

# **MANAGING CORPORATE CULTURE, INNOVATION AND ENTREPRENEURSHIP**

A Case Study On Company X



Master's thesis

Business management and Entrepreneurship

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ABSTRACT

The challenges being faced by today's board members in a lot of companies are that of organising a culture of innovation and managing it. Thus, it is paramount to build an organization that deals with these challenges due to the pervasive nature of today's business competitive landscape, in terms of technological growth, internationalization, globalization, and regulations.

This thesis articulates the importance of management of corporate culture, innovation, and entrepreneurship in an organization. The study analyses company x's organizational culture, to identify whether there is a pre-existing corporate culture that embodies certain values that depict innovation management or a lack thereof. It further examines the implications of having a well-defined corporate culture and the eventual process of developing an innovative one in a turbulent business environment.

The primary data was obtained through questionnaire interviews carried out in the organization and a qualitative method was undertaken by using an inductive reasoning approach. Findings show that company X has a corporate culture but it is not distinctive. Furthermore, it was found that due to the size of the organization vital messages that comprised its communicable strategies as well as knowledge lost their meanings when passed on from top management to its employees. Due to that, a conceptual problem was realised which affected the way corporate culture and a culture of innovation was perceived. This further escalated into a problem of rigidity and lack of agility depicting company X to be risk averse as such impacting its innovation culture negatively.

**Keywords** Management, Corporate culture, Culture, Innovation, Entrepreneurship

**Pages** 64 pages including appendices

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### Appendix 1 Questionnaire

## 1 INTRODUCTION

The concept of corporate culture has captured the imagination of business leaders and researchers alike. For business leaders struggling to manage organizational change, corporate culture has become an important tool. It is important for business drivers to realize that significant strategy or structural realignment cannot occur if it is not supported by the organization's values and norms. Culture has proved to be a subtle tangible phenomenon- pervasive but difficult to manage (Torben, 2011).

In 2015 Merriam Webster's dictionary stated that "culture" was the most popular word of the year. According to (Deloitte, 2016) culture has become one of the most important business topics and as such, organization leaders now recognize that culture drives people's behaviour, innovation, and customer service. Following global trends research by Deloitte; 82 percent of survey respondents believe that culture is a potential tool for competitive advantage and as such, leading companies are using data and behavioural information to manage and influence their culture (Deloitte, 2016). This indicates that managing corporate culture innovation and entrepreneurship is an ongoing process that needs constant review. It requires updating of processes even as the world evolves from a technological and innovation point of view. Wunker (2015) argue that as over-used as the word "innovation" may be these days, there is no denying that building a culture of innovation is at the top of most corporate agendas. After all, a company's own employees are uniquely positioned to understand the intersection of business operations, product development pipelines, and customer demand.

Schein (2010), defines organizational culture as having a common goal or unified direction among companies which is based on a pattern of shared basic assumptions learned by a group as it solves its problems of external adaptation and internal integration, thus, a product of joint learning. It takes into account the past challenges and experiences, the business had successfully achieved and then it is aligned with past practices and strategies that are guaranteed to work.

Similarly, Cummings and Worley (2001) also add that organizational culture involves the sharing of learning. Sharing of thoughts and experiences with others which implies that organizational culture promotes a certain level of stability among the members of the organization.

However, Corporate culture basically encompasses the values and behaviours that determine how organizations and its employees interact and handle the external business environment. It is the organization reality that shapes its activities and as such culture is reflected in the organization's rules and core values (Oden, 1997). Therefore, the goal of this thesis is to determine the role of corporate culture and culture management in organizations as well as describe its importance in organizational success.

## 1.1 Justification of study

“Success is a lousy teacher. It seduces smart people into thinking they cannot lose”.

- Bill Gates-

Corporate culture is a relevant phenomenon and it has become the most sort after tool for competitive advantage in business today. Thus, it is not enough to talk about at Corporate culture without thinking about innovation, and how it is continuously pulling and shaping and reshaping the global economy (Skroupa, 2017).

Furthermore, how organization strategies are constantly changing, and entrepreneur roles are shifting towards a more proactive and adaptive way of doing business that stays relevant to current times. More so, one would argue that for instance technology itself is reshaping organizational culture and many practices that were effective in the past 10 years have more or less become redundant. The case example for the former statement is the sinking ship Nokia in Finland which took on the stale approach of thinking they were still leading whilst their competitors were fast developing better and faster systems which made them irrelevant in their discourse.

According to May (2011) in modern business, one of the primary tasks of the business leaders is to create an environment in which entrepreneurial thinking is encouraged and readily takes place. Therefore, creating an entrepreneurial culture has become an important advantage in organizations as they strive to increase competitiveness. Thus, at the core of this, deliberately promoting this culture that freely encourages creativity which leads to innovation, with an “outside of the box” thinking.

Bessant and Tidd (2011) reiterate this point by arguing that business leaders motivated toward corporate entrepreneurship must continuously strive to exude and build trust, embracing the risk to fail and inspiring those around them to take similar calculated risks.

However, it is important to understand that corporate entrepreneurship takes various shapes in different organizations and as such companies like Company X corporation and every other company, small or big need strong ideologies and core values. O'Malley (2000) asserts that a company culture is closely linked to its beliefs and values. For instance, when a firm wants to attract the best employees and inspire growth and success, it must invest in building a great brand name a resultant effect of a good organisational culture. As such one would argue that this can only be achieved by building a strong organizational culture.

There is a strong correlation, for example, when one thinks of Apple, one immediately thinks of success, quality, leadership and, an immediate aspiration to join the ship that breeds this success. Apple has achieved this sort of branding which is deliberate and important henceforth a solid brand which has become iconic.

Therefore, the undertaking of this study will prey on finding the know-how of how Company X can thrive in an ever-changing environment without being made redundant. The rationale is that systems as well processes become obsolete if not revised time and time again. Furthermore, one would find that if change is not necessitated when it is called for, then not to change is catastrophic for an entrepreneur that wants to stay relevant. Therefore, at the core of this intended research is the provision of relevant insights into how Company X would develop an innovative corporate culture, know how to manage it as well as continuously innovate thus staying off the beaten track and eventually affecting their bottom-line positively.

## 1.2 Objective of study and Research Questions

The main objective of the study is to explore the role of corporate culture, its relevance to entrepreneurship and innovation culture and how it can be used as a tool for competitive advantage. Therefore, the following questions have been formulated in order to answer the research problem. These are;

- What is the role of corporate culture and its impact on innovation in an organization?
- What are the key factors to consider when implementing innovation culture as a tool for competitive advantage?
- How is innovation and entrepreneurship managed?

### 1.3 Scope and Limitations of study

The purpose of this study is to explore the role and impact of corporate culture on innovation and obtain a clear understanding on how to manage innovation culture and entrepreneurship. Therefore, the data collected for this research is limited to only grounded theories of existing data, latest phenomenon on the subject and these include; data from books, academic journals, articles, and the internet. However, since the research subject is wide, the research will be limited to a single approach which is management of organization culture and innovation. The study will not go into detail but only focusing on the factors that are relevant to the study which are the importance of corporate culture and also in terms of innovation and entrepreneurship.

### 1.4 Definition of key words

#### 1.4.1 Management

Management is planning, organising, coordinating and controlling the affairs of the organization to achieve a given goal (BD 2016). According to Akrani. G (2010), in Terry. G. R (1973) defines management as a distinct process consisting of planning, organising, actuating and, controlling; utilising in each both science and art, and followed in order to accomplish pre-determined objectives." It embraces all duties and functions that pertain to the initiation of an enterprise.

#### 1.4.2 Corporate culture

Corporate culture is the pervasive values, beliefs and attitudes that characterize a company and guide its practices (Rouse & Wigmore 2013). It refers to the shared values, attitudes, standards, and beliefs that characterize members of an organization and define its nature. Corporate culture is rooted in an organization's goals, strategies, structure, and approaches to labour, customers, investors, and the greater community (Miroshnik and Basu, 2014)

#### 1.4.3 Innovation

Innovation is a process of translating an idea of goods or services into a solution that creates value for an organization (BD 2016). Shapiro (2016) also defines innovation as simply staying relevant and he goes on to say that, these are time of unprecedented change. As a result, what may have helped an organization be successful in the past could potentially be the cause of their failure



in the future. Therefore, companies need to adapt and evolve to meet the ever-changing needs of their constituents.

According to Drucker (1985) Innovation is the specific tool of entrepreneurs, it is the means by which they exploit change as an opportunity for a different business or service. Michael Porter also defines innovation to include both improvements in technology and better methods or ways of doing things.

Innovation is crucial to the success of any business. Far too many organizations spend the bulk of their efforts on improving production, finance, and marketing and not enough efforts on improving innovation. Innovation is becoming increasingly more important as the demands of the global economy increase. Organizations need to be agile, current, and smart in order to face the challenges of the changing global economy (Oza & Abrahamsson, 2009; Wilson & Doz, 2011).

#### 1.4.4 Entrepreneurship

Entrepreneurship is a human characteristic which mixes structure with passion, the willingness to take risks, develop, organize, and manage a business venture in a competitive and ever changing global business economy (Bessant and Tidd, 2011)

## 2 THEORETICAL FRAMEWORK

### 2.1 Literature review

In this chapter, the theoretical framework relevant to the purpose of the study and research questions will be presented. The purpose of this chapter is to review existing literature related to the topic of corporate culture in the context of organizational culture. The first part will explore current research and practices on the role and importance of corporate innovation processes as well as culture management with an implicit link to organizational culture. The second section explores how various researchers have conceptualized and studied organizational culture in a variety of settings.

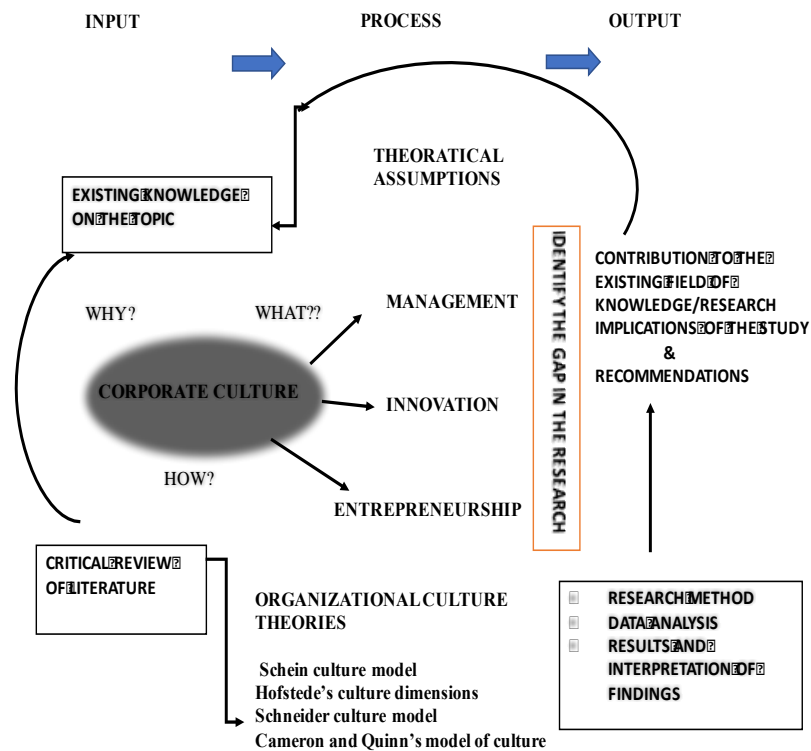


Figure 1. Theoretical Framework

## 2.2 Importance of Corporate Culture

Corporate culture is the pervasive values, beliefs and attitudes that characterize a company and guide its practices. It is the beliefs and behaviours that determine how a company's employees and management interact and handle outside business transactions. Often, corporate culture is implied, not expressly defined, and develops organically over time from the cumulative traits of the people the company hires. However, sometimes a company's culture will be reflected in its dress code, business hours, office setup, employee benefits, turnover, hiring decisions, treatment of clients, client satisfaction and every other aspect of operations (Flamholtz, E. & Randle, Y. 2011).

Research by Deloitte states that by 2015, corporate culture was not only created by the founders, management and, employees of a company, but also influenced by national cultures and traditions, economic trends, international trade, company size and products produced. This illustrates that every organization, from small businesses to large corporations, has a culture. Culture has become one of the most important business topics of 2016 and as such, Organization leaders now recognize that culture drives people's behaviour, innovation, and customer service Deloitte (2016).

