

Innovativeness in the Sri Lankan Plantation Sector: Influence of Leadership Style and Organisational Culture

By Neil Bogahalande

ABSTRACT

Leadership style, organisational culture and organisational innovativeness are topics which have been mostly conducted in isolation and this study endeavours to bridge the gap by investigating all three constructs in a single context. The objective of this study was to investigate impact of leadership styles on organisational innovativeness in the Sri Lankan plantation sector, with organisational culture as the mediating variable. Data collected using disproportionate, stratified random sampling method of 235 estate managers through a self administered questionnaire. The findings of the study discovered the relationship between the study variables. The most significant contribution of this study is probably the unchanged practices in the one and a half century-old industry which have been passed down from one generation of estate managers to another contributing to deterioration of the vital plantation sector. Findings of this study largely support the hypothesized relationships proposed in the research framework and clearly provide a guide to understand, develop and implement a strategy of the components of organisational innovativeness through the most effective combination of leadership styles in deriving a conducive environment in the plantation sector.

Keywords: *Organisational Innovativeness; Leadership Styles; Organisational Culture; Estate Managers, Plantation Sector*

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INTRODUCTION

Sri Lankan plantation industry's contribution to economic and social developments for the past one century and a half have been enormous. It has being the highest foreign exchange earner until the mid-eighties and the biggest direct and indirect employment generating industry. Economic contribution is steadily diminishing. Although the sector still makes a significant contribution of 2.6% to the Gross Domestic Product (GDP) of Sri Lanka (Central Bank of Sri Lanka, 2006), Comparatively, The current export earnings of the plantation sector is far from satisfactory level compared to other emerging industries such as garment and tourism. For example, export earnings from Sri Lankan tea and rubber was at a meagre USD1.37 billion and USD0.17 billion respectively in 2010, whilst the garment industry, which is less than 35 years old, has contributed USD3.35 billion to the economy, with USD1.04 billion coming from the tourism industry (Central Bank of Sri Lanka, 2012). Plantation sector directly employed 802,492 people in 2011, which account for 9.4% of the total workforce. However, the garment industry employed 486,587 people in 2012 (Department of Labour, 2012) thus leading to national level criticism against the plantation sector on consumption of resources disproportionate to contribution.

In an era where the external environment is changing at a rapid pace and business activities are becoming volatile by the day, this suggests that novel business solutions are required through product and process innovation in Sri Lanka. It is apparent that lack of innovativeness through conducive leadership styles and organisational culture has been the primary reasons for the prevailing serious challenges for its existence.

As a result, the Sri Lankan plantation industry has stagnated and this situation has created a negative impact on the viability of the industry itself. This in turn has resulted in lesser contribution to the national economy. The deterioration in the plantation industry is bound to create a negative impact on social, political and economical grounds.

Although scholars from all over the world have extensively researched on innovativeness, organisational culture and leadership styles either in isolation or as a combination of two or

three of these areas (Anderson, *et al.*, 2004; Banutu-Gomez, 2011; Basadur 2004), the Sri Lankan plantation context has been far away from such research. The non-availability of any substantial research in this nature in the Sri Lanka plantation sector and the absence of any theoretical basis to build a research platform clearly indicate the unanswered questions in relation to innovativeness and favourable organisational culture and leadership styles in the plantation sector.

Sri Lanka is not geared for a total breakdown in the plantation sector due to its economical, social, environmental and political impact, yet at the same time its current management style and the level of innovativeness is incompetent to solve the existing problem. At the same time, leadership of organisations world over has adopted various innovative techniques from time to time to enhance profitability by creating conducive organisational cultures for viable sustainability. Therefore the necessity of an in-depth research of this nature is timely and welcomed to address the interconnected complexities to address gaps for a lasting solution to the plantation industry and to the country at large. The overall objective of this study is to investigate the importance and the extent of innovativeness and its relatedness to organisational culture and leadership practices in the plantation sector in Sri Lanka.

