HUMAN FACTORS IN ORGANIZATIONAL PERFORMANCE

The Features of Organizational Innovation Culture in Micro Enterprises: Case Studies from Lithuanian Creative Industries

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Abstract

The development of organizational innovation capabilities has caught the attention of innovation management researchers and practitioners, contributing to the increasingly diverse field of both innovation management and organizational studies. The development of innovative culture within an organization is listed among the core factors for innovation, sustainability and continued success within organizations. The paper integrates the issues of organizational design and leadership with the innovation culture development issues, and provides empirical evidence on the innovation culture development within the micro enterprises of the creative sector. The micro enterprises are important, but often neglected players in innovative industries, especially related to culture and creative sectors, since they are driving the growth of the sector at the initial stages. The case of micro organization is interesting in itself, as many of the organizational design elements are lacking because of the limitation of size and other resources, and has to be replaced by the organizational dynamic and networking processes.

Keywords: innovation culture, micro organization, innovation and management, culture and creative industries.

Introduction

Organizational innovation culture is being recognized as one of the constituents to maintain organizational dynamics and readiness for innovation (Ahmed, 1998; Dapkus, 2006; Otsasevicius, Kriaucioniene and Kauneliene, 2007; Tidd and Bessant, 2009). The few literature review based models on the organizational factors where identified at the theory level (Becker and Whisler, 2001; Juvevicus, 2007; Jakubavicius et al., 2008; Smith et al., 2008; Iewwongcharoen and Piromprames, 2009), but at the current stage it is important to understand, in which way certain configurations of organizational factors lead to the formation and diversity of organizational innovation culture profiles across industries, sectors, and organizational varieties. A variety of empirical studies have been developed with the specific focus on the characteristics of innovation culture and general organizational innovation culture profiles (Janiunaite, Petraite, Juvevicius and 2011; Wallace, Hunt and Richards, 1999; Noko and Radnor, 2004; Hyland and Beckett, 2005; Leavy, 2005; Dobni, 2008; Group and Limited, 2008; Prajogo and McDermott, 2011; Sarros, Cooper and Santora, 2011) or, alternatively, on a specific sector based characteristics (Brachos et al., 2007; Prabhu, 2010; Valencia, Valle and Jimenez, 2010; Bogers, 2011; Filippetti, 2011; Jaakson, Tamm and Hammal, 2011; Sanz-Valle et al., 2011; Machuca and Costa, 2012, Zdunczyk and Blenkinsopp, 2007; Petraite, Janiunaite and Cibulskas, 2012). The sector of creative industries has attracted the attention of researchers and practitioners of innovation only recently, together with the recognized importance of the sector for the growth and recovery of economies in Europe (EC, COM(2010) 183, 2010). The creative sector being a combination of culture, artistic creation and market driven business logics defines the specific profiles of organizations and innovation cultures within them. Together with the European initiatives, Lithuania, being a disadvantaged member country in terms of innovation performance (EUS, 2011) has established the initiatives to support the growth of creative industries, with an aim to develop a new source of innovation based growth in business (Strategy for the Use of EU Structural Funds in 2007-2013, Government of the Republic of Lithuania, res. No. of 14 December 2005 No. 1351). Therefore, it is important to understand, what the features of the creative industries are, and their potential to drive innovation growth within catching up countries based the case study of Lithuanian creative industry sector. Within Lithuanian context, creative industries are predominated by creative businesses of micro and small size enterprises (KEPA, 2011, Estonian Ministry of Culture, 2011). From the perspective of the organizational studies, micro enterprises form a particular field of interest, as they have to combine many of organizational roles and processes within a very limited number of resources, and, in the same time, to
ensure dynamics and development of innovative capabilities in order to sustain the competition. Thus, understanding and developing dynamic capabilities of micro enterprises in the creative sector is of crucial importance for the sustained growth of the sector itself. Drawing on this problem formulation, the paper aims to contribute to the explaining the impact of organizational factors on the organizational innovation culture in micro enterprises, and provide certain configurations of organizational factors and innovation culture profiles in micro enterprises of the creative sector industries.

The research method is a case study of 4 micro enterprises of the creative sector, while applying the extended structured interview, which integrates both, organizational factors (organizational strategy, organizational structure and infrastructure, communication, organizational learning, management and leadership, networking and partnership), and aims to test the dynamic of the innovative culture formation at four levels of organizational analysis (individual, group, organizational, and inter-organizational levels). The analysis and discussion is based on the qualitative case studies from the selected Lithuanian (a catching up country chosen for our study) micro organizations, acting on both national and international scale, of the emerging creative industry sector, which is of particular interest in terms of our analysis, as we aim to capture the potential of such enterprises to drive the growth of the sector. Innovation culture related variables are analyzed at the individual, group, organizational and inter-organizational level. This allows us to draw the profile of innovation culture in creative industry business organizations and discuss the key configurations of organizational factors that influenced the formation of entire profiles, and also define some of the impacts of industry related context.