Hofstede (2011) adds that there are four factors that differentiate cultures at a national level that is, power distance, individualism-collectivism, masculinity-femininity, uncertainty avoidance, which help to understand that people arrive in organizations with their own national culture. Therefore, it is only necessary to understand the relationship between an organization and its culture so that all the diverse cultures represented would embrace one culture to achieve a common goal, which is the given organization culture. This is evident because having a shared culture at the workplace gives employees a sense of unity and understanding towards one another and it promotes better communication and less conflict. In addition, a shared organizational culture promotes equality by ensuring no employee is neglected at the workplace and that each is treated equally.

According to Recklies (2015) Corporate Culture is embedded deeply in the organization and in the behavior of the people there. It is not necessarily equal to the image the company gives itself in brochures and on the website. Therefore, it is difficult to determine an organization's culture from the outside. For example, according to Flamholtz, E. & Randle, Y. (2011) companies such as Google, Southwest Airlines, Johnson & Johnson, and many other companies, agree that a strong positive culture is a true asset, if not in the strict accounting sense then in the real economic sense.

Flamholtz et.al, (2011) asserts that culture actually is an asset or form of organizational human capital in the accounting sense as well. Then there are companies such as GM, Reuters and AIG, where corporate culture is a true economic liability. However, the critical importance of corporate culture is shown clearly in the case of two companies, Starbucks Coffee Company and General Motors. Starbucks is a classic entrepreneurial success story with a strong positive culture that is an economic asset whereas General Motors is a classic case of corporate decline attributable at least in part to a dysfunctional culture, lacking in entrepreneurship behaviour for decades, even as its decline persisted.

The 21st century, has seen companies rise such as Google, Apple Inc. and Netflix Inc., which have less traditional management strategies that include fostering creativity, collective problem solving, and greater employee freedom have been the norm. It has been argued that this is also the key to these companies' success. Progressive policies such as comprehensive employee benefits and alternatives to hierarchical leadership, such that even doing away with closed offices and cubicles has become a trend that reflect a more technology conscious and modern generation (Flamholtz et.al, 2011).

## 2.3 Characteristics of Successful Corporate Cultures

Corporate cultures, whether shaped intentionally or grown organically, reaches to the core of a company's beliefs and practices, as well as affect every aspect of the business from each employee to customers and to the public image. The current awareness of corporate culture is more critical than ever.

Coleman (2013) identifies six important characteristics of successful corporate cultures. These include:

- I. **Vision:** This simply describes the mission statement and corporate manifesto of an organization. A company's vision is a powerful tool. For example, Google's modern and infamous slogan: "Don't Be Evil" is a compelling corporate vision.
- II. **Values:** Organizational values are core to its culture. While the vision articulates a company's purpose, values offer a set of guidelines on the behaviour and mind set needed to achieve that vision.
- III. **Practices:** These are the methods, guided by ethics, through which an organization implements its values. Value is important only when it is put into practise. For example, Netflix emphasizes the importance of knowledge-based, high-achieving employees and, as such, Netflix pays its employees at the top of their market salary range, rather than an earn-your-way-to-the-top philosophy.
- IV. **People:** An organization cannot build a coherent culture without people who either share its core values or possess the willingness and ability to embrace those values. That is why the greatest companies in the world also have some of the most tough recruiting policies. Furthermore, Ellis (2013) asserts that the best companies are fanatical about recruiting new employees who are not just the most talented but also the best suited to a particular corporate culture. He also highlights that those companies often have 8-20 people interview each candidate. Hunt (2016) adds that one study found applicants who were a cultural fit would accept a 7% lower salary, and departments with cultural alignment had 30% less turnover. People stick with cultures they like and bringing on the right culture carriers reinforces the culture an organization already has.
- V. **Narrative:** Having a powerful narrative or origin story, such as that of Steve Jobs and Apple, is important for growth and public image. Any organization has a unique history and unique story. And the ability to discover that history and craft it into a narrative is a core element of culture creation. The elements of that narrative can be

formal like Coca-Cola, which dedicated an enormous resource to celebrating its heritage.

- VI. Place: This is perhaps the most modern characteristics of corporate culture. The place of business, such as the city of choice and also office design and architecture, is also one of the most cutting-edge adverts in contemporary corporate culture.

Therefore, according to Pirraglia (2016) organizations should accept that corporate culture is unique to each company, there is no such thing as "one size fits all" management strategy. Corporate culture is often defined as the collection of shared values, visions, customs, traditions, and internal goals that contribute to make every company unique. corporate culture issues can contribute to or impede the success of companies large and small by expanding or reducing team effort to reach company goals. Recklies (2015) adds that corporate culture influences the performance of an organization in that it determines;

- The way the organization tackles problems and questions
- Peoples' attitude to changes
- The way people interact with each other
- The way the organization interacts with stakeholders
- Peoples' commitment to strategy

There is mounting evidence that aligning an organization with a higher purpose drives business results. For example, a 2014 study by Deloitte found that an organization that focuses on purpose is an organization that inspires higher levels of confidence among stakeholders and one that boosts growth. Similarly, Burson-Marsteller (2010) adds that a strong and well-communicated corporate purpose can contribute up to 17 percent improvement in the bottom line performance. The longer-term benefits of having employees aligned with a strong sense of purpose are incalculable (Rozen,2016).

## 2.4 Theories on corporate and innovation culture

Several researchers indicate that corporate culture is determined by a variety of different factors. Some of these include; artefacts, norms, values, beliefs, and assumptions. Accordingly, there are numerous ways to divide and define culture into "types,".

Geert Hofstede, Edgar Schein, and Charles Handy provide three basic theoretical frameworks. Hofstede (2010) suggests six dimensions of culture based on a study conducted at IBM offices in 50 different countries. These include power distance, uncertainty

avoidance, individualism (vs. collectivism), masculinity (vs. femininity), long-term orientation, and restraint.

Schein (2010) organizes culture into three types: artefacts (tangible cultural displays), values, and assumptions. Furthermore, Handy (2007) identifies four types of organizational culture: power, role, task, and person. Each type of culture has strong implications on types of organizational structure.

However, this thesis has been delimited to the following theory as the basis for the analytical framework:

In order to develop a framework for understanding innovation culture, Schein's model of organizational culture is proposed (1984; 1991; 1992; 2010). Schein suggests that organizational culture is what a group of individuals learn over a period of time when trying to solve its problems of survival. He argues that culture is a pattern of basic assumptions that have been evolved, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration.

#### 2.4.1 Schein culture model

According to Schein (2010) the culture of an organization has an impact on the organization and its external environment in many ways. He adds on that it influences the organizations systems, structures, and mechanisms and thus also strategy making. Furthermore, Schein (2010) states that the model exists at three levels, artefacts, values, and basic assumptions.

**Artefacts:** These mark the surface of the organization. They are the visible elements in the organization such as logos, architecture, structure, processes, and corporate clothing. These are not only visible to the employees but also visible and recognizable for external parties.

**Values:** This concerns standards, values, and rules of conduct. How does the organization express strategies, objectives and philosophies and how are these made public? Problems could arise when the ideas of managers are not in line with the basic assumptions of the organization.

**Assumptions:** The basic underlying assumptions are deeply embedded in the organizational culture and are experienced as self-evident and unconscious behaviour. Assumptions are hard to recognize from within (Schein, 2010).

In practise, the three levels of the organizational culture model are sometimes represented as an onion model shown in the figure

below; as it is based on different layers. The outer layer is fairly easy to adapt and easy to change. The deeper the layer, the harder it becomes to adjust it. Deeply embedded in the core of the onion we find the assumptions. Around the core we find the values. The artefacts and symbols can be found in the outer layers of the onion and these can be changed more easily.

Additionally, Schein (2010) points out that, between this layer and the layer in which the values are embedded, there may be another layer in which we find the so-called 'heroes'; people who play or have played an important role in the organization and who are admired. The core of the onion is made up of assumptions. These are about 'how the world works' according to all the people who belong to the organization and stem from experiences and perception. These have partly become unconscious assumptions and they are considered to be self-evident therefore they need not be discussed (Schein, 2010).



Figure 2. Figure 3 The cultural onion skin and its impact (Hofsted, 2005) (Adapted from Geert Hofstede's concept of the cultural onion skin)

Schein's organizational culture model also provides points of reference to create cultural change. According to Schein (2010), it is sensible to have discussions with as many employees as possible to discover the underlying backgrounds and aspects of the organizational culture. These could be a basis for cultural change and it is important for organizations to be aware that cultural change is a transformation process; behaviour must be unlearned first before new behaviour can be learned in its place. Furthermore,

Vliet (2014) asserts that when a difference arises between the desired and the prevailing culture, cultural interventions should take place. The responsibility lies with senior management supported by a personnel department. This requires a comprehensive approach. A new logo, corporate style or a 'customer-orientation' training will not suffice. It is important that results are measured, and that good performance is rewarded (Vliet, 2014)

#### 2.4.2 Hofstede's culture dimensions

Organizational Culture is defined as the way in which members of an organisation relate to each other, their work, and the outside world in comparison to other organizations. It can enable or hinder an organization's strategy. The Hofstede Multi-Focus Model on Organisational Cultural is a strategic tool aimed at helping organizations to become more effective.

Hofstede (1990) articulates six dimensions to formulate an effective organization culture. These include;

##### I. Means-oriented vs. Goal-oriented

In a means oriented culture the key feature is the way in which work has to be carried out; with this, people identify with the "how" is the work carried out. People also perceive themselves as avoiding risks and making only a limited effort in their jobs, and they do not like change. On the other hand, in a goal-oriented culture, employees are primarily out to achieve specific goals or results, even if the goals involve substantial risks; people identify with the "what" has to be done.

##### II. Internally driven vs. Externally driven

In internally driven culture, employees perceive their task towards the outside world as totally given, based on the idea that business ethics and honesty matters most and that they know best what is good for the customer and the world at large. Whereas, the externally driven culture the only emphasis is on meeting the customer's requirements; results are most important and a pragmatic rather than an ethical attitude prevails.

##### III. Easy going work discipline vs. Strict work discipline

This dimension refers to the amount of internal structuring, control and discipline. An easy-going culture reveals loose internal structure, a lack of predictability, and little control and discipline; there is a lot of improvisation and surprises. A strict work discipline



reveals the reverse. People are very cost-conscious, punctual and serious.

#### IV. Local vs. Professional

In a local company, employees identify with the boss and/or the unit in which one works. Employees are also very short-term directed, they are internally focused and there is strong social control to be like everybody else. Whereas, in a professional organisation the identity of an employee is determined by his profession and/or job description.

#### V. Open system vs. Closed system

This dimension relates to the accessibility of an organisation. In an open culture newcomers are made immediately welcome, one is open both to insiders and outsiders, and it is believed that almost anyone would fit in the organisation. In a closed organisation it is the reverse.

#### VI. Employee-oriented vs. Work-oriented

In employee-oriented organisations, members of staff feel that personal problems are taken into account and that the organisation takes responsibility for the welfare of its employees, even if this is at the expense of the work. However, in work-oriented organisations, there is a lot of pressure to perform the task even if it is at the expense of employees

### 2.4.3 Schneider's culture model

Company's culture becomes more and more distinct when its members become more similar. The virtue of these shared values and common culture is that they increase integration and improve coordination among organizational members. For example, Bill Gates of Microsoft is famous for the set of organizational values that he created for his company, which include entrepreneurship, ownership, honesty, frankness, and open communication. Culture shape employees' behavior. (Sahota, 2011)

Understanding organization culture is essential to business drivers. However, it is difficult to get an accurate picture of a company's organization culture based on the survey and questionnaire. Therefore, Sahota (2012) introduces the Schneider Culture Model based on the book [The Reengineering alternative- A plan for making your current culture work] which is mostly used as an

assessing tool for culture in any organisation. Sahota (2012) asserts that there are four aspects to look for in an organisation culture and these include:

- Collaboration Culture: This is the aspect that promotes working together in an organisation.
- Control Culture: This is an aspect of control.
- Competence Culture: This aspect allows the organisation to build a culture of world class solutions.
- Cultivation Culture: This aspect provides an environment that is about learning and growing with a sense of purpose.

