How Positive Relationships at Work Stimulate the Innovation Orientation of Social Enterprises and For-Profit Organizations

Jak pozytywne relacje w pracy stymulują innowacyjność podmiotów ekonomii społecznej i przedsiębiorstw

Keywords: positive relationships at work; social enterprises; innovation; innovation orientation

Słowa kluczowe: pozytywne relacje w pracy; przedsiębiorstwa społeczne; innowacje; innowacyjność

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Introduction

Contemporary organizations perceive introducing various kinds of innovations as the foundation for their long-term competitiveness, thus, they focus on increasing their ability to innovate. The issues of innovations and positive relationships at work have been mostly studied in for-profit organizations [e.g. Roberts 2007; Davidson and James 2007; Quinn 2007; Ibarra 1993], however, there is a considerable lack of such research concerning the social enterprises. Our paper aims to narrow the gap in the field and investigate how innovation orientation is determined by positive relationships at work both in social enterprises and for-profit organisations.
1. Theoretical grounding: positive relationships at work, innovations and social enterprises

Positive relationships at work (PRW) are concerned by different disciplines (e.g. psychology, sociology, management) and on different levels (individual, team, organization), thus, there is no single “best” definition reflecting absolute consensus [Ragins and Dutton 2007, p. 8]. They may be defined in terms of states and processes accompanied relationships, their quality or outcomes. Positive relationships are regarded as those in which there is a true sense of relatedness and mutuality [Roberts 2007, p. 31]; or are defined as high-quality connections (short-term, dyadic interactions) relying on subjective experience of vitality and aliveness, positive regard, mutuality and positive physiological responses [Stephens, et al. 2012, p. 386]; as well as the support of the employee’s ability to engage in work [Kahn 1990].

We analyze positive relationships at work with the use of the dimensions suggested by Allen and Turner de Tormes Eby [2012]: (1) affective tone, i.e. the degree of positive and negative emotions that accompany relationships; (2) emotional carrying capacity, i.e. the extent to which the relationship comprises, and can survive, expressing the whole range of different positive and negative emotions; (3) tensility, i.e. the extent to which the relationship can survive emerging tensions, challenges and problems that persist in different circumstances; (4) interdependence, i.e. the frequency, strength and extent of mutual influence and impact among employees; (5) intimacy, i.e. openness of partners to disclosing information about themselves, their thoughts and feelings (self-disclosure), their response and mutual concern. Following that, we consider positive relationships at work as a dimension of organizational climate supporting innovations.

In order to innovate, organizations need to create such organizational climate that supports the employee’s creativity and openness to change [Burke and Litwin 1992; Woodman, et al. 1993; Ekvall 1996; Isaksen et al. 2000–2001; Naranjo-Valencia et al. 2011; Wolf et al. 2012; Lewicka 2012]. The review of the literature shows several approaches to specify and explain the dimensions of the organizational climate strengthening the innovation-orientation of organizations [Amabile et al. 1996; Ekvall 1996, pp. 105–123; Isaksen et al. 2000–2001, pp. 171–184; Isaksen and Lauer 2002, pp. 74–86; Loewe and Dominiquini 2006; Hunter et al. 2007; Isaksen and Ekvall 2010]. Hence, the employee’s ability to cooperate is considered as essential for the success in creating innovation orientation while the employee’s ability and willingness to cooperate promotes also more positive relationships within an organization [Tjosvold et al. 1986; Tyler and Blader 2000]. Shaping organizational climate supporting innovation orientation requires putting the idea of cooperation into action as one of key determinants of both individual and team innovativeness [Ibarra and Hansen 2011; Lewicka 2010].

Considering the aim of the paper and taking into account that organizational climate is a multi-dimensional issue, we would like to follow the approach proposed
by Hunter, Bedell and Mumford [2007]. They propose fourteen dimensions of organizational climate favorable to innovations, among others: positive peer group, positive supervisory relationships, positive interpersonal exchange and organizational integration [Hunter et al. 2007, p. 74]. We focus on positive relationships at work as one of the main variables highly influencing the employee’s innovation orientation and, thus, the organizational outcomes regarding innovations.

However, there is a great variety of innovation categories. Among them, the literature points out product and process innovations, organizational and market innovations, paradigm innovations (changing business models) and social innovations [Damanpour 1996; OECD 2005; Plessis 2007; Bessant and Tidd 2011]. In our study, we refer particularly to six innovative changes in organizations: organizational, technological, product, strategic, market activities and marketing activities. In spite of this, social enterprises, which are the subject of our research, may be regarded, in their nature, as social innovations.

