught to newcomers in a socialization process is a reflection of organizational culture. (Schein, 2010).

McLean & Marshall (1993) articulated *this shared basic assumption of organizational culture* in detail as “the collection of traditions, values, policies, beliefs, and attitudes that constitute a pervasive context for everything we do and think in an organization”. Schwartz (1992) similarly put an emphasis on cultural values which develop the specific norms that tell people what is appropriate or inappropriate in various situations so that they can select and justify their behaviors within their organization. He also stated that every organization has distinctive priorities of cultural value which are shown via the ways they function, their goals and modes of operation. It can be seen that Schwartz’s theory has the same approach as Schein and McLean, but instead of the term “*shared basic assumptions*” he underlined culture values and organizational norms as the representatives of organizational culture.

On a different view, Hofstede (1991) believed that organizational culture as “the collective programming of the mind that distinguishes the members of one organisation from others”. In addition to the sharing feature of mind, he concentrates on the uniqueness of culture that makes this organization different from that organization. Mullins (2016) offers another way to recognize organizational culture through its legend, myths and the told stories over the course of history within the organization. They suppose that folklore which includes myths and legends is a crucial expression of culture.

In sum, to be considered as organizational culture, one needs to have three characteristics: common, widespread and implicit. Common means organizational culture has to be something shared by all members of an organization such as a set of shared assumptions, beliefs, values, behaviors, norms, expectation, language styles and so on. Widespread indicate culture penetrates multiple levels of the organization and is applied in a broad scale of the organization in a consistent manner. An implicit aspect is to say that although acting as the unwritten rules and a silent language, organizational

culture has abilities to suggest appropriate attitude and behaviors without directly showing them. (Groysberg, et al., 2018)

In this thesis, the author employs the organizational culture definition of Schein (1990, 2010) which identifies organizational culture as a set of shared basic assumptions based on internal and external integration has the power to form and shape employees' behaviors and actions.

2.5 Dimensions of organizational culture

After going through the general concept of organizational culture, it is necessary to view it in a structural analysis. Also, the rules, norms, values, and basic assumptions of a given culture are often varied and boundless to evaluate, it is essential to stick to a systematic way for analyzing organization culture, which is its dimensions. In the following pages, the author will go through Hofstede, Schein and Martin's dimensions of organizational culture. After completing an inclusive overview of the topic, the most relevant dimensions for employee innovativeness are identified; then the author will present a new framework of cultural dimensions to be used for collecting and analyzing data in later parts.

2.5.1 Hofstede's dimensions (2011)

Hofstede (2011) divides organizational culture into six independent dimensions based on his study of twenty work organizations in the Netherlands and Denmark. These dimensions are presented shortly in the following sections.

The first dimension of Hofstede's model is process-oriented versus results-oriented which directly relates to the degree of effectiveness in an organization's operation. While a process-oriented culture emphasizes the work itself and process concerning "technical and bureaucratic routines", a results-oriented culture focuses on the outcomes of the work. Simply, the process-oriented culture answers how the work gets done, and the result-oriented culture shows what the work gets done. (Hofstede, 2011).

Job-oriented versus employee-oriented is the second dimension. In this dimension, while the former holds the responsibility of employee performance at work only, the latter assume broader responsibilities for the welfare, well-being, and satisfaction of the

personnel. In a very employee-oriented culture, employees feel that personal issues such as work-life balance, physical and mental health are taken into consideration at work. On the contrary, in a very job-oriented organization, “there is heavy pressure to perform the task even if this is at the expense of employees”. (Hofstede, 2011, 2018)

The next dimension is called professional versus local. According to Hofstede (2011), in an organization of professional culture, the members identify themselves primarily with their profession or the content of the job. In the latter organization, employees derive their identity from whom they work with such as their boss and colleagues or the department in which one works. (Hofstede, 2011)

The fourth dimension which assesses the degree of approachability in an organization such as the common style of internal and external communication and the ease with which newcomers are admitted is open systems versus closed systems. In an open-system culture, people are welcomed easily and leaders are easily approached. In contrast, a closed system culture is more exclusive. In Hofstede’s (2011) work, tight versus loose control (or strict work discipline versus easy going work discipline) is considered as a dimension. This dimension of culture implies the formality and work discipline within the organization. For example, people in a tight control culture are required to be punctual while ones in easy going disciplines have more freedom and autonomy at work. (Hofstede, 2011)

The last dimension- pragmatic versus normative (or externally driven vs. internally driven) evaluates the degree of customer orientation in an organization’s culture. In a very internally driven culture, employees perceive their task based on the perspective that “business ethics and honesty matters most”. On the contrary, a very externally driven culture put the only emphasis on fulfilling the customer’s requirements; results are most important, and “a pragmatic rather than an ethical attitude prevails”. (Hofstede, 2011, 2018)

The application of these dimensions claimed by Hofstede (2010, 2018) is to visualize the actual culture of an organization in a systematic way, and examine whether there is any potential external restriction hindering the optimal organizational culture. Another purpose is to evaluate the conditions for cultural change if needed in an organization. In practice, researchers and practitioners have increasingly taken the concept of Hofstede as a foundation to establish standardized questionnaires, or scales of organizational culture which are utilized to measure organizational culture because they think what get

measured gets managed (Sirikrai, 2006; Bernhard, 2011; Meyer, 2014). However, it is also noted that the organizational culture dimensions of Hofstede need to be considered in the context of an organization and national culture differences. Replicating all his dimensions to put into practice might result in “distorted and simple wrong empirical results”. (Bernhard, 2011)

To sum up, Hofstede’s dimensions mainly deal with the qualities of organizational culture rather than its elements. Mainly concerning the topic of how organizational culture influences employee innovativeness, it can be apparently seen that organizations sometimes need to utilize both contrary culture styles to promote employee innovativeness. For example, in certain situations, organizations can adapt loose control culture to give employees freedom and autonomy to generate novel ideas; but at other events, organizations also need to have tight control to ensure those novel ideas turn into real products and practices without wasting sources from firms and individuals. Therefore, the Hofstede’s dimensions might not be the most suitable framework for the topic employee innovativeness. It helps address the question what type of organizational culture promotes employee innovativeness, but might fail to answer what elements of organizational culture that promotes employee innovativeness. However, the model still reveals useful elements of organizational culture to keep in mind such as communication style, customer orientation, work discipline, and working environment.

