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**MASTER'S THESIS**

**EFFECTS OF TRANSFORMATIONAL LEADERSHIP**  
**ON ORGANIZATIONAL CHANGE MANAGEMENT**  
**AND ORGANIZATIONAL AMBIDEXTERITY**

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The thesis titled as "Dönüşümcü Liderliğin Örgütsel Değişim Yönetimi ve Örgütsel Çift Yeteneklilik Üzerindeki Etkileri" prepared and presented by GİZEM YILMAZ is accepted and approved.

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## **DECLARATION**

I hereby declare that this master's thesis titled as "Effects of Transformational Leadership on Organizational Change Management and Organizational Ambidexterity" has been written by myself in accordance with the academic rules and ethical conduct. I also declare that all materials benefitted in this thesis consist of the mentioned resources in the reference list. I verify all these with my honour.

.../.../.....

Gizem YILMAZ

**ABSTRACT**  
**Master's Thesis**  
**Effects of Transformational Leadership on Organizational Change**  
**Management and Organizational Ambidexterity**  
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As a result of the development of science and technology, information started to spread more quickly. Therefore, organizations have been facing some difficulties to keep up with new regulations. In addition, many organizations do not know how they can cope with those changes. However, if the organizations can deal with the changes they face, they can survive in the long-run. Therefore, it is important for organizations to apply changes in order to survive in long process and compete with their competitors. In addition, in order to be more stronger in the environment, organizations should also be ambidextrous. Organizations should be ambidextrous because they should exploit their existing ideas or products to keep them up-to-date and they should explore new ideas or products which are necessary for developing science and technology.

On the other side, it can be accepted that applying change and innovation to an organization is not easy. However, organizations can make progress on both change and innovation with a well established management. For this issue, there are important responsibilities for managers of the organizations. Crucially, in order to make organizational change and organizational ambidexterity managers should adapt transformational leadership style. Managers should lead their followers so as to transform their organization. In order to keep the organization ready to apply change and innovation managers should motivate their employees. It has been accepted that

**leadership style can be learned so managers should adapt to being transformational to keep their organizations in the long-run.**

**Analysis results of this study indicate that transformational leadership has a positive effect on both organizational change management and organizational ambidexterity. Organizations can make changes to advance next to environmentally developments and they can create ambidexterity to be innovative.**

**Keywords: Change, Organizational Change Management, Ambidexterity, Organizational Ambidexterity, Leadership, Transformational Leadership.**

## **ÖZET**

**Yüksek Lisans Tezi**

**Dönüşümcü Liderliğin Örgütsel Değişim Yönetimi ve Örgütsel Çift Yeteneklilik  
Üzerindeki Etkileri**

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**İngilizce İşletme Anabilim Dalı**

**İngilizce İşletme Yönetimi Programı**

Bilim ve teknolojinin gelişimi sonucunda bilgi daha hızlı yayılmaya başladı. Bu nedenle, kuruluşlar yeni düzenlemelere ayak uydurmak için bazı zorluklarla karşı karşıya kalmıştır. Ek olarak, çoğu kuruluşlar bu değişimlerle nasıl başa çıkabileceğini bilmemektedir. Fakat eğer kuruluşlar değişikliklerle başa çıkabilirlerse uzun süre hayatta kalabilirler. Bu nedenle, uzun aşamada hayatta kalmak için ve rakipleriyle rekabet edebilmek için değişiklikleri uygulamak kuruluşlar için önemlidir. Ek olarak, çevrede daha güçlü olabilmek için kuruluşlar çift yetenekli de olmalıdır. Kuruluşlar çift yetenekli olmalıdır çünkü güncel kalabilmek için var olan ürünlerini ya da fikirlerini çürütmelilerdir ve gelişen bilim ve teknoloji için gerekli olan yeni ürünler ve ya fikirler araştırmalıdır.

Diğer taraftan, kabul edilebilir ki bir kuruluşa değişimin ve yeniliğin uygulanması kolay değildir. Fakat iyi kurulmuş yönetim ile birlikte kuruluşlar değişim ve yenilik açısından ilerleyebilirler. Bu konuda kuruluşların yöneticileri için önemli sorumlulukları vardır. Örgütsel değişim yönetimi ve örgütsel çift yeteneklilik yaratabilmek için yöneticiler dönüşümcü liderlik stilini benimsemelilerdir. Kuruluşlarını değiştirmek için yöneticiler takipçilerine yol göstermelidirler. Yöneticiler kuruluşlarını değişime hazır bulundurmak için çalışanlarını motive etmelidirler. Kabul edilir ki liderlik stili öğrenilebilir bu sebepten kuruluşlarını uzun süre ayakta tutabilmek için yöneticiler dönüşümcü liderlik stilini benimsemelilerdir.

**Bu alıřmanın analiz sonuçları göstermektedir ki dönüşümcü liderlik örgütsel deęişim yönetimi ve örgütsel çift yeteneklilik üzerinde pozitif etkiye sahiptir. Kuruluşlar çevresel gelişmelere ayak uydurmak için deęişimi uygulayabilir ve yenilikçi olabilmek için çift yeteneklilik yaratabilirler.**

**Anahtar Kelimeler: Deęişim, Örgütsel Deęişim Yönetimi, Çift Yeteneklilik, Örgütsel Çift Yeteneklilik, Liderlik, Dönüşümcü Liderlik.**

**EFFECTS OF TRANSFORMATIONAL LEADERSHIP ON  
ORGANIZATIONAL CHANGE MANAGEMENT AND ORGANIZATIONAL  
AMBIDEXTERITY**

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## **ABBREVIATIONS**

<b>T</b>	Transformational Leadership
<b>C</b>	Organizational Change
<b>A</b>	Organizational Ambidexterity
<b>MLQ</b>	Multifactor Leadership Questionnaire

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## INTRODUCTION

### Background Review

There are three main concepts of this study which are organizational change management, transformational leadership, and organizational ambidexterity. In order to combine these three concepts organizational structure should be considered. Organizational structure has huge effects on company's change strategies. The matrix structure is often used when the technical expertise, product innovation, and change gain importance to satisfy goals of the organizations. If defined structures of organizations are not work, matrix structure can be a solution (Daft, 2013: 92). The main characteristic of a matrix structure is containing both divisional and functional specialties simultaneously.

In addition, organizational culture is another important concept to apply change. By creating organizational climate, organizations can give innovative response in difficult conditions. Through their culture organizations can achieve to new successes. A powerful culture support adaptations and changes for organizations. Also, culture gives energy to employees to produce new ideas. That is, employees can be motivated for innovation. However, some strong cultures do not encourage constructive adaptation. These types of companies fail when they are adapting environmental changes. Therefore, effects of strong cultures may not always positive. For these difficult situations, healthy cultures supply smooth internal integration and adaptation to these environmental changes. Strong constructive cultures often incorporate the following values (Daft, 2013: 403):

1. *The whole is more important than the parts.* In the system everything fits together and people aware of this system. Also, actions of the members affect the other parts of organization. This relation reduces the boundaries between organization and the environment. Dominant culture of an organization is reflected by subcultures. In addition, coordinated action and continuous learning achieved by free ideas and information.



2. *Equality and trust are primary values.* Sense of community can be created by culture. In order to create a web of relationships, organizations are seen as the better places. Therefore, this place provides employees to take more risks. Also, this system gives importance to get low mistakes but good learning. However, the big role for managers in this system is to provide honest and open communication to employees.
3. *The culture encourages risk-taking, change, and improvement.* Questioning the status quo is the fundamental asset. This questioning is important for creativity and improvement. The culture gives attention to the creators of new opinions, products or other services. Also, taking risk can be awarded in the aim of learning and growing.

Defining the works of followers and planning the way of followers' works are the parts of initiation structure (George and Jones, 2008: 394). Ohio State Studies is one of the important studies of the behavioral approach. Many of employees give response to behavior examples. Their responses were related with their leaders. Two wide ranging types occurred at the end of the analysis. These two sides called as consideration and initiating structures. Leaders' attention about their subordinates is consideration. These leaders give respect to ideas and emotions of subordinates. Also, these leaders try to establish mutual trust with subordinates. Their extent of care can be observed by leaders who listens the problems of employees and also seeks input from the employees. On the other hand, there is another type of structure which is initiating structure in which leaders are task oriented. In addition, those leaders give importance to organizations' aims. Leaders of initiating structure direct tasks and force workers to study hard. Also, those leaders prepare clear schedules for studies (Daft, 2008: 46).

Management and technical innovation are compared by the dual-core approach. In order to satisfy organization's goals, management innovation adapts management practice, strategy, and structure (Birkinshaw et al, 2008). Restructuring, control systems, downsizing are examples to this approach. Dual core approach

provides speed in product and technical changes so as to compete in the environment (Daft, 2013: 450).

Reengineering takes important place in horizontal structure because organizations move toward a horizontal structure during the reengineering process. Core processes cut horizontally the organization. Some organizations that reengineered to a horizontal structure, their workers who work on a particular process have quick achievement to others in order to communicate and coordinate efforts of them. There is an elimination of vertical hierarchy. Also, old departmental boundaries are also eliminated by this structure. Many organizations have experienced with horizontal processes like cross-functional teams so as to provide coordination across departments of the organization. Therefore, many organizations are changing their management styles from hierarchical to horizontal (Daft, 2013: 97).

Leaders are open to the new ideas in order to be creative and innovative. The aim of finding a new paradigm to leadership is the most important challenge for leaders. That is, there is a shift from stability to change. Also, crisis management takes important place. There are also shifts from control to empowerment, from competition to collaboration. In addition, shift from uniformity to diversity and from self-centered to ethical purpose are given importance (Daft, 2008: 27).

People can get the response of compliance if they apply a position power. Followers obey the defined roles by their leaders by this way. They obey the rules even if they do not agree to ideas. However, the level of using position power is very important because followers may resist to rules if the use of coercion power exceeds the normal level. The more the leaders use personal power like expert and referent, the more they can see commitment to their rules. The amount of adaptation of viewpoints by the followers shows the commitment level (Daft, 2008: 365). Having positive relations of a leader with subordinates is consideration. That kind of leader tries to support their subordinates (Hughes et al, 2012: 247).

In order to apply changes for an organization ambidexterity approach should be adapted. Organizations should be innovative both for exploration and exploitation. Ambidextrous firms show differences at the innovation stage when we compare with the others. The firms which are willing to change have the common opinions that

they want to be both innovative and efficient. Also, those firms try to develop new skills, processes for the long term success (Sarkees & Hulland, 2009). As a results, organizational change management and transformational leadership, and organizational ambidexterity are interrelated concepts so in this study all of the three concepts will be evaluated.

### **Purpose of the Study**

The aim of the study is to define effects of transformational leadership on both organizational change management and organizational ambidexterity. This study adds difference to the existed studies of relationship between transformational leadership and organizational change with organizational ambidexterity concept. In order to make analysis of the study survey was applied to employees of constructions firms in Muğla. In survey items evaluation of their managers and organizations is requested.

### **Research Questions and Hypothesis**

Transformational leadership effects in a positive way the employee change commitment. Transformational leaders are so important that they have the ability to engage their followers during the change. Also, transformational leaders have the motivation capability to motivate their followers (Herold et al. 2008: 353). Thus, first research question prepared like this:

1) Is there any effect of transformational leadership on organizational change management?

In order to apply organizational ambidexterity, transformational leadership makes stronger the impact of senior team attributes (Jansen et al, 2008: 984). Therefore, second research question prepared like this:

2) Is there any effect of transformational leadership on organizational ambidexterity?

As a result, two main hypothesis statements can be constructed:

Hypothesis 1:

Ho: There is no effect of transformational leadership on organizational change management.

Ha: There is an effect of transformational leadership on organizational change management.

Hypothesis 2:

Ho: There is no effect of transformational leadership on organizational ambidexterity.

Ha: There is an effect of transformational leadership on organizational ambidexterity.

According to background of this study it can be seen that transformational leadership has relationships with change and ambidexterity. In order to see whether there is an effect of transformational leadership on both organizational change management and organizational ambidexterity two hypothesis are defined.

To sum up, there are three main concepts of this study which are called organizational change management, leadership, and organizational ambidexterity. So as to constitute this study, in this introduction section, problems are defined and background is provided.

## **CHAPTER ONE**

### **LITERATURE REVIEW**

There are three aims of the literature review. First of all, wide information gathering about main concepts of the study is aimed. By this way, it is intended to refer general idea about main concepts and their subtitles. Secondly, literature reviews which indicates the relationships between dependent and independent variables are demonstrated. That is, interrelations between main three subjects are searched. Lastly, after all these investigations, hypotheses are developed.

#### **1.1. ORGANIZATIONAL CHANGE MANAGEMENT**

##### **1.1.1. The Strategic Role Of Change**

Change taking place around the organizations and the organizations should keep up with changes. Organizations should change themselves all of the time when modification is required. In order to survive in a competitive world, organizations must calm themselves to change and also innovate (Kotter, 1996). Therefore, organizations should follow the required changes in order to compete. In certain conditions the change process of a company shows uniqueness and these situations like variety of organization's nature, business nature, culture and values, style of the management and leadership, and workers attitude and behaviors (Rashid et al. 2004).

Change has different feelings for different organizations. If an organization has resistant to change, the failure risk is generally observed. On the other hand, for some organizations change can be felt as an advantage and satisfaction while the others feel the same change like disadvantages and stressful (Rashid et al. 2004). Even though organizations show differences among them, the change process in each organization is the same. However, the sense of change shows differences for each organization. It became rule to change instead of stay in stability. In the past, change can occur infrequently or incrementally but it is constant nowadays (Daft, 2001: 352).

Organizational change has two scopes which incremental and radical change. Daft explains difference between two scopes by giving an example. For instance, incremental change is a sales team's implementation. On the other hand, a radical change is removing the organization from vertical structure to the horizontal. Instead of separated into functional departments like marketing, finance, and so forth, employees work on a specific core processes. Incremental change is generally observed on one organizational part; by contrast, radical change transforms the entire organization. In addition, radical change often creates new management and structure. Whereas, incremental change makes product improvements, radical change creates new markets or products. Therefore, it is apparently seen that organization's structure has great effect on their change process (Daft, 2001: 353).

#### **1.1.1.1. External Forces for Change**

External forces are often observed when the consumer needs and wants change and shifts occur in the spending ability of target market. In order to gain advantage in the competition, firms should be aware of these primary changes. Managers and firms who escape from recognizing change can be outpaced by others who have seen it as a trend and taking as an advantage. Another reason to external forces is changes in laws or regulations. Lastly, technology is another important external force. Slow processing is the risk for those managers who ignore the advantages of change also in the later situations long term obsolescence can occur (Montana and Charnov, 2008: 350).