According to the Social Business Initiative document prepared by the European Commission [2011, p. 2], a social enterprise is a business in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. A social enterprise is established to reach three objectives. First of all, it has a social mission to help the disadvantaged people integrate with the society and, in the long run, to help them return to the labour market. Then, a social enterprise needs to generate profits to survive on the market and to be able to carry out its social mission. Business activity and profits are used primarily to achieve its social objectives [Kaźmierczak 2014, p. 305]. Finally, there is the “political” or “administrative” objective: a social enterprise exists to show that local authorities introduce practical measures to implement their social policy in the region. Thus, within one organization, one can find various components and rationales of state, market and civil society [Aiken 2010]. Hence, by its very nature, a social enterprise tends to be a hybrid organisation. Throughout the paper we mostly refer to a social cooperative as the most common form of a Work Integration Social Enterprise [WISE] in Poland.

A social cooperative operates on the market in the same way as other companies, but the management of the disadvantaged people is challenging and must be much more diverse and socially innovative. The existence of a cooperative is founded on the possibilities of applying the innovativeness potential inherent in its flexible structure and the opportunity of generating innovations in management [Rymsza and Rymsza 2015, pp. 330–331]. After all, necessity is the mother of all invention.

Undoubtedly, social enterprises play a crucial role in solving contemporary social problems and as such must be supported by management science in improving their effectiveness, including innovation creation. We assume that the influence of positive relationships at work on innovation creation is the universal mechanism relevant to any kind of organization. We propose, then, the following hypotheses:
H1: PRW support innovation orientation in businesses and social enterprises. However, due to a different nature of social enterprises, we propose the second hypothesis:

H2: In social enterprises, the nature of PRW differs from that present in for-profit organizations.

2. The methodology of the research

The present study was a first stage of a larger research project regarding innovations in business and social economy enterprises. The project was funded by the Polish National Science Centre grant on the decision number DEC-2013/11/B/HS4/00691. In this study we used a questionnaire-based Computer Assisted Telephone Interview (CATI) on the sample of 200 Polish business organizations selected from rankings of the most innovative enterprises, and 140 social economy enterprises.

The questionnaire consisted of three parts covering six sets of items. Each set reliability has been confirmed with Cronbach’s alpha coefficient. In the first part we investigated what innovation means for the respondents within a specific organizational culture (set I, α=.897). Then we determined innovation orientation by analyzing the perceived need of innovations (set II, 13 items, α=.852). In this part, we referred to six innovative changes in organizations: organizational, technological, product, strategic, market activities and marketing activities. Finally, we attempted to identify the conditions for the innovations emergence in the organization, enquiring about the “philosophy and organization” of creating innovations, for example, whether innovativeness is the central element of the company’s strategy; whether there are special teams devoted to creating innovations, or whether they are created in different teams, etc. (set III, α=.794). In the second part of the questionnaire, the respondents were asked to describe their company regarding various dimensions of employee interpersonal relationships and the work conditions (set IV, α=.810). Then, in the next set, we focused on the innovation creation team (pointed out and described by the respondent). In this set, respondents evaluated dimensions of positive relationships at work including affective tone, emotional carrying capacity, tensility, interdependence and intimacy (set V, 19 items, α=.786). The last set of questions was aimed to collect basic information on the company, including sector, market of operation, ownership capital, territorial scope of operation, or the average age of employees. In the sets I–V, the respondents were asked questions in the form of affirmative sentences with a scale ranging from 0–100% with 10% intervals (0% meaning “I totally disagree”, and 100% – “I totally agree”). Sets II and V are relevant to this paper.
3. Results

For the data analyses, we used descriptive statistics, the factor analysis and the hierarchical clustering with Ward’s method. The extraction method was a Principal Component Analysis and the rotation method was the Oblimin with Kaiser Normalization. The results of the factor analysis regarding intra-team relationships are presented in Table 1a and Table 1b, respectively, for the business organizations (biz) and social economy enterprises (soc).

Table 1a. Factor analysis of variables for intra-team relationships in business organizations

| Variables                                                      | Factors |
|---------------------------------------------------------------|---------|
|                                                              | 1       | 2       |
| Employees are not afraid to express negative emotions         | .929    |         |
| Employees are not afraid to express their critical opinions   | .798    |         |
| Employees talk about their personal issues                    | .754    |         |
| The supervisor cares about employees’ personal issues         | .745    |         |
| Employees are willing to socialize with each other after work| .697    |         |
| The supervisor socializes with subordinates                   | .639    |         |
| Employees help each other in the task performance             | .578    |         |
| Rivalry among employees leads sometimes to destructive effects| .819    |         |
| Emotional distance reflecting hierarchy is large              | .778    |         |
| Proposed innovations face resistance from other team members  | .616    |         |
| Employees perform only the tasks that are routinely required  | .527    |         |

Source: Authors’ own work.