2.5.2 Schein’s dimensions (1985-2010)

Schein’s first work (1985) shows these dimensions of culture include:

- Behavioral regularities
- Dominant values
- Norms
- Rules
- Philosophy
- Climate

In 2010, Schein introduced the latest version with more comprehensive dimensions of culture from external adaption to internal adaption, and even to the deepest layer of organizational culture. Schein (2010, 91) believes that “all organizations are socio-technical systems in which the manner of external adaptation and the solution of internal

integration problems are interdependent". He forms the concept of organizational culture closely associated with "(1) survival in and adaptation to the external environment, and (2) integration of the internal processes to ensure the capacity to continue to survive and adapt". Thus, Schein derives the organizational culture dimensions from assumptions about external adaptation issues and assumptions about internal adaptation issues. (Schein, 2010, 73)

From external adaptation phenomena, there are mission and strategy, goals, means to achieve goals, measurement and correction, remedial and repair strategies. Mission and strategy are considered as an important dimension of culture because it helps organizational members make shared assumptions about their organizational identity and purpose. Concrete goals of organizations related to designing, manufacturing and marketing a product (service) or launching a procedure is also an organizational culture factor because it represents mission in a well-articulated way. Means to achieve goals comprise structure, systems, and processes which form the shared basic assumptions about "how things should be done, how the mission is to be achieved, and how goals are to be met". Through means, behavioral regularities of employees and the artifacts of organizational culture come to presence. (Schein, 2010, 74-92)

From internal adaptation issues, there are different dimensions comprising common language and conceptual categories; group boundaries; power, authority, and status; norms of trust, intimacy and friendship; rewards and punishments. A common language relates to the method and style in which employee communicate with and understand each other. Group boundaries indicate criteria for inclusion and exclusion in the organization, or decide "by what criteria is membership determined". This dimension is quite similar to the way that Hofstede (2011) divides open-system and close-system culture. The Hofstede's dimension and the dimension entitled 'group boundaries' of Schein both indicate the degree of ease in which new members are welcomed in a group. Norms of trust, intimacy, and friendship show the rules for peer relationships, and to which degree openness and intimacy is allowed in work organizations. Additionally, the reward and punishment system of an organization combined with its assumptions about authority and intimacy which determines how employees treat the boss, how employees treat each other and how employee identify whether they are doing things right and excellent or not is "a kind of rock bottom of the cultural DNA". (Schein, 2010, 93-109)

Different from Hofstede, Schein uses the functional perspective to analyze organizational culture. He explains that "the content of organizational cultures reflects the ultimate

problems that every new organization faces: dealing with its external environment to survive and grow and managing its internal integration” (Schein, 2010, 70). In addition, to complete a picture of organizational culture, Schein wants to shed light on more profound issues such as assumptions of employees about the nature of truth, time, space, human nature, and human relationships because organizations exist within national and occupational macro cultures as well. In this thesis, the author partially goes along with Schein’s culture dimensions; however, the dimension related to deeper cultural assumptions takes time and expertise to understand because it is abstract and deep-rooted in an organization. Therefore, the deeper cultural assumptions is excluded in the theoretical framework of this thesis.

2.5.3 Martins & Terblanche’s dimensions (2003)

Martins and Terblanche’s culture dimensions show some level of agreement with Schein’s model because he also describes organization culture based on the interaction between organizational sub-systems (e.g., mission and vision, goals and values, structural and managerial systems) and the two survival functions including external environment and internal environment. Martins’ model with eight dimensions of organizational culture is shortly presented below.

The first dimension of a culture in a firm is mission and vision which decides how employees understand vision, mission, and values of the organization and transform them into individual and team goals and objectives. The second dimension which determines the degree of concentration of firms on external and internal customers is external environment (customer focus). In detail, Martins (2003) explained that this dimension can be understood as how economy, competitiveness, and customer preferences encourage continual changes in products, services and technology of a company. For instance, two companies operating in the different external environment can form different organizational culture. (Martins & Terblanche, 2003)

In Martins’ model, means to achieve objectives are considered to be a dimension that decide the way in which organizational structure and support mechanism contribute to the effectiveness of the organization. According to Martins and Terblanche (2003, 68), the structure of the organization can be described as “flexible structure characterized by decentralization, shared decision making, low to moderate use of formal rules and

regulations, broadly defined job responsibilities and flexible authority with fewer levels in the hierarchy” or the reverse. (Martins & Terblanche, 2003)

The next dimension is called the image of the organization that indicates the image of the organization to the outside world. For example, a firm’s endeavor to create its image as a leader in an industry or the outsiders’ view toward the firm as a leader of the industry will certainly affect the way this organization operates and formulate its culture. Besides, Martins claimed that the fact whether the firm is a sought-after employer in the industry or not also contributes to its organizational culture. (Martins & Terblanche, 2003)

