

Transformational Leadership, Organizational Culture, and Innovativeness in Nonprofit Organizations

Kristina Jaskyte

This is an exploratory study of leadership, organizational culture, and organizational innovativeness in a sample of nonprofit human service organizations: Associations of Retarded Citizens. Although leadership has been held out as one of the most important predictors of innovation, this study found it was not correlated with organizational innovativeness. Examination of the relationships between leadership and cultural variables provided some alternative explanations for this finding. Positive relationships among transformational leadership, organizational values, and cultural consensus (degree of agreement among employees on those values) indicate that leadership practices employed in this sample created strong cultural consensus around values that may inhibit innovation. These findings suggest that examining the link between leadership and organizational culture is important for understanding how leadership and innovation are related. This article sets out practical implications, based on the results of the study, that may help nonprofit managers create workplaces supportive of innovation.

MULTIPLE CHANGES in their external environments are forcing nonprofit organizations to search for new and more effective ways of service delivery. As innovation becomes critical to the survival of these organizations, it is important that nonprofit managers know how to shape and influence the work environment to make it conducive to creativity and innovation. An understanding of the factors affecting an organization's capacity to innovate is central for succeeding in such efforts.

One of the major factors repeatedly suggested to affect innovation is leadership (King, 1990; Osborne, 1998; Schin and

The empirical investigation of the relationship between leadership and innovation has received little attention.

McClomb, 1998; Schein, 1985). Leaders can create and manage an organizational culture that promotes innovation, can be product champions or heroic innovators who support innovation throughout the process of its implementation, and can create organizational structure needed to support innovativeness (Peters and Waterman, 1982; Van de Ven, 1986). Furthermore, they can enhance organizational capacity to innovate by directing resources and energy toward implementing new programs and by lending power and legitimation to innovative activities (Hasenfeld, 1983).

Despite numerous theoretical generalizations, the empirical investigation of the relationship between leadership and innovation has received little attention (Schin and McClomb, 1998; Waldman and Bass, 1991). King and Anderson (1995) noted that academics and managers accept theoretical prescriptions regarding the leadership styles needed to foster innovation despite very limited empirical evidence. Furthermore, in the handful of studies that did look at this relationship, researchers examined only a direct link between various leadership styles and organizational innovativeness (Howell and Higgins, 1990; Pierson, 1994; Schin and McClomb, 1998). The proponents of alternative views suggest that it is too simplistic to argue that organizational innovativeness is determined primarily by leaders because leadership is mainly a perceptual phenomenon and because other organizational and environmental variables may account for the apparent effects of leaders (Hannan and Freeman, 1984; Pfeffer, 1977; Waldman and Yammarino, 1999). Thus, to understand the effect of leadership on innovation better, it is important to identify other related factors.

One variable to which leadership has often been linked is organizational culture. Numerous scholars have suggested that these two constructs are tightly intertwined (Denison, 1990; Peters and Waterman, 1982; Schein, 1985; Trice and Beyer, 1993). According to Schein (1985), leaders have a major impact on the formation of organizational culture. Their beliefs, values, and assumptions form the core of the organization's culture from the start and are taught to new members. Leaders can transmit and embed organizational culture through deliberate teaching, coaching, role modeling, reward allocation, recruitment, selection, promotion, and other mechanisms. They can generate employee commitment to innovation by stressing core values and promoting group loyalty. They can set the tone and atmosphere for innovation through the use of organizational symbols, logos, slogans, and other cultural expressions. They can motivate employees to pursue goals that may not have otherwise been attempted, alter employees' values through changes in the psychological contracts (unwritten commitments made between employees and employers), and encourage the need for change (Rousseau, 1996; Schein, 1985; Trice and Beyer, 1993). These propositions demonstrate the importance of considering organizational culture in assessing the relationship between leadership and innovation.

The purpose of exploratory study examined in this article was to investigate transformational leadership, organizational culture, and innovation in a sample of nonprofit organizations. The study focused on the transformational leadership style because of its suggested potential for fostering innovation in organizations (Bennis, 1986; Kouzes and Posner, 1993). Transformational leadership has been defined as a set of observable and learnable practices employed to influence employee attitudes and assumptions and to build employees' commitment to the organization's mission (Kouzes and Posner, 1993; Yukl, 1994). More specifically, the study sought to answer the following research questions: (1) What is the relationship between transformational leadership and organizational innovativeness? (2) What is the relationship between transformational leadership and organizational culture? (3) What is the relationship between organizational innovativeness and organizational culture?