Table 1b. Factor analysis of the variables for intra-team relationships in social enterprises

| Variables                                                      | Factors |
|---------------------------------------------------------------|---------|
|                                                              | 1       | 2       |
| Employees are not afraid to express negative emotions         | .896    |         |
| Employees talk about their personal issues                    | .810    |         |
| The supervisor cares about employees’ personal issues         | .761    |         |
| Emotional distance reflecting hierarchy is large              | .880    |         |
| The team is diversified (incl. age, education, gender, etc.)  | .628    |         |

Source: Authors’ own work.

The factor analyses show that the variables proposed to measure relationships in teams represent two main factors for both types of organizations. In addition, these factors are similar for both, although not identical. We labelled the first factor positive relationships at work. In the case of business organizations, it consists of items referring to the emotional carrying capacity (expressing all emotions), intimacy (interest in personal issues) and interdependence (helping each other, socializing). In the case of social economy enterprises, the adequate factor includes fewer variables and they refer to the carrying capacity and intimacy. To distinguish these two factors for the further analyses we labelled them positive relationships at work_biz and positive relationships at work_soc.
The second factor is less clear and, thus, more difficult to define. In the business organizations, the factor includes destructive rivalry, emotional distance reflecting hierarchy, employee passiveness (i.e. the fact that employees do only the work that was assigned to them, nothing more), and the resistance to proposed innovations on a part of other teams in an enterprise, which may manifest negative relationships among teams. In the case of the social enterprises, the factor includes emotional distance reflecting hierarchy and diverse team composition regarding age, tenure, education, etc. We categorized the factor as hierarchy and distance because in both organization types the factor includes hierarchy, while the other variables reflect emotional distance among employees. The factor is not identical for both organization types so we distinguish hierarchy and distance

Both factors served as dimensions for the innovation-oriented teams’ typology. For this purpose we used the hierarchical clustering with Ward’s method. Figure 1 and Figure 2 present the results.

![Graphical distribution of three types of teams in businesses](source: Authors’ own work.)

![Graphical distribution of three types of teams in social enterprises](source: Authors’ own work.)

Both typologies distinguish three types of teams differing in the level of employee relationships positivity as well as hierarchy and distance level. To clarify their characteristics we used means of measured variables for each team group. Significance of the differences in means was tested with t-test. The results are presented in Tables 2a and 2b, respectively for business and social enterprises.

| Table 2a. Means of the variables for intra-team relationships in business organizations |
|---------------------------------------------------------------|---|
| Variables                                                                 | Means in groups |
| In the team there is a person (or persons) who takes care about the positive atmosphere at work | 7.21  8.53*  7.57 |
| In the team there is a person who usually triggers action       | 5.68  6.32  4.65* |
| The supervisor socializes with employees                       | 6.13  8.14*  6.02 |
Furthermore, to identify the teams’ innovation orientation we calculated the means of variables and t-tests referring to the perceived need for different innovation types. They are presented in Tables 3a and 3b, respectively for business and social enterprises.
On this basis we can describe the identified teams for business organizations as follows:

Group 1 in business (hierarchical workhorses) represents a peculiar type of teams where relationships among employees may be both positive and negative. Simultaneously, this group is characterized by the large hierarchical distance, stronger destructive rivalry and employee passiveness. Their innovations meet resistance from
other teams. In comparison to other team types these are less innovation-oriented, however, more than other types they remark innovations related to employee work-life balance maintenance, improvement of the internal and external communication and social innovations.

Group 2 in business (organization-supporting team players) represents teams of the most positive employee relationships in our research sample. It is manifested through showing interest to each other, frank communication, willingness to spend time together and to help each other at work. The division of team roles is more effective in these team type as they are able to identify team roles such as the initiator and the team-worker. In these teams the power distance is small and employees perform more than it is required. Their initiative is likely to lead to innovation creation as these teams are the most innovation-oriented. They particularly see the need for innovations improving the organization, namely the work conditions, employee professional and personal development but also the product innovations.

Group 3 in business (development-supporting individualists) is characterized by the lack of leadership manifested by low scores regarding the initiator as the team role. Variables referring to positive relationships at work are also evaluated lower. These teams are composed of independent individualists rather than real team-workers. In these teams they value “traditional” innovations such as new technologies, market and marketing innovations.

The characteristics for the social economy enterprises are different. Group 1 in social enterprises (self-centered organizers) represents teams of less positive employee relationships which results in less frank communication and emotion expression. Employees are less willing to help each other and they perform only the tasks that are routinely required from them, nothing more. There is large power distance and rivalry leads to destructive effects. These teams are focused on “strategic” innovations such as alliances or attracting an investor. Together with highly valued innovations improving the work conditions this approach reflects self-concentration.

Group 2 among the social enterprises (market-aware activists) represents teams where employee relationships are positive while the emotional and hierarchical distance is small. There is less of destructive rivalry and a team is more homogeneous. Employees take initiatives. This team type is oriented towards product and market innovations.