Management process is another dimension to emphasize how management processes take place in the organization. It comprises managerial aspects such as “decision making, formulating goals, innovation processes, control processes, and communication”. The organizational culture in relevant to the management process dimension also reveal if managers allow free exchange of information, open communication and questioning, support for change and development. (Martins & Terblanche, 2003)

The sixth dimension is employee needs and objectives which focuses on the integration of employees’ needs and objectives with goals of the organization. Meanwhile, the seventh dimension is listed as interpersonal relationships that describe the relationship between managers and personnel, as well as personnel with each other. The last dimension of organizational culture is leadership perceived by employees. (Martins & Terblanche, 2003)

2.6 The relationship between organizational culture and employee innovativeness

In general, organizational culture is considered to have a significant influence on organizational innovation despite its subliminal nature. According to Hogan and Coote (2014), an organization’s culture has a stronger impact on employees’ innovative behaviors than any formal power and control systems. Similarly, on a sample of 600 senior executives, McKinsey revealed 94% of respondents say corporate culture is the most critical driver of innovation their organization (Barsh, 2008). Therefore, in this section, it is necessary to assess the relationship between organizational culture and employee innovativeness.

According to Tesluk & Faar (1997), Naranjo-Valencia, et al. (2011) and Büschgens, (2013), the elements of organizational culture can influence employee innovativeness in two ways. First, through the socialization process in organizations, personnel get to know what behavior is appropriate and inappropriate, and how activities should operate. Through established norms, individuals also assume whether creative ideas and innovative behaviors are accepted as a part of the business pathway, or they are restricted and forbidden.

From the coordination perspective, the basic values, assumptions, and beliefs of an organizational culture are enacted and deep-rooted in the organization's activities structures, policies, practices, and procedures which hence take effect on employees' innovative behaviors. For example, when the organization promotes the values such as collaboration, initiation, and willingness to take risks, employees are encouraged to explore and develop new ideas. After that, their innovative abilities are ignited and cultivated along the way. (Tesluk & Faar, 1997; Naranjo-Valencia, et al., 2011; Büschgens, 2013)

Thus, it is understood that the relationship between organizational culture and employee innovativeness can be positive or negative. The culture can influence the degree to which innovative efforts are encouraged, backed up and applied at the workplace; in contrast, it can hinder and even eliminate innovative behaviors. After the evaluation of the connection of the two issues, the question arising now is which specific elements of organizational culture encourage and enhance employees' innovative work behaviors' and how these elements impact innovativeness. To tackle this issue, it is necessary to form a theoretical model of organizational culture which will be used as a background to test and find out specific components. Before concluding the theoretical background, the researcher presents a summary of Hofstede, Schein and Martin's work on organizational dimensions in Table 1 as a foundation for her model.

Table 1. A summary of Hofstede, Schein and Martin & Terblanche's work on organizational culture dimensions

Hofstede (2011)	Schein (1985, 2010)	Martins & Terblanche (2003)
<ul style="list-style-type: none"> • Process-oriented vs. Results-oriented (organizational effectiveness) • Job-oriented vs. employee-oriented • Professional versus local • Open system vs. closed system (approachability) • Tight control vs. loose control (control system) • Pragmatic vs. normative (customer orientation) 	<p>From external adaption:</p> <ul style="list-style-type: none"> • Mission and Strategy • Goals • Means to achieve goals <p>From internal adaption:</p> <ul style="list-style-type: none"> • Measurement • Remedial and repaired strategies • Common language and conceptual categories • Group boundaries • Power, authority, and status • Rules for interpersonal relationships • Rewards and punishment 	<ul style="list-style-type: none"> • Mission and vision • External environment (customer orientation) • Means to achieve objectives • Image of the organization • Management process • Employee needs and objectives • Interpersonal relationships • Leadership

After reviewing the summary, the most relevant dimensions are selected to best help people understand the impact of organizational culture on employee innovativeness. The new framework of organizational culture dimensions is constructed in Figure 2 as following: **mission and vision**, **external environment** (e.g. customers, competitors, the external reputation of the organization), **means to achieve objectives** (e.g. the organizational structures, the incentive and reward system), **management process** (e.g. the decision-making process, the innovation process, the controlling process), **climate**

(e.g. work environment, communication, interpersonal relationships, collaboration and trust).



Figure 2. The newly-established framework of organizational culture dimensions

The reason why the researcher chose the first four dimensions is because they are all mentioned consistently in the models of Hofstede, Schein, and Martins, which point out the significant role of these dimensions. The researcher added a dimension 'climate' in the new framework since climate which is "the prevailing atmosphere surrounding the organization" is considered as a surface of organization culture employees can perceive and feel it (Mullins, 2016, 748). Rao & Weintraub (2013, 30) also pointed out that climate is a critical determinant which can "cultivates engagement and enthusiasm, challenges people to take risks"; and they even employed climate as one among six building blocks to measure the degree of innovativeness of company culture. The last reason is the climate dimension covers a broad spectrum of 'common language' (communication), 'interpersonal relationship', collaboration and trust mentioned by three scholars (Martins & Terblanche, 2003; Hofstede, 2011; Schein, 2010). Thus, the researcher selected 'climate' to collect and unify those dimensions in one roof. However, the dimension 'leadership' is not included in my framework because leadership itself is a broad and complex phenomenon which covers a whole prosperity of research relevant to its influence on employee innovativeness and innovation (Parzefall, 2008; Yidong, 2013).

Considering the limited amount of time and the size of the research, the researcher might imply and discuss some aspects of leadership dimensions such as management process and climate, but leadership is not divided into a separate dimension.

3 RESEARCH METHODOLOGY

The focus of this thesis is to find out elements of organizational culture that influence employee innovativeness and explore how these elements impact employee innovativeness. In order to provide answers to the research questions and achieve the objective of the thesis, it is necessary to decide the research methodology which comprises choosing research methods, data collection techniques as well as acknowledging the limitations of data gathering. These methodological details will be presented in-depth in this chapter.