Literature Review

The literature on leadership, organizational culture, and innovation suggests that exploring the relationships among these variables might contribute to a better understanding of the processes that influence innovation.

Leadership and Organizational Innovativeness

In their attempts to understand the relationship between leadership and innovation, scholars have sought to identify leadership styles appropriate for fostering innovation. Some authors suggest that supportive, participative, vision setter, democratic, and collaborative leadership styles are effective in encouraging innovation (Coopey, 1987; Farris, 1973; Schin and McClomb, 1998; Quinn, 1988; Van de Ven, 1986), and others identify transformational leadership as the ideal style for promoting innovation (Bass, 1985; Howell and Higgins, 1990).

Transformational leaders are future oriented, open-minded, dynamic, and concerned about planning (Harris, 1985). They renew employee commitment to the organization by redefining organizational mission and vision (Roberts, 1985). Transformational leaders expect employees to think beyond themselves and to become high performers and leaders themselves (Bass, 1985). They use charisma, individualized consideration, inspiration, and intellectual stimulation to stimulate creativity and enhance employees' capacity to innovate. Transformational leaders seek to unite employees and encourage them to make the organization's vision a reality (Bryman, 1992).

Kouzes and Posner's theory of transformational leadership (1987) defines leadership as a set of five observable, learnable practices: challenge familiar organizational processes, inspire a shared vision among employees, enable employees to act in accordance with

*Transformational
leaders seek to
unite employees
and encourage
them to make the
organization's
vision a reality.*

their vision, model the way for employees to perform, and encourage employees through recognition and celebration of success. If leaders model and demonstrate these practices, they should develop followers with similar behaviors.

Challenging familiar processes entails such activities as searching for new opportunities, experimenting, and taking risks. Leaders challenge organizational systems to create new programs, services, and processes. Inspiring shared vision means that leaders seek to envision and articulate the future and enlist support from others to join in pursuing new directions. Leaders use their personal vision, beliefs, and values to create organizational vision and to motivate employees to become part of it (Bennis and Nanus, 1985). Leaders enable others to foster collaboration and teamwork. Modeling the way focuses on setting an example and planning small wins. Finally, encouragement of the organizational heart involves invigorating workers, showing them how they can win, recognizing their contributions, and celebrating accomplishments (Kouzes and Posner, 1993).

Leadership and Organizational Culture

It has been suggested that leaders can help develop, shape, and maintain a desired organizational culture and that they may affect organizational innovativeness by creating new sets of shared values (Conger and Kanungo, 1987; Schein, 1990; Trice and Beyer, 1993). When organizations first form, leaders have a major effect on the emerging culture. At that point, they are “definers” and “givers” of culture, who can create and infuse the values, beliefs, and assumptions that they believe are necessary and good for the organization (Denison, 1990; Schein, 1990). As an organization grows and develops, employees draw on their own experiences, and the resulting culture reflects the total group’s experience as well as those parts of the founders’ beliefs that seemed to work in practice.

An examination of the leader’s role in the creation of an organizational culture supportive of innovation must consider what values that person seeks to reinforce. A number of authors suggest that the leader’s values for change and innovation influence the organization’s level of innovativeness. By upholding values that support risk taking and innovation, leaders encourage their acceptance by other members of an organization, which will shape the organization’s level of innovativeness (Chatman and Cha, 2003; Cummings and Huse, 1989; Hasenfeld, 1983; King and Anderson, 1995).

The extent to which organizational values are shared among employees (cultural consensus) is another important point to keep in mind when linking leadership and organizational culture. It has been suggested that the degree of buy-in to the leader’s culture-related messages determines the homogeneity or heterogeneity of organizational culture (Waldman and Yammarino, 1999). Employees will be more likely to be committed to and identify with the leader if this

person's vision is based on the values and moral justifications that are acceptable to the employees (King and Anderson, 1990). If employees do not support the leader's stance, divergent subcultures may arise in the organization (Waldman and Yammarino, 1999).

Whereas some authors argue that innovative organizations have strong cultures, others suggest that strong cultures inhibit innovation (Jaskyte, 2003; Nemeth and Staw, 1989; Sorensen, 1999). Janis (1982) holds that cohesive groups with a strong, directive leader are likely to seek uniformity. In such situations, individuals choose not to express differing views out of fear of ridicule and rejection. In organizations with strong cultures, the directiveness and strength of the leader can stifle the expression of diverse views (Nemeth, 1997). A few studies have shown that the highest levels of innovation occurred in organizations whose leaders had only moderate control over work groups (Farris, 1973; Pelz and Andrews, 1976).

