

TOWARDS AN OPTIMAL MODEL OF LEADERSHIP STYLES FOR INNOVATION IN ORGANIZATION: RUSSIAN REALITY

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Innovations, new products, high speed of implementing ideas to win competitive market refer us to the problem of choosing the right leadership style for managing companies of future. As innovation became a main driver for a long-term success of all types of business, organizations can't ignore the necessity of changes at management and leadership style any more. Horizontal systems of management with high trust and autonomy of employees (Muhl, 2014) imply democratic leadership styles and reassure its success worldwide (Grund & Harbring, 2009). Nevertheless, the right balance of control and freedom at leadership behavior is still a question. The companies can't act blindly at choosing leaders and their style of management. Cultural and organizational environments face complexity of new-brand structured companies with strong focus on innovation whereas high risk and uncertainty of new products along with long-term orientation of innovation generate challenging tasks for organizational leaders (Mumford & Licuanan, 2004).

Russia meets the same challenges. Traditionally Russian culture favored vertical management with high power distance, but now we witness an incremental transition of hierarchical organizations towards flexible matrix structures. Apparently during next several years Russian companies will have to transform their business and management models towards global competitive expectations to stay on the world market. Old models and approaches which worked before will not be relevant anymore. Forestalling extensive changes it is wisely to pay attention to the sector stays the most innovative and rapidly developing in Russian economy – the Information Technology. IT companies already contribute to horizontal flexible management systems like agile and matrix. These approaches are promoted by western culture. In Russia a successful integration of flexible management requires cultural adaptation. Likewise, the leadership models: most of the leadership theories were conceptualized in western countries and continue to dominate worldwide. It leads to a gap in understanding the mechanisms of leadership in non-western cultures and Russia is not an exception.

Modern leaders meet nonstandard problems and have to look for new solutions (Williams & Foti, 2011) to make companies innovative and employees – creative. Thus, the optimal model of proper leadership style for boosting innovation in organization is an urgent

task. This study has a goal to investigate the relationship between leadership styles (servant, transformational and transactional) and organizational innovation. Transformational and servant leadership styles are considered as main triggers of innovation. To test four hypotheses Mediation model is presented. Knowledge sharing, creative self-efficacy of employees and support for innovation are proved mediators for this Model.

MEDIATION MODEL OF LEADERSHIP FOR INNOVATION

Leaders play pivotal role in managing innovations. Leaders generate an organizational culture, defining limits and rules for creative behavior of subordinates (Sarros et al., 2008) and provide changes for innovative cultures.

The relationship between leadership and organizational innovation has been found strongly related (Howell & Avolio, 1993; Jung et al., 2003; Mumford et al, 2002). Most of leadership scholars uncover what types of leadership is a better trigger for creativity and innovation in organization (Mumford & Licuanan, 2004). Modern research sees a leadership as a complicated, non-linear phenomenon (e.g. Anderson et al., 2004; Bledow et al., 2009; Van de Ven et al., 1999). It means single leadership style can't provide effective changes for innovation: on different stages of innovative process temporary and flexible leadership styles are better (Rosing et al, 2011).

For our mediation model of leadership for innovation we divide leadership styles regarding their focus and goals. The higher focus on employees needs belongs to servant leadership. On the contrary most selfish leadership style is transactional one. It is reckoned transactional leader pursues own goals. As for transformational leadership – it is can be put in the middle as focused on the needs of organization. Transformational leader is eager to convince their followers to support organizational goals through influential motivation (Dinh et al, 2014).

This research of leadership for innovation tries to describe inside mechanisms and study the influence of leadership styles through a bunch of mediators, relying on findings of previous research: creative self-efficacy, knowledge sharing and support for innovation.

Transactional leadership style as a negative predictor of organizational innovation.

This type of leadership based on external motivation and exchange relationship with subordinates assumes the close-related behavior that shouldn't intensify creativity and innovation (Rosing et al, 2011). Transactional leadership showed its negative influence on innovation (Lee, 2008) especially on the exploration stage (Jansen et al., 2009), where idea-generation needs to be inspired by emotional connection with leader. Formal reward system of transactional leadership appeals to clear expectations, simple organizational environment and predictability. All these features look opposite to challenging innovative behavior as we proposed.