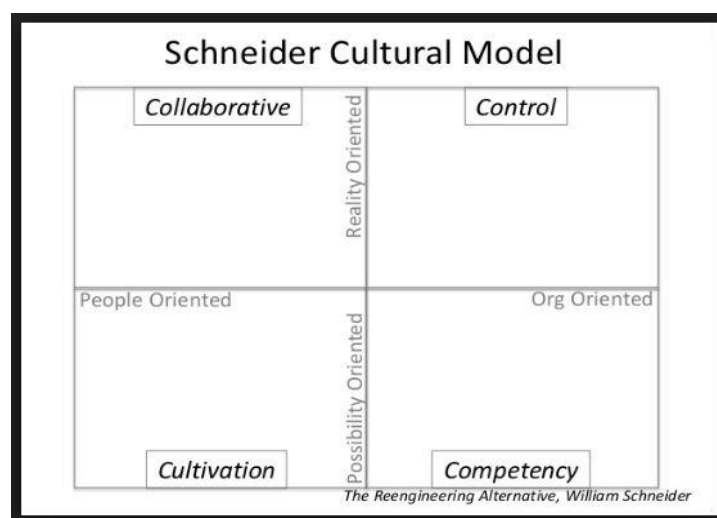


Figure 3. Schneider culture model (adapted from William Schneider)

According to the figure above, Cultures that are Reality Oriented, focus on the present state of affairs in the organisation. That is, what is happening now. However, cultures that are Possibility Oriented put their focus on the future. That is looking to the future possibilities.

Furthermore, the Schneider Culture Model is a tool that was designed to help Agile Coaches to judge an organization's current culture such that if the tool is used as an assessment and discussion tool, it can generate useful ideas that may help organisations during corporate culture transformation processes. Therefore, Sahota (2012) regenerated and provided a detailed model based on the figure above in which each culture model defined has a descriptive quote and examples of what each factor is about as shown in the figure below.

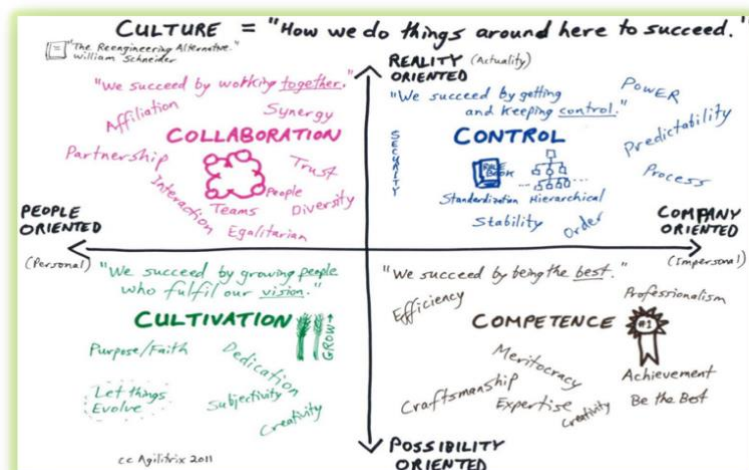


Figure 4. Schneider culture model (source @Michael Sahota 2012)

Sahota (2012) elaborates in the figure above from a household perspective. He claims that, the Collaboration culture springs from the household". That is, in order to succeed, it is important to put a collection of people together, to build and create a positive touching relationship to achieve a common goal in terms of control and competences as well.

#### 2.4.4 Cameron and Quinn's competing values model of culture

According to Quinn and Cameron (1999) in their study on culture, most organizations have developed a leading culture style. They argue that an organization rarely has only one culture type, but that a mix of four organizational cultures exist. This can be seen from the competing values framework which states that the values and the corresponding organizational cultures compete with each other.

Quinn and Cameron (1999) found that flexible organizations are the most successful, because they can be able to address the competition within this framework well and use all four value sets when needed. In line with this study, every culture portrays a specific type of performance depending on the type of culture in a given organization. For example, in the healthcare sector, the culture type genuinely fits in with the profession of looking after people. There is no final "best" organizational culture. Only in a particular circumstance will one class of culture serve better than another (Ibid). The figure below shows the different types of cultural approach that can be aligned with different organisations and how they are organised.

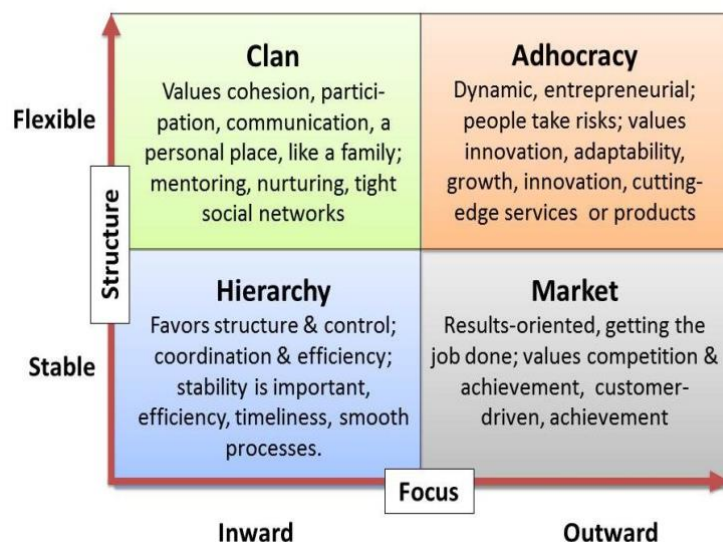


Figure 5. Adopted from Cameron, K. S., & Quinn, R. E. (1999)

### Clan

The Clan type of organization, people are driven through vision, shared goals, outputs, and outcomes. It has less focus on the structure and control and it has a greater concern for flexibility rather than strict rules and procedures. Unlike Hierarchies, clans often have flat organization structures and its people and teams act more independently.

Thus, it can be argued that It has an inward focus and a sense of family. Employees work well together and are strongly driven by loyalty to one another to achieve a common goal. Rules, although not necessarily documented, do still exist and are often communicated and instilled socially. Clan leaders act in a facilitative, supportive way and may take on a parental role. This is also true in comparison with the Schneider Culture Model (Cameron & Quinn, 1999).

### Hierarchy

The culture organisation that follow the hierarchy type of structure have a traditional approach to structure and control that flows from a strict chain of command as in Max Weber's original view of bureaucracy. For many companies in the past years, hierarchy was considered the only effective way of organizing and is still a basic element of the majority of organizations.

Hierarchies often have well-defined policies, processes, and procedures. They have respect for position and power and as such

hierarchical leaders are usually coordinators and organizers who keep a close look on what is happening in the organisation (Cameron & Quinn, 1999).

### Market

The market type of culture organization is not one which is focused just on marketing, but it is where all transactions, internal and external are viewed in market terms. It seeks control but does that by looking outward, and in particular taking note of the transaction cost. It is believed that transactions are exchanges of value. In an efficient market organization, value flows between people and stakeholders with minimal cost and delay. Market cultures are particularly driven by results and are often very competitive. Leaders in market cultures are often hard-driving competitors who seek always to deliver the goods and results (Cameron & Quinn, 1999).

### Adhocracy

In this type of organisational culture, people turned to be more independent and flexible than the clan, which is necessary especially in this present day of dynamic changes in the business environment where market success is only for people with the greatest speed and adaptability. the adhocracy uses prototyping and experimenting rather than long, big-bang projects and development and it form teams to face new challenges. Leaders in an adhocracy are visionary, innovative entrepreneurs who take calculated risks to make significant gains (Cameron & Quinn, 1999).

## 2.5 Managing Corporate Culture

When managing operations, marketing and finance, organizations must manage, direct, control, and maximize the positive components of their inherent corporate culture. Schein (2010) argues that, culture not only explains many organizational phenomena, it is also something that leaders can manipulate to create a more effective organization. He adds that, “managing corporate culture involves identification of internal and external business conditions affecting your business, while manipulating your company culture to become a more effective player in your market”. Pirraglia (2016) argues that although its significance is recognized, the concept of corporate culture as well as how to manage it in a practical way in organizations has remained unachievable. There is a considerable amount of literature on the

concept of corporate culture, but much of it can be described as academic or theoretical. The focus tends to be on the concept of corporate culture as a social-psychological construct or as a dimension of organizational health (ibid).

Corporate culture comes about by the sharing of values, visions, customs, traditions, and internal goals that make every company unique. Having a lens to recognize it is a powerful way to understand and use it.

The type of culture can either help to contribute to or impede the success of companies large or small by expanding or reducing team effort to reach company goals. Hence the more reason why business managers and owners should accept that a corporate culture is unique to each company, as such it is important to establish a way in which the organization culture is managed. There are three types of corporate culture and it is important for business owners and leaders to recognize these attributes because they cause a great deal of influence on innovation and the creativity in an organization. The figure below shows the three types of corporate culture.

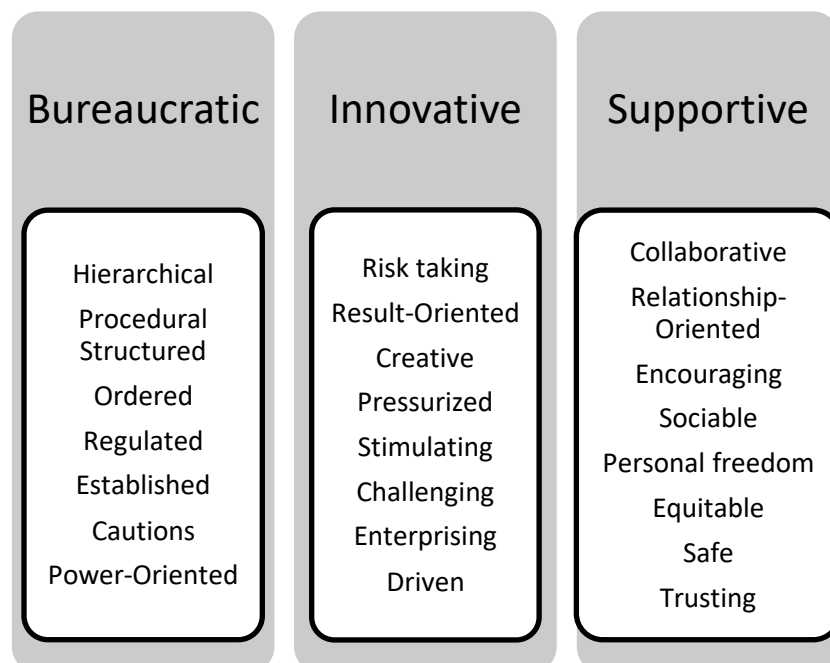


Figure 6. Types of Corporate Culture- Adapted from: Akaah (1993)

### 2.5.1 The importance of corporate culture

Culture is not one of those soft matters to be dealt with when the real business is done. Culture is a complement to the formal, established rules of doing business. An understanding of and commitment to the organization's mission will guide employees when confronted by the unexpected for which no rules exist. It depicts the uniqueness of the company and as such it has an influence on the performance of an organization in every way.

Most importantly, it is all about identity, retention and image; that is, corporate culture contributes to the wellbeing of the organisation by tabulating its identity and the core values that will allow employees and business owners to work hard and maintain the company's core value(DNA). (Omondi, 2014)

This will in turn help the employees to meet their set goal for the benefit of the organisation and at the same time boost the financial performance. It also attracts exceptional talent and more often people always want to associate themselves with success which means that in order for organisations to build a strong corporate culture, it is important for organisation like company X to place a strong emphasis on employee engagement because with a strong corporate culture, employees turn to feel a sense of belonging and coupled with a positive and supportive environment, employees are motivated to work hard, drive performance and become innovative in meeting their individual goals and the company's goals overall (Modi, 2017).

Kotter and Heskett (1992) add that, if you can create harmony in terms of expectations and behaviours that flow from the corporate culture, the organization will perform better. According to Howell (2016) The key for every organization is to invest in employee engagement initiatives to drive productivity, increase profits, and stay competitive. Undoubtedly, more engaged employees will yield higher standards of service, higher customer satisfaction rates, and higher profits for the company. Hence, one would say that a strong corporate culture builds a company's brand image identity which is on itself a tool for competitive advantage.

Establishing a strong corporate culture will create an open environment for communication between the employees and business owners to share their feelings about the company endeavours and at the same time recognise talent among the organisation which will bring about a culture of innovation.

## 2.5.2 Building a culture of innovation

According to Doblin (2016) Although there are many dimensions that influence both incremental and radical innovation, for example, national systems, knowledge flows and labour markets. The challenging part of this is that culture is a very personal thing, which will vary between companies, industries and regions. However, in every case, it is beneficial for a company to look inwards and see whether their people, processes and leadership are acting more as innovation enablers, or bottlenecks.

