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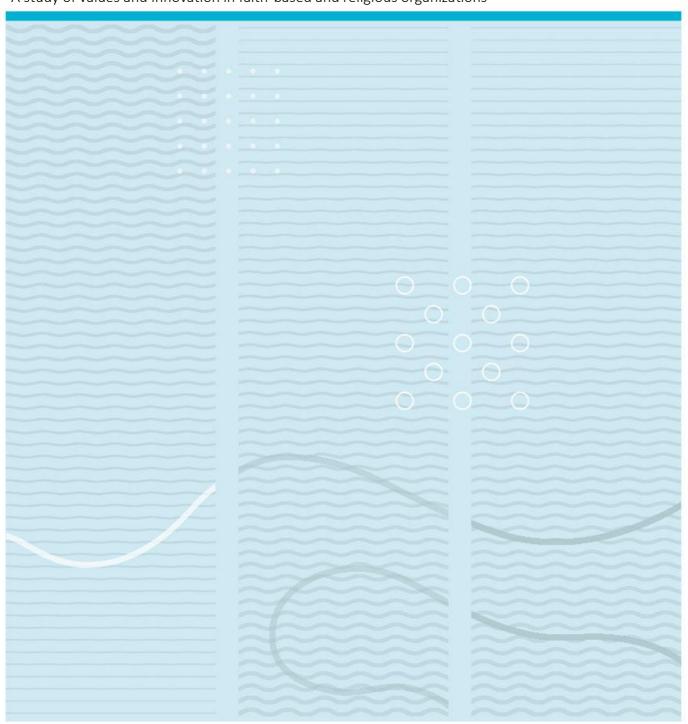
Master's Degree in Innovation and Management

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# The Association Between Identification with Organizational Values and Perceptions of Innovation Culture Among Employees in Nonprofit Organizations

A study of values and innovation in faith-based and religious organizations



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This thesis is worth 30 study points. 72 pages, 19 029 words.

#### **Abstract**

This master's thesis in innovation and management is centered on a study attempting to address the question: How does employees' identification with core organizational values in faith-based and religious nonprofit organizations relate to their perceptions of workplace innovation culture? Nonprofit organizations have since the mid 19<sup>th</sup> century played a central part in building Norway's civil society, however, research into innovation culture in the sector has largely been overlooked. The goal of this thesis is to open up a new avenue into research on innovation in nonprofits, by linking it to a main characteristic of the nonprofit sector: Employee's identification with organizational values. To answer the research problem, a cross-sectional, survey-based study was conducted using data gathered among 92 employees of the Norwegian Mission Society and KIA Norge.

The study is framed by theory from two separate trajectories of organizational and innovation studies. Theories on innovation culture maintain that facilitating a culture that supports innovation can yield positive outcomes on the organizational level, and that such a culture can be defined and measured in organizations. Theory on nonprofits as a context for innovation suggests that high employee engagement is a resource for innovation it the sector, and that this engagement manifests in high employee identification with organizational values. This is especially true in organizations with core values derived from a religious understanding of mission.

Identification with core organizational values was divided into five survey elements. The main finding of the study is that two of these were found to be particularly relevant to perceptions of innovation culture. It would appear that being able to live out your own personal values through your work, and working in a place where those values have real implications for how people behave, seem to create a positive association. If supported by further studies, these findings could inform a mission-based, value-infused approach to innovation. Hopefully, such an approach could bring about higher innovativeness as the nonprofit sector continues to bring people together to solve social problems.

Keywords: Innovation, organization, nonprofit, innovation culture, values, identification, identification with values, employee engagement.

#### Sammendrag

Denne mastergradsavhandlingen i innovasjon og ledelse er sentrert rundt en studie som forsøker å besvare følgende problemstilling: Hvordan er sammenhengen mellom ansattes identifikasjon med grunnverdiene i diakonale og misjonale ideelle organisasjoner, og deres oppfattelse av organisasjonenes innovasjonskultur? Innovasjonskultur i ideelle virksomheter er lite forsket på, og målet med denne avhandlingen er å åpne for ny og videre forskning på ideell innovasjon ved å koble det til et særtrekk ved sektoren: Ansattes identifikasjon med organisasjonsverdier. For å besvare problemstillingen ble en spørreskjemabasert tverrsnittstudie gjennomført, som høstet data fra 92 ansatte i *Det norske misjonsselskap (NMS)* og *KIA Norge*.

Studien er innrammet av teorier fra to forskjellige områder innen organisasjons- og innovasjonsstudier. Teorier om innovasjonskultur fremholder at det å fasilitere en organisasjonskultur som støtter opp om innovasjon kan skape positive utfall for virksomheter, at god innovasjonskultur kan defineres og måles i organisasjoner. Teorier om ideelle virksomheter som kontekst for innovasjon antyder at høyt engasjement blant ansatte er en ressurs for innovasjon i sektoren, og at dette engasjementet blant annet kommer til uttrykk i høy grad av identifikasjon med organisasjonenes grunnverdier. Dette er særlig tilfellet i organisasjoner der verdiene knyttes til en religiøs forståelse av oppdraget.

Identifikasjon med organisasjonens grunnverdier ble delt opp i fem elementer spørreskjemaet. Hovedfunnet i studien er at to av disse indikeres å ha en sammenheng med en mer positiv oppfatning av innovasjonskulturen i organisasjonen. Å kunne leve ut ens personlige grunnverdier gjennom jobben, og å jobbe på en arbeidsplass der disse verdiene faktisk påvirker folks adferd, synes å skape en slik positiv sammenheng.

Dersom funnet finner støtte i mer omfattende studier, kunne det bidra til å skape en tilnærming til innovasjon rotfestet i organisasjonens oppdrag og verdigrunnlag.

Forhåpentligvis kunne en slik tilnærming bidratt til å skape en bidratt til å heve innovasjonskraften i ideell sektor, mens den ufortrødent fortsetter å samle folk på grassrotnivå for å løse små og store samfunnsoppgaver.

Nøkkelord; Innovasjon, organisasjon, ideelle, innovasjonskultur, verdier, identifikasjon, identifikasjon med verdier, engasjement.

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#### **Preamble**

For the past four years, as I have been undertaking the Master's program in Innovation and Management at the University of South-Eastern Norway, I have also been working full-time as a special advisor in the only employers' union in Norway that solely serves faith-based nonprofit organizations. Studying at a business school and working for the nonprofit sector has made me aware that business and nonprofits are two vastly different contexts for innovation. While commercial corporations often invest large sums into research and development, have innovation boards, and track their innovation progress through key performance indicators, organizations in the nonprofit sector often struggle to raise money that can be used for much else than delivering on their core mission. Consequently, rigging innovation projects with uncertain outcomes is viewed as a luxury. For my master's thesis, I therefore wanted to explore avenues for improving innovativeness in nonprofits that do not require large financial investments.

The result is this, a project about the *relationship between identification with organizational values*, a key defining trait of faith-based and religious nonprofit organizations, and *innovation culture*, an innovation resource that can be accessed even on lower budgets. My hope is that this thesis can contribute to raising awareness in the nonprofit sector about how to work on improving innovativeness in organizations, utilizing a goldmine of the sector: Its orientation towards values as a driving force for fostering intrinsic motivation among employees.

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Oslo, 14 May 2023

Jens Apostolopoulos Bjelland

#### 1 Introduction

"Leave no one behind" is the rallying cry of the 2030 Agenda for Sustainable Development (p. 59). It could also be applied as a slogan for the nonprofit sector—that corner of society where people come together on the grassroots level to solve social problems, removed from the profit chase of businesses and the bureaucratic institutions of the public sector.

In a world marked by war in Europe, a post-pandemic economy, climate change, and social unrest, the task of creating a better tomorrow for all seems more difficult than it has in a long time. Solutions to the challenges we face will likely be centered around political and sometimes even military intervention, organized by the powerbrokers of our day. Yet it is difficult to envision a world that is a better place to live in within 10, 20, or 30 years if people do not come together and innovate to solve issues from below. Upon this backdrop, there seems to be a growing acknowledgement of the role innovation in the nonprofit sector can play in overcoming the trials facing us (Cosner Berzin & Camarena, 2018).

Still, studies of innovation at the organizational level seem to focus mostly on businesses and the public sector. Key works on both innovation studies and innovation management, such as Tidd and Bessant (2018) in an international context and Aasen and Amundsen (2015) in Norway, take for granted that this research applies to the business context. Search engines confirm this impression: A query on Academic Search Premier for *innovation AND culture AND nonprofit* yields 68 results. Cut out *nonprofit* and you have 16 000 results. A similar search in the Norwegian search engine Idunn yields 167 results, but the emphasis is mainly on the role of nonprofits in public welfare schemes. Stenstadvold and Hegna (2016), for example, focus on openness to failure in local welfare systems, while Venås (2018) refers to the need for political will to include nonprofits in welfare creation.

Innovation in the nonprofit sector is framed by a different set of preconditions than in both businesses and the public sector (Cosner Berzin & Camarena, 2018; Hull & Lio, 2006). A gift-based economy with donors and grant makers wanting to see their money

spent directly in projects that succeed, makes it more challenging to allocate resources to innovation processes. However, nonprofits are also recognized by high employee engagement (Akingbola et al., 2023). In a sector with generally lower salaries than both businesses and the public sector, engagement comes from intrinsic motivation, such as viewing one's job as an arena where one gets to live out one's deepest personal values (Askeland et al., 2020), or even viewing work as a calling (Duffy & Dik, 2013). This would suggest that a defining characteristic of nonprofits is that they tend to be *mission-based* and *value-driven*.

This may be especially true for faith-based and religious nonprofits, as will be discussed more thoroughly in chapter 2. Employees, volunteers, and members will often have a high degree of identification with the values and core mission of the organization, investing not only their time, but their sense of meaning into the work.

#### 1.1 Research Problem and Questions

The question at the core of this thesis is if there is an association between such identification with organizational values and how one experiences innovation culture in nonprofit organizations. This is formulated as the following problem, which the thesis aims to answer:

How does employees' identification with core organizational values in faithbased and religious nonprofit organizations relate to their perceptions of the organizations' innovation culture?

To investigate this, a cross-sectional, survey-based study was conducted with the following research questions in mind:

RQ1: In what way, if any, does employees' identification with the organization's core values associate with their perception of the organization's innovation culture?

RQ2: In what way, if any, does the type of nonprofit organization (faith-based versus religious) moderate the relationship between identification with values and perception of innovation culture?

#### 1.2 Context and Purpose

This project is situated within the context of the Norwegian nonprofit sector. In the decades following Norway's reestablishment as an individual state in 1814, a large nonprofit sector arose from an engaged population wishing to address social issues in what was then a poor country. Many of the nonprofit organizations that were founded in this period are still vibrant and impactful in Norwegian society today, such as the Norwegian branch of YWCA and YMCA (established in 1880), the Norwegian Mission Society (1842) and the Norwegian branch of the Red Cross (1865). From the start, a large portion of the sector had Christian, diaconal values as their *raison d'être*. They paved the way for societal development, pushing boundaries to enfranchise marginalized groups. For example, in 1904, the general assembly of the Norwegian Mission Society gave women full voting rights and electability, nine years before universal suffrage was introduced in Norway.

Today, the nonprofit sector in Norway is marked by high engagement. In 2020, 66% of the population spent at least some time doing volunteer work, producing a volunteer effort worth NOK 78 billion to society that year (*Statusrapport for frivilligheten*. *Frivillighet Norges årsrapport*, 2020), equaling just about USD 7.5 billion.

A paradox becomes apparent: While Norway seems to have a thriving nonprofit sector embedded in a tradition of forward-thinking and an ability to stay relevant, little research has been done on the innovation culture of organizations in this sector, and factors that might influence it. Herein lies both the purpose and motivation of this text. Its purpose is to open up a new avenue of research into innovation culture in nonprofit organizations, and paint some first lines in this painting. The motivation lies in helping the sector learn more about what defines and associates with innovation culture in such organizations.

#### 1.3 Limitations

As this is a 30-credit project, the scope of this thesis is first and foremost to shed light on an understudied topic and open avenues for further inquiry. My position as an employee in an umbrella organization for nonprofits enabled me to approach two organizations of interest, one faith-based and one religious. However, the design and size of this study does not allow for causal explanations of the phenomena being examined, nor generalization of the findings to nonprofits as a whole.

