

## The Impact of Leader Engagement on the Creation of Innovation Culture

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### ABSTRACT

One of the sustainable competitiveness that is currently demanded by the organization is the ability to innovate, but in the rapid competition of globalization era, being able to innovate is not good enough. The objective of this research is to analyze how innovation culture can be build through leader engagement within the member of the organization. This study was conducted using two combine approaches. First, a qualitative approach which has found that innovation culture in the organization will be establish if there is an engagement from the leader of the organization that inspires individual and group habit to innovate and evoke a share responsibility to innovate within member of the organization. In order to confirm the result from qualitative approach, a quantitative approach study was conducted to 270 respondents and analyzed using structure equation modeling. It was concluded that personal and group habit to innovate was influenced by leader engagement, while personal habit to innovate was not influenced by group habit to innovate. Both personal and group habit to innovate gives influence to share responsibility to innovate. Moreover, personal and group habit to innovate together with the share responsibility to innovate gives influence to the innovation culture in the organization. The result of this study can be used as a reference to establish an innovation culture as well as shaping a leadership style in the organization.

**Keywords:** culture, engagement, habit, innovation, leader, leadership, organization, responsibility.

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## INTRODUCTION

In the era of globalization, the effort to build a sustainable innovativeness has been a vocal point for most of the organization in order to be more adaptive and competitive. The advancing of information technology and transportation, supported by regional regulation, has allowing organization to capitalize the opportunity and operate in the area which no longer limited by geographical and political obstacles. It is increasingly recognized as a threat as well as a chance that should be anticipated by conducting a continuous innovation that create sustainable competitiveness.

Leadership style plays an important role in the development of the organization, both informal and formal development. Formal development of the organization related to structuring and empowering all the components within the organization and making sure the interaction between each component could be establish in most effective and efficient way. Informal development of the organization related to the relationship and interaction between each individual member of the organization which enable the organization to achieve better synergy with each stakeholders. In both development, formal and informal, leader plays an important role not only to give organization direction but also to create a conducive culture by establishing a better engagement with the entire subordinates.

This research was conducted to analyze how an innovation can be achieved and transformed into a culture in every activity of the organization. Creating an innovation culture and maintaining it to keep sustainable may trigger improvements and developments of working system which can increase efficiency and effectiveness of the organization and eventually improve competitiveness of the organization in the globalization era (Barata, 2015). The location of this research is in Indonesia, which its industries are going to have significant competition by the implementation of ASEAN Economics Community in 2016. Industrial sectors which selected in this research will be facing a massive challenge which push them to become more innovative, effective, and efficient in every aspect of their operation. The objective of this research is to analyze how innovation culture can be build through leader engagement within the member of the organization.

The role of leader to initiate and preserve organization culture has been an important issue for decades, especially their role to build a competitive advantage for the organization (Simamora, 2013). Adapting with the era, which information and technology are widely accessible, many organizations are now giving more attention on intangible asset which considered more sustainable to keep and preserve organization's competitive advantage. According to Watson (2006) the important aspect in recent managerial issue related to encouraging managers to create strong and sustainable organization culture. Leader capabilities and organization culture become the most highly regarded intangible asset which considered important to preserve competitive advantage of the organization.

Term "organizational culture" first time in the academic literature, according to Pettigrew (1979) in Fakhad *et al.* (2012), suggest that it is important for the organization to identify the norms and values of the organization which necessary to continuously improve the quality of subordinate's performance. By building a more comprehensive knowledge and awareness

about organization's norms and value, leaders could improve their ability to examine the organization behavior and help them to manage and lead in most effective and efficient way (Brooks 2006). Organization culture, according to Watson (2006), originally derived from a metaphor of the organisation as 'something cultivated'. The concept of organization culture related to the climate and practices developed by the organization in terms of handling people and their environment in order to promote values and statement of beliefs of an organisation (Schein, 2004). Furthermore, leadership and organization culture are significantly intertwined, and it is important for leaders to create and manage culture. Leaders need to have the ability to understand and work with culture; including to destroy culture when it is viewed as dysfunctional'.

By building and preserving strong organization culture, member of the organisations; the employee; could have a sense of identity and determination in their daily activity. Culture cultivate through the organisation's story, rituals, beliefs, meanings, values, norms, language and other significant symbols that basically shows 'what is important and how things are conducted' in organization. It shows and projects the success story and how that success has been achieved in the past. These stories could often be accepted and believe without question by members of an organization, and during some period of time, it becomes norms to guide members by giving them expected and accepted behavior patterns.