Doblin (2016) asserts that building a culture of innovation is more important than having a specific theory or methodology that is laid out to follow rather it is a reason why business owners need to make sure that the corporate culture actually encourages innovative behaviour, instead of stifling it.

### Innovation as a tool for competitive advantage

A lot of organisations focus on innovation because it is trendy, or because it is the right strategy, but it is meaningless if the culture is not built up and established in a given organization, that is, after all the goal of every organization or business is to get ahead of competition. It is generally agreed that organizational culture is a significant influence on the propensity of an organization towards innovation (Bessant et.al 2001).

Furthermore, every company should look at itself frequently to find out how it can build its innovation culture in a way that is right and beneficial for them. Innovation is a process of change which is all about creating opportunities and moving fast. It is an essential means by which organizations survive and thrive. As a result, innovation must be managed, but before it can be managed it has to be understood (Dodgson, Gann and Phillip, 2014)

Innovation has always been associated with advances in science, especially in technology. More recently the economic aspect of innovation has been emphasized and many organizations are also stressing its importance in terms of organizational culture-related factors.

Kettunen et.al (2007) asserts that innovation is a pervasive attitude that allows organizations to see beyond the present and create a vision of the future. Dodgson et.al (2014) also points out that, innovation management is an important area of study because in order for an organization to obtain benefits to a point of competitiveness from innovation depend upon how well it is managed. An element of the company's organizational culture is an innovation-oriented culture, which consists of: innovation-



oriented motivation, innovative competence, behaviour in the innovative situation, as well as the style and quality of management determining the climate for innovation.

An innovative business is one which lives and breathes outside the box. It is not just good ideas, it is a combination of good ideas motivated staff and an instinctive understanding of what your customer wants (Bessant & Tidd, 2011). The most important thing to note about innovation is that, it is a word that represents both a thing and an action. This means that when one is thinking about innovation then it is inevitable that one thinks about the change as well as the process of change itself.

According to Bessant & Tidd (2011) innovation can take many forms but they can be categorised in four dimensions of change and these are:

- Product innovation- which is the change in products and services that a company has to offer. Process innovation- which is the actual execution of the changes.
- Position innovation- this is the context in which products and services are introduced.
- Paradigm innovation- these are the changes in the underlying mental models which frame what the organisation does. Paradigm innovation can be triggered by many different issues. For example, new technologies, the emergence of new markets with different value expectations etcetera.

Building a culture of innovation requires an organization to consider what would work best for specific product and or services involved and also the knowledge of what the customer demands. There are two ways that companies can innovate, incrementally or radically.

Whether it is incremental or radical Innovation; there are some vital steps that need to be followed in order to establish a culture of innovation that works, and these are;

- a) Recognising the opportunity, thus innovation ideas can come from inspiration, or even a transfer from another context, that is, through customer value and market research without overlooking the key opportunities in midst of technology disruption.
- b) Finding the resources, that is, planning what? When? And why? Innovation is filled with uncertainties and as such the process of strategic choice and acquisitions is always affected. Developing the venture, that is how an idea can

be developed from being just an idea into a fully functional product or service or process people can use.

### 2.5.3 Types of innovation

There are a number of types of innovation, it depends on the focus of the business and the purpose of innovation. These may include;

- a) The entrepreneurial method of innovation is one in which change is initiated by an individual's actions and drive to create a business venture of adaptation.
- b) Technology-based functional innovation occurs when the development of new technology drives innovation.
- c) The strategic-reflexive mode describes innovation that springs from individuals' interactions with their organization's common values and goals.

Innovation matters and it is important for success in design and manufacturing companies (DTI, 2003). Successful companies are generally effective at responding to evolutionary changes in their markets. Where they run into trouble is in handling or initiating revolutionary changes in their markets or in dealing with disruptive technologies (Christensen and Overdorf, 2000).

Radical innovation has one main benefit over incremental innovation. It creates products that do not replace or supplant other products but adds something new; mostly facilitates knowledge gathering and supports risk taking and experimentation. Radical innovation focuses on new methods of doing things, technology, new ideas and creativity (Bessant, Birkinshaw et al, 2004: 29).

## 2.6 Managing Innovation

Managing and building a culture of innovation is not an easy task for most organizations. There is no specific or special right way on how to manage a culture of innovation due to different types of organizational cultures. For an organization to be able to develop a culture of innovation and be able to manage it in a sustainable way, organizations need to, first of all, identify what? why and how the innovation process will be about.

Wunker (2015), articulates five strategies that worked across industries and these include:

- a) Understand the different types of innovation to be fostered. One of the biggest problems with new innovation efforts is that management leaders and business owners often do not encourage employees to think beyond the

development of new products. This means that employees with non-customer-facing roles are either left out or forced to brainstorm new product ideas in spite of a lack of knowledge about customer needs. It is important for leaders to involve front-line employees in the decision and innovation processes because they are well vested with information on what customers need and what the completion is doing. Despite the product-centric view that gets passed down to employees, business strategies tend to align with a need for bottom-up innovation across several domains – most notably the 4 P's: profit models, processes, products, and policies.

- b) Another aspect to consider is talent management. It is important for organization leaders to identify different capabilities among its employees by highlighting the different areas in which employees can be involved with innovation, as such companies can help employees add value in areas where they have deep knowledge and a desire to get involved.
- c) Empower champions to push back against bouncers. Most large companies like Company X have large employee bases with clear reporting lines. Although this type of corporate culture provides a number of benefits, it can also be its hindrance when it comes to creating a culture of innovation. Even if an organization may talk about the benefits of innovation, middle managers are still tasked with ensuring optimal performance in the business's core activities. As such they have little desire or capacity to jeopardize the core initiatives for unproven innovation efforts.

Wunker (2015) adds that in order to well manage a culture of innovation in a growing organization through acquisitions, it is important to redefine metrics and incentives. It is always the case that, new ventures often struggle because they are judged by the same metrics used to evaluate activities that the business has been involved in for decades. This can also be alluded to the new ideas that different employees may have and bring to the table in the name of being innovative and that the organization is promoting a culture of innovation when in the actual sense many ideas are dismissed before they can even be given a chance to be tried and tested if they work or not.

Hence, new initiatives or new ideas cannot compete at the same level, and they are killed off before they are given a chance to prove

themselves. Performance metrics often suffer from the same problem. While employees are told to be innovative, their performance goals and compensation packages do not create the incentives to do so.

In any given business organization looking to grow the culture of innovation, it is important that employees are given the tools they need to make their case. That is, employees need know that the organization can trust them to bring something useful to the organization (Ibid)

For example, company X has provided innovation hubs where the company invest in innovation programs to bring in new ideas, and as such employees feel a sense of ownership and recognition and that brings about better performance but this is not the case with so many companies today, they do not give individuals the tools or frameworks to show that the ideas are worthwhile, Even the best ideas aren't going to get any traction if the value they bring to the organization is not made clear. And that's often where companies fall short.

Create a safe space for experimentation. While a number of businesses have embraced Lean Start-up principles around fast and cheap experimentation, many stop short of providing a truly safe space to experiment. Cheap tests are good as long as they're successful. Despite the rhetoric that's shared publicly, failures are not truly embraced as learning opportunities. They're still regarded as failures. This creates fear among those who might otherwise conduct worthwhile tests to help prevent the organization from over-investing in risky projects (Dominiquini, 2006).

As much as companies talk about how innovation is a top priority, few excel at creating a culture of innovation in which employees are truly empowered to generate, develop, and pitch great ideas. By thinking carefully about how innovation capabilities can achieve a broad range of innovation objectives, reimagining how they evaluate employee performance, and providing a support system for employees who are willing to take on tough challenges, even the uninspired and most established organizations can help employees release their inner entrepreneur.

One of the biggest challenges to becoming more innovative as an organisation is changing the corporate culture to accept and embrace innovation. While many approaches recommend adapting corporate culture to the innovation focus, little information exists on the methods to change corporate culture to accept and embrace innovation.

Innovation is becoming the corporate strategy. Over 65% of CEOs surveyed by the Boston Consulting Group list innovation as one of their top three priorities. With increasing global competition and shrinking product lifecycles, it's clear that true differentiation can come only through consistent innovation (Dominiquini, 2006). Strong cultures often discourage change or new strategies when they are most needed and resist new approaches or new methods. There are a number of challenges that stand in the way of a lot of companies becoming more innovative. These include;

- a) The need to meet financial expectations and continue or extend the life of existing products and services.
- b) Creating a culture that supports and embraces innovation. Corporate culture may not seem like a significant barrier, but (Phillips, 2013) claims that corporate culture is identified as the most difficult barrier for innovation. He adds that corporate culture is the most consistent hurdle for innovation success, over factors that are considered more important, such as a lack of ideas, a lack of an innovation process (Phillips, 2013).

There are five significant factors you can influence to begin to change your corporate culture: senior management, compensation strategies, communication, training and measurements. Dominiquini (2006) also adds that organizational culture and values are one of the four, in addition to leadership behaviors, management processes, people and skills – key areas for effective implementation of innovation, will bring about sustainable competences which are vital for innovation as a continuous process, not incidental, short- term effort as shown in the figure below.



Figure 7. Key areas of a systemic innovation capability. Source: Loewe, Dominiquini, 2006: 26.

That is, Leaders visions and organisation will be focused on common understanding of innovation and an open culture will promote cooperation and rewarding of challenges to deserving employees. Participation of the sufficient number of people in the implementation of innovation culture and by using appropriate tools in the organisation will bring about a systematic approach and will enable the creation and development of new ideas, managing the portfolio of products and services in the organisation.

## 2.7 Role of corporate culture in entrepreneurship

Corporate entrepreneurship refers to different types of entrepreneurial behavior in existing, large organizations aimed at encouraging innovation and competitive advantage at all levels: Corporate, divisional, business unit, business functions and project teams (Burns 2008). Although since the late 1980s some authors argued that entrepreneurial activities could not be associated with large corporations, there were a growing number of corporate entrepreneurship concept advocates, so in the last decade of the 20th century the term “corporate entrepreneurship” became quite

commonly used. At the same time, a growing number of authors argue that companies of all sizes need entrepreneurial behavior in order to survive and perform in a competitive environment.

Hofstede (1990) claims that innovation is directly related to entrepreneurship and that therefore cultural dimensions influencing innovation will also set the background for entrepreneurial activities.

As business leaders strive for increased competitiveness, creating an entrepreneurial culture has become an important advantage. In the current business environment, the term entrepreneurial has come to mean more than just the business acumen required to turn an idea into an enterprise. Today, "entrepreneurial" describes a skill and mind-set characterized by innovation, creativity, calculated risk-taking, and an empowered staff.

(Cornwall, 2011) in his article claims that "For companies that want to out-think and out-pace the competition, an entrepreneurial culture isn't optional: it's an absolute necessity." Change is inevitable and to ignore the signs is death. The competitive landscape has become fierce and in order to survive entrepreneurs and businesses alike need to reinvent themselves to cope with this constant change. According to (Prosek, 2011), the key to unleashing that creative energy is to create an entrepreneurial culture based on four pillars.

Companies and business owners have to exercise authenticity, that is, demonstrate their sincerity by being enthusiastic about entrepreneurial strategies and actions pursued by the business.

**Commitment to People-** An entrepreneurial culture is based on the idea that each individual can be a powerful force for change in the organisation, hence it is the organisation's responsibility to support the professional development of the staff.

**Commitment to the Business -** Align an individual's interests with those of the business. It is important for leadership and management to recognise its employees' capabilities and talent. This will in turn encourage employees to develop the entrepreneurial drive for their own success and that of the company.

**Continuous Effort -** The work of building a company's culture never ends. Sustaining an entrepreneurial culture starts with who you hire. It is essential to carefully screen prospective employees to ensure that they will fit within your culture. An entrepreneurial culture is also sustained by your reward system, by the autonomy and respect you give to your employees, and by consistent communication about your ongoing entrepreneurial vision for the company (Cornwall, 2011).

Entrepreneurship drive is the engine for innovation and as such creating an entrepreneurial culture creates a business that will continue to grow by adapting to change and by actively pursuing new opportunities in the market.

