

Organisational climate factors as predictors of innovation

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Principal Topic

A critical issue for organisation survival for many firms is the ability to become more flexible, adaptive, entrepreneurial and innovative. One factor which may have a direct or indirect relationship with innovation is organisational climate. This paper examines organisational climate factors a predictor of support for innovation in a small to medium enterprise (SME) consulting firm. Supportive of organisational climate was directly connected with an organisation's new product performance for two reasons. Firstly, a central element of a supportive organisational climate was perceived support from managers - a factor that was previously identified as an important predictor of new product success. Employees were more likely to be comfortable in engaging in the kinds of risk taking that have been linked with successful innovation when they perceived they were supported by management. Furthermore, increased organisational commitment of employees was associated with a supportive organisational climate. Secondly, the cross-functional integration associated in new product success was associated with a high level of co-worker cohesion, or peer support as identified in previous literature.

Methodology/Key Propositions

Participants (N=142) were drawn from a national small medium enterprise (SME) consulting firm, with branches in all states and territories. Ninety eight staff (69.7%) completed the study. The instruments used were the Workplace Innovation Scale (WIS), Organisational Climate Questionnaire (OCQ) and a demographic sheet. The main components being measured by the WIS were Organisational Innovation (OI), Innovation Climate (IC), Individual Innovation (II) and Team Innovation (TI). The Cronbach Alpha score was reported at 0.89, with scales varying from 0.76 to 0.90, indicating high reliability. The Organisational Climate Questionnaire measured eight subscales of Organisational Climate: Autonomy, Cohesion, Trust, Pressure, Support, Recognition, Fairness and Innovation. The Cronbach Alpha for the eight OCQ subscales ranged from 0.57 to 0.90, with most being greater than 0.80.

Results and Implications

A series of multiple linear regressions demonstrated the relationships between the organisational climate and innovation constructs. The independent variables were the eight OCQ subscales, and four regressions were undertaken, each using one of the WIS subscales as the dependent variable. All of the regressions indicated that the OCQ was a significant predictor of each of the WIS subscales. Further t-tests demonstrated that co-worker cohesion ($p=0.0003$), and pressure (negatively $p=0.0032$) predicted WIS organisational innovation. The OCQ regression significantly predicted WIS innovation climate. Subsequent t-tests demonstrated autonomy ($p=0.0080$), innovation ($p=0.0001$) and recognition ($p=0.0057$) significantly predicted WIS innovation climate. The OCQ significantly predicted WIS-individual innovation and t-tests demonstrated that autonomy ($p=0.0076$) and innovation ($p=0.0211$) significantly predicted individual innovation. The OCQ significantly predicted WIS team innovation and t-tests demonstrated co-worker cohesion ($p=0.0069$) significantly predicted team innovation. The autonomy subscale was almost a significant predictor ($p=0.0597$). Findings Organisational climate was predictive of innovation. Pressure was negatively associated with innovation and was detrimental to organisational innovation particularly. The organisational climate factors, which were most predictive of team innovation, were autonomy and cohesion. Co-worker cohesion influenced all aspects of innovation, and autonomy influenced all aspects of innovation, excepting only organisational innovation. The other two subscales which had an impact upon the organisation's innovation were pressure, which negatively

impacted upon organisational innovation, and recognition, which had a positive impact upon the innovation climate. Co-worker cohesion appeared particularly the single most important factor. Autonomy was almost as important as cohesion and operated at an individual level, as well as impacting upon the innovation climate. Finally recognition also improved the innovation climate while pressure had a negative effect on the organisational innovation. Although simple these findings had considerable potential to assist organisations to develop strategies to improve their innovative performance. Practical implications The finding suggests that the primacy of co-worker cohesion, autonomy and recognition has implications for organisations in the development of a suitable innovative climate. Particularly the strategies that these findings suggest to management are that within an innovative organisation the staff must feel a cohesive and shared purpose, and that they should not feel over pressured. In the ideal workplace feelings of cohesion, autonomy and recognition are rewarding, and that the absence of pressure is likewise rewarding. Industry may use the findings to bolster innovation through attention to organisational climate factors such as co-worker cohesion.

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