The important ingredient of organization's performance is strong and sustainable culture (Kandula 2006). It also has the possibility to differentiate the output of companies with same strategies in the same industry and in the same location. Furthermore, also suggests that strong and positive culture could improve overall performance of average organization whereas a negative and weak culture may demotivate an outstanding employee to underperform; as a result, the overall performance of the organization is decreasing. As organization facing the dynamic competition, one of the expected performance that the organization needs to deliver is the ability to perform innovative process to produce innovative output. According to Sheen *et al.* (2006), culture was considered significant in enhancing innovation within organizations. Since the tension of the competition is increasing, organizations have been aggressively integrating innovation in its culture (Rosenbusch *et al.* 2011), and has also been found that an innovation orientated organization), according to Lee and Yu (2005) improve growth in business.

An innovative organization needs more than creative but also able to implement the creativity in each aspects of its culture; behaviours, norms, values (Flynn and Chatman, 2001), which become a significant factor that differentiate one particular organization to from the others. Innovation, integrated in culture, helps organization adapt and compete in challenging business settings because it gives a solid foundation to enhance competitiveness, increase profits, improve productivity (O'Regan and Ghobadian, 2005) and advance new product development outcomes (Brockman and Morgan, 2003). In general innovation can be seen as a process to create or modify tangible or intangible aspect that significantly gives the organization the ability to adapt and survive the competition (Barata, 2015). Williams, and McGuire (2005) considered an innovation as a two stages process, e.g. Innovation initiatives and implementation of innovation. These two stages showing that involvement from the organization members is required to initiate the process before the innovation is implemented in the business process (Glynn, 1996).

Innovation can be placed as one of element in the organization culture that should be established by manager and directed in accordance with the vision and mission of the organization because it involves the organization members. Thus, the innovation element, according to Gaynor (2002), can be used to encourage organization members to search for their unique potentials to assure that the organizational business process is running accordingly. The process to implant innovation spirit as a core element in organization culture will be successfully performed by conducting two strategies (Martins and Terblanche, 2003), e.g. socialization process and structural approach. The first strategy, socialization process, is performed in the organization by directing the members to well-understand the norms and values of organization, and also how the innovation performed can be aligned with those norms and values. This strategy needs an active role from the leader in order to engage with the subordinate by giving them not just verbal or written directives but also needs an act of example that would inspires the subordinate. The second strategy, structural approach, is performed to assure that innovation process is adequately supported by organization e.g. by providing supporting rules, appropriate policies, or procedures that relevant with the innovation process.

This strategy gives a foundation, both for leader and subordinate, to conduct and act in a certain way which aligns with the vision of the organization. By placing the innovation as one of the element in organization culture, it can also influence how the attitude of organization in the implementation of its business process. Thus, organization culture which allowing and developing continuous innovation is more able to give certainty to the organization to always have potential competitiveness (Govindarajan and Kopalle, 2004). As an organic entity, organization needs an active engagement from its member. Perrin Towers (2003) describe member engagement as willingness and abilities from the members to help their organizations achieving its goal by performing a continuous effort, which influenced by two factors, i.e. emotional and rational factor which related with scope of work and experience from the members. This form of relationship, between member and organization, may encourage positive perception and might also be seen form level of member turnover, stakeholder satisfaction, loyalty level, low number of accident, which will be revealed on the profit level of organization (Britt, *et al*, 2001; Harter *et al*, 2002). Furthermore, strong relationship between members and the organization, according to definition from Gallup organization (Dernovsek, 2008) can be define as the impact and manifestation of enthusiasm of members working in organization.

According to Robinson *et al.* (2004), enthusiasm of the member is a real manifestation of positive behavior from the members to organization together with all their values, which shown in the willingness of the members to work hand in hand in achieving the goal of the organization. Leader, as part of organization member, has a role of influencing both, individual and group of individuals, to achieve shared objectives by inspiring change and movement (Northouse, 2013; Yukl, 2011). Engagement conducted by leader can be seen as an effort to create and develop a conducive situation required to induce a good relationship among members. Leader engagement is no longer considered only as a formal relationship between leader and its subordinate, but also needs to considered as a relationship in emotional level which grew in the members along with their efforts in searching the value of life in daily which may be utilized to predict employee outcomes, finance performance, and eventually to the organization

success (Baumruk, 2004). A challenge for organization leader is to make an engagement by building a conducive working environment that could develop an emotional relationship, thus the organization and its members may obtain benefit from the established engagement.