The first part the paper discusses the concept of organizational innovation culture and the factors that are influencing it at four different levels, i.e. individual, group, organizational and inter-organizational. The second part of the paper provides methodology applied for the analysis of innovative culture within micro enterprises, whereas case study method via qualitative interview was chosen, because of the complexity of the phenomenon studied, and willingness to understand its formation. Further analysis of empirical results in the third part of the paper discloses features of organizational innovation culture within micro enterprises of the creative sector. The discussion section provides us with the emerging profiles of innovative culture in micro enterprises of the Lithuanian creative sector and sets questions for further research and designing of practical implications.

**On the concept of organizational innovation culture and its determinants within the micro enterprise**

A large body of organizational literature (Iewwongcharoen and Piromprames, 2009; Becker and Whisler, 2001; Ostasevicius et al., 2007; Smith et al., 2008) agrees that culture is a key factor that influences and forms organizational innovations. Innovation culture has been studied from both innovation management perspective, which mainly focuses on its contents, and organizational studies perspective, which emphasizes organizational design as a basis for innovation culture. Thus, the definitions of organizational innovation culture represent the underpinning of both research traditions. Wieland (2006) defines ‘innovation culture as made up from technological visions, research traditions, value systems, etc., shared by those who take part in the innovation process. Jucevicius (2007) defines ‘innovation culture’ as the entirety of unique culture values, which are characteristic to every society and organization as well as enables formation of innovative activity specific for that social formation. Sutton (2001) suggests that organization’s innovative culture manifests when organization’s employees are encouraged to experiment and to implement innovations together with organization’s managers, who support the process of ideas’ incentives. Ahmed (1998) defines it as a ‘possessive of positive cultural characteristics that provides the organization with necessary ingredients to innovate’. The given spectrum of innovation culture definitions leads to the statement that organization’s innovation culture can be understood as the entirety of characteristics of organization culture that enables its innovative activity.

Organizational innovative culture impacts organizational innovation capabilities at the three levels: individual, group and organizational levels, plus in case of the micro enterprise interorganizational level has to be studied, as interorganizational networks are crucial for access to knowledge and competencies for innovation activities. Following Ahmed (1998), personality traits and cognitive factors form the individual level of organizational innovative culture. Creative individuals demonstrate the following characteristics: high valuation of aesthetic qualities in experience, broad interests, attraction to complexity, high energy, independence of judgment, intuition, self-confidence, able to accommodate opposites, persistence, curiosity, energy. Cognitive factors are associative fluency, flexibility, fluency of expression, figural fluency, speech fluency, practical ideational fluency, originality. According to Decastri and Paparelli (2008), Janiunaite (2007), at the individual level personal creativity, independent thinking and quick orientation in unexpected situations, unconventional solutions of problems are key determining factors that contribute to further levels of organizational innovation culture. Other researchers (Tidd and Bessant, 2009; Lesnickaitė, 2009) emphasize the importance of continued learning, openness to change, self-confidence, social activity, and personal vision. Still, these personal features have to be supported by organizational practices in order to become an integral part of organizational innovation culture. Goffin and Mitchel (2005) indicate that it is crucial to give the employee full access to the knowledge domain in which he/she is active, motivating him/her to develop a passion for the subject in which the organization is operating, and providing the key time to immerse, indulge himself in the
issues, and even ensure the conditions and resources for creativity.

At the group level the literature (Tidd and Bessant, 2009; Katzenbach and Smith, 1993; Dodgson, Gann and Salter, 2005) highlights the need of a cross disciplinary teams, based on the established variety of individual and skills on a group base. Von Stamm (2008) defines a group as the backbone of innovations, and claims the need of establishing team based work operations at the group level. Goffin and Mitchell (2005), Midgley (2009) distinguish few types of teams, which are effective as a unit: functional, multi-functional, autonomous and virtual. It is important to consider the most appropriate team structure for each innovation project (Alisauskas, Karpavicius and Sepušienė, 2005). According to Jones (2009), teams function best when they are autonomous, configured with the best members for the task, connected to customers and to an organizational value web, skilled in disciplines associated with innovations, and incentivized and measured.