#### **1.1.1.2. Internal Forces for Change**

Power structure or organizational arrangements are important internal forces to change. Control systems, formal authority structure, and some information channels support managers so as to develop new ideas to change and also support them to implement the ideas. On the other hand, people who prefer stable business may resist change while the others want to see new ideas (Montana and Charnov, 2008: 350).

#### **1.1.1.3. Successful Change**

There are several requirements for successful change (Daft, 2013: 435):

1. *Ideas.* New ideas place a great amount in this statement. New way of servicing and new management styles is included in this requirement. The dramatic aspect of organizational change is internal creativity and at this stage ideas come from both within and outside the organization.
2. *Need.* In order to keep up with the changes, organizations should perceive the change. If managers realize a gap between actual performance and desired performance, need for change should be taken into consideration.
3. *Decision to adopt.* When managers and decision makers prefer to go ahead with a proposed idea the decision so as to adopt occur. In this requirement, managers should follow defined rules and also should be in contact with their followers.
4. *Implementation.* New techniques and materials adopted by the changing organizations and in order to use these adoptions there is a requirement for implementation. Workers should be educated about the implementation in order not to cause conflict in the organization.
5. *Resources.* In order to create and implement the new idea, change do not occurs on its own but it requires resources and time. Therefore, employees should work harder and attend to new adoptions.

#### **1.1.1.4. Organizational Readiness for Change**

Workers of an organization should be ready for change with their high level of motivation. They should be ready because of the necessities to change and its pressure to follow it. If the workers take the certain circumstances, they can achieve the efficiency. Leaders' and employees' motivational readiness defined by pressure for change and perceived need related with personal attributes like professional growth and influence to implement the innovation (Lehman et al. , 2002). If an organization is not a change oriented, it is hard to create innovation in it.

Change process has the same importance for all members of an organization. That is, from lower level to top workers feel the same stress of change. Therefore, climate of an organization can be in difficult situation for managers and their followers. At the organizational climate side directors and staffs got similar results on scales for mission, autonomy, and so on (Lehman et al. , 2002: 204). Innovation requires both an organizational culture which permits learning and generation of creating new ideas and also psychological climate which fosters talent of workers (Bates and Khasawneh, 2005: 107).

Change can be realized easier if employees motivated to change. Employees' level of commitment to change is related with their beliefs about the change. Workers who understand the proposed change are more likely to adapt themselves for the company. Also, those workers can get more information for the directions of future and realize positive results of ensuring change (Walker et al. 2007: 765).

#### **1.1.1.5. Organizational Adaptation to Innovation Adoption**

Effectiveness or performance of the adopting organization improves if the adoption of innovation realize. Joint products of a company and its environment are effectiveness and performance of the company (Damanpour and Gopalakrishnan, 1998). By accepting or rejecting organizational services and products organizational performance is influenced from the environment which covers the organization. As a result, organizations change in react to actual changes in the environment or acting in anticipation of these changes.

Therefore, organizations' adaptation and innovation capabilities are strongly affected by environment. So as to improve organizational effectiveness, innovation adoption has meaning of changing the company so as to facilitate the concentration of changing environments (Damanpour and Gopalakrishnan, 1998). As a result, organizational change is another way of adopting the innovation and the aim of these processes is getting ready the organizations to adapt environmental changes in order to sustain effectiveness of the organization.

So as to close the performance gap managers imply innovations and for the managers' concentration resources are allocated (Damanpour and Gopalakrishnan,



1998). That is, investments on innovation highly affect the rate and speed of adoption process and innovation for an organization. Although, rate and speed enhance the organizational effectiveness, they have different impacts as the environmental conditions changes. If the environments characterized by competitive intensity, technological and market dynamism, and low regulatory restrictiveness, innovation speed is more suitable. (Kessler and Chakrabarti, 1996: 1143). On the other hand, high innovation rate is most appropriate under conditions of high environmental complexity and frequent environmental transformations. (Evans, 1991).

With the environments, organizations are like an open system which seeks an equilibrium state so the organizations tend to change their aims, structures and also process in answer to external environment (Damanpour and Gopalakrishnan, 1998). The organization and environment adaptation is observed by contingency theorists as a necessary situation for organizational effectiveness. The adoption rate is low for some organizations because innovations adopted frequently when the environment permits (Damanpour and Gopalakrishnan, 1998). In a structured way, predictability of environment permits organizations makes their plan and also adopts innovations. Organizations' capability reinforced by innovation and it is impossible straying far from it without a base knowledge (Henderson and Clark, 1990).

Innovation observed on people that motivated for investing on learning and process of innovativeness in the work place. (Lidewey, 2004: 11). Managerial attention and innovation for a kind of investment is scarce, capabilities so as to improve internally innovations. Instead, those organizations prefer copies of innovations (Damanpour and Gopalakrishnan, 1998). Investments to innovation are very important so as to establish capabilities and construct original ideas for innovations.

#### **1.1.1.6. Effect of Knowledge Accumulation Capability on Organizational Innovation**

In order to influence the organizational innovation, organizational knowledge accumulation should be adopted by organizations. Organizations which have great capability of knowledge can get the knowledge advantage and also they can show

good activity for administrative and technical innovations. If the organizations have low knowledge capability, the environment became trigger and forces them to great efforts for both administrative and technical innovation. After those accomplishments they can show good performances (Chang and Lee, 2008: 17).

#### **1.1.1.7. Information Technology and Reengineering**

Huge reduction of cost of information technology forced organizations to invest tremendously to information technology tools. Therefore, this condition has stimulated highly complex organizational change. In order to reduce communication barriers among corporate functions IT has been used (Attaran, 2004: 586). Organizational change, human resources, and information technology enable change in business process. IT provides communication technology so communication barriers can be reduced. Therefore, the process change can be defined by organizations (Attaran, 2004: 588). Reengineering forces managers to change their management style and also change their personal characters. Managers are forced to learn work in a holistic (Attaran, 2004: 594).

#### **1.1.2. Types of Change**

This section shows four types of change which are technology changes, product and service changes, strategy and structure changes, and culture changes.

##### **1.1.2.1. Technological Changes**

Technological changes are in the production process of the organizations. Also, these changes enable distinctive competence. So as to produce highest volume, changes are designed to achieve efficiency. Work methods, work flow, and equipment are included in the technology changes. Organizational flexibility and employee empowerment define innovativeness of the organizations. In addition, organizational design also has great effect on the adaptation to technological

changes. First of all, organic organizations support innovation process by taking ideas from both middle and subordinated employees. All of the employees have freedom to say their opinions. Secondly, mechanistic organizations, on the contrary, give importance to regulations and rules and these organizations stifles innovation. In order to achieve innovation and efficiency managers try to create both organic and mechanistic structures in an organization. Technological product innovation has two main areas. Technologically new products are differ by their technological characteristics and intended uses. Their innovations content new technology and based on old technology combination. Another type is a technologically improved product whose performance enhanced and upgraded. Also, it is an existing product (Gumusluoglu and Ilsev, 2009: 471).

#### **1.1.2.1.1. The Relationship between Technology and Innovation**

Performance implications of new technologies which related with communication and information are considered as innovative activities. New technology adoptions on conceptual level can be seen as a provider process on the side of adopter as long as the implementation successful. In that process, the new system really utilized and daily activities can be changed (Koellinger, 2008). Under this condition, companies may implement service or process innovation. Total change or big changes in an organization are part of the process innovation. On the other hand, if an organization changes its servicing way or adds additional channels, this condition is considered under the service innovation. Technology innovations improve organizations both in competitiveness and profitability. If the technology investments are not observed after the innovation process, are considered as a sunk cost by the company. As a result, there may not be an improvement on the performance of the company (Koellinger, 2008).

On the other side, firms whose products technologically advanced are seen as more technologically innovative in contrast to the others whose products are seen as less advanced. (Stock et al, 2002: 542). Because innovation is the main determinant for long term economic growth, speed of innovation is very important. However, the

increasing the innovation speed is highly important because it is a complicated process (Hekkert et al., 2007: 414).

#### **1.1.2.1.2. Technological Change Techniques**

**Switching Structures:** Creating organic structure during the innovation process. In order to achieve to ambidextrous approach some organizations change their structure from organic to mechanistic. At the stage of developing new ideas organizations prefer organic structure but at implementing stage they prefer mechanistic structure.

**Creative Departments:** R&D, design, and other analysis like system and engineering affect other departments with their innovations. In order to facilitate new opinions and techniques, departments initiate change. In order to produce efficiently, those departments should be managed under the mechanistic structure.

**Venture Teams:** Those teams often found in the separate facilities and free in organizations. Skunkworks is one type of the venture teams. Skunkworks gives attention to the new ideas for an organization. Also, it is a small and generally secretive group. In order to get creativity talented people come together and work freely. New-venture fund is another type of the venture teams. However, this type provides financial resources to employees.

**Corporate Entrepreneurship:** In addition to other techniques, corporate entrepreneurship releases a creative energy of each employee in separate departments.

**Bottom-up Approach:** Ideas are come from each level of the organizations. Every workers have right to say their opinions (Daft, 2013: 439).

#### **1.1.2.1.3. Innovation and Its Efficiency**

Radical change, new method experiments, and taking risk are related with innovation. Also, by this way organizations can achieve new services and products. In addition, current needs of the employees are satisfied in ambidextrous organizations. Therefore, long-term relationships can be built in an organization.

Also, customer relations can be stronger in this type. In order to create a successful customer base, firms should satisfy their customers. Therefore, those firms can invest to their efficiency and innovativeness (Sarkees & Hulland, 2009).

On the other hand, new product developments occur more frequently in the ambidextrous organizations. For the new product development, ambidextrous firms have enough resources to invest. Also, they have the efficiency to shift those products to the market (Sarkees & Hulland, 2009). Ambidextrous firms are more superior with their performance. Therefore, efficiency and innovation are complementary and they are not contradictorily affecting each other.

#### **1.1.2.2. Product and Service Changes**

There is a huge risk of failing in developing and producing products for organizations. Organizations take the risk because product innovation is one of the most important ways companies adapt to changes in markets, technologies, and competition (Dougherty and Hardy, 1996). In addition, innovative organizations are more successful when comparing with others. Innovative firms are assumed to develop more new products and processes than non-innovative firms (Wan et al. 2005).

A study called Project SAPPHO examined 17 pairs of new product innovations, with one success and one failure in each pair, and concluded the following (Daft, 2013: 444):

1. Companies which innovate successfully understand needs of the customers and give more importance to the marketing.
2. Outside technologies are effectively used by innovative companies although they work generally inside of the company.
3. Innovative firms highly supported by the higher level of management.

Therefore, there is a coordination among R&D, marketing, and production departments. In order to satisfy needs of the customers and effective use of technology managers should support the changes. In addition, managers support better the all projects if they create horizontal coordination among these departments.

### **1.1.2.3. Strategy and Structure Changes**

Organization chart helps to see duties of employees, tasks, and work locations. All of the activities and processes in the organization represented visually in the organization chart. Organization chart reflects organization structure. In order to understand how an organization works we should look at this representative chart. Organization chart also shows how works the departments of an organization. Interrelations among the organization departments can be seen at this chart. After the organizations established their objectives should be defined and later necessary functions of the organizations should be defined. All of these objects can be controlled if organization structure is established (Daft, 2013: 70).

#### **1.1.2.3.1. Information Flow in Organizations**

In order to achieve goals of an organization both vertical and horizontal information flow should be applied. In order to control vertical linkages are designed but for the coordination and collaboration horizontal linkages are designed (Daft, 2013: 72). Traditional organizations are designed for efficiency and they reflect vertical communication. Vertical differentiation affects innovation negatively because it increases links in communication channels, making communication between levels more difficult and inhibiting the flow of innovative ideas (Hull and Hage, 1982). Also, they control a mechanistic design. Whereas, flexible organizations reflect horizontal communication and they designed for learning and adaptation. In addition, flexible organizations reflect an organic design.

In the information flow, decision making can be centralized or decentralized. If tasks are specialized according to the employees, efficiency and control can be arranged. Rules and regulations, authority, distinct rules, not giving much attention to team works and forcing employees to complete their tasks define that there is a centralized decision making. That is, top managers can decide decision and problems in an organization. Therefore, these organizations designed vertically. On the contrary, in decentralized organizations the tasks are shared by all level in a firm and hierarchy does not take place in general. Also, decentralized organizations give

importance to face-to-face communication. Therefore, horizontal structure is dominant in these organizations. Pushing down the organization levels is decentralized decision making (Daft, 2013: 73).

In order to enhance flexibility in an organization, decentralization of decision-making structures are very important. By this way, information can easily spread in the organization. Also, innovativeness and creativity of employees can be improved. Responsiveness of the organization to its customers can also be improved (Gera and Gu, 2004: 6).

Organizations tend to be organic if their environment is not stable but others adopt mechanistic style and they are not innovative. This method can be taken as difficult but the distinction made between stable and unstable environments is simple. Also, the distinction of mechanistic and organic structures is highly simple (Damanpour and Gopalakrishnan, 1998). Therefore, the environmental change is an important driver of innovation.

#### **1.1.2.3.2. Information Flows**

In order to create communication and coordination between organizations' departments' managers should create information linkages. So as to coordinate activities among top and bottom departments of an organization vertical linkages are created. Goals of the top level management are important for lower levels and also communication between two sides (Daft, 2013: 76).

Barriers of departments can be overcome by horizontal communication. In addition, coordination between employees can be improved (Daft, 2013: 76). In this information flow communication occurs horizontally between departments.

*What I found at Chrysler were thirty-five vice presidents, each with his own turf..... I couldn't believe, for example, that the guy running engineering departments wasn't in constant touch with his counterpart in manufacturing. But that's how it was. Everybody worked independently. I took one look at that system and I almost threw up. That's when I knew I was in really deep trouble.... Nobody at Chrysler seemed to understand that interaction among*

*the different functions in a company is absolutely critical* (Iacocca, 1984: 152).

Iacocca increased the communication between the departments by creating a high level horizontal coordination. In small organizations often we can see the horizontal coordination.

#### **1.1.2.3.3. Functional Structure**

Departmentalization by functions is very useful if it is used in big organizations. Orders of the company are clearly defined and duties of each member are outlined with this function. On the other hand, by the help of the defined roles, supervision becomes easier. For the managers coordination and control and management of the activities become easy. Organizations became more regular if they use functional structure and development activities of the employees become easy. If in-depth expertise is critical to satisfy aims of companies this structure became efficient. This condition happens if the organization controlled or coordinated by vertical hierarchy (Daft, 2013: 86).