According to (Bessant &Tidd, 2011), the energy and passion which drives through the process of entrepreneurship is seeing and making real opportunities. It is also needed in established companies like company X where renewal comes through stimulating and enabling the same drive and creativity as that of start-ups to deliver a stream of improvement innovations and inspired risk taking which helps reinvent the business.

Entrepreneurship is all about taking risks and that is why it is a core component for a building a culture of innovation. One cannot innovate without taking risks. But what separates good innovation managers from gamblers is the recognition that there is a core process involved which can be organised and managed.

### 3 METHODOLOGY

This chapter will discuss and articulate the method used in this study. The purpose of the research and the research approach will be provided. This will be followed by the type of method used for the data collection.

In order to meet the goal of this thesis, an analysis of secondary data was carried out which brought about a list of theories related to the topic. The Primary data targeted at corporate culture, innovation, innovation culture and its knowledge was obtained by means of a qualitative survey using a questionnaire technique of data collection. The middle management that took part in the survey were selected by random quota sampling from company X by the human resource management personnel.

The thesis was undertaken using qualitative methods, particularly using the induction reasoning approach. According to Gabriel (2013) inductive reasoning approach usually use research questions to narrow the scope of the study by analysing the data and examining the existing theories in order to develop a new theory within the study. Furthermore, an inductive reasoning approach is often referred to as a “bottom-up” approach to knowing, in which the researcher uses observations to build an abstraction or to describe a picture of the phenomenon that is being studied (Lodico et.al 2010)



The figure below shows the illustration of an inductive reasoning approach which shows how the data was analysed to arrive to the results.

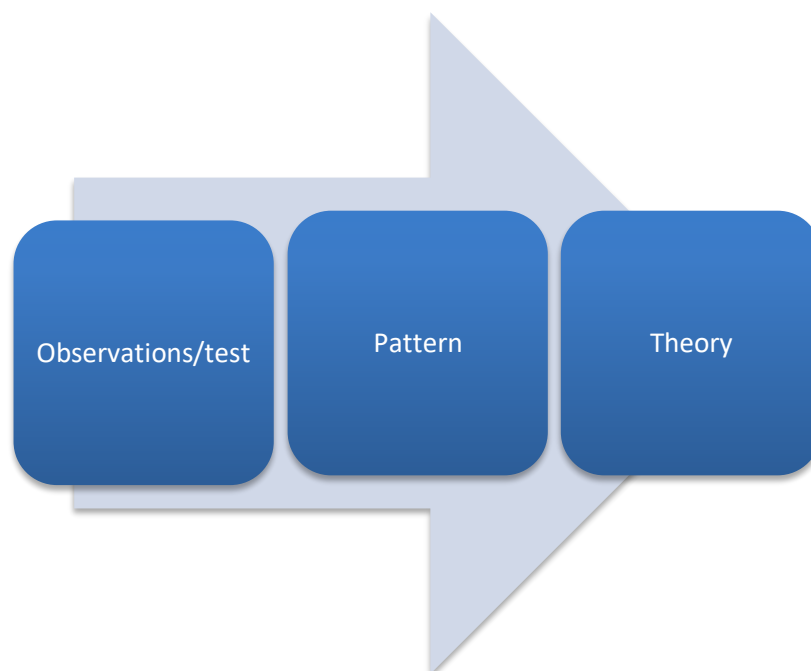


Figure 8. Inductive reasoning approach: source (Lodico et.al 2010)

### 3.1

#### Research Purpose

The purpose of this thesis is to formulate a pathway on how to manage corporate culture, innovation, and entrepreneurship. The focus was Company X corporation and in order to gain a better understanding and explore the role of corporate culture and its relevance to entrepreneurial and innovation culture in an organization. The research will be descriptive and explanatory.

### 3.2

#### Research Approach

According to Saunders et.al (2003) research can be categorized into either a qualitative or quantitative approach. For qualitative research, information is gathered to gain a deep and thorough understanding, and to describe a holistic view (Saunders et.al, 2003). Qualitative research, broadly defined, means "any kind of research that produces findings not arrived at by means of statistical procedures or other means of quantification" Strauss and Corbin, (1990, p. 17) and instead, the kind of research that produces findings arrived from real-world settings where the

"phenomenon of interest unfold naturally" (Patton, 2002, p. 39). Ultimately, to understand the relationship between corporate culture and corporate innovation in the entrepreneur growing economy, studies that apply both quantitative and qualitative methods are needed (Fernandez et.al, 2003). Therefore, in order to effectively answer the research question "How to manage corporate culture, innovation and entrepreneurship", this research will require relying mostly on primary data provided by company X through interviews conducted and the emerging literature on organizational and corporate culture, innovation management and entrepreneurship.

As earlier stated, the study undertook the inductive reasoning approach and the type of research conducted was qualitative. This means that the research to a larger extent made use of secondary data from various books, journals and articles to arrive at a reasonable answer to the question. The research questions to be tackled in this study have been formulated (please refer to research questions in chapter 1)

### 3.3 Data Collection

According to Yin (2013), data can be collected for case studies via six different sources. No single source has a complete advantage over all the others. Instead, they are highly complementary, and a good case study should include as many sources as possible. The author calls this use of multiple sources "Triangulation", which gives the researcher an opportunity to obtain multiple measures of the phenomenon. This will in turn increase the validity when performing any scientific study (ibid). Interviews are the most important source in case studies. An interview can be based on three different strategies:

- Open-ended interviews
- Focused interviews
- Structured interviews

Case study interviews are mostly of an open-ended art, where the interview does not follow any structured questions. The investigator can ask the respondent for the facts of a matter as well as for the respondents' opinions about the subject. Sometimes, the investigator can ask the respondent to propose his or her own insights into certain subject and might use such propositions as basis for additional inquiries.

In a focused interview the respondent is interviewed for a short period of time. In such situations, the interview may still remain open ended and assume a conversational manner, but the investigator is more likely to follow a fixed structure derived from the case study protocol. Finally, a structured interview follows a set of strictly fixed questions and can thus be characterized more as a combination of a survey and an interview (Yin, 1994).

The type of interview used in this study was a focused interview. The interview guide and questionnaire (provided in the appendix) was used to discuss a limited number of issues connected to the purpose of the research. This way, the focused interview could be used to confirm or dismiss certain facts, or in this case, theories.

In general, a focused interview can be conducted by phone or in person. Therefore, phone and skype interviews were conducted, due to the fact that Company X is an international company and some of the key respondents are based in different parts of the world.

According to Yin (1994), the use of a tape recorder during the interview is essential to register the empirical data with an absolute accuracy. In this research, a recording device was used for registering data, in order to be able to transcribe the interview word by word. The respondents were aware of the recording device and had no objections.

#### **4 EMPIRICAL AND ANALYSIS OF THE DATA**

In this chapter, the empirical and analysis of the data will be presented. Based on the data obtained from qualitative research using questionnaire interviews and after a careful evaluation of the literature review and findings, it can be noted that company X is interested in working on how to manage their corporate and innovation culture as well as influence a positive attitude towards an entrepreneurial drive.

In order to obtain the empirical data, interviews were undertaken with a sample size of 20 middle management personnel of which the sample selection was random and was limited to the three departments of company X. Most of the interviews were conducted via skype and others from company X's headquarters.

According to the 20 middle management personnel interviewed in the study; most of them think it is important to have a corporate

culture that supports innovation culture especially that the innovation culture at company X is not elaborate.

Like most companies, having the right competencies available and being able to continuously adapt to a changing business environment, are critical success factors for Company X.

The main goal of Company X's People Strategy is to support group strategies, ensures their successful implementation by developing the company's organizational culture and competencies that meet both current and future business needs (company X.com, 2017).

However, according to the respondents, the implementation of these strategies have not been effective because most employees are unaware of what is going on in their own work environment. The general manager of sales and a number of other respondents mentioned that Company X has both a corporate and innovation culture but they are not distinctive. This is because the employees could not differentiate between the operating country's culture and that of the organization. The employees mostly alluded to the Finnish culture as having a strong ethos or presence exhibited in their work ethic.

Company X representatives also added that since Company X is an innovative driven company, it was difficult for them to pin point the problems faced by employees when it comes to managing innovation, hence the need to change how the organization is building its innovation culture and how it can change the way of communication and improve the reward system to boost the entrepreneurship drive. That is, if the company has to remain relevant and competitive.

As an illustration of how the data was collected and analyzed to arrive to the results; table 1. below shows the existence of corporate and innovation culture in company X. It also shows that most people think that having an innovation culture is important. The study also focused on the issue of whether it was important for the organization to establish a suitable innovative culture apart from the one that has been in existence to one that would support radicle innovations and allow company X to move from being risk-averse to becoming risk takers.

Table 1. The existence of innovation

	Corporate culture	Innovation Culture	Is innovation culture important	Is it important to change the innovation culture
Yes	15	13	20	18
No	5	7	0	2

The results show that most of the employees are interested in the changes that are taking place in company X and would like to be a part of the bigger picture of the strategic implementation. Additionally, employees would like to have innovation feasibility.

The study was undertaken with a limit to only 20 middle management personnel which would create a biased conclusion but the middle managers represent their subordinates and as such the hypothesis would be that the study will determine the flow of information from top management to the rest of the organization.

#### 4.1 Company X's corporate culture

Company X's corporate culture is innovation driven. The innovative culture, together with a constant emphasis on safety, diversity, and high ethical standards, attract skilled and committed people and provides the basis for a high performing organization. Furthermore, its entrepreneurial drive, customer focus, and passion for doing right not only create new opportunities and environmentally sustainable solutions, but also bring value to its customers and promote a high performance culture.

According to the respondents from the interviews, the implementation of most strategies have not been effective because most employees are unaware of what is going on in their own work environment. It was stated that even though company X has a corporate culture, it is not a distinctive one.

According to Sahota (2012) culture shapes employees' behavior, that is, the guiding beliefs are invariably set at the top and transmitted down through the ranks. A company's culture becomes more and more distinct when its members become more familiar. He asserts that, the virtue of these shared values and common culture is that they increase integration and improve coordination among organizational members.

Therefore, if company X has to succeed in managing its corporate culture, build an innovation culture that will thrive; Organizational

transformation is a vital entity in the strategy formulation, Sahota (2012) affirms that the basis of knowledge in relation to corporate culture and how to manage it, is an important component. The leadership of company X have an obligation to formulate appropriate strategic responses that will highlight its corporate and innovation culture to its employees as well as its customers and also to get them moving quickly which will bring about competitive advantage.

Furthermore, findings show that, there seems to be divisions in the company; there are what is called the "classic company X" and all the other mergers and acquisitions are called the "other" Company X. This type of organisational culture hinders any form of strategic implementation when it comes to building a strong corporate and innovation culture respectively.

Schneider (1999) in his book "the reengineering alternative," claims that cultures that are reality oriented, focus on the present state of affairs in the organization and those that are possibility oriented put their focus on the future. Company X portrays both possibilities and as such it is a good place to build a distinctive corporate culture and culture of innovation that is sustainable and that which can promote an entrepreneurial mind-set in the organization company leaders and business owners talk about how innovation is a top priority, but few succeed at creating a culture of innovation in which employees are really empowered to bring about development and grow great ideas.

Although company X portrays the Finnish tradition, and meet the needs of traditional customers; the current technological transformations and disruptions have pushed the company to moving with the current trends in business today. It is slowly widening its market and beginning to attract not only the traditional customers but also non-traditional ones.

Company X is at the beginning of its modernization and digitalization journey. Therefore, building an innovation culture is critical for company X. Especially if it has to remain relevant and competitive.

Most corporate ventures often present a degree of uncertainty, they require collaborative and adaptive organizational context to thrive. Results show that an increase in competition, rapid changes in technology and changes in customer expectations are challenges being faced by company X, which have caused the innovation process to become more complex and uncertain (company X.com, 2017).

Additionally, the Branding guidelines which have a lot to do with what the company is all about. The main attributes of the Company X's corporate culture is Commitment to quality which is also its tool for competitive advantage. In order to find the right way to implement the organizational culture processes and Improve innovation processes, Company X has developed a diversity initiative program which began in 2012. It has been a continuous process and its main goal is to capture opportunities and make things happen, deliver better products and services than any of its competitors.

It has also helped foster openness, respect, and trust which has create excitement at the work place. The ultimate goal for company X is to affect its bottom line. Having a diverse workforce generates higher profits, has better complex problem-solving skills, and enables access to a larger talent pool which has made Company X become a more innovative business partner, as well as a more attractive employer (company X.com, 2017).

