

# TO EXAMINE THE EFFECTS OF RELATIONS BETWEEN LEADER AND EMPLOYEES ON COMMUNICATION, CREATIVITY AND INNOVATION IN ORGANIZATIONS

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ABSTRACT: The companies should be managed with the right understanding, especially in terms of leadership. The dissatisfaction of the employees towards their companies can be reflected on the customers in the service sector and this situation may even determine the life of the companies. As a result of the analysis of our data, it was determined that leadership effectiveness and learning orientation have positive impact on the effective communication, team creativity and service innovation. This indicates that effective leadership and learning orientation contribute positively to effective communication, team creativity and service innovation in the companies in the service sector. SPSS 23.00 Statistical Package Program was used to evaluate 323 questionnaires; factor analysis and reliability analysis were conducted for the questions with Likert scale. Correlation analysis was performed to examine the relationships between variables; regression analysis was conducted to test the hypotheses.

JEL Classification: D83; L84; M12.

**KEYWORDS:** Leader Effectiveness, Learning Orientation, Effective Communication, Team

Creativity, Service Innovation

#### INTRODUCTION

Leaders should be able to develop their relations with the employees according to their roles, and at the same time they should increase team creativity to achieve better organisational performance. Although, individual creativity is important for team creativity, it is not entirely determined by individual creativity, more often it is generated synergistically by the interaction of the employees in several ways. Taggar (2002) states that the team creativity is not the sum of creativity of the individuals, and emphasize the importance of the team creativity process in a competitive environment for the organisation (for example, raising the targets for group members, providing feedback, organizing employees' contributions, coordinating employees to be effective in team creativity, bringing out different ideas, requirements and perspectives and praise employees for motivation).

The other important issue for the organizations is the learning orientation. The literature on strategic management reveals that one of the ways to gain competitive advantage is to be learning-oriented (Hurley, 2002). Learning Orientation is defined as 'a company's ability to create knowledge, to acquire knowledge, to transfer knowledge and to change the behaviour



of employees to reflect new knowledge' (Garvin, 1993). If the employees benefit from the self-improvement opportunities offered within the organization, it will contribute to the generation of creative activities and innovation. What important is how much an organisation can react in a dynamic and fast-changing business environment (Davis et al, 2007). In its simplest form, learning orientation represents the values and beliefs about the development of new knowledge, understanding and awareness (Huber, 1991). Researchers working on the concept of learning orientation suggest that this new concept has the potential to change the behaviour of an organization (Sinkula, 1994). For example, Huber (1991) describes the learning orientation as the change of behaviours during the processes of 'when an organization acquires knowledge which is accepted to be potentially useful for any department' and 'when a company tries to find out if it has learned through information processing'.

If the leadership effectiveness is reflected on employees within the organization and if the employees show learning-oriented behaviours, they can acquire new skills or master new tasks, and this situation can generate development of innovation opportunities (VandeWalle, 2003). Learning orientation induces the discovery of innovation opportunities and individual creativity leads to team creativity. Learning orientation helps to reduce the effects of possible failures in the organization with the support of leader effectiveness (Button, Mathieu & Zajac, 1996). Santos-Vijande, López-Sánchez and González-Mieres (2012) explain that learning orientation, as an organizational culture, promotes the development of new knowledge and insight. This situation promotes willingness of the employees for institutionalization and develops the innovation ability. In particular, innovations processes, activities and methods are considered to be important competitive elements for companies in order to gain competitive advantage (Akamavi, 2005). A number of studies that examine new service development processes are slowly emerging (Jaw et al., 2010). As a matter of fact, there are various studies emphasizing the increasing importance of service innovation (Ordanini & Parasuraman, 2011). For example, Oke (2007) found out that different management practices, including human resource applications may result in radical new services. Creating service innovations and gaining competitive advantage requires the use of strategic resources and assets. Innovations of the companies in the service sector are considered to be the advantages over competitors.

Communication is the fundamental process of mutual understanding in intercultural interactions (Tung 1993). The main purpose of the interaction in the business world is to share thoughts and feelings to gain successful business opportunities. The ability to communicate is an important process. Ulijn and Strother (1995) argue that managers have an important role in building successful communication between their employees within the organization, it depends on their communication skills. Moreover, it is possible that this process is more complicated in international companies due to the communication problems experienced by the managers from different countries during the period of them adopting to the cultural differences. In the service sector, organizations are in constant communication with the consumers and therefore they especially should pay more attention to communication quality. Indeed, the ability to communicate effectively is prerequisite for successful management, especially for the managers from different cultures (Limaye & Victor 1991). One of the most important conditions for effective leadership is to be able to communicate properly. This will also ensure that the activities within the organization are more orderly coordinated.