#### 1.4 Overview

This thesis explores a potential relationship between identification with organizational values and innovation culture among employees in two Norwegian nonprofit organizations. The study was conducted as a survey utilizing an amended version of the *Innovation Quotient* instrument, developed by Rao and Weintraub (2013). The instrument measures how employees perceive different aspects of innovation culture within their organization. The construct of innovation culture is divided into six 'building blocks' comprised of 18 factors and a total of 54 survey items. To survey familiarity and identification with organizational values, an additional factor was introduced to the instrument, enabling the use of quantitative analysis to measure the association between identification with organizational values and innovation culture, and whether the type of nonprofit organization moderated this relationship. The findings suggested that certain aspects of employees' identification with organizational values positively associate with their perception of the organization's innovation culture. This points the way for further research and opens for reflection upon the foundation of organizational values, and the potential role they play.

The following chapter will present the theoretical foundations for this project, drawing on theory from both organizational and innovation studies. Chapter 3 details methods and research design, while chapter 4 presents the results of the data analyses. Chapter 5 discusses those findings in light of the relevant theory. Finally, chapter 6 attempts to summarize and conclude the thesis.

#### 2 Theory

This thesis is situated theoretically in the intersection between two trajectories of organizational research. The first trajectory is that of *innovation culture theory*. It is rooted both as a subdomain of organizational culture and in innovation studies as a precondition for innovativeness. It builds on the notion that we can define the characteristics of good innovation culture, measure if it exists in an organization, and that maintaining such a culture leads to positive outcomes for organizations. The other trajectory is that of *the role of values on nonprofit organizations*. It builds on the idea that nonprofit organizations constitute a field that is characterized by distinct contextual traits, and that one of these traits is a high degree of employee identification with organizational values. If you imagine these two trajectories of theory placed on top of each other in an X, the intersecting point is the locus of this thesis: What happens with innovation culture in organizations where values are drivers of engagement? Figure 1 illustrates the theoretical framework underpinning the study at the heart of this thesis.

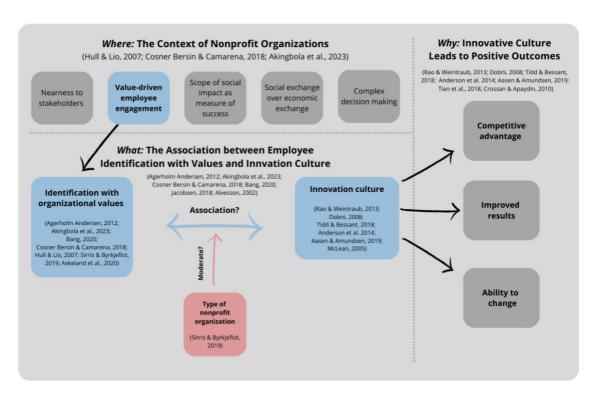


Figure 1. Theoretical framework

Accordingly, this chapter is organized into three parts. The first part will briefly present relevant theory on innovation culture: what constitutes it, why it matters, and how it is measured. The second part will draw up characteristics of nonprofit organizations, before zooming in on the significance of identification with core organizational values. As an added nuance for the interpretation of the survey, we will look to the distinction between faith-based and religious organizations presented by Sirris and Byrkjeflot (2019), to see if type of nonprofit organization moderates the relationship between identification with values and innovation culture. In the third part, we look at theoretical suggestions to what the effect of identification with values could be on innovation culture.

#### 2.1 Innovation Culture

#### 2.1.1 Innovation Culture as Organizational Culture

Theory on innovation culture has grown out of the broad field of research on organizational culture. The study of culture in organizations started out in the decades following World War II, but really burst onto the scene of organizational research in the 1980s, with contributions from figures such as Peters and Waterman (1982) and Deal and Kennedy (1982). In a context of growing globalism, they viewed culture as a key to understanding why some companies succeeded while others failed. Since then, the field has grown to become central in organizational research. Between 1980 and 1999, 4 000 works whose titles included the words "organizational culture" or "corporate culture" were published. Between 2000 and 2019, the same number was above 20 000 (Bang, 2020).

Culture is a construct that is most commonly referred to on a societal level. For organizational researchers, it has therefore been necessary to define an understanding of culture as it is found among smaller groups. Since Deal and Kennedy (1982, p. 6) stated that organizational culture is "the way we do things around here," a myriad of more complex definitions have been proposed. Jaskyte and Dressler (2004, p. 274) claim that organizational culture is "a set of shared values that help organizational members understand organizational functioning and thus guides their thinking and

behavior" while Denison (1996) refers to culture as "the deep structure of organizations, which is rooted in the values, beliefs, and assumptions held by organizational members" (1996, p. 624). Bang (2020) is concerned with the hidden aspect of culture, and points to the study of organizational culture as complimenting the study of the visible structures and values in organizations. These definitions notwithstanding, the definition of organizational culture that seems to have won the most ground was formulated by the recently departed Edgar Schein in his magnum opus *Organizational Culture and Leadership* in 1985. His definition was adopted among others by Aasen and Amundsen (2015). Schein points to culture as the accumulated learning of a group, and states:

"This accumulated learning is a pattern or a system of beliefs, values and behavioral norms that come to be taken for granted as basic assumptions and eventually drop out of awareness" (Schein & Schein, 2017, p. 6).

As research on organizational culture broadened over the past decades, the focus expanded from organizational culture as a source of competitive advantage to include organizational culture as a resource for dealing with uncertainty in a fast-changing world. A part of this expansion was an increased interest in culture as a source of innovativeness in organizations. And as Ehrhart et al. (2014) pointed out, it can be useful to study the values and behaviors of organizational culture within the context of "a culture for-something, such as for a culture of well-being or a culture of innovation" (p. 377).

#### 2.1.2 A Positive Innovation Culture Leads to Positive Outcomes

Over the past 20 years, a steady flow of research has emerged on organizational culture as a tool that can either promote or impede innovation. The foundational theory behind this empiric interest is that innovativeness provides a competitive advantage for businesses; it promotes the capacity to change and ultimately produces better results (Anderson et al., 2014; Crossan & Apaydin, 2010; Tian et al., 2018; Tidd & Bessant, 2018). Rapid technological advancements have resulted in more frequent disruptions of markets; those who fail to adapt often get left behind. A cautionary tale is provided by

Kodak, a once cutting-edge brand that was unable to absorb new technology and eventually succumbed to this fate. Still, innovativeness is about more than keeping up with product innovation. It enhances the ability to identify or create new opportunities, grow new markets or serve existing markets in new ways, rethink services, meet new social needs, and improve processes and operations (Tidd & Bessant, 2018).

It therefore makes sense to cultivate innovation-enhancing cultural factors in the workplace. In a meta-analysis of studies on innovation in organizations, Crossan and Apaydin (2010) finds organizational culture to be one of the five determinants of innovation on the organizational level. In their framework for understanding innovation, they place organizational culture as a managerial lever that leadership can utilize to enhance innovation performance. They also connect it to the schools of innovation research that focus on organizational resources and dynamic capabilities.

Several scholars propose detailed accounts of which cultural factors impact innovativeness. McLean (2005) points to five cultural factors that support innovation, and one that impedes it. The first is *organizational encouragement*, meaning to what degree the organizational culture supports risk-taking, collaboration and open communication. The second is *supervisory encouragement*, pointing to the need for a supporting and trusting leadership style. The third factor is *work group encouragement*. This is the ability to compose diverse teams with the right amount of challenging tension. The fourth is *freedom and autonomy*, which is linked strongly to the previous point of trust-based leadership. The fifth is *resources*, meaning the allocation of both time and money. And finally, the sixth and negative factor is *control*. This points to both control of decisions and workflow as a major impediment of innovation capability in organizations.

In a Norwegian context, Aasen and Amundsen (2015) found a similar connection between culture and innovativeness. They identify nine cultural traits that were markers of Norwegian organizations that stood out in their innovation work. Many of these traits overlap with McLean's model, however, writing ten years later, Aasen and Amundsen connects to one of the dominating trends in organizational research of the

past decade, as they include the factor of *psychological safety*. The rationale is that it is not enough to be encouraged to take risks. You must feel safe that if you fail, you will not be punished or face negative consequences. This feeling of safety works as the foundation upon which creativity can blossom.

We have seen that there is wide acceptance in the field of innovation studies for the concept that innovativeness leads to positive outcomes for organizations. And McLean (2005) and Aasen and Amundsen (2015) are examples of research that contribute to an understanding of what constitutes a positive innovation culture. Both the notion of outcomes and descriptions of innovation culture are confirmed by findings in a 2018 meta-analysis by Tian et al. Their summary on the research of innovation culture defines it as focused on taking risks, future market orientation, open mindedness, employee inclusion and learning. Furthermore, they point to several empirical studies and conclude:

"From these empirical studies, it is apparent that the innovation-oriented culture can be a key organizational innovation resource, and it is conducive to a firm's growth and performance" (Tian et al., 2018, p. 1093).

However, none of the mentioned scholars provide tools for actually exploring the culture of organizations.

#### 2.1.3 Innovation Culture Can be Measured

On the question of how to discover and describe innovation culture in a concrete organizational setting, Denison (1996) makes an interesting observation. He notes that when culture became a popular phenomenon in organizational research in the 1980s, it was firstly considered a critique of the functionalistic view of organizations that dominated at the time. It was seen as a way of describing the more "subjective" sides of organizations and was studied using qualitative methods. But as we moved into the 90s, a shift occurred in how culture was treated. A trend started where organizational culture was defined as consisting of different factors, that could then be measured through quantitative surveys.

Accordingly, the past decades have seen the development and broad use of quantitative measuring instruments for organizational research. More specifically, innovation researchers have developed instruments to measure and map out the innovativeness of an organization's culture. Danks et al. (2017a, p. 432) list 10 such different instruments, and point to that the most referred to the past 15 years was created by Dobni (2008).

Dobni proposes an instrument for measuring innovation culture along four dimensions: innovation intention, innovation infrastructure, innovation influence and innovation implementation. He breaks down the three first ones into two factors each, and the latter into one, so that the instrument measures seven factors: innovation propensity, organizational constituency, organizational learning, creativity and empowerment, market orientation, value orientation, and finally, implementation context. Each of these seven factors represents 10 elements, so that the survey given to employees consists of 70 statements. Dobni's article does not, however, publish the whole battery of statements. Its goal is merely to underline the validation and reliability of the dimensions he has found to influence innovation culture.

An alternative measuring instrument for innovation culture — one that was openly published in 2013 and then replicated and checked for validation and reliability in 2017 — is the *Innovation Quotient Instrument*, developed by Rao and Weintraub (2013). The instrument is based on the insight we have established, that company culture can be a driver or impediment of performance. Rao and Weintraub identify six 'building blocks' of innovation culture in the literature. Three of these are often focused on within companies, because they are concrete and easier to measure: *resources, processes, and success*. The other three are more people-oriented: *values, behaviors, and climate*. Each building block represents three factors, and each factor three elements. The survey is thus composed of 18 factors and 54 elements (statements) and assesses employees' perception of the innovativeness of the culture of the organization. Figure 2 gives a visual overview of the instrument's building blocks and connected factors.

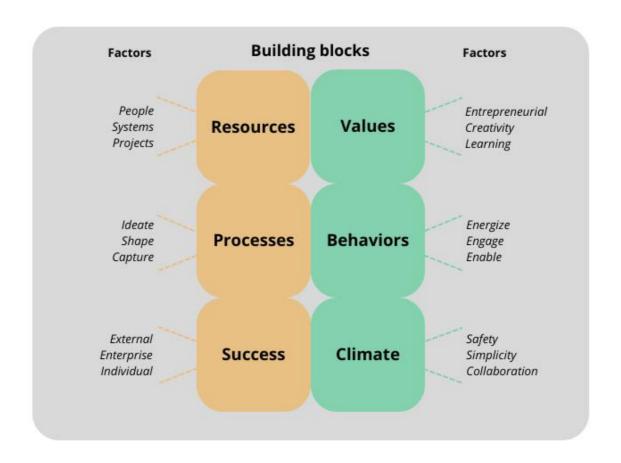


Figure 2. The Innovation Quotient instrument, Rao & Weintraub (2013)

Each element is scored on a Likert scale from 1 to 5, creating the possibility of aggregating an average score for each element, factor and building block. Finally, the average score of the building blocks, results in one final score: the organization's *Innovation Quotient*.

