

“The Impact of Organizational Culture on Innovation Management”

Léo F. C. Bruno, Ph.D.
Fundação Dom Cabral

**E-LEADER CONFERENCE
Budapest
2010**

ABSTRACT

The study sought to investigate the impact of the Organizational Culture, personal values profile (micro-culture) of the involved executives and organizations' culture (mezzo-culture) of the analyzed organizations, on the management of innovation. A sample of 400 executives of 48 organizations was selected, involving large and medium size ones of several segments having product and service development activities. Four closed instruments were applied, being two of them Likert type (opinion) – personal values and organization cultural traits inventories, and the other two of diagnosis type – innovation essential internal conditions (enablers) and customer-oriented processes. In the case of the last two instruments the Delphi technique was used for data gathering, leading to the value innovation index of each researched organizations. The results have shown an unbalance on the personal values profile of the involved executives, showing a typical managers' profile, rather than a leaders' one, as well as an inadequate average organization cultural index, both results negative as far as innovation activities are concerned. On the other hand the study showed a moderate to high positive relation between personal values balance and the organization cultural adequacy index, being these two variables positively related with the value innovation index of the involved organizations as depicted by the findings.

Research Questions

The study sought to answer the following research questions:

1. What is the personal values profile of the executives involved in the research?
2. What is the personal values balance of these executives?
3. What is the cultural profile of the researched organizations?
4. What is the cultural adequacy index of these organizations?
5. Is there a relation between the executives' personal values balance and the cultural adequacy index of their organizations?
6. Is there a relation between executives' personal values balance and the value innovation index of their organizations?
7. Is there a relation between cultural adequacy index and the value innovation index of these organizations?

Five Types of Value Orientation

The ***economic man*** is primarily oriented toward what is useful. He is interested in the practical aspects of the business world; in the manufacture, marketing, distribution and consumption of goods; in the use of economic resources; and in the accumulation of tangible wealth (protestant ethics). He is thoroughly “practical” and fits well the stereotype of the businessman.

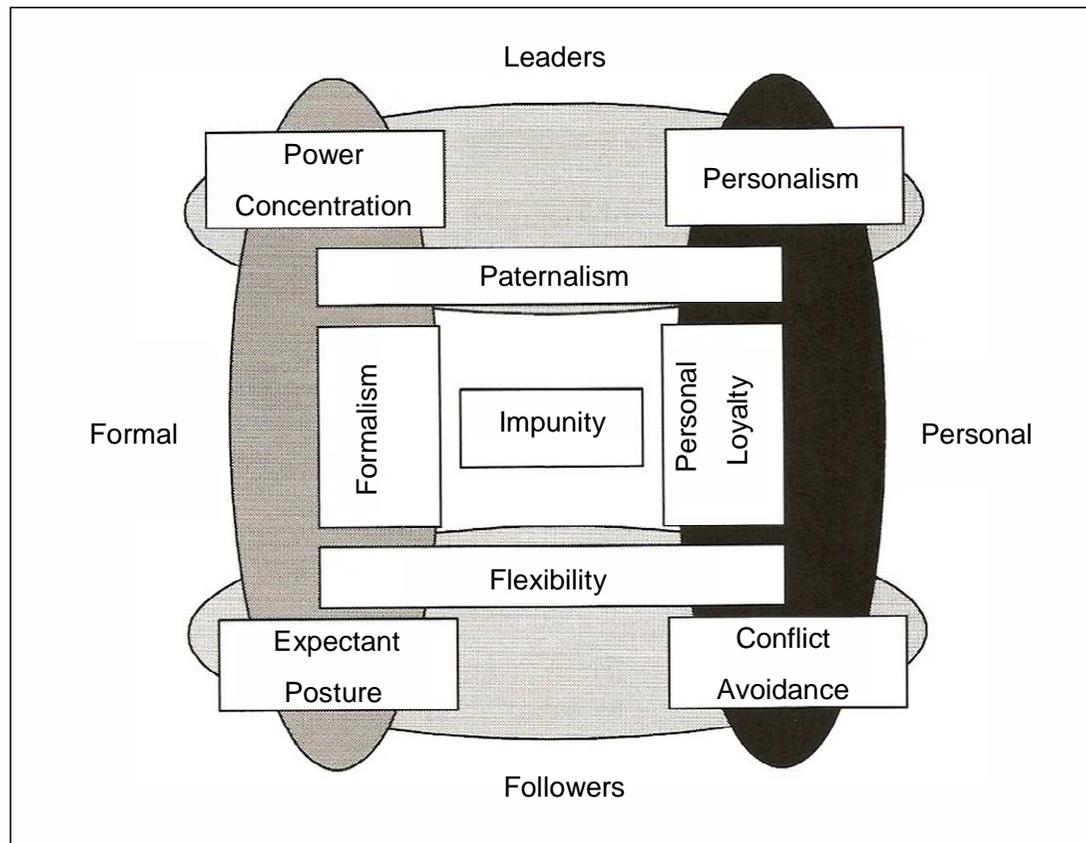
The ***theoretical man*** is primarily interested in the discovery of truth, in the systematic ordering of his knowledge. In pursuing this goal he typically takes a “cognitive” approach, looking for identities and differences, with relative disregard for the beauty or utility of objects, seeking only to observe and to reason. His interests are empirical, critical, and rational.