3.1 Research methodology

The term 'research' is commonly discussed in our daily life. People typically do research to collect more information and data of an issue when they want to get a deeper understanding about it. In academic literature, Saunders, Lewis, & Thornhill (2016, pp. 4-5) define research as "a process that people undertake systematically to find out things, thereby increasing their knowledge". There are two things remarked in the definition because of its significance: the logic and the explicit purpose of the research. Therefore, in this part, the author gives an explanation of the approach and methods employed in data collection as well as the purpose of the thesis to prove the logic and purposefulness of the research.

The purpose of the thesis is to study the impact of organizational culture on employee innovativeness by finding out specific elements of organizational culture influencing employee innovative and generating solutions to promote employee innovativeness through organizational culture. This thesis follows a deductive approach in which "data collection is used to evaluate propositions or hypotheses related to an existing theory" (Saunders et al., 2016). Thus, after establishing the organizational culture theory in the second chapter entitled Literature Review, a research strategy is designed to test if a variety of identified factors impact employee innovativeness.

The study of this thesis is identified as an exploratory study since both organizational culture and employee innovativeness, which are abstract and elusive matters, have more hidden insights than their surface. Besides, organizational culture is a broad phenomenon with variable dimensions; meanwhile, the purpose of this thesis is to solely

explore particular elements that take real effects on employee innovativeness. Thus, this exploratory study allows to “ask open questions to discover what is happening and gains insights about a topic of interest”, which enables the researcher to achieve a deeper comprehension about the topic (Saunders et al., 2016, 174). To achieve the exploratory aims of this study, qualitative data are employed in this research because of two reasons. The first reason that qualitative data is most appropriate to the exploratory study. The second that it is well-known for the nature of richness and fullness. (Saunders, et al., 2016)

3.2 Data collection

There are two categorizations of data utilized in the research including secondary data and primary data. The secondary data is defined as data collected by someone else for the other purposes. The primary data refers to data collected specifically to the research project and tailored to the demand of this project. (Saunders, et al., 2016)

In this thesis, the secondary data is collected and used mainly in literature review while the primary data play a critical role in addressing the research questions. The primary data, according to Collis & Hussey (2014, 59), are originated commonly from “sources as your own experiments, surveys, interviews or focus groups”. In the case of this thesis, the primary data are collected through interview with executives in organizations. The interview method is chosen because it can help the researcher discover hidden information through talking to interviewees. As mentioned earlier in the last chapter, the nature of organizational culture is subconscious, which means it can affect employees’ innovative work behaviors without their being aware of it (Groysberg et al., 2018). Thus, the interviews are constructed in a semi-structured manner so that it has enough flexibility and freedom to encourage interviewees to express their personal experience and stories relevant to the topic. Agreeing on this point, Qu (2011,246) stated since the semi-structured interview has its basis in human conversation, it is “flexible, accessible and intelligible and, more important, capable of disclosing important and often hidden facets of human and organizational behavior”. The semi-structured interview allows the author to ask a broad range of questions from open, probing to specific and close questions from which the phenomenon is viewed in a variety of perspectives (Saunders, et al., 2016).

The content of the interview is built around organizational culture themes identified by the researcher in the literature review. In detail, organizational culture is divided into the five dimensions consisting of: mission and vision, external environment, means to achieve objectives, management process, and climate, which represent five themes in the interview. After requiring some background information, the main discussion begins with asking whether they think the dimensions/ themes divided are important to employee innovativeness in their company. Thereafter, in each theme chosen to be significant, the researchers ask two types of questions: “what factors in this dimension you think influence employee innovativeness?”, and “how these factors influence employee innovativeness?”. Depending on the situation of each interviewee, there are different smaller questions to dig deeper into the issue as much as possible. Also, due to the nature of research questions as well as the dimensions of organizational culture, the target group for interviewing are executives/ or managers with at least two years of working experience instead of a random employee in an organization. The rationale is that executives and managers have a better opportunity to view their organizational culture in a big picture (e.g., mission and vision, external environment) and from multiple levels of organization than an entry-level worker. Therefore, fifteen invitations were sent out to people within the author’s circle of friends and acquaintances who meet these requirements for one week. In the end, there were five professionals who were willing to take part in the research. Their general information is presented in Table 2; however, the details about their names and place of work are kept private due to their wish.

Table 2. General information about the interviewees

Interviewee	Position	Place of work	Location
1	HR Coordinator	An education company	Vietnam
2	Product Development Executive	A consumer electronics retailer	Vietnam
3	Operational Excellence Executive	A B2C eCommerce company	Vietnam
4	Associate Consultant	A consulting company	Japan
5	Account Manager	A performance marketing agency	Vietnam

Due to the geographical distance, the interviews are conducted via Skype which ensures to transmit voice (and video) in high signal quality, but still gives the participants a certain degree of a formal setting. The duration of the interviews is from 50 to 60 minutes. The detailed content of each interview is systematically noted in transcripts, then a summary of critical points in each transcript is produced after all.

3.3 Credibility, dependability, confirmability and transferability

When developing a research project, the quality of the research is taken into serious consideration especially when the researchers “wish others to accept their research as incredible” (Saunders, et al., 2016, 204). Hence, the framework of quality criteria developed by Lincoln & Guba, (1985) and Lincoln et al. (2011) is applied in order to assess the reliability, validity, and generalization of the thesis. A set of criteria which consists of credibility, dependability, confirmability, and transferability is put forward to make an evaluation of reliability, validity, and limitations respectively. Each of criterion is adopted and explained in the subsequent paragraphs.