A read-through of items in the Innovation Quotient instrument reveals that there are only minor discrepancies between what it attempts to measure and the descriptions of innovation culture by McLean (2005) and Aasen and Amundsen (2015). *Psychological safety* (Aasen & Amundsen) is a factor in the building block *climate*. *Organizational encouragement* (McLean) is mirrored in the factors *entrepreneurial* and *learning*. *Supervisory encouragement* (McLean) is mirrored in the building block *behaviors*, and so on. The one factor that the instruments of both Dobni (2008) and Rao and Weintraub (2013) pick up on, which is lacking in McLean (2005), is the external factor of culture – namely how we think our context perceives us, and how we relate to it. This is measured in the building block *success* in the Innovation Quotient instrument, and

under the factors *market orientation* and *implementation context* in Dobni's battery. However, also this side of innovation culture is established in several other studies, of which Rao and Danks (2022, p. 178) mention five.

A strength that sets the *Innovation Quotient instrument* apart in the field of measuring perceptions of innovation culture, is its broad application. According to Rao and Danks (2022), it has been administered to just under 20 000 participants from 138 companies, spread over 24 industries and 13 countries. This gives the instrument weight as a praxisoriented tool, that has been tested on a large scale by the people responsible for organizational culture in lots of companies. It tells us that the instrument not only has an academical interest but is actually useful for practitioners.

### 2.1.4 Integration, Differentiation and Fragmentation Perspectives on Culture

As the creation of survey tools to measure organizational culture spread in the 90s, some scholars grew skeptical of the method, claiming that it lead to overstatements of the significance of culture on organizational performance. Alvesson (2002) are among those who are uncertain about what we can deduct from researching culture. He points to that it can be hard to distinguish the effect of culture from other effects that might impact how an organization performs, such as external factors. He questions the assumption that culture is something leaders of an organization can mold; they might as well have to adapt to it. And he points to that the cause and effect can be opposite; that a strong organizational culture can be the result of great performance. Still, even Alvesson concludes that it is an advantage for the performance of an organization that its members have unified ideas about what is at stake and how to deal with it — and that it is a task of leadership to try to shape what those concepts look like. It is also worth noting that both Alvesson and Jacobsen (2018) point to that a strong organization culture, if not handled correctly, can quickly evolve into a breeding ground for groupthink, which then acts as an impediment to creativity.

Another dimension to organizational culture that complicates interpretation of findings, is the notion of subcultures. Bang (2020) notes that in the early days of organizational

culture research, it was common to view culture as one unified concept in the whole organization. This is known as the integration perspective. It is marked by a belief in culture as consistent, organizations as consensus-driven and a culture analysis that is leadership-oriented. This is contrasted by the later differentiation perspective, that focuses on subcultures. Within organizations of a certain size, it can occur that organizational culture takes on different shading in different departments or on different levels. For Bang, the point is that these two perspectives are not necessarily mutually exclusive; as researchers, we can analyze results of culture surveys in both perspectives and find cultural traits that represent both the organization as a whole and differentiate between groups based on findings that stand out. Jacobsen (2018) mentions the same perspectives and adds a third. According to him, the integration perspective on culture makes sense in smaller organizations with a strong common culture, and the differentiation perspective in organizations where separate departments, often in different geographic locations, have developed subcultures over time. Finally, the fragmentation perspective is useful to understand organizations in which no clear culture is distinguishable, where cultures are changing or conflicting.

The contributions of Alvesson, Bang and Jacobsen do not undermine efforts to measure culture in organizations but serve as sobering reminders for the interpretation of findings. The perspectives of integration, differentiation, and fragmentation can serve as hermeneutic keys for understanding the data gathered in this project.

#### 2.1.5 Summary of Innovation Culture Theory

In conclusion of the first part of the theory chapter, we can point to organizational culture as an established and increasingly popular field of organizational studies, concentrated around the notion that culture is a pattern of beliefs, values and norms that are mostly hidden, or at least taken for granted, in organizations. As innovation studies over time have established theories about the positive outcomes of innovativeness for organizations, research on culture has turned towards measuring if a company's culture underpins or undermines innovation. Scholars such as Alvesson (2002), Bang (2020) and Jacobsen (2018) warn us about overselling the conclusions that can be drawn from quantitative surveys of organizational culture, but do not rebuke the

use of them. The *Innovation Quotient instrument* (Rao & Weintraub, 2013) has been reproduced and checked for reliability and validity (Danks et al., 2017a, 2017b) and has been administered widely across countries and industries.

Because of its strong theoretical foundation, broad use and acknowledgement among businesses, the *Innovation Quotient instrument* was chosen as the survey tool for the study that is the foundation for this thesis.

#### 2.2 The Context of Nonprofit Organizations

The second part of the theoretical foundations of this thesis concerns the field of nonprofit organizations. As most academic journals within innovation or organizational studies focus on the world of business or the public sector, relevant theory on nonprofits have been harder to come by. However, in only the last few years, key works have been published by publishing houses such as Oxford University Press and Palgrave Macmillan, supporting theories found in more niche journals in the past. In a Norwegian context, the Center for Value-based Leadership at VID Specialized University has spearheaded the academic effort to understand leadership and innovation in nonprofits better. Drawing on this available literature, the following section seeks to firstly give a brief description of key traits characterizing the nonprofit sector as a context for innovation. Secondly, it zooms in on high employee engagement as one of those traits and conceptualizes that as identification with organizational values. Thirdly, it offers a distinction between the two types of nonprofits in the selection for this study, to explain why type of organization might be a moderator of the relationship between identification with organizational values and perceived innovation culture in the study.

#### 2.2.1 Nonprofits as context for innovation: 5 Defining Characteristics

Defining nonprofit organizations might sound easier than it seems to be. It is a very heterogenous sector, and slightly different definitions can establish themselves within different areas. As a matter of fact, at the time of writing this in 2023, the Norwegian government has mandated a committee to come up with a definition of "nonprofit actors" (Norwegian: Ideelle aktører) to be used across all sectors of society (*Avkommersialiseringsutvalget*, 2023). The following five characteristics of nonprofit

organizations are compiled of a broad reading of the available literature. It is not based in one definition alone but seeks to summarize available descriptions.

#### 2.2.1.1 Scope of Social Impact as Measure of Success

Interestingly, Norwegian law does provide a brief definition of nonprofits, in the *Regulation of public acquisitions* § 30-2a (NFD, 2016). The definition starts with the obvious: Nonprofits do not have profit on capital as a purpose, and prohibits distribution of profit to owners. Hull and Lio (2006) elaborates on this, stating that *vision*, defined as how one measures success, is one of the key differences between nonprofits and other types of organizations. In nonprofits, they claim, *scope of impact* is the measure of success – not financial performance. Balan-Vnuk and Balan (2015) supports this, maintaining that *social value* is the currency in which nonprofits trade.

Several scholars point out that not primarily focusing on economic results, comes at a cost. Cosner Berzin and Camarena (2018) maintain that nonprofits are recognized by limited financial resources, with funding often coming through private donations and public grants. These are financial resources that often come with restrictions in terms of risk-taking; donors and grantmakers want to see their investments spent directly in projects that succeed. Venture capital and innovation funds willing to risk losses, do so in the face of great possible returns, and are therefore not willing to invest in nonprofits. Hull and Lio (2006) point to that while private investors see profit potential in innovating products or services for large open markets, another economical restraint of nonprofits is that they often cater to defined, smaller markets, often not selling products at all. While for-profits ask 'how can we maximize earnings?', implying that every expense in theory is an investment in future profits, nonprofits ask 'how can we make the most impact?', implying that every expense is an investment in the cause, and returns are measured in social impact.

#### 2.2.1.2 Social Exchange Over Economic Exchange

A logic consequence of the mentioned economic restraints of nonprofit organizations, is that salaries in the field are lower than in competing sectors. Still, nonprofits are able to compete for highly educated employees. Akingbola et al. (2023) point to that for many, relationships between employees and the workplace in nonprofits are more about

social exchange than economic exchange. Employees in nonprofits put their hearts into the work, and in return expect their employer to deliver in terms of meaning, social networks, and societal impact. The strength of work relationships based on social exchange, is that they produce intrinsic motivation within employees, which emerges as an affective commitment to the workplace. The value of this comes to light in a study of social workers, financial officers and lawyers by Carmeli and Weisberg (2006). They found that affective commitment to the job is negatively associated to turnover intentions.

However, nonprofits are also dependent on a reasonable balance in terms of the economic output for employees. As Brown and Yoshioka (2003) found in their study of mission attachment among nonprofit employees, mission attachment generates employee satisfaction and intention to stay with the organization. However, these feelings were overridden by dissatisfaction with salaries among a group of employees. They conclude that social exchange factors such as mission attachment are more likely to attract talent than to retain it – and that retaining talent also demands a decent economic exchange.

#### 2.2.1.3 Nearness to Stakeholders and Complex Decision Making

The third and fourth trait that make nonprofit organizations stand out are closely linked. Several scholars, such as Akingbola et al. (2023), Cosner Berzin and Camarena (2018) and Hull and Lio (2006) highlight *nearness to stakeholders* as a defining trait of nonprofits. Often, employees will have an invested interest in their work, as they are also in the target group of the organizations they work for. For example, one can expect that an organization for deaf people will have several deaf employees, and an organization for animal rights will be staffed by pet owners. On the one hand, this can be interpreted as a strength for innovativeness. Nearness to stakeholders brings strong market orientation and knowledge of actual needs in the field. This is likely to yield innovation that has plausibility to succeed. On the other hand, nearness to stakeholders can become a problem for innovativeness, in the sense that staff might be overinvested in the status quo.

This latter point spills over into the trait of *complex decision making*. For-profit businesses are often recognized by a top-down structure, with key shareholders or a board distributing power to CEOs, who are then free to lead as long as they have the confidence of the board. This enables rapid decision making. In nonprofits, the mandate to lead an organization often comes *from below*, as organizations tend to be democratically run. In those that are not democratically run, such as foundations, there are still usually several layers of governing bodies to answer to. This means that important decisions will have to go through longer processes to be ratified. Hull and Lio (2006) call these complex structures for decision making 'the strategic constraints of nonprofits': as a leader you are responsible not just to several governing bodies, but to supporters of the organization, engaged staff, and the target group. Making sure employed leaders have enough autonomy and backing to take the risks that innovation implies is therefore especially important in nonprofits.

#### 2.2.1.4 Value-Driven Employee Engagement

The final, and most important characteristic of the nonprofit sector for this thesis, is high, value-driven employee engagement. While the characteristics described so far are general to all nonprofits, this one is both a general marker, and a specifically important trait for religious and faith-based nonprofits.

We have seen that working in nonprofits tend to be more about a social exchange than an economic exchange. The fact that employees experience a social return on their invested time and effort from working in a nonprofit, makes a lower salary level more acceptable. However, it doesn't necessarily imply that employee engagement in the sector would be unusually high. But research from as different contexts as the US and Norway point to nonprofit employees being particularly engaged in their work — and point to the root of this engagement to be identification with organizational values. Akingbola et al. state:

"People, therefore, see nonprofit organizations as organizations that provide opportunities for individuals such as employees, volunteers, and other

stakeholders to actualize their values and commitments through participation in the activities of the organization" (Akingbola et al., 2023, p. 39).

This idea is central to understanding the dynamics of how nonprofit organizations work: They are mission-driven and value-based organizations, which attract people who share the values and believe in the mission. For these people, working or volunteering in the organization is not simply about charity; it is a way of living out their own, personal values every day through doing their job.

Askeland et al. (2020) support the idea of such a dynamic, and hint that it might be even more impactful in nonprofits with a religious foundation. They provide a precise definition of values in organizations, as "individual and collective trans-situational conceptions of desirable behaviors, objectives and ideals that serve to guide or valuate practice" (p. 3). For nonprofit organizations, they maintain, *doing good* is an existential matter – and values and vision are the tools they use to define what *good* is. This is especially true for faith-based organizations, which they recognize as doing "moral work" (p. 3). For faith-based and religious organizations, such as the ones in the present study, identification with values and belief in the mission is not just shared between the employee and the organization, but with a larger community of faith.