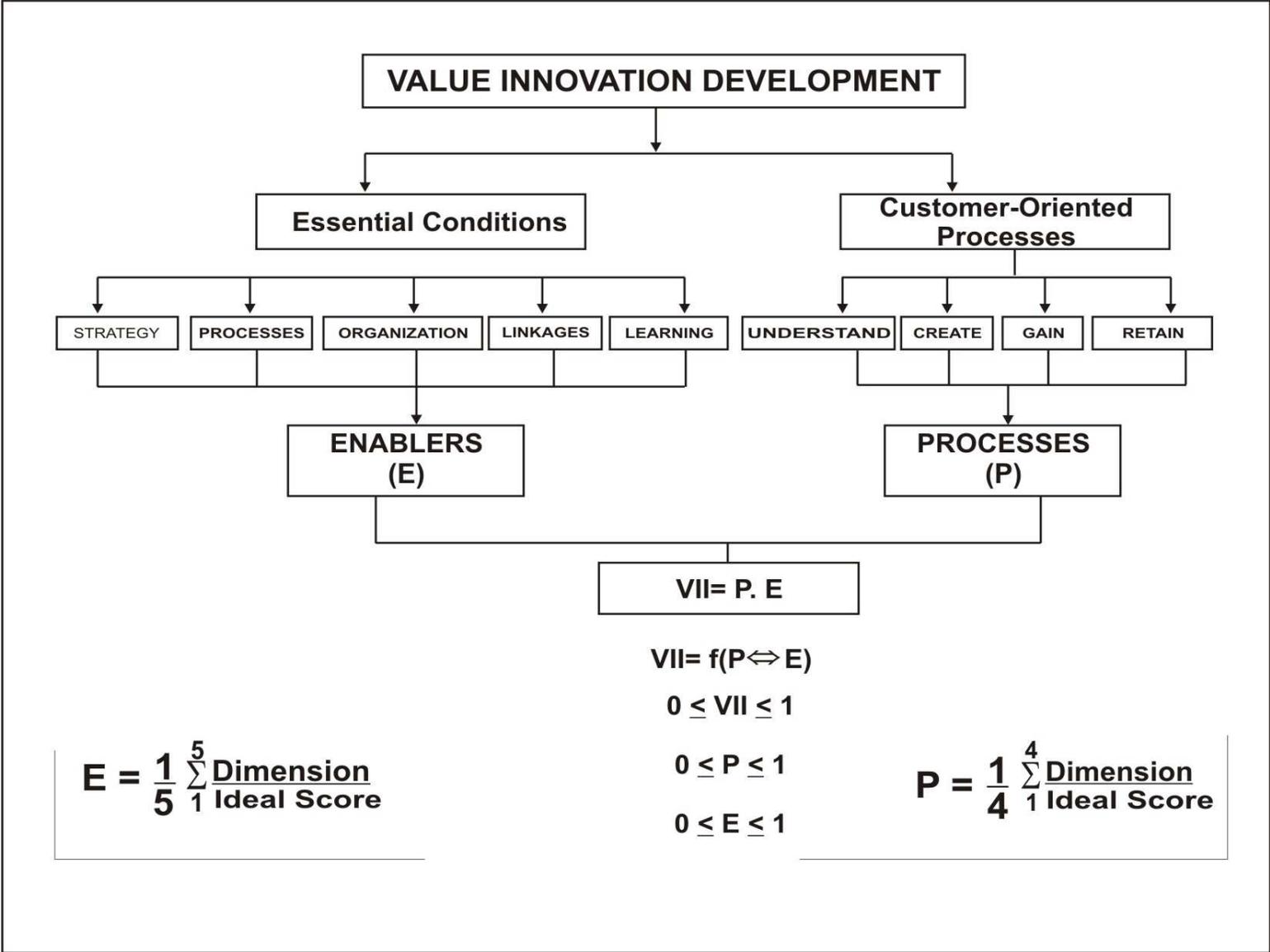
The ***political man*** is oriented toward power, not necessarily in politics, but in whatever area he works. Most leaders have a high power orientation.