#### LITERATURE REVIEW

#### **Leader Effectiveness**

Term of 'being effective' refers to the ability of the leaders to achieve their goals (Yukl, 2010). Effectiveness with regard to leadership refers to the ability of a leader to direct an organization towards the specified objectives and targets (Green, 2010). Researches stated that the leadership activity indicates to the ability of a leader to use his/her personal influence, skills and abilities to achieve specified goals or objectives (Cooper et al., 2012). Although the effectiveness of the leaders is necessary for organizational performance, the difficulty of describing the leadership effectiveness caused discussion about determining a mutual definition between the academics and the researchers in the past (Arnold et al., 1998). Stogdill (1974), Bass (1981, 1990) catalogued and interpreted 5000 studies and stated that there were significant differences in the definitions. Burns (1978) emphasized these differences and defined the leadership effectiveness as "one of the most observed and least understood events of the world". For example, Norma (1997) define leadership effectiveness as a process in which one person affects the behaviour of other people in order to reach the specified goals. Such a leader must earn the attentiveness and commitment of his/her followers in order to achieve the specified goals. However, for the most researchers, leadership effectiveness refers to the ability to direct appropriate skills, abilities, beliefs and behaviours to achieve a desired goal (Green, 2010). To be effective, a leader's influence should leave a positive impression not only on his/her direct contacts but also on the whole organization. Effective leaders should gain appreciation of the employees in order to earn their loyalty and attention. The commitment of the employees is an important determinant of the effectiveness of the leader and ensures the achievement of the objectives (Yukl, 2010). The effectiveness of a leader is determined by the inclusion of the employees and their understanding within the organization. However, this can only be achieved if leaders and subordinates are working with strong mutual trust and respect in the organization (Epitropaki & Martin, 2005). Fleenor et al. (2010) established a hypothesis such as "leaders who are in tune with their employees are more effective than those who are not," but reach a conclusion that this relationship is a complex one. Leaders may not improve their leadership roles if their behaviour is incoherent, if they ignore negative feedbacks of the employees and if they see themselves in a unrealistic positive role (Bass & Yammarino, 1991). At the same time, it may lead them to pursue unrealistic tasks that represent risks and uncertainties (Atwater et al., 1998). This can be a sign of selfish and arrogant behaviour that can affect performance and effectiveness in a negative way (Yammarino & Atwater, 1997). Effective leaders are defined as leaders who can correctly identify their strengths and weaknesses and set self-development goals (Yammarino & Atwater, 1997). Researchers argue that the leaders who are moving in the positive direction are more effective leaders than those who are in the negative direction and have weak influence (Tekleab et al., 2008). Previous researches generally reveal a positive relationship between leader effectiveness and the positive atmosphere in the organisation (Ostroff et al., 2004).

# **Learning Orientation**

Generally, the organizations with learning ability develop continuous mechanisms/patterns for ideas and in this way, the members of the organization (internal stakeholders, employees, managers, partners, owners, etc.) have the capacity to improve themselves. In this respect, the learning orientation indicates the ability of the organisation to expand its capacity over time



(Senge, 1990). The development/expansion of the innovative activities and productivity of organizations can be possible as a result of a continuous learning orientation activities (Mullen and Lyles, 1993). Learning orientation and the success of new products in the organizations provides customer loyalty, growth and sustainability of the profits. Organizations need to focus on learning orientation to improve business processes, understand customer requirements and create new/products services (Day, 1994). Sinkula et al. (1997) defined learning orientation as 'the formation of a set of organizational culture that influence the ability of the organization to acquire and use information'.

Globalisation, disappearance of the boundaries between the countries, rapidly changing world and developing technological opportunities cause organizations to become more complex and more dynamic bodies. Learning orientation is related to both performance and innovation level in terms of development of new knowledge which is very important for the organization (Hurley and Hult, 1998). It is likely that organizations will create more innovation in both products and processes with the latest technology and learning orientation (Mone et al., 1998). However, we need to separate public institutions from the companies in the private sector because public institutions have a non-participatory status and tied by the state or government policies / regulations and have a culture of carrying out a task rather than focusing on learning. For this reason, it is not possible to mention learning-orientation in public institutions and it may make them ineffective (Denton, 1998). If the organizations form a learning-oriented structure, they can make the learning process permanent in the organization. In this way, the creative results can be achieved by eliminating the potential conflicts among employees and ensuring internal motivation within the organization (Brett and VandeWalle, 1999).

In a highly competitive environment, organizations need to ensure effective learning-orientation in order to achieve competitive advantage and to use knowledge efficiently. Organizations need to use the technological facilities well in order to create new products/services in the competitive environment. Furthermore, they should support learning orientation to understand customer needs, changes in their sector and get information about the actions of competitors and reflect the technological opportunities to their products/services (Calantone et al, 2002). Learning orientation is more than the organizational education and development. In his study in 2009, Gill states that the learning orientation is about organizations to renew themselves constantly, being a pioneer of change, having courage for making changes and having the idea to implement the activity (Gill, 2009). Learning orientation becomes a valuable skill/talent because the information can be used in different business environments (Tajeddini, 2011a). Therefore, in this study, we examine the impact of the leader effectiveness on learning orientation and the relationship between them.

# **Team Creativity**

Leaders play an important role in supporting team work, creating a creative culture, rewarding team members and ensuring team creativity in the organizations. For this reason, the success of the organizations depends on active team work, increased team creativity rather than individual activities. In 1988, Amabile conducted a study and reported that the concept of individual creativity is not different from the basic understanding of creativity. Leaders are seen as a supporting element in the creativity activities of individuals. With the formation of supportive environment, employees can contribute to team creativity by experimenting new paths instead of performing individual creativity activities (West, 1990).



For this reason, team creativity develops with the participation of the employees with individual creativity in team work. It is argued that the discussions and the brainstorm among the team members increase the creativity and productivity (King and Anderson, 1990). At the same time, team creativity needs to be developed through diversity of tasks, careful planning and coordination in order to be effective within the organization (Brophy, 1998).