This paper is organized as follows : Section 2 provides methodology that lay out the empirical research analysis; Section 3 contains a discussion of the empirical findings; and Section 4 provides conclusions.

## METHODS

The study was conducted in combination approach, qualitative and quantitative. The first approach was performed by conducting 15 focus group discussion (FGD) sessions involving 75 informants which have the knowledge related to innovation in several business organizations in Indonesia engaged in 3 industrial sectors, i.e. service, manufacture, and financial. Those three sectors were considered as the most affected sector by the competition. The qualitative approach for this research is important because this approach offers the opportunity to interview several valuable informants, in the context of this research is the person considered to have a decent information and experience related to the creation of innovation culture, systematically and simultaneously (Babbie, 2011). This approach also offers strength of convenience, economic advantage, high face validity, and speedy results, suggest Krueger (1994). Furthermore it also advantageous because of its purposeful use of social interaction in generating data (Merton *et al.* 1990; Morgan, 1996)

Several focus group discussions were organized to find factors related to leader engagement and its impact to innovation culture in the organization. 15 groups composed of five informants each were constituted to dilate and respond on the issue. In particular issue, this was followed up with an in depth qualitative interview with the same informant. In depth interview was done to check if respond on focus group discussion had an influence on the responses that emanated from the rest of focus group discussions. The challenge with this approach, however, was ensuring that the differences in the responses from the focus groups and the in depth interviews, if any, was attributable to groupthink.

To conduct focus group discussion, all informants in this research should not be allowed as much as possible from socially distancing themselves from other informant. This procedure is needed to keep each informant independent. So one could not influence or dictate indirectly the outcome of responses. The composition of informant in every session of group discussion in this study was kept as a homogeneous group as possible. To avoid the potential impact of groupthink, a extended focus group was held by conducting a survey administration prior to each session of group discussion to develop a commitment to particular perspective prior to group discussion (Sussman *et al.* 1991). This survey contains related material to be discussed at the group discussion. Several extended focus group in this study was also conducted after group discussion to capture their perspective in more comprehensive way. This also allow every informant to express or explain perspectives they could not discribed in the earlier group discussion, or clarify further on opinions already described. The aim of this process is to improve the validity of qualitative data.

A several questions regarding innovation culture creation in their organizations were proposed to each resource person, and continue with the questions regarding how to maintain the innovation culture become sustainable. The responses from all informants were grouped and given score based on their assessment of the responses to innovation culture development. According to the result from the focus group discussion, an in depth interview was performed to capture the overview of relationship between answer groups. Based on those group discussion results, and also validated in individual interview, this research was proposed a research model that can be seen in Figure 1.

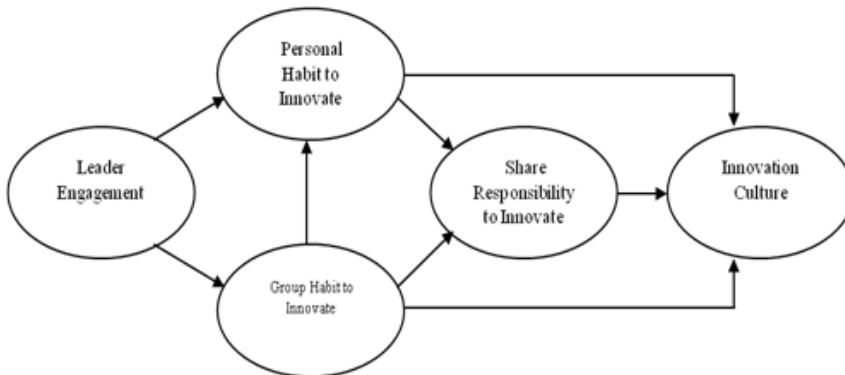


Figure 1 Research Model

The engagement between leader and its subordinate, based on the interview with informant, is considered as important as the structure itself. The subordinate needs an example and individual guidance from the leader, as an inspiration and behavioral standard, so they could identify the aspect of their task that necessary to improve. *Therefore, the first hypothesis in this study is: Leader Engagement has positive influence to personal habit to innovate.*