This strategy has continued to further development of leadership culture, as well as an emphasis on high-performance and operational excellence throughout the organization. Furthermore, strengthening accountability and ownership is encouraged by promoting employee engagement through a culture of open communication, integrity, and innovation.

Similarly, the strategy ensures that the businesses have the required resources and capabilities as well as motivated employees who will be involved in the implementation of changes within the organization.

Company X has created a good workplace in which all employees have the chance to show their best and develop further their competencies. However, a number of employees still have concerns on what is going on in the organisation in terms of culture and innovation.

Work culture is very much aligned with values and strategy conduct of the organization. It aims at having a creative environment for innovation where employees are encouraged to utilize the variety of available Company X training activities, learning solutions and self-study materials. (Ibid)

Research shows that, for any change to occur, the starting point is leadership. People take examples from their leaders. Their values, priorities, and actions are guided by what their superiors tell them. Business owners and senior executives place an emphasis on what the company should be doing, what the organizational values should be, and how people should act. This in itself is the starting point for driving an innovation and entrepreneurial culture.

However, company X has not done much in ensuring that its employees have full knowledge of what is happening in the organization in terms of changes which are brought about by technological transformations, customer centricity, company acquisitions and any form of changes in the innovation culture processes. Therefore, the argument would be that company X has not done much in employee involvement when it comes to decision making and participation in the organization. Even though employees are encouraged to utilize the variety of available Company X training activities as mentioned earlier.

According to the interviews undertaken in this research, employees have mixed feelings towards changes. Therefore, it is not easy to implement important decisions like build a strong innovation culture that will benefit both the employees and the employer.

employees tend to have a negative attitude towards any type of change or development in the organization because they do not fully understand the benefit and its value to the company.

Hence, it is the work of the leadership and management to ensure that everyone in the company comprehends fully the intended goals as well as laid out vision which dictate the organisational culture.

As earlier on alluded to, Quinn and Cameron (1999) based on their study on culture, argue that most organizations have developed a leading culture style. They rationalise that an organization rarely has only one culture type but a mix of four organizational cultures. In the same vein, organizations like Company X can spend their money, attention, and time by placing an emphasize on particular values.

It is said that flexible organizations are the most successful. Therefore, if Company X has to achieve its goals in building a culture of innovation that works. Its leadership needs to ensure that executive teams constantly demonstrate their value, productivity, and the open flow of ideas (Ibid).

Hence in order to sustain an open flow of new ideas in the organization, Managing Organization culture is not complete without a continuous improvement of a well-defined process of innovation culture.

#### 4.2 Innovation culture in Company X

Findings show that Company X is an innovative driven organization even though its culture of innovation is not distinctive. It is just at its infancy stage and so far, it can be noted or observed that there



is a cry for an innovative culture. Most employees are aware and have an idea that a culture of innovation exists in their work place but they believe that it has not been effective and not properly handled. Employees would like to see more innovation feasibility. Hence, as mentioned earlier, it is the duty of the leadership to make sure that all the employees are aware of the company innovation culture.

Innovation management allows the corporate to respond to external or internal opportunities, and use its creativity to introduce new ideas, processes or products. According to (Ettlie et.al 1984) incremental innovations in new product introduction appear to be dependent on traditional management structures and processes.

Incremental innovation is well structured and easy to follow and implement whereas radical innovation can demand an organizational response that has a complex approach to managing innovation (McDermott and O'Connor, 2002). Radical innovation is high-risk and high-return, and therefore does not respond well to the management practices applied to incremental innovation activities.

Radical innovations may utilise potentially disruptive technologies and so require a different set of rules to manage the innovation process. As such radical innovations involve the development of a new technological paradigm that create new knowledge and understanding, and potentially new industrial sectors.

There is usually uncertainty that comes with radical innovation projects, whether this is technical, market, organizational or resource uncertainties. Therefore, organizations are moving into unknown territory and experiment with new processes that largely elude systemization (O'Connor and McDermott, 2004).

A radical innovation project is also marked by discontinuities, gaps, critical transitions, and leverage points, often rendering traditional management modes of operation inappropriate (Leifer et al, 2000). Hence the reason why big companies like Company X mitigate against radical innovation, as the systems and processes that ensure continuity instead opt for the incremental improvements which become the inhibitors to innovation. (Tushman and Anderson, 1986; Ahuja and Lampert, 2001).

Innovation is easy to launch but it is the commitment aspect that needs to be addressed even in incremental type of innovation. Company X has created a tool called the "winner booster" an innovation hub for employees which is used to collect ideas. There has been successful development for the past five years, since the

campaign and work shop training programs for innovation began. However, there is more room for improvement and sustainability. Employees at Company X are looking for an environment in which entrepreneurial thinking is encouraged and readily takes places.

#### 4.3 Discussion of the findings

According to May (2011) in modern business, the primary tasks of leaders and business owners is to create an environment in which entrepreneurial thinking is encouraged and readily takes place. Furthermore, O'Malley (2000) asserts that a company culture is closely linked to its beliefs and values.

This study has evaluated the theoretical underpinnings of what a company requires in order to formulate an innovative corporate culture and in doing so analysed the pitfalls as well. Based on the research undertaken, results show that the case has both a corporate culture and innovation corporate except they are not distinctive but only exhibits signs of having one.

This is a prima facie case of a lack of a strong understanding of purpose, values, and vision. This can be attributed to a failure in communication from the leadership to the rest of the organisation as a whole. Company X being a renowned company has well-articulated messages on the web as well as bulletins, but the proverbial problem still exists.

This clearly indicates a lack of clarity. It is often easy for large corporations to take for granted that everyone under their employee have jumped on board and comprehended their mission. This is due to the largeness of the organisation and thus the growth as well as sophistication could be misconstrued as a sign that all is well. Unfortunately, that is further from the truth. Those are the blind spots and the weaknesses that break the very fabric of any organisation that considers itself invincible.

When company X's employees were interviewed, most of them were unaware of the existence of the company's corporate culture and innovation culture. Additionally, they could not differentiate between the operating country's culture and that of the organisation. The employees mostly alluded to the Finnish culture as having a strong ethos or presence exhibited in their work ethic. This was mostly the confusing element.

However, company X is a big organisation and well renowned internationally so by extension it is a global company even though its roots stem from Finland. When employees have a conceptual problem, it is the job of the top management to explain the

underlying concepts. This creates a rapport of mutual understanding, communication and lays the foundation for a purpose driven organisation.

Fundamentally, an organization can be termed as a living organism. It takes on a life of its own and based on that assumes an identity. It is thus important that employees are aware of the company's identity and in so doing establish a distinctive culture and in the process build a strong innovative culture. It is the duty of the leadership to relay information regarding strategic goals meant for the future. Innovation requires management and has a time scale problem attached to it. Therefore, it is essential for company X to formulate a workable plan that identifies unique attributes that distinguish it from its competitors and adapt those to its undertakings.

This act of differentiation will help employees understand the role of its corporate culture in innovation and as a tool for competitive advantage. In the era of innovation, it is vital to realise that one's employees make up the life force of what could drive the company ahead or hold it back. Dissemination of important information explaining the company's structure, values and future goals play a significant role in realising a bonafide working culture that will become vivid and as such is easy to identify.

The findings show that company X has an open culture which is modern, diversity, mature and collaborative. It has well defined goals, code of conduct, branding policies and values and provides opportunities for employees to grow careers. However, since innovation culture is not distinctive in most divisions of Company X, there is a cry for a culture of innovation in the organization.

Therefore, if Company X would like to use their corporate and innovation culture as a tool for competitive advantage; there is need to develop an organizational culture that facilitates radical innovation. Radical innovation has one main benefit over incremental innovation which is that it creates products that do not replace or supplant other products, but adds something new; it takes you out of the "zero-sum" game that characterises many industry battlegrounds' (Bessant, Birkinshaw et al, 2004: 29).

Innovation can be considered to exist along a continuum, from incremental innovation, in which effort is focused on trying to "do better, whereas the focus on radical innovation is on the new ideas actively being considered in the organization.

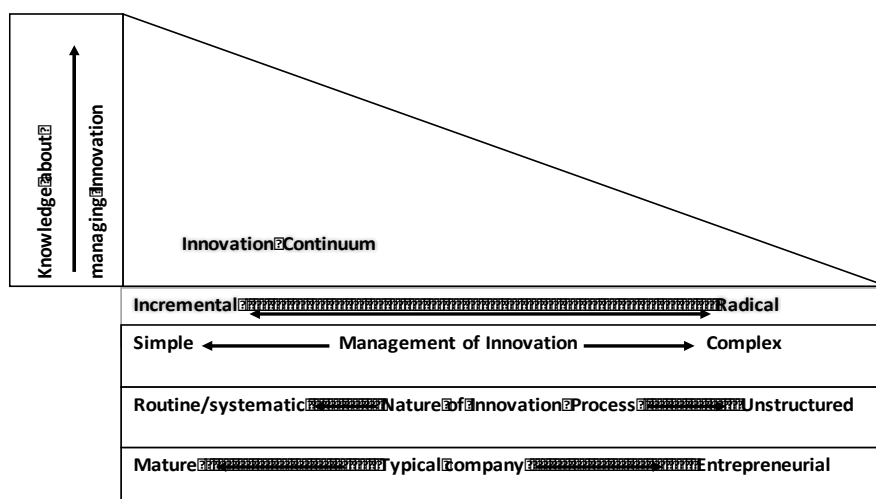


Figure 9. The Innovation Continuum: (Adopted from Bessant et.al 2004)

Based on the knowledge acquired on incremental innovation and in order to boost the already existing innovation culture, company X developed a strategy to organize a five year collection campaigns which introduced training programs for different departments of the company and in the process reaching out to all employees at different levels in the organization. However, there is need for management to focus on these processes of developing ideas into more concrete or tangible solution.

When introducing or creating an innovation culture and entrepreneurship drive in an organization, it is vital for company X to give an open platform for employees and management leaders to Identify their capabilities. Innovative ideas can come from anywhere. Hence the more reason to pay attention to the potential trigger signals which offer interesting variation opportunities.

According to the findings, company X has organized a platform in which employees can present individual or group ideas that could potentially be adopted as tangible projects worth financing. However, this strategy was not very useful and as such needed to be revised and managed, so that it can become a concrete tool for building a successful innovation culture that creates value.

It is evident that company X is a well-established entity with a very long history. However, company X is careful with its step following the tried and tested paths as such it is risk averse.

This could be attributed to its largeness (growth & size). Company X lacks the drive that a new start up has basically because of the

amount of risk involved financially. This tends to hold it back (i.e. a withdrawn nature, not too aggressive in their approach- too much to lose).

Based on the interview responses, it is clear that they hold in high esteem what they call company X's classical roots and the feeling that this has built their culture. As such there is a sense of rigidity that appears to drag back most of their set plans. The innovation paths set on are many and as elaborated follow a clear path of what innovation activities should be. However, company X holds itself back with its own processes which pose as a conceptual dilemma. Most of the middle management do agree that there is some kind of culture but cannot clearly point it out.

Additionally, there is the view that company X has too many activities set in its way but the way to achieve those plans is troublesome.

The respondents all seemed to realise that their strong cultural backbone, classical as they term it is the nemesis to progress.

They believe that because of the nature of this problem they cannot perceive growth in new organizational realities. They have reached a stalemate. Rationally, it is more of a stale approach. Respondents believe their superiors are set in their old ways and any form of a new approach is unconsciously set aside in spite of the company's written agenda on innovation.

Ideation does not equate to realization or implementation if the ground or environment does not foster change. This is where there are at crossroads. Company X's innovation ideas or plans will remain so or achieve minimal success with no greater impact if its most important resource feel stagnated at any point in their processes.

#### 4.4 Managing Corporate culture innovation and entrepreneurship

Schein (2016) writes in his book "Organizational Culture and Leadership": "Culture not only explains many organizational phenomena ... it is also something that leaders can manipulate to create a more effective organization."

Managing corporate culture involves identification of internal and external business conditions affecting your business, while manipulating your company culture to become a more effective player in your market. This illustrates that an organization can change its management strategy in order to implement the required changes in accordance with building innovation capabilities.

As mentioned earlier, in 2012, company X began its campaign of building a culture of innovation. During the process, some management, strategic and structural changes have been done in order to accommodate these changes because innovation is becoming a corporate strategy for company X. This indicates that each day strategic changes are being made in order to successfully build the culture of innovation needed for the company presently and for the future.