The organizational level is the most complex to determine. According to Martin and Terblanche (2003), organizational culture is defined as ‘the deeply seated (often subconscious) values and beliefs shared by personnel in an organization’. Organizational culture manifests as daily routine behaviour, norms, values, philosophy, rules and feelings that are accepted in the organization. It causes the organizational understanding of settled ways about how things should be done and problems be solved. Smith et al. (2008) define communication, collaboration and tolerance to risk as the main factors that disclose organizational culture. The researchers’ point of view is that ‘organizational culture is often intrinsic to the way an organization functions and the values it engenders within its operation’ (Smith et al., 2008, p. 663) coinciding to Martin and Terblanche (2003) above. Tidd and Bessant (2009) note that challenge, freedom, dynamism, future orientation, trust, openness, debates and flexibility are key elements. According to the research literature (Ahmed, 1998; Conway and Steward, 2009; Povilaitis and Ciburiene, 2009; Andriopoulus and Dawson, 2010), innovation is driven by organic structures with features like freedoms of rules, participative and informal, face to face communication, non-hierarchical, outward looking and information flow downwards as well as upwards.

At the inter-organizational level, networking and partnership are the core processes trough which organizational innovation culture manifests itself, and thus its profile may be captured. The user involvement, networking and partnership are common factors in developing organizational innovations (Becker and Whisler, 2001). Key focus with regard to innovation at the interorganizational level is given to the benefits of sharing knowledge and gaining experiences form other organizations and also customers (Decastri and Paparelli, 2010). As Tidd, Bessant and Pivot (2005) note, partnership has a large impact not only on the emergence of new ideas and competences; it also produces positive effects in costs, risk and time reduction. Openness and user involvement in organizational innovation processes keeps the organization focused on relevant innovation (Rayman, 2010). Most of organizations are involving users in order to collect the experience and to improve services (Conway and Steward, 2009).

In the case of micro enterprises, particular attention should be paid to leaders, as they are organizing and orchestrating innovation processes that in most cases are weakly supported by the organizational structures and infrastructures (as an opposite to large organizations). Thus, the main source of permanent innovations in the micro organization resides within the leader. According to Tidd and Bessant (2009), the leader is not enough to provide a passive, supportive role. A leader should demonstrate holistic approach and open-mindedness in order to pursue innovation, set the goals and apply techniques to reach the vision (Melnikas, Jakubavicius and Strazdas, 2000; Ziogeline, 2010; Deschamps, 2005). Ahmed (1998) notes that it is important to foster favourable conditions for creativity and provide both financial and emotional support. At the micro organization a leader has to be active in all organizational levels: as a creative and self-trusted individual, forming and working as a team member at the group level, and be holistic and insightful leader at the organizational level, facilitator and knowledge agent at the inter-organisational level.

Having discussed the levels of analysis of organizational innovation culture, we should look for the framework that would reveal the dynamic features of organizational innovation culture. Ahmed (1998) points out that ‘to examine culture in isolation is a mistake, and to simply identify one type of culture and propose it as the panacea to an organization’s lack of innovation is to compound that mistake’. Petraite et al. (2012) points out that the concept of organizational innovation culture “remains rather loose and weak for empirical testing and action, unless it is linked with the organization related ‘tangible’ features and processes”. The common organizational characteristic, supporting innovation culture, are orientation to flexibility, cooperation, teamwork, strengthening of trust among organization’s members, openness to changes, new ideas, inducement of creativity, risk tolerance and orientation to learning (Tidd, Bessant and Pavitt, 2005). Dombrowski et al. (2007) presented eight elements defining innovation culture in an organization: innovative mission and vision statements, democratic, lateral communication, collaboration, safe spaces, flexibility, boundary spanning, incentives, and leadership. Innovative culture may be characterized by both universal and specific to every social milieu/organization characteristics, attitudes and models of performance.

Within the framework of entire study, the conceptual framework for innovation culture analysis in an organization was adopted from the organizational innovation culture studies (Janiuaitė et al., 2011), which focus on the development of organizational components and their coherencies, and apply systemic approach. The framework for analysis integrates the most important dimensions of organizational design, that could be
assigned to the ‘hard’ organizational dimensions, such as organizational structure and infrastructure, regarded here as the key defining constituents for organizational processes, business model determined factors such as strategy, including vision, mission, and related performance measurement and monitoring systems, but also ‘soft’ organizational factors, such as leadership and management practices, including support for innovation activity, organizational processes, important for innovation – organizational learning and communication, and networking activities. The organizational determinants were linked to the innovation culture characteristics, as extracted from literature, and transferred into the diagnostic tool (Janiunaite, Petraite and Jucevicius, 2011).