Functional departmentalization is necessary especially for the big organizations. Small business owners may hire outside specialists to handle marketing or accounting. However, for the big organizations handling marketing or accounting is more efficient than hiring from outside the organization. Therefore, as the organizations grow, they develop not only one functions, but also specialization within each function. Amazon.com is one of the good examples for the departmentalization by functions. Firstly, the company developed research and development department for internet based retailing. Then, the company established information systems department to handle day to day implementations. Thirdly, the company created the logistic department to devise the most efficient ways to obtain books from publishers to customers. Then, the company grew. There are several advantages of functional structure. First of all, if skills are assembled into functional group, organizations learn the best way to solve problems and learn the most efficient way to solve the tasks. Secondly, people who are grouped by common skills



can supervise one another. Also, they control each other's behavior. Lastly, with the functional structure people work closely with each other and they develop norms and values that they become more effective on their works (Daft, 2013: 87).

#### **1.1.2.3.4. Divisional Structure**

It is also called strategic business unit (SBU) that governed by a central administration. One of the first adopter companies is the General Motors. The company had five major product divisions at these times which are Cadillac, Pontiac, Chevrolet, Buick, and Oldsmobile. The divisional structure is highly needed when the companies started to produce complex products or give complex services. Excessive demands take place of the operational decision making in big business at top management of the organizations. Decision making should be delegated to the managers who are at lower levels if higher levels of managers apply broad organizational issues (Miller and Dess, 1996: 415).

There are some advantages of a divisional structure. Firstly, this structure prevents the problems of functional structure. Also, this structure provides concentration on a specific product market or line. Resources became more accessible for the managers of a company which has divisional structure. Decision making became more faster and product development will be faster. Demand for the managers will increase as the product market diversity increase. Divisional structure is best for quick change in an unstable environment. Also, this structure provides visibility of high products and services. Customers of an organization can achieve high satisfaction if the product line is separated into divisions. In addition, works are become larger and education of the managers gains more importance. So as to achieve coordination between departments of an organization, divisional structure is the best (Daft, 2013: 89).

#### **1.1.2.3.5. Matrix Structure**

In order to emphasize teams of projects or products, functional and divisional structures combined by matrix structure. This structure gives advantages of the both

functional and divisional structures by using permanent cross-functional teams to integrate functional ideas with a concentration of divisional ideas. Workers of a matrix organization belong to two or more than two formal groups. Also, workers of a matrix organization report to two bosses. One of the bosses belongs within a functional area and the others within the divisional area (Montana and Charnov, 2008: 186).

Some companies expertise both in functional and divisional departmentalization and they prefer the matrix structure. Matrix structure provides easiness to handle information, take decision and improve communication channels in the organization. Therefore, this structure has both advantages of the functional and divisional structures. In order to supply flexible management matrix structures are necessary. By this way organizational resources generally became available (Miller and Dess, 1996: 418).

Also, matrix structure combines two lines of authority from the functional side a vertical line and from the project, program, geographical area a horizontal line. Horizontal line of the management provides the direction for budgeting, scheduling and administrative issues. On the other side, vertical line provides specialist grouping and expertise development (Montana and Charnov, 2008: 186).

There are some advantages of a matrix structure. Dual authority of the matrix structure provides faster response time, flexibility and coordination on the communication. In addition, dual authority facilitates coordination between the functional and divisional managers. This structure gives faster response to the market changes. If the environmental change is frequent, the matrix structure gives the best answer. Also, this structure is best if there is a necessity of dual management. Also, departments can achieve different information and company can get different successes. This structure provides an opportunity to get both functional and general management skills for the workers. Matrix structure provides also efficient utilization of resources and it reduces the duplication disadvantage of the divisional structure. In addition, this structure improves the motivation of employees. Because matrix structure provides more opportunity to its employees, career development becomes easier (Daft, 2013: 94).

On the contrary, there are some disadvantages of the matrix structure. In terms of the dual authority, if matrix structure is not properly documented employees become uncertain to their accountability. Also, power conflicts may happen when there is a disagreement among supervisors. If there are more managers dual command structure may reduce efficiency. Also matrix structure blocs the advantages of the bureaucratic structure. Lack of clearly defined hierarchy may occur. Lastly, employees can expose to stress and uncertainty. The system may not work if the managers do not focus on information and power sharing (Daft, 2013: 95). Rather than relying on vertical authority at the decision making stage, managers of a matrix structure should collaborate one another.

#### **1.1.2.3.6. Horizontal Structure**

This type comes across the vertically integrated functions. Here customers encounter most organizations with similar horizontal line. However many of the organizations have been vertically aligned. There can be a chance for to drop something if vertical units are insulated (Miller and Dess, 1996: 422). Vertically aligned organizations do not set up for the value that can be created for customers other than they prefer for the convenience of the organization. Also, there are cross-functional processes that are laid out with the perspective which more closer to the customers. However in order to facilitate process management rather than individual departments' management involved in the organizations' macro structure involvement (Miller and Dess, 1996: 422).

#### **1.1.2.3.7. Virtual Networks and Outsourcing**

Contracting out the defined tasks is outsourcing. For example, human resources are a type of it. Some firms carry outsourcing to create a virtual network structure in an extreme way. The virtual network structures also called as modular structure. Rather than being housed under a roof, with a network structure services like design and marketing are outsourced by the company. The aim of this separation of individuals is making a connection to a central office electronically. So as to

exchange data networked computers and internet can be used. There are several strengths of this structure. Organization drawing on resources around the world so as to achieve the best quality is one of the strengths. Therefore, organizations can sell easily their products or services (Daft, 2013: 103). Without making enormous investments in factories, the network structure provides a new company in order to develop new services and products. Adaptation of new technologies is easier with this structure. In addition, administrative overhead can be reduced. Also, technical and managerial talent brings competitive advantage.

#### **1.1.2.3.8. Hybrid Structure**

Hybrid structure keeps together variety of approaches which tailored for some strategic necessities (Daft, 2013: 105). In order to gain advantages of other structures many organizations apply hybrid structure. Because hybrid structure give more flexibility, this structure is more suitable for quickly changing organizations. So as to bring together the characteristics of other structures, hybrid structure is preferred by managers. Big organizations prefer hybrid structure to satisfy needs of the whole organization. Between the vertical and horizontal structures the matrix structure has the role of balance. In addition, many organizations prefer to use hybrid structure to see different forms of structures (Daft, 2013: 109).

#### **1.1.2.3.9. Strategy and Structure Change Necessities**

All organizations need to change their both structure and strategy in order to adapt to environment. In the past the environment was stable so the organizations do not have the necessity to change. However, new competitive demands force the organizations to change. Nowadays, many organizations prefer mainly the horizontal structures and it is seen by decision making of employees (Daft, 2013: 449). Also, many companies tend to move from traditional management styles in order to adapt the virtual network structure and styles. There is no one good way of strategy for organizations and this situation force managers to search new ways (Rahmati et al., 2012: 134).

#### **1.1.2.4. Culture Change**

So as to achieve new ideas corporate culture and values should be considered. Corporate culture gives importance to how work is done and also how the work can lead to empowering to employees. In addition, corporate culture provides stronger bond between the company and its customers. However, it is difficult to change culture because it is challenging for core values and thinking of people. Mentoring, diversity of training programs and recruiting are examples to the new variety of workforce and they force organizations to apply cultural changes. In order to support the diversities organizations should pursue the cultural changes happening in the environment (Porter and Parker, 1992).

##### **1.1.2.4.1. Organizational Culture**

Everybody should give importance to the culture. Especially, during new implementation stages which against with cultural norms. Also, it is needed when the new culture is powerful (Daft, 2013: 391). Culture exists at two levels which are visible symbols and underlying values. Visible symbols contain symbols, ceremonies, stories, slogans, behaviors, etc. On the other side, underlying values content assumptions, beliefs, attitudes, and feelings (Schein, 1990).

##### **1.1.2.4.2. Culture and Ethics**

Managers and CEOs give higher amount of attention to ethical values and they reflect a constant leadership style for the values. By this way they inspire their followers. Creating a culture that gives importance of ethics is rule of top managers. These managers implement leadership through different systems. For high ethical standards in a company, values based leaders definitely articulate and communicate the unpromising vision. Also, those leaders institutionalize the vision in the company. Those leaders hold accountable by putting ethics higher from short term interests of both the company and workers (Daft, 2013: 413).

### 1.1.3. Formal Structure and Systems

In order to shape cultural and ethical values managers prefer to apply formal structure and systems of the organization. In addition, by this system managers can also influence managerial ethics.

**Structure:** By this method problems can be solved in appropriate time and energy. Ethics committee is one of the examples to this situation. Ethics committee is a cross functional group executives. Questionable ethical issues can be answered by this committee. Ethics place huge place to arrange this committee in an organization. Such committees help employees to give right decisions in difficult situations (Daft, 2013: 413).

**Disclosure Mechanisms:** This mechanism gives employees right to speak-up when they realize an unethical situation. Whistle-blowing contents employee disclosure of illegal, immoral, or illegitimate practices on the organizational side. Whistle-blowing accepted as a benefit for organization because it supports companies against big disasters and scandals like Enron and Bear Stearns cases (Near and Miceli, 1995).

**Training Programs:** Often code of ethics is supplemented to employee with employee training programs. Many training programs support the decision making process for company workers. In some organizations managers are taught about moral development stages to bring them ethical decision making skill and this approach is important to establish ethical behavior and integrity (Harrington, 1991). Ethics should be integrated into the organizational culture so as to make sufficient these formal systems.

### 1.1.4. Organization Development

Organization development applies techniques and knowledge by the help of the behavioral sciences. Its aim is to create an environment which covers learning. Organization development supports trust, employee empowerment, communication, participation, and human relations in an organization. In addition, organizational development gives importance to the training programs for employees. All of these processes support change in an organization. Between the organizational learning

and innovation knowledge is an important connection. Current knowledge should be supported to employees by the organization. Also, there should be a knowledge system which works continuously (Wu et al. 2002: 173). For the learning in an organization, managers should give importance to the empowering the employees and creating healthy communication (Ismail, 2005: 650).

#### **1.1.5. Strategies Used During The Change**

Implementation stage is affected by level of behavioral change (Meyer et al. 2007: 197). Therefore, behavioral support affects in a great amount the commitment during the implementation stage. In order to change the system which organizations use, they should change their thoughts first. Changing the opinions about the system helps to change behaviors about the system. Involving to process old knowledge translation helps to create new knowledge (Kitson, 2009: 226).

#### **1.1.6. Leadership Effect During Change**

Leaders of organizations should direct their followers by underlying the importance of innovation during implementation stage. Therefore, leadership style that preferred by leaders is very important to inspire their followers. However, the most suitable style to implement change in an organization is transformational leadership. If leaders be role model to their subordinates, infusion of new assets can be achieved. Leaders inspire their subordinates in order to make them creative and innovative. Also, innovative efforts can be achieved by this way easily (Jaskyte and Kisieliene, 2006: 175).

If the workers of an organization allocate enough time and effort to their goals, they can implement change successfully. However, some workers can resist changing. Therefore, blame for unsuccessful organizational change can be observed (Hoag et al. 2002: 7). In addition, effective communication skill should be adapted by workers of an organization. Also, leaders should supply flexible environment in order to create openness to create new ideas for organization. By taking necessary steps tension which occurs during implantation stage can be reduced.

Managers have great roles in the process of change. Managers are seen no more than hostages to fortune when institutional change, government regulations, and market put barriers to change (Hoag et al, 2002: 7). All of the forces that faced during the implementation stage can be overcome by the help of a good leader. If managers see the change process as a positive advantage its difficulties are not seen as an obstacle (Hoag et al, 2002: 7).

However, for many workers change seen as a difficult process and when they face with those processes they can show reactions. Therefore, in those times barriers to change process can be observed. In addition, uncertainty creates barrier during the change processes. Management became difficult when the uncertainty occurs. Also, they can anticipate the process of change (Meyer et al. 2007: 209).

## **1.2. LEADERSHIP**

Leadership have rational and emotional areas which are related with human experience. Actions and influences that related with reason included in leadership (Hughes et al., 2012: 6). In order to influence followers, leaders should use both rational techniques and emotional appeals. However, this situation can involve rational and emotional consequences (Hughes et al., 2012: 6).

On the other hand, understanding and humility under the action combines the initiative. So as to achieve successful leadership there should be intention (Smith, 1997: 41). Therefore, intention is very important for leadership. Leaders, followers, and the situation concepts create the leadership. There are defined statements about leaders, followers, and the situation: (Hughes et al. 2012: 35):

- Leaders should give respond to different followers in an instant moment.
- Leaders should give answer to same follower differently in different situations.
- Followers' responds can show quite difference toward different leaders.
- With different leaders followers' respond between each other.
- Perceptions of two leaders can show differences for a same follower or situation.



Leadership behaviours which are adopted by leaders are very important to show motivation and satisfaction of employees. There are substantial varieties between workers in an organization. Also, there are different objects of human resource utilization and it causes variety of employment groups (Liu et al. 2003: 128).

### **1.2.1. Competition or Collaboration**

Instead of competition, collaboration is given importance by today's leaders. Under the collaboration concept teamwork and cooperation are take place. By this way information in the organization can be spread easily. Spreading the information among departments is so important for organizations' change process that they can be pursue successfully the necessities of the innovation. Horizontal structure and self-directed teams increase god relations between departments. Therefore, knowledge and information can be spread between the departments easily (Daft, 2008: 10).

### **1.2.2. Leaders or Managers**

In the past leaders and managers are selected from different people but nowadays there is an attitude that they can be chosen from one person. In the old organizations, there are lack of vision and leadership in not much considered. Indeed, many people do not want to cope with difficult stages of change because of the uncertainty of achieving to success. Nobody wanted to be responsible for failure. Therefore, except from change nobody wants to give any decision if there is an uncertainty (Hoag et al. 2002: 9).

The concept of leadership and management is also discussed more. There are some kinds of questions like, whether the leadership can replace the management? Management cannot be replaced by leadership. However, leadership is in addition to the management. Although leadership and management show similarities their focus shows differences. Detailed plans established by management. In order to achieve defined results management schedules everything. Then, resources are allocated so as to achieve the target. Also, management more interests with short-term future but

leadership interests with long-term. On the other side, management considers the separation of people and departments; whereas, leadership considers the coordination and teamwork. Source of management power is dominant side of an organization. However, personal character of a leader is related with leadership power (Daft, 2008: 18). There are two types of leadership and followers attributions shows difference according to them. Firstly, there is a maintenance leader who supports existing ideas so they were successful in the past. Secondly, an innovative leader is seen by followers having huge power to deal with crisis (Beyer, 1999: 319).

