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**APPROACH TO CHOOSING THE LEADERSHIP STYLE FOR INNOVATION ACTIVITY
MANAGEMENT**

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Abstract

Introduction. Today innovations are one of key strategic goals for the most of companies, becoming necessary conditions for their survival and prosperity. The pace and coverage of innovating increases worldwide, involving not only R&D departments in high-tech companies, but any departments in all the sectors. As innovations are based on human creativity, it is vitally important to create favorable conditions for fruitful innovations, applying the appropriate leadership style.

Purpose. The purpose of the article is to describe the key provisions of methodical approach to choosing the leadership style for innovation activity management basing on previously developed principles.

Results. The aim of the represented methodical approach is to discover the level of required innovativeness for a company or its part (department, team) dictated by the environment, the company's current innovativeness and its goals in area of innovations. Further, the leadership style is to be chosen for innovation activity management appropriate to the level of required innovativeness. The leadership style is considered as combination of 15 determinants which have to be evaluated with the help of a questionnaire and then aligned with the required level of innovativeness. In order to do so, the list of recommendations is provided.

Conclusions. The described methodical approach to choosing the leadership style for innovation activity management allows to align the leadership style decomposed on 15 determinants with the level of required innovativeness of a company, department or team.

Keywords: leadership; leadership style; choosing the leadership style; innovation activity management.

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**ПІДХІД ДО ВИБОРУ СТИЛЮ ЛІДЕРСТВА ДЛЯ УПРАВЛІННЯ ІННОВАЦІЙНОЮ
ДІЯЛЬНІСТЮ**

Анотація

Вступ. Сьогодні інновації є однією з ключових стратегічних цілей для більшості компаній, стаючи необхідною умовою для їх виживання й процвітання. Темпи й розповсюдженість інновацій зростають повсюдно і це стосується не лише дослідницько-конструкторських відділів високотехнологічних компаній, але й будь-яких відділів у всіх секторах економіки. Оскільки інновації ґрунтуються на людській творчості, життєво важливим є створення сприятливих умов для плідних інновацій, у тому числі із застосуванням відповідних стилів лідерства.

Мета. Метою статті є опис основних положень методичного підходу до вибору стилю

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лідерства для управління інноваційною діяльністю на основі розроблених принципів.

Результати. Задачею запропонованого методичного підходу є виявлення рівня необхідної інноваційності для компанії або її частини (відділу, команди), що диктується навколишнім середовищем, поточною інноваційністю компанії і її цілями у сфері інновацій. Далі необхідно обрати стиль лідерства для управління інноваційною діяльністю, що відповідає рівню необхідної інноваційності. При цьому стиль лідерства розглядається як поєднання 15-ти детермінант, які повинні бути оцінені за допомогою анкети, а потім узгоджені з необхідним рівнем інноваційності. Для вирішення останнього завдання надається перелік рекомендацій.

Висновки. Наданий методичний підхід до вибору стилю лідерства для управління інноваційною діяльністю дозволяє узгодити стиль лідерства, розглянутий у розрізі 15-ти детермінант, з рівнем необхідної інноваційності компанії, відділу або команди.

Ключові слова: лідерство; стиль лідерства; вибір стилю лідерства; управління інноваційною діяльністю.

JEL classification: O 31; M 12

Introduction

Today innovations have become a key driver of companies' competitiveness: they help to improve quality, service level, delivery conditions, move costs and price down etc. Share of companies reporting innovations are among their top 3 strategic goals reached 79% in 2015, increasing 2% annually [1]. Global pace of innovations rises: the number of patent applications in 2016 exceeded 3 million, being almost doubled in recent 10 years [2, p. 29], accelerating the technological change [3]. The importance to increase the speed of adopting new technologies within companies is increasing dramatically, while too long development time becomes the main obstacle to generating a return on innovations [1]. This makes innovation activity management crucially important and in the same time extremely difficult.

One of the four key levers to improve innovations, according to the BCG's survey, is leadership and behavior [1]. Indeed, people are the only creative asset of any company, initiating, leading, implementing and controlling innovations. So the leadership aspect of innovation activity management is vitally important. There is a discussible question on choosing the leadership style for innovation activity management. Scholars researching the leadership style issues tend to define and describe specific styles. The most widely accepted in academic and practitioners' environment are classifications of leadership style provided by K. Lewin (authoritarian, democratic and laissez-faire styles) [4], R. House and T. Mitchell (directive, supportive, achievement oriented and participative styles) [5], R. Likert (exploitive authoritative, benevolent authoritative, consultative and participative styles) [6], P. Hersey and K. Blanchard (telling, selling, participating, and delegating styles) [7] and many others. But such a huge number of different leadership styles defined by scholars is caused by one reason: there is no simple way to distinguish leadership styles basing on just one, two or three criteria. In the work [8] we have defined 15 determinants of leadership style claiming there can be a plenty of styles as combinations of such determinants. In the same paper we have defined and described 11 key principles of choosing the leadership style for innovation activity management. So basing on the principles the methodical approach to choosing the leadership style for innovation activity management has to be developed.

