ATLANTIS PRESS
Advances in Social Science, Education and Humanities Research, volume 240
2nd International Scientific Conference on New Industrialization: Global, National, Regional Dimension (SICNI 2018)

The Impact of the Organizational Culture on the Employee Proactivity: Empirical Study in Innovation Oriented Companies

Irena Esaulova
Department of Management and Marketing
Perm National Research Polytechnic University
Perm, Russia
Email: esaulova_ia@mail.ru

Irina Semenova
Department of Management and Marketing
Perm National Research Polytechnic University
Perm, Russia
Email: stillmay@yandex.ru

Natalia Molodchik
Department of Management and Marketing
Perm National Research Polytechnic University
Perm, Russia
Email: namdom@yandex.ru

***Abstract*— The achievement of a new industrial leadership in the world arena is directly related to the development and sustainable competitiveness of modern innovation oriented organizations. Practice shows that companies capable of maximally using the initiative of ordinary workers, their professional competence and independence, turn the routine, monotonous, performing work into instrumental-experimental, innovative activity of creative professionals achieve the greatest success. At the same time, the formation of management approaches that allow combining personnel initiative with its target-focused application in the organization is still an unsolved problem for many innovation oriented companies. This study analyzes the impact of the organizational culture on the personality mechanisms of employee proactivity that facilitate their self-fulfillment through participation in initiative activity. The empirical study has been conducted in the Russian companies on the basis of the model of employee proactivity potential, including self-leadership, self-directed learning, and engagement, describing the behavioral dominants of initiative employees. As a result of the study, it has been established that employees with different dominants of proactive behavior have different perceptions of significance of norms, rules and values concentrated in the company culture, which does not depend on the age or size of the company, but can be related to certain cultural traits caused by priority areas in the activity of the companies included in the study. It has been established that initiative increase in the employees with "self-leadership" dominant is facilitated by teamwork-focused value attitude; with "self-directed learning" dominant – by significance and encouragement of the employee's self-development drive; with "engagement" dominant – by affinity and interrelatedness between life goals and interests of the employee and those of the company. The obtained results demonstrate that unfolding of the intrinsic energy of employees in the purposes of organizational development is facilitated by shaping a culture on the basis of value attitudes that take into account the dominants of initiative behavior. This finding contributes to the understanding of the role of organizational culture in a modern innovation oriented company.**

Keywords—organizational culture, employee proactive behavior, employee proactivity potential, self-leadership, self-directed learning, employee engagement, innovation oriented companies

I. INTRODUCTION

Contemporary organizations acknowledge that organizational culture capable of forming a positive attitude of its personnel to innovations and changes is as important as the success strategy in business [1; 2]. Such culture can be established by shaping a shared cultural space where values, traditions, and personal example of innovators open new opportunities for employee self-fulfillment and self-development through initiative activity, thereby mitigating the problem of aligning individual goals with goals of organizational development. However, organizational culture can be not only a foundation, but also an obstacle on the journey to creativity and innovation [3], becoming a decelerating factor in the company development. The research shows that "over-organized" culture which resists transformation, "internally struggling culture" which wastes its personnel's energy on overcoming organizational and interpersonal barriers on the journey to advancement of innovation, generates inert, passive and even opportunistic models of behavior in the personnel, which present an unsurmountable barrier to personal and group initiative.

Multifacetous nature of organizational culture as a specific, personality-focused management mechanism explains the difficulty in shaping a cohesive palette of value atti-

Copyright © 2019, the Authors. Published by Atlantis Press.
This is an open access article under the CC BY-NC license (http://creativecommons.org/licenses/by-nc/4.0/).

tudes of its employees related to initiative behavior. Organizational culture models with a set of values and norms highlighting the importance of personnel initiative at all levels of the organization have become a customary practice of successful companies around the world. In the meantime, initiative is not simply a behavior which is allowed and preferred by the organization, but an intentional personal act which implies deconstruction of the existing order as a necessary prerequisite of change. This act is based on special personality mechanisms of proactivity, which are difficult to upscale, even in the organizational cultures which are expressly open to innovations proposed by employees.

This study considers the impact of organizational culture on personality drivers of proactive behavior of employees, ensuring their voluntary contribution to the organization's success through participation in initiative activity.