Methods

The following sections discuss sampling and data collection procedures.

Sample and Procedure

The sample for this study consisted of 247 employees of nineteen nonprofit human service organizations, Associations of Retarded Citizens (ARCs), in Alabama. The ARC of Alabama is an affiliate of the ARC of the United States, the leading national organization on developmental disabilities, with over 140,000 members in approximately one thousand state and local chapters nationwide. The ARCs are committed to securing for all people with mental retardation the opportunity to choose and realize their goals of where and how they learn, live, work, and pray. They are further committed to reducing the incidence and limiting the consequences of mental retardation through education, research, advocacy, and the support of families, friends, and community. Focusing on one type of nonprofit human service organization in one state helped to isolate other factors, such as laws, regulations affecting organizational functioning, and funding opportunities, and to clarify the nature of innovation in that subsector.

Questionnaires and stamped self-addressed envelopes were mailed to the executive directors of each organization. A cover letter included in each package explained that the principal investigator would be contacting the executive director to schedule a telephone interview and asking him or her to review the attached interview guide before the interview. The telephone interviews lasted approximately twenty minutes. Each executive director was systematically interviewed about innovations within that organization over the past two years. The interview protocol was developed on the basis of existing typologies of innovation (Perri 6, 1993; Damanpour, 1987).

Whereas some authors argue that innovative organizations have strong cultures, others suggest that strong cultures inhibit innovation.

The executives also provided information regarding their organization's age, number of employees, annual budget, and their own education and age.

Questionnaires for all employees were the Organizational Culture Profile (O'Reilly, Chatman, and Caldwell, 1991) and the Leadership Practices Inventory (LPI; Kouzes and Posner, 1993), as well as demographic questions. Employees were asked to fill out the forms and mail them back directly to the principal investigator, using the postage-paid envelope included with each set.

Of the 743 questionnaires mailed out for this study, 247 were returned, representing an average response rate of 33.2 percent per organization. Because the unit of analysis in this study was the organization, the response rate for each of the nineteen sites was more important than the overall response rate. That response rate ranged from 9.3 to 100 percent.

Instrumentation

This section provides conceptual and operational definitions of the main study variables: organizational innovativeness, organizational culture, and transformational leadership.

Organizational Innovativeness. For the purpose of this study, *innovation* was defined as the implementation of an idea, service, process, procedure, system, structure, or product new to prevailing organizational practices. *Organizational innovativeness* was defined as the number of innovations an organization had adopted within the past two years (Gopalakrishnan and Damanpour, 2000). It was operationalized through thirteen items developed from the Perri 6 (1993) and Damanpour (1987) typologies of innovation. Of the thirteen items, the following six involved administrative innovations: creation of a new performance evaluation system, introduction of a new training topic for employees or volunteers, creation of a new employee or volunteer incentive or reward system, creation of a new recruitment system, creation of a new performance evaluation system, and creation of a new organizational structure or shape. The following items indicated technological product innovations: introduction of new services or programs; significant change in existing services or programs; extension of the services to new groups of clients previously not served by the organization; production of a new product; introduction of a new activity or event for clients, employees, or volunteers; and redesign of a product already being produced into something new and significantly different. Finally, technological process innovation encompassed the following activities: creation of a new way of service delivery and significant conversion of an existing way of service delivery.

In designing the measure, I sought to describe innovations pertaining to all parts of the organization and all aspects of its operation. This was done not only to obtain the most accurate estimate of all innovations that were implemented, but also to help respondents

with their answers. For each of the items describing different types of innovations, the executive directors were asked to indicate the number of innovations implemented, as well as to specify these innovations. The sum of all implemented innovations constituted the measure of Organizational Innovativeness, the dependent variable in this study.

Transformational Leadership. Transformational leadership, defined as a set of practices employed for developing relationships between leaders and employees, was measured by the LPI. This instrument measures leadership behaviors that are consistent with the transformational leadership style, which has been emphasized as ideal for promoting innovation.

The LPI was developed based on case studies of eleven hundred managers and in-depth interviews of thirty-eight managers discussing their “personal best as a leader”—an experience in which they accomplished something extraordinary in the organization. Derived from this analysis were five leadership practices describing more than 80 percent of behaviors discussed in the interviews and case studies: challenging the process, inspiring the shared vision, enabling others to act, modeling the way, and encouraging the heart (Posner and Kouzes, 1988).