RESEARCH METHODOLOGY

The Sri Lankan plantation industry consists of twenty Regional Plantation Companies (RPCs) managed by the private sector corporations and five large plantation companies managed by the state sector. There are a total of 400 estate managers (Statistical Information on Plantation Crops, 2012). Based on Krejcie and Morgan's (1970), the recommended sample size for a population of 400 is 196 (cited in Sekaran & Bougie, 2010). The sample size in this study was taken as 235, after inflating by 20% for non-response. The selection of estate managers is based on the disproportionate, stratified random sampling method. The estate managers were classified into senior managers/managers, group managers and general managers and this study used a sample size of 30 estate managers for the pilot study.

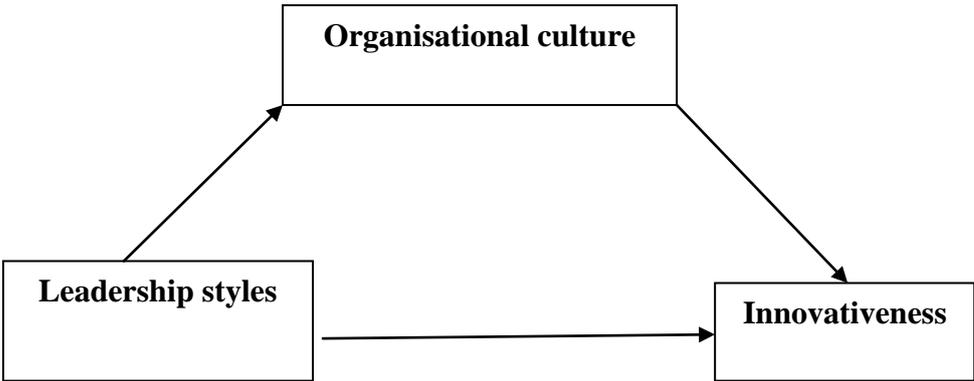
This study collected both the primary and secondary data. Primary data was mainly collected through the questionnaire method, whilst secondary data were collected from journals, previous research, magazines, annual reports etc. The questionnaire addresses all of the

components of the objectives of study and the hypotheses constructed. This study adopts the four point Likert scale to measure the statements in the questionnaire, ranging from 4 - “strongly agree”, 3 - “agree”, 2 - “disagree” and 1- “strongly disagree”.

RESEARCH FRAMEWORK

The research framework that was formulated connecting existing theories in the literature and practices in organisations and their interrelationships is shown in Figure 3.1. Specifically, this framework was developed to understand the relationships between three constructs, namely leadership style, organisational culture and innovativeness. Leadership style has been identified as the independent variable, with innovativeness as the dependent variable, whilst organisational culture functions as the mediator. Under the leadership variable, three styles of leadership were studied, namely charismatic (CL), transformational (TL) and the relatively new authentic style (AL). Organisational culture consists of four dimensions, namely Involvement (OCI), Consistency (OCC), Adoptability (OCA) and Mission (OCM).

Figure 3.1: The research framework



HYPOTHESES OF THE STUDY

Based on the research framework and literature review, four main hypotheses are developed for this study as follows:

H1: There is a positive relationship between leadership style and organisational culture.

H2: There is a positive relationship between organisational culture and organisational innovativeness.

H3: There is a positive relationship between leadership style and organisational innovativeness.

H4: Organisational culture mediates the relationship between leadership style and organisational innovativeness.

OPERATIONALISATION OF THE VARIABLES

Leadership Styles

Northouse (2012) defines leadership as a process whereby an individual influences a group of individuals to achieve a common goal. To capture the construct of the leadership styles, the scales developed by Conger-Kanungo (1998), Institute of Behavioural Research (2009), Puls (2011) were used.

Organisational Culture

Deshpande and Webster (1989) refer organisational culture as the pattern of shared values and beliefs that help individuals understand organisational functioning and thus provide them norms for behaviour in the organisation. Organisational culture was measured with the scale developed by Fey and Denison (2003).

Innovativeness

Innovativeness refers to the organisational wide tendency to introduce 'newness and novelty' through experimentation and research at development of new products or services and new processes (Dess & Lumpkin, 2005). It is measured with scale developed by Neely & Hii (1998).