II. LITERATURE REVIEW

The essence of organizational culture aimed at active creativity and initiative of employees is revealed through communication of value attitudes focused on innovation, performance and teamwork, commitment, assertiveness and healthy competition, learning and inventiveness in combination with search for new and prospective knowledge [4; 5]. The building blocks of such culture are: support of initiative and independent thinking, encouragement of continuous learning and self-development, fostering participation and enthusiasm, risk and perseverance in overcoming technical, financial etc. barriers, focus on "innovation journey", "innovation champions", personal and organizational success [6]. Attitudes and practices that exist inside of the organization create the emotional appeal of initiative behavior, instill confidence that it will be supported and appreciated, and "force" the employees to energetically engage in solving super-problems, actively participate in business, fulfill their potential [7] and embrace innovation as the organization's fundamental value [1; 8].

Only a specific variety of organizational culture results in excellent organizational parameters [4]. So, a combination of "a unique personality and soul based on shared values and heritage" and "cultural norms and behaviors that translate the organization's unique personality and soul into customer-focused actions and bottom-line results" allows to shape a Winning Culture where each employee thinks and acts as an owner and assumes personal responsibility for overall business efficiency, which unites and motivates people, making them pursue a shared goal [2], fosters positive organizational commitments, readiness and personal willingness to make additional effort through actively changing and improving oneself and the organization [9; 7]. Although the impact of such culture on employees does facilitate the increase of the personnel's activity and "bottom-up" innovations, it is obvious that the behavior described above is related not only to the culture phenomenon, but also to the personality drivers of initiative.

Initiative behavior is expressed in creative approach and innovation in relation to routine duties, care about personal and organizational efficiency [10], urge to achieve the best results, overcome barriers in personal competence through effort of self-improvement and self-fulfillment in the initiative activity [11]. The key drivers of employee initiative behavior are a combination of interrelated personality mechanisms of proactivity, namely self-leadership, self-directed learning and engagement. The degree of their manifestation determines the degree of employee readiness to initiative and extent of his or her personal contribution in improvement of the company operations [12].

Self-leadership [13], as a mechanism of goal-oriented impact on oneself and others, is expressed in the ability of an employee to set long-term targets; readiness to assume risk and responsibility for solving complex or non-standard tasks outside of the scope of his or her regular functional duties; eagerness to overcome any obstacles in the course of promotion or his or her idea etc. Self-directed learning [14;15] is a basis for the employee's professional self-improvement, capability to which is expressed in self-initiated learning, continuous search for and application of new knowledge, progressive approaches and methods of work. Engagement [16] is reflected in personal interest and readiness of the employee to make best efforts for the company's success, support project and changes; in a feeling of pride for and significance of his or her work. The aggregate of these mechanisms is "employee proactivity potential" [12] (EPP), which can have different configurations depending on the prevailing mechanism that drives the behavior of a specific employee — self-leadership, self-directed learning or engagement.

Practice of successful companies shows that the organizational culture which expressly outlines the territory for employee self-development and self-fulfillment, openly and systematically asserts values of individual development and growth, encourages initiative, creativity and leadership behavior in the employees, supports high engagement of personnel, cultivates "shared values and vision of the company where each employee has an opportunity to contribute in development of his/her area or come up with new ideas" [17], is a fertile ground for initiative behavior of each employee, his or her self-development and self-fulfillment [18]. Nevertheless, it can be assumed that in the conditions of different organizational cultures EPP will have different configurations upscaled within the scope of formal and informal values and practices of a specific company. Therefore, the role of the organizational culture in the companies focused on use of employee initiative for growth and development should aim for alignment of value attitudes and management practices with personal behavioral attitudes of employees, triggering their own drivers of initiative behavior in form of EPP with any of the three dominants.

III. METHODOLOGY

The study uses employee survey data obtained from six small, medium and large Russian companies that are innovation oriented by the nature of their activities and (or) priorities of organizational development. Organizational culture of surveyed companies a) is directed at fostering and support of creativity, productivity, invention and initiative, continuous augmentation of unique competencies of employees at all corporate levels, b) is built on values approving employee self-fulfillment, guiding to success and recognition, encouraging self-development and achievement of outstanding results, c) pays special attention to alignment or harmonization of goals and interests of employees, departments and the company as a

whole; is characterized by a climate of trust, openness, involvement and active engagement of personnel in all company development processes. At the same time, the cultures of the surveyed companies have certain distinguishing features depending on their priority areas of activity (table I).