**Methodology for the case study based analysis of organizational innovation culture**

In order to draw the profile of innovation culture in Lithuania’s creative industry micro enterprises and to identify key factors that influence the consistent development of innovations, case studies of four selected companies were conducted. The empirical research methodology was based on the diagnostic tool for organizational innovation culture analysis, developed by Janiunaite, Petraite and Jucevicius (2011). The tool was converted into a semi structured interview; it covered all of the original components, as proposed in the model by Janiunaite, Petraite and Jucevicius (2011). The interview was based on the seven analytical blocks that disclose organization’s innovative culture: 1) organizational strategy in innovation’s context proposing vision, mission and action plan to reach the goals of the company; 2) organizational structure: flexibility, formality, outward looking, decentralization and hierarchy; 3) organization’s infrastructure role in reaching work efficiency, importance of physical space; 4) communication about innovative activity in the organization, communication channel efficiency; 5) organizational learning, methods of learning and singleness; 6) management and leadership, leader’s support to innovation activity, attitude to employees, and 7) networking and partnership, cooperation with other organizations and educational institutions.

Four companies were selected for the case study from Lithuanian creative industries that also corresponded with the characteristics of the micro organizations. The first company provides a complex of artistic solutions in the field of advertising and commercial development. Total number of employees is 5; 4 of them designers (plus an accountant), working in an innovative regime in order to leadership in the national and international contexts. The company is active since 2007, and is impacting the trends in creative content development for advertising, nationally. The company has high reputation for the professionalism and creativity among other enterprises from the creative sector, and its customers. The second company in the case study is well known for its creative solutions for web development. It specializes in short-term real estate rentals and offers professional services to of reservation system. Since 2009 the company employs 8 employees and claims micro size to be one of the key factors to support organizational creativity and flexibility.

The third company is provides creative IT solutions for large manufacturers in IT sector. By using creativity and professional technical skills of 9 people, in 2008 they have created an original product— illustrations editor. Organizational success is supported by designers and the manager, who implement creative and innovative organizational culture. The forth company in the case study provides design solutions for housing and living lifestyles. It operates on the international scale, and employs five employees on a permanent base. The business network of the company is covering Europe and the near East, including Russia.

The respondents were interviewed at the work place and the length of the interviews was on average 70 minutes. The interviews were recorded with an audio recorder and then transcribed. The transcripts were transferred to the processing program MAXQDA10: characteristic quotes were noted and grouped into the 8 different blocks that are described below. This ensured a more reliable qualitative content analysis and representation of research results analysis.

After the interviews were conducted, only featuring common statements were distinguished and determined as common factors of organizational innovation culture. In addition, qualitative meta-analysis was carried on in order to understand the interrelationships between various factors.

**Analysis of innovation culture determinants within the creative sector: case study of selected micro enterprises**

The analysis of empirical data is organized across the seven factors: 1) organizational strategy, 2) organizational structure, 3) organization’s infrastructure, 4) communication, 5) organizational learning, 6) management and leadership, 7) networking and partnership, on the four organizational levels, i.e. individual, group, organizational and interorganisational.

With regard to organization’s strategic approaches towards innovation, the managers of the enterprises stated that innovation strategy is a strategy that promotes the development of a new product or service, but none of them emphasized explicit statement of innovation in the firm’s strategy. They do not even have one, but they know that part of enterprises’ strategy is customer orientation. As they are in micro organizations, the respondents do not think it is necessary to create a strategy in a formal way, to note explicitly innovations as a high importance factor and state it to employees, as it is a more embedded feature in all organizational processes. As all respondents claim, there is no need to do this because they are sharing the strategy by talking and doing it informally and on a constant basis (‘We are only five people. We are changing our strategy quite often and it comes spontaneously’. ‘It depends on what we experience that day, what our clients are responding to us and then we sit and talk about our goals’). Even though leaders have a clear vision of the
company, they believe all employees know it and there is no need to state it explicitly. The strategy is executed on a daily basis because the companies are operating on the niche markets. A strong orientation to maintain a micro size organization has occurred while talking about the general business strategy ‘organization is made up of little people, it’s more efficient and innovations are coming faster in the nature’.

Analysis of organizational structure favourability to innovations revealed classical advantages of the small size, such as flexibility and agility. Horizontal structure was confirmed by all the case study companies - ‘We are a flat company’, ‘There’s no hierarchy at all in our organization’. ‘There’s no boss, no chief. We don’t have such things. Everybody is equal’. Respondents demonstrate collaborative approach to the employees and reject any formalization or hierarchy building. The professional based leadership was also found as a common feature. (‘We all like to gather in a conference room and discuss how one or another problem should be solved. Sometimes we discuss so much that we even forget to eat lunch’). Each respondent claimed the importance to support employees’ initiatives, nurture each individual’s freedom and autonomy. The role of freedom, flexibility and creativity are clearly stated in these organizations (‘Everybody knows I encourage to create new projects’; ‘If somebody wants to do something in addition, it’s great. And they can do it; of course it must be related to organizational interest and goal’). The high degree of employees’ freedom in decision making and in solving problems is positively related to the level of innovations in an organization. In case of micro enterprises, organizational structure emphasizes certain values which influence the promotion of creativity and innovations in organizations.

