

Chapter 2

An Examination of the Relationship Between Vision Content and Amount of Innovation in SMEs: Findings From Turkey

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ABSTRACT

In the literature, it is strongly claimed by some studies that the content of a vision statement may be an appropriate mean to reach some desired individual, group and organizational level results. In addition, the idea relating to vitality of various types of innovation for different sorts of organizations has been supported by findings of many empirical studies. However, these studies that focus on the concept organizational innovation are based on large-sized organization to a great extent. Therefore, this study empirically investigates the effects of vision statements' content on the amount of innovation in the context of Turkish "Small and Medium Sized Enterprises (SMEs). The findings of study indicated that there aren't statistically significant differences between SMEs with innovation oriented vision statement and other SMEs in terms of amount of product innovation. A possible reason behind this finding may be inadequate vision communication. During the chapter, first, the literatures on organizational innovation, vision statements and SMEs are reviewed briefly. Then, these reviews will be followed by the sections of methodology and the findings. The chapter will be ended with the parts of future directions and conclusions that include the originalities and several limitations of this study.

DOI: 10.4018/978-1-5225-3525-6.ch002

INTRODUCTION

Nowadays, almost all organizations in different sectors and all around the world operate in turbulent environments. Therefore, different types of innovation and understanding of their triggers have become vital for their survival. Hence, many studies have been conducted to discuss and understand the effects of contextual factors such as environment (Hong, Magnusen & Mondello, 2015), organizational culture (Hogan & Coote, 2014; Leal-Rodrigues, Eldridge, Ariza-Montes & Morales-Fernandez, 2015), size (Blau & McKinley, 1979; Damanpour, 1992; Hong, Magnusen & Mondello, 2015) and technology (Yen & Chou, 2001); dimensions of organizational structure such as complexity, formalization and centralization (Damanpour, 1996; Jantz, 2012; Pierce & Delbecq, 1977) and other factors such as leadership style (Garcia-Morales, Llorens-Montes & Verdu-Jover, 2006; Gumusluoglu & Ilsev, 2009; Jantz, 2012; Khan, Rehman & Fatima, 2009), past profits of organizations (Lynch, 2007), teamwork (Fay, Shipton, West & Patterson, 2015), slack resources (Hong, Magnusen & Mondello, 2015) and top management characteristics (Castle & Banaszak-Holl, 1997) on innovation. Although innovation is often thought as stronger correlated concept with large-sized organizations, it is also regarded to a large extent that creativity and innovation are also quite crucial now for “Small and Medium Sized Enterprises (SMEs)”.

In addition, another important concept for organizations seems to be vision statements. There are some studies in the literature that reveal results of effective vision statements of organizations at individual level such as more highly motivated employees (Kantabutra, 2010) and organizational level such as increased profits (Baum, Locke, & Kirkpatrick, 1998). However, although there is a vast literature on the antecedents and consequences of vision statements, as far as known, the effects of content of vision statements on organizational innovation hasn't been examined so much to date. Therefore, the aim of study is to examine that whether the contents of vision statements affect amount of innovation in SMEs or not. In this context, it is hypothesized in this study that innovation oriented vision statements of SMEs will affect their innovation performance in a positive direction. The research question that “does content of vision statement affect amount of organizational innovation?” seems crucial. If the answer is “yes”, organizations may find an almost costless opportunity to improve their innovativeness.

With this aim, first, literature reviews on organizational innovation, vision statements and SMEs will be given briefly, then, research design of the study will be mentioned. In the fourth part of the study, the findings are presented and finally, future research directions and conclusions that include the limitations and originalities of this study are presented.

BACKGROUND

Organizational Innovation

“Organizational Innovation (OI)” has a broad and relatively rooted literature. However, when it is examined, it is easily observed that there are some contrasting findings about the antecedents and consequences of OI. One possible reason for this may be the different conceptualizations of OI by different researchers (Bingham, 1978; Downs & Mohr, 1976). Therefore, making clear of the main concepts in the field, as far as possible, is important.

According to a point of view, innovation is a complex phenomenon that involves diffusion and/or translation of knowledge in a way of new or modified products or services, or the development of new

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