Purpose of the paper

The purpose of the article is to describe the key provisions of methodical approach to choosing the leadership style for innovation activity management.

Main material of the research

One of the key principles of choosing the leadership style for innovation activity management, stated by us in the paper [8], highlights contingency approach to choosing the

leadership style for innovation activity management. This means there is no leadership style being the best for innovation activity management purposes. In turn, leadership style has to be chosen according to situation.

Another principle states the necessity of context orientation which means the level of innovativeness of activity must fit environment and strategy, being no less and no more innovative. And leadership style must support the necessary level of innovativeness. And this is the key idea of our approach.

Our methodical approach to choose the leadership style for innovation activity management is represented on fig. 1. First of all, we evaluate requirement from environment in form of VUCA index – an index representing the degree of volatility, uncertainty, complexity and ambiguity of a company’s environment. The explanation and calculation guidelines for VUCA index are provided in the work [9].

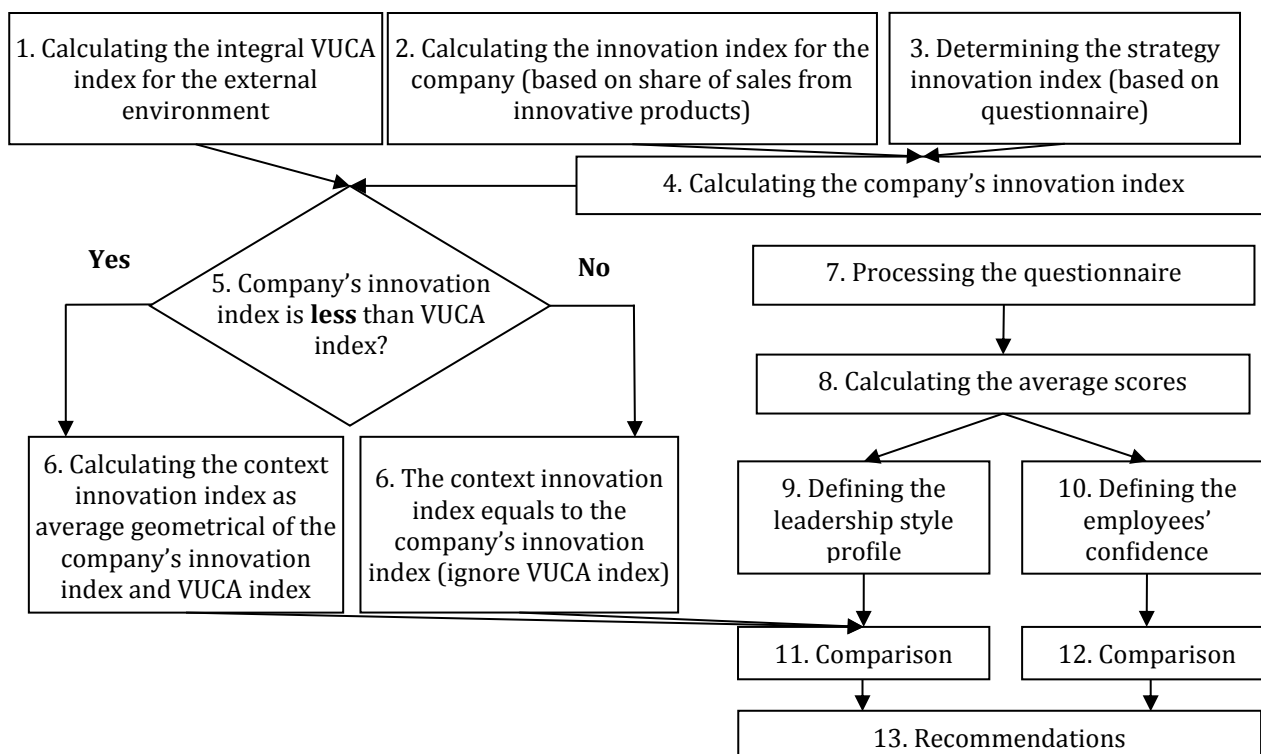


Fig. 1. Methodical approach to choose the leadership style for innovation activity management

Then we calculate the company innovation index that expresses requirements of a company to the level of innovativeness of a team. It consists of 2 elements:

- 1st is innovation index for the company (based on share of sales from innovative products compared to the industry average);
- 2nd is strategy innovation index (simply a question in questionnaire about how innovative the department (or a team) is required to be, measured by scale from 1 to 5).