A pilot study was carried out to collect data in order to check the validity and reliability of the questionnaire. The reliability of the pilot survey is tested through the test-retest and consistency methods (Sekaran & Bougie, 2010).

RELATIONSHIPS BETWEEN VARIABLES

Data were tested for the multicollinearity and normality (Hair *et al.*,1998).Prior to the estimation of the relationship between the variables, exploratory factor analysis were conducted using SPSS (i.e. highest correlation value, KMO and variance) to assess unidimensionality. In each of these analyses, a single factor was extracted. This is followed by the descriptive statics and inter-item correlation matrix for all the variables. The relationships between the variables tested withgeneral linear multivariate regression methods then followed.

Hypothesis Testing

The hypotheses were tested using Pearson-correlation coefficient method. This was followed by performing general linear multivariate regression to examine the relationships between the constructs.

Testing of Mediator Effect

The mediating variable of a research model has the ability to influence the outcome of other variables. Sobel's test is a more recent statistical method for testing mediation effects which was developed from initial regression testing models which explains a more precise picture of mediation. This research used the following Sobel's formula to test the mediation process: where a and b are the unstandardised regression coefficient from the independent to the mediating variable and from the mediating to the dependent variable, respectively. The se is the respective standard error values.

$$Z = \frac{ab}{\sqrt{(a \times se(a))^2 + (b \times se(b))^2}}$$

(Source: MacKinnon and Dwyer, 1993)

RESULTS & DISCUSSION

The mean scores for all the leadership styles (CL, TL and AL) are high (close to 4). As such, on an overall, the respondents perceive that they work for good leaders.

TABLE 1. DESCRIPTIVE STATISTICS AND CORRELATION BETWEEN LEADERSHIP STYLES

Variable	Descriptive statistics		Correlation		
	Mean	Std. Deviation	CL	TL	AL
CL	3.2	0.5	1.000		
TL	3.4	0.5	0.840	1.000	
AL	3.2	0.4	0.794	0.769	1.000

The correlation values between the variables are less than 0.85. Hence, there is sufficient discriminant validity between the constructs (Table 1).

As shown in Table 2, the mean scores for all the organisational culture types are high. It can be implied that on an overall, the respondents perceive the culture in their plantation organisations to be conducive. The correlation values between the variables are less than 0.85 and hence, there is sufficient discriminant validity between the constructs.

TABLE 2. DESCRIPTIVE STATISTICS AND CORRELATION BETWEEN ORGANIZATIONAL CULTURE TYPES

Variable	Descriptive Statistics		OCI	Inter-item correlation		
	Mean	Std. Deviation		OCC	OCA	OCM
OCI	3.2	0.5	1			
OCC	3.1	0.5	.626	1		
OCA	3.0	0.5	.623	.550	1	
OCM	3.1	0.5	.612	.502	.610	1

In this study, innovativeness (IV) as the dependent variable was measured by 8 items such as positively acknowledges creative business solutions(IV1), attempts to improve the organisation by taking a new approach to business as usual(IV2), encourages staff to try new ways to accomplish their work(IV3), suggests new ways of getting tasks completed(IV4), seeks new opportunities in and out from the organisation for achieving objectives(IV5), accomplishes tasks in a different manner from most other people(IV6), tries new ways of doing things which are different from norms(IV7) and always believe innovations leads to prosperity(IV8). Table 3 shows that the highest correlation for each item with at least one other item in the construct is between 0.30 and 0.90. Thus, all the 8 items do correlate adequately in the construct. The KMO value was 0.875, which is considered to be good. Two factors were extracted that explained 63% of the total variation. In the first factor, there were six items, IV1 to IV5 and IV8. These items are reflection of organisational-based innovativeness(OBI). Hence, this factor is labelled to as organisational-based innovativeness. In the second factor, there were two items, IV6 and IV7. These items are measures of leadership-based innovativeness. Hence, this factor is named as leadership-based innovativeness(LBI). The mean scores for items in Factor 1 and Factor 2 were computed and saved as OBI and LBI, respectively. The minimum and maximum possible values in OBI and LBI are 1 and 4 respectively.