Group 3 (autocratic caregivers) includes teams where both positive relationships at work and hierarchy & distance are evaluated as high. This means that there is frank communication, employees help each other but also their rivalry may lead to destructive effects and employees do only what is required, nothing more. Representatives of these teams declare the highest, in this sample, orientation towards innovations of all types. They value mostly innovations supporting employee professional and personal development.
Conclusions

In this paper we have hypothesized that positive relationships at work (PRW) support innovation orientation in both analyzed organization types (H1). The hierarchical clustering leading to the teams’ typology and further analysis of descriptive statistics (means) showed that teams characterized with positive employee relationships are more innovation-oriented both in business and social enterprises. Thus, the research results support H1.

In H2, we have hypothesized that positive relationships at work in social enterprises differ from those present in business. The factor analysis that led to teams’ typologies showed that the factor labelled “positive relationships at work” consisted of different elements. In business positive relationships at work are related to open communication among employees, helping each other at work but also socialization after hours. They include then both professional and private component. In the social enterprises positive relationships at work comprise of communication elements such as free expression of emotions and showing each other interest to personal issues. As a result, H2 is supported.

This paper contributes to the theory development in various ways. First of all, it develops our understanding of the social economy enterprise innovation orientation in comparison to business organizations. In Poland, the social economy enterprises represent the kind of social innovation aimed to solve the social exclusion problem. At the same time, in order to fulfill their mission, they need to create and implement innovations themselves. The survey shows that teams creating innovations in social enterprises have different characteristics than adequate teams in business. The most innovation-oriented teams in social enterprises are rather autocratically governed, while in business the innovation orientation is supported by the small power distance. In both cases, however, positive relationships among employees were proved to trigger this orientation. They influence particularly innovations related to internal organization improvements including employee work conditions and their professional and personal development. Thus, this may be considered as another contribution to the theory development, notably to the research stream regarding positive relationships at work.

PRW-innovations link is moderated by hierarchy and this mechanism is different for business and social economy. In business organizations hierarchy decreases a positive effect of PRW on innovations. Teams characterized with large emotional and hierarchical distance are less innovation-oriented which may be the result of lower employee initiative. What is more, it seems irrelevant whether relationships among employees are positive or not in these teams. Leaders who are not interested in their followers’ issues just strangle their commitment and creativity. In social economy, hierarchy also makes employees more passive but the teams remain innovative. This suggests that the most effort on innovation creation is on leaders’ side. Characteristics of such teams show that, at the same time, leaders are able to build
positive relationships with their subordinates. Innovativeness of their teams is crucial for these organizations’ existence, however, if the social enterprises are created to help the excluded, who are the employees there, in regaining control over their lives, their passiveness may be an obstacle in the goal achievement.

The study contributes also to discovering positive relationships at work nature. Although we hypothesized that the nature of PRW is the same in business and social enterprises, our analyses, mainly the factor analyses, revealed that an organization type matters when it comes to the positive relationships definition.

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How Positive Relationships at Work Stimulate the Innovation Orientation of Social Enterprises and For-Profit Organizations

The aim of the paper has been to investigate how innovation orientation is determined by positive relationships at work (PRW) both in social enterprises and businesses. We used a questionnaire-based Computer Assisted Telephone Interview (CATI) on the sample of 200 Polish business organizations and 140 social economy enterprises. For the data analyses we applied descriptive statistics, the factor analysis and
the hierarchical clustering with Ward’s method. The research proved that teams characterized by positive employee relationships are more innovation-oriented both in business and social enterprises, however, PRW have different attributes in social enterprises than in businesses. The most innovation-oriented teams in social enterprises are rather autocratically governed, while in business the innovation orientation is supported by the small power distance.

Jak pozytywne relacje w pracy stymulują innowacyjność organizacji społecznych i przedsiębiorstw

Celem pracy jest zbadanie, w jaki sposób innowacyjność zależy od pozytywnych relacji w pracy (PRW) zarówno w przedsiębiorstwach społecznych, jak i biznesie. Badania zostały przeprowadzone na próbie 200 polskich organizacji biznesowych i 140 przedsiębiorstw gospodarki społecznej. Korzystano z wywiadu telefonicznego CATI (ang. Computer Assisted Telephone Interview) na podstawie kwestionariusza badań. Do analiz danych zastosowano statystyki opisowe, analizę czynników i hierarchiczne grupowanie metodą Warda. Badania wykazały, że zespoły charakteryzujące się pozytywnymi relacjami pracowników są bardziej innowacyjne w biznesie i przedsiębiorstwach społecznych, jednakże PRW mają inne cechy w przedsiębiorstwach społecznych niż w przedsiębiorstwach. Najbardziej zorientowane na innowacje zespoły w przedsiębiorstwach społecznych są raczej rządzone autorytatywnie, podczas gdy w biznesie innowacyjność jest wspierana przez niewielki dystans władzy.