The company innovation index is calculated as average geometrical of these indexes.

The key point is: we recommend to use VUCA index only if company’s innovation index is less than VUCA index. This means, if a company requires more innovations than the environment does, we do not limit the required level of innovativeness by calculating the average. So we ignore VUCA index in this case.

In parallel, we process the questionnaire for defining the leadership style profile. The questionnaire composition is illustrated on the fig. 2. This is classical 360 degrees approach based on getting data not only from the leader, but also from his boss and subordinates. First of all, questionnaire is aimed on scoring the determinants of leadership style. All the questions

are built up according to Likert 5 grade scale. These are statements, and respondent is asked to provide the degree of his agreement with these questions from completely disagree to completely agree.

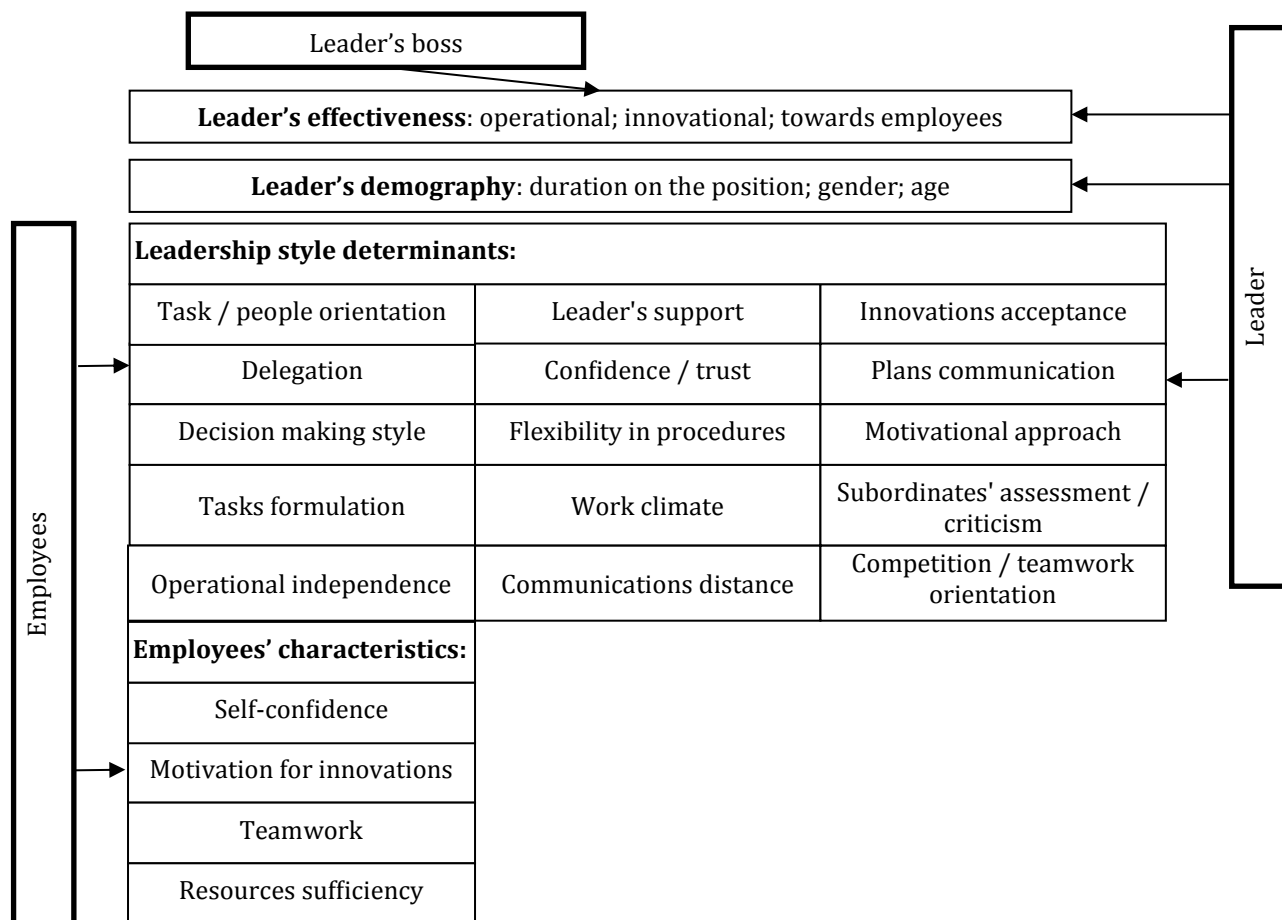


Fig. 2. The questionnaire composition

Then we compare VUCA index to the context innovation index and to employees' confidence from the questionnaire to get 2 groups of recommendations for the leadership style selection. These recommendations are aimed on aligning the leadership style and the required level of innovativeness for a led team (measured by the context innovation index). Depending on whether the context innovation index is lower or greater than leader's score, there are 2 groups of recommendations. Recommendations for the leadership style choosing in case the context innovation index is lower than leader's score are provided in tab. 1.

Recommendations for the leadership style choosing in case the context innovation index is lower than leader's score are provided in tab. 2.

Conclusions and perspectives of the further research

The level of a company's innovativeness has to meet its goals and the degree of volatility, uncertainty, complexity and ambiguity of a company's environment. In the same time, the leadership style for the leader who manages an innovation activity has to support the required level of innovativeness. So we have developed the approach to choose the leadership style for innovation activity management. This approach includes such steps as calculating the context innovation index (composed of a company's innovation index and the integral VUCA index for the external environment), defining the leadership style profile and employees' confidence (basing on the questionnaire), comparing the leadership style profile and employees' confidence to the context innovation index and developing the recommendations to choose the leadership style.

Table 1. Recommendations for the leadership style choosing in case the context innovation index is lower than leader's score

Leadership style determinants	For non-confident employee	Context innovation index is lower than leader's score by:			
		4	3	2	1
		radical changes		incremental changes	
Delegation of authority and responsibility	Delegate gradually	Delegate less / replace the leader	Slightly increase control		
