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**A Comparative Study Examining the Effects of High Performance Organizational  
Culture on Organizational Innovation, Flexibility and Competitiveness**

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## ABSTRACT

### **A Comparative Study Examining the Effects of High Performance Organizational Culture on Organizational Innovation, Flexibility and Competitiveness**

The main purpose of this study was to advance extant knowledge on organizational competitiveness and innovation by examining the effects of high performance culture on innovation, flexibility, and competitiveness in two different organizational settings representing two different industries. High performance organizational (HPO) culture in this study was defined in terms core and complimentary cultural characteristics stemming from the three system level organizational development theories, namely Sociotechnical systems theory (STS), Quality Management theory (QM), and Learning Organization (LO) theory. The HPO construct was operationalized in terms of the following cultural dimensions: quality driven culture; technology driven culture; change driven culture; effective knowledge management; support for creativity; open communications; and, the core values of respect and integrity. As shown in Figure 1, the HPO construct was hypothesized to have direct effects on organizational innovation (H1a) and flexibility (H1b), which in turn were hypothesized to have an impact on organizational competitiveness (H2a & H2b). Organizational competitiveness was then hypothesized to have an impact on profitability (H3).

The data analysis of this study was based on the 587 survey responses received from employees of a multinational manufacturing corporation in the US, as well as 303 responses received from registered nurses working in a health care system in the Midwest. In short, the SEM results stemming from the manufacturing dataset reflected strong effects of HPO on innovation ( $\beta=0.83$ ) and flexibility ( $\beta=0.75$ ). In the health care setting the  $\beta$  values were found to be 0.74 and 0.78 respectively. Innovation in turn was found to have a much stronger effect on competitiveness ( $\beta=0.79$ , manufacturing setting;  $\beta=0.75$ , health care setting) than flexibility ( $\beta=0.12$ , manufacturing setting;  $\beta=0.14$ , health care setting). The results further indicated large effects of competitiveness on profitability ( $\beta=0.86$ , manufacturing setting;  $\beta=0.80$ , health care setting).

In all, the results of the study supported all study hypotheses in both settings, thus providing supportive evidence with regard to the generalizability of investigated the model. Moreover, the study findings provided empirical evidence with regard to the strong impact of high performance cultures on organizational competitiveness, thus exemplifying their importance when creating highly effective organizational systems.

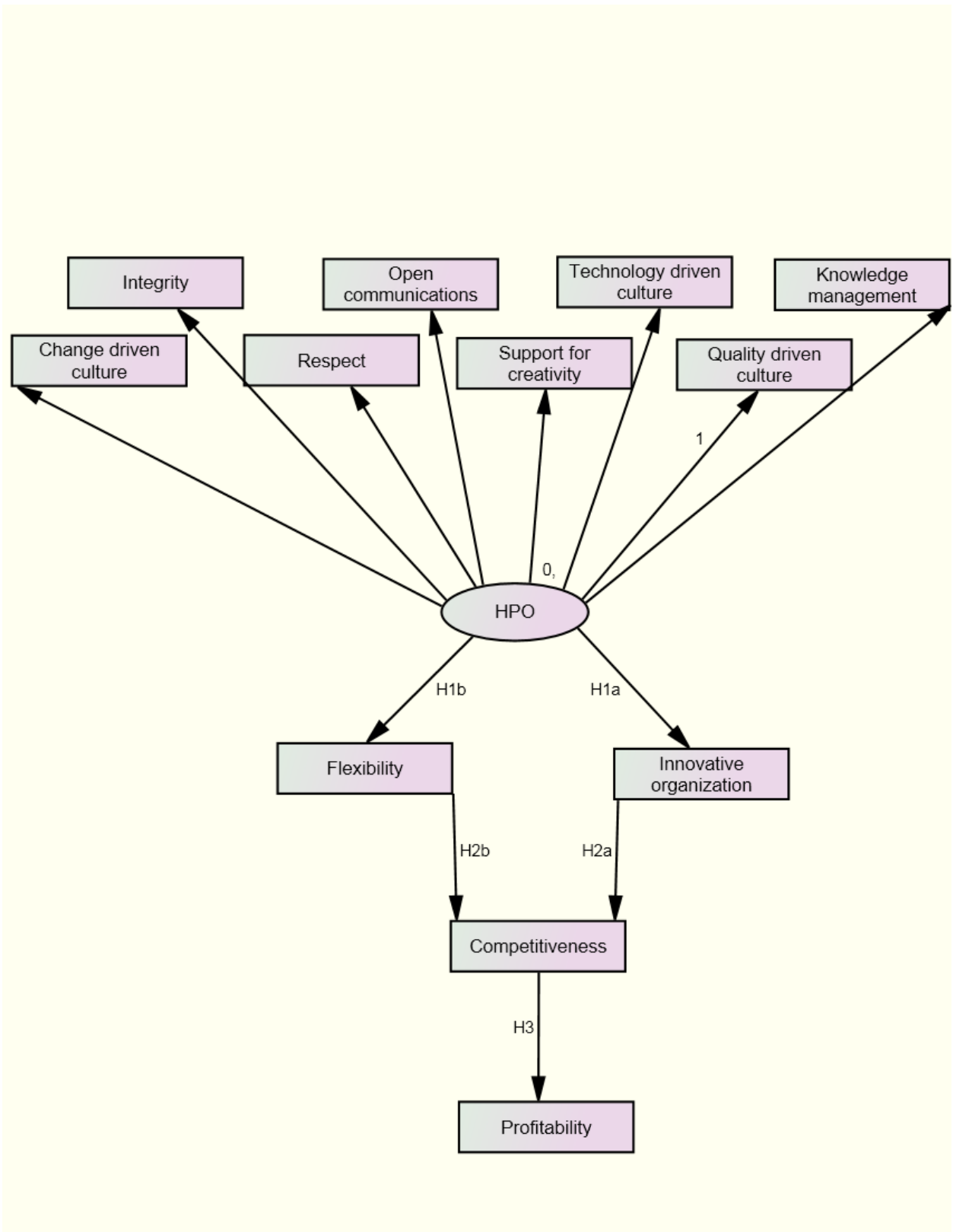


Figure 1. Hypothesized model