TABLE3. THE INTER-ITEM CORRELATION MATRIX FOR THE ITEMS IN INNOVATIVENESS

Item	IV1	IV2	IV3	IV4	IV5	IV6	IV7	IV8
IV1	1							
IV 2	0.725	1						
IV 3	0.622	0.592	1					
IV 4	0.547	0.575	0.728	1				
IV 5	0.540	0.621	0.599	0.637	1			
IV 6	0.357	0.346	0.419	0.387	0.556	1		
IV 7	0.292	0.370	0.383	0.428	0.435	0.585	1	
IV 8	0.689	0.656	0.697	0.650	0.648	0.443	0.410	1

RELATIONSHIP BETWEEN LEADERSHIP STYLES AND ORGANISATIONAL INNOVATIVENESS

This study used the general linear multivariate regression method to examine the relationship between leadership style and innovativeness. Table 4 shows that for OBI, all the three leadership styles (CL, TL and AL) were significant predictors. The results show that the higher the scores in CL, TL and AL, the higher are the scores in OBI. The R-squared value for OBI is 0.659, which means that 66% of the variation in OBI is explained by CL, TL and AL. For LBI, only CL was the significant predictor. The R-squared value for LBI is 0.235, which implies that 24% of the variation in LBI can be explained by CL, TL and AL, most of which is coming from CL. The findings revealed that there is a significant positive relationship between charismatic leadership style and both the organisational-based innovativeness and leadership-based innovativeness.

Further the findings indicate that, for managing and trying out new ideas, leader needs to have exceptional powers or qualities to drive the plantation organisation in the right direction. The existence of positive relationship between charismatic leadership style and both the organisational-based innovativeness and leadership-based innovativeness within firms are supported by previous researchers (Jayakody, 2008; Paul *et al.*, 2002).

TABLE 4. RESULTS FOR THE RELATIONSHOPS BETWEEN LEADERSHIP STYLE AND INNOVATIVENESS

Dependent variable	Independent Variable	Std.		t	Sig.	95% Confidence Interval	
		B	Error			Lower Bound	Upper Bound
OBI	Intercept	.276	.156	1.769	.078	-.032	.583
	CL	.244	.093	2.636	.009	.061	.427
	TL	.367	.084	4.383	.000	.202	.532
	AL	.332	.079	4.180	.000	.175	.489
LBI	Intercept	1.076	.243	4.424	.000	.596	1.555
	CL	.299	.144	2.068	.040	.014	.584
	TL	.138	.131	1.056	.292	-.120	.396
	AL	.192	.124	1.551	.122	-.052	.437

However, both transformational leadership and authentic leadership styles are positively and significantly related to only organisational-based innovativeness. This implies that there is a need for leaders who inspire the followers to perform beyond expectations and are transparent, ethical and open to suggestions to maintain the level of innovativeness for the good of the plantation organisation (Kaiser *et al.*, 2008).

The perceptions of Sri Lankan estate managers of their leaders to be good and effective is partially due to two reasons. Firstly, the limited exposures of the estate managers outside the plantation sector make them believe their leaders are good and effective within the current job scope. Secondly, the fact that leaders in plantation sector may actually poses and display such leadership qualities, but due to the gaps and the limited scope in the structure of the plantation sector, such qualities cannot be converted into business results. Identification of this gap through the study will certainly benefit the plantation sector to adopt a more relevant and current approach.

RELATIONSHIPS BETWEEN ORGANISATIONAL CULTURE AND INNOVATIVENESS

Table 5 shows that for OBI, only OCI, OCC and OCM were significant predictors.