How a leader achieved to a leader status is another important issue in terms of loyalty of their subordinates. There are two types of leaders in this situation one is elected and the other one is emergent leader. Leaders can have low credibility if they are appointed by superiors. These leaders can get low level loyalty from their subordinates. However, the situation change when the leaders elected by a consensus between their followers (Hughes et al., 2012:17).

### **1.2.3. Evolution of Theories of Leadership**

According to the literature there are three main approaches of leadership theories which are called as trait approach, behavioral approach, and contingency approach.

#### **1.2.3.1. The Trait Approach**

Distinguishing personal characteristics of a leader are traits. Traits like intelligence, honesty, and confidence. Specialties like honesty, integrity and drive makes crucial the traits (Daft, 2008: 39). The need of trait approach is to define correct person to close leadership works. Therefore, in this approach traits of leaders are defined (Robbins and Langron, 2006: 259). Innate and inborn specialties of a person define the leader. The approach of trying to make a person perfect is called as “Great Man Theory” (Northouse, 2010: 4). A person’s physical and psychological specialties help to manage his or her followers for the trait approach (Duygulu and Çıraklar, 2009: 390).

### **1.2.3.2. Behavioral Approaches**

While interesting in personal traits of individuals, behavioral approach supports anybody who adopt suitable behavior to be good leader. Centralizing authority, deriving power from position, rewards and also coercion are duties of autocratic leaders. However, delegating authority to others, participation encouragements are the roles of democratic leaders who give importance to respect of subordinates (Daft, 2008: 44). What leaders actually do defines the behaviors of a leader (George and Jones, 2008: 393). For this approach, personal characteristics of a leader should suit to his or her characteristics (Stogdill, 1948: 65).

One approach to behavior is the University of Michigan Studies. There are employee-centered leaders that they focus on needs of subordinates. Interaction with subordinates is supported by those leaders. Employee-centered leaders minimize the problems because they support their subordinates. Opposite type to employee-centered leaders is job-centered leader. Job-centered leaders schedule activities, complete tasks, and they try to hand efficiency. Job-centered behavior shows similarities to initiating structure in terms of task aims (Daft, 2008: 48).

However, according to the Michigan researchers a leader cannot have both of the characteristics which are employee-centered and job-centered. A leader can have one type of them. According to the University of Michigan job-centered and employee-centered behaviors stay at the opposite sides of leadership behavior. It is said that leaders cannot show two types of behaviors and they have to reflect one of them (Hughes et al, 2012: 248).

Another important approach is the University of Texas Study with theories of High-High Leaders. Concern of people and tasks can be reflected toward followers. This reflection should be made by the leaders or other people. On the other hand, if there is people orientation and task orientation can be found in same leader is also important issue. However, the Grid Theory supports this issue. There is a belief that a good leader should have both task and people orientation. Across a wide variety of situations, a leader behavior should be related with higher employee satisfaction and at the same time fewer personnel problems. In order to achieve success people should learn new leader behaviors (Daft, 2008: 51).

### **1.2.3.3. The Contingency Approach**

If one thing depends on another thing there is contingency. There should be good relation between the leader's behavior and style. If a leader has the appropriate fit between behavior and style he or she can be an effective leader. Fiedler's contingency model is the first example study for the contingency approach. The idea of contingency model is matching the leaders' style with the most successful leader style. Therefore, so as to enable leaders to diagnose the leadership style and organizational situation contingency model of the Fiedler was designed (Daft, 2008: 66). Effectiveness of a leader is defined by the personal characteristics of a leader and situations (George and Jones, 2008: 397).

According to the Fiedler a leader's style can be relationship-oriented or task-oriented. A leadership oriented leader gives attention to people. Accomplishment of tasks satisfies the task oriented leaders. There is a questionnaire that measures the leadership style of leaders and it is called as Least Preferred Coworker (LPC). 16 bipolar activities with an eight point scale are set by this questionnaire. Leadership situation is handed by the Fiedler's model. This situation depends on three elements which are the quality of relations between leader and behavior, task structure, and power of position. It does not matter if a situation is highly favorable or highly unfavorable task oriented leaders are successful at these conditions. However, in moderate situations leaders who are relationship oriented are successful (Daft, 2008: 68).

The situational theory of Hersey and Blanchard is another important approach. Characteristic of followers are focused by this approach. Also, it is an important element of the situation. In addition, this approach clarifies the effective leader behavior. One of four leadership styles can be adopted by the situational theory. These styles should be based on a mix of both relationship and task behaviors. However, readiness level of the followers defines the suitable style for leaders (Daft, 2008: 71). Effective leaders recognize needs of the followers and they concentrate on meeting these needs of the followers (Northouse, 2010:90).

Another approach is the path-goal theory. In this theory, leaders have the aim of increasing the motivation of subordinates. Therefore, leaders can get personal and

organizational goals. According to Fiedler assumptions can be made if new leaders could take over when situations change. However, According to path-goal theory so as to match the situation, leaders change their behaviors (Daft, 2008: 75). Leaders give importance to employees and goals of the employees. Also, they direct and support their employees' individual goals (Robbins, 2006: 265).

#### **1.2.4. Leadership Styles for Change**

##### **1.2.4.1. Charismatic Leadership**

Charismatic leaders want to give image which implies success. It is because they want to possess superhuman qualities in the eye of their followers. Therefore, they try to escape from failure because the failure can damage the image of them. Also, leaders' authority can be eroded in this condition (Hughes et al. 2012: 575). Charisma helps to call duty and commitment and also results can be more than what is expected before. Charisma has the connection between a charismatic leader and followers who want to feel the charisma. Therefore, a charisma-conductive environment can be observed after this connection (Klein and House, 1995: 183).

Followers feel the strength and homogeneity when there is a charismatic leader. Followers stay in interdependence and interaction if they are homogenous and selected by their leader. Therefore, homogeneity is fostered by the charisma (Klein and House, 1995: 191). If a leader clearly defines a desirable vision, he or she can control the views of the followers. In addition, commitment levels of the followers can increase. As a result, leader can achieve the organizational goals (Jung and Avalio, 2000: 952).

Johnson defines three central components of charismatic leadership which was firstly defined by Bass and Avolio. If there is a personal power which charismatic leaders show then attributed charisma occurs. Serving like a role model to followers is under the concept of idealized influence. In this concept leaders define beliefs and values, moral and also mission. Inspiration motivation gives value to works of followers. Therefore, increase in the enthusiasm of followers can be seen (Johnson, 2008: 2).

Anxieties can be observed in an organization during the organizational change. In addition, decrease in interests of influential groups can be seen. As a result of this situation, crisis may occur and this crisis fertile the base of charisma. In these situations, leaders who show a credible and inspiring personality of how to resist change and preserve the status quo can be seen as the part of attributions of charisma (Levay, 2010: 141). Charismatic leaders are generally taken as organizational reformers or entrepreneurs because they give more importance to deficiencies in the organization and its environment (Conger, 1999: 153).

Awamleh and Gardner interprets the distinction between vision-induced and crisis-induced charisma which made by Boal and Bryson. Visionary charismatic leadership arises from not normal surprises of leaders and their talent of inspire their subordinates (Awamleh and Gardner, 1999: 364). However, the crisis-induced charisma shows some differences. Extraordinary results of crisis produce the charisma. As a result of this situation, followers adapt the attributions of charisma (Awamleh and Gardner, 1999: 364). By helping to the followers leaders can produce charismatic effect. Leaders can re-construct the sense of external correspondence among their behavior and its results. Until the crisis resolved the sense of correspondence will be short-lived. However, because the situation supplies the result instead of a person, leader's charisma can fade (Awamleh and Gardner, 1999: 365).

Variety of extraordinary characteristics of a person is found in a charismatic leader. Social processes can be involved by charisma which is an object of the complex interactions. For instance, triggers can be provided by definite crisis and radical vision. However, the radical vision cannot affect the followers if there is no crisis. On the other hand, radical vision a leader cannot get the huge social change which is produced easily by charisma. If a leader does not have a radical vision he or she only can inspire followers inspirationally or culturally (Beyer and Browning, 1999: 487).

#### **1.2.4.2. Transformational and Transactional Leadership**

Transformational leadership shows huge differences from the transactional leadership. Transformational leadership also includes an exchange process but this style focuses on motivation of followers. During the motivation process leader requests and organizational rules take important place (Yukl, 1999: 286). Both charismatic and transformational leadership give attention to organizational change (Beyer, 1999: 315).

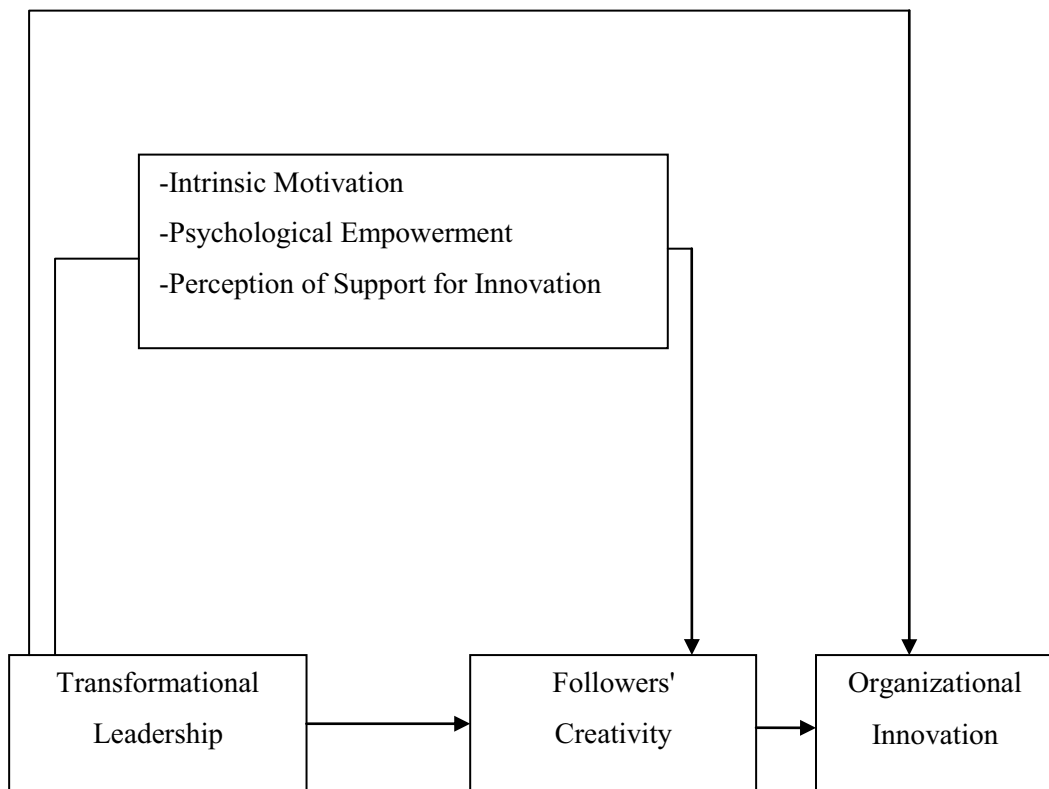
There is a positive relationship between the transformational leadership and empowerment. In addition, there is also positive relation between the support for innovation and organizational innovation. If a leader has the transformational leadership style, organizational innovation can be achieved easily (Jung et. al., 2003: 538). It is accepted that leadership behavior can be learned and modified. If managers adapt transformational leadership, organizations can improve their innovativeness level. Managers can adapt the transformational style through mentoring and training processes (Jung et. al. 2003: 539).

Transformational leaders try to solve the problems in the system. In addition, they have a vision which supports to gain new environment (Hughes et al. 2012: 577). Individualized consideration, intellectual stimulation, charisma, and inspirational motivation are contended by transformational leadership. On the other hand, passive and active management by exception are contended by the transactional leadership which supports a contingent reward behavior (Yukl, 1999: 286).

All of the transformational leaders are considered as charismatic. However, not all of the charismatic leaders are considered as transformational. By having a compelling vision transformational leaders are charismatic. In addition, transformational leaders have strong link with their followers and this situation makes them charismatic leader (Hughes et al. 2012: 577). Transformational leadership focuses on both charisma and participation. A transformational leader has some specialties like inspiration, stimulation, and facilitation. Therefore, these leaders have a strong connection between their followers (Madsen and Albrechtsen, 2008: 343).

Transformational leaders affect positively their subordinates. Leaders affect easily by the help of their intrinsic motivation, empowerment, and support for innovation. As a result, organizational innovation is affected by the transformational leadership positively. In addition, creativity of people also affects the organizational innovation (Gumusluoglu and Ilsev, 2009: 462).

**Figure 1:** The Proposed Model of Organizational Innovation



Source: Gumusluoglu and Ilsev, 2009, p:462.

According to Gumusluoglu and Ilsev (2009), transformational leaders have positive effects on their subordinates. Transformational leaders give importance to their subordinates and their developments. Therefore, they illustrate their claim with a figure which is provided as figure 1.

Leaders inspire their followers by the help of charisma. Also, charisma supplies faith and pride for the leaders. By using a communication of high technological expectancies, leaders can inspire their followers. On the other hand,



intellectual stimulation is necessary for leaders to promote intelligence of followers and knowledge. Intellectual stimulation also promotes learning of the followers. As a result, followers can give innovative solutions to problems (Morales et al., 2008: 190). Transformational leaders directly affect the performance of work groups. Their effectiveness can be observed from the behaviors of their followers ( Bass and Riggio, 2006: 32).

#### **1.2.4.2.1. Components of Transactional Leadership**

##### **1.2.4.2.1.1. Contingent Reward**

Contingent reward also called as constructive transactions. Contingent reward includes feedback, goals, and rewarding. All of these components are task oriented. Because of these values contingent reward shows similarity to transformational leadership. In addition, people who adapt contingent reward show the emotional intelligence values. Also, they have high empathy with their subordinates (Barling et al. 2000: 158). Emotional intelligence associated with contingent reward (Barling et al. 2000: 159). If a reward is material it is transactional but if it is psychological it is considered as transformational (Bass and Riggio, 2006: 8).