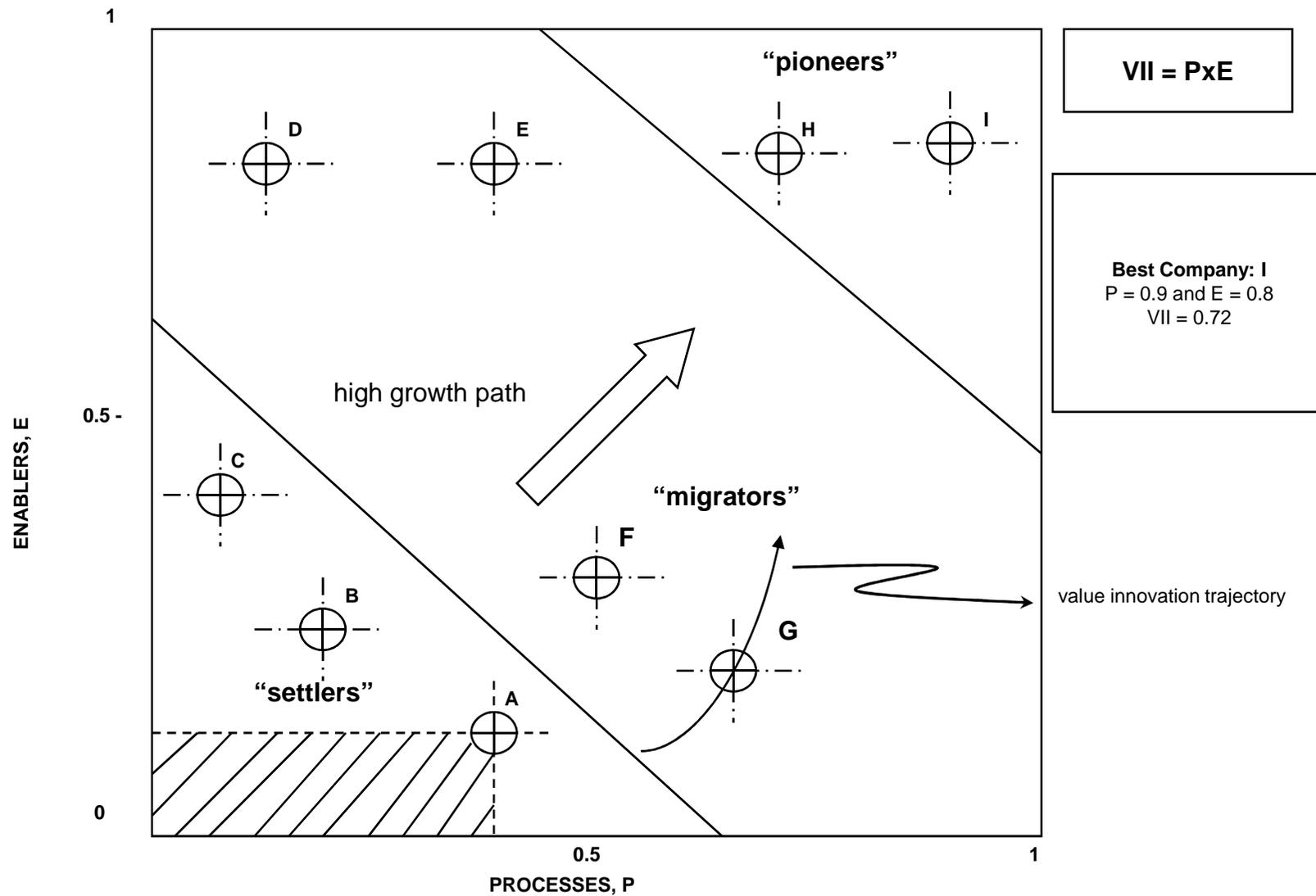
Competition play a large role during all his life. For some men, this value is uppermost, driving them to seek personal power, influence, and recognition in a continuous basis.