The most important characteristic of the leaders is that they can influence their followers at the individual and team level. In creativity concept, individual creativity is considered as a building block for team creativity (Drazin et al., 1999). The individuals who are not talented or who do not have enough potential or show necessary performance should be assigned to the supporting roles by the leaders and they should be given jobs to make them useful within the organization (Maslyn and Uhl-Bien, 2001). Because, instead of removing such individuals from the organization, it is beneficial to assign these individuals to the task which are not completed by talented and creative individuals. It is important that employees to be outgoing, active, conscious and sensitive and show appropriate behaviours in team work in order to create successful team creativity. (Things to be done in the process of team creativity, for example, to encourage discussion within the team, to inspire individuals, to create a team focused on purpose and goal and to cooperate with individuals in the other team within the organization) (Taggar, 2002).

Team creativity is defined as the combination of individual abilities and interactive actions of individuals (Taggar, 2002). Nevertheless, competition becomes more intense day by day, and therefore the importance of teamwork development in organizations is increasing every day, in particular, after the discovery of teamwork as a product of inter-individual interactions in a system (Leenders et al., 2003). If the leaders pay attention to the characteristics of the individuals and differences between them, they can learn the creativity styles of individuals and coordinate them accordingly (Basadur, 2004). Pirola-Merlo and Mann (2004) define team creativity as the sum of creative activities of individuals within the organization. Team creativity is nourished by individual creativity. It is an indisputable fact that individual creativity forms the basis of new and useful ideas. Team leaders (in other words, department managers / chiefs, project leaders / supervisors etc.) should encourage / motivate each team member to show creative behaviours in order to generate team creativity. However, there is a need for top management to lead the team leaders in this direction. The team leaders have an important role to play but, in many cases, they are not able to interact with each individual due to limited resources and time.

The fact that individuals have different knowledge, skills and perspective has a positive effect on team creativity. However, how the individual was reached by the organisation and how the team members were brought together are the important factors in determining the success of the team. In this respect, the different combination of team members affects team creativity (Bell, 2007). In order for team creativity to reflect positively on the performance of organizations, leaders need to provide trust, courage and strong social-emotional support to employees. A study was conducted by Seong and Choi in 2014, and they state that team creativity has a positive impact on the performance of the organization, and also it positively supports the behaviour and creativity of team members. Therefore, in this study, we examine the effects of leader effectiveness and learning orientation on team creativity and the relationships between them.



#### **Service Innovation**

Organizations are aiming to provide service innovation by constantly making operational improvements, focusing on technology-driven thinking, investing in employee performance, supporting customer experience, searching for new service concepts or new ways of delivering new service or business models (Enz., 2012). It is important to understand the development and implementation process of new services. The creation of service innovation together with their customers can help companies to be innovative (Hjalager & Topic, 2011). Because feedback from customers and their suggestions will ensure better service innovation for the company. When we look at theoretical studies, service innovation is seen as a linear and formal process (Essén, 2009). This approach emphasizes the importance of creating a good perception of service innovation in regular set of activities with the control of the management and support of the organisation (Chae, 2012). Based on Essén's (2009) theory, Chae (2012) developed another service innovation model by adding unpredictable service innovation characteristics. According to this view, service providers creates a new service from the interaction between economic actors and various sources, such as customers (eg system integration, administrative support, equipment, technology) (Chae, 2012). This view suggest that a new service was generated by the service providers together with the customers, because of the unpredictable nature of interaction and structure (Kristensson, Matthing, & Johansson, 2008). For this reason, according to this view, service innovation is an evolutionary process that dynamically reassembles resources to meet customer needs. In a competitive environment, rather than fixed planning, urgent planning can be more valuable for service innovation (Chae, 2012).

Concept of service innovation means that new service process is different from all the other service processes and has an innovative aspect (Gadrey et al., 1995). Den Hertog (2000) defines it as the providing a service delivery system as a result of the feedback of customers, technological solutions and innovation. Service innovation is expressed as new developments in the methods used in activities during the process of offering services (Oke, 2007). In order to meet the demands and needs of customers in organizations, organisations implement service innovation and structure new behavioural models for the employees (Hu et al., 2009). The employees should develop their creative ideas for organizations to be successful in innovation processes (Sah et al., 2010). Service innovation is based on examining the data from service providers (products and service mechanisms) and consumers (whether the service meet their expectations) and making necessary improvements. In a study conducted by Muller in 2011, it is stated that if the organizations pay attention to the culture and customer demands, it is easier to realise innovation in services. Although innovative activities and behaviours are important in the service sector (Mittal and Dhar, 2015), the number of studies investigating the behaviour of employees in the service sector remains limited (Kim and Lee, 2013). These kinds of studies also reveal the situation of information sharing among employees and psychological factors such as organizational culture and team culture. However, there are other important factors such as leadership styles, job characteristics and employee motivation which are effective in the innovative activities and behaviours of employees in organizations. Therefore, in the study, we examine the impact of leader effectiveness and learning orientation on service innovation and the relationship between them.



#### **Effective Communication**

Effective communication is the development of a common understanding between communicating individuals (both from the perspective of the sender and the recipient) (Fisher, 1978). Effective communication involves both formal and informal information sharing activities that is significant and timely between the parties (Sharma and Patterson, 1999). Communication is the formal and informal exchange of information at organizational level or between individuals (Olkkonen et al., 2000). At the same time, it is argued that if the communication is bi-directional (sender and recipient), it can be said that high-quality and regular information exchange takes place (Sanzo et al., 2003). The importance of communication for both organizations and individuals are mentioned in the literature, and it is stated that if the communication is effective, useful, accurate and timely, it will also prevent possible doubts (Yousafzai et al., 2005). When we consider all elements in organizations, we see that one of the most effective relationship-building strategies among employees is correct communication (Palmatier et al., 2006). While effective communication has an important function in eliminating misunderstandings and resolving disputes, it can also create opportunities for a constructive debate within the organizations (Massey and Dawes, 2007). In a study conducted by Yen et al. in 2011, it is stated that effective communication has a significant effect on the perception of relationship quality. The characteristics of effective communication can be defined as bidirectional (mutual between individuals), formal and informal, meaningful and orderly communication. For this reason, if an employee communicates effectively with a customer, it means he/she can communicate at the required level, can give/receive feedbacks, the communication flow routinely and he/she provides useful information.