In such a context, Sirris and Byrkjeflot (2019) demonstrate that employee engagement could be a product of the desire to fulfill a divine calling. They highlight that in Protestant contexts such as in Norway, we are steeped in a specific Protestant work ethic. As opposed to the Catholic and Orthodox traditions, who exalt priesthood, "Protestant work ethics viewed all mundane work as a calling from God» (p. 134). Upon this backdrop, they show how employees of faith-based organizations tend to view work as a deeper purpose and provide a useful distinction: "While *job* focuses on financial rewards and necessities, and *career* implies advancement, *calling* denotes fulfilling work» (p. 132). The crucial point they make, is that when employees start viewing their work as a calling, it intertwines with their identity, their understanding of self. This leads to very high employee engagement, and identification with values is at the core of this engagement.

#### 2.2.2 The depth of values in religious and faith-based nonprofits

At this point, it is useful to introduce a distinction that can deepen our understanding of the values at play in this study. This is important, because organizational values exist on different levels in organizations, and this is communicated between the lines when scholars such as Akingbola et al. (2023), Askeland et al. (2020) and Sirris and Byrkjeflot (2019) theorize about the significance of values in nonprofit organizations.

When we normally are presented with the values of an organization, they are values that, in line with Askeland's definition, inform *how* we want people to behave in the organization. For example, the Norwegian Mission Society (NMS), one of the two organizations surveyed in this project, presents their organizational values online as *competent, sustainable, reliable and forward-thinking* (NMS, 2023). This says something about how the organization expects their employees to behave internally, when meeting partners and in developing and executing projects.

However, organizations like NMS also have a set of values derived from *why* they exist, from their mission. For NMS, the same website explains that "faith, hope and love shall characterize the way we relate to each other. Our actions speak about God" (NMS, 2023, author's translation). While the organizational values mentioned before could be held by any business or organization, these values paraphrase the Bible. This points to a deeper level of foundational values, that comes into play in organizations that have a strong sense of why they exist. Organizations like the ones in this study find their marching orders in the Christian gospels, and these gospels also contain discourse on what good values are. Having a strong sense of mission is certainly not exclusive to religious and faith-based organizations, but in these organizations, the biblical discourse of values spills into organizational culture as a layer of often less pronounced but very impactful values.

When this thesis thematizes identification with organizational values in religious and faith-based nonprofit organizations, it is vital to understand that the values at play, creating a bond between organization and employee, are mainly these core values that often go unmentioned in the values-section of organizational self-presentation.

#### 2.2.3 Distinction Between Religious and Faith-Based Organizations

Before we summarize theories of what makes the nonprofit sector stand out as a context for innovation culture, we will lend some attention to a useful distinction offered by Sirris and Byrkjeflot (2019), that can serve as a platform for an interesting deepening of the results of this study. Their article distinguishes between *faith-based* and *religious* organizations in a way that fits the two organizations in our survey very well.

By faith-based organizations, they mean organizations that are grounded in explicitly religious values, but are constructed to solve societal tasks that are equally performed by non-religious actors. These are organizations where there is usually no demand for employees to adhere to a specific religion, and the main focus of the organization is on solving the task, with support in core values. In the study performed by Sirris and Byrkjeflot (2019), the faith-based organizations in question are hospitals run by diaconal foundations.

Religious organizations, on the other hand, are organizations specifically formed to promote a religion. In a Christian context, this means churches or other mission societies, whose main goal is to promote the gospel through a multitude of activities. In such organizations, many positions would require an active statement of faith, or even membership in a specific church. In the mentioned study, the religious organization in question is the Church of Norway, which is described as "more ideological or ideadriven" (2019, p. 133).

As we will see, this distinction accurately describes the different relationships that the two organizations in our survey have to religion. One is an organization focusing on integration of immigrants into Norwegian society, founded in Christian, diaconal values. Their main funding comes from the Norwegian state. The other is a mission society which for more than a century-and-a-half have sent out Christian missionaries across the world to promote the Christian gospel. Much of their work is also concerned around diaconal societal development, but it carries a more pronounced Christian valor. Their main funding comes from private donors and congregations.

In the analysis of the survey in chapter 4, this distinction will be used to see if *type of nonprofit organization* (faith-based or religious) moderated the association between identification with values and innovation culture.

#### 2.2.4 Summary of the Nonprofit Context

On the question of what characterizes nonprofit organizations as a context for innovation culture, we have seen that nonprofits are recognized by scope of social impact as a measure of success, a high degree of social exchange between employee and organization, nearness to stakeholders, a complex system of decision making, and a value-driven, high level of employee engagement. Diving into the latter trait, we saw that employees in nonprofits tend to see the organization as a place where they can realize their own personal values, and that this is even more central to religious and faith-based nonprofits. In such organizations, the shared values place both the person and the organization within a shared framework of religious interpretation of the world, and both personal and organizational values can be derived from that. In some cases, this leads to employees viewing their work as a calling, more than a job or a career.

Finally, we have seen that within the space of nonprofits with a religious foundation, we can distinguish between two types of organizations — faith-based and religious nonprofits. Both draw upon religious core values, but to religious organizations the goal of the organization is firstly to promote the gospel through its activities. For faith-based organizations, religious values are a source of identity and inspiration, but religion is not a goal in itself — societal contribution is.

## 2.3 Theoretical Suggestions on the Association between Identification with Values and Innovativeness in Organizations

So far, theory from scholars within the fields of both innovation studies and organizational studies have been presented, that can be useful in interpreting a survey such as the one in our study. However, there are additional sectors of academia that

can provide interesting perspectives. This subchapter summarizes what the available theory on nonprofits might suggest about the association of identification with organizational values with innovation culture. It also presents further theory on the effect of identification with values from outside the nonprofit realm.

#### 2.3.1 Innovation Culture in Nonprofit Organizations

There is little available literature on innovation culture specifically in nonprofit organizations. However, the scholars used to describe the nonprofit sector earlier, invariably offer their interpretation on the innovativeness of nonprofits.

Hull and Lio (2006) seem to be the most negative. As they see it, the nonprofit context mostly provides obstacles to developing agile and innovative organizations. Financial and strategic constraints, especially the short-sightedness of donors and the complex decision making processes involving stakeholders of many kinds, lead them to conclude that "as a group, non-profits tend to be significantly more risk-averse than for-profit organizations" (p. 59). If this is correct, it will directly affect some of the elements tested in the Innovation Quotient battery. However, their article does not go into values at all, which seems to be a blind spot in their assessment of the context.

Cosner Berzin and Camarena (2018) seem to have a more balanced view of the nonprofit innovation context. To them, identification with values and commitment to mission is a strength of the sector, providing great human capital. However, when you combine it with other contextual traits, such as nearness to stakeholders and markets, the result might be a *resistance* to change, which they recognize as a general trait for nonprofits. Akingbola et al. (2023), on the other hand, seem to be the most positive. Writing on employee engagement in nonprofits, they are focused on the engagement identification with values brings about, and state:

"Engaged employees are more likely to be ready to adapt to change than other employees. [...] Engaged employees facilitate and support innovation in the organization because they are more willing to deploy their discretionary effort" (Akingbola et al., 2023, p. 23).

As we can see, while the description of the traits of the nonprofit sector seems to be coherent among scholars, there seems to be discrepancies in how to interpret the effect of those traits on innovation. Especially when it comes to the traits that express a close relationship between employee and organization, such as identification with values.

#### 2.3.2 Perspectives From Outside the Nonprofit Realm

Both within human resource management research and organizational research on corporate values, studies have been conducted attempting to demonstrate the outcomes of identification with organizational values. Lages et al. (2020) found that shared values between employee and organization yields higher individual performance, higher individual well-being, and lower turnover in the organization. Similarly, Karaca et al. (2023) researched 300 Turkish nurses during the COVID-19 pandemic and found that when the nurses identified with the values of the institution they worked for, their well-being in the workplace rose, and their level of exhaustion decreased. If we square these findings with the factors of the Innovation Quotient instrument, it could be expected that at least the factors *safety* (well-being) and *individual success* (performance) would be affected positively by high identification with values.

On the other hand, research on corporate values also underpin the worry that too much identification might be negative for innovation and willingness to change. As we have seen in theory on work as a calling, identification with values is closely linked with identity. Ashforth and Mael (1989) describe identification with an organization as a social process, in which "the individual's organization may provide one answer to the question, Who am I?" (p. 21). Agerholm Andersen (2012) points out that identities are fluid and changeable, and that linking identity to an organization can complicate employee engagement. If your own identity is at stake when the organization changes, will you allow for change to take place? In her view, it is vital in order to maintain employee engagement that employees are given a real chance of influencing the change process. If not, as her study of a Danish windmill company shows, employees

might develop a critical view of the organization's values, resulting in low identification with the organization.

#### 2.4 Summary

Theory seems to be pointing to identification with organizational values as both a possible enabler of innovation, and in certain situations, an impediment to it. Most scholars propose that a certain level of identification with organizational values have a positive effect. Theory is also unclear as to whether the relationship strengthens or weakens when identification with values becomes very strong and tips into identity building. Theory on religious versus faith-based nonprofits suggests religious organizations might have a stronger orientation towards values and ideology.

This study will not be able to settle all the ambiguity in the theories. The results of this study may indicate whether different aspects of identification with values alter the relation to perceived innovation culture. However, it will not be possible to conclude about the direction of this relationship.

Still, with the present theory in mind, the study was approached with the working hypotheses that identification with organizational values *is somehow* positively associated with perceived innovation culture among employees, and that this association will be stronger among employees in religious nonprofits than among employees in faith-based nonprofits.

#### 3 Methods

#### 3.1 Philosophical Basis

When deciding upon a methodological design for a research project, it is vital to understand how one believes one is able to know things about the world. As a theologian, my academical formation took place in a world of qualitative studies. As I started studying the 6-year professional program in theology at the University of Oslo in 2004, the world of progressive theology was still very much shaped by postmodern, social constructivist views of the world. The overarching metanarratives, including the idea that there existed one correct interpretation of the Christian gospels, had fallen. I was educated in a world shaped by contextual theologies, where anti-apartheid theologians in South Africa had formulated a *liberation theology*, Western gay activists proclaimed *queer theology*, and female clergy presented *feminist theology*. In such a world, hermeneutics were the key to understanding representations of reality: We are all interpreters, and knowledge about the world always stems from a specific point of view. Upon this background, it would come as no surprise that I approach this project with little faith in finding *objective knowledge*, but rather have chosen a project clearly embedded in a context.

However, during my years at the Faculty of Theology, the paradigm began to shift. Still firmly confirming the contextuality of theology, many theologians criticized the concept that all representations of the world, all knowledge, was phenomenological and contextual. This became especially important as some theologians found their works embraced by extreme right-wing holocaust deniers, who used their postmodern views of history to claim that holocaust was simply a matter of different perspectives.

As I reached graduation in 2010, I had formulated an epistemology that I by and large have kept till today. I find that although most representations of the world are brought about by specific people and are deeply embedded in a context, humans are not all that different. Our reality is at the same time shaped by a common natural world and a social construct. The limitation is that our access even into that shared part of reality, is through our own lens. Philosophically, I have moved from interpretivism towards

pragmatism. I believe there is a host of useful research designs available, depending on what we are looking to investigate.

Most importantly, I have found a way to relate to research that is constructive. I believe the most important thing we could do as researchers is to be aware and open about the limitations of all the methods we have at hand — and with those limitations in mind, allow ourselves to discuss the relevance of findings. In a world more connected than ever, it seems that more and more often, the burden of assessing the transferability of findings does not as strongly rest on the researcher anymore. Through search engines, researchers across the globe are able to find our works and decide themselves if the insights we have found in our contexts are relevant to theirs.

My epistemological stance as a researcher today is therefore shaped by a combination of technological advancement and the hermeneutic empowerment of the interpreter. In a world where the distribution of knowledge from vastly differing contexts is greater than ever, we should proceed with humbleness in terms of generalizing our own findings. The real power in research in our day lies in the hands of the recipients. They will decide upon the transferability of insights from one research context to their own.

#### 3.2 Research Design

Based in the pragmatic philosophical standpoint laid out and the aims of this research project, a deductive approach made sense for this study. The starting point is a wish to map out indications of a relationship between two constructs, and inspired by available theory, the data is approached with some working hypotheses in mind. Data was gathered utilizing an already validated survey instrument, with the addition of extra items to the survey to cover the independent variables.