Transformational leadership style as a positive predictor of organizational innovation

Multiple studies tested transformational leadership as a positive trigger of innovation on different levels (Jung et al., 2003; Lee, 2008; Gumusluoglu & Ilsev, 2009; Garcia-Morales et al, 2008). Even so some scholars suggest opposite point of view when transformational leadership can mitigate innovative behavior, especially on routine stage of innovation implementation (Rosing et al.,2011). We focused on observation of more complex models and found a number of publications where researchers tried to investigate relationship between transformational leadership and innovation at mediation model but their results can be called still contradictory (Dinh et al., 2014; Gumusluoglu & Ilsev, 2009a). Nevertheless, transformational leader positively influences organizational innovation.

Servant leadership style as a positive predictor of organizational innovation

Servant leadership has been given a greater attention of organizational psychology and management during the last ten years. Due to Van Dierendonck (2011) servant leader is effective at innovative culture allowing subordinated to fail, reducing stress and releasing self-efficacy. Servant leader giving respect and belief in followers' abilities and identified as an ideal model motivates appropriate for organizational purpose' innovative behavior among employees and reinforces innovation supportive climate with high trust and value of knowledge sharing. New ideas appear in response to safe psychological environment and such climate reinforces self-confidence and self-efficacy of employees; magnifies creativity and innovation (Neubert et al., 2008).

Although differentiation of leadership styles is usual practice, there is an increasing demand to see leadership and innovation relationship as a complex model (Rosing et al,

2011; March, 1991; House, 1996). Rosing et al. suggested ambidextrous leadership as a perfect match for innovation - it assumes flexibility of leadership styles which in turn empowers the ambidextrous behavior in followers (Rosing et al, 2011). Even if some studies doubts this observation relying on contingent nature of leadership, they agree that complex models of research can embrace changing and rapidly developing reality (March, 1991; House, 1996). Innovation and leadership style don't exist separately – it is a dynamic interdependent process and needs to be investigated as a complete model.

Relying on previous theoretical background this study suggests a mediation model of leadership styles for organizational innovation. It is built on four hypotheses. Within the framework of a mediation model firstly we are interested to determine whether or not mediators (creative self-efficacy, knowledge sharing and support for innovation (ISC)) are presented when looking at the relationship between Leadership styles and Innovation. Along with more specific hypotheses we consider the relationships between servant and transformational leadership styles and organizational innovation are positively mediated by creative self-efficacy, knowledge sharing of employees and support for innovation in organization, while the relationship between transactional leadership and organizational innovation is negatively mediated by the same mediators.

METHOD

Sample and procedure

A survey was conducted with 162 employees of IT companies in Russia via on-line survey. Of the respondents, 41.4% were women and 58.6% were men. Dominant age (two groups) was 88 %, which include participants from 22 to 40 years old. 93 % of respondents have higher education and 7% - unfinished higher education. 68% are specialists and 28% are team leaders or project managers. More than half of respondents spent 1-5 years in their companies (55%), and 5% - more than 5 years. 71% of respondents indicated the presence of their companies in Russia for more than 10 years. 40% of respondents work at software production and service and 25% - at software production industry.

All of the survey instruments were administered in Russian language.

Variables

Independent variables - Leadership styles:

Servant LS - the 7 items Servant leadership scale (Liden et al.'s, 2015) (Russian version, validated by author).

Transformational LS, Transactional LS- the Multifactor Leadership Questionnaire (MLQ 5x) (Avolio, Bass, Jung, 1999).

Dependent variable - Organizational innovation - the scale from Antoncic and Hisrich (2001) (Russian version, validated by author).

Mediators:

Creative self-efficacy- a three-item scale, developed by Tierney and Farmer (2002), (Russian version, validated by author).

Knowledge sharing - a scale of eight items, developed by Lu et al. (2006) (Russian version, validated by author).

Support for innovation - the complete version of Team Climate Inventory (TCI) developed by Anderson and West (1998) (Russian version, validated by author)