All employees were asked to rate a set of thirty behaviorally based statements regarding five leadership practices: Challenging the Process, Inspiring the Shared Vision, Enabling Others to Act, Modeling the Way, and Encouraging the Heart. Each behaviorally based statement was cast on a five-point Likert scale. A higher value represented greater use of a leadership behavior: 1 = rarely or never does what is described in a statement, 5 = very frequently does what is described in the statement.

Posner and Kouzes conducted various analyses that suggested that the LPI has sound psychometric properties. Internal reliabilities with 36,226 subjects ranged from .81 to .90, and test-retest reliability averaged nearly .94. Statistical testing for social desirability bias, using the Marlowe-Crowne Social Desirability Scale, found no significant correlations, indicating that the inventory is unlikely to be affected by this bias. Finally, discriminant analysis showed that the LPI could effectively group managers into various performance-based categories (Posner and Kouzes, 1992).

Organizational Culture. Organizational culture was defined as the set of shared values that help organizational members understand organizational functioning and thus guide their thinking and behavior (Desphande and Webster, 1989). Much of the recent literature on organizational culture acknowledges the guiding and directing role of values as the primary component of an organization’s culture and employees’ behavior (Enz, 1988; O’Reilly, 1989; Rousseau, 1990).

This variable was measured using the Organizational Culture Profile (OCP), developed by O’Reilly, Chatman, and Caldwell (1991). This instrument contains a set of fifty-four value statements,

Much of the recent literature on organizational culture acknowledges the guiding and directing role of values as the primary component of an organization’s culture and employees’ behavior.

twenty-three of which factored substantially alike in numerous studies forming seven value dimensions: Attention to Detail, Innovation, Outcome Orientation, Aggressiveness, Team Orientation, Stability, and People Orientation (Chatman and Jehn, 1994; O'Reilly, Chatman, and Caldwell, 1991; Sheridan, 1992). For this study, I chose to use a shorter version of the OCP that contained only the twenty-three value statements. Employees were asked to rate the degree to which each value statement described their organization, using a five-point scale from "extremely uncharacteristic" to "extremely characteristic."

The cultural consensus analysis routine in the ANTHROPAC program (Borgatti, 1992) was used to analyze the data on organizational culture. Consensus analysis is a technique developed in cognitive anthropology that allows assessing the amount of agreement among individuals about some domain of cultural knowledge (Romney, Weller, and Batchelder, 1986). It provided two estimates of organizational culture: (1) an estimate of cultural consensus, or the degree to which organizational members shared the set of values, and (2) an estimate of the values that were being shared (the content of cultural consensus). To obtain the scores for each of the seven value dimensions (Innovation, Outcome Orientation, Attention to Detail, Aggressiveness, Team Orientation, Stability, and People Orientation), the weighted averages of individual ratings of each value statement, produced by the cultural consensus analysis, were averaged.

Results

Discussion of the main findings of this study follows.

Organizational Characteristics

The ages of the sampled organizations ranged from 12 to 44 years, with a mean of 31.16 years, a median of 28.0, and a standard deviation of 10.64. The number of employees ranged from 7 to 100, with a median of 25, a standard deviation of 27.05, and an interquartile range of 18. The organizations had a mean of 3.05 divisions, with a minimum of 1.0 and a maximum of 8.0 divisions. Seventeen organizations provided services, and two were advocacy groups. The mean number of innovations implemented was 9.25, with a standard deviation of 8.08. The minimum number of reported innovations was 1, and the maximum was 28.

Transformational Leadership, Organizational Innovativeness, and Organizational Culture

Bivariate correlations between the organizational innovativeness and transformational leadership subscales showed no significant relationship (Table 1).

To explore relationships between leadership and organizational culture, bivariate correlations were obtained between the five

Table 1. Correlations Between Organizational Innovativeness, Transformational Leadership, Cultural Consensus, and Seven Value Dimensions

Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. Organizational Innovativeness	1.00													
2. Cultural Consensus	-.570**	1.00												
3. Innovation	.437*	-.139	1.00											
4. Outcome Orientation	-.002	.289	.236	1.00										
5. Attention to Detail	.337	.116	-.043	.282	1.00									
6. Aggressiveness	.430*	-.249	.583**	.345	.456**	1.00								
7. Team Orientation	-.330	.577**	.180	.776**	.060	.213	1.00							
8. Stability	-.554**	.531**	-.084	.658**	.107	-.067	.735**	1.00						
9. People Orientation	-.024	.249	.608**	.565**	-.105	.274	.628**	.525**	1.00					
10. Leadership Total	.289	.728**	.096	.198	.209	.034	.482**	.388	.255	1.00				
11. Challenging the Process	.056	.248	.261	.047	.249	.211	.110	.063	.034	.723**	1.00			
12. Inspiring Shared Vision	-.214	.566**	.139	.116	.255	.165	.328	.284	.148	.928**	.877**	1.00		
13. Enabling Others to Act	-.372	.782**	.066	.235	.125	-.024	.551**	.441	.353	.960**	.527**	.813**	1.00	
14. Modeling the Way	-.104	.648**	-.041	.124	.412**	-.090	.354	.274	.006	.835**	.532**	.692**	.779**	1.00
15. Encouraging the Heart	-.452	.805**	.054	.283	.019	-.035	.621**	.507**	.425**	.920**	.442	.761**	.978**	.697**