In larger scale, leader engagement is also inspiring group habit to innovate because its role as a *glue* to all group members. From the discussion with the informants, this research found that group which not experiencing leader engagement will have difficulty to build share value within group members as a foundation for their action. Considered habit as results from a repetitive act, *therefore the second hypothesis in this study is: Leader Engagement has positive influence to group habit to innovate.*

Group with a habit to innovate will influence its member to conduct according to the share value believes by the group. Group member which do not follow the share value will be experiencing several level of consequences, from social pressure to group exile, *Therefore the third hypothesis in this study is: group habit to innovate has positive influence to personal habit to innovate.*

Personal habit to innovate works in individual level, and it would evoke awareness to innovation opportunity in much larger scale. According to informants, individual who already has habit to innovate tend to share their experience and evoke others to create share responsibility to innovate. *Therefore, the fourth hypothesis in this study is: personal habit to innovate has positive influence to share responsibility to innovate.*

The culture in organization may be established because of the repetitive actions performed by each individual as a member of organization. The initiative to innovate came from members will encourage the emergence of innovation spirit from other members, thus this habit to innovate will become a repetitive initiative which moreover will create an innovation culture in organization. *Therefore, the fifth hypothesis of this study is personal habit to innovate has positive influence to innovation culture.*

Group habit to innovate gives structural pressure to its member, not just to conduct in certain way but also to shape sense of responsibility within group member. Group which already has innovation habit tend to evoke its member to have share responsibility to innovate, *therefore the sixth hypothesis of this study is group habit to innovate has positive influence to share responsibility to innovate.* Group habit to innovate in larger scope will also encourage the emergence of innovation spirit in organizational level as a structural support that will create an innovation culture more sustainable. *Therefore, the seventh hypothesis of this study is group habit to innovate has positive influence to innovation culture.* Innovation culture may not be achieved if there is no support from organization member. Share responsibility to innovate within organization member could be an active contribution that supports the sustainability of innovation culture; *therefore, the last hypothesis of this study is share responsibility to innovate has positive influence to the innovation culture.*

## RESULTS AND DISCUSSION

A quantitative approach was performed to test the research model using 270 respondents, professionals engaged from the same sectors, i.e. service, manufacture, and financial in Indonesia on the basis of the following criteria: (1) work in organization with at least 100 employees; (2) work in organization with at least three layers of hierarchy in their organization structure; and (3) work in a private entity organization. Sampling method used in this study is non-probability sampling and results in 100% response rate. The survey questionnaire for this research comprised of three parts. Part 1 comprised leader engagement variable, Part 2 depicted the habit to innovate, both personal and group, variables, and part 3 covered innovation related variables. All parts of the questionnaire measures used a 5-point Likert scale – from 1 – Strongly Disagree to 5 – Strongly Agree. Purposive sampling was conducted based on whether contact details of target respondents, which include managers, supervisors, and subordinates, can be obtained. Reliability test was performed by assessing Cronbach alpha value and concluded that all variables in this study were reliable and having Cronbach alpha value above the reference, i.e. 0.7 (Geynor, 2002). The result of reliability test can be seen in table 1.

A calculation by using Structural Equation Modeling (SEM) was performed in this study. Furthermore, SEM is able to describe a causal process with multiple indicators at once to measure unobserved variables.

**Table 1** Result of Reliability Test

Variables	Cronbach Alpha Value	Note
Leader Engagement	0,791	Reliable
Personal Habit to Innovate	0,857	Reliable
Group Habit to Innovate	0,769	Reliable
Share Responsibility to Innovate	0,834	Reliable
Innovation Culture	0,896	Reliable

The analysis is needed to determine whether the proposed theoretical model is valid by evaluating linear relationships among a set of observed and unobserved variables. This research using two-step approach in SEM; assessing the measurement model and testing the structural model to assessing the relationships between proposed constructs. After conducting two step approach, then followed by examining model fit to assess how good the proposed model represents the data, which was conducted on a basis of five common model fit indices: normed chi-square ( $\chi^2/df$ ); goodness-of-fit index (GFI); comparative-fit index (CFI); adjusted goodness of fit index; (AGFI); and root mean square error of approximation; (RMSEA). All the model fit indices used in this research could be considered as having an adequate fit if comply with the following criteria:  $\chi^2/df < 3.00$ ; GFI, CFI, and AGFI  $> 0.90$ ; and RMSEA  $< 0.08$  (Hair *et al.* 2010). According to the measurement model, shown in table 2,