Effective communication reduces uncertainty, facilitates dialogue and provides an opportunity for constructive discussion, so that organizations can have a low level of conflict and a healthy relationship between the organization and employees (Massey and Dawes, 2007). However, when there is a high level of conflict in the organization, even if the necessary time and effort is spent to construct effective communication between individuals, it may not efficient enough in reaching a solution (Jehn & Bendersky, 2003). When there is no effective communication in organizations, the productivity decreases as a result of conflicts among employees (Jehn and Mannix, 2001). When there is a high level of effective communication in the organizations, the level of conflict between employees will decrease and it will cause employee expectations to be met and their level of job satisfaction to be increased. On the other hand, in the event of the high-level task conflict, the employees' expectations will not be met and the level of job satisfaction will decrease. Therefore, we examine the effects of leadership effectiveness and learning orientation on effective communication, and the relationship between them.

# RESEARCH METHODOLOGY

# Method

A survey was conducted with 323 employees in line with the objectives of the research. Data was evaluated using SPSS 23.00 Statistical Package Program and "descriptive" analysis was used for demographic information. Factor analysis and reliability analysis were conducted on



the questions with Likert scale. Correlation analysis was carried out to examine the relationships between variables; Regression analysis was performed to test hypotheses. Questions for Leader Effectiveness scale (6 questions) were developed by Yefei Yang, Peter Lee and Cheng in 2016. Learning Orientation scale was measured by 8 questions developed by Saarce Elsye in 2015. Effective Communication Scale (5 questions) adopted from the scales used by Sharma and Patterson in 1999. Team Creativity Scale was measured by the 4 questions that were used by Tierney and Farmer in their 2002 study. Service Innovation Scale (3 questions) was developed by the Swink (2003).

# **Findings**

The sample of our Likert scale survey was consisted of 323 white-collar workers working in different departments of private and public institutions in the Marmara region. Our survey was participated by 143 female and 180 male white-collar employees. Ages of the participants of the survey were distributed as; 14% between the ages of 18-25 (45 participants), 30% between 26-30 (97 participants), 23% between 31-35 (74 participants), 21% between 36-40 (68 participants), 7% between 41-45 (22 participants) and 5% of the participants were 46 years and over (17 participants). 44% of the employees were in the public sector (122 employees) and 56% are in the private sector (201 employees). The employees were working for their organisations as; 10% for less than 1 year (32 employees), 25.3% for 1-3 years (82 employees), 33% for 4-7 years (107 employees),17.6% for 8-10 years (57 employees), 14% for 10 years and over (45 employees). 1.5% of the participant had primary school education (5 participants), 7% had high school or similar education (23 participants), 11.4% had vocational school/associate degree (37 participants), 67.4% had university degree (218 Participants), 12.3% of them had graduate degree (40 Participants).

# **Research Framework**

Based on the literature review, research model was composed of Leadership Effectiveness and Learning Orientation as independent variables and Effective Communication, Team Creativity and Service Innovation as dependent variables. Our study adopted a quantitative approach because the data was analysed to determine the relationship between statistical concepts. In a quantitative research, we use independent variable(s) to determine their effect on the dependent variable (Thomas et al., 2015).



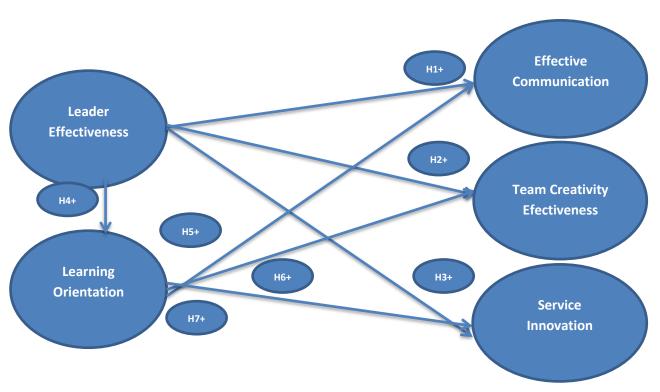


Figure 1. Research Model

In our study, the variables were prepared according to the 5 Likert scale and were measured by a questionnaire of 26 questions. Variables of Leadership Effectiveness, Learning Orientation, Communication Efficiency, Team Creativity and Service Innovation were subjected to factor analysis. As the result of factor analysis, 1 question did not show factor distribution, loaded into different factors and decreased the reliability and therefore it was subtracted from the scale. The remaining 25 questions were distributed into 5 factors. The variables that were subjected to factor analysis are shown in the following table with their factor loads:

Table 1. KMO and Bartlett's Test

| KMO and Bartlett's Test      |                    |          |  |  |  |  |
|------------------------------|--------------------|----------|--|--|--|--|
| Kaiser-Meyer-Olkin Adequacy. | ,930               |          |  |  |  |  |
| Bartlett's Test of           | Approx. Chi-Square | 5763,713 |  |  |  |  |
| Sphericity                   | df                 | 300      |  |  |  |  |
|                              | Sig.               | 0,000    |  |  |  |  |