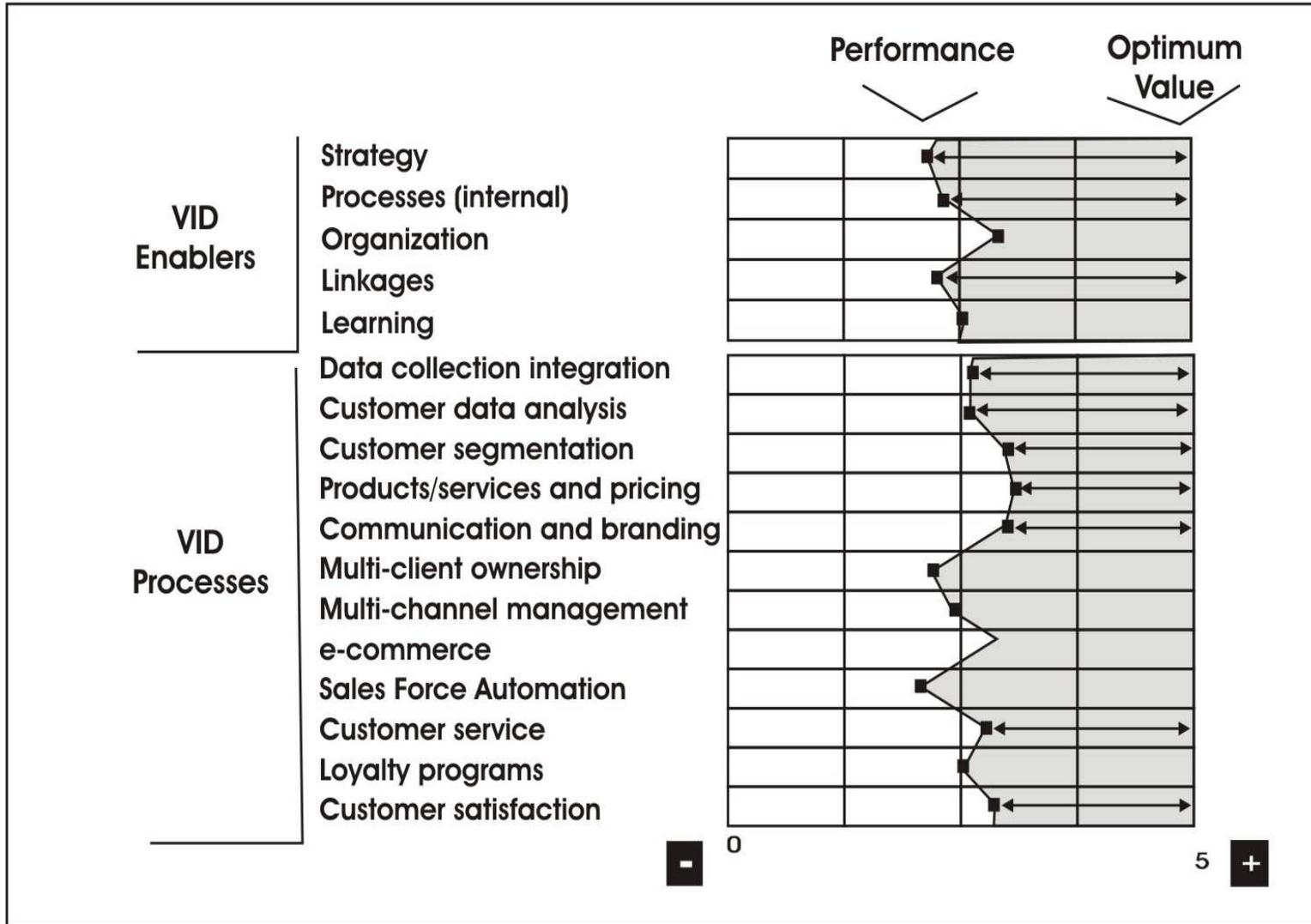
The ***aesthetic man*** finds his main interest in the artistic aspects of life, although he need not be a creative artist. He values form and harmony. He views experience in terms of grace, symmetry, or harmony. Lives the here and now with enthusiasm.

The ***social man*** is primarily oriented toward the well-being of the people. His essential value is love of people – the altruistic or philanthropic aspect of love. The social man values people as ends, and tends to be kind, sympathetic, and unselfish.