Credibility – This criterion deals with the internal validity of the thesis (Lincoln & Guba, 1985). The interviewees are executive-level employees who have power in putting plans and actions into effect in organizations. As a result, they have more opportunities to be fully exposed to the organizational culture, observe other employees; and more importantly can view their organization in a whole, but also zoom in individuals’ behaviors and attitudes. Also, because all of the interviewees used to lead or experience the innovation process within their organization such as creating a new website product, making changes on marketing and human resource procedures, they have solid knowledge and deep insights about the topic. For these reasons, it can be concluded that employee’s ideas and information are valid for the research. After finishing analyzing a collection of data, the researcher informs the participants the final interpretation so that they can check whether their ideas are expressed in the right manner.

Dependability – The standard equals to reliability. According to Lincoln and Guba (1985, 218-219), a study can be claimed reliability when “the results are stable and replicable”. In other words, dependability is to show that the findings are consistent and could be repeated. The thesis is supervised by a teacher and will be read and checked in a second time by a different teacher, and both are not involved in the research process. The teachers will make judgments whether the research findings are logical and coherent.

Therefore, being evaluated by different academic instructors the research ensures the dependability feature.

Confirmability – This point assesses “the degree of neutrality or the extent to which the findings of a study are shaped by the respondents and not researcher bias, motivation, or interest” (Cohen & Crabtree, 2006). As stated by Lincoln and Guba (1985, 323), to meet this criterion, the researcher needs to evaluate whether “the research findings are grounded in data”; “the inferences based on the data are logical” as well as “the utility of the category structure”. The external audit, which was mentioned in dependability, is also utilized to ensure the confirmability in this research. The author also employed the theory triangulation in which the data gathered were examined and interpreted in the light of different theoretical outlooks.

Transferability – This criterion refers to external validity or generalization (Lincoln & Guba, 1985). In this thesis, the whole collection of the research questions, interview inquiries, findings, and interpretations is provided so that the reader has full access to evaluate the transferability of the study to a different setting. As the research data were collected from the professionals of different positions and industries, the thesis guarantees an adequate degree of applicability in other contexts. However, there are still some limitations existing in the thesis. First, in comparison with quantitative methods, qualitative interviews are unable to study a very large or random sample of people because it requires a tremendous amount of time and effort. Second, the qualitative data which is considered as non-standardized data is usually abundant in volume and complicated in nature. (Saunders, et al., 2016). Therefore, it requires more time, greater care and various skills (e.g., attentive listening, note taking) in preparation and implementation to obtain a rich set of data (Qu, 2011).

4 DATA ANALYSIS

The questions of the interview are particularly formulated to address the research problem which is set at the beginning of the research. Thus, in this chapter, the author presents the interview findings which are utilized to address the research questions in order. First of all, thanks to the knowledge base in the literature review and the interview data, the researcher can confirm the impact of organizational culture on employee innovativeness. Hence, the first research question whether organizational culture has impacts on employee innovativeness is answered. The interview results further point out that the culture of an organization can stimulate employees' innovative efforts; but also, can hinder and spoil them in several ways.

Second, as a result of these data gathered from the interviews, the elements of organizational culture that influence employee innovativeness are discerned. Each of element is introduced, and the way it influences employee innovativeness is described explicitly in the following sections.

4.1 An innovation-oriented strategy

When the interviewees were first asked whether they think the themes included in the organizational model influence employee innovativeness, five of them were hesitant about the impact of 'Mission and Vision'. The interviewees claimed that the mission and vision statement is so broad and mostly decided by a senior management team of a company. Hence, the vision and mission might directly impact innovative efforts of a few individuals at the highest level of management of an organization, but they do not guarantee when it comes to employees in lower positions, particularly in a big corporation.

However, the professionals believed the strategy is more capable of influencing employees' innovative work behaviors. They explained that strategy is a more specific reflection of vision and mission because it is considered as a detailed plan of implementations which employees map out to accomplish a company's mission and vision. Lynch (2006, 6) also agrees on this point when defining strategy as "the pattern of major objectives, purposes or goals and essential policies or plans for achieving those goals". The HR Coordinator professional expressed in words:

“Organizational strategy was frequently passed on different functions of the company from operations, finance, marketing, HR to R&D and specified how these functions would support it; hence the strategy became a keystone to set KPIs for teams’ and individuals’ performance. As a result, the strategy has a direct impact on employees’ behaviors than the general mission and vision.”

Having a similar perspective, the Account Manager said:

“Our company has the vision to become a leader in delivering performance marketing solutions in Southeast Asia. However, in reality, we are a very young company which was established three years ago; and it will take us five to ten years more to achieve our vision. Therefore, the vision statement seems quite high-level to all of the employees. Some of the employees even did not stay with the company for more than two years, so how can they be influenced by the vision for ten years. Instead, our short-term and long-term strategies which are strictly developed according to S.M.A.R.T criteria and repeated in every monthly meeting have a more direct impact on employees’ innovative efforts.”

The interviewees pointed out the strategy, with a specific emphasis on innovation, encourages and motivates personnel to make changes and come up with new ideas when doing their job. “Through strategy, employees make assumptions whether the company is pursuing innovation or not; if yes, they tend to speak out their ideas in team and company meeting as an usual thing”, said the HR professional. The outcomes advocate the research findings of Pisano (2015) in showing that it is much harder for organizations to build and maintain innovative efforts of employees without an explicit innovation strategy because employees are not able to make trade-off decisions and turn out to pursue conflict priorities in the innovation system.