#### 3.2.1 Selection

Selection of employees in nonprofits for the data gathering was done by non-probability sampling methods, analyzing the field of nonprofit organizations in Norway, dividing them into groups based on *type of nonprofit* and *size*. For this study, Christian nonprofits were chosen, as they tend to have high value awareness, exist in abundance

in Norway, and I have great access to them. Another choice was to include both a larger and smaller organization, and, following the distinction found in Sirris and Byrkjeflot (2019), one *religious* and one *faith-based* organization. After dialogues with leaders of a handful of organizations, the pick eventually ended up with two well-known organizations in the religious and faith-based nonprofit space in Norway: KIA Norge and NMS.

KIA Norge is an organization that primarily works with integration issues, helping immigrants, asylum seekers, and other who fall outside the public system of integration in Norway become successful citizens. They offer Norwegian language courses, job and vocational training, language cafes, a multicultural kindergarten and much more. Their main source of financing is contributions from IMDI, the State Directorate on Immigration and Diversity. KIA is a faith-based, diaconal organization. It does not seek to evangelize through its activities, and all activities are open to people of all faiths. Employees do not need to profess to Christianity but must be able to adhere to the core values of the organization, which are founded in the Christian calling of bringing love to your neighbors. KIA has just under 40 employees. In dialogue with the leadership group, it was decided to send the survey out to out to 32 employees, as some work in positions with little connection to the rest of the organization, and with little impact on its culture.

NMS, the Norwegian Mission Society, is proudly Norway's oldest nonprofit organization that is still around today, founded in 1842. It was founded on the concept of sending Christian missionaries to unreached peoples, and its work today spans 17 countries, with a mission statement of fighting injustice, sharing faith in Christ and eradicating poverty. The organization has a large web of local groups in Norway, contributing to funding the work abroad. NMS is a religious organization, and most employees will have to profess a Christian faith, while all employees must be able to adhere to the organization's core values. NMS has close to 200 employees. After deliberation with the leadership group, the survey was sent out to 158, with the same reasoning as in KIA — some employees, such as janitors in buildings the organization happen to own, do not

necessarily have any grounds for reporting on their perception of the innovation culture of the organization.

The potential number of responses to the survey was thus 190 (N=190).

#### 3.2.2 Data Gathering

The survey was conducted using Rao & Weintraub's Innovation Quotient instrument, published in 2013. The article where the instrument — along with the entire battery of questions — was originally presented on the syllabus for one of the innovation subjects on this master's degree (module INN4200 – Innovation 2). This instrument was chosen due to its notable position in the market, having been widely used among businesses across the world for the past 10 years. It also has a user-friendly concept and interface. The original article, however, did not include an assessment of the instrument's psychometric properties. I therefore contacted Professor Jay Rao directly; he pointed me to the two-part 2017 article by Danks et al. in which the instrument was replicated, and the construct validity and reliability were assessed based on a dataset consisting of 9 860 participant responses. Part one of the article assesses the instrument, while part two suggests changes that would improve the instrument further. The theoretical fundament for the instrument is presented in chapter 2 of this thesis. The instrument consists of six building blocks of innovation culture, each further divided into three factors. Each factor is indicated by three elements, totaling 54 elements that the user of the instrument will rate. These elements are formulated as statements that the user will score using a Likert scale of 1 to 5, where 1=not at all, 2=to a small extent, 3=to a moderate extent, 4=to a great extent, and 5=to a very great extent. In addition to the 54 elements, grouping variables of organization of employment, department in the organization, age group, gender, and highest level of education were added. Finally, five extra elements were added to the original instrument in order to measure employees' familiarity with organizational values and identification with these.

The key findings of Danks et al. (2017a) are that each of the instrument's six models (building blocks) of innovation culture have acceptable levels of reliability and validity, but that there is room for improvement:

"While it was identified that each of the models showed acceptable model fit with strong item loadings, the structure coefficients for each of the models' three latent factors were also high, suggesting a possible lack of discriminant validity." (Danks et al., 2017a)

However, such lack of discriminant validity in the instrument is not surprising, as several of the factors in the instrument are theorized to be highly related. In part two of their evaluation of the instrument, Danks et al. (2017b) recommend amending the instrument, by combining the *resources* and *processes* building blocks, and cutting out 17 individual items, ending up with 5 building blocks and 37 items. A new version of the instrument has not yet been published.

#### 3.2.2.1 Amendments to the Instrument

Applying an instrument developed by two business school professors in a nonprofit context necessitated certain adaptions of some of the items in the survey. "Customers" was exchanged for "members or users," "firms" was replaced by "organizations," and "prototyping" became "testing", as there is less product innovation in nonprofits. In addition, the instrument was translated to Norwegian.

The most important amendment to the instrument was the addition of five new items in order to measure identification with values. These were organized by adding the building block "Core values" ("Grunnleggende verdier"), which was then divided into two factors, knowledge and significance (kjennskap og betydning) and identification with values (identifikasjon med verdier). Although loading onto two factors, as will be shown in chapter 4, all five items will for practical purposes throughout the thesis be referred to as identification with values. Table 1 offers an overview of the added items.

Table 1. Survey items added to Rao & Weintraub's (2013) Innovation Quotient for the purpose of measuring employee identification with organizational values

Building block	Factor	Element	Item	Source
	Knowledge and Significance		I am familiar with my organization's core values	(Askeland et al., 2020)
			Our core values have implications for how we behave, both individually and collectively	(Askeland et al., 2020; Schein & Schein, 2017)
Core Values		Motivation	The fact that my organization is based in Christian values is a source of motivation in my daily work	(Agerholm Andersen, 2012; Akingbola et al., 2023; Cosner Berzin & Camarena, 2018; Sirris & Byrkjeflot, 2019)
		Mirroring	I view my workplace as an arena where I can live out my personal core values	(Akingbola et al., 2023; Askeland et al., 2020; Karaca et al., 2023; Lages et al., 2020)
		Collectivity	The core values of the organization are shared by employees, and contribute to a feeling of unity	(Bang, 2020; Jacobsen, 2018)

The first element, knowledge, tests familiarity with organizational values. The logic behind adding this is that it makes little sense to ask employees to self-report on identification with values if they have no knowledge of the values in question. Furthermore, the scholarly focus on values as central to the relationship between nonprofits and their employees (Akingbola et al., 2023; Askeland et al., 2020) makes it interesting to check if employees report high knowledge of these. The second element, significance, asks the employee to report on the perceived influence of organizational values on their behavior, both collectively and individually. This item is meant to connect identification with values to behavior, which we have seen is central in the definitions of both values and culture (Askeland et al., 2020; Schein & Schein, 2017). Thirdly, motivation focuses on the religious side of organizational values among the two organizations. This is meant to connect identification with values both to intrinsic motivation (Agerholm Andersen, 2012; Akingbola et al., 2023; Cosner Berzin & Camarena, 2018) and to the potential moderating influence that the type of organization may have (Sirris & Byrkjeflot, 2019). Fourthly, mirroring was added to check for a key theoretical argument regarding employee engagement in the nonprofit sector: that employees experience their workplace as an arena that mirrors their own personal values and offers them a chance to live them out at work (Akingbola et al., 2023; Askeland et al., 2020; Karaca et al., 2023; Lages et al., 2020). Finally, collectivity

tests for the perceived role of identification as an integrating force on the culture of the organization (Bang, 2020; Jacobsen, 2018).

These new factors were constructed after a lengthy search for relevant items to borrow from already validated survey batteries came up with nothing. When testing for validity and reliability, one must already have data to assess. Since this study has limitations on both time, resources, and access to participants, a resulting predicament is that the process of item construction and data gathering could not be redone in the event that psychometric quality is poor, and the survey questions require adjustment. The results of validity and reliability tests are presented in chapter 4.

#### *3.2.2.2* Distribution of the survey

The survey was loaded into the online survey tool Netigate and sent to the leadership groups of the two organizations, who then sent it out their employees. To avoid social desirability bias (Bergen & Labonté, 2020), the email sent out informed recipients that the broader topic of the survey was *organizational* culture and did not specify *innovation* culture.

### 3.2.3 Applications of Analyses

The data was analyzed utilizing IBM SPSS Statistics software. In addition to descriptive and correlation analyses, a multiple regression analysis was conducted to check if and to what degree the model explained variance in perceived innovation culture. The five items added to the survey served as independent variables, along with age group, organization (of employment), department within the organization, highest completed education level, and gender as control variables.

It is also worth noting that when running these analyses, data gathered from the survey was treated as interval data. Although the Likert scale of 1-5 in the survey is ordinal, it is a fair assessment that the intervals between each of the scores 1, 2, 3, 4, and 5 could be understood as identical, and therefore, an analysis based on the data as interval data can be defended.

### 3.3 Ethical Considerations

The following ethical considerations were made to preserve the integrity of this project. First and foremost, since I work at an organization which has many nonprofits as members, and part of my job is to sell my services to these organizations, I decided to exclude organizations I am currently involved in consulting. This was to avoid any confusion regarding my motivation for approaching them about the study. I also excluded organizations I have previously worked in (which are several nonprofits in this field), to avoid any bias connected to knowing me.

Furthermore, the study has been approved by *Sikt – Norwegian Agency for Shared Services in Education and Research* and follows their guidelines for the handling of personal data. The survey was completed anonymously, and the data will be deleted by the end of 2023.

## 4 Results

#### 4.1 Variables

The dependent variable of the analysis was *perceived innovation culture*. This was computed as the average of participants' scores on the original 54 items of the Innovation Quotient instrument.

The independent variables are each of the five added items measuring knowledge about and identification with organizational values. These were presented more thoroughly in chapter 3.4.1 Amendments to the instrument. They were named knowledge, significance, motivation, mirroring, and collectivity.

Control variables were constructed from the grouping data gathered through the survey. *Age group* was retained as an ordinal variable, with its Likert-scale values of 1 to 5 interpreted as "below 30," "30-39," "40-49," "50-59," and "above 60." *Organization* (of employment) was organized as a dummy variable with KIA Norge = 1, NMS = 0. *Department* (within the organization) was coded with NMS as 1 and all other departments as 0; NMS was isolated because it was connected to property management, which does not relate that closely to the actual mission of the organization or to innovation culture. The last two control variables reflected employees' highest completed education level and gender. For *education*, those with higher education (meaning completed bachelor's degree or more) were coded 1 while those with high school or less were coded 0. For *gender*, the survey question had options of "male," "female," "other," and "I'd rather not say," but as all respondents selected male and female, it was run as a dummy variable with men coded as 1 and women coded as 0.

To examine a possible moderating effect of *type of organization*, five moderator variables were constructed, one for each of the five independent variables representing aspects of identification with organizational values. These were called *Moderator Organization on Knowledge*, ...on *Significance*, and so on.

#### 4.2 Results

### 4.2.1 Testing for Reliability and Validity of the Five Added Survey Items

Once the results of the survey were in, the five added items were tested for inter-item reliability, and the value for Cronbach's Alpha was  $\alpha$  = .77. There were no items that could be removed from the data to increase this value.

An initial correlation analysis showed significant correlations between all five items, with apparent grouping of items measuring *significance and knowledge* on the one hand, and *motivation, mirroring*, and *collectivity* on the other (see Table 2).

Table 2. Correlations between the five items added to Rao & Weintraub's (2013)

Innovation Quotient

Item	1	2	3	4	5
1. Knowledge					
2. Significance	.60***				
3. Motivation	.27**	.18*			
4. Mirroring	.30***	.25**	.68***		
5. Collectivity	.40***	.34***	.44***	.63***	

<sup>\*</sup> $p \le .10$ . \*\* $p \le .05$ . \*\*\* $p \le .01$ .

An exploratory factor analysis was subsequently conducted using principal axis factoring with promax rotation. The Kaiser-Meyer-Olkin Measure of Sampling Adequacy was 0.68 and Bartlett's Test of Sphericity was significant,  $x^2(N=92)=157.78$ , p<.001. Two dimensions appeared to underlie the five items related to identification with core organizational values. Factor 1, labeled "Knowledge and Significance," was comprised of two survey items and accounted for 16.42% of variance. A new test of inter-item reliability was conducted, and this factor was found to have acceptable internal consistency,  $\alpha=.74$ . Factor 2, labeled "Identification with Values," was comprised of the remaining three and accounted for 46.36% of variance, with good internal consistency,

 $\alpha$  = 81. The two factors in total explained 62.77% of the variance in the five items added to the survey for this study. Table 3 presents the output of the factor analysis.