METHODOLOGY

1. Sampling

It has been selected 400 executives involving 48 organizations operating in Brazil and South America, encompassing medium and large size ones. Most of them were organizations in the fields of consumer electronics, vehicles, health care, paper and packing, mechanical and electrical components, transportation and logistic, virgin media, telecommunications, white goods, service, energy, IT, super markets, clothes, shoes, graphics, departmental stores, office material, individual protection equipment, and cell phones. The majority of the executives were Brazilians (366) and some foreigners (34), being 142 females and 258 males with ages varying from 28 up to 48.

2. Data Gathering

- In order to uncover the **personal values, and its balance** a questionnaire, which measured the relative importance of each value, was developed and applied covering the five value orientations as depicted in Table 1. The 10 item validities for each of the five values ranged from 0.30 to 0.81, and the reliabilities results for each of the five values ranged from 0.80 to 0.89. All the coefficients were significant beyond 0.01 level.
- To measure the **organizational culture, and its adequacy**, of the researched companies a closed instrument of Likert type was used (Appendix 2) covering the nine traits of the Barros and Prates model. The instrument was validated in terms of statement and reliability.

➤ To compute the **value innovation index** of each organization two instruments of diagnosis type were used a first one involving five enablers, internal to the organizations, and the other involving four aspects of the customer-oriented processes, and the Delphi technique for gathering the data was used.

- To check if a relation existed between the **average personal values balance** and **cultural adequacy index**, the linear correlation coefficient has been computed taking into consideration the set of paired data, involving the before mentioned variables, per organization.

- To analyze a possible relation between the average executives' **personal values balance**, per organization, and **value innovation index**, the Value Innovation Model (Bruno, 2005) has been considered and the VII – Value Innovation Index has been computed per organization, and, then the linear correlation coefficient was computed taken into consideration the set of paired data involving the before mentioned variables per organization, therefore the computation involved 48 pairs.

- The same procedure has been followed to verify a possible relation between the **cultural adequacy index** per organization and their respective **value innovation index**.

Value Orientations of a Sample (400) of Executives

Value	Score
Theoretical	13.4
Economic	13.2
Social	12.0
Aesthetic	11.4
Political	10.0

Source: Research Data.