Factor analysis was performed to examine the validity of the structure of the scale. Büyüköztürk (2005) describes the factor analysis as a multivariate statistical method aiming to discover small number unrelated but conceptually significant new variables (factors, dimensions) by bringing related variables together. In order to determine whether the data obtained from the preliminary application were suitable for factor analysis, Kaiser-Meyer



Olkin (KMO) sample test and Bartlett's sphericity test were conducted and diagonal values of the anti-image correlation matrix were examined

Table 2. Rotated Component Matrix<sup>a</sup>

| Rotated Component Matrix <sup>a</sup>   | 1    |      | mpon | ent       |   |  |  |
|---|------|------|------|-----------|---|--|--|
|   |      |      |      | Component |   |  |  |
|   |      | 2    | 3    | 4         | 5 |  |  |
| LE4. I like working with our manager.   | ,841 | _    |      | -         |   |  |  |
|   | ,831 |      |      |           |   |  |  |
| I F3 Our manager constantly conducts activities to motivate                                     |      |      |      |           |   |  |  |
| employees.  | ,817 |      |      |           |   |  |  |
| I F6. I believe that our manager will be very successful in                                     | 015  |      |      |           |   |  |  |
| future assignments.   | ,815 |      |      |           |   |  |  |
|   | ,814 |      |      |           |   |  |  |
|   | ,760 |      |      |           |   |  |  |
| LO5. The organisation I work for reward employees if they                                       |      | 762  |      |           |   |  |  |
| take initiative   |      | ,763 |      |           |   |  |  |
| LO7. The organisation I work for cooperate with non-  |      |      |      |           |   |  |  |
| governmental organizations to maintain good relations with                                      |      | ,677 |      |           |   |  |  |
| stakeholders.   |      |      |      |           |   |  |  |
| LO4. The organization I work for provides learning (self-                                       |      | ,675 |      |           |   |  |  |
| improvement) opportunities for all employees.   |      | ,075 |      |           |   |  |  |
| LO2. In the organisation I work for, the employees try to build                                 |      | ,656 |      |           |   |  |  |
| mutual trust.   |      | ,030 |      |           |   |  |  |
| LO8. In the organisation I work for, the managers always  |      | ,619 |      |           |   |  |  |
| want to learn (self-improvement).   |      | ,017 |      |           |   |  |  |
| LO3. In the organisation I work for, each employee is   |      |      |      |           |   |  |  |
| prepared to accept an agreement on the outcome of the   |      | ,570 |      |           |   |  |  |
| discussion group despite the different opinions.  |      |      |      |           |   |  |  |
| LO1. In the organisation where I work, the employees are  |      | ,569 |      |           |   |  |  |
| rewarded for their efforts to learn (self-improvement efforts).                                 |      | ,000 |      |           |   |  |  |
| LO6. In the organisation I work for, they solve employees'                                      |      | ,550 |      |           |   |  |  |
| problems.   |      | ,    |      |           |   |  |  |
| TCE2. In the organisation I work for, I think I am good at                                      |      |      | ,767 |           |   |  |  |
| producing new ideas.  |      |      |      |           |   |  |  |
| TCE1. In the organisation I work for, I am confident about my                                   |      |      | ,728 |           |   |  |  |
| ability to solve problems creatively.   |      |      |      |           |   |  |  |
| TCE4. In the organisation I work for, I am good at finding creative ways to solve the problems. |      |      | ,699 |           |   |  |  |
| TCE3. In the organisation I work for, I think that I am master                                  |      |      |      |           |   |  |  |
| in developing the ideas of others.  |      |      | ,668 |           |   |  |  |
| EC4. In the organisation I work for, my colleagues state their                                  |      |      |      |           |   |  |  |
| mistakes without hesitation.  |      |      |      | ,763      |   |  |  |
| EC3. In the organisation I work for, an employee in one   |      |      |      |           |   |  |  |
| department gives as much information to another department if                                   |      |      |      | ,701      |   |  |  |
| they request.   |      |      |      | ,. 01     |   |  |  |



| EC5. In the organisation I work for, my colleagues always share their successful experiences.                           | ,683 |      |
|---|------|------|
| EC2. In the organisation I work for, my colleagues explain some problems and suggestions in a meaningful way.           | ,581 |      |
| SI3. In the organisation I work for, we take the services of other companies as an example to develop our new services. |      | ,748 |
| SI2. In the organisation I work for, we develop new services.   |      | ,665 |
| SI4. In the organisation I work for, our new services are developed according to customer requirements.                 |      | ,659 |
| Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. <sup>a</sup>       |      |      |
| a. Rotation converged in 6 iterations.  |      |      |

LE: Leader Effectiveness, LO: Learning Orientation, TCE: Team Creativity Effectiveness,

EC: Effective Communication, SI: Service Innovation

Reliability analysis is defined as the internal consistency of the measurement which is about the average relation between the questions. In the literature, the Cronbach's alpha coefficient of 0.50 and above is accepted as sufficient by Nunnally (1978) (Nunnally, J. C., 1978, Hair et al., 2000, Büyüköztürk, 2007).