In terms of organizational infrastructure favourability to innovations, the importance of physical spaces facilitating creativity occurred. The respondents agreed that it makes a big impact on employee’s psychological conditions and inspirations. Common workspace, cosy environment, books, paintings on the walls, games, and a little kitchen with all needed equipment were common in respondents’ offices. This makes the employees to feel free, to read a book whenever they wanted or play some games together with other employees and feel relaxed during breaks (‘At the workplace employees can listen to music, drink coffee, talk to others beside, and etc. This makes them feel like at home, and I think it’s great they enjoy the time at work’). Furthermore, the important role is given to the IT in internal and external communication. Flexible workplace and free work hours combined with modern IT systems, allow employees to chat virtually from anywhere (‘We are always in touch. Skype, e-mails helps to update the others, working from home. There’s never lack of communication between us’; ‘We have ‘Team foundation system’, it’s very useful to log ideas and problems, and the technical department is always updated’). The respondents pointed the fluent and constant communication with customer as a crucial factor for business success. During the course of innovation development and service provision, they get feedback from the customers immediately (‘We have one girl who is always in touch with our customers. She helps them to find functional settings, discover new opportunities of our program’; ‘The consultant not only helps our customers, but also edits tutorial, how to use our system. She is always in the process of editing and updating because we add quite often, mostly depending on the clients’ needs, some new features’). Due to convenient and rapid information technology solutions installed in these organizations, the permanent contact with the customers is kept at a very efficient level, and provides customer inputs into the design of new product and service.

Communication for innovation is closely linked to the organizational infrastructure. This includes ‘communication channel efficiency because of the small amount of employees and common working space’, as well as communication with customers that has been discussed above.

Organizational learning for innovations. According to the respondents, this is most integrating internal and external factor that holds a big role in the innovation process. This includes not only gaining new knowledge in conferences and trainings which all respondents support greatly, but also the possibility to learn from the daily experiences (‘I totally agree we are learning in every step we take. If you can notice that and find this knowledge – it’s valuable then’; ‘We have so many different roles in our life – being a son, father, chief, public figure you can gain new experience and knowledge every single day. It’s just all about flexibility and complexity’). Competitor analysis is concerned as part of organizational learning for innovation as well: ‘You must create new ways to leave your competitors far behind’.

With regard to management and leadership for innovation, all the respondents pointed out that one of the biggest challenges in management is to create informal, but also high-level requirements for the employees (‘Although I have friendly and close relationships to employees, they know high requirements in our organization’. ‘You can play, rest, work in the way you want, but you must do what you need to do and even more’). Indeed, all leaders are friendly, empathetic to employees and leave the freedom to set their own work schedule. The next common characteristic is that there is no attention paid to formal education (‘we have two programmers that have no education, but they are best in the whole Lithuania’). The respondents do not attach a lot of importance to formal education because they believe in the individual interest and wish. This is a necessary prerequisite in hiring procedures across all companies in the case study. Regarding the leadership, the professional and mentorship-based leadership dominates, whereas the leaders are acting as creative workers, informal trainers and teachers to the others (‘I’m always interested in new opportunities and as soon I find something, I share it and teach also the others how to use that program’).

Networking and partnership in developing innovations by the case study companies is expressed via strong connection and collaboration with customers. It is regarded as a necessary component in developing or creating new
Table 1