**Table 2** Measurement Model

Variable	Indicator	Factor Loading	Note
Leader Engagement	<i>Sharing vision (L1)</i>	0,712	Valid
	<i>Quality of Communication (L2)</i>	0,691	Valid
	<i>Non Formal Involvement (L3)</i>	0,828	Valid
	<i>Example (L4)</i>	0,761	Valid
Personal Habit to Innovate	<i>Personal Initiatives (P1)</i>	0,640	Valid
	<i>Opportunity Identification (P2)</i>	0,743	Valid
	<i>Individual Performance (P3)</i>	0,696	Valid
	<i>Quality of Work (P4)</i>	0,683	Valid
Group Habit to Innovate	<i>Group Initiatives (G1)</i>	0,763	Valid
	<i>Group Opportunity (G2)</i>	0,823	Valid
	<i>Common Belief within member (G3)</i>	0,891	Valid
	<i>Acknowledgement (G4)</i>	0,722	Valid
Share Responsibility to Innovate	<i>Problem Recognition (R1)</i>	0,849	Valid
	<i>Sense of Belonging(R2)</i>	0,641	Valid
	<i>Empatyt (R3)</i>	0,753	Valid
Innovation Culture	<i>Mindset (C1)</i>	0,812	Valid
	<i>Implementation the idea (C2)</i>	0,766	Valid
	<i>Share Believe (C3)</i>	0,835	Valid
	<i>Innovation Autonomy (C4)</i>	0,832	Valid



All factors used in this research model were valid because they have an adequate factor loading above 0.50 (Brown, 2006), while the structural model of this research is can be seen in Figure 2. The measurement model of this research was performed using maximum likelihood estimation and it is based on the comparison of variance-covariance matrix obtained from the sample to the one obtained from the model (Bollen, 1989).

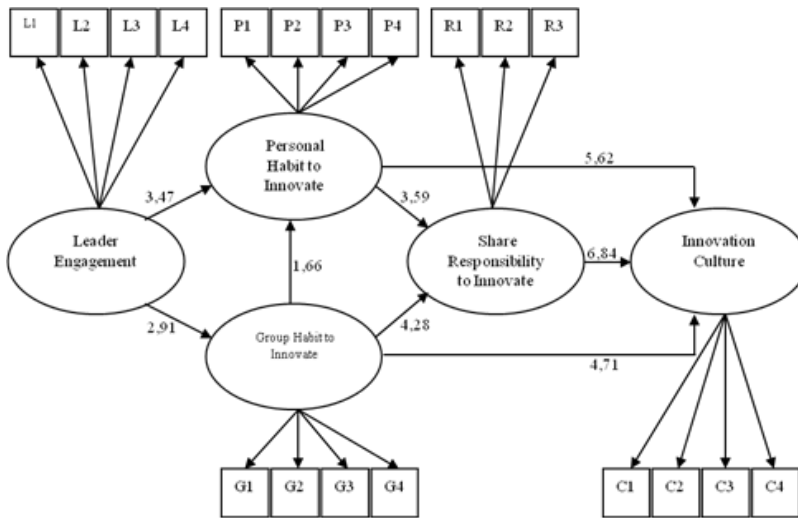


Figure 2 Strutral Model

All factor loadings exceed 0.5 and each indicator was significant at 0.01 levels. The goodness of fit indices [36] for measurement model shows that normed chi-square ( $\chi^2/df$ ) is 2,21 which was smaller than 3. Other fit indexes included the goodness-of-fit index (GFI) is 0,94 and comparative fit index (CFI) is 0,95, exceeding the recommended cut-off level of 0.9. The adjusted goodness-of-fit index (AGFI) is 0,88 also exceeded the recommended cut-off level of 0.8. The root mean square error of approximation (RMSEA) is 0,065 and it was below the cut-off level of 0.08. Based on this results, suggested that measurement model exhibited a good level of model fit.

Hypothesis test was performed using structural model by testing the T value compare to the clinical ratio, where there are seven hypotheses that were accepted and one hypothesis were accepted because of the value which was below +1.96 for the level of confidence of 95%. Furthermore, the result of hypothesis testing can be shown in table 3.

