

CHAPTER 5

5.0 Discussion

This research attempts to examine the relationships among transformational leadership, organizational culture and climate for organizational innovation, and the extent to which a competitive, performance oriented organizational culture mediates this relationship. The findings of this study make a contribution to understanding the linkages among these theoretical constructs.

As mentioned in the literature review chapter that a strong relationship between transformational leadership and climate for organizational innovation has been reported in many previous studies (Peters & Waterman, 1982; Van de Ven, 1986; Amabile, 1998, Mumford and Gustafson, 1988). The result obtained from this study support this statement. From the correlation analysis, all the transformational leadership factors (articulates vision, provides appropriate role model, fosters the acceptance of goals, sets high performance expectations, provides individual support and provides intellectual stimulation) show a positive relationship with climate for organizational innovation at significant level of $p < 0.01$ (Hypotheses 1).

This study has identified that sets high performance expectation ($r = 0.728$, $p < 0.01$), provides individual support ($r = 0.710$, $p < 0.01$) and articulates vision ($r = 0.684$, $p < 0.01$) play a major role in creating and enhancing the climate for organizational innovation. We can interpret that the management in private

sector who demonstrate high expectation for excellence has enhanced employees' enthusiasm and motivation to try new ways of doing work in order to increase the effectiveness and efficiency. This is also due to the reward system in private sector is based on performance. Managers evaluate and give rewards to employees base on their performance. Employees will feel enthused to show innovative behavior when their effort are rewarded.

Leaders who provide individual support and concern about the employees' personal feelings can increase employees' perception of organization innovation support. Managers need to encourage the employees to voice and implement creative/ innovative ideas. With managers' encouragement, the employees can focus on change-initiative and keep trying even though they suffer a setback because they believe setbacks are tolerated by leaders. Besides, the management should realize that leaders who articulate vision can increase the organization innovation. When the leader articulates an inspiring vision, employees will feel motivated to implement innovative work practices. Most of the organizations in private sector include innovative drive in their mission statement. This helps to create and increase awareness among employees on the importance of innovation works.

The study found that fosters acceptance of group goal ($r= 0.630$, $p< 0.01$) and provides intellectual stimulation ($r= 0.600$, $p< 0.01$) are also imperative. The objective of private organizations is to gain profit and revenue. The organizations

obtain profit through innovation and differentiation strategy. The leaders must have the ability to foster the acceptance of group goal by encouraging employees to sacrifice self interest to achieve group's objective. Besides, management should be aware that leader who encourages employees to reformulate problem with new methods helps to increase organizational innovation. The output of the correlation analysis shows that providing an appropriate role model ($r = 0.264$, $p < 0.01$) has less influence on climate for organizational innovation compared to other transformational leadership factors.

Previous research works described that the type of leadership required to change culture is transformational, because culture change needs enormous energy and commitment to achieve outcomes. The study has supported this statement where transformational leadership has a strong relationship with competitive, performance oriented organizational culture. From the correlation analysis, all the transformational leadership factors (articulates vision, provides appropriate role model, fosters the acceptance of goals, sets high performance expectations, provides individual support and provides intellectual stimulation) show a significant positive relationship with competitive, performance oriented organizational culture (Hypotheses 2).

In addition, the study found that a competitive, performance oriented organizational culture was strongly related to climate for organization innovation (Hypotheses 3). The strength of this relationship is not surprising given previous

studies have found that organizational culture and climate are distinct but highly interrelated construct (Glisson & James, 2002). Due to fierce competition in private sector, the organization has to implement differentiation strategy to create new products/ services in order to gain sustainable competitive advantage in the market. This might due to short life cycle products.

Finally, this study has also produced the result which explains the roles of competitive, performance oriented organizational culture in the relationship between transformational leadership and climate for organizational innovation. From the analysis, it was found that competitive, performance oriented organizational culture has partial mediating effect in the relationship between transformational leadership and climate for organizational innovation (Hypotheses 4). The result is consistent with the study conducted by previous research finding which conducted by Amabile, Conti, Coon, Lazenby, & Herron, 1996; Deshpande, Farley, & Webster, 1993; Jassawalla & Sashittal, 2002; Prather & Turrell, 2002.

CHAPTER 6

6.0 Conclusions

The research attempts to identify the transformational leadership factors that contribute to the climate for organizational innovation in private sector in Malaysia. The relationship between transformational leadership and climate for organizational innovation was investigated in a sample of 200 managers. Questionnaire tool was used to collect the data.

The results from study has indicated that all transformational leadership factors (articulates vision, provides appropriate role model, fosters the acceptance of Goals, sets high performance expectations, provides individual support and provides intellectual stimulation) has significant positive relationship with climate for organizational innovation. It was also found that all transformational leadership factors have significant positive relationship to competitive, performance oriented organizational culture. Meanwhile the study found that competitive, performance oriented organizational culture has significant positive relationship to climate for organizational innovation. Finally, the study revealed that the competitiveness, performance oriented organizational culture has a partial mediating effect in the relationship between transformational leadership and climate for organizational innovation.

6.1 Implication management for practice

Increasing competition, globalization of companies and businesses, and the continuous changes in the market and technologies has caused companies to implement different strategies to gain competitive advantage. Innovation is being considered by companies as one of the ways of competitive edge and organizational success. Of late, it has been realized by organizations that innovative is the key determinant for company to gain sustainable growth and better performance.

Leaders in an organization play an important role to create climate for organizational innovation. The climate for organization is an indicator of the capacity of organizations to become innovative. When leaders are able to provide support and encouragement to employees, the employees will take initiative to explore innovative approaches when carrying their daily task. Besides the management support, organizations must provide sufficient resources eg time, personnel training etc to the employees in innovative implementation.

In order to create climate for organizational innovation, the managers have to demonstrate the following transformational leadership behaviors- articulates vision, provides appropriate role model, fosters the acceptance of goals, sets high performance expectations, provides individual support and provides intellectual stimulation. The demonstrated behaviors are also important to create

organizational culture since the change of culture required numerous effort and energy.

In additional the result of the study has indicated that the competitiveness, performance oriented organizational culture play a partial mediating role between relationship between transformational leadership and climate for organizational innovation. The management can explore how organizational culture is the mechanism by which leaders enact change in organizations, rather than being the prime instigator of that change.

6.2 Implication for research

This study indicated that the transformational leadership behaviors (articulates vision, provides appropriate role model, fosters the acceptance of goals, sets high performance expectations, provides individual support and provides intellectual stimulation) are not the only factors that determine the climate for organizational innovation. Other than organization level (e.g. leadership and organizational climate), the determinants innovation includes individual level (e.g. motivation, behavior feature, cognitive ability and job characteristics), team level (e.g. task feature, team background, team structure and process).

6.3 Limitations and suggestion for future work

This study used the perceptions of managers and senior management as the data source. Reason being that top management is in the good position to

observe the organizational culture, consistent with the proposition that only the top management is in a position to significantly influence cultural identity and change (Bass, 1999, Katz & Kahn, 1978; Schein, 1992). However it could be argued that the data was collected by a single-organizational-informant design, this approach may have exposed the study common method variance. It is recommended that the future study to collect data from different sources (e.g. subordinate ratings of transformational leadership behavior) to minimize the effect of any response bias.

Finally, the future study could move beyond climate measure to examine the relationship between transformational leadership and organizational culture with direct measures of innovative behavior.