Company X has also most recently introduced a corporate strategy which will be a more effective way of collecting ideas, one that will be motivating enough and one that can yield results. The strategy shifted to building innovation hubs that would be used to build a strong innovation culture. These were created as corporate start-ups to boost the innovation culture in the sense that, it will promote speed, simplicity and growth in the organization. Moreover, it is not just good ideas that are needed to build a successful innovative culture but it is a combination of good ideas, motivated staff and instinctive understanding of your customer wants.

Innovation effectiveness brings about effective leadership. This entails that top management plays a major role in adding value to the company by using smartly designed strategies. In the process employees begin to understand the company culture and values. The company also needs to recognize its people skills in order to be effectively implement the intended changes.

Furthermore, an important component of building a thriving culture and improving the bottom line is creating the conditions in which employee well-being can also thrive.

Innovation matters, but it does not happen automatically, it is driven by entrepreneurship a powerful mixture of vision, passion and energy enthusiasm, insight and plain hard work which enables good ideas to become a reality. A creative company is an environment for the employees to grow and succeed. And with the right tools employees can focus on getting results, react to changes, and be innovative. At Company X, the tools and methodology is Lean Service Creation, which is a tool mostly used in product and service development (Sarvas, 2016).

When looking at the major digital transformation in the business world today, company X is no exceptional to the effects of digital transformations and modernization as well as innovation at a larger scale.

According to the interviews, Company X employees still need a clear understanding of digital transformation in terms of data,

analytics, customer insight, and innovation so that Change can take place in an agile manner that delivers results and project an impact on the bottom line. All these strategic shifts are taking place almost every single day. Company X has a duty to see to it that these changes are managed and sustained to meet the demands of its employees and customers. Schein (2010) argue that in practise, there are three levels attributed to the organisation culture model which are sometimes represented as an onion model as it is based on different layers. The outer layer is fairly easy to adapt and easy to change. The deeper the layer, the harder it becomes to adjust it.

This can also be said in terms of managing culture innovation and entrepreneurship. There are changes that can easily be altered and that there is no need to slowly introduce the change for example customer centricity, change management structure, organizational structure etcetera. Thus, a good starting point would be explaining the benefit of the changes. Hence, the employees will be more receptive and engaged in process.

According to (Kotter and Heskett, 1992) if you can create harmony in terms of expectations and behaviours that flow from the corporate culture, the organization will perform better. In addition, (Kotter,2014) in his book “Accelerate” has pointed out the steps that one can follow to successfully manage change. The figure below illustrates that for any form of change to occur, be it an implementation of an innovation culture or any form of transformation in an organization, there are steps to be followed and executed at the same time.

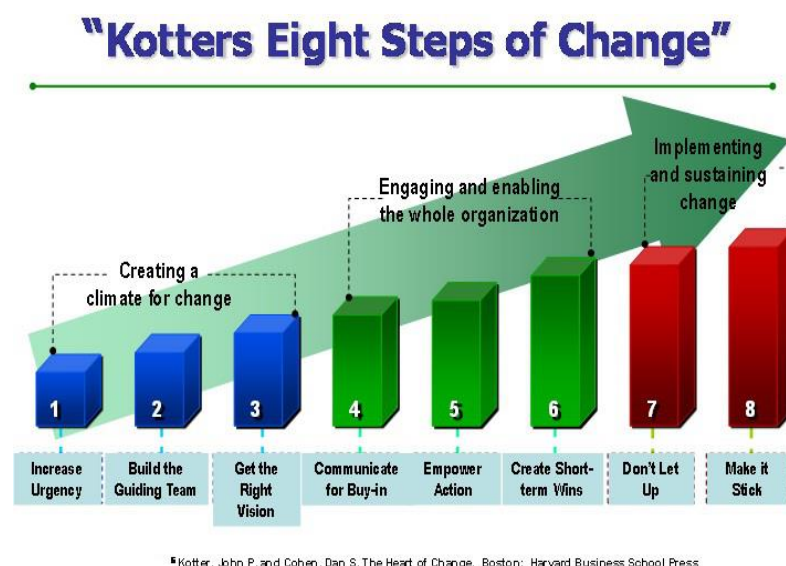


Figure 10. kotters eight steps of change source: The heart of change by Kotter, John P. And Cohen

When this order is not followed and an organization fail to change, the cost of failure may mean its survival. Thus, the desired change may not be visible in the expected time. Hence, company X needs to formulate a system on how the management can be able to engage the employees in the implementation of the culture of innovation. Therefore, referring to the figure above, it is vital for company X to create a climate for change, that is engaging employees through inspiration, motivation, and rewards. It is said that, organizational climate is enhanced when co-workers feel a connection or bond with their colleagues.

The key to invest in employee engagement initiatives is to drive productivity, increase profits, foster entrepreneurship drive and stay competitive. Research shows that more engaged employees will yield higher standards of service, higher customer satisfaction rates, and higher profits for the company. Hence, it can be concluded that a strong corporate culture builds a company's brand image identity which is on itself a tool for competitive advantage (Lumenlearningcom,2018).

Corporate culture is used to control, coordinate, and integrate company subsidiaries. Culture runs deeper than this definition, however, because culture also represents the embedded values, traditions, beliefs, and behaviors of a given group. Culture is indicative not only of what individuals pursue and believe in, but also their behaviors, assumptions, and communications. As a result, culture is both complex to create and challenging to communicate and instill within the organization (Lumenlearningcom,2018)

Leaders often look to influence innovation in the organization but they neglect the fact that employees need to be inspired by creating open communication and ideas at a personal level.

Hence, there are specific factors that cannot be ignored when managing innovation culture and these include:

- Acknowledgement and reward innovation, that is, promoting innovation and ideas should be on every business owner's and leader's scorecard because employees need to be encouraged and rewarded for innovative ideas.
- Inject creativity with acquisitions; that is, encouraging joint ventures and acquisitions. for example, Company X and its recent acquisitions has enabled employees to be open-minded and be willing to give their opinions in other employee's innovative ideas and as such promoting joint ventures.



- Dedicate time to innovation; Since the innovation culture in Company X is at an infancy stage it would be helpful if the leadership would consider dedicating enough time to for the employees to just have personal thinking and task time just to do independent project to speed up the process of innovation culture and build entrepreneurship drive (Cashman, 2013).

After a critical analysis of the findings, the question still remains, Is a culture of innovation really a necessity or is it simply another fancy phrase which leaders can use to look good on the websites? To an extent, a culture of innovation is a necessity because there cannot be strategic management without innovation culture, or Peter Drucker would not have pointed out that culture eats "strategy for breakfast, lunch, and dinner". Having a strong culture alone is not enough in today's dynamic world. unless that culture embraces the triple innovation goals of intelligence, collaboration, and adaptability. Hence, most companies identify innovation as a strategic priority (Beswick, Bishop & Geraghty, 2015).

Most companies fail because they have not been agile enough to change their offering in response to technological change.

In today's highly competitive environment, the goal of every business or organization is to get ahead of the competition.

One way to foster competitive advantage is through innovation. An innovation culture is one in which the organization is geared up to deliver products and service levels which will enable the company to stand out from its competitors. An organization that is people and team-oriented, one that is willing to embrace the risks and drive performance in yielding results. The figure below shows the main characteristics of an innovative driven organizational culture.

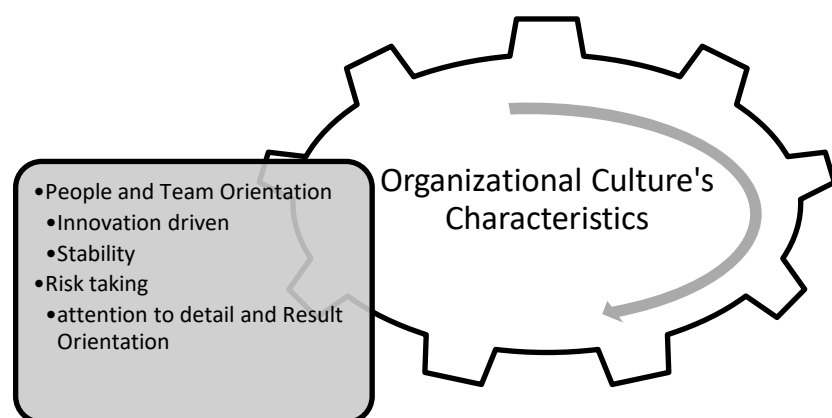


Figure 11. Charateristics of an innovation driven culture

## 4.5 Building a culture of Innovation

According to Tidd et al. (2006) innovation contributes to achieving a competitive advantage in several aspects. The most important characteristics of innovations include:

- A strong relationship between market performance and new products. New products help maintain market shares and improve profitability.
- It promotes growth also by means of non-price factors; for example, design, quality, individualisation, etcetera.
- Ability to substitute outdated products that is, shortening product lifecycles.
- It also brings about Innovation of processes that lead to production time shortening and speed up new product development in comparison to competitors.

Building a culture of innovation is not a one-time Project or campaign. It is a continuous process that needs to be nurtured and managed. It is a critical part of the strategic management process and continuous improvement of an organization like Company X that is looking to expand their business and making a mark in the world of technological disruptions.

As mentioned earlier, research shows that, rewarding employees with “time to think” is vital to the process of building a culture of innovation because this provides innovators the time and space required for them to be creative and resourceful.

As an organization, it is also important to understand the reason for building a culture of innovation. In addition to time and purpose of developing a culture of innovation, company leaders need to formulate a Structured process to manage a culture of innovation.

For example, tools like workplace flexibility (working hours and working remotely) , training programs and encouragement for skill development would be an excellent way to fostering a culture of innovation.

Above all, recognizing success is critical in the process of building a culture of innovation. It provides growth in the organization and it is significant in shaping the mindset of employees. MacKechnie (2017) claims that, a company needs to provide staff with an incentive to innovate. With no reward, there is no good reason for employees to suggest or try new ideas.

The first step in creating a culture of innovation is to include a change in an employee's goals, performance management process, and compensation plan. This needs to be implemented throughout

the organization. Even mail-room staff and couriers can offer a perspective and make suggestions that a vice president would easily miss. The figure below shows the dimensions of an innovation culture that would be useful to company X if implemented.

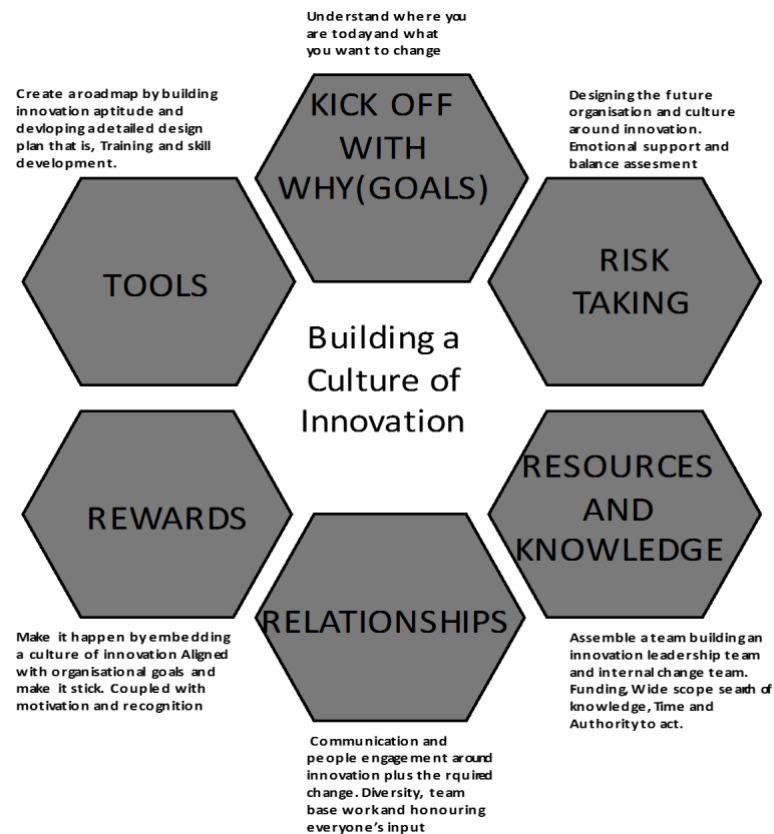


Figure 12. Dimensions of innovation culture: adopted from ( Beswick, Bishop & Geraghty, 2015)

#### 4.6 Entrepreneurship drive

According to May (2011), entrepreneurship and innovation fuel economic growth and company survival. Hence, leaders and business owners have an important role when planning and implementing a well-structured change strategy into such a practice. Fostering an entrepreneurship drive/mind-set requires commitment. Too often, more-established companies like the

Company X resist the radical innovation that is, while beneficial from a long-term perspective, might displace short-term revenue streams.