**Table 3** Hypothesis Test

Hypothesis	T value	Hypothesis
<i>Leader Engagement has positive influence on Personal Habit to innovate (H1)</i>	3,47	Accepted
<i>Leader Engagement has positive influence on Group Habit to innovate (H2)</i>	2,91	Accepted
<i>Group Habit to innovate has positive influence to Personal Habit to innovate (H3)</i>	1,66	Not Accepted
<i>Personal Habit to innovate has positive influence to Share Responsibility to Innovate. (H4)</i>	3,59	Accepted
<i>Personal Habit to innovate has positive influence to the innovation culture. (H5)</i>	5,62	Accepted
<i>Group Habit to innovate has positive influence to Share Responsibility to Innovate. (H6)</i>	4,28	Accepted
<i>Group Habit to innovate has positive influence to the innovation culture (H7)</i>	4,71	Accepted
<i>Share Responsibility to Innovate has positive influence to the innovation culture (H8)</i>	6,84	Accepted

The goodness of fit indices for structural model shows that normed chi-square ( $\chi^2/df$ ) is 1,92. Other fit indexes included the goodness-of-fit index (GFI) is 0,91 and comparative fit index (CFI) is 0,95, exceeding the recommended cut-off level of 0.9. The adjusted goodness-of-fit index (AGFI) is 0,87 also exceeded the recommended cut-off level of 0.8. The root mean square error of approximation (RMSEA) is 0,076 and it was below the cut-off level of 0.08. Based on this results, suggested that structural model exhibited a good level of model fit. According to the findings, leader engagement, as an exogenous construct, was found to have a strong and positive influence both on personal habit to innovate (0.57,  $p < 0.001$ ) and group habit to innovate (0.68,  $p < 0.001$ ). Personal habit to innovate was found to have a positive influence on share responsibility to innovate (0.35,  $p < 0.01$ ) and innovation culture (0,93.  $P < 0.001$ ). Group habit to innovate was also found to have positive influence on share responsibility to innovate (0.42,  $p < 0.001$ ) and innovation culture (0,74.  $P < 0.001$ ). Furthermore, share responsibility to innovate was found to have positive influence on innovation culture (0,59.  $P < 0.001$ ).

According to this research, the innovation culture of the organization was influenced by three variables, i.e. personal habit to innovate, group habit to innovate, and share responsibility to innovate. Contribution from single individual to group of individual are needed to ensure that innovation culture could be manifested in active innovative performance, from micro level of individual task, to mezzo level of task which involved others, and furthermore to macro level of task which involved an organization as a one performing entity. The active innovative performance, both from personal and group action, could be continuously contributes and evoking the creation of innovation culture by maximizing share of responsibility that emerge as a core value of the organization.

The engagement between leader and subordinate could be establish by conducting socialization activity to induce vision of the organization, therefore leader and subordinate could adjust and aligning their focus to the same direction. Results found from FGD shows that leader need to share organization's vision to give meaning in subordinate's activities. Sharing vision could be conducted in two approaches, formal and informal. Formal approach

is needed as an effort to build credibility of the organization, but more informal approach also needed to establish trust within all subordinates. In a context of Asia culture, the relationship between individual with his or her coworkers is considered important therefore leader needs to establish informal relation with subordinate to create harmony and mutual trust.

The quality of engagement between leader and subordinate is also depend on the evaluation of subordinate to the ability of leader to deliver an example. Leading by example is become important because it shows integrity of the leader to closly involve in every process of achieving vision of the organization. Result form FGD shows that subordinate needs an example related to attitude and behavior rather than an example related to technical skill.

Subordinate put this example as a standart of accapted attitude and behavior that need to achieve, and also as a tools to evaluate both personal and group attitude and behavior. This research also found that example from the leader is important to establish a quality engagement. One of the skills needed to lead an organization is communication skill. This skill is considered important because leader need to interact with stakeholders of the organization with different background. Communication skill of the leader could increase the quality of communication within the organization, betwen leader and subordinate. In term of corporate culture, strong relation and quality of communication between leader and subordinate could increase the dissemination of vision, knowledge needed to innovate and sharing an important information to all member of the organization. Therefore, support the creation of innovation culture in organization.