*Significant at the .10 level (two-tailed).

**Significant at the .05 level (two-tailed).

The results of this study indicate that transformational leadership may not be related to organizational innovativeness.

transformational leadership scales, cultural consensus, and content of cultural consensus (seven value dimensions). Cultural consensus was significantly positively correlated with overall transformational leadership practices ($r = .728, p < .01$), and with the specific dimensions of Inspiring Shared Vision ($r = .566, p < .01$), Enabling Others to Act ($r = .782, p < .01$), Modeling the Way ($r = .648, p < .01$), and Encouraging the Heart ($r = .805, p < .01$) practices.

The overall transformational leadership practices (the total score for the five subscales) were significantly correlated with the team orientation value dimension ($r = .482, p < .05$). Enabling Others to Act practice was significantly correlated with the Team Orientation value dimension ($r = .551, p < .05$), and Modeling the Way practice was significantly correlated with the Attention to Detail value dimension ($r = .412, p < .10$). Finally, Encouraging the Heart practice was significantly correlated with three value dimensions of Team Orientation (.621, $p < .05$), Stability ($r = .507, p < .05$), and People Orientation ($r = .425, p < .10$).

Organizational Innovativeness and Organizational Culture. Since no relationship was found between any dimensions of transformational leadership and innovativeness and a strong relationship appeared between leadership and organizational culture, I expected that further analyses assessing the nature of the relationship between organizational culture and innovativeness would provide further insight into these complex relationships.

The correlational analyses presented in Table 1 show that organizational innovativeness was negatively related to cultural consensus ($r = -.570, p < .05$), positively related to the Aggressiveness and the Innovation value dimensions, and negatively related to the Stability dimension. Cultural consensus, in turn, was positively related to the Stability and Team Orientation value dimensions.

Lessons for Nonprofit Management

This study provides empirical support for the links between leadership, organizational culture, and innovativeness. Departing from the theoretical propositions that suggest a simple and direct relationship between leadership and innovation, the results of this study indicate that transformational leadership may not be related to organizational innovativeness. Exploring the relationships among leadership, culture, and organizational innovativeness provided some explanation as to why this was the case.

The results of this study showed that leadership practices—Inspiring a Shared Vision, Enabling Others to Act, Encouraging the Heart, and Modeling the Way—supported values of Stability, Teamwork, Detail Orientation, and People Orientation and were significantly positively related to Cultural Consensus. Cultural consensus, characterized by Stability and Team Orientation, in turn, was negatively related to Organizational Innovativeness. The only

leadership practice that was not related to Cultural Consensus was Challenging the Process, characterized by such leadership acts as seeking challenges, staying up-to-date, challenging the status quo, looking for the ways to innovate, asking, “What can we learn?” experimenting, and taking risks. A number of research studies demonstrated that leadership practices characterized by similar acts—risk taking, looking ahead to future, being creative, providing recognition for creative ideas, searching for innovation and potential influence, experimenting with new concepts and procedures, studying emerging social and economic trends, committing to vision-supporting innovation, and pursuing unconventional action plans—promoted innovation (Howell and Higgins, 1990; Pierson, 1994; Schin and McClomb, 1998). In contrast, task master, analyzer, and motivator styles, which focused on increasing productivity and efficiency, building cohesion and teamwork, achieving goals, and showing care and empathy to people, were not related to innovation (Shin and McClomb, 1998).

According to Drucker (1994), organizations characterized by deeply embedded leadership practices and organizational values risk success because they can stop questioning the need to change and respond to the external environment. Janis (1982) further suggests that cohesive groups with a strong, directive leader are most likely to seek uniformity. In such situations, individuals will refrain from voicing their opinions for fear of ridicule and rejection. In organizations with strong cultures, the directiveness and strength of the leader can prevent the expression of diverse views (Nemeth, 1997):

Leaders of strong cultures are concerned with the set of beliefs and values they hold and in making sure these beliefs are inculcated in the people around them. On the other hand, this means protecting the people in one’s organization—taking care of them in times of sickness, giving them full employment, and being otherwise responsible for the lives of those over whom you have stewardship. On the other hand, this means not permitting them to fail in any way [Deal and Kennedy, 1982, p. 56].