In companies performing direct and remote sales and consulting on products and services, the organizational culture is client-focused, openly states and communicates outwards its competitive advantages for direct and potential consumers, creates a halo of implicit (tacit) knowledge (success in sales), is always related to application of non-formalized, experiential, personalized knowledge and skills of an employee and is, to a large extent, aimed at fostering the entrepreneurial spirit within the company, development of leadership, emphasizes the significance of continuous creative search for new approaches and interesting ideas, is oriented on everyday high performance of an individual and the team for effective handling of daily professional challenges.

In companies developing and implementing new products and sophisticated innovative solutions, the organizational culture promotes values of continuous updating, broadening and searching of knowledge (inter alia, narrow, specific, competent, competitive) required for complex analytical work, continuous development and learning, is aimed at fostering an atmosphere of creative innovation, of a territory capable of capturing signals from external environment for regular and purposeful initiation of knowledge energy of personnel in daily professional activity.

TABLE I. SPECIFIC FEATURES OF ORGANIZATIONAL CULTURE IN THE SURVEYED COMPANIES

Company No.	Size	Age (years)	Priority area of activity	Organizational culture specific features
1	medium	12	Direct and remote sales and consulting on company products and services	Effective team interaction, creative search for new approaches and interesting ideas in routine work, promptness of handling daily professional challenges
2	medium	15		
5	large	57		
3	large	18	Development and implementation of sophisticated intelligent projects and solutions	Continuous self-development, search, updating, broadening and monitoring of knowledge, high-level long-term vision
4	small	2		
6	small	15		

[a.] Made using case study method

The research sample consisted of 265 specialists engaged in development and implementation of new products and services (engineers, software developers, project managers, marketing managers etc.), and with promotion and sales of products and services (consultants and sales managers). The common criterion for the sample was high significance of initiative of employees for growth and development of the organization.

The research method was based on the combinations of interrelations between personality drivers of initiative behavior (self-leadership, self-directed learning and engagement) and parameters of organizational culture oriented on "bottom-up" initiatives, described through the most significant value attitudes of companies related to proactivity of employees. The proposed answers were assessed by respondents against Likert scale (5 options from "strongly agree" to "strongly disagree").

Object structural model was built in SmartPLS statistical package and included the following:

One latent endogenous variable "EPP", represented by statements allowing to detemine the degree of EPP manifestation in the interrelation of its key elements:

- "Self-leadership" (P/SL) block reflects the capability of an employee to persistently, responsibly and efficiently progress towards the goal; to build a cohesive like-minded team and provide support when promoting their ideas;
- "Self-directed learning" (P/SD) block describes employee focus on regular intellectual self-initiation of improving personal competence though search, analysis and interpretation of information required for better performance at work and promotion of innovation;
- "Engagement" (P/EN) block characterizes profound personal interest of an employee in the company's success, associating one's personal future with the organization, a personal desire to make additional effort to achieve best results in one's work.

Three latent endogenous variables, each including statements (exogenous variables) allowing to describe the impact of organizational culture on EPP through mechanisms mediating actual proactivity of an employee – self-leadership, self-directed learning and engagement:

- "Culture/self-leadership" (Cult/SL) variable explains to what extent the attitude focused on achievement of outstanding results, creativity, productivity, initiative and teamwork impacts the readiness of an employee to persistently and independently progress towards the goal and achieve the required result, given the need to manifest leadership initiative in everyday work.
- "Culture/self-directed learning" (Cult/SD) variable allows to assess the extent to which company attitude focused on self-development, knowledge and interesting information exchange impacts regular self-initiation of an employee in professional activity.
- "Culture/engagement" (Cult/EN) variable allows to assess to what extent the attitude focused on alignment of values and interests of the organization with employee life priorities, on exchange of personal "success stories" between employees, on self-fulfillment in the profession and in life impacts emergence of personal interest of an employee in development of the organization, and association of one's own future with its success.

IV. RESULTS

Employee survey data for all companies was processed using PLS analysis and further interpretation of its results with SPSS (Statistical Package for the Social Sciences) software. Dependencies were identified which explain significance and extent of impact of value attitudes of organizational culture ("culture/self-leadership", "culture/self-directed learning", "culture/engagement") on EPP mobilization.

All dependencies between statements and endogenous variables have high factor loading proving that a big amount of dispersion of answers may be explained by a latent variable. All coefficients between endogenous variables are significant and have positive values indicating their direct relations in the model. The analysis of significance of dependences was made with the use of Student's t-criterion (at significance level p=0.05 the critical value is 1.96). The R2 determination coefficient value for endogenous variable "EPP" is equal to 0.757 and it provides evidence that over 75 % of dispersion of this composition may be explained by the model developed (Fig.1).