<table>
<thead>
<tr>
<th>Level</th>
<th>Expression of an individual level</th>
<th>Expression of a group level</th>
<th>Expression of an organizational level</th>
<th>Expression of an inter-organizational level</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organizational Strategy</strong></td>
<td>Self-initiative in reaching organization’s goals</td>
<td>Teamwork in achieving the objectives</td>
<td>Collective attempts to fulfil customers’ expectations</td>
<td>Achievement of objectives by using external knowledge</td>
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<tr>
<td><strong>Organizational Structure</strong></td>
<td>The freedom and flexibility in setting working hours, methods and alternate spaces</td>
<td>Competence based group dynamics, rapid allocation of tasks across the projects and customers between the team members</td>
<td>Flat-hierarchy, liberal relationships</td>
<td>Constant and informal communication with customers</td>
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<tr>
<td><strong>Organizational Infrastructure</strong></td>
<td>Relaxed, creativity supporting workspace, supporting IT applications</td>
<td>Human friendly infrastructures, facilitating non-stop informal communication and collaboration spaces for mutual support</td>
<td>Common working space influence, openness in sharing explicit and tacit knowledge</td>
<td>IT systems supporting interaction with customers and creative partners</td>
</tr>
<tr>
<td><strong>Organizational Communication</strong></td>
<td>Rapid obtaining of the necessary information from colleagues</td>
<td>Competence and knowledge sharing by fluent communication channel</td>
<td>Small number of employees supporting efficient informal communication</td>
<td>Immediate and constant communication with the customers</td>
</tr>
<tr>
<td><strong>Organizational learning</strong></td>
<td>Free choice of learning tools, individual competence development strategies</td>
<td>Promotion of rotation of roles for gaining new insights</td>
<td>Collective learning from experiences on the daily base</td>
<td>Competitor driven learning and experience gathering from external networks</td>
</tr>
<tr>
<td><strong>Management and Leadership</strong></td>
<td>Priority to skills, talent and motivation vs. formal education</td>
<td>Unconventional thinking, encouraged creativity</td>
<td>Decentralized decision making, low level of control</td>
<td>Support and stimulation of learning and gathering the information from the outside of the organization</td>
</tr>
<tr>
<td><strong>Networking and Partnership</strong></td>
<td>Individual networking with the “outside” environment for common goals</td>
<td>Enhancement of internal collaboration and knowledge sharing</td>
<td>Customer orientation as a source of innovative ideas</td>
<td>User involvement in the generation of new innovative ideas</td>
</tr>
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</table>

The respondents stated that there is no need to cooperate with other organizations or higher education institutions. They admit the benefit of collaborating, but now they are satisfied with the current situation, and as mentioned above, it is even part of strategy to remain a micro organization.
Discussion

The case studies of innovative micro enterprises from the creative sector industries in Lithuania revealed several important features, that are summarized across the organizational factors and the levels of analysis. First, in terms of organizational strategy, innovation is not well understood, neither stated explicitly. The customer orientation and partnership seems to be a key focus of the strategy. However, it may occur also the key hindering factor in the long run, as it drives the companies towards the incremental innovations, but limits their ability to develop new bases for competition. Second, this statement is also supported by the weak diversity of networks that companies were able to establish. Networking and partnership with the customer is necessary, but far insufficient component to develop sustainable knowledge bases for innovation and innovative solutions, especially in the creative industry sector. Customer centric organizational learning also supports relatively safe positions of the enterprises in today’s markets, but creates few opportunities for the innovation for the future markets, and limits the scope of opportunity search and idea generation from other knowledge bases, i.e. partners, suppliers, R&D and creative institutions. From the positive side, we could not, that the small size of the enterprise is directly supporting innovation dynamics within the given markets, and continues improvement. Communication, flexibility of work, informality at both organizational hierarchies and educational levels, support the dynamic exchanges of knowledge and ideas within the organizations, but also with the external environments. However, the general profile indicates the potential risks for future developments, and the companies face the lateral need to acquire new networking and partnership capabilities for future innovation.

While looking at the innovation culture manifestation across organizational levels, one may see that most of the dynamics is provided at the group level, in relation to creative innovative teams. Organizational level is only used to support team work, but is weakly exploiting the opportunities to enrich organizational teams with external partners, and thus ensure the dynamics of innovation capabilities. In fact, teams relay on individual creativity, and its combination at the group level, which, given the micro size, is of very limited diversity, and thus of limited scope in terms of knowledge and creativity inputs for innovation. Indeed, organizational learning processes are not established either, especially in terms of knowledge absorption from outside, and thus, hindering internal innovation capabilities. Organizational structures and infrastructures partially are compensating this shortage while allowing occasional networking and creative search for ideas form the external occasional environments, but it might be insufficient in the long run.

In conclusion, micro enterprises of the Lithuanian creative sector represent typical features of entrepreneurial enterprises at their first development stage, but given the period of their operation (3-10 years) and orientation towards maintaining a micro size, this also leads to organizational rigidity and limited diversity, that is a necessary prerequisite for high value added innovation, in the creative sector as well.

Conclusions

The analysis of innovation culture formation within micro enterprises of the Lithuanian creative industry sector has led to the several conclusions.

First, despite the fact of belonging to the creative sector, the micro organizations follow the common logic of entrepreneurial organizations at their initial stage of development, i.e. strong leadership, weakly shared vision with the rest of the employees, such modern forms as joint visions of creative workers, cooperation in support of individual performance of creative worker was not approach.

Second, the micro organizations benefit from the classical advantages of the small size in terms of communication, creativity facilitation in organizational routines, explicit and tacit knowledge exchanges, mainly limited to internal group activities, but they lack essential organizational features that would ensure sourcing of knowledge across creative industry networks, and ensuring the diversity of knowledge sources and ideas for innovation from outside. Thus, while remaining micro size and driven by internal creativity resources, the micro organizations risk running out of the innovative landscape and competition in the long run.