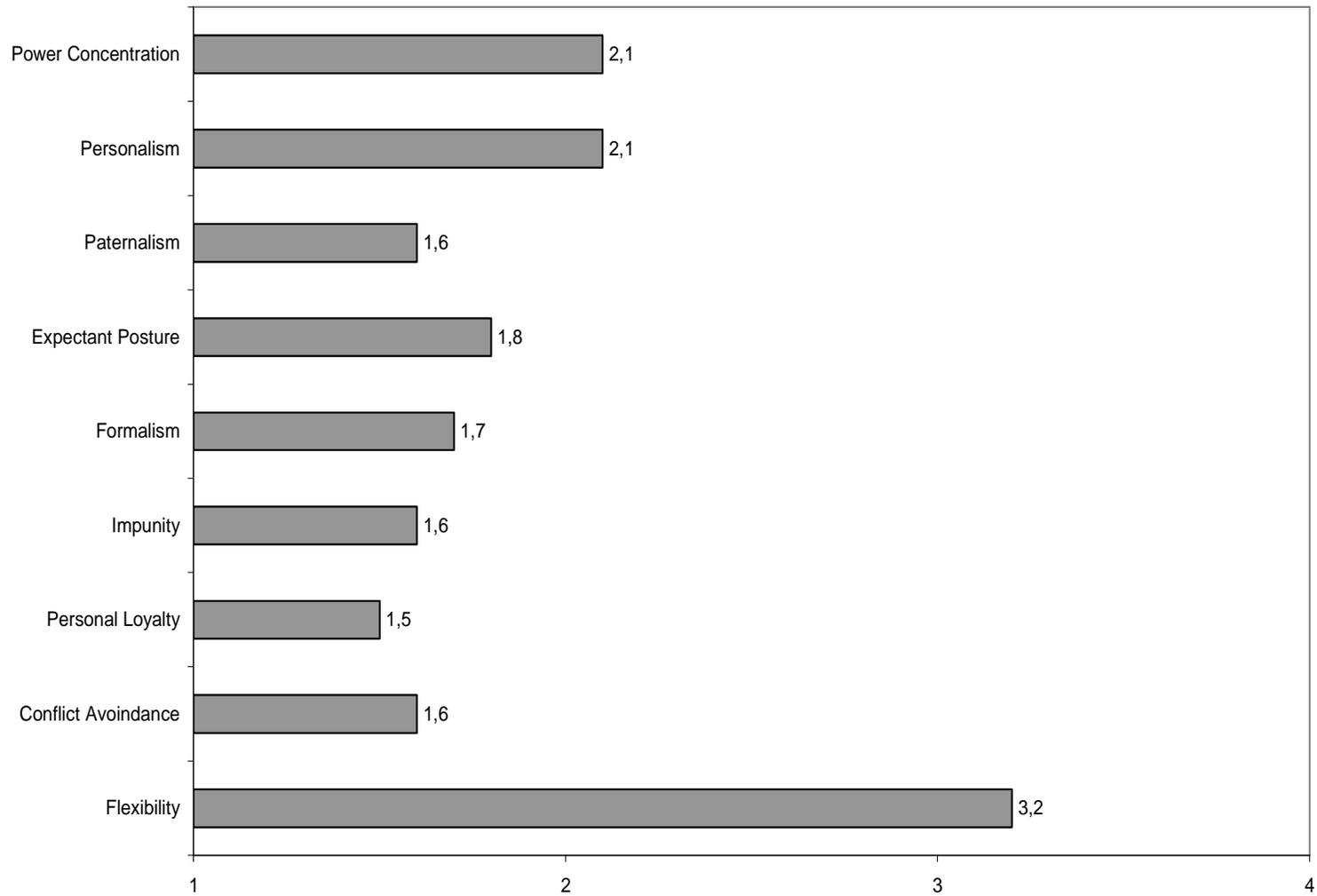
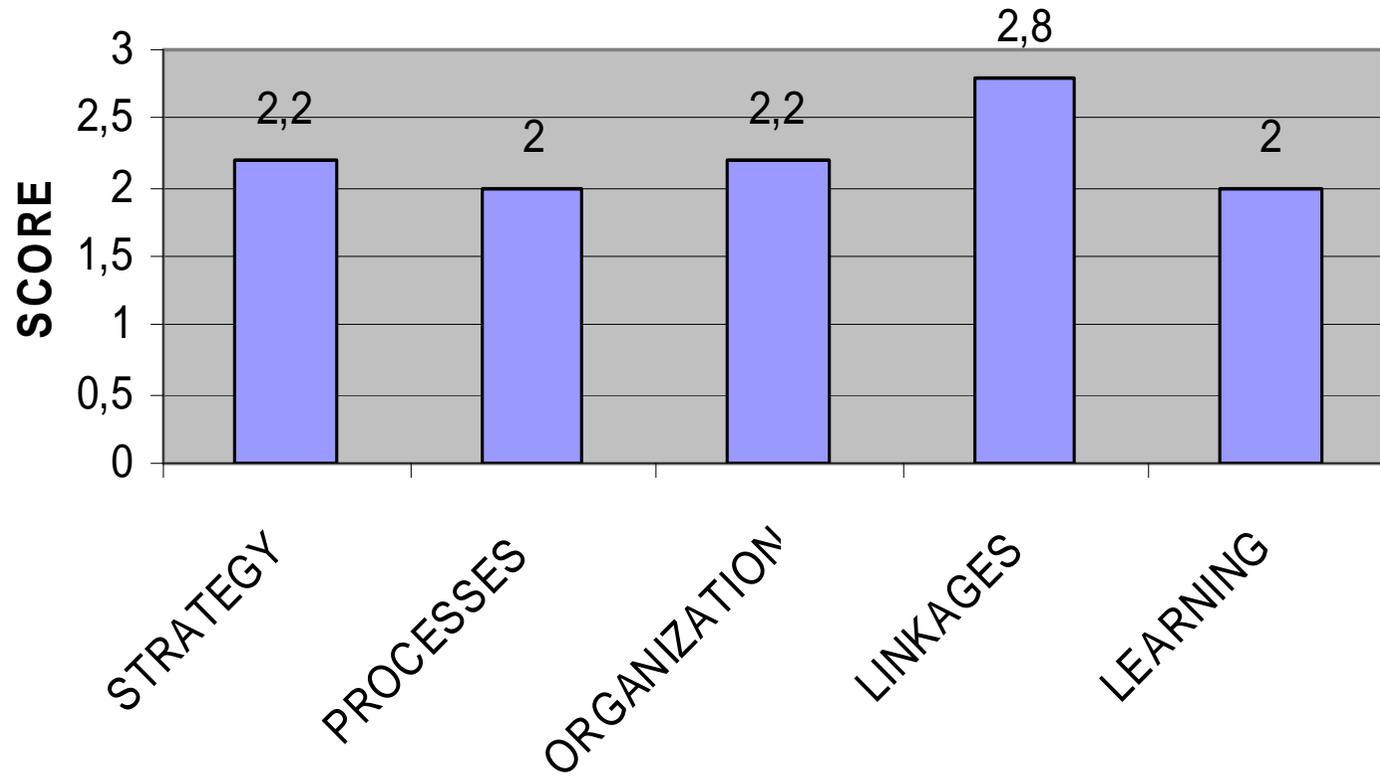