Tablo 3. Reliability Analysis

| DEĞİŞKENLER                   | Soru Sayısı | Cronbach Alfa (α) Değerleri |
|-------------------------------|-------------|-----------------------------|
| Leader Effectiveness          | 6           | ,928                        |
| Learning Orientation          | 8           | ,898                        |
| Effective Communication       | 4           | ,851                        |
| Team Creativity Effectiveness | 4           | ,827                        |
| Service Innovation            | 3           | ,734                        |

Reliability means that the measurement tool shows consistent results in all cases (Bell, 1993). When the literature is examined, it is seen that reliability is checked before the validity in scale development studies. Because, if a scale is not reliable, it will not be valid. Therefore, there is no need to conduct a validity test for a scale that does not fulfil reliability standards (Çelik & Bindak, 2005). For this reason, the prepared statements should be examined in terms of being consistent and stable, having ability to observe without awaking any unwanted reactions and having ability to obtain wanted reactions. For this purpose, item or scale scores are used as the basis for selecting items between the draft's items (Bozdogan & Öztürk, 2008). In our study, the reliability of the scale was examined by item analysis based on the difference of the average scores of the top and bottom groups and correlation.



**Table 4. Descriptive Statistics** 

| Descriptive Statistics        |        |        |     |  |  |  |
|-------------------------------|--------|--------|-----|--|--|--|
| Mean Std. Deviation N         |        |        |     |  |  |  |
| Leader Effectiveness          | 3,7519 | ,96774 | 352 |  |  |  |
| Learning Orientation          | 3,8726 | ,87639 | 352 |  |  |  |
| Team Creativity Effectiveness | 4,1108 | ,74951 | 352 |  |  |  |
| Effective Communication       | 3,9858 | ,88681 | 352 |  |  |  |
| Service Innovation            | 3,9872 | ,81509 | 352 |  |  |  |

Statistics is a science that deals with the collection, classification, presentation and interpretation of numerical data (Johnson, 1980). It is a method aims to make the collected data by scientific methods to be meaningful (Linquist, 1989). Descriptive statistics include methods and techniques for collecting, describing and presenting numerical data.

**Table 5. Correlations** 

| Correlations            |   |                         |                         |                                     |                            |                       |  |
|-------------------------|---|-------------------------|-------------------------|-------------------------------------|----------------------------|-----------------------|--|
|                         |   | Leader<br>Effectiveness | Learning<br>Orientation | Team<br>Creativity<br>Effectiveness | Effective<br>Communication | Service<br>Innovation |  |
| Leader<br>Effectiveness | Pearson<br>Correlation                      | 1                       | ,554**                  | ,348**                              | ,429**                     | ,450**                |  |
|                         | Sig. (2-tailed)                             |                         | ,000                    | ,000                                | ,000                       | ,000                  |  |
|                         | Sum of<br>Squares and<br>Cross-<br>products | 328,721                 | 164,990                 | 88,593                              | 129,315                    | 124,634               |  |
|                         | Covariance                                  | ,937                    | ,470                    | ,252                                | ,368                       | ,355                  |  |
|                         | N   | 352                     | 352                     | 352                                 | 352                        | 352                   |  |
| Learning<br>Orientation | Pearson<br>Correlation                      | ,554**                  | 1                       | ,636**                              | ,729**                     | ,568**                |  |
|                         | Sig. (2-tailed)                             | ,000                    |                         | ,000                                | ,000                       | ,000                  |  |
|                         | Sum of<br>Squares and<br>Cross-<br>products | 164,990                 | 269,590                 | 146,684                             | 198,791                    | 142,355               |  |
|                         | Covariance                                  | ,470                    | ,768                    | ,418                                | ,566                       | ,406                  |  |
|                         | N   | 352                     | 352                     | 352                                 | 352                        | 352                   |  |
| Team<br>Creativity      | Pearson<br>Correlation                      | ,348**                  | ,636**                  | 1                                   | ,587**                     | ,475**                |  |
| Effectiveness           | Sig. (2-tailed)                             | ,000                    | ,000                    |                                     | ,000                       | ,000                  |  |
|                         | Sum of<br>Squares and<br>Cross-<br>products | 88,593                  | 146,684                 | 197,179                             | 136,971                    | 101,749               |  |
|                         | Covariance                                  | ,252                    | ,418                    | ,562                                | ,390                       | ,290                  |  |
|                         | N   | 352                     | 352                     | 352                                 | 352                        | 352                   |  |



| Effective<br>Communication | Pearson<br>Correlation                      | ,429**  | ,729**  | ,587**  | 1       | ,514**  |
|----------------------------|---|---------|---------|---------|---------|---------|
|                            | Sig. (2-tailed)                             | ,000    | ,000    | ,000    |         | ,000    |
|                            | Sum of<br>Squares and<br>Cross-<br>products | 129,315 | 198,791 | 136,971 | 276,040 | 130,436 |
|                            | Covariance                                  | ,368    | ,566    | ,390    | ,786    | ,372    |
|                            | N   | 352     | 352     | 352     | 352     | 352     |
| Service<br>Innovation      | Pearson<br>Correlation                      | ,450**  | ,568**  | ,475**  | ,514**  | 1       |
|                            | Sig. (2-tailed)                             | ,000    | ,000    | ,000    | ,000    |         |
|                            | Sum of<br>Squares and<br>Cross-<br>products | 124,634 | 142,355 | 101,749 | 130,436 | 233,192 |
|                            | Covariance                                  | ,355    | ,406    | ,290    | ,372    | ,664    |
|                            | N   | 352     | 352     | 352     | 352     | 352     |

The results of the correlation analysis show that there is a significant relationship between the independent variables of Leadership Effectiveness and of Learning Orientation and dependent variables of Effective Communication, Team Creativity and Service Innovation. Therefore, it can be stated that if Learning Orientation and Leader Effectiveness reflect on the employees positively and they cause effective communication between the employees and in particular, in the organizational hierarchy and lead to productivity in team creativity and service innovation in the desired level.