In addition, the interviewees agreed on the fact that if innovation is listed as one of the priorities in the company’s strategy, the board of executives will pay special attention to R&D activities and innovation projects in their company. The operational excellence executive stated that with a focus on innovation, the managers continuously set up brainstorm meetings once a week or twice a month in which they brought a question or a problem on the table and let their employees propose their ideas and solutions to solve this problem. The HR professional continued to describe:

“Our company positions ourselves as an innovative education company which develops personalized learning solutions through maximizing technologies.

Therefore, we put efforts in listening and accumulating new ideas from our employees. For example, the board of directors invested in launching a series of events called Lunch Lab in which people gathered and shared their ideas or problems of their work, then let CEO and other colleagues give comments and advice on them.”

These activities and attention from managers “created a playground for employees to unleash their creativity and innovativeness”, the Account Manager claimed. In sum, being provided with adequate support and resources, employee innovativeness is increasingly cultivated and enhanced in organizations.

Also, some of the interview’s findings showed that when employees are actively involved in the process of establishing goals and objectives of the organization, their innovative behaviors are nurtured and stimulated. The HR Coordinator professional and the Associate consultant respectively presented their point of view:

“Our company organized two off-site trips every year for our employees. We created these trips not only to reward all of the employees but also to create a hub in which everyone was involved to discuss the development progress of the company and set new goals for the company.”

“We emphasized ‘co-creation’ in formulating the strategies for our company. We endeavored to involve diverse employees in the process of planning and adopting the strategies so that the employees perceived the firm’s strategies as their product and shared responsibilities to make them come true.”

They explained further that because employees feel a sense of respect, appreciation, and belongingness to their company, they spend time and effort thinking and doing what makes their organization better. This result partly supports the previous research carried out by (Martins, 2002) that the involvement in designing organizational strategy help employees have a deep comprehension of the mission and vision which have a positive influence on the implementation of innovative ideas.

4.2 Customer orientation

This factor focuses on the understanding of customer demands and the needs for improvement of products/ services to meet these demands. In the interview, the

professional indicated that the more a company is customer-oriented, the more employee innovativeness is formed in the company. The real example to show how the customer-oriented culture impact employees' innovative work behaviors is given by the Operational Excellence executive:

“The focused customer segment of our company are young adults from 18 to 25 whose preferences and demands are changing at an incredible speed. Hence, our employees also have to constantly change themselves and generate different novel ideas to meet these demands. For example, we had to search every day and catch up with the latest trends related to young adults such as their favorite idols, movies, and songs to create catchy in marketing campaigns. Also, being aware that the young customers are less patient in waiting for their online purchases, we came up a variety of ideas and tested them frequently to optimize our transportation solutions to deliver products as fast as possible.”

The Product Development executive also shared her insights:

“Recently, my team has been developing a consumer electronics website for our company. The most difficult thing is our company's customer segment is the middle-aged in Vietnam who are not familiar to buying consumer electronics online but have a growing willingness to buy because they are too busy with their job and family. Therefore, we had to sit down together to sketch and create a very concise and easy-to-use website and minimize the buying process as much as possible. For instance, unlike the other B2C websites, our website does not require customers to register an account to buy the product. Instead, they leave their name and phone number so that the offline sales team can call them and help them make a purchase. With a strong focus on customers' need, our employees are urged to be creative and innovative to provide our customers high-quality products and services”.

These research findings echo Li & Zheng (2014, 448)'s study in showing that “The communication with customers, on the one hand, can make the employees understand the different characteristics, needs, and service development trend more easily. On the other hand, it can improve their stock of knowledge and develop creative thinking, promote greater employee's innovative behavior”. Besides, the interviewee from the marketing agency provided another aspect of how customer orientation impact employees' innovative efforts in her company:

“As a marketing agency, we carried out projects with various business customers who belong to different industries from automobiles, financial services, real estate to retail. Their demands and desires are very distinctive, which hardly allows us to be fixed in any framework of thinking. In each project, we had to spend time digging deep into a different industry and constantly produce new ideas and solutions to meet customers’ expectations. Therefore, innovative behaviors in our company are not something that should be encouraged, but something employees must have”.

This finding approves the study of Genis-Gruber and Ögüt (2014) in demonstrating that if the firms sell their product or service into mainly the same group of customers, they are less likely to innovate. From the interviews, it can be seen that by making continual changes in products/services or producing new ones to meet customers’ demands, employee innovativeness is stimulated along the way.

4.3 Organizational structure

Based on the interviews, organization structure as a component of culture is also demonstrated to have an impact on employee innovativeness. Most of the professionals in the interviews indicated that organic structure with characteristics such as open communication, flexible operating styles, and loose control give employees favorable conditions to unleash their creativity and innovative capability. Meanwhile, the most common features of mechanic structure inhibiting innovative behaviors which were stated amongst the interviewees include tight control and micromanagement:

“Our company have a flexible and decentralized structure in which we can approach CEO to introduce our new initiatives easily. For example, when my team and I have a new idea or detect something to be improved in our process, I can directly contact CEO, and he will offer us a face-to-face meeting to discuss these issues. The simple structure of my company let me know explicitly who I should contact and report whenever I have a new idea or want to start an innovative project.” (The Account Manager)

“The typical determinant that prevents people from performing innovatively in my company is numerous steps you have to do to have a chance to present your new idea. Moreover, the scenario eliminating employee innovativeness that in some consulting projects of our company, there is a leading person who takes control of

the whole team from the smallest things and delegate tasks to the individual. After that, the employees only know things they are delegated to, but lack a big picture of the whole project. They are framed in a comfort zone which hardly allows them to innovate.” (The Associate Consultant)

The results reasonably fit with the work of Henderson (2006) and Burdon & Dovey (2015) in revealing why more agile organizations usually have stronger capabilities in producing innovations than more rigidly structured firms. Parzefall and her research peers (2008) also agreed on this point when saying that “organic structures allow diversity and individual expression, and are therefore better suited to [...] the initiation phase of the innovation process, in which creativity and free idea-generation are needed”. To continue, the Operational Excellence executive explained that the features of organic structure enable employees to have more freedom, responsibility, and autonomy in deciding what to do and how to accomplish the given tasks. Therefore, employees have a sense of control over their jobs and ideas, which allows them to view their work in a big picture and understand what things and procedures need to be improved in their work (Martins & Terblanche, 2003). The similar insights also obtained by Amabile (1988)’s work that there was 74% of R&D scientists of twenty different corporations in her experiment admitted that freedom is the most critical quality that ignites and fosters their creativity and innovation at the workplace.