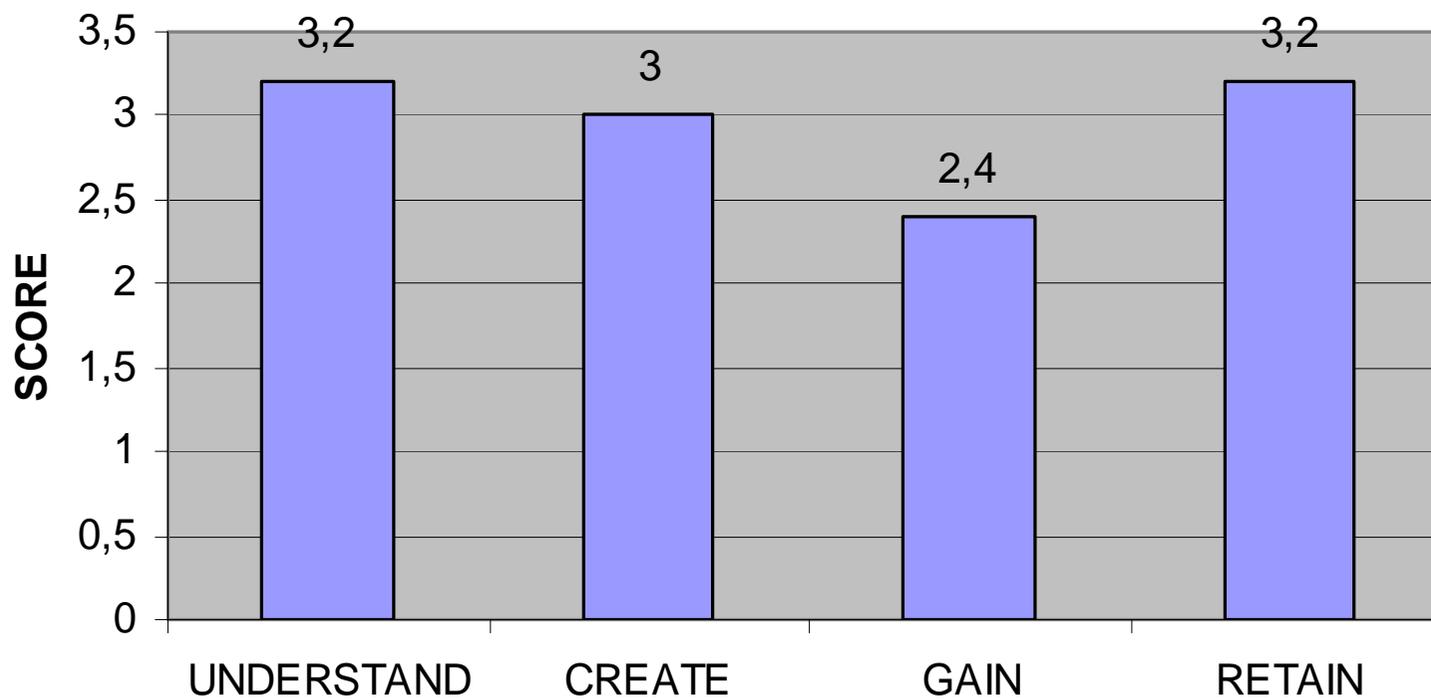
Figure 6 – Executives’ attitudinal profile by dimension
Source: Research Data.