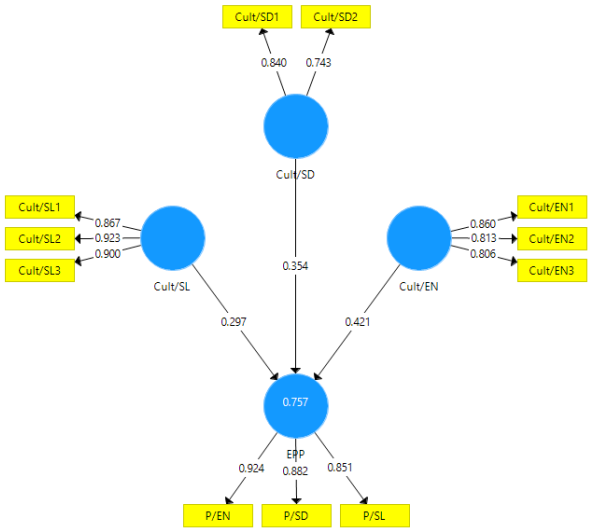

Fig. 1. PLS analysis results in SmartPLS package (based on the data of aggregate selection of all studied companies)

All of the analyzed value attitudes of organizational culture facilitating employee proactivity have significant positive impact on EPP.

"Culture/engagement" variable has the highest impact on EPP (0.421). It means that proactivity closely correlates with principles, priorities and targets shared by all employees, with attitude focused on open leadership of employees, with values of individual development and growth for development of the organization. A vast majority of employees believes that their personal life goals and interests have a lot in common with the goals and interests of the company, and that the company provides them with a real opportunity for self-fulfillment in the profession and in life (73% and 68%, respectively); most of the employees are confident that the company encourages exchange of personal ideas and individual "success stories" (54%).

"Culture/self-directed learning" variable has a significant impact on EPP with determination coefficient 0.354, which means that employees feel supported by the company in their aspiration to active self-improvement in professional and personal development, believe that it is an established norm to have constructive cooperation and effective teamwork in order to search for and create new knowledge required for development of an innovation. More than a half of the employees have stated that the company highly appreciates and encourages aspiration to self-development (61 %), knowledge exchange, and exchange of interesting information relating to professional activity (53%).

"Culture/self-leadership" variable has the lowest but still significant impact on EPP (0.297), which means that company-professed value of achievement of outstanding results, meaningful recognition of initiative productivity and creativity, encouragement of teamwork, culture of trust and cooperation support creative interaction between employees, search for and implementation of useful novelties and initiatives. According to the survey results, most employees of the surveyed companies believe that the company appreciates aspiration to achievement of outstanding results (64 %), encourages teamwork (78%), as well as productivity, creativity, and initiative originating from employees at all hierarchical levels (51%). Employees perceive the work environment as that of trust, cooperation and creative interaction and, consequently, actively put forward new ideas and proposals, implement new projects.

Further analysis has shown that the impact of organizational culture on EPP in different companies has express variability depending on EPP dominants – self-leadership, self-directed learning and engagement (table II).

TABLE II. ORGANIZATIONAL CULTURE INFLUENCE ON EPP WITH DIFFERENT DOMINANTS [B]

EPP dominant	Company	The power of organizational culture on EPP [c]			
		Strongly positive (≥ 0.3)	*Moderately positive (0.2 to 0.3)*	*Moderately negative (0.1 to 0.2)*	*Strongly negative (≤ 0.1)*
SL	1	0.414			
	2	0.305			
SD	3	0.353			
	4	0.412			
EN	5			0.199	
	6				-0.268

b. Prepared based on PLS-analysis results (based on data of selection of each company studied)

c. the indicators were grouped based on Student's t-criterion

Variability of organizational culture impact is related to the fact the employees with different EPP dominants have different perceptions of significance of norms, rules, and values of the company for their self-fulfillment in the interests of the organization (in its innovative etc. activity) – from 0.414 to -0.286. In companies with *Self-leadership* and *Self-directed learning* dominants, strongly positive influence of organizational culture on EPP (0.305 to 0.414) was detected, which may be related to significance of these personality mechanisms mediating actual employee proactivity (fig.), suggesting profound employee perception of the organizational culture as a value foundation for his or her initiative self-fulfillment in the company. So, in the companies with *self-leadership* dominant, positive impact of culture on EPP can signify that organic combination of value attitudes focused on effective intercorporate interaction, cohesive teamwork and high personal and overall performance with entrepreneurial drive of an employee and his or her self-leadership as the main source of quick and efficient handling of day-to-day problems (direct

and remote sales and sale-directed consultations) prompts the employee to exit the comfort zone and express initiative in his or her current professional activity.