However, the professionals in the interviews also made clear that although organic structure appears more supportive to employees’ innovative behaviors, it does not mean that mechanic structure eliminates these behaviors. One of the interviewees specifies that when an innovative idea is reaching the implementation step, some level of formalization and systematic operation need to be adopted; otherwise, the innovative idea will go nowhere. For example, “a specific team or a group of people need to be assigned or formed to take over the innovation process which turns the idea into commercial products/services or standard procedures in the organization”, the Product Development professional explained. The interviewer concluded that there is no fixed type or specific recipe of organizational structure for boosting employees’ innovative behaviors. However, the HR professional suggested “there are two critical features of an ideal organization culture for innovativeness that a certain degree of freedom at work and the minimization of rules, policies, bureaucracy, and rigidity to simplify workplace”.

4.4 Managerial support

During the interviews, the contribution of managerial support to enhance employee innovativeness is also assessed. The professional pointed out that the practices which have considerable impacts on innovative behaviors during the management process encompass giving employee ownership of the innovation process, an adequate amount of resources, and recognition activities.

First, the interviewees agreed that innovative behaviors are increasingly enhanced when employees are given more ownership and responsibility in making decisions and controlling the innovation process. The product development executive stated that “in our organization, individuals that raised novel ideas and received acceptance from a boss and colleagues have a chance to become a project leader(s) to recruit project members, plan and carry out their initiatives”. Akin to the above-mentioned insight, the Account Manager also expressed that the managers, as well as CEO in her company, avoid participating in the innovative projects overly; instead, they solely have several checkpoints in a month to have general information about the progress of the project and offer necessary coaching. This research finding endorsed the research of Amabile (1998, 81) when she said that “creativity thrives when managers let people decide how to climb a mountain”. Burdon & Dovey (2015, 29) also stated that to build the cultural basis of innovation, it is necessary to “give talent appropriate ownership of the innovation process and creating social practices that facilitate collective reflexivity and learning”. However, giving ownership does not mean managers let employees swim alone and independently in the ocean of the innovation process. The ownership needs to be supplemented with sufficient resources.

Providing sufficient resources stated amongst the interviewees is the second contributor to stimulating employee innovativeness. The resources can be time, funds, human resources and coaching from the management team during the innovation process. Most of the interviewees claimed that time pressure or inadequate amount of time given is an inhibiting factor to employee innovativeness. The HR professional stated:

“Most of the innovative projects in my company make no progress or produce shallow and ineffective results due to insufficient time given by the managers. Providing employees only three weeks or one month is not enough for them to complete the innovation process from coming up with, testing to implement the new

ideas. Moreover, besides taking part in the innovation projects or activities, our employees still have a lot of routine tasks to fulfill. They cannot be innovative when they have not been efficient in their daily tasks yet.”

Researchers also indicated that innovative behaviors are a “complex cognitive processing” that requires intense concentration of learning, exploration, idea generation, experimentation and application with new concepts. Moreover, lacking a reasonable amount of time for that processing, employee innovativeness is getting killed rather than stimulated. (Amabile, Hadley, & Kramer, 2002).

Although the incentive system is not clearly considered as a stimulus of employee innovativeness by all of the interviewees, they indicated that managers should have formal and informal recognition to show their appreciation towards employees’ innovative efforts. The Associate Consultant confirmed that:

“I can be that extrinsic rewards such as bonus, benefits and pay raises could be a critical factor for employee retention. However, when it comes to a matter of improving employee innovativeness, the impact of extrinsic rewards is ambiguous.”

Meanwhile, the other interviewees revealed the impact of recognition on employees’ innovative work behaviors:

“One of the reasons which made me and my colleagues show greater engagement into the innovative work is our CEO always offered praise right when he recognized the innovative efforts of the employees. Although not all of the innovative ideas were noteworthy to be praised, he carefully listens to employees and helps them analyze the strengths and weaknesses of their ideas. Also, there was a time when an innovative project failed, he said it was responsibilities of everyone including him, and no individual deserved to be criticized if we made efforts. I think his actions considerably influence our employees’ propensity to innovate at work.” (The Account Manager)

“Our company has a tradition called “shout-outs” in our weekly meeting on Monday. The shout-out tradition is not something significant, but very meaningful to us because our CEO is going to give his credits publicly to anyone who performs innovatively and succeeds in completing an innovative project. It means that he acknowledges the innovative efforts and lets other employees recognize them as well. The practice also makes a person having innovative efforts become a good

deed to follow, and acting innovatively in our company becomes a shared norm.”
(The HR Coordinator)

The insights of the professional implied that the recognition and encouragement of the managers affect employees' intrinsic motivation to innovate in organizations. The encouragement creates a safe environment in which employees' failures are not criticized, or mistakes are considered as an inevitable part of learning. By providing sufficient recognition and encouragement to employee innovativeness, managers invisibly create a safety net below the employees to ensure that it is fine whether their ideas soar or sink (Amabile T., 1998). Also, the managerial assurance that making a mistake is not always detrimental allows employees to take the risks that innovation requires (Rao & Weintraub, 2013).