ENABLERS AVERAGE PROFILE

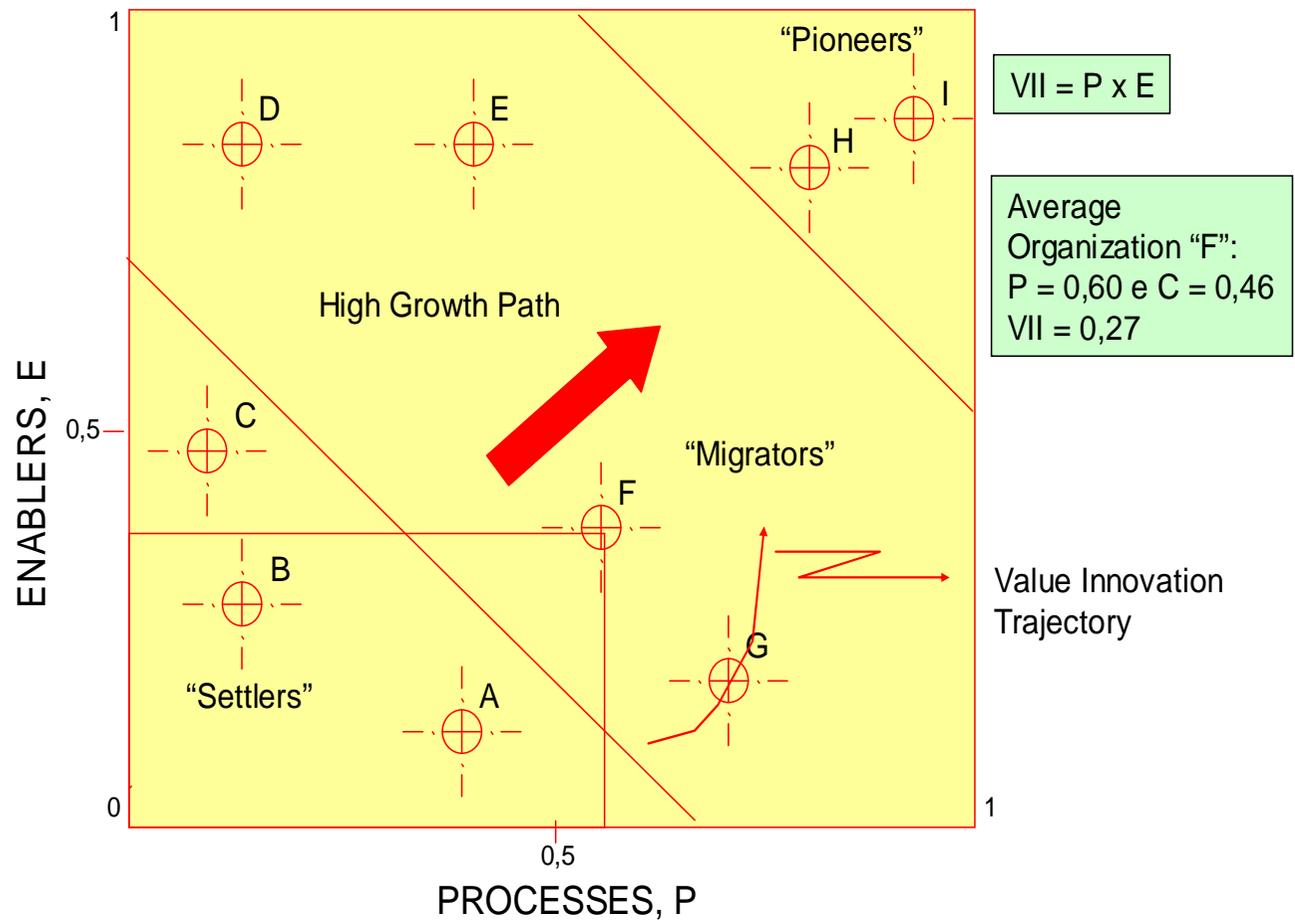


C = 0,46

PROCESSES AVERAGE PROFILE



P = 0,60



Value Innovation Index, Personal Values Balance and Cultural Adequacy Index

N br ·	SECTOR		E	P	VII	PVB (%)	CAI (%)
1	Health Care	O 1	0.44	0.08	0.03	0	44
		O 2	0.55	0.24	0.13	20	55
		O 3	0.65	0.24	0.1	20	55
		O 4	0.62	0.40	0.24	40	66
2	Paper & Packing	O 5	0.63	0.45	0.29	80	77
3	Mechanical Parts	O 6	0.30	0.05	0.02	0	44
4	Electrical Parts	O 7	0.45	0.65	0.30	40	55
		O 8	0.71	0.39	0.27	60	77
5	Transport/Logistic	O 9	0.29	0.49	0.14	20	44

CORRELATION COEFFICIENTS

$$\text{PVB X CAI} = + 0.71$$

$$\text{VII X CAI} = + 0.77$$

$$\text{VII X PVB} = + 0.81$$