##### **1.2.4.2.1.2. Management by Exception (MBE)**

There are two side of management by exception which is active and passive. Leaders take corrective actions after they actively monitor mistakes (Bass and Riggio, 2006: 8). Also, management by exception tries to correct these mistakes and helps to maintain the performance. However, passive avoidant leadership responses after the problem became seriously big. In addition, it avoids from taking decisions for these problems. Contingent reward and active management by exception represent agreements, expectations, and enforcements (Avolio and Bass, 1999: 445).

Giving response to exchanges with followers is active management by objection. Also, it is supported by a corrective orientation. So as to inspire followers management by exception is preferred. By this way it barriers the mistakes can be

made by followers. On the other hand, passive orientation is necessary for serious situations when the mistakes should totally corrected (Avolio and Bass, 1999: 446).

Both management by exception and contingent reward do not necessity the feel of empathy. In addition, they show reactive and routine behaviors (Barling et al. 2000: 158). Managers passively wait for difficulties in the management by exception concept. The connection between the developing events of other agents is an exception. Differing interpretations of a supervisor is also an exception. On the other hand, an anomaly can be described as difference between disturbances in a process (Dekker and Woods, 1999: 88).

#### **1.2.4.2.1.3. Laissez-Faire Leadership**

The laissez-faire leaders do not want be a part in decision making. Also they do not want to take responsibility. Instead of being reactive and proactive, those leaders place inactively in organizations. Therefore, the laissez-faire leaders are the passive leaders. However, the leaders who are not much active in their organizations can create empowerment for their followers. Therefore, this type of leadership component can be an important part of transformational leadership (Hartog et al. 1997: 21). This type of style creates failure on responsibility taking for management (Eagly, 2001: 787). In addition, responsibilities of managers are highly ignored by this style (Bass and Riggio, 2006: 9).

#### **1.2.4.2.2. Components of Transformational Leadership**

##### **1.2.4.2.2.1. Idealized Influence**

Idealized influence contents moral and ethical behaviors of leaders. Therefore, these leaders see great amount of respect from their followers (Bono and Judge, 2004: 901). Leaders with idealized influence take risk for their company. Also, they have a consistent behavior many times. Therefore, these leaders found right way for their followers (Bass and Riggio, 2006: 6). Leaders with idealized

influence are the role models for their followers with their characters (Sosik and Godshalk, 2000: 370).

#### **1.2.4.2.2.2. Inspirational Motivation**

Sharing the vision is very important for this statement. Enthusiasm and optimism is highly used to achieve goals for organization (Bass and Riggio, 2006: 6). This style reflects high performance expectations with the help of powerful behaviors (Sosik and Godshalk, 2000: 370). On the other hand, transformational leadership gives importance to strategies of company. Inspirational motivation is highly needed when companies need high level of motivation. By this way, members in the organization feel themselves very necessary for the company and they can be motivated to work (Kouzes and Posner, 2007: 122).

#### **1.2.4.2.2.3. Intellectual Stimulation**

Followers should give their ideas because by this way they can feel encouraged to study on new concepts (Bass and Riggio, 2006: 7). So as to find new concepts leaders should intellectually stimulate their followers by giving flexibility to them (Bass and Riggio, 2006: 137). With the help of intellectual stimulation, organizations can overcome their problems and find solution to these problems. Followers can find correct way to solve problems. Also, they can develop the methods that used for solving the problems (Avolio and Bass, 1999: 444).

#### **1.2.4.2.2.4. Individualized Consideration**

Followers feel their importance when their leaders behave as a mentor for them. Also, followers feel that they are necessary for the organizational growth. So as to achieve a successful organization, leaders should support the opinions of the followers. For the organization, two-way communication should be realized. By this concept, leadership capacities of the followers can be observed (Bass and Riggio, 2006: 7). By reducing passive management by exception the individualized

consideration can be increased. Therefore, it is become easy to create a transformational leader. When the leaders increase potential of their followers they will increase also development of the followers (Bass and Riggio, 2006: 153).

Individualized consideration is very necessary to understand followers' needs. Also, this system is necessary for developing full potential of followers (Avolio and Bass, 1999: 444). Empowerment of followers increases the performance of the company (Bass and Riggio, 2006: 194). While the empowerment is very useful for the followers it can be negative if goals of the followers show difference with the organizational goals (Bass and Riggio, 2006: 199).

### **1.2.5. Leader Power Types**

Power cannot be observed directly. However, it can be attributed to others by using the levels of influence tactics. Change of attitudes, values, beliefs, and behavior of target agents is defined as influence. They show changes as a result of the defined influence tactics. Actual behavior of a person defined as influence tactic. An influence tactic designed for to change attitudes, beliefs, behaviors, and values of people. On the other hand, power is the capacity to realize change. Again, influence is a degree for real change in a person's defined specialties. Behavior and attitude of the followers measures the influence. For this measurement, leaders use the influence tactics (Hughes et al. 2012: 119).

**Expert Power:** Having a knowledge power is defined as expert power. By using expertise in some departments people can influence other people (Hughes et al. 2012: 125).

**Referent Power:** Leaders' personality characteristics define referent power. Followers want to emulate their leaders by their respect and admiration. In referent power there is no formal position or title. Also, referent power is mostly observed on charismatic leaders (Daft, 2008: 364).

**Legitimate Power:** Organizational role of a person defines the legitimate power. Both formal and official authority of a person can be the legitimate power (Hughes et al. 2012: 128).

**Reward Power:** Capability to influence others is reward power. The aim of this power is having control over targeted resources (Hughes et al. 2012: 129).

**Coercive Power:** Having the power of punish and also recommending for punish is the coercive power (Daft, 2008: 364).

### **1.3. ORGANIZATIONAL AMBIDEXTERITY**

There is a challenge of exploiting existing challenge and exploring which are new (Vera and Crossan, 2004). In terms of both evolutionary and revolutionary changes the successful organizations are ambidextrous (Tushman and O'Reilly, 1996). Organizational ambidexterity helps organizations to succeed structural inertia which caused by exploitation. In addition, it suggests to the organizations about taking benefit from exploration (Levinthal and March, 1993). Ambidexterity is the key capability so as to maintain competitive advantage in the market because it is the combination of exploration and exploitation (Menguc and Auh, 2008: 456).

Ambidextrous capabilities show difference from other types of capabilities such as hybrid capabilities. Hybrid capabilities may not contradict or cause tension like service or innovation differentiation. However, the ambidextrous capabilities are pursued capabilities which give importance to opposing cultures and organizational structures. Therefore, ambidextrous capabilities are the hybrid capabilities at the same time (Menguc and Auh, 2008: 456). So as to create value by using existed competencies, incremental change is focused by exploitation. While the exploitation is short-term based the exploration is a long-term approach. Exploitation gives value to efficiency but exploitation promotes flexible organizations (He and Wong, 2004).

Ambidextrous organizations have the ability of compromise stability and agility (Vinekar et al., 2006: 33). Instead of choosing either/or concept, ambidexterity prefers both/and concept so ambidexterity can be considered as paradoxical thinking (Lewis, 2000). Over the “tyranny of the or”, paradoxical thinking makes difference with “genius of the and” (Collins and Porras, 1994: 48).

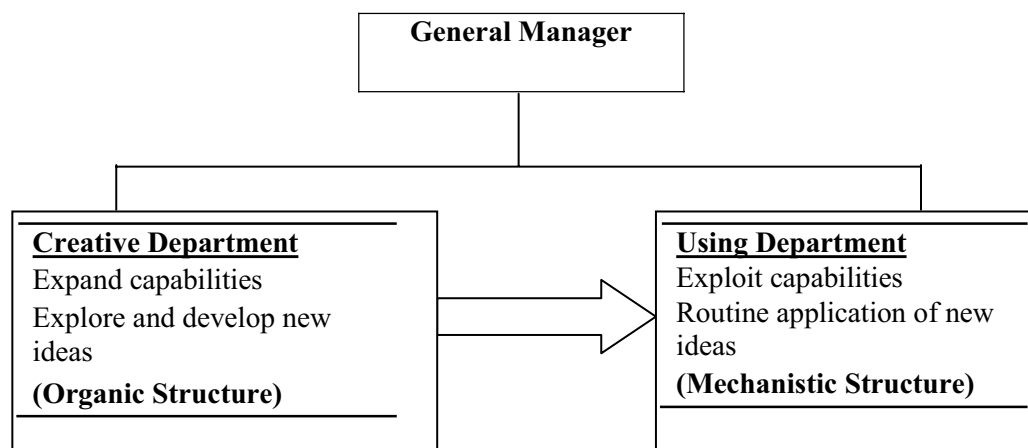
So as to increase variance, alternatives and improve risk taking exploration takes important place. On the other side, exploitation is connected to reduce variance and it has risk avoidance (March, 1991). One of the strategic choices of crisis

situations is organizational ambidexterity. It provides success against crisis and minimizes the effects of the crisis (Akdoğan et. al. 2009: 17). While exploiting existed competencies ambidexterity firms can explores new opportunities (Lumbatkin et al., 2006: 647).

There are two types of ambidexterity which are structural and contextual ambidexterity. Structural ambidexterity contents alignment and adaptability focused activities in separate teams or units. On the other hand, contextual ambidexterity contents individual employees who allocate their time between alignment and adaptability focused activities (Birkinshaw and Gibson, 2004: 50).

Because the speed of change increases, organizations confronted with exploitation and exploration (Jansen et al., 2005: 351). Balance between explorative and exploitative innovation is very important for research and development strategies (Uotila et al., 2009: 228). Exploration and exploitation have different strategies. For instance, Organic structure, autonomy, and chaos related with the exploration. However, the exploitation related with mechanistic structure, control, and bureaucracy (He and Wong, 2004: 481).

**Figure 2:** Division of Labor in the Ambidextrous Organization



Source: Daft, R. L. (2013). *Understanding the Theory & Design of Organizations*. USA. South Western Cengage Learning: Erin Joyner. 11<sup>th</sup> ed.

Figure 2 demonstrates that explorative and exploitative innovations are structurally different. It shows that, organic structure explores but mechanistic structure exploits.

While organizations with high level change capacity explore new products in the market, they can keep on with the exploitive strategy (Judge and Blocker, 2008: 921). Ambidexterity is the ability to create balance between exploration and exploitation (Tushman and O'Reilly, 1996). If firms give balanced importance on exploration and exploitation they can be considered as ambidextrous (He and Wong, 2004). Ambidexterity helps individuals to allocate their time between conflicted demands. The main aim of this situation is for alignment and adaptability (Gibson and Birkinshaw, 2004).

Ambidextrous firms create competitive advantages with revolutionary and evolutionary change (Tushman and O'Reilly, 1996). Effectiveness of senior team attributes in reaching ambidexterity is increased by transformational leadership. Transformational leaders' idealized influence creates belongingness sense on senior team members so as to commit values across exploratory and exploitative organizational units. By providing ideological explanations which link exploitative and exploratory works of senior team members so as to achieve common values and goals is provided by leaders with the help of individualized consideration. The effect of shared senior team vision to achieve ambidexterity is supported by the transformational leadership (Jansen et al., 2008: 989).

Organizational change happens through general selection and replacement. Some organizations can manage the change with the process of variation, selection, and also retention. However, organizational ambidexterity takes role as a dynamic capability of a company helps to adapt changes through exploration and exploitation (O'Reilly et al, 2009: 32). Ambidexterity provides low cost to firms (Scott, 1981: 248).

Organizations capacity for change causes organizations to become strategically ambidextrous (Judge and Blocker, 2008: 922). Ambidexterity can be seen at alignment activities through technological change (Raisch et al, 2009: 690). Continuous change is depends on both exploration and exploitation (Greve, 2007). Multiple change modes are benefited from ambidextrous designs (Tushman, 2010:

1358). Dual focus in ambidextrous organizations requires different management aspects like decentralization and formalization (Sheremata, 2000). By the help of alternating between explorative and exploitative innovation, organizations can achieve viability (Weick, 1982: 387).

### **1.3.1. Explorative Innovation**

During exploration discovery, search, embracing variation, and innovation take important place (O'Reilly and Tushman, 2008: 189). In order to recognize threats and opportunities in the market, scanning, searching, and exploration should be done (O'Reilly and Tushman, 2008: 190). For new technologies and markets exploration should be chosen (O'Reilly and Tushman, 2008: 197). Exploration is more related with risk taking (Rosing et al, 2011: 957). In addition, exploration increases the variance of follower's behavior (Rosing et al, 2011: 967).

Organizations should explore new ideas and products (Li et al, 2008: 1002). Exploration is more related with an planned experimentation and concerted variation (Baum et al, 2000: 768). Exploration related with the organic structure (He and Wong, 2004:481). In order to achieve exploitation firms should adapt explorative innovation (Navarro and Dewhurst, 2007: 1722). Organizations sometimes need radical changes and radical changes can be applied with the help of explorative innovation (Jansen et al, 2009: 7). In order to achieve long-term growth organizations should apply exploratory innovation (Voss and Voss, 2012:15).

### **1.3.2. Exploitative Innovation**

Exploitation contents productivity, efficiency, control, certainty (O'Reilly and Tushman, 2008: 189). So as to compete among mature markets and technologies exploitation can be chosen (O'Reilly and Tushman, 2008: 197). Exploitation is more related with risk avoidance (Rosing et al, 2011: 957). Organizations should exploit their existed products or ideas in order to compete in environment (Li et al, 2008: 1002). Exploitation related with mechanistic structure (He and Wong, 2004:481).



Exploitative innovations are also incremental innovation. Therefore, this innovation type tries to satisfy needs of customers (Benner and Tushman, 2003: 243).

Firms should explore new knowledge and exploit exiting knowledge and then they should coordinate them (Raisch et al, 2009: 690). Firms can get accumulated knowledge by the help of exploitation and then they can benefit from exploration (Navarro and Dewhurst, 2007: 1722). In the short run, it can be better to apply exploitative innovation but it can create myopia and low performance in the long run (Çömez et al., 2011: 78). Accumulation of knowledge provides firms to develop more exploitative innovations (Benner and Tushman, 2003).

### **1.3.3. Senior Team Attributes**

There are important roles of senior executives on organization's outcomes (Hambrick and Mason, 1984). Creating exploration and exploitation for an organization causes difficulties for senior teams (Denison et al. 1995). In ambidextrous organizations senior team members are considered for resolving problems by making joint information processing and tight integration (Floyd and Lane, 2000; Michel and Hambrick, 1992). In the short run, negative effects of ambidexterity can be seen on senior teams (Jansen et al, 2008: 985). There can be role conflicts for senior teams during ambidexterity (O'Reilly and Tushman, 2004).