TABLE 5. RESULTS FOR THE RELATIONSHIP BETWEEN ORGANIZATIONAL CULTURE AND INNOVATIVENESS

Dependent variable	Independent Variable	B	Std. Error	t	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
OBI	Intercept	.728	.183	3.971	.000	.366	1.089
	OCI	.363	.074	4.909	.000	.217	.509
	OCC	.216	.069	3.126	.002	.080	.352
	OCA	.080	.064	1.251	.212	-.046	.205
	OCM	.191	.064	2.990	.003	.065	.317
LBI	Intercept	1.700	.255	6.667	.000	1.197	2.203
	OCI	.375	.103	3.640	.000	.172	.578
	OCC	.083	.096	.862	.390	-.107	.272
	OCA	-.033	.089	-.374	.709	-.208	.141
	OCM	.027	.089	.299	.766	-.149	.202

The R-squared value for OBI is 0.524, which means that 54% of the variation in OBI can be explained by OCI, OCC, OCA and OCM, most of which are coming from OCI, OCC and OCM. As for LBI, only OCI was a significant predictor. The R-squared value for LBI is 0.181, which implies that 18% of the variation in LBI can be explained by OCI, OCC, OCA and OCM, most of which is coming from OCI. Denison and Mishra (1995) also demonstrated that there is a positive relationship between the four organisational culture traits and organisational innovative orientation.

This study found that consistency, mission and involvement have significant positive relationship with organisation-based innovativeness, whilst only the involvement has a significant positive relationship with leadership based-innovativeness. Cultural trait of adoptability has no relationship with either forms of innovativeness. It suggests that organisations which are consistent and uniform in their behaviours, treats employees of all levels, with long term orientation and clear strategy and higher participation of team members lead to organisation-based innovativeness. However, leaders who create an environment to obtain higher level of employee participation and sharing organisational information widely whilst relying on coordination than hierarchy will also create an environment for leadership-based innovativeness. This finding confirms the theoretical arguments given by Denti (2011) and Ekvall and Ryhammar (1999). The culture trait of adoptability did not exhibit a positive relationship with either organisation-based or leadership-based innovativeness due to its focus on internal environment and lack of response to external demands. This is consistent with the adopted management system of Sri Lankan plantation sector and previous research.

As a result of the traditional 'inward' orientation of the Sri Lankan plantation sector, this has made it 'blind' to external opportunities, market conditions and the customer needs, thereby creating a wider gap between the 'producing' plantation sector and the consumer, thus entrusting the external marketing organisations with an unduly high dependency and thereby a larger portion of the gains. This in turn will change the competency requirement of leaders in the plantation sector, a shift from its primarily focus on conformity and perform within the stipulated parameters to be innovative to challenge and change the status quo.

RELATIONSHIPS BETWEEN LEADERSHIP STYLE AND ORGANISATIONAL CULTURE

It can be seen from Table 6 that for OCI, only TL and AL were significant predictors. The R-squared value for OCI is 0.369, which means that 37% of the variation in OCI can be explained by CL, TL and AL, most of which is coming from TL and AL. For OCC, AL was the only significant predictor. The R-squared value for OCC is 0.316, which means that 32% of the variation in OCC can be explained by CL, TL and AL, most of which is coming from AL. With respect to OCA, only CL and AL were significant predictors. For OCM, only TL and AL were significant predictors. This study discovered that the authentic leadership style has a significant positive relationship with all the four cultural traits of involvement, consistency, adoptability and mission. Although the direct influence of authentic leadership on innovativeness confines only to organisational-based innovativeness, it exhibits the ability to influence all the four cultural traits.

TABLE 6. RESULTS FOR THE RELATIONSHIP BETWEEN LEADERSHIP AND ORGANIZATIONAL CULTURE

Dependent variable	Independent Variable	B	Std. Error	t	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
OCI	Intercept	.885	.211	4.203	.000	.470	1.300
	CL	.226	.125	1.804	.073	-.021	.473
	TL	.236	.113	2.083	.038	.013	.459
	AL	.232	.107	2.159	.032	.020	.444
OCC	Intercept	1.056	.211	5.011	.000	.640	1.471
	CL	.065	.125	.516	.607	-.182	.311
	TL	.142	.113	1.252	.212	-.082	.365
	AL	.412	.107	3.837	.000	.200	.624
OCA	Intercept	.707	.242	2.923	.004	.230	1.185
	CL	.321	.144	2.228	.027	.037	.604
	TL	.135	.130	1.036	.301	-.122	.392
	AL	.244	.123	1.979	.049	.001	.488
OCM	Intercept	.776	.228	3.411	.001	.327	1.225
	CL	.167	.135	1.234	.219	-.100	.434
	TL	.301	.122	2.456	.015	.059	.542
	AL	.244	.116	2.103	.037	.015	.473