While some authors see strong culture as impeding creativity, others argue that when the right values are widely shared, a culture will activate creativity and innovation (Flynn and Chatman, 2001). According to Leonard and Swap (1999), rather than seeking to reduce cohesiveness, leaders should seek to understand the group norms and change them to ones that foster creativity and innovation. Flynn and Chatman similarly suggest that strong consensus around the values emphasizing divergent thinking will contribute to the innovation process. In this study, the content of cultural consensus consisted of values that have been suggested to inhibit rather than foster innovation.

The results of this study seem to suggest that in order for their organizations to become more innovative, leaders would have to change their leadership practices to shape the culture of their organizations. These practices would have to support new values that were shown to foster organizational innovativeness: innovation, aggressiveness, outcome orientation, people orientation, and detail orientation.

Implications for Practice

The results of this study suggest that it is critical that nonprofit managers understand the cultures of their organization and seek to develop values and practices that are supportive of innovation. There are a number of ways in which organizational culture can be influenced: through the beliefs and experiences of its members, through beliefs and values of leaders, and through organizational practices. Employee beliefs play a central role in culture change efforts. According to Gabriel (1992), for cultural change to succeed, it is essential to shift employees' mind-sets and perceptions so they internalize the new organizational reality and identify with it. Trying to force employees to accept organizational values might result in the development of reactive subcultures and countercultures. Thus, leaders should try to understand organizational culture before trying to "fix" it or directly manage it.

Another major way culture can be influenced is through leadership. Schein (1985) identifies a set of primary mechanisms in the climate of the organization (which precedes the culture) through which leaders can communicate their assumptions: what they pay attention to and reward, their reactions to crises, allocation of scarce funds, and the criteria they use for recruitment, selection, and promotion. Cummings and Huse (1989) suggest that culture change can be facilitated through implementing a new vision or mission statement. Leaders can do that by empowering employees to implement the new vision into reality and by increasing employees' motivation.

According to Kilmann (1984), changes in organizational culture should be managed from a systems perspective, acknowledging the interconnectedness of the parts. Changes in organizational strategy, structure, reward system, reporting, and work procedures may have to be implemented to support cultural change. Schein (1985) similarly suggests that organizational design and structure, organizational system and procedures, rites and rituals of organizations, design of physical space, and formal statements of organizational philosophy can serve as culture reinforcers. He calls them *secondary articulation* and *reinforcement mechanisms*.

Although culture change is difficult to achieve, it is critical to pursue. By developing cultures that foster innovation, nonprofit managers can help their organizations become more responsive to the changes in the external environment and become more effective.

*Employee beliefs
play a central
role in culture
change efforts.*

Study Limitations

A number of study limitations have to be acknowledged. First, this was an exploratory study—a single snapshot look at nineteen organizations that provides only plausible explanations for the observed linkage between transformational leadership, organizational culture, and organizational innovativeness. It does not allow inference or causal explanations for the observed relations between major study variables. It could be that cultural consensus around certain values reduces the effect of transformational leadership on organizational innovativeness. Yet another plausible explanation may be that leadership practices create a high cultural consensus around values that are negatively related to innovativeness. Finally, it is possible that complex causality could account for organizational innovativeness, where organizational culture, leadership practices, and innovation are both causes and consequences in a complex chain of feedback loops. Longitudinal study designs, based on more complex models of innovation specifying the directions of influence and interactions among the various factors, would allow more objective and fuller investigation of those complex relationships. Using a longitudinal design would also address another shortcoming: the use of cross-sectional data to assess relationships that are dynamic in nature. Finally, future studies should seek to explore whether and how strong cultural consensus could foster organizational innovativeness, as it has been suggested that the effect of consensus on innovativeness might depend on its content.

Another limitation is that this study was conducted in one type of nonprofit human service organization. Although there are advantages to studying only one type of organization, it is not known whether similar results would hold in other kinds of organizations. Finally, a small sample size and low response rates for some of the organizations may have influenced the findings. These aspects of the data precluded use of more complex statistical analyses. Despite those limitations, the results of this study are significant from theoretical and practical standpoints.

KRISTINA JASKYTE is assistant professor at the School of Social Work and the Institute for Nonprofit Organizations at the University of Georgia. Her research focuses on innovation in nonprofit human service organizations, with special attention to organizational culture and transformational leadership as factors affecting organizational innovativeness.