Table 6. Regression Analysis Results of the Effect of Independent Variables on Dependent Variables

| Bağımsız<br>Değişkenler | Bağımlı<br>Değişkenler        | Standart<br>β | Sig. | Düzeltilmis<br>R <sup>2</sup> | F<br>Değeri |
|-------------------------|-------------------------------|---------------|------|-------------------------------|-------------|
| Leader Effectiveness    | Effective Communication       | ,436***       | ,000 | ,188                          | 82,162      |
| Leader Effectiveness    | Team Creativity Effectiveness | ,348***       | ,000 | ,119                          | 48,221      |
| Leader Effectiveness    | Service Innovation            | ,433***       | ,000 | ,185                          | 80,701      |
| Leader Effectiveness    | Learning<br>Orientation       | ,595***       | ,000 | ,352                          | 191,996     |
| Learning Orientation    | Effective<br>Communication    | ,711***       | ,000 | ,504                          | 356,988     |
| Learning Orientation    | Team Creativity Effectiveness | ,620***       | ,000 | ,383                          | 218,917     |
| Learning Orientation    | Service Innovation            | ,604***       | ,000 | ,363                          | 201,250     |

Supported and Unsupported Hypotheses as a Result of the Regression Analysis



Predicted research hypotheses were tested by regression analysis and seven supported hypotheses are shown in Table 7, excluding intervening variable effects.

Table 7. Supported or Unsupported Research Hypothesis

| Hypothesis  | Supported/  | Level of Significance |
|---|-------------|-----------------------|
|   | Unsupported | (Sig.)                |
| H1: Leader Effectiveness has positive effect on         | SUPPORTED   | P<0.001               |
| Effective Communication.                                |             |                       |
| H2: Leader Effectiveness has positive effect on         | SUPPORTED   | P<0.001               |
| the Team Creativity.                                    |             |                       |
| H3: Leader Effectiveness has positive effect on         | SUPPORTED   | P<0.001               |
| Service Innovation.                                     |             |                       |
| H4: Leader Effectiveness has positive effect on         | SUPPORTED   | P<0.001               |
| Learning Orientation.                                   |             |                       |
| H5: Learning Orientation has positive effect on         | SUPPORTED   | P<0.001               |
| Effective Communication.                                |             |                       |
| <b>H6</b> : Learning Orientation has positive effect on | SUPPORTED   | P<0.001               |
| Team Creativity.  |             |                       |
| H7: Learning Orientation has positive effect on         | SUPPORTED   | P<0.001               |
| Service Innovation.                                     |             |                       |

As a result of the hypothesis tests among the variables of our research model, the hypotheses were supported by regression analysis, excluding intervening variables. Relationships between variables are statistically significant as a result of regression analysis. Table 7 show that, as a result of the regression analysis, H1 hypothesis is supported ( $\beta$ =,436\*\*\*; Sig=,000) which is about the effect of the independent variable of Leader Effectiveness on Effective Communication dependent variable. **H2 hypothesis is supported** ( $\beta$ =,348\*\*\*; Sig=,000), which is about the effect of the independent variable of Leader Effectiveness on the dependent variable of Team Creativity. **H3 hypothesis is supported** ( $\beta$ =,433\*\*\*; Sig=,000), which is about the effect of the independent variable of Leader Effectiveness on dependent variable of Service Innovation. **H4 hypothesis is supported** (β=,595\*\*\*; Sig=,000), which is about the effect of the independent variable of Leader Effectiveness on the dependent variable of Learning Orientation. H5 hypothesis is supported ( $\beta$ =,711\*\*\*; Sig=,000), which is about the effect of the independent variable of Learning Orientation on the dependent variable of Effective Communication. H6 hypothesis is supported (β=,620\*\*\*; Sig=,000), which is about the effect of the independent variable of Learning Orientation on the dependent variable of Team Creativity. H7 hypothesis is supported  $(\beta=,604***; Sig=,000)$ , which is about the effect of the independent variable of Learning Orientation on the dependent variable of Service Innovation.

#### **DISCUSSION**

The leader effectiveness is specified by the understanding and inclusion of the employees. However, this can only be achieved if leaders and subordinates create strong mutual trust and respect and if they can all work in harmony as a whole organization (Epitropaki & Martin,



2005). If creativity activities generate high positive impact during team work, teams' members tend to have positive perceptions about the work environment. Such a positive emotional experience motivates team members to share their interactions within teams, share their thoughts, discuss their own ideas with the other members and create additional options to solve problems (Shalley et al., 2009). At the same time, creative ideas also increase cognitive flexibility, which improves creative abilities, such as accepting different thinking and new perspectives (Isen, 1999). However, it is true that there are some obstacles in front of team creativity. Especially the problems in family businesses may prevent employees to actively support the management. If the decisions are taken only by the top management and exclude employees, it may block the emergence of creativity and the obstruct effective communication within the organization. All departments, which employees are affiliated to, can increase or decrease the chances of a team in generating a creative output. It is suggested that how team members interact with each other and how they work together influence team creativity in the stronger and weaker direction (Barczak et al., 2010). One of the important issues for organisations in the service sector is to achieve the service innovation at the desired level. The core of service innovation based on the services provided to the customers by the businesses. In this regard, customers become an important part of service innovation (Korsching & El-Ghamrini, 2003). In order for successful implementation, the organizations should ensure the coordination in all departments and in the hierarchical structure, the employees should work with effective communication approach and their creativity should contribute to the organisation. Its effectiveness can be measured by customer satisfaction.