Visionary and enthusiastic transformational leaders, with an inherent ability, motivate subordinates (Ogbonna & Harris, 2000), display their ability to obtain the involvement of the employees, whilst ensuring the widespread agreement about the goals and clear strategy. Authentic and charismatic leadership styles have positive relationships with adoptability. Only the authentic leadership style displays a positive relationship with consistency and only the transformational leadership style has a positive relationship with mission. These findings are due to unique nature of the plantation sector and estate managers backgrounds such as educational, environment they operate, type of initial training they receive at the commencement of the career such as behavioral modelling as against structured learning and the deep rooted systems, customs and traditions practiced at the estate environment etc.

Both the authentic and transformational leadership styles have positive relationships with involvement. Visionary and enthusiastic transformational leaders and charismatic leaders with exceptional type of relationship have the ability to obtain high level of participation from team members. Authentic and charismatic leadership styles have a positive relationship with adoptability. Only the authentic leadership styles have a positive relationship with consistency and only the transformational leadership styles have a positive relationship with mission. Further these relationships are based on nature of the Sri Lankan plantation sector and estate managers backgrounds.

Influence of leadership style on the organisational culture in the Sri Lankan plantation sector is relatively much greater than other sectors mainly due to the colonial influence at the commencement of the sector and the high 'power distance' prevailing even at present between the managers and the managed. The findings revealed a significant positive relationship between leadership style and the organisational culture, but the mediating effect through organisational culture to innovativeness is relatively less due to the culture in the Sri Lankan plantation sector not to be geared towards innovativeness. This is mainly due to reasons such as educational background of the employees, one and half century old systems and practices adopted at the existing plantation sector, deep rooted values, ethics and beliefs of the Sri Lankan plantation sector employees.

HYPOTHESES TESTING

H1 tests the relationship between leadership style and organisational culture. There is a significant relationship between the leadership domain of CL and the organisational culture domain of OCA, leadership domain of TL and the organisational culture domains of OCI and OCM and leadership domain of AL and all the dimensions of organisational culture domain (Table 7).

TABLE 7. SUMMARY RESULTS OF HYPOTHESIS 1

Leadership Style	Organisational Culture	p-value	Conclusion
CL →	OCI	0.073	There is a significant relationship between the leadership domain of CL and the organisational culture domain of OCA
CL →	OCC	0.607	
CL →	OCA	0.027	
CL →	OCM	0.219	
TL →	OCI	0.038	There are significant relationships between the leadership domain of TL and the organisational culture domains of OCI and OCM
TL →	OCC	0.212	
TL →	OCA	0.301	
TL →	OCM	0.015	
AL →	OCI	0.032	There are significant relationships between the leadership domain of AL and all the dimensions of organisational culture domain
AL →	OCC	<0.001	
AL →	OCA	0.049	
AL →	OCM	0.037	

The second hypothesis tests the relationship between organisational culture and organisational innovativeness. Table 8 shows that some domains of organisational culture are significantly related to some domains of organisational innovativeness. Hence, H2 is partially supported by the data. The results from the interviews indicated that the involvement, mission and consistency of the organisational culture have a greater impact on innovativeness compared to adaptability in the plantation sector in Sri Lanka. The main reason is that innovation takes place when there is no right answer but when the culture supports the involvement of employees and the processes are driven by a clear mission.