References

Bass, B. M. *Leadership and Performance Beyond Expectations*. New York: Free Press, 1985.

- Bennis, W. G. "Leaders and Visions: Orchestrating the Corporate Culture." In M. A. Berman (ed.), *Corporate Culture and Change*. New York: Conference Board, 1986.
- Bennis, W., and Nanus, B. *Leaders: Strategies for Taking Charge*. New York: HarperCollins, 1985.
- Borgatti, S. P. *ANTHROPAC 4.0 Methods Guide*. Columbia, S.C.: Analytic Technologies, 1992.
- Bryman, A. *Charisma and Leadership in Organizations*. Thousand Oaks, Calif.: Sage, 1992.
- Chatman, J. A., and Cha, S. E. "Leading by Leveraging Culture." *California Management Review*, 2003, 45 (4), 20–34.
- Chatman, J. A., and Jehn, K. A. "Assessing the Relationship Between Industry Characteristics and Organizational Culture: How Different Can You Be?" *Academy of Management Journal*, 1994, 37, 522–554.
- Conger, J. A., and Kanungo, R. N. "Toward a Behavioral Theory of Charismatic Leadership in Organizational Settings." *Academy of Management Review*, 1987, 12, 637–647.
- Coopey, P. "Creativity in Complex Organizations." Paper presented at the Annual Occupational Psychology Conference of the British Psychological Society, University of Hull, Jan. 1987.
- Cummings, T. G., and Huse, E. F. *Organizational Development and Change*. Saint Paul, Minn.: West, 1989.
- Damanpour, F. "The Adoption of Technological, Administrative, and Ancillary Innovations: Impact of Organizational Factors." *Journal of Management*, 1987, 13 (4), 675–688.
- Deal, T. E., and Kennedy, A. A. *Corporate Cultures*. Reading, Mass.: Addison-Wesley, 1982.
- Denison, D. R. *Corporate Culture and Organizational Effectiveness*. New York: Wiley, 1990.
- Desphande, R., and Webster, F. Jr. "Organizational Culture and Marketing: Defining the Research Agenda." *Journal of Marketing*, 1989, 53, 3–15.
- Drucker, P. F. "The Theory of Business." *Harvard Business Review*, 1994, 72 (4), 95–104.
- Enz, C. "The Role of Value Congruity in Intraorganizational Power." *Administrative Science Quarterly*, 1988, 33, 284–304.
- Farris, G. F. "The Technical Supervisor: Beyond the Peter Principle." *Technical Review*, 1973, 75, 25–39.
- Flynn, F. J., and Chatman, J. A. "Strong Cultures and Innovation: Oxymoron or Opportunity?" In C. L. Cooper, S. Cartwright, and P. C. Earley (eds.), *International Encyclopedia of Social and Behavioral Sciences*. New York: Wiley, 2001.
- Gabriel, Y. "The Organizational Dreamworld: Workplace Stories, Fantasies and Subjectivity." Paper presented at the Tenth International Aston/UMIST Conference, Organization and Control of the Labor Process, Alston University, Manchester, England, 1992.