Confounding variables which we controlled: age group, gender, tenure

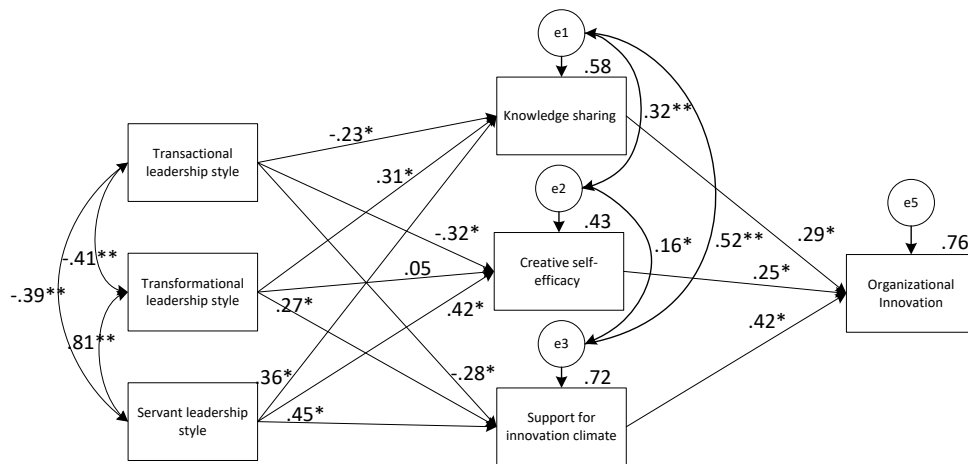
Research design

For the current study we tested a relationship between three leadership styles regarding its focus on needs (transactional, transformational and servant) and organizational innovation mediated by creative self-efficacy, knowledge sharing and support for innovation in organization (ISC). Thus, it was insightful to investigate the relationship between servant leadership and transformational leadership styles focused on employees' interests and focused on organizational interests compare to transactional leadership style (focus on leader him/herself) and organizational innovation. Hence, we predicted creative self-efficacy, knowledge sharing and support for innovation (ISC) are on the mediating path of leadership styles and organizational innovation.

RESULTS AND DISCUSSION

The structural model path coefficients provide evidence to draw conclusions regarding our hypotheses. We checked the main mediation effects via AMOS. Mediation, direct, indirect and total effects were evaluated using a hierarchical regression analysis (Figure 1).

Figure 1. Path analysis of the Model



** The probability level is less than 0,001
 * at the 0,01 level (two-tailed)

Three of our four hypotheses were completely supported and one is partly supported: leadership style is a predictor of organizational innovation through mediators: employees' knowledge sharing, creative self-efficacy and innovation support climate. Transactional leadership style is a negative predictor of innovation while servant and transformational leadership styles are positive predictors of innovation (Table 1).

Table 1. Results of structural mediation model

Hypothesis	Hypothesized path	Results
H1	The relationship between leadership style and organizational innovation is mediated by identification with leader, creative self-efficacy, knowledge sharing of employees and support for innovation in organization	Supported
H2	The positive relationship between servant leadership and organizational innovation is mediated by creative self-efficacy, knowledge sharing of employees and support for innovation in organization	Supported
H3	The negative relationship between transactional leadership and organizational innovation is mediated by creative self-efficacy, knowledge sharing of employees and support for innovation in organization	Supported
H4	The positive relationship between transformational leadership and organizational innovation is mediated by creative self-efficacy, knowledge sharing of employees and support for innovation in organization	Partly supported

The study tested and confirmed the mediating effect of creative self-efficacy, knowledge sharing and support for innovation in the relationships between suggested leadership styles and perceived organizational innovation.

Accordingly, our structural mediation model of leadership for innovation exists and consists of complex connections between variables. Compare our results with existent models of leadership, our study didn't reveal contradictive outcomes.

The limitations of this study include self-reports of employees as a main resource of information; convenient sampling; low diverse characteristics of participants: well-educated, from big cities; IT sphere and considerably small sample size (162 respondents).

For practical recommendations the current study can give some advices for corporate sector of IT companies in Russia. First, to boost innovation, top-management should embrace two leadership styles: with focus on employees' interests (servant) and with focus on organizational needs through inspiring employees for better outcomes (transformational). Further top-management might increase the level of knowledge sharing in organization encouraging people to connect and to discuss new information. In addition, powerholders should support employees' creative self-efficacy and invest in innovative climate giving employees a chance to generate novel ideas and implement them. Offering support and encouragement managers can alleviate employee anxiety and uncertainty. Moreover, appropriate recruitment policy as well as a reward policy would create safety climate which help to organizational innovation. The main goal is to avoid features of transactional leadership style mitigating intrinsic motivation of employees.

This study promotes people-orientated management for innovative companies in Russia and building of psychological connections with employees in order to enact employee creativity and innovation, - it can improve quality of relationship between leaders and followers in order to create supportive climate and achieve organizational strategy and goals. Support for innovation should become an official value of corporate culture including managers' tolerance to failures and mistakes; easy rules of innovation implementation, innovative behavior of leaders, external and internal motivational system for innovative outcomes (e.g. reward for launch of new products, investments in education).

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