Table 3. Exploratory factor analysis output including factor loadings and extraction communalities for each of the five items added to the Innovation Quotient

	Facto	loading	
- Items	1	2	— Communality
Knowledge			
I am familiar with my organization's core	.81		.67
values			
Significance			
Our core values have implications for how	7.4		F.3
we behave, both individually and	.74		.53
collectively			
Motivation			
The fact that my organization is based in		60	47
Christian values is a source of motivation		.68	.47
in my daily work			
Mirroring			
I view my workplace as an arena where I		1.03	1.00
can live out my personal core values			
Collectivity			
The core values of the organization are		ГГ	47
shared by employees, and contribute to a		.55	.47
feeling of unity			

*Note.* Extraction method was principal axis factoring. Rotation method was promax with Kaiser normalization.

## 4.2.2 Descriptive Statistics

The sample consisted of 92 complete answers, a response rate of 48%. Of the respondents, 76% work for NMS, 24% for KIA Norge. The average age of respondents was between 40 and 49 years old. 65% were women, 35% male. 91% of the respondents had completed a bachelor's degree, master's degree or higher. On

average, respondents scored higher on items measuring identification with organizational values (M = 4.60, 4.27, 4.30, 4.25, 4.05) than on those measuring perceived innovation culture (M = 3.31). Table 4 demonstrates the descriptive statistics and Table 5 provides frequency statistics.

Table 4. Descriptive statistics

Variable	М	SD	Min	Max	Skewness	Kurtosis
Perceived innovation culture	3.31	0.65	2	5	-0.40	0.31
Agea	3.42	1.19	1	5	-0.20	-0.88
Knowledge	4.60	0.68	2	5	-1.65	2.13
Significance	4.27	0.87	2	5	-0.98	0.11
Motivation	4.30	0.99	1	5	-1.41	1.18
Mirroring	4.25	0.95	1	5	-1.24	1.04
Collectivity	4.05	0.89	1	5	-1.05	1.57

Note: N = 92. M refers to mean and SD to standard deviation.

 $<sup>^{</sup>a}1 = <30, 2 = 30-39, 3 = 40-49, 4 = 50-59, 5 = \ge 60$ 

Table 5. Frequency statistics for demographic variables

Variable	Levels	Counts	%	Cumulative %
Age	<30	5	5.4 %	5.4 %
	30 – 39	16	17.4 %	22.8 %
	40 – 49	28	30.4 %	53.3 %
	50 – 59	21	22.8 %	76.1 %
	≥60	22	23.9 %	100 %
Gender	Male	32	34.8 %	34.8 %
	Female	60	65.2 %	100 %
Education	Bachelor's degree or higher	84	91.3 %	91.3 %
	High school or less	8	8.7 %	100 %
Department	NMSE	5	5.4 %	5.4 %
	Other	87	94.6 %	100%
Organization	KIA Norge	22	23.9 %	23.9 %
	Det norske misjonsselskap (NMS)	70	76.1 %	100 %

Note. N = 92. For each dichotomous variable, the level listed first is that which is coded 1.

A correlation analysis showed expected associations between variables in both positive and negative directions. In addition to those associations shown following factor analysis, variables that could be expected to correlate negatively did so: *department* and *perceived innovation culture*, r(90) = -.30, p = .002. Table 6 presents the correlations between all the variables.

Table 6. Correlations between perceived innovation culture, the five variables measuring identification with organizational values, and control variables

Variable	1	2	3	4	5	6	7	8	9	10
1. Perceived innovation culture										
2. Age	12									
3. Gender	13	.18**								
4. Education	03	.01	02							
5. Department	30***	09	.23**	10						
6. Organization	.11	.04	09	.08	13					
7. Knowledge	.14*	.24***	14*	.22**	.00	08				
8. Significance	.40***	.13	10	.01	13	.00	.60***			
9. Motivation	.13	.16*	.03	.17**	07	35***	.27***	.18**		
10. Mirroring	.38***	.16*	.00	.20**	17*	01	.30***	.25***	.68***	
11. Collectivity	.31***	.07	.03	.19**	12	18**	.40***	.34***	.44***	.63***

<sup>\*</sup> $p \le .10$ . \*\* indicates  $p \le .05$ . \*\*\* indicates  $p \le .01$ .

## 4.2.3 Satisfaction of Multiple Linear Regression Assumptions

To assess the presence of multicollinearity among the independent variables, the variance inflation factor (VIF), tolerance values, and Pearson's r were examined. The VIF values ranged from 1.16 to 2.73, and the tolerance values ranged from 0.37 to 0.86, as reported in Table 7. Pearson's r showed no values above r = .80, p > .10. This indicates that there is no evidence of significant multicollinearity among the independent variables.

These results suggest that the independent variables included in the analysis are not too highly correlated with each other, indicating that regression coefficients and standard deviations are likely to be reliable.

Table 7. Multicollinearity analyses reported as variance inflation factor (VIF) and tolerance

Variable	VIF	Tolerance
Age	1.19	0.84
Gender	1.18	0.85
Department	1.18	0.85
Organization	1.30	0.77
Education	1.16	0.86
Knowledge	2.00	0.50
Significance	1.70	0.59
Motivation	2.27	0.44
Mirroring	2.73	0.37
Collectivity	1.95	0.51

Further tests of assumptions yielded a linear relationship between the independent and dependent variables, no influential outliers in the data, and a normal distribution of residuals with homoscedasticity.

### 4.2.4 Regression Analyses

In order to more fully explore the data at hand, three multiple linear regression analyses were run and their models compared side by side in Table 8. In model 1, the five items representing identification with values in the survey were assimilated into one variable called *Identification with values combined*. In model 2, those same items were retained as 5 separate variables: *Knowledge*, *significance*, *motivation*, *mirroring*, and *collectivity*. Model 2 thus offers a more nuanced understanding of the relationship between identification with values and perceived innovation culture. Finally, model 3 contains the same variables as model 2, but with the addition of five moderating

variables to examine whether there is a moderating influence of *Organization* on each of the five aspects of identification with values.

Table 8. Overview of the three models showing regression coefficients (b), explained variance (Adjusted R Squared), F-statistics, and sample size (N)

Variable	Model				
	1	2	3		
Perceived innovation culture					
Age	-0.13**	-0.10**	-0.10*		
Gender	0.01	-0.03	-0.01		
Education	-0.39*	-0.23	-0.31		
Department	-0.70**	-0.56**	-0.62**		
Organization	0.30**	0.13	-1.03		
Identification with values combined	0.47***				
Knowledge		-0.12	-0.00		
Significance		0.28***	0.15		
Motivation		-0.10	-0.05		
Mirroring		0.28***	0.32***		
Collectivity		0.05	-0.01		
Mod. Org. on Knowledge			-0.12		
Mod. Org. on Significance			0.42**		
Mod. Org. on Motivation			-0.20		
Mod. Org. on Mirroring			0.00		
Mod. Org. on Collectivity			0.17		
$R^2$ Adjusted	.253	.312	.330		
F	6.15	5.13	3.99		
N	92	92	92		

Note: Mod. Org. = Organization as a moderating variable

<sup>\*</sup> $p \le .10$ . \*\* $p \le .05$ . \*\*\* $p \le .01$ .

Combining all five aspects of identification with organizational values yielded less explained variance in Model 1,  $R^2 = .303$ ,  $R^2_{Adjusted} = .253$ , F(6,85) = 6 .15 p < .001, than in Model 2, discussed below. Additionally, all grouping variables with the exception of gender yielded higher regression coefficients in Model 1 compared to Model 2, suggesting inflated associations with the outcome variable when the isolated aspects of identification were not controlled for.

Model 2 was found to account for a significant amount of the variance in employees' perceptions of innovation culture,  $R^2 = .39$ ,  $R^2_{Adjusted} = .31$ , F(10,81) = 5.13, p < .001. Further investigation showed that experiencing organizational values as significant for individual and collective employee behavior (*significance*) yielded higher perceptions of innovation culture, b = 0.28, p = .001. Viewing the workplace as an arena that mirrored one's personal core values (*mirroring*) was also associated with higher perceptions of innovation culture, b = 0.28, p = .005. With regard to control variables, employees' age and the department within which they worked appeared to be significantly related to their perceptions of innovation culture. The findings would suggest that as employees increased in age group, their perceptions of innovation culture declined, b = -0.10, p = .05. As expected, working in a department dealing with property management was associated with lower perceptions of innovation culture than working in departments more closely related to the organization's mission, b = -0.56, p = .039.

Finally, in order to examine whether working in a faith-based or religious nonprofit organization has any influence on the relationship between identification with organizational values and perceived innovation culture, five interaction terms between the different aspects of *Identification* and the type of organization were introduced to the analysis, offering slightly higher explanatory power,  $R^2 = .441$ ,  $R^2_{Adjusted} = .330$ , F(15,76) = 3.99, p < .001. Of these, only one interaction yielded a statistically significant finding: Working in a faith-based organization appeared to have a complete moderating influence on the relationship between *significance* and perceived innovation culture. Experiencing organizational values as significant for individual and collective employee behavior appeared to yield higher perceptions of innovation culture when employees worked in the faith-based nonprofit organization, KIA, than in the religious nonprofit,

NMS, b = 0.42, p = .026. As one statistically significant moderating relationship was identified in Model 3, a hierarchical regression analysis was conducted to see whether the overall model significantly improved with the addition of the five interaction terms. All individual independent variables were included in block 1, and the moderating variables were added in block 2. Despite the aforementioned statistically significant finding and slightly higher explained variance, the overall moderated regression model did not appear to explain the variance on perceived innovation culture significantly better than the previous model (Model 2),  $\Delta R^2$  = .05,  $\Delta F(15,76)$  = 1.44, p = .219.

In all, Model 2 appeared to be the most robust of the three, though Models 1 and 3 contributed interesting findings. A more detailed summary of the statistical output of Model 2 is presented in Table 9.

Table 9. Regression analysis results for Model 2, including standardized and unstandardized regression coefficients, standard error, lower and upper confidence interval levels, and statistical significance values

			95	% CI		
Variable	b	SE	LL	UL	ß	р
Age	-0.10	0.05	-0.21	0.00	-0.19	.050
Gender	-0.03	0.13	-0.28	0.23	-0.02	.843
Education	-0.23	0.21	-0.66	0.19	-0.10	.281
Department	-0.56	0.27	-1.10	-0.03	-0.20	.039
Organization	0.13	0.15	-0.17	0.43	0.09	.397
Knowledge	-0.12	0.12	-0.35	0.11	-0.13	.306
Significance	0.28	0.09	0.12	0.45	0.38	.001
Motivation	-0.10	0.09	-0.27	0.07	-0.15	.253
Mirroring	0.28	0.10	0.09	0.48	0.41	.005
Collectivity	0.05	0.09	-0.13	0.22	0.06	.601

Note:  $R^2 = .388$ .  $R^2_{Adjusted} = .312$ .

## 5 Discussion

The results suggest that two aspects of identification with organizational values indeed are positively associated with perceived innovation culture. A certain degree of association was expected, among other things because definitions of the organizational values and organizational culture overlap. Schein's definition of culture as a "pattern or system of beliefs, *values* and behavioral norms" (2017, p. 6) indicates that how employees relate to organizational values will have an impact on organizational culture. When we add Askeland et al.'s (2020) definition of organizational values as "individual and collective trans-situational conceptions of desirable behaviors" (2020, p. 3), we understand that both values and culture are concepts that in the end manifest – and come together – in how people behave in the workplace.

## **5.1 Interpretative Limitations**

Although the study at hand produced some interesting findings, there are some fundamental weaknesses to it that need to be addressed, as they limit the scope of possible interpretations. These limitations could be viewed as debilitating for a study mostly concerned with producing accurate, detailed knowledge in an already established and well-mapped field. However, for a study of this sort, where the goal is to start painting out a new and thus far unknown landscape, these limitations are important boundaries for interpretations but do not necessarily leave the study without merit.

Firstly, the fact that the survey was distributed to a non-randomized and relatively small sample sets important boundaries for the possibility of generalizing findings. The study can be used to highlight interesting associations between different phenomena among the employees in the two organizations surveyed, but it falls short of providing information about these associations on a larger scale of religious and faith-based nonprofits in Norway. Any transferability of the findings in this study must be determined by the reader, who can compare their own context to the one presented in this one.