TABLE 8. SUMMARY RESULTS OF HYPOTHESIS 2

Organisational Culture	Organisational Innovativeness	p-value	Conclusion
OCI →	OBI	<0.001	There are significant relationships between the organisational culture domain of OCI and both domains of organisational innovativeness
OCI →	LBI	<0.001	
OCC →	OBI	0.002	There is a significant relationship between the organisational culture domain of OCC and OBI domain of organisational innovativeness
OCC →	LBI	0.390	
OCA →	OBI	0.212	There is no significant relationship between the organisational culture domain of OCA and both the domains of organisational innovativeness
OCA →	LBI	0.709	
OCM →	OBI	0.003	There is a significant relationship between the organisational culture domain of OCM and OBI domain of organisational innovativeness
OCM →	LBI	0.766	

The third hypothesis tests the relationship between leadership style and organisational innovativeness. Table 9 illustrates that some of the domains of leadership style are significantly related to some domains of organisational culture. Hence, H3 is partially supported by the data.

TABLE 9. SUMMARY RESULTS OF HYPOTHESIS 3

Leadership Style	Organisational Innovativeness	p-value	Conclusion
CL →	OBI	0.009	There is a significant relationship between the leadership domain of CL and both the domains of organisational innovativeness
CL →	LBI	0.040	
TL →	OBI	<0.001	There is a significant relationship between the leadership domain of TL and the organisational innovativeness domain of OBI
TL →	LBI	0.292	
AL →	OBI	<0.001	There is a significant relationship between the leadership domain of AL and the organisational innovativeness domain of OBI
AL →	LBI	0.122	

The fourth hypothesis posits that organisational culture mediates the relationship between leadership style and innovativeness. In Table 10, the OCI and OCC domains of organisational culture significantly mediate the relationships between the leadership style domains of TL and AL and the domains of organisational innovativeness. Hence, H4 is partially supported by the data.

TABLE 10. SUMMARY RESULTS FOR HYPOTHESIS 4

Leadership Style	Organisational Culture	Organisational Innovativeness	p-value*	Conclusion
TL →	OCI →	OBI	0.011	The organisational culture domain of OCI significantly mediates the relationship between the leadership style domain of TL and both the organisational innovativeness domains
		LBI	0.048	
AL →	OCI →	LBI	0.029	The organisational culture domain of OCI mediates the relationship between the leadership style domain of AL and the organisation innovativeness domain of LBI
AL →	OCC →	OBI	0.028	The organisational culture domain of OCC mediates the relationship between the leadership style domain of AL and the organisational innovativeness domain of OBI

*computed using Sobel's formula for mediating effect.

MEDIATING EFFECT OF ORGANISATIONAL CULTURE ON LEADERSHIP STYLE AND INNOVATIVENESS

The study explored the mediating effect of organisational culture on leadership style and organisational innovative orientation in the Sri Lankan plantation sector. “Involvement” or high level of participation of team members through greater reliance on coordination than hierarchy was found to be the most significant mediator for both organisational-based

innovativeness and leadership-based innovativeness for transformational and authentic leadership styles.

This implies that even those leaders who do not possess super natural or extraordinary qualities for leadership-based innovativeness can achieve organisational-based innovativeness through the mediation effect of involvement. Although charismatic leadership style displays a direct positive relationship with both types of innovativeness, charismatic leadership did not show a positive relationship in the mediation of any of the four traits of organisational culture to organisational-based innovativeness or leadership-based innovativeness. As a result, this study finding challenges the traditional perception and belief of effective leadership style in the plantation sector of Sri Lanka. Common belief on effective leadership style in plantation sector was perceived as 'hierarchy' but this study enlightens on the power of 'involvement' or high level of participation of team members through greater reliance on coordination as the most significant mediator in the present day context of better informed and educated workforce as against the least informed and educated workforce in the past. This implies the level of changes required in the organisational culture of the Sri Lankan plantation sector to be conducive for innovativeness.

As a mediator, "mission" displayed a positive relationship to transformational and authentic leadership styles. On the other hand, "consistency" only had a positive relationship with authentic leadership for organisational-based innovativeness.

However the findings of this study emphasize the estate managers leadership style directly influence the culture of the organisation. Furthermore, institutional and structural strength, more attention to plantation sector development, management attitude, limited estate managers motivation. In addition, the results also partially supported the second hypothesis on the positive relationship between organisational culture and organisational innovativeness. This finding is consistent with Bain *et al.* (2002) and Ekvall and Ryhammar (1999). The findings reveal that innovation to an extent depends on the culture of the plantation sector and to be precise on the degree of organisational support. Further organisational support of the plantation sector consisting of organisational encouragement of innovation, access to requisite resources, empowerment, the availability and the level of availability of these resources and values may lead to actual improvement in innovation performance of the estate managers.