In a highly competitive environment, the companies compete to introduce innovative ideas and changes in order to respond to the needs and request of their customers and generate customer satisfaction (Nemati et al, 2010). Employees in the service sector are more likely to increase customer satisfaction with a concept that meets the needs of their customers. According to Boxer and Rekettye (2011), service innovation provides added value for the customers in terms of productivity and attractiveness. This brings competitive advantage of the long-term relationship, earned by customer satisfaction and loyalty. Verma and Mercado (2013) focus on the process of service innovation and competitive advantage. They found out that performance measurement and the innovation efforts of the organisations lead to higher customer satisfaction. Boxer and Rekettye (2011) state that companies need to understand customer needs and demands to innovate their services. Achieving service innovation depends on the creativity of the employees and as well as the learning orientation in the organization. Organizational learning is associated with the development of new knowledge that is very important in a company's innovation and performance level (Hurley & Hult, 1998). A learning-focused organisation is more likely to have the latest technology, which leads to greater innovation capability in both products and processes (Mone et al, 1998). Mullen and Lyles (1993) indicate that a company's continuous orientation towards to organizational learning enhances the effectiveness and productivity of its innovative activities. The learning orientation improves the relationship between task conflict and creativity in positive dimension. In sectors where competition is intense, the organisations should invest in their employees and create active training and development departments to ensure that their employees are involved in continuous self-improvement activities. The academic development departments should be structured within the organisations and they should aim to contribute to the development of the employees by the in-house trainings which is organised by the people who have necessary knowledge and who can develop organisational culture. The low level of employee performance in organizations can be result



of employees respond to their organisation. In a strategic point of view, human resource management is important in terms of gaining competitive advantage. However, if the behavioural sciences and human resources is controlled by the management, the internal satisfaction improvement activities planned by the human resources department may remain only on the paper. We can easily see this situation in every sector. It is quite apparent that the impact of leadership styles on employee attitudes and behaviours should be examined in successful and unsuccessful companies. At the same time, the comparative analyses are too limited in our country and the theoretical studies in the field of leadership roles are not sufficient enough. The organisations should be open to the studies in this field, as it is important for the organizations to improve themselves. We argue that research on leadership styles for improving employee productivity and on human resource management approaches in various sectors and culturally different organisations will contribute to the literature.

#### CONCLUSIONS AND RECOMMENDATIONS

Our study was conducted on the white-collar employees working in private and public organisations in the service sector in the Marmara region, it was determined that effective communication, team creativity and service innovation have positive and significant relationships with both leadership effectiveness and learning orientation, in terms of individual relations or in organisation in general. If the organizations arrange trainings for development of the employees or if the employees involve in self-improvement activities, this reflect positively on creativity activities and also increases the quality of the communication between the employees. The effectiveness of the leaders in the organizations positively affects the innovation, quality of communication and team creativity among the departments in the organisations. Leader effectiveness is one of the most important elements for the positive performances of the organizations, but measuring or analysing of effectiveness of the leaders was a topic of discussion among many researchers in the past and they have not agreed on a common definition (Arnold et al., 1998). The main reason for this is that the effectiveness of the leader can differ in terms of sector, culture and organizational structure. One of the ways for the organisations to be successful in a highly competitive environment is adopting learning orientation approach. Learning orientation ensures that employees in the organization are able to reach and share information and knowledge efficiently (Calantone et al., 2002). With this awareness, if the organizations establish educational and academic departments, and encourage employees to improve themselves, this will lead the employees to contribute to their organizations through creativity activities and cause noticeable progress in terms of organizational performance. The research shows that ensuring effective communication within the organization prevents unnecessary time loss in formal and informal information sharing, and eliminate conflicts and mistakes. (Massey & Dawes, 2007).

The studies in this field reveals that in order to achieve the effective communication and team creativity and to uncover individual creativity in the organisations, it is necessary for the employees to involve in brain storming, which means to discuss a topic in a healthy manner among employees. The way to achieve this depends on providing opportunities for employees to share their ideas and thoughts in their departments (Seong & Choi, 2014). In the service sector, where competition is intense, it is necessary for the organizations to use their resources efficiently in order to respond to the needs and requirements of their



customers. In doing so, they constantly need to innovate and keep customer satisfaction at a high level. The success of employees in service innovation depends on the provision of a healthy working environment and opportunities. Because, in this way, the employees can improve themselves in a dynamic environment and involve in creative activities (Chae, 2012). It is understood that the high level of productivity of the workforce are directly proportional to the developments within the organization and approach of the senior management towards their employees. The future studies on how to increase the performance of the employees in terms of progressive technology and human resources according to sectors will contribute to the literature positively. In order to produce better future studies, qualitative research and new theoretical concepts, it is necessary to focus more on the attitudes and behaviours of employees in the organization and the effects of different leadership styles on employees. It may be possible to obtain new findings and concepts in the field of social sciences, in particular in the field of management and organization, which may arise due to the cultural differences between the regions. The challenges of working life and the new leadership and management styles are emerging day by day, also generate new concepts from academic point of view. It will be possible to acquire new concepts in terms of theory and analysis, that will contribute to the world literature through the future studies by examining the problems experienced in working life more academically and more intensively.

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