May (2011) asserts that in modern business, the primary tasks of leaders and business owners is to foster an environment in which entrepreneurial thinking is encouraged and readily takes places.

He adds that there is more to an environment of corporate entrepreneurship than simply inciting inspiration. It also relies heavily on a system of continuous analysis and feedback, potentially including the following two steps:

- a) The need to set a broad direction for achievement and re-evaluating including competitive products and markets in which the firm is operating especially paying more attention to the flow of information from the list of the employees on the ground.
- b) Reinforce efforts across the entire organization that coincide with the current plan for achievement. Therefore, as these business divisions continue to experiment with existing products and services, as well as innovate and develop new ones, company X leaders can magnify the stated goals to reinforce those business divisions initiatives and thereby achieve the highest degree of success (May, 2011).

Innovations are never a one-off event, but a result of a long-term process in which the human factor plays and important role.

## 5 CONCLUSION AND IMPLICATIONS OF THE STUDY

The middle management employees were interviewed to extrapolate answers from data collected through questionnaires. Based on these middle management's feedback inferences were made and conclusions drawn on what is the basic understanding of corporate culture, innovation, and entrepreneurship in line with the company's laid out strategies, goals and mission.

Accordingly, company X was found to have an adequate innovation charter as well as a mildly vivid corporate culture. Based on the analysis, the conceptual part required that answers would lead to something distinct but instead it proved the opposite. As most of the respondents comprised employees who held influential roles (leadership roles), this was worrisome.

The varied nature of answers in terms of comprehension of the concepts innovation and culture based on the respondent's feedback meant that there was a lack of common understanding and messages were less likely to be diffused along the way. This signified a common problem experienced in bigger corporations. The bigger, the size of the company then the higher the need to emphasise the basic tenets that make up the foundation that fuel its drive allowing for stronger diffusion of vital messages.

Larger corporations are not immune to these blind spots. As companies grow, they lose the agility and boldness that start-ups possess because they adopt a culture of risk aversion. This most often inhibits bold moves that would see a company in un-charted territory and eventually lose opportunities of a first mover (i.e. pioneer).

Dissemination of information is important and company X has done enough in that regard, in terms of electronic messaging, that is, their website and other mediums. However, the case in point still remains whether this is enough. Judging from the responses, there is a need to do more because it became apparent that somewhere along the line messages became diluted thus losing their essence (meaning). As such there is a need to critically rethink their processes to get rid of this precarious situation. Renewal is definitely needed over time because it is so easy for big corporations to lose their way due to their size.

Furthermore, based on the evaluation and outcomes obtained from company x, it is possible to summarise that, a company's innovation culture cannot be emphasized without referring to its strategic intent and corporate culture. It is suffice to say that a culture of innovation is one which actively encourages and supports creativity. Moreover, the act of culture can affect management decisions as well as pave way for more opportunities along the way. It can also shape the way the company is perceived thus contributing to its revenue generation (bottom line) and being labelled as a sort after employer. This culture can be both positive or negative, and as such responsible for either corporate success or corporate decline. Thus, it is essential that the elements constituting a culture that support innovation have to be specified. For example, the importance of open communication and the need for agility, that is, the management style emphasizing the following; tasks, interpersonal relationships, and entrepreneurial drive.

Hence, in order for Company X to succeed in managing its corporate culture, formulate and sustain its innovation culture; there is a need for effective leaders who will be committed to

improve collaboration, ideation, implementation and value creation. Change is inevitable and to ignore the signs is death as has been the demise of many great corporations. The institutional framework needs to be revisited and communicable messages strengthened so as to emphasise the company's position. This will lead to employees knowing and feeling that there are open lines and that the inhibiting structures have ceased to exist thus propelling them to exhibit their ideas because of the perceived freedom.

#### Implications of the study

The idea of carrying out the proposed research has a positive implication on how businesses are run. It allows a company to recognize that a corporate culture is a powerful tool and that coupled with innovation culture it will foster creativity, flexibility and can tolerate failure. Thus, allowing a company such as company X to move from being risk averse to becoming risk takers.

Corporate culture affects the tendency of companies to be innovative. There cannot be an innovation culture without corporate culture but the latter is possible without the former. Therefore, a critical analysis of processes which permit renewal is definitely needed over time because it is so easy for big corporations like company x to lose their way and be caught up in a rut due to their size as already elaborated.

Furthermore, top management should control the level and the rate of change and be able to formulate innovative administrative arrangements required to facilitate the collaboration and open communication. It is also important to note that it is the duty of company leaders to continuously promote innovative culture while making adjustments based on their beliefs, values norms and vision related to organizational goals.

## 6 RECOMMENDATIONS

The type of management structure a company follows plays into how successful the company is. It can make a big difference in its performance. Company X's current management structure is the

horizontal flat kind of structure. However, it has not been doing well in passing information from top management to the employees.

Categorically, it has been established that company X's profile fits that of a large corporation. Therefore, based on that, there is a need for a decentralized management structure. One that employs limited vertical decentralization. With that in place, it will improve the flow of information tabulating the culture and give an innovation culture visible and distinct to its employees. It will also lead to open communication that will allow the leadership to recognize potential ideas from the employees which will lead to mutual respect and boost innovation. In view of motivation in an innovative culture, company X needs to explore radical innovation while managing risks at the same time.

Results show that company X is facing challenges in dealing with the changes that come with the process of innovation. According to (Kilgallon, 2017), the ability to take risks is challenging for many businesses. Additionally, Kilgallon (2017) argues that with today's pace of change, it's either a company innovates or gets left behind. This is in line with the assertion of this study and it is agreeable that most businesses do not have the risk-taking nerve of a start-up as per the suggestion of the author above.

This study suggests a simple and pragmatic approach when it comes to analysing change. When a company as big as company X is confronted with change, the initial reaction should be that of questioning this perceived change by asking simple questions such as what the change would mean for employees? Furthermore, it is vital to analyse the effect the perceived change would also have on the company's operations or business strategy?

Upon reflecting on the suggested steps of questioning, if the way to go is that causes the company to fall back on its risk averse nature. Then according to Kilgallon (2017), there are ways to manage the process so everyone can become more comfortable with risk, and reap big benefits as a result. This assertion is agreeable, and it is recommended. Risk aversion can be tamed by mitigating risk, that is, encouraging internal innovators to incubate a series of individual projects that have lower investment costs but higher aggregate potential (ibid).

Promoting this behavior enables the organization to learn quickly from failures and pivot smartly. It is also inexpensive. Company X should implore this approach, at the same time, focus on shifting the culture to embrace mistakes. When one fails, one learns and figures out how to get better. At established companies like Company X, everyone is scared of taking risks because they are

worried about the repercussions if they fail. To get rid of this complex paradox, Kilgallon (2017) suggests that it is vital that there is encouragement from within the organisation for lots of smaller but smarter bets (i.e. innovation projects) and publicly celebrate, at the highest level, the learnings from the mistakes encountered.

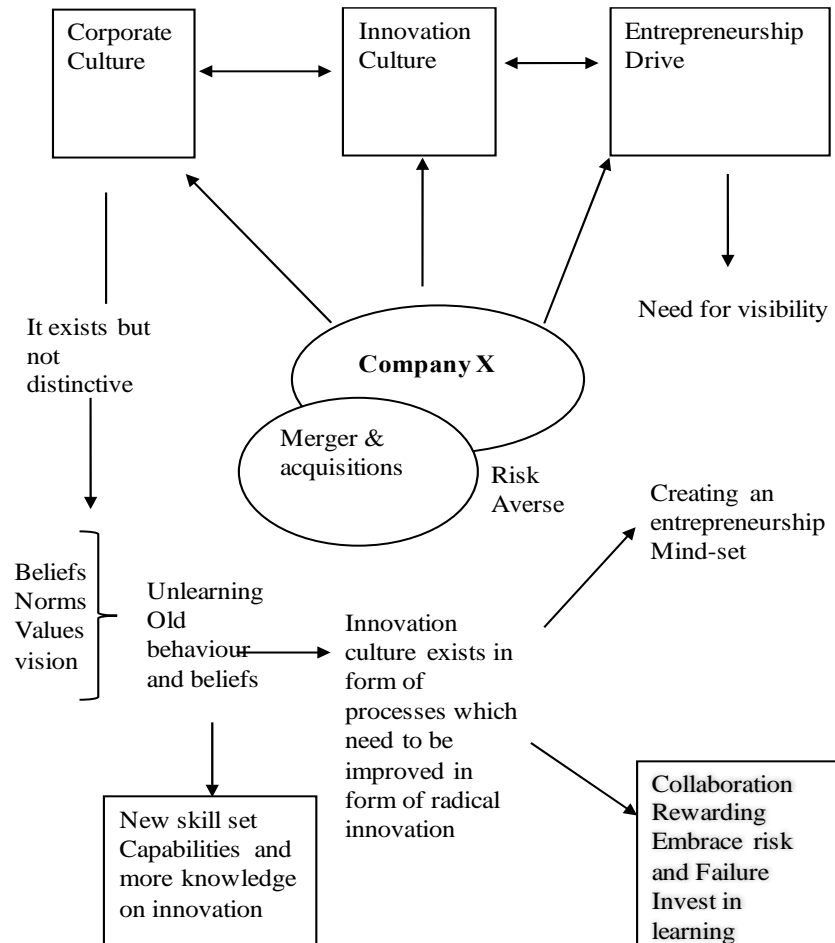


Figure 13. Process mind map (how innovation culture looks like)

The figure above shows an illustration of how an innovation culture looks like.

Schein's organizational culture model provides a point of reference to create cultural change that will strengthen the innovation culture. According to Schein (2010), it's sensible to have discussions with as many employees as possible to discover the underlying



backgrounds and aspects of the organizational culture. These could be a basis for cultural change and it is important for organizations to be aware that cultural change is a transformation process; behaviour must be unlearned first before new behaviour can be learned in its place. Therefore, it is in the best interest of the company if the leadership revised its compensation / rewarding system to award employees with time and space to think and be creative on their own. Recognition should be better than achievement bonuses which are not enough to motivate employees to be creative.

Since the main purpose of this study was to examine the role of corporate culture in relation to innovation culture and provide a pathway that company X would follow in order to thrive in managing its corporate culture, improve its innovation culture processes and encourage creativity and entrepreneurship drive. This study recommends that a similar research need to be conducted, and this time focusing on the effects of dynamic capabilities on strategy implementation and with larger sample size.

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## QUESTIONNAIRE

**COMPANY NAME: COMPANY X CORPORATION**

**NAME OF RESPONDENT:**

**GENDER:**

**POSITION:**

**Brief Company Description**

1. What words would you use to describe this organization?
2. What are you most proud of at this organization?
3. What is the purpose of this organization?
4. Why is the work you do important?
5. How are you making a difference to society through your work?
6. What is your contribution to society through your work?

**Individual specific Questions**

7. Tell me a bit more about your department in relation to the work culture? (how work is organised and also the significant changes that have taken place in say 5 years?)
8. What is your understanding of corporate culture and innovation management from your own perspective as well as that of the company?
9. What is the importance of developing an innovative corporate culture and how often has your organisation looked into revising its processes in relation to the same?
10. What is your company's coping mechanism- how has it addressed change (change management amidst all of the external forces causing disruption in the industry)?
11. Would you say there is a distinctive corporate culture? If yes, then how have you managed it?
12. In the same vein as question 3, how have you managed innovation in your company?
13. Have there been any benefits that have been as a result of the use of corporate culture in your organisation as a strategic tool for business? Has it impacted your bottom line (profits)?
14. How have the employees reacted to change and are they aware of the ongoing changes in relation to corporate culture (is it easily identifiable for them as in does it reflect in the way they handle their work?)

**Strategic Priorities Questions**

15. What should the organization focus on and pay attention to?
16. To effectively achieve your strategy, what principles should guide how you work? Explain.
17. What key values, if followed, would help this organization compete and thrive?
18. Do you feel useful creative and productive, If yes? Do you see endless opportunities for improvements? Explain