Decision making style (personal / group)	Decide for employee	Decide more / replace the leader	Less of collective decisions		
Way of tasks formulation (strict / wide)	Formulate in details	Standardize tasks	More details		
Operational independence / dependence of employees	Standardize procedures	Standardize procedures	Control more		
Leader's consultation, support	Facilitate / guide	-			
Confidence / trust in subordinates	Train self-confidence in subordinate	Control more			
Flexibility in internal procedures	Standardize procedures, teach standards	Standardize procedures			
Work climate	Teambuilding	Train / replace the leader	Keep discipline		
Communications distance	Informal communications	-			
Innovations acceptance	-	Develop and follow standards			
Plans communication	Communicate plans in details	Let people concentrate on their tasks			
Motivational approach	Positive motivation only	Motivate for discipline			
Way of subordinates' assessment / criticism	No criticism, one-on-one assessment	Criticize slightly more			
Task / people orientation	More people orientation	Focus on performance and discipline	More task orientation		
Competition / teamwork orientation	Teambuilding	-			

Table 2. Recommendations for the leadership style choosing in case the context innovation index is higher than leader's score

Leadership style determinants	Context innovation index is higher than leader's score by:			
	1	2	3	4
	incremental changes		radical changes	
Delegation of authority and responsibility	Delegate minor tasks	Delegate regular tasks	Change responsibilities	
Decision making style (personal / group)	More team discussions	More of collective decisions	Train / replace the leader	
Way of tasks formulation (strict / wide)	More freedom to the team / training for leader			
Operational independence / dependence of employees	Facilitate		Trust to employees	
Leader's consultation, support	Facilitate		Train / replace the leader	
Confidence / trust in subordinates	Teambuilding		Train / replace the leader / rotate employees	
Flexibility in internal procedures	Develop scenarios		Go agile / replace the leader	
Work climate	Teambuilding	Teambuilding / training	Go agile / corporate accelerators / replace the leader	
Communications distance			Train / replace the leader	
Innovations acceptance	Training for leader		Replace the leader	
Plans communication	Increase transparency		Change planning system	
Motivational approach	More of positive motivation		Control whether the leader is just	
Way of subordinates' assessment / criticism	Criticize less		No criticism, develop trust	
Task / people orientation	More people orientation		Train / replace the leader	
Competition / teamwork orientation	Teambuilding		Train / replace the leader	

Such recommendations depend on whether the context innovation index is lower or greater than leader's score and how strongly, implying respective incremental or radical changes for the leadership style determinants that do not meet requirements.

The further researches should be aimed on practical testing of the methodical approach described in this paper, for different sectors and cultural context.

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