Evaluation of Organizational Culture and Its Effects on Innovation in the IT Sector: A Case Study from UAE

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Abstract : Innovation is considered to be one of the key factors that influence long-term success of any company. The problem of many organizations in developing countries is trying to implement innovation without a strong basis within the organizational culture to support it. The objective of this study is to assess the effects of organizational culture on innovation in one of the biggest information technology organizations in UAE, Injazat Data System. First, an Organizational Culture Assessment Instrument (OCAI) was used as a survey and Competing Value Framework as a model to analyze the existing culture within the organization and determine its characteristics. Following that, a modified version of the Community Innovation Survey (CIS) was used to determine innovation types introduced by the organization. Then multiple linear regression analysis was used to find out the effects of existing organizational culture on innovation. Results show that existing organizational culture is composed of a combination of Hierarchy (29.4%), Clan (25.8%), Market (24.9%) and Adhocracy (19.9%). Results of the second survey show that the organization focuses on organizational innovation (26.8%) followed by market and product innovations (25.6%) and finally process innovation (22.0%). Regression analysis results reveal that for each innovation type there is a recommended combination of the four culture types. For product innovation, the combination is 47.4% Clan, 17.9% Adhocracy, 1.0% Market and 33.3% Hierarchy; for process innovation it is 19.7% Clan, 45.2% Adhocracy, 32.0% Market and 3.1% Hierarchy; for organizational innovation the combination is 5.4% Clan, 32.7% Adhocracy, 6.0% Market and 55.9% Hierarchy; and for market innovation it is 25.5% Clan, 42.6% Adhocracy, 32.6% Market and 8.4% Hierarchy. Based on these recommended combinations, this study suggests two ways to enhance the innovation culture in the organization. First, if the management decides on the innovation type to be enhanced, a comparison between the existing culture and the recommended combination of selected innovation types will lead to difference in percentages of each culture type. Then further analysis should show how to modify the existing culture to match the recommended combination. Second, if the innovation type is not selected, but the management wants to enhance innovation culture in the organization, the difference in percentages of each culture type will lead to finding out the recommended combination of culture types that gives the narrowest gap between existing culture and recommended combination.

Keywords : developing countries, organizational culture, innovation types, product innovation, process innovation, organizational innovation, marketing innovation