Secondly, restrictions in the design and sampling limit how the study conceptualizes its variables. For Rao and Weintraub (2013), the *Innovation Quotient instrument* is conceptualized and operationalized such that the aggregated responses of the employees of an organization provide a true representation of innovation culture. However, to be able to use the survey to report on the causal effect of identification with values on innovation culture, a different type of study would be necessary, entailing a different design, larger sample size, randomized sampling, and more. This study is therefore to be understood as an examination of the *association* between identification with organizational values and *perceptions* of innovation culture among employees in *two specific organizations*. It is neither possible to draw conclusions on causality based on this study nor to say anything about actual innovation culture in the organizations as a concept independent of employees' own perceptions.

Furthermore, the ratio of number of variables in the study to sample size could raise concern regarding the number of degrees of freedom. In Model 2, the regression analysis included 11 variables, with data gathered from 92 completed survey responses. A rule of thumb is that there should be an increase of ten responses for each variable included in the model. Fewer degrees of freedom risks reducing the precision of the estimates and the statistical power of the tests. This is therefore yet another trait of this study that calls for sober interpretations.

Finally, it is worth noting that this chapter spends little time commenting on results that were not statistically significant. This does not mean that the concepts those variables were meant to cover should be disregarded for further studies, only that it is difficult to draw conclusions about them based on this study.

## **5.2** The Impact of Values Matters

A significant positive association was found between *perceived innovation culture* and *significance*, which asks employees whether the organization's values "have implications for how we behave, both individually and collectively." To understand what this means, it may be relevant to look to the perspectives on organizational culture as either integrated, differentiated or fragmented (Bang, 2020; Jacobsen, 2018). With such

a high reported impact on individual and collective behavior (average score of 4.27 out of a 5-point Likert scale), a possible interpretation is that the core organizational values of the two organizations surveyed contribute to an integrated, more unison organizational culture in these organizations. What is more, the regression coefficient (b = 0.28, p = .001) suggests that such impactful values are associated with a more positive perception of innovation culture.

Another variable that had a statistically significant relationship to perceived innovation culture was *department*. In this variable, the employees of NMS's property management department were isolated relative to other departments, as this was the only group of employees in the survey whose work tasks were not closely related to the main mission of their organization. This is a department that could have been outsourced without impeding on the daily functioning of the organization. The results indicated that working in this department was negatively associated with perceptions of innovation culture (b = -0.56, p = .039), a finding that brings nuance to the idea of how integrated the innovation culture of NMS is. A plausible interpretation is that even though the employees in the property management department are included in the positive reporting on the impact of values on collective behavior, they are too far removed from the development of core activities to experience a positive innovation culture. They might feel attached to the Christian mission behind it all, but the dynamic of their workdays might still be colored by being a department which is not the focus of the organization's innovation efforts.

Additionally, the notion of organizational values as an integrating force for organization culture could have been corroborated by the variable *collectivity*, which asks whether "the core values of the organization are shared by employees and contribute to a feeling of unity." However, the findings yield only a mildly positive association to perceived innovation culture, which was far from statistically significant (b = .05, p = .601). Although partly overlapping, *collectivity* and *significance* only weakly correlate (r = .34, p < .001). What separates them the most is that *significance* additionally asks for the impact values have on individual behavior. Thus, a more plausible interpretation of the association between *significance* and *perceived innovation culture* might be that the

core values of the organizations first and foremost affect how employees behave on an individual level, and that it is this individual impact that creates an association to perceived innovation culture. Such an interpretation opens up for the possibility that values can have a positive association with innovation culture also in organizations with a more differentiated culture across departments or physical locations.

# 5.3 Being Able to Live Out Your Own Personal Values Through Your Work

The other aspect of identification with organizational values that stood out with a statistically significant association to perceived innovation culture was *mirroring*. This item asks the employees if "I view my workplace as an arena where I can live out my personal core values". The respondents reported on average a very high degree of *mirroring* (4.25), and the regression coefficient (b = 0.281, p = .005) indicates that being able to live out one's own values at work is positively associated with perceived innovation culture.

One might interpret this finding as a confirmation of the more value-focused scholars writing on the nonprofit sector, and a corrective to those overlooking values. In the presented theory, the contributions of Lages et al. (2020) and Karaca et al. (2023) point to the effect that employees sharing values with their organizations has on individual performance and well-being in the workplace. Akingbola et al. (2023), when writing about the significance of values, point to that engaged employees facilitate and support innovation, because they are more willing to contribute with their share of the work. Mirroring of values is also central to the concept of work as a calling, as presented by Sirris and Byrkjeflot (2019). On the other hand, Hull and Lio (2006) see only constraints to innovativeness in the nonprofit sector, and completely overlook the role of values in their article.

This finding does not support the idea that there is such a thing as *too much* identification with values. Both Sirris and Byrkjeflot (2019) and Agerholm Andersen (2012) point out that a high degree of identification at one point can become intertwined with identity building. Consequently, when the organization changes, one

may feel that a part of one's identity is at stake. This could be theorized to cause resistance to change, and a negative association to perceived innovation culture. However, the relationship between *mirroring* and *perceived innovation culture* is linear, suggesting that this aspect of identification with values does not have a breaching point at which the effect becomes negative.

Summing up the findings on *significance* and *mirroring*, it would seem that being able to live out one's own personal values through doing one's job and working in a place where those values have real implications for how people behave, is associated with a more positive perception of innovation culture. These findings suggest support for the working hypothesis that such an association would exist.

## 5.4 Age Might Matter, Type of Nonprofit Might Not

The variable age showed a mild negative association with perceived innovation culture, b = -0.10, p = .05. This would suggest that with every increasing age group, respondents were more likely to report slightly lower perceptions of innovation culture. A possible interpretation of this is that older employees have more experience from several workplaces, and therefore have a clearer concept of what the innovation culture should be like. Another is that while young employees might be more eager and radical in their wish for change, older employees might have grown more conservative over the years. While age is not an important aspect in what this study is attempting to display, the fact that the finding is significant suggests that age may be influential to how employees relate to innovation culture and should thus be controlled for in future studies to avoid reporting spurious associations.

Finally, a finding that may be particularly interesting to those in the religious and faith-based corner of the nonprofit sector is that *type of nonprofit* did not produce overall statistically significant results as a moderating force on the relationship between identification with organizational values and perceived innovation culture. While one significant interaction was found in which working in a faith-based nonprofit completely moderated the relationship between *significance* and *perceived innovation culture*, the overall model fit was not significantly improved by the presence of these interactions.

There was, in other words, no support for the working hypothesis on moderation. The fact that the findings were not statistically significant does not mean that there is no moderating effect, only that this study failed to identify one.

An interesting observation to highlight is the lack of influence by organization – both as an individual variable and as a moderator – juxtaposed with the significant relationship suggested between department and perceived innovation culture. It is not hard to imagine that the department of property management in NMS, which seemed out of place among the other departments, might be more representative of organizations outside of the religious and faith-based sphere – what one could call secular organizations. Interpreted as such, these two findings might indicate that there might be larger differences in the relationship between identification with values and perceived innovation culture between religiously based organizations and secular organizations, than between religious and faith-based organizations. With such inconclusive results, this is an avenue of research that should be explored further, especially keeping in mind that several important organizations in Norway over the last few years have changed their mission and value statements to move away from a religious anchoring. In fact, KIA Norge is one such organization; until a few years ago, it presented itself as a Christian mission organization. Other organizations which have moved in the same direction include the Norwegian Scouts Association (Norges Speiderforbund) and Changemaker (the Norwegian Church Aid's youth organization) – both completely abandoning their Christian foundations.

# 5.5 Possible Implications of the Findings and Recommendations for Further Research

The results discussed so far suggest that there *is something there* in the relationship the study set out to shed light on. For these findings to have a more meaningful impact, the study would have to be expanded upon and corroborated by future projects. However, it is not difficult to image several implications the present findings might have if the findings were to be replicated.

Firstly, if there is any hold in the connection between core organizational values and perceptions of innovation culture, one possible impact for leaders of all sectors could be a changed understanding of what it is that makes values mean something to an individual. The increased focus on values in organizational research and leadership over the past decades has made it more common for any kind of business, kindergarten, public hospital, or nonprofit to have clearly defined organizational values. However, a possible interpretation of the present study is that it matters where these values are taken from – what are they rooted in. More often than not, it would seem as though organizations select socially acceptable values that say something uncontroversial about what should guide the internal and external relationships of the organization. The example presented in chapter 2 of NMS maintaining competent, sustainable, reliable, and forward-thinking as important values to them, is a good illustration of this mindset. These are values that could be held by any institution. However, when the employees in NMS were asked in the survey about how they identify with the core values of the organization, it is likely few thought of reliable. More plausibly, they thought about the values derived from the Bible: to meet the world with hope, faith, and love; to meet every stranger as if they were your neighbor. The responses to the survey showed that the employees in these two organizations with a Christian foundation identify very much with the core values of their organizations (scores in all five variables were on average well above 4). This is an avenue for further research that this study invites researchers in this field to follow: To find a more qualitative understanding of what makes values associate with other organizational functions. More simply put, what makes values matter? Is there a difference in the impact values have when they are derived for a foundational understanding of the why of the specific organization, or would the same positive associations to innovation culture be found in larger studies among companies with more loosely rooted, generally accepted values. If rootedness turned out to be significant, it could impact how organizations and leaders work to define values, hopefully in a way that would contribute to more meaningful values being professed.

Secondly, an implication the study could have for innovation management is on the understanding of innovation as embedded in values. As we saw in chapter 2, Akingbola

et al. (2023) maintain that engaged nonprofit workers will contribute more to innovation because they are more willing to play their part. This idea plays on the concept that people seek meaning in their work, setting up what Hull and Lio (2006) call a social exchange, where employees thrive because the organization's mission and core values provide that meaning. Innovation is ultimately about getting people to be creative, ideate, and nurture those ideas into a distributed result, creating something that improves the world a little. If people seek a sense of meaning in their work, and meaning is derived not simply from what you are doing but why you are doing it, then this study can be seen to take the first steps towards suggesting mission-based, valueinfused innovation as a way forward for innovation management. Will people be more creative if they are driven by other motivations than creating wealth for company owners? If there is a connection between identification with values and perceived innovation culture, then should innovation leaders not seek to provide profound values for employees to ground their innovation efforts in? What meaningful narratives can innovation leaders offer their employees to frame their workdays with meaning? The school of mission-based and value-infused innovation would push innovation managers to unleash creativity through contributing to sensemaking in the innovation process.

Furthermore, as a theologian, it is tempting to add that in a steadily more secularized Western world, even non-religious workplaces have increased opportunities to play the role as providers of meaning in the lives of their employees. People are hungry for existential meaning and looking for it in new places. Every morning, thousands fill up the office buildings of modern-day downtowns, as their new cathedrals. At work, lives are lived and interpreted by people searching for rooted stories to frame their interpretations of life in. Here enters the modern workplace, providing the opportunity to contribute to a meaningful mission, based in meaningful values. To fulfill this mission, new solutions to problems must be innovated. What arises is mission-based, value-infused innovation. My point is that, in the same way Christian organizations such as NMS and KIA Norway can infuse innovation with purpose and meaning – grounded in their role of fulfilling their divine calling in society – so too can secular organizations play a similar role for their employees if they are able to define a meaningful mission to

infuse their innovation work with meaning from. Thus, a mission-based, value-infused innovation model is not limited to the religious and faith-based corner of work life.

Lastly, another opening in the data for further research lies in the comparisons between Models 2 and 3. The findings of Model 2 appear to be the most compelling in terms of statistical strength, suggesting that two aspects of identification with organizational values indeed are positively associated with perceived innovation culture. However, Model 3 provides an intriguing finding that would suggest that employees' perceptions of the significance of organizational values was positively related to perceptions of innovation culture insofar as they worked in the faith-based organization. In other words, this model calls into question the significant relationship between *significance* and *perceived innovation culture* identified in Model 2. Nevertheless, Model 3 did not statistically explain the variance in perceived innovation culture better than Model 2. This study's limitations make it difficult to draw conclusions based on these findings. Future studies might consider exploring this significant interaction further, across a broader range of faith-based and religious nonprofits, with a larger number of participants, and with improved research designs.