Likewise, the results of the third hypotheses also showed positive relationship between leadership style and organisational innovativeness. Hence, results of this study suggests the 'good leaders' in the plantation sector create organisational innovativeness. The finding is similar to the literature (Byrne, *et al.*, 2009; Elkins & Keller, 2003). Because in complex environment such as the plantation sector, leadership style impact on innovation based on several influencing factors. That is external factors, demographic factors of the estate managers and financial capabilities of the organisation.

The fourth hypothesis is also partially supported where there is a mediating relationship of organisational culture on leadership style and organisational effectiveness. For the reason that organisational culture directly influence on leadership style and organisational effectiveness of the plantation sector. Organisational culture of Sri Lanakn plantation sector depend on numerous factors such as one and half century of continued practices and systems, business model and management practices continued to be almost the same with very little changes, majority of the workforce including managers, staff and minor workers reside and work in the same plantation, strong set of principles, values and rituals etc. As such, influence of organisational culture in the Sri Lankan plantation sector on any leadership style or innovative initiative is expected.

CONCLUSION

Innovativeness is very important in producing products that can have competitive advantage in the global markets for any products. This is particularly important in the Sri Lankan plantation sector, once a front runner, but is now lagging behind world leaders due to the lack of innovativeness.

The findings in this study suggest that leadership style has an impact on innovativeness. To be innovative, the culture in the organisation must be conducive. Again, a leadership style with innovativeness orientation will bring about a conducive organisational culture that will enhance the innovativeness of the organisation.

The estate sector must change from their current traditional approach towards innovative approach, as presence of the large estate sector is vital for professional management practices and large scale organisational-wide changes, which in turn will have a positive impact on the small holding sector too.

The existing crops of the Sri Lankan estate sector has reached the optimal level in land productivity and cost structure, and in contrary, the sales average at the weekly auctions for bulk tea has remained static. It is evident that the “planters cannot carry plantations anymore” in the same manner as the existing realised price level for current level of product innovation is in par with the optimal cost and productivity levels. Leadership in the estate sector should understand this bitter truth and alter their leadership style in order to create a conducive organisational culture which facilitates innovativeness in the plantation sector.

IMPLICATIONS AND CONTRIBUTIONS

The present study investigates the direct relationship between the three variables. Previous empirical researches have not provided a clear conclusion about the relationships of all the three variables. Therefore, this study contributed to reduce the prevailing gap in the literature. In addition, this study focuses on the plantation sector. Therefore this is a new development. This study presents a broad cross-sectional study on leadership, organisational culture and innovativeness in the context of the Sri Lankan plantation sector. For management scholars, it provides a framework for examining the relationships between the constructs related to leadership style, organisational culture and innovativeness. Although this study was conducted in a one and half century old Sri Lankan plantation industry, the study outcomes are still relevant to the relatively new industries in Sri Lanka.

A vital outcome of this study is that it explains the complexity of innovativeness in a sector which involves a range of factors and actors. The study results clearly provide a guide to understand, develop and implement a strategy of the components of organisational innovativeness through the most effective combination of leadership styles and organisational culture in arriving at a conducive environment.

It explains and elaborates the importance of being innovative for an organisation on a regular basis and its inevitable ill effects of failure to do so on the longer run at organisational level as well as national level.

Common belief on use of 'hierarchy' for effective leadership in the plantation sector is challenged and the power of 'involvement' or high level of participation of team members through greater reliance on coordination in the present day context of better informed and educated workforce as against the least informed and educated workforce in the past is revealed.

Study further emphasises the importance of creating 'newness' to the organisation/ industry through the use of appropriate combination of leadership style and organisational culture, as against the 'traditional way of doing things' in order to sustain and prosper in the competitive business environment.

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