4.5 A collaborative climate

When being asked which dimensions of organizational culture have the most significant impact on employee innovativeness, four out of five professionals chose a collaborative climate. The interviewees stated that employees are more willing to express their ideas and raise initiatives when they know some colleagues will back up and support them during the innovation process. To support the statement, the Account Manager explained:

“Because the innovation process in an organization is very complicated and involves different parties, it takes much time, effort, and even pain to complete. Hence, it is burdensome to be a lone innovator; in other words, innovation can hardly be achieved by an individual in a company. Understanding this fact, in our company an individual seldom carries out a project without the support of other employees. That is a reason why together with innovation and client first, teamwork forms a triangularity of values that our company appreciates most.”

The product development executive gave a specific demonstration of the collaboration in her company:

“As I mentioned our website development project earlier, the new product we are building is a part of omnichannel merchandising in our company which lets customer move easily between online and offline channels. Therefore, during the process of planning and implementing the website product, we have worked closely with the

offline sales team. Their support is vital to complete our product. When different teams collaborate with each other, we find it easier to have a bigger view of our organization and understand how our innovation procedure happens in the organization.”

Therefore, employees’ propensity to innovate can be undermined if there is no existence of a cooperative climate in their organization. The HR professionals described a collaborative climate as a place that allows open communication to become the norm, and people take time to listen, evaluate and assist new ideas from their colleagues. In such climate, employees feel free to share expertise and skills with each other, which is a foundation of a collaborative network stimulating innovative behaviors in the organization.

This interview result is advocated by the research finding of Cross, et al., (2010) and Arena et al., (2017) in showing that due to the social nature of innovation, collaborative contexts need to be formed in the organization to promote and maximize employees’ innovative behaviors. According to the further elaboration of Arena et al. (2017, 46), the systematic networks of collaboration is needed to “enable influential people to tell stories about an innovation they are championing in ways that echo across the network. As these stories spread, others are attracted to engage, and the network of those engaged begins to include critical stakeholders, therefore enhancing the likelihood of organizational support for the innovation”.

5 CONCLUSION

5.1 Thesis Objectives

The goal of the thesis is to investigate the impact of organizational culture on employee innovativeness. To achieve the goal, there are three research question raised:

- R.Q 1: Does organizational culture impact employee innovativeness?
- R.Q 2: If so, what are some of the elements of organizational culture that influence employee innovativeness?
- R.Q 3: How do these elements influence employee innovativeness?

In this chapter, the author concludes the thesis by going through the answers to each research question. First, after reviewing a certain amount of literature and analyzing the interview findings, the researcher can confirm the influence of organizational culture on employee innovativeness. However, it can be viewed from the interview results that an organization's culture can influence its employees' innovative work behaviors in both positive and negative ways. Depending on the cultural practices carried out by the organization, the culture can stimulate employee innovativeness, and also hinder it.

Second, after conducting the interviews with five experts in different organizations, the researcher discovered five elements of organizational culture which have positive impacts on individual innovative efforts. These elements are the most common points drawn from analyzing and comparing the answers of the professionals. They include (1) an innovation-oriented strategy, (2) customer focus, (3) organizational structure, (4) managerial support and (5) a collaborative climate.

Third, the five detected characteristics of organizational culture contribute to a different aspect of employee innovativeness. The innovation strategy aligned with the general business strategy creates shared norms that encourage employees to be innovative. Meanwhile, customer orientation promotes continual changes in products and services which require employees to make innovative efforts. The flexible and simplified organizational structure also enables employees to have more freedom and autonomy which is a foundation for innovative work behaviors manifest. Besides, managerial support enhances employee innovativeness by providing necessary resources and encouragement for the innovation process of employees. Finally, a collaborative climate

of open communication and mutual support enables employees to raise their ideas and accomplish the innovation process in organizations. The interaction of an innovation-oriented strategy, customer focus, organizational structure, managerial support and a collaborative climate leads to an organizational culture oriented for innovative behaviors.

5.2 Suggestions for further research

Because the characteristics of organizational culture and employee innovative are constantly changing along the time, the thesis work might not provide comprehensive knowledge about the topic which results in a lack of applicability in some situations. Moreover, the complexity of organizational culture and employee innovativeness cannot be entirely addressed with only a handful of the research papers. This thesis, thus, still have blank spaces which can be fulfilled with further research and development. Thereby, the author recommends the potential topics to the future researchers such as (1) evaluating and comparing the impact of organizational culture on innovative work behaviors in different types of firms such as start-ups, SMEs and MNCs, (2) assessing how organizations can stimulate their employee innovative through organization culture, and (3) discovering the opportunities and challenges in building a innovation-oriented culture.

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Appendix 1: Interview questions

Background information

1. Please tell me where are you working now? How long have you been working in this place?
2. Which position are you currently holding in your company?
3. If possible, please describe a bit more about your company's operations as well as your daily job tasks

Main questions

4. How do you understand the terms 'organizational culture' and 'employee innovativeness'?
5. Try to think which theme of organizational culture below that you think have impacts on employee innovativeness
 - Mission and vision
 - External environment (customers, competitors, the external reputation of the organization)
 - Means to achieve objectives (the organizational structures, the incentive and reward system)
 - Management process (the decision-making process, the innovation process, the controlling process)
 - Climate: the prevailing atmosphere surrounding the organization

In each theme chosen to be important, there are two types of questions raised:

6. What factors in this dimension you think influence employee innovativeness?
7. How these factors influence employee innovativeness?