Summing up, the insights brought about by this study should be elaborated upon by studies with richer data and multiple methodological approaches. This quantitative, cross-sectional study calls for further investigation into how the associations in the findings come about, and what they actually mean for the performance of the organizations in terms of achievement of goals, innovativeness, recruitment and organizational culture. There is still a lot we do not know about what impacts innovation culture in nonprofit organizations and the impact of values on organizational culture. Learning more about these topics should be interesting for scholars and leadership in any kind of business, institution or organization.

## 6 Conclusion

This master's thesis in innovation and management has attempted to paint to the first strokes of a new painting; that of innovation culture in the nonprofit sector, and its connection to identification with core organizational values among employees. This was done through presenting a study aiming to address the following question:

How does employees' identification with core organizational values in faithbased and religious nonprofit organizations relate to their perceptions of the organizations' innovation culture?

Innovation culture in nonprofit organizations is an understudied topic. The goal of this thesis was therefore to contribute to start mapping out the interplay between a main characteristic of nonprofits and a resource for innovativeness that is readily available. The study conducted was cross-sectional and survey-based and focused on two research questions:

RQ1: In what way, if any, does employees' identification with the organization's core values influence their perception of the organization's innovation culture?

RQ2: In what way, if any, does the type of nonprofit organization (faith-based versus religious) moderate the relationship between identification with values and perception of innovation culture?

Chapter 2 presented the theoretical foundations for the thesis, centered on two trajectories of theory in organizational and innovation studies. Firstly, theories on innovation culture maintain that facilitating a culture that supports innovation can yield positive outcomes on the organizational level (Anderson et al., 2014; Crossan & Apaydin, 2010; Tian et al., 2018; Tidd & Bessant, 2018), and that such a culture can be defined (McLean, 2005; Aasen & Amundsen, 2015) and measured (Dobni, 2008; Rao & Weintraub, 2013) in organizations. Furthermore, organizational culture can be interpreted as integrated, differentiated, or fragmented, depending on which role it plays in the organization (Bang, 2020; Jacobsen, 2018). Secondly, theory on nonprofits

as a context for innovation suggests that high employee engagement is a resource for innovation it the sector (Akingbola et al., 2023; Cosner Berzin & Camarena, 2018), and that this manifests in high employee identification with organizational values especially in organizations with core values derived from a religious understanding of mission (Askeland et al., 2020). It also introduces a distinction between faith-based and religious nonprofit organizations (Sirris & Byrkjeflot, 2019). Both types draw upon religious core values, but to religious organizations the goal of the organization is firstly to promote the gospel through its activities. For faith-based organizations, religious values are a source of identity and inspiration, but religion is not a goal in itself – societal contribution is. Finally, theories were presented that suggested there would be an association between innovation culture and identification with organizational values (Agerholm Andersen, 2012; Karaca et al., 2023; Lages et al., 2020). Based on these theories, the results of the survey were approached with the working hypotheses that identification with organizational values is positively associated with perceived innovation culture among employees, and that the association between identification with values and perceived innovation culture will be stronger among employees in religious nonprofits than among employees in faith-based nonprofits.

Chapter 3 presented method and chapter 4 results. Out of 190 contacted employees, 92 completed the survey, providing a response rate of 48%. Out of the 11 independent variables, four resulted in statistically significant associations with the dependent variable (perceived innovation culture). These were the control variables *age* and *department*, as well as two of the five variables measuring identification with values: *significance* and *mirroring*. The moderator variable (type of nonprofit organization) showed no overall significant influence on the relationship between identification with values as a whole and perceived innovation culture.

Chapter 5 discussed the findings and limitations of the study. It presented important limitations to the study that served as boundaries for interpretative possibilities, such as the small sample size relative to the number of independent variables and non-randomized sampling. The consequence was that the study was not fit to produce interpretations of causality, nor could the results be generalized to a larger population

of nonprofit employees. With this in mind, areas of future research and possible improvements were discussed.

If corroborated by larger quantitative studies and elaborated upon by subsequent qualitative studies, these findings could inform a mission-based, value-infused approach to innovation for all types of businesses, public institutions, and organizations. Adapting an approach to innovation and values in which meaningful narratives specific to the organization and its employees are established, could bring about higher identification with workplace values, creating better and more meaningful innovations for tomorrow.

If such a thinking were to have any impact, it could mean a change in the place values are given in leadership courses in business schools at universities. A mindset geared toward identifying values unique to the organization's own mission rather than falling back on more general and socially accepted values, might promote innovation culture. This can have implications for how leadership courses in business schools prioritize the topic of organizational values. Business schools and leadership institutes of academic institutions have a tremendous impact on what is considered legitimate ways of understanding leadership. My claim would be that too much of what is taught is uncoupled from values, especially in terms of innovations management. Creating that link, and providing the foundation for developing it, has been the humble contribution of this thesis.

To conclude, the motivation for this thesis project was to help shed light on a possible association between something the nonprofit sector is already good at – creating a value-based bond between organization and employee – and something the sector will need more of in the time to come – an innovative and forward-leaning organizational culture. My hope is that this contribution can inspire more researchers to delve into innovation in the context of nonprofit organizations and help bring forward a sector that answers to the needs of communities all over the world – *leaving no one behind*.

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## Annexes

Annex 1: Ammended and translated Innovation Quotient survey

	Oversett	else av the Inno	ovation Quotient spørrebatteri, med tilpasninger til ideell sektor
Byggesten	Faktor	Element	Undersøkelsesspørsmål
7,8800000		Sult	Vi har et sterkt ønske om å utforske muligheter og skape nye ting
	Entreprenør-	Usikkerhet	Vi har toleranse for usikkerhet når vi følger opp nye muligheter
	skap	Handlingsorientert	Vi unngår handlingslammelse når vi idenfiserer nye muligheter, ved å legge til rette for handling
Verdier		Forestillingsevne	Vi oppmuntrer nye måter å tenke på og løsninger fra forskjellige perspektiver
	Kreativitet	Autonomi	Vår arbeidsplass gir oss frihet til å følge opp nye muligheter
		Lekenhet	Vi gleder oss over spontanitet og er ikke redde for å le av oss selv
ŀ		Nysgjerrighet	Vi er gode til å stille spørsmål i jakten på det vi ikke vet
	Læring	Eksperimentering	Vi arbeider med innovasjon gjennom at vi eksperimenterer og prøver ut nye ting ofte
		Greit å feile	Vi er ikke redde for å feile, vi anser mislykkede prosjekter som en anledning til å lære noe
		Inspirere	Våre ledere inspirerer oss med en visjon for fremtiden og ved å sette ord på muligheter for organisasjonen
	Skape energi	Utfordre	Våre ledere utfordrer oss jevnlig til å tenke og handle innovativt
		Forbilde	Våre ledere utviser selv i handling og holdning god adferd knyttet til innovasjon som andre kan følge
		Coaching	Våre ledere setter av tid til å veilede og gi feedback når vi prøver å gjøre eller skape noe nytt
Adferd	Engasjere	Initiativ	I vår organisasjon tar folk på alle nivåer proaktivt initiativ til å innovere/gjøre nye ting
		Støtte	Våre ledere gir støtte til stabsmedlemmer både når prosjekter går bra og når de går dårlig
		Influere	Våre ledere bruker sin innflytelse på en god måte for å hjelpe oss i møte med motstand i organisasjonen
	Istandsette	Tilpasse	Våre ledere er i stand til å tilpasse og endre kurs når det er nødvendig
		Stå-på-vilje	Våre ledere står på for å følge opp nye muligheter, selv når de møter motstand
	l	Fellesskap	I vår organisasjon omtaler vi innovasjon jevnlig og på samme måte
	Samarbeid	Mangfold	Vi setter pris på, respekterer og utnytter forskjellene som eksisterer i staben
		Lagarbeid	Vi jobber godt sammen i team/avdelinger
		Tillit	Vi kjennetegnes ved at vi faktisk gjør de tingene vi sier er viktige for oss
Klima	Trygghet	Integritet	Vi stiller spørsmål ved avgjørelser og handlinger som er uforenelige med våre verdier
		Apenhet	Vi er frie til å sette ord på våre meninger, selv ukonvensjonelle eller kontroversielle ideer
		Lite byråkrati	Vi minimaliserer regler, byråkrati og rigiditet for å forenkle ting på jobben
	Enkelhet	Ansvarliggjøring	Folk tar ansvar for sine egne handlinger og unngår å skylde på andre
		Ta avgjørelser	I vår organisasjon vet folk hvordan de skal komme fram med initiativer og få dem realisert
	Folk	Ledere	Vi har ledere som villige til å gå i bresjen for innovasjon og nytenkning
		Eksperter	Vi har tilgang til eksperter som kan støtte våre prosjekter
		Talenter	Vi har nok talent internt til å lykkes med innovasjonsprosjekter og nye ting
_	Systemer	Utvalg	Måten vi rekrutterer på støtter opp organisasjonen som nyskapende
Ressurser		Kommunikasjon	Vi har gode samarbeidsverktøy for å støtte våre nye prosjekter og innovasjonsprosjekter
		Økosystemer	Vi er gode til å utnytte våre relasjoner til partnere for å lykkes med nye prosjekter
		Tid	Vi gir folk tid til å følge opp nye muligheter og ideer
	Prosjekter	Penger	Vi har satt av penger til å følge opp nye muligheter og ideer
		Rom	Vi har dedikerte fysiske og/eller virtuelle rom for å følge opp nye muligheter og ideer
		Generering	Vi kommer opp med nye ideer og prosjekter gjennom systematisk arbeid med ideskaping
	Ideskaping	Filter	Vi går metodisk gjennom nye ideer for å sortere og identifisere de mest lovende mulighetene
		Prioritering	Vi velger ut ideer og prosjekter å satse på på bakgrunn av en tydelig formulert strategi
B	F	Prototyper	Vi flytter lovende ideer fort inn i en utprøvingsfase
Prosesser	Forming	Iterasjoner	Vi har effektive systemer for tilbakemeldinger når vi prøver ut ting, så vi kan gjøre endringer
		Feile smart	Vi er kjappe til å stoppe prosjekter som ikke fungerer, basert på forhåndsdefinerte kriterier for feiling
	Verdifangst	Fleksibilitet	Måten vi jobber på er fleksibel og kontekstuell heller enn byråkratisk og kontrollbasert
		Lansering	Vi prøver kjapt ut i "markedet" de mest lovende ideene våre
		Skalering	Hvis noen har en god ide, flytter vi raskt ressurser til initiativer som har potensiale til å bli noe av
	Electronic	Kunder	Våre medlemmer/kunder/brukere tenker på oss som en fremoverlent og innovativ organisasjon
	Eksternt	Konkurrenter Finansielt	Vår innsats på innovasjon er mye bedre enn i andre sammenlignbare organisasjoner
			Våre innovasjoner har gjort at vi klarer oss bedre økonomisk enn sammenlignbare organisasjoner
Culman	:	Mening	Vi anser innovasjon for å være del av vår langsiktige strategi, ikke bare noe som hjelper oss på kort sikt
Suksess	Organisasjonen		Vi har en planlagt og gjennomtenkt måte å forholde oss til innovasjon i virksomheten på
		Kapabiliteter	Våre forsøk på innovasjon har gjort at organisasjonen i dag har evner vi ikke hadde for tre år siden
	Individet	Tilfredsstillelse	Jeg er tilfreds med min deltakelse i organisasjonens innovasjonsarbeid
	maividet	Vekst	Vi gir folk mulighet til å bygge kompetanse gjennom å delta i innovasjonsinitiativer og nye satsinger
	Vianl	Gevinst	Vi anerkjenner folk som deltar i potensielt risikable innovasjonsforsøk, uavhengig av om de lykkes eller ikke
	Kjennskap og	Kjennskap	Jeg kjenner til min organisasjons verdier og verdigrunnlag
Grunnleggende	betydning	Betydning	Våre organisasjonsverdier har betydning for hvordan vi opptrer, både individuelt og samlet
verdier	Identifikasjon	Motivasjon	At organisasjonen har et kristent verdigrunnlag er en kilde til engasjement for meg i det daglige arbeidet
	med verdier	Speiling	Jeg anser organisasjonen jeg jobber i som en arena for å leve ut mine egne kjerneverdier
		Kollektivitet	Organisasjonens verdigrunnlag deles av oss ansatte og skaper samhold
			Inpladanda entremâl
			Innledende spørsmål
			Alder (kategorier)
			Kjønn
			Avdeling  Herente fullfatte utdenning (nivåer)
			Høyeste fullførte utdanning (nivåer)