Individual and Group habit to innovate, as a manifestation of repetitive action of each organization member, can be emerged if the leader of the organization could successfully overcome the formal bureaucracy obstacles to allow the collectivism, cooperation and communication between members established with a better emotional bonding. Thus, collectivism shared with friends and co-members of organizations seems to promote innovation initiation according to Kassa and Vadi (2010). The consequence of this condition is the emergence to develop a set of leadership skill to inspire and encourage the initiatives to conduct innovation. Leader engagement is also needed in order to support innovative action repetitively within organization member by giving a formal and non-formal support, thus to ensure that their efforts are recognized and considered as an important part of the organization success. A belief that each innovative action will bring a benefit to the organization has shown to encourage the emergence of the intention to innovate, both in individual and group level. Leader engagement by enhance two-way communication, would be an appropriate action to ensure that employees have all the support needed to perform their tasks, give appropriate training to increase their knowledge and skill, establish reward mechanisms in which good job is rewarded through various financial and non-financial incentives, build a distinctive corporate culture that encourages hard work and keeps positive (Kompaso and Sridevi, 2010) stories alive, develop a strong performance management system which holds managers and employees together.

The act to innovate conducted by individual and group, which is facilitated and repeated, thus supported by leader engagement, will encourage the emergence of innovation habit and

furthermore, evoke an innovation culture. Share responsibility to innovate which involves more members will be a strong foundation to the innovation culture as the innovation will be a common value and agreed by the entire organization member. To promote innovation culture within the organization, leader needs to design a proper strategy, set up an effective organisational structure, establish supportive mechanisms, that encourages innovation and communication (Martins and Terblanche, 2003). It will continuously emerge within the organization as it is believed may help the organization to achieve its goal, and organization members will perform an innovative act in every aspect of their work voluntarily.

## CONCLUSIONS

This research found that personal and group habit to innovate were influenced by leader engagement. This research also found that personal and group habit to innovate therefore influenced share responsibility to innovate, and furthermore influenced the creation of innovation culture. There are several managerial implications from this study. Organization might be able to establish a continuous innovation culture by developing a better leadership skill in order to make the leader of the organization able to conduct a better engagement and inspires the subordinate to conduct an innovative action repetitively. Organization which engage with its member with significant degree of bureaucracy, coupled with a rigid structure, does not necessarily inhibit innovation (Poskiene, 2006). Thus, for organization with a large scope of work, a flexible structure and bureaucracy is necessary in order to operate innovatively.

Another leadership skill needs to enhance is communication skill to convince subordinate about the important role of share responsibility as a manifestation of sense of belonging within the organization members. Organization is also required to develop a system as a means to recognize innovative contribution performed by each member. One of the qualitative result from this research found that public acknowledgment to the members who has contribution in innovation was considered more favorable than financial reward in a certain level. In sum, this study has served to provide empirical evidence for the importance of leaders role in creating innovation culture by conducting better engagement between leaders and subordinate within the organization. From a practical perspective, the relationships among leader engagement and innovation culture within the organization may provide a clue regarding how leader can promote better communication and activity to sustain their innovation culture. From a managerial perspective, this research identified several factors essential to be successful in leading process, and discussed the implications of these factors for developing share responsibility that encourage and foster innovation culture

This study has limitation in terms of number of industry and organization involved. The industries involved in this study were only engaged in service, manufacture, and financial sectors. The sampling method conducted in this research was non-probability sampling method; therefore, the result of this research is not suitable to be generalized. Even though the number of respondents involved was not considered big, but it was still adequate for the analysis type used. Further research could be conducted to complete the result of this research by adding other variables related to innovation, such as role of leader, leadership style, and quality perception, to obtain a better knowledge about innovation culture in organization.

A better process also need to be conduct for further research by giving more selective discussion topic. The fasilitator of group discussion need to be clearly understand that not all social qualitative topics applied for the group discussion. During the process of this research, some informants has already been overly influenced by others and not actively participated in the discussion. For further research, a more personalize approach is needed to avoid that kind of problem and reduce the disadvantage of the qualitative method. This research employ mix method that combine qualitative and quantitative approach. It is recommended that for further research, same methodology should be encouraged to adopt in order to generate more reliable and valid data. Facilitators of group discussion should always maintain their awareness to keep the validity of the FGD outcome by ensuring fair distribution of opportunities to all participants to voice out their perspectives. Future research can also examine how leadership style and organizational characteristics (such as firm size and industry type) may moderate the relationships between personal and group habit to innovate and innovation culture.

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