Direct competition can be observed among senior team member during ambidexterity (Bower, 1970). In the ambidextrous organizations senior teams members are expected to solve different, ambiguous, and conflicting expectations. So as to achieve organizational ambidexterity, firms are expected to create integrative value among exploratory and exploitative activities ( Jansen et al, 2008: 985). Senior teams ability is important for exploiting end exploring (Tushman et al., 2010: 1331). Team members takes new ideas by the help of ambidextrous leaders (Bledow et al., 2011: 46).

#### **1.3.4. Organizational Ambidexterity and Research Commercialization**

Academic research commercial performance is supplied by organizational incentives, and the strength of research. Organizational ambidexterity is suitable for improving academic patenting and licensing (Chang et al., 2009: 937). Organizational ambidexterity provides universities to get better research commercialization results (Chang et al., 2009: 945).

##### **1.3.4.1. Structural Ambidexterity**

Top-down institutional policy and commercial infrastructure are created in structural ambidexterity. Defined roles of stakeholders included in this process so the talents of researchers became more specialized (Chang et al, 2009: 937). Structural ambidexterity positively affects fostering academic licensing and patenting (Chang et al, 2009: 945).

##### **1.3.4.2. Contextual Ambidexterity**

Bottom-up institutional policy and flexible context are included in contextual ambidexterity. This structure encourages academic researchers between research excellence and research commercialization (Chang et al, 2009: 938). Contextual ambidexterity supplies explanation for performance of patenting and licensing (Chang et al, 2009: 938).

#### **1.3.5. Ambidexterity and Capability**

The term ambidexterity means an organization's higher order capability of competing, contradictory, and discrete capabilities. Ambidextrous capabilities are multiple and discrete. Therefore, ambidextrous capabilities necessitate opposing cultures and organizational structures. In addition, organizational capabilities are at the same time a hybrid capability (Menguc and Auh, 2008: 456). Capability is

important for value creation, competition and performance because it transforms existed resources into complex (Teece et al., 1997).

Organizational renewal by exploration and exploitation give competitive advantages to firms (Danneels, 2002: 1096). A higher-order capability complex and intricate routines so this capability occurs from multiple discrete capabilities (Lambe et al, 2002). Ambidexterity represents complex higher order capability (Adler et al., 1999). Exploitation which is an explicit capability engages activities efficiently (Porter, 1996). When organizations use their capabilities and competitive advantages better, they will be ahead of their competitors (Çömez et al., 2011: 76).

Development of any types of capability known as ambidexterity (Simsek et al., 2009). Ambidexterity provides technological and design capabilities to compete in the work environment (Ho et al., 2011: 214). Distinctive capability can develop higher level of exploration (Rosenkopf and Nerkar, 2001). Technological capability has positive relationship between both explorative and exploitative innovation (Zhou and Wu, 2010: 547).

### **1.3.6. Ambidextrous Leadership**

Leaders should increase creativity of their followers. In addition to this, leaders also should maintain their business. Also, leaders should adapt different situations and behave accordingly. For these conditions, three specialties should be adapted by leaders which are functional approach, duality, and focus on dynamics (Bledow et al., 2011: 42). Functionality defines innovation performance. Duality provides informed decisions when adapting a leadership style. Lastly, focusing on dynamics is related with the duality (Bledow et al., 2011: 43).

Ambidextrous leader understands the dualities of innovation and behave on this understanding (Bledow et al., 2011: 46). Implementation makes the innovation different from creativity because implementation requires selling ideas within the organization (Axtell et al., 2000). For innovation, exploration and exploitation take significant place. A single leadership style doesn't help to create innovation (Ancona et al., 2001). In order to achieve innovation leaders should behave flexible in the organization. This kind of flexible leadership is called ambidextrous leadership.

Ambidextrous leaders foster ambidexterity on their followers (Rosing et al., 2011: 957).

Ambidextrous leaders increase and decrease variance of followers so they are different from other types of leaders (Rosing et al., 2011: 970). Opening leader behavior applied by the exploration, closing leader behavior applied by exploitation but for the ambidextrous leadership there is also need for temporal flexibility to switch. In this last concept leaders should know how and when to behave. That is, leaders should switch between behaviors for necessary situations (Rosing et al., 2011: 972).

### **1.3.7. Radical and Incremental Innovation**

Firms pay attention to technological developments in a great level so as to create innovation (Anderson and Tushman, 1990; Song et al., 2005). Leaders increase the achievement of innovation (Bledow et al., 2011: 49). Ambidextrous organizations are more innovative than others (Tushman et al., 2010, 1331). Organizations which are ambidextrous should follow both radical and incremental innovations (Benner and Tushman, 2003). Proactive market orientation related with the radical innovations (Li et al., 2008: 1006).

Organizational learning is the prerequisite for incremental innovation (Baker and Sinkula, 2007). Responsive market orientation is related with incremental innovation (Li et al., 2008: 1006). So as to achieve both radical and incremental innovation there is a need for innovation ambidexterity (Lin and McDonough, 2011: 498).

### **1.3.8. Small Sized Enterprises and Ambidexterity**

Relationship between ambidexterity and performance is more observable in small sized enterprises than large enterprises (Lubatkin et al, 2006: 653). Small and medium types of enterprises apply variety types of ambidexterity by comparing the large organizations (Cao et al., 2009; Ebben and Johnson, 2005). Small and medium sized enterprises have not flexible managerial expertise so they apply different kinds

of innovation techniques (Pissarides, 1999; Forbes and Milliken, 1999). When there is a growth pressure, small and medium types of organizations tend to apply explorative innovation (Chang et al., 2011: 1662).

There are important contributions of small enterprises to technological developments. In addition, they have a great contribution to increased competitiveness. For the new job creation small enterprises have important place. On the other hand, small enterprises important effects on economic well-being of many countries (Dutta and Evrard, 1999: 239). Flexibility in the small enterprises provides an easy change management in necessary situations (Dutta and Evrard, 1999: 243). Innovation in a small enterprise necessitates transformational leadership style and flexibility (O'Regan et al., 2005).

### **1.3.9. Ambidexterity and Performance**

Long term process of an organization depends on its exploration and exploitation balance. Organizations should exploit their situational talents and they can achieve success by exploring new competencies (Levinthal and March, 1993, March, 1991). Organizational ambidexterity has positive relationship between firm performance (Gibson and Birkinshaw, 2004, He and Wong, 2004, Lumbatkin et al., 2006). Organizational ambidexterity has significant effect on long term organizational performance (Raisch et al., 2009: 693).

Ambidexterity defines whether the innovation is applicable or not (Baker and Sinkula, 1999). Ambidexterity maximizes the performance of an organization. Also, it helps to gain competitive advantage (Baum and Korn, 1996; Greve and Baum, 2001). Ambidexterity provides high performance on sales for the firms (He and Wong, 2004).

As a result of literature review, effects of transformational leadership can be observed in both concepts which are organizational change management and organizational ambidexterity. Therefore, transformational leadership can be chosen as dependent variable among leadership types.

## **1.4. THE RELATIONSHIP BETWEEN TRANSFORMATIONAL LEADERSHIP WITH ORGANIZATIONAL CHANGE MANAGEMENT AND ORGANIZATIONAL AMBIDEXTERITY**

### **1.4.1. Organizational Change Management and Transformational Leadership**

Transformational leadership helps organizations to define purposes and goals. Therefore the transformational leadership gives attention to the improvements of changes. Also, transformational leadership support innovations for the organizational development (Hallinger, 2003: 330). So as to adapt environmental changes, leaders should apply transformational leadership style (Bass, 1999: 9). Change moderates the necessity of leadership styles which applied by managers. However, when a change is required it is better to apply transformational or charismatic leadership style (Herold et al. 2008: 346). Leaders show the way of their followers' communication in order to achieve to defined target of the organization. In addition, there is a positive relation between the personal creativity and transformational leadership. Therefore, there is a direct effect of this relation to organizational expectation (Jung et al, 2003: 527).

Extensive change cannot be overcome only with the enthusiasm of employees but it can be released by leaders' abilities (Herold et al. 2008: 349). Leadership talent is crucial for courage and change management in short supply because companies know that process of reinvention is highly difficult (Conger, 1999: 147). Transformational leaders may create meaningful basis for change in work place and followers (Bass, 1985). Transformational leadership positively effects the employee change commitment. Transformational leaders are very important because they have the ability to engage their followers during the change. Also, those leaders have the motivation capability on their followers (Herold et al. 2008: 353).

Several studies illustrate that transformational leadership have positive effects on organizational change. Therefore, in this section relationships between transformational leadership and organizational change management are referred.

### **1.4.2. Organizational Ambidexterity and Transformational Leadership**

So as to achieve organizational ambidexterity, transformational leadership makes stronger the impact of senior team attributes (Jansen et al, 2008: 984). Transformational leaders implement synergies across exploratory and exploitative units. This happens because transformational leaders provide effectiveness of shared vision of the senior teams. Social integration of senior teams in ambidextrous organizations is moderated by transformational leadership (Jansen et al, 2008: 989). Transformational leadership positively affects innovation (Rosing et al, 2011: 958).

There is a both direct and positive relationship between organizational innovations, transformational leadership (Jung et al, 2003: 538). Innovation and empowerment are equipment of the results of transformational leadership on creativity. Organizational innovation is the consequence of creativity and success in an organization. In addition, transformational leadership has a positive effect on the creativity of followers. On the other side, transformational leadership has also positive effect on the organizational innovation. That is, creativity is more related with the individual in the organization but innovation directly related with the organization (Gumusluoglu and Ilsev, 2009: 462).

Literatures demonstrate that there are relationships between transformational leadership and organizational ambidexterity. In addition, effects of transformational leadership on organizational ambidexterity are also referred.

## **1.5. HYPOTHESIS DEVELOPMENT**

In contrast to induce just a compliance role for the followers, transformational influence of leaders aims to change followers' fundamental attitudes, values, and beliefs (Conger, 1999:158). If an organization has adaptive aims is more open to transformational leadership. In this situation, leaders' role of overcoming resistance to change can be observed. Also, leaders create new environment for the organization by the help of new vision, values, and goals (Conger, 1999: 166). Guiding and facilitating change should be included in the core transformational behaviors (Yukl, 1999: 290). Transformational leadership is necessary to change for

the organizational development (Bass, 1999: 10). Leaders should be transformational so as to apply environmentally changes (Bass, 1999: 9).

Hypothesis I:

Ho: There is no effect of transformational leadership on organizational change management.

Ha: There is an effect of transformational leadership on organizational change management.

Therefore, it is expected to find an effect of transformational leadership on organizational change management.

Transformational leadership can be more suitable for exploration in the other leadership styles (Menguc and Auh, 2008: 459). Exploration and exploitation are affected by transformational leadership in the change concept (Vera and Crossan, 2004). From the literatures it is supposed that transformational leadership is more convenient with exploration innovation but there is also a little studies which shows relations between transformational leadership and exploitation.

Hypothesis II:

Ho: There is no effect of transformational leadership on organizational ambidexterity.

Ha: There is an effect of transformational leadership on organizational ambidexterity.

Therefore, in this study effect of transformational leadership on organizational ambidexterity also will be tested.



## **CHAPTER TWO**

### **RESEARCH METHODOLOGY**

#### **2.1. INTRODUCTION**

The aim of the study is to define effects of transformational leadership on both organizational ambidexterity and organizational change management concept. Research methodology and hypothesis will be mentioned in this chapter. For the transformational leadership concept MLQ 5X Multifactor Leadership Questionnaire were chosen.

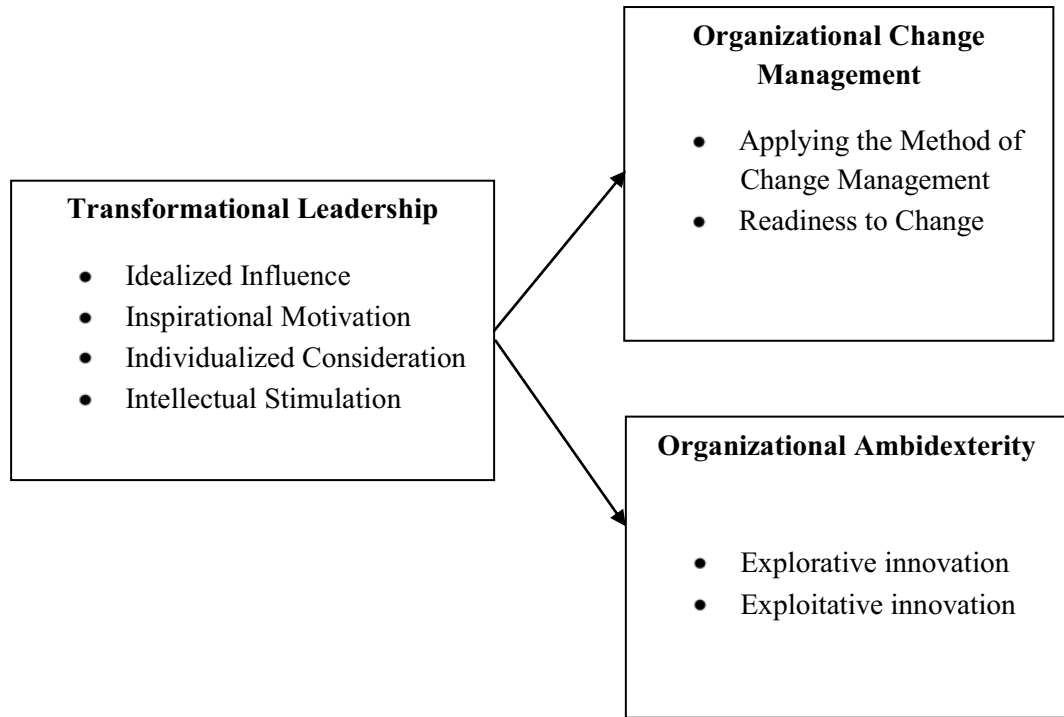
For the organizational change management concept Hammer's study of change engineering will be covered. Both of the survey questions of the transformational leadership and organizational change are taken from master thesis study of Pinar Çömez (2007: 87). For the organizational ambidexterity concept the survey questions of Jansen's 2006 study is translated in Turkish and it will be used for this study.

#### **2.2. RESEARCH QUESTIONS AND HYPOTHESIS**

There are two dependent variables in this study which are organizational change management and organizational ambidexterity. Independent variable of this study is transformational leadership style. This study adds to the existed studies of relationship between transformational leadership and organizational change management with organizational ambidexterity concept.

Transformational leadership has four subscales which are idealized influence, inspirational motivation, individualized consideration, and intellectual stimulation. Organizational change management has two subscales which are applying the method of change management and readiness to change. Also, organizational ambidexterity has two subscales which are explorative innovation and exploitative innovation.