Significant impact of culture on EPP in companies with *self-directed learning* dominant can suggest that employees who are normally occupied with solving heuristic tasks and focusing their efforts on self-development, self-training and new knowledge monitoring in order to achieve the expected results in work (development and implementation of sophisticated innovative solutions, projects etc.) are especially sensitive to value attitudes facilitating their cognitive activity and development of professionalism, constructive cooperation for search and creation of new knowledge, which motivates an employee to generate new ideas and engage in creative innovation.

Along with that, it is especially notable that in companies with *engagement* dominant, culture has moderate and strongly negative impact on EPP (0.199 and -0.268), which may: a) be indicative of problems with engagement culture development in the surveyed companies in general; b) provide an evidence of insufficient significance of perception by an engaged employee of the norms and rules of the organizational culture that exist in the company, which is, undoubtedly, an obstacle to efficient unfolding of the personnel's initiative. On the other hand, negative impact of culture exhibited no relation to the type of activity, size or age of the company, which is another indication of the universal nature of engagement as a personnel initiative support mechanism, and explains the fact that engagement manifests only in strong correlation with personal involvement of an employee in the organization's activity, his or her personal interest in its success, with awareness of strategic purposes of the organization as vitally important from his or her personal point of view.

V. DISCUSSION

The study has demonstrated a strong relationship between value attitudes of organizational culture facilitating proactivity of employees and EPP in the aggregate of its elements – *self-leadership, self-directed learning* and *engagement*. Overall, the proactive behavior of employees in the company is facilitated by a culture of trust, cooperation and creative interaction between employees, which supports teamwork and aspiration to self-development and recognizes significance of fulfillment of life goals and interests of an employee for its own success.

An important finding of the research is that employees can have different perceptions of organizational culture depending on the dominant of proactive behavior (self-leadership, self-directed learning, engagement). Therefore, organizational culture should, in its turn, take into account the discovered dependencies, e.g. as follows:

- EPP with "self-leadership" dominant – a culture which reinforces such values as achievement of outstanding results by its employees, recognition of initiative productivity and creativity, support of teamwork, work environment of trust and cooperation for creative interaction between employees.
- EPP with "self-directed learning" dominant – a culture reinforcing such values as active self-improvement for continuous professional and personal development, constructive cooperation and effective interaction for search and creation of new knowledge required for development of innovation.
- EPP with "engagement" dominant – culture reinforcing values, priorities and targets shared by all employees, values of open leadership of employees, spirit of organizational success and authority, support of search of new solutions, individual development and growth of employees for organizational development.

In case of EPP with engagement dominant, culture plays an ambiguous and controversial role in support of initiative behavior of employees. It can be assumed that less significant and negative impact of organizational culture is caused by the nature and degree of employee engagement, i.e. the higher is the engagement in work, the less is the employee's need in organizational attitudes (rules and norms adopted by the company), which may be perceived by the employee as constraints limiting him or her in creation and promotion of personal creative initiative. In other words, engagement dominant in EPP structure is in itself capable of ensuring profound interest of an employee in active professional activity directed at achievement of success in a certain organization.

VI. CONCLUSION

Companies without effective culture are "doomed to mediocrity" [2]. Therefore, a notable trend in the field of the latest management technologies is establishment of an organizational culture as an environment where a unique amalgamation of norms, values and behavioral models defines the way of uniting employees for achievement of strategic goals of the company. At the same time, understanding of variability of organizational culture impact at different levels of analysis becomes a crucial firm-level factor, enabling the company to take a stand and form new business model innovations [19], transforming knowledge, ideas, technologies and resources into economic values, and linking ideas and technologies to their economic results.

A correctly shaped culture creates a foundation for development of approaches to management that allow combining personnel initiative with its target-focused application in the organization. Shaping of such culture requires fine-tuning of values and norms of the organization based on the personality mechanisms of proactivity, so that it would be possible to bring both an individual employee and the team in general to useful initiatives.