- Gopalakrishnan, S., and Damanpour, F. "The Impact of Organizational Context on Innovation: Adoption in Commercial Banks." *IEEE Transactions on Engineering Management*, 2000, 47 (1), 14–25.
- Hannan, M., and Freeman, J. "Structural Inertia and Organizational Change." *American Sociological Review*, 1984, 49, 149–164.
- Harris, P. R. *Management in Transition*. San Francisco: Jossey-Bass, 1985.
- Hasenfeld, Y. *Human Service Organizations*. Upper Saddle River, N.J.: Prentice Hall, 1983.
- Howell, J. M., and Higgins, C. A. "Champions of Technological Innovation." *Administrative Science Quarterly*, 1990, 3, 317–341.
- Janis, I. *Groupthink*. (2nd ed.) Boston: Houghton Mifflin, 1982.
- Jaskyte, K. "Organizational Culture and Innovation in Nonprofit Human Service Organizations." *Dissertation Abstracts International*, 2003, 63 (10), 3729A.
- Kilmann, R. H. *Beyond the Quick Fix*. San Francisco: Jossey-Bass, 1984.
- King, N. "Modeling the Innovation Process: An Empirical Comparison of Approaches." *Journal of Occupational and Organizational Psychology*, 1990, 65 (2), 89–101.
- King, N., and Anderson, N. "Innovation in Working Groups." In M. A. West and J. L. Farr (eds.), *Innovation and Creativity at Work*. New York: Wiley, 1990.
- King, N., and Anderson, N. *Innovation and Change in Organizations*. New York: Routledge, 1995.
- Kouzes, J. M., and Posner, B. Z. *The Leadership Challenge*. San Francisco: Jossey-Bass, 1987.
- Kouzes, J. M., and Posner, B. Z. *Leadership Practices Inventory*. San Francisco: Pfeiffer, 1993.
- Leonard, D. A., and Swap, W. C. *When Sparks Fly: Igniting Creativity in Groups*. Boston: Harvard Business School Press, 1999.
- Nemeth, C. J. "Managing Innovation: When Less Is More." *California Management Review*, 1997, 40 (1), 59–74.
- Nemeth, C. J., and Staw, B. M. "The Tradeoffs of Social Control and Innovation in Groups and Organizations." In L. Berkowitz (ed.), *Advances in Experimental Social Psychology*. Orlando, Fla.: Academic Press, 1989.
- O'Reilly, A. A. "Corporation, Culture, and Commitment: Motivation and Social Control in Organizations." *California Management Review*, 1989, 31, 9–25.
- O'Reilly, C. J., Chatman, J., and Caldwell, D. "People and Organizational Culture: A Profile Comparison Approach to Assessing Person-Organization Fit." *Academy of Management Journal*, 1991, 34, 487–516.
- Osborne, S. P. "Naming the Beast: Defining and Classifying Service Innovations in Social Policy." *Human Relations*, 1998, 51, 1133–1155.

- Pelz, D. C., and Andrews, F. M. *Productive Climates for Research and Development*. Ann Arbor: Institute for Social Research, University of Michigan, 1976.
- Perri 6. "Innovation by Nonprofit Organizations: Policy and Research Issues." *Nonprofit Management and Leadership*, 1993, 3, 397–414.
- Peters, T. J., and Waterman, R. H. Jr. *In Search of Excellence: Lessons from America's Best-Run Companies*. New York: HarperCollins, 1982.
- Pfeffer, J. "The Ambiguity of Leadership." *Academy of Management Review*, 1977, 2, 104–112.
- Pierson, J. L. "Leadership That Leads to Innovation in Nonprofit Human Service Organizations." Unpublished doctoral dissertation, University of Maryland, 1994.
- Posner, B. Z., and Kouzes, J. M. *Psychometric Properties of the Leadership Practices Inventory*. San Francisco: Pfeiffer, 1992.
- Quinn, R. E. *Beyond Rational Management: Mastering the Paradoxes and Competing Demands of High Performance*. San Francisco: Jossey-Bass, 1988.
- Roberts, N. C. "Transforming Leadership: A Process of Collective Action." *Human Relations*, 1985, 38, 1023–1046.
- Romney, A., Weller, S. C., and Batchelder, W. H. "Cultures as Consensus: A Theory of Cultural and Informant Accuracy." *American Anthropologist*, 1986, 88, 313–338.
- Rousseau, D. M. "Changing the Deal While Keeping the People." *Academy of Management Executive*, 1996, 10 (1), 50–61.
- Schein, E. *Organizational Culture and Leadership*. San Francisco: Jossey-Bass, 1985.
- Schin, J., and McClomb, G. E. "Top Executive Leadership and Organizational Innovation: An Investigation of Nonprofit Human Service Organizations." *Social Work Administration*, 1998, 22 (3), 1–21.
- Sheridan, J. E. "Organizational Culture and Employee Retention." *Academy of Management Journal*, 1992, 35 (2), 1036–1056.
- Sorensen, J. "The Strength of Corporate Culture and the Reliability of Firm Performance." Working paper, University of Chicago, Graduate School of Business, Chicago, 1999.
- Trice, H. M., and Beyer, J. M. *The Cultures of Work Organizations*. Upper Saddle River, N.J.: Prentice Hall, 1993.
- Van de Ven, A. H. "Central Problems in the Management of Innovation." *Management Science*, 1986, 32, 509–607.
- Waldman, D. A., and Bass, B. M. "Transformational Leadership at Different Phases of the Innovation Process." *Journal of High Technology Management Research*, 1991, 2, 169–180.
- Waldman, D. A., and Yammarino, F. J. "CEO Charismatic Leadership: Levels-of-Management and Levels-of-Analysis Effects." *Academy of Management Review*, 1999, 24, 266–285.
- Yukl, G. *Leadership in Organizations*. (3rd ed.) Upper Saddle River, N.J.: Prentice Hall, 1994.