**Figure 3:** Model of the Study



In order to demonstrate subscales effects of transformational leadership on both organizational change management and organizational ambidexterity is designed in figure 3.

Research questions and hypothesis are defined below:

1) Is there any effect of transformational leadership on organizational change management?

2) Is there any effect of transformational leadership on organizational ambidexterity?

Hypothesis 1:

Ho: There is no effect of transformational leadership on organizational change management.

Ha: There is an effect of transformational leadership on organizational change management.

Hypothesis 2:

Ho: There is no effect of transformational leadership on organizational ambidexterity.

Ha: There is an effect of transformational leadership on organizational ambidexterity.

After defining the hypothesis and research questions, target population is determined and questionnaire is prepared for the sample of the study.

### **2.3. SAMPLE OF THE STUDY**

Target population of the survey are the middle or lower level managers and employees of the construction companies in Muğla. Evaluation of their top managers and their organization was requested. Because it would have been impossible to implement the survey questions to all companies in Muğla sample population was defined. Lists of the target companies are achieved from the web site of Chamber of Commerce of Muğla. Because all of the companies do not have web site and e-mail address all surveys were delivered by hand.

Survey questions were delivered to 41 construction companies but 2 of the companies didn't want to attend to study. These two companies hesitated to attend to a survey study so they turned back the request. Therefore, the survey questions were implied to 39 construction companies. In total, 145 questionnaires were delivered but 136 people attended to the survey. Therefore, % 93,79 of the delivered questionnaires are returned.

## **2.4. INSTRUMENT OF THE RESEARCH**

There are three main concepts of this study which are organizational change management, leadership, and organizational ambidexterity. All of the sources which are referred during the literature review indicate that there are connections among the three concepts. From all of the leadership styles, effects of transformational leadership to apply both organizational change management and organizational ambidexterity are commonly noticed. Therefore, transformational leadership style was selected as an independent variable.

In order to combine three concepts three different surveys were chosen for the questionnaire. All of the surveys were defined from the best known studies. After combining three surveys, demographic questions were added to the end. In order to categorize answers, demographic questions were attached to the instrument. Demographic questions includes age, gender, education level, marital status, work department, and working years of the survey respondents.

All of the original surveys are in English and participants of this study are Turkish so translated versions of the transformational leadership and organizational change management surveys were chosen. Organizational ambidexterity survey was translated from English to Turkish because this survey was used firstly in this study for a master's thesis. Before this study there was only one study which covers organizational ambidexterity concept in a doctorate thesis but the achievement of the study have been restricted by the owner. Therefore, organizational ambidexterity survey translated from the original study.

In order to achieve subscales of each three concepts SPSS 22 is used. By this way, sub items were defined by considering the factor loadings. Categories of the items can be seen under the subheadings listed below.

### **2.4.1. Transformational Leadership Questionnaire**

Design of the transformational leadership concept is depends on Multifactor Leadership Questionnaire. MLQ can be used for different type of organizations. Therefore, MLQ is the most common instrument for the transformational leadership

studies. There are 16 descriptive items for this questionnaire and each item have 5 point scale. Scale continues from 1 (strongly disagree) to 5 (strongly agree).

MLQ survey has common positive sides. For example this survey is one of the best known and most preferred. MLQ is the best for research measure for the transformational leadership. Strong validity have been observed from this measurement. Also, this measurement gives strong reliability (Bass and Avalio, 2003: 8).

Although MLQ survey has common strong features this survey has also weaknesses by means of measurement. According to survey results there is one scale for the transformational leadership for this study. However, this situation has been observed in different studies. MLQ have produced differing factor structures because of the conceptual weaknesses of the model of transformational leadership (Yukl, 1999: 288).

#### **2.4.2. Organizational Change Management Questionnaire**

The concept of change management was measured with the questionnaire from the study of M. Hammer called Change Engineering (From Aydın, 2001 by Çömez, 2007: 52). According to survey results items 5, 6, 8, 9, 10, 11 belongs to applying the method of change management and the items 1, 2, 3, 4, 7, 12 belongs to readiness to change.

Belongings of these items are defined after making factor analysis by using SPSS. However, these results showed differences from the original factor results. In this study, some items of the survey loaded to different factors. In order to consider these differences these items can be combined in one dimension for regression analysis for this study.

#### **2.4.3. Organizational Ambidexterity Questionnaire**

Original survey of the organizational ambidexterity concept is prepared in English. Therefore, survey items of the organizational ambidexterity concept were

translated from English to Turkish from the study of Jansen (2006: 1672). Before implementation of the survey translated questions were checked by advisor.

There are two different core values of this study which are explorative and exploitative innovation. According to analyze of survey items, explorative innovation includes items 1, 8, 9, 10, 11, 12, 13, 14 and exploitative innovation includes items 2, 3, 4, 5, 6, 7.

## CHAPTER THREE

### ANALYSIS OF DATA

#### 3.1. PROFILE OF THE RESPONDENTS

Survey questionnaire has demographic questions and these questions were analyzed with the descriptive statistics. All parts have been calculated by using SPSS. In order to see results of demographic questions easily, table 1 was prepared.

**Table 1:** Descriptive Statistics of the Demographic Variables

Variables	Descriptive Statistics	Percentage (%)
<b>Age Group</b>		
18-28	35	25,7
29-39	87	64
40-50	14	10,3
<b>Gender</b>		
Female	46	33,8
Male	90	66,2
<b>Education Level</b>		
Primary School	1	0,7
Secondary School	2	1,15
High School	33	24,3
Pre-Licensing	42	30,9
Degree	58	42,6
<b>Marital Status</b>		
Married	91	66,9
Single	45	33,1
<b>Department</b>		
Production	9	6,6
Sales	57	41,9
Purchasing	3	2,2
Accounting	28	20,6
Other	39	28,7
<b>Work Experience (in years)</b>		
0-5	67	49,3
6-11	50	36,8
12-17	15	11
18-23	4	2,9

It can be observed from the table that this questionnaire was implied on 136 employees. 25,7% of them between the age of 18-28, 64% of them between the age of 29-39, and 10,3% of them between the age of 40-50. According to these results it can be said that most of the employees are between the ages of 29-39. According to gender statistics it can be observed that 33,8% are female and 66,2% are male. It can be said that male employees are almost double comparing with the females.

Education levels shows that 0,7% of the employees have primary school degree, 1,15% have secondary school degree, 24,3% have high school degree, 30,9% pre-licensing degree, and 42,6% have university degree. Most of the employees have university degree. Marital status of the employees shows that 66,9% of them are married and 33,1% are single.

According to department percentages 6,6% of the employees are working at the production department, 41,9% are working at sales, 2,2% are working at purchasing, 20,6% are working at accounting, and 28,7% are working at other departments. Most of the employees are working at sales department. According to work experience percentages 49,3% employees are between the 0-5 years experience, 36,8% are between 6-11 years, 11% are between 12-17 years, and 2,9% of them have the work experience between 18-23.

### **3.2. RELIABILITY OF THE MEASUREMENT**

Factor analysis of the study was conducted because KMO (Kaiser-Meyer-Olkin) measurement was more than 0,60. So as to implement factor analysis KMO should be greater than 0,60 and Bartlett test should be significant (Büyüköztürk, 2004; Pallant 2001). According to results, KMO of the transformational leadership is 0,96, organizational change management is 0,89, and organizational ambidexterity 0,93. Cronbach's alpha was calculated in this study so as to reach internal consistency. Reliability of a scale is more when the Cronbach Alfa is near to 1 (Kalaycı 2009: 405). To begin with, reliabilities of each scale was calculated by using SPSS 22.



In order to demonstrate values of the cronbach's alpha values and variance explained table 2 is prepared. By the help of this table cronbach's alpha values of the subscales can be also accessible.

**Table 2:** Reliability Estimates

<b>Construct</b>	<b>Cronbach's Alpha</b>	<b>Variance Explained</b>
<b>Transformational Leadership</b>	<b>0,98</b>	<b>74,11 %</b>
<b>Organizational Change Management</b>	<b>0,93</b>	<b>63,61%</b>
Applying the Method of Change Management	0,87	
Readiness to Change	0,89	
<b>Organizational Ambidexterity</b>	<b>0,94</b>	<b>66,12%</b>
Explorative Innovation	0,91	
Exploitative Innovation	0,92	

According to results, table shows that all of the reliability scores are above 0,86 that means each items are interrelated.

Factor reports for transformational leadership, organizational change management, and organizational ambidexterity were calculated in order to define factor loadings.

**Table 3: Factor Loadings**

<b>Factor 1: Transformational Leadership</b>	<b>Factor Loading</b>	<b>Factor 1: Applying the Method of Change Management</b>	<b>Factor Loading</b>	<b>Factor 1: Explorative Innovation</b>	<b>Factor Loading</b>
1	,831	5	,701	1	,667
2	,837	6	,746	8	,733
3	,888	8	,711	9	,747
4	,832	9	,735	10	,795
5	,873	10	,723	11	,755
6	,909	11	,686	12	,766
7	,871	<b>Factor 2: Readiness to Change</b>	<b>Factor Loading</b>	13	,798
8	,877	1	,811	14	,534
9	,882	2	,823	<b>Factor 2: Exploitative Innovation</b>	<b>Factor Loading</b>
10	,880	3	,803	2	,680
11	,828	4	,558	3	,846
12	,866	7	,691	4	,870
13	,818	12	,610	5	,763
14	,859			7	,665
15	,868				
16	,850				

### 3.3. VALIDITY OF THE SURVEY

In order to create questionnaire literature review was made deeply. As a result, internationally accepted surveys were preferred. For transformational leadership concept the most common survey was chosen which is created by Bass and Avalio.

However, according to MLQ survey creators there can be problems when applying the survey. These problems depend on several reasons like restricted sampling, weak construction of scale or item, analyze type and different interpretations. Results of the problems like item wording, attributions in the one scale, and discriminated validity between definite leadership factors (Avalio et al. , 1999: 442).

### 3.4. CORRELATION ANALYSIS

In order to compute linear relationship between two variables correlation analysis is tested. In addition, correlation analysis shows the direction and degree of relationship between variables. Correlation coefficient shows relationship between variables. Value of correlation coefficient varies from -1 to +1. When the value of relationship close to +1, there will be stronger positive correlation (Kalaycı, 2009: 115).

Correlation analysis of this study is calculated by using SPSS. After the calculation, relationship between the dependent and independent values was achieved. Two separate correlation analysis were calculated in this study. First analysis demonstrates the correlation between components of transformational leadership and organizational change management. Second analysis shows the correlation between components of transformational leadership and organizational ambidexterity.

**Table 4:** First Correlation

		<b>T</b>	<b>C1</b>	<b>C2</b>
<b>T</b>	Pearson Correlation	1	,655**	,770**
	Significance (2-tailed)		,000	,000
<b>C1</b>	Pearson Correlation	,655**	1	,737**
	Significance (2-tailed)	,000		,000
<b>C2</b>	Pearson Correlation	,770**	,737**	1
	Significance (2-tailed)	,000	,000	

\*\* Correlation is significant at the 0.01 level.

T(Transformational Leadership), C1(Applying the Method of Change Management), C2(Readiness to Change). According to the correlation table, components of transformational leadership positively correlated with the components of the organizational change management. It can be seen from the table that there is a ,65 relationship between transformational leadership and applying the method of change management. Also, there is a ,77 relationship between transformational leadership and readiness to change.

**Table 5:** Second Correlation

		<b>T</b>	<b>A1</b>	<b>A2</b>
<b>T</b>	Pearson Correlation	1	,753**	,592**
	Significance (2-tailed)		,000	,000
<b>A1</b>	Pearson Correlation	,753**	1	,700**
	Significance (2-tailed)	,000		,000
<b>A2</b>	Pearson Correlation	,592**	,700**	1
	Significance (2-tailed)	,000	,000	

\*\*Correlation is significant at the 0.01 level.

T(Transformational Leadership), A1(Explorative Innovation), A2(Exploitative Innovation). According to the correlation table, components of transformational leadership positively correlated with the components of the organizational ambidexterity. It is clear to see that there is a ,75 relationship between transformational leadership and explorative innovation. In addition, there is a ,59 relationship between transformational leadership and exploitative innovation. By looking at hypothesis testing explanation of this thesis it can be seen that expectation about convenience was proven. That is, there is a stronger relationship between transformational leadership and explorative innovation than relationship between transformational leadership and exploitative innovation.

### 3.5. REGRESSION ANALYSIS

In order to see whether there are effects of transformational leadership on organizational change management and organizational ambidexterity regression analysis was made. For the regression analysis LISREL was preferred. The reasons of choosing this program are having two dependent variables and taking advantage of different statistical programs. Before applying to the regression analysis basic statistical values were calculated by using SPSS.

**Table 6:** Statistical Calculations of the Variables

Variables	N	Mean	SD	Median	Range
Transformational Leadership	136	4,02	0,80	4,12	3,31
Organizational Change Management	136	3,84	0,62	4,00	2,83
Organizational Ambidexterity	136	4,15	0,63	4,29	2,86

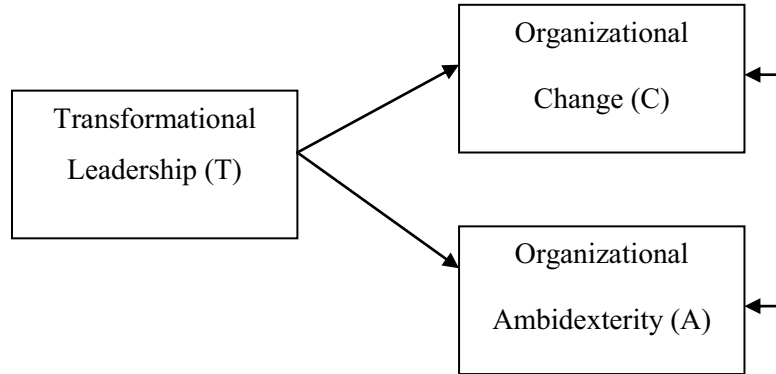
After gathering basic statistical calculations which are mean, standard deviation, median, and mode, regression analysis was calculated. Firstly, conceptual diagram was prepared in order to illustrate dependent and independent variables. Secondly, covariance matrix was presented. Thirdly, data of standard solutions are gathered. Lastly, estimates and t values are calculated.

In order to see predictor and dependent variables conceptual regression diagram and the other diagrams which are related to regression are provided below.

#### **Conceptual Diagram:**

This diagram illustrates the way of the transformational leadership (T) predicts dependent variables which are organizational change management (C), and organizational ambidexterity (A).