References

[1] Brunetto Y.O., Xerri M.J., and Nelson S.A. (2014) *Building a proactive engagement culture in asset management organizations*, Journal of Management in Engineering, Vol. 30 (4), pp. 1-34. DOI: 10.1061/(ASCE) ME.19435479.0000251.

[2] Meehan P., Rigby D., and Rogers P. (2008) *Creating and Sustaining a Winning Culture. Harvard Business Review by Harvard Management Update* [Electronic source]. Retrieved from https://hbr.org/2008/02/creating-and-sustaining-a-winn-1

[3] McLean L. D. (2005) *Organizational Culture's Influence on Creativity and Innovation: A Review of the Literature and Implications for Human Resource Development. Advances in Developing Human Resources*, Vol. 7 (2), pp. 226-246. DOI: 10.1177/1523422305274528.

[4] Martins E. C. and Terblanche F. (2003) *Building organizational culture that stimulates creativity and innovation*, European Journal of Innovation Management, Vol. 6(1), pp. 64-74.

[5] Robbins S. P. and Judge T. A. (2015) *Organizational behavior*. 15th ed., p. 676.

[6] Rao J. and Weintraub J. (2013) *How Innovative Is Your Company's Culture?* MIT Sloan Management review, Vol. 54 (3), [Electronic source]. Retrieved from http://sloanreview. mit.edu /issue/2013-spring

[7] Miron E., Erez M., and Naveh E. (2004) *Do personal characteristics and cultural values that promote innovation, quality, and efficiency compete or complement each other?*, Journal of Organizational Behavior, Vol. 25(2), pp. 175–199. DOI: 10.1002/job.237/.

[8] Hartmann A. (2006) *The role of organizational culture in motivating innovative behavior in construc-tion firms*, Construction Innovation. Vol. 6 (3), pp. 159-172.

[9] Sinha A. K., Kumar R., Sengupta P. P., and Bandyopadhyay G. (2017) *Impact of Organization's Culture on Employees' Commitment: Evidence From Five Homogeneous Units Under A Group Of Company Operating In Different States In India. Journal of Business Studies Quarterly,* Vol. 8 (3), pp. 85-105.

[10] Høyrup S. (2012) *Employee driven innovation: A new phenomenon, concept and mode of innovation*, In S. Høyrup, M. Bonnafous-Boucher, C. Hasse, M. Lotz, K. Møller (Eds.) Employee-driven innovation: A new approach: Palgrave Macmillan. London, pp. 3-33.

[11] Esaulova I., and Semenova I. (2018) *The Impact of the Leadership on the Employee Proactivity. 26th Interdisciplinary Information Management Talks,* Strategic Modeling in Management, Economy and Society, Kutná Hora, Czech Republic, pp. 489-496.

[12] Semenova I.V. (2017) *Empirical Analysis of the Impact of Organizational Environment on Employee Potential of Proactivity*. Human resources and intellectual resources management in Russia, Vol. 6 (2), pp. 36-41.

[13] Stewart G.L., Courtright S.H., and Manz C.C. (2011) *Self-Leadership*, A Multilevel Review. Journal of Management, Vol. 37 (1), pp. 185-222.

[14] Ellinger A. (2004) *The concept of self-directed learning and its implications for human resource development*, Advances in Developing Human Resources, Vol. 6 (2), pp. 158-177.

[15] Clercq D.De., Honig B., and Martin B. (2013) *The Roles of Learning Orientation and Passion for Work in the Formation of Entrepreneurial Intention*, International Small Business Journal, Vol. 31 (6), pp. 652-676. DOI: 10.1177/ 0266242611432360.

[16] V. Ho, S. Wong, and C. Lee *A*. (2011) *Tale of passion: Linking job passion and cognitive engagement to employee work performance*, Journal of Management Studies, Vol. 48 (1), pp. 26-41.

[17] Babanova Y.V., and Bukharina N.A.(2016) *Human capital management on the basis of coaching technologies in order to increase the innovative development of an enterprise*, Innovative scientific research: theory, methodology, practice: a collection of articles by the winners of the 3rd international scientific-practical conference, pp. 153-156.

[18] Esaulova I., and Semenova I. (2015) *Self-Developing Innovative Companies: Best Practice Analyses*, Proceedings of the 3nd International Conference «Innovation Management and Company Sustainability», pp. 27-38.

[19] Volberda H., Mihalache O., Fey C., and Lewin A.Y. Special Issue *Business Model Innovation in Transforming Economies* Management and Organization Review 13 (2), pp. 459–462. DOI: 10.1017/mor.2017.2