Third, leadership styles, though demonstrating dynamic leadership features across the team, remain more of professional competence and experience based mentoring style, but not coaching, which would increase the original creativity of the employees.

The positive fact is that despite of the small size, the organizations do not rely on the informal ad hoc organizational flows, but are systematically introducing IT based networking platforms for internal and external communication. The core weakness of the external communication is that it is systematically organized only around one curtail, still insufficient source of ideas – the customer.

To conclude, despite the fact that micro enterprises are dominating over the sector, and much attention is given to them, it is hardly feasible for them to drive the sector’s growth to a significant economic activity, as they lack professional approaches towards innovation management and are not capable to form modern forms for innovation activity, such as dynamic networks for innovation, communities of practice, experience based learning networks, etc.

The future of the creative sector will depend very much on the public policies and their impacts on developing contemporary innovation capabilities and innovation cultures within micro enterprises in assisting them overcoming the shortages listed above.

The future research should focus on the larger enterprises of the creative sector, and their innovation cultures, with the aim to reveal their capabilities to become the growth and innovation driver of the sector.
References

Organizacijų inovacijos kultūros bruožai ir mikro įmonės

Disposed of unitive cultures micro firms: Case Studies from Lithuanian Creative Industries

M. Petraitė, J. Čeicytė
infrastruktūros minėtus trūkumus kompensuoja iš dalies įgalindamos atsitiktiną tinklaveiką ir idėjų absorbavimą į atsitiktinių išorinių aplinkų.

Apibendrinant tyrimo rezultatus, formuliuojamos tokios pagrindinės išvados:

Pirma, nepaisant priklausomybės į kūrybiškų industrijų sektorių, mikro organizacijos atitinka bendrą antrepreneriškų organizacijų profilį ankstyvose vystymosi stadijose, t.y. pasižymi stipria lyderyste, silpnai pasidalinta vizija, bendradarbiavimas siekiant įgalinti individų veiklos efektyvumą, nepasiebėta.

Antra, mikro organizacijos naudojasi klasikiniais savo mažumo sąlygotais privalumais, tokiais kaip sklandi komunikacija, įgalios įgalinimas per organizacines rutinas, išreiškiantys ir neišreikštinę žinių maina, daugiausia riboti vienumo grupėje, tačiau stokojantys esminių organizacinių dimensijų, kurios įsilaužtų apsirūpinimą įvairiais žinių šaltiniais ir inovacijos idėjomis, grindžiamas profesine kompetencija ir patirties, bet ne išliudinančia lyderyste, kuri įgalinčia kūrybingų darbuotojų originalumą ir įgalios kūrybiškumą.

Trečia, lyderystės stiliaus, nors ir pasižymintis dinaminės lyderystės bruožais, grindžiama profesine kompetencija ir patirties sąlygota mentorys, bet ne uždanga įposaliedi, kuri įgalinčia kūrybingų darbuotojų originalumą ir kūrybiškumą.

Pozityvūs OIK bruožai yra diegiant IT sistemos veiklą, taičiau šiuolaikinio tinklaveikos galimybės, tiek įvairiausiose išorinėse veiklos formose, tiek įvairiuose projekto pirmininkų veiksniuose. Apibendrinant galima teigti, kad kūrybiškų industrijų mikro įmonės, nors ir dominuojancios sektoriuje, néra pajęgios suformuoti profesionalios inovacijų vadybos sistemas ir sukurti šiuolaikinį inovacijos veiklos formų, tokių kaip dinamiški inovacijų tinklai, praktikos bendruomenes, patirtimi grindžiami mokymosi tinklai ir pan. Tolimesni tyrimai turėtų koncentruotis į stambesnes įvairios industrijų sektoriaus įmones, siekiant identifikuoti jų gebėjimą tapti sektoriaus augimo ir inovacijų „varikliais“, nes mikro įmonės tokių gebėjimų šiuolaikinė neturi ir ne kryptingos inovacijų politikos jų įgyti nesugebės.

Reikšminiai žodžiai: inovacinė kultūra, mikro organizacija, inovacijų vadyba, kultūros veikla, inovacijos, struktūra, mikro įmonės, inovacijų veiklos formų, dinamiški inovacijų tinklai, profesinė vadyba, vadybinė kultūra.
### Features of Organizational Innovation Cultures in Micro Enterprises, as Quoted from the 4 Case Study Companies in Creative Industry Sector

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<th>Category</th>
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<th>Supporting Statements</th>
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<td><strong>Organizational Strategy</strong></td>
<td>Low staff retention as a strategic plan</td>
<td>‘We are only five people. We are changing our strategy quite often and it comes spontaneously’ ‘Our organization is made up of few people, it is more efficient so and innovations are coming faster naturally’ ‘It’s so easy to make changes when are only few’</td>
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<td>Strategic orientation to the customer</td>
<td>‘It depends on what we experience that day, how our clients are responding to us and then we sit and talk about our goals ’ ‘Our goal is to become a long-term partner to our customers through creative solutions’ ‘We are trying to change and explore new design solutions that the customer would be always satisfied and would want to come back to us’ ‘We already have our reliable clientele’</td>
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<td>Flat, non-hierarchical organization</td>
<td>‘We are a flat company’ ‘There’s no hierarchy at all in our organization’ ‘There’s no boss, no chief, We don’t have such things. Everybody is equal’ ‘This is not a Soviet enterprise, there’s no pyramid’</td>
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<td>Co-decision tradition</td>
<td>‘We all like to gather in a conference room and discuss how one or another problem should be solved. Sometimes we discuss so much, we even forget to eat lunch’ ‘We are talking and having discussion on Skype if some of us is not at the office’ ‘It’s very important that everyone of employees could make a decision’</td>
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<td>Individual autonomy, freedom of rules</td>
<td>‘Everybody knows I encourage to create new projects’ ‘If somebody wants to do something in addition, it’s great. And they can do it; of course it must be related to organizational interest and goal’ ‘All employees get in their best when they are feeling free and able to implement their ideas’</td>
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<td><strong>Organizational Infrastructure</strong></td>
<td>Creative and comfortable working environment</td>
<td>‘At the workplace employee can listen to music, drink coffee, talk to others beside, and etc. This makes them feel like at home, and I think it’s great they enjoy the time at work’ ‘The physical space of our company it’s not big, but very cozy and everyone feels comfortable’ ‘The most fun is office environment, there’s a little conference room, all kinds of books, even toys and games’</td>
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<td>Information technology for internal communication and contact with the customer support</td>
<td>‘We are always in touch. via Skype, emails helps to update others, working from home. There’s never lack of communication between us’ ‘We have ‘Team foundation system’, it’s very useful to log ideas and problems, and the technical department is always updated’ ‘We have one girl who is always in touch with our customers. She helps them to find functional settings, discover new opportunities of our program’ ‘The consultant not only helps our customers, but also edits tutorial, how to use our system. She is always in the process of editing and updating because we add quite often, mostly depending on the clients’ needs, some new features’</td>
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<td><strong>Organizational Communication</strong></td>
<td>Fluent communication channels</td>
<td>‘Communication channel efficiency because of the small amount of employees and common working space’ ‘Any kind of information in the organization spread very quickly’ ‘Communication is very easy and efficient in our company, there’s no need to make some meetings’</td>
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<td><strong>Organizational learning</strong></td>
<td>Daily basis learning in the different kind of roles</td>
<td>‘I totally agree we are learning in every step we take. If you only can notice that and find these knowledge – it’s valuable then’ ‘We have so many different roles in our life – being son, father, chief, public figure you can gain new experience and knowledge every single day. It’s just all about flexibility and complexity’</td>
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<td>Organizational learning from competitors</td>
<td>‘You must create new ways to make your competitors leave far behind’ ‘Much can be learned from the competitors’ ‘Technological learning is important by analyzing mistakes of competitors’</td>
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<td><strong>Management and Leadership</strong></td>
<td>Informal, but on the responsibility based relationships</td>
<td>‘Although I have friendly and close relationships to employees, they know high requirements in our organization’ ‘You can play, rest, work in the way as you want, but you must do what you need to do and even more’ ‘My employees are very responsible although I never remind them to be’</td>
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<td>Prioritization of talent and skills rather than formal education</td>
<td>‘We have two programmers that has no education, but they are best in the whole Lithuania’ ‘University gives only bases, the rest you must create on your own’ ‘Person can come to me without any education, but the most important is his creative potential’</td>
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<td>Being example in innovation process</td>
<td>‘I’m always interested in new opportunities and as soon I find something, I share it and teach others how to use that program’ ‘I like consistent going to a perception, I can’t stand monotony’ ‘My employees are keen, as me, I could say’</td>
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<td><strong>Networking and Partnership</strong></td>
<td>Focusing on customer’s needs in innovation process</td>
<td>‘I do always relay everything what customers say and how evaluate our products. That’s the way to go further and to improve our quality of services’ ‘I agree that customers’ feedback force us to perfection. As we have only one program, which they use, without their help we wouldn’t be one of the leading companies in creative industries’ ‘Communication with the customer in innovation process is essential’</td>
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