**Figure 4:** Conceptual Diagram of the Study



Aim of the conceptual diagram is to show whether there are effects of transformational leadership on both organizational change management and organizational ambidexterity. Also, with the help of conceptual diagram, abbreviations of the dependent and independent variables were illustrated because some of the calculations were figured out by using only these abbreviations.

#### **Covariance Matrix:**

In order to generalize the notion of variance covariance matrix was presented. By this matrix covariance between variables are achieved. Strength of the correlation between variables is handed by this way. According to covariance matrix when one variable is increases the other variable also increase.

**Table 7:** Covariance Matrix of the Variables

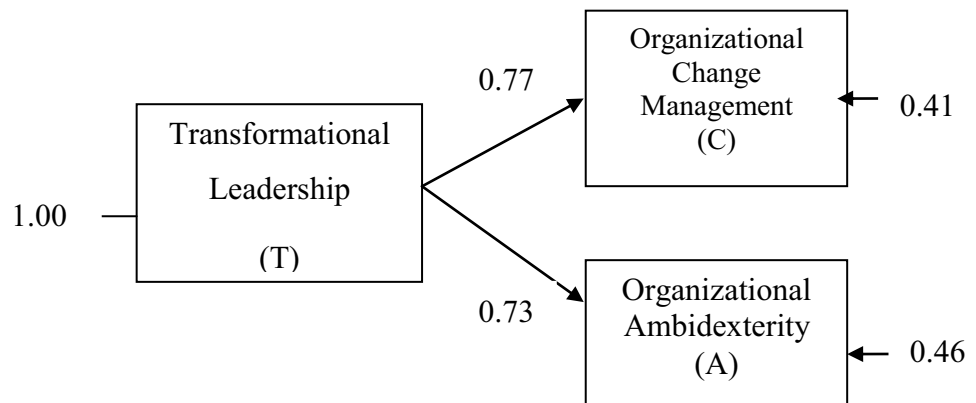
	<b>C</b>	<b>A</b>	<b>T</b>
<b>C</b>	55.48		
<b>A</b>	39.18	76.80	
<b>T</b>	68.32	77.02	142.97

### Standard Solutions:

Standard solutions provides  $\beta$  values of the variables. According to  $\beta$  values of this solutions,  $\beta$  value between transformational leadership and organizational change management and transformational leadership is 0.77. Also,  $\beta$  value between organizational ambidexterity and transformational leadership is 0.73.

Therefore, it can be said that effects of transformational leadership on both organizational change management and organizational ambidexterity are close each other. As a result, effects of transformational leadership on two dependent variables can be observed. Illustration of this effects can be seen through the figure provided below.

**Figure 5:** Standard Solutions of the Variables

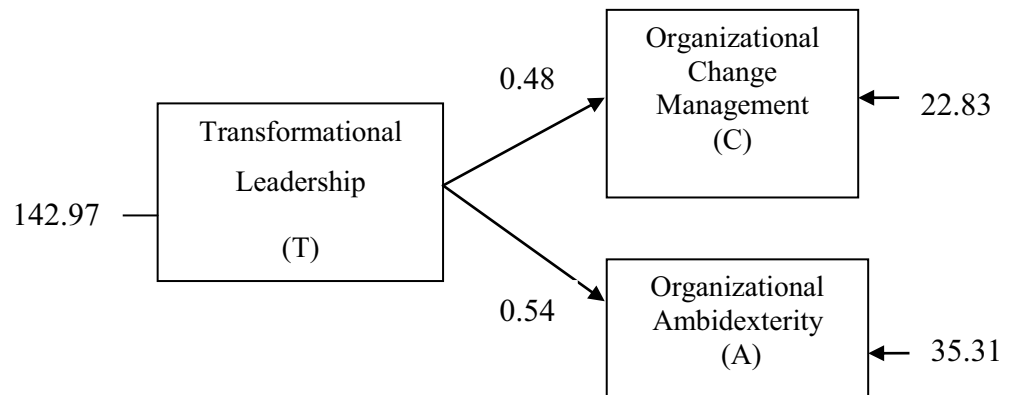


Chi-Square= 0,94, df= 1, P= 0,33210, RMSEA= 0,000

### Estimates:

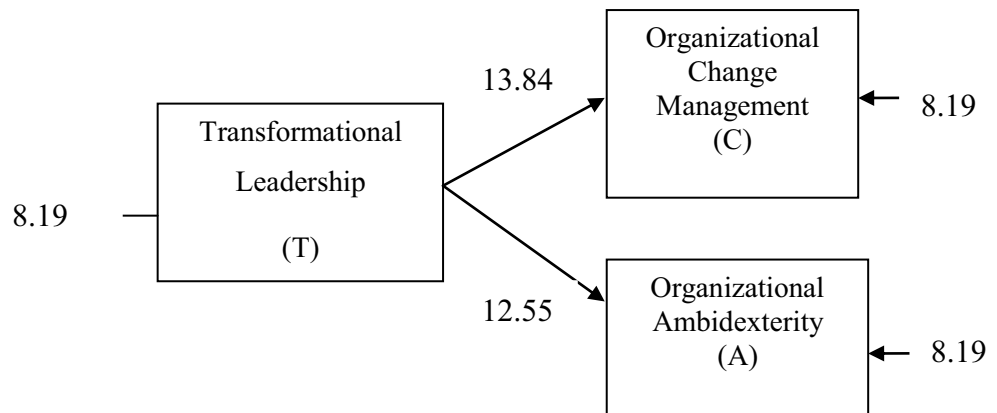
According to the figure presented below, transformational leadership estimates %48 of the organizational change management and %54 of the organizational ambidexterity.

**Figure 6:** Estimates of the Variables



**t- values:**

**Figure 7:** t-Values of the Variables





**Figure 8:** Predicting Results of the Variables

<b>Regression Model</b>	<b><math>\beta</math></b>	<b>t</b>
C (Dependent) <--- T (Predictor)	0,77	13,84
A (Dependent) <--- T (Predictor)	0,73	12,55

**Structural Equations:**

$$C = 0.48 * T, \text{ Error variance} = 22.83, R^2 = 0.59$$

(0.035)      (2.79)  
13.84      8.19

$$A = 0.54 * T, \text{ Error variance} = 35.31, R^2 = 0.54$$

(0.043)      (4.31)  
12.55      8.19

By looking to the paths and tables it can be seen that transformational leadership(T) predicting both organizational change managements(C) and organizational ambidexterity(A). By considering t and P values it can be seen that transformational leadership is effective to apply both organizational change management( $P < .05$ ;  $t > 1,96$ ;  $\beta = .77$ ) and organizational ambidexterity( $P < .05$ ;  $t > 1,96$ ;  $\beta = .73$ ). In addition, from the equations it can be seen that transformational leadership(T) explains % 59 of the organizational change management and %54 of the organizational ambidexterity.

## **CONCLUSION**

This chapter was prepared with the purpose of giving a summary of the general concept, implications of the study, defining limitations, and giving suggestions for future researches. In this study effects of the transformational leadership on organizational change management and organizational ambidexterity was focused.

### **Aim of the Study**

The aim of the study is to define effects of transformational leadership on both organizational change management and organizational ambidexterity in construction organizations. In order to achieve aim of the study variables was defined and converted into hypothesis. So as to achieve findings definite statistical programs were used which are SPSS 22 and LISREL 8.71.

### **Summary of General Findings**

In order to create survey of the study, Multifactor Leadership Questionnaire, Organizational Change Management Questionnaire, and Organizational Ambidexterity Questionnaire was used. Survey measured with a five-scale questionnaire. The survey was applied to 136 employees of 39 construction firms in Muğla. First of all reliability of measurement was computed by using SPSS then results of the survey evaluated by making regression in LISREL.

For reliability of the study results of the factor analysis was considered. According to factor results cronbach's alpha values of all variables was found more than 0,90. Cronbach's alpha results for the transformational leadership was 0,98, for the organizational change management was 0,93, and for the organizational ambidexterity was 0,94.

In order to define relationship between components of the variables, correlation analysis was conducted. According to correlation results, there is a ,65 relationship between transformational leadership and applying the method of change

management and ,77 relationship between transformational leadership and readiness to change. In addition, there is a ,75 relationship between transformational leadership and explorative innovation, 59 relationship between transformational leadership and exploitative innovation.

According to regression analysis results, transformational leadership is effective to apply both organizational change management and organizational ambidexterity. In standard solutions it can be seen that  $\beta$  value between transformational leadership and organizational change management is 0,77 and  $\beta$  value between transformational leadership and organizational leadership is 0,73. In addition, structural equations indicates that transformational leadership explains %56 of organizational change management and % 54 of the organizational ambidexterity.

As a result, two hypotheses were developed for this study. In these hypothesis effects of transformational leadership which is an independent variable on organizational change management and organizational ambidexterity which are dependent variables were wondered. After several statistical calculations both hypothesis were accepted.

## **Discussion**

Leadership is a wide concept that a lot of researches have been made studies about this issue. Also, leadership can be seen in many other concepts because it has a relation with many topics. There are several leadership models but transformational leadership is the most preferred model. One of the relations of transformational leadership is with the concept of organizational change management. In many studies it can be seen that they have a significant relationship. On the other hand, another relation is between the transformational leadership and organizational ambidexterity which is much more new concept when comparing with other topics. According to several studies, relationship between transformational leadership and organizational leadership is also significant.

*\* Transformational Leadership and Organizational Change Management*

Transformational leadership and transactional leadership can be studied for change concepts. However, there are significant differences about specialties of both styles so transformational leadership style was preferred for this study. In order to satisfy the organizational needs leaders and follower create exchange relationship and after this relationship transactional leadership occurs (Hughes et al. 2012: 576). The exchange process among the leader and followers is the base of transactional leadership (Daft, 2008: 356). The process of exchange between the leader and subordinate is transactional leadership. However, the theory of transactional leadership is not very strong to prove the link of the process. In transactional leadership ineffective leader behaviors are highly observed. This behavior shows unclear common denominator (Yukl, 1999: 289).

Study of Kavanagh and Ashkanasy (2006) investigated that leadership and change management has an impact on the individual acceptance of change. According to them a leader should be talented when transforming organizations. In addition, leadership supports the vision creating which related with future. In addition, management develops strategies to produce changes (Daft, 2008: 17). Transformation and change are the fundamental statements of transformational leadership (Bass and Riggio, 2006: 225).

Transformational leaders can make real meaningful basis for change for their work place and followers (Bass, 1985). Radical change may not be overcome only with the talent of employees but it may be released by leaders' talents (Herold et al. 2008: 349). The evolution speed of IT and its declining costs are providing change and business style. In addition, without leadership and information technology support changes will be ineffective (Attaran, 2004: 595).

During the change process of an organization, companies define some steps to achieve their goals. For this change process the most important part to apply definite steps is implementation stage. Because workers feel themselves uncomfortable during the change process, implementation also considered as difficult stage. Strong and persistent leadership quality is highly required during the implementation stage of change because it is a very complex issue (Daft, 2013: 455).

*\* Transformational Leadership and Organizational Ambidexterity*

Leadership was considered as having power to create huge control over subordinated before. Therefore, subordinated cannot take place in the decision-making process in their organizations because they should conform to what their leaders was saying. However, this behavior is invalid today's leadership understanding. Today, leaders give importance to sharing the power rather than keeping it. Also, they try to increase the power by giving importance to brain power. In addition, these leaders support workers to involve activities in which they can say their ideas (Daft, 2008: 9).

Organizational ambidexterity can be achieved with transformational leadership in definite conditions (Jansen et al, 2008: 1000). Alternate types of leadership like transactional are suitable for exploitative innovation but transformational leadership suit to explorative innovation (Menguc and Auh, 2008: 459). Study of Jansen et al (2009) shows that there is a positive correlation between transformational leadership and explorative innovation.

According to the innovation creation versus innovation utilization new thoughts refined the opinion of organic structures versus mechanistic structures. Organic structure makes difficult to create a change because it gives more freedom to employees so employees often less tend to comply rules. Because the organic structure has decentralization in general, innovation is ignored in this type of organizations. So as to overcome this dilemma ambidextrous approach is used by organizations. Encouraging creativity and developing new ideas is defined as exploration and implementing the new ideas is defined as exploitation. Organic structure explores new ideas whereas mechanistic structure exploits these new ideas (Daft, 2013: 438).

During exploration innovation searching, embracing variation, and innovating have important condition (O'Reilly and Tushman, 2008: 189). Exploration is so much related with risk taking strategy of an organization (Rosing et al, 2011: 957). Organizations compare exploiting existing talents and exploring new others when pace of change accelerates (Raisch and Birkinshaw, 2008: 394). That is, organizational ambidexterity can be happen during organizational change process.

Ambidextrous firms create competitive advantages with making easy the revolutionary and evolutionary change (Tushman and O'Reilly, 1996). Because the long process of change maintains, organizations confronted with exploitation and exploration (Jansen et al., 2005: 351). Today's leaders give attention to the change to a great extent because their aim is to keep step with the innovation. Leadership is more related with creating and supporting the change instead of maintaining the status quo. In addition, influencing the others is an important part of the leadership. In order to create a common opinion, leaders influence their subordinates. Followers should be a part of leadership because it involves people (Daft, 2008: 5). Therefore, leadership is a common point between leaders and followers.

### **Limitations**

Because every study has some difficulties, there are also difficulties for this study. During the literature review finding a new concept is one of the difficulties. There were several studies about transformational leadership and its relations with the change concept but this study adds these studies with the concept of organizational ambidexterity. There are not many articles about organizational ambidexterity. In addition, handling three different concepts required so much time to spend. Therefore, literature review of this study took approximately 8 months.

On the other side, survey questions of this survey were too long to read because of handling three different concepts. Therefore, many people did not want to answer to these items. In addition, survey of this study applied to employees of the 39 construction companies in Muğla. Achieving to all of these companies is another difficulty. Also, many of the employees and some of the workers were reluctant to answer survey items.

### **Managerial Recommendations**

Change and innovations are necessities for nearly all companies and in order to carry out them transformational leadership style should be acquired for the managers of the companies. After many reviews of literatures it can be said that for

developing existing ideas companies should adapt exploitative innovation but so as to develop new ideas for future explorative innovation should be obtained by the companies. In addition, in order to survive in business environment companies should apply change strategies and they should be ready to radical changes.

### **Recommendations for Academic Researchers**

Three concepts were handled in this study and it was easy to achieve information about two topics which are transformational leadership and organizational change management. Also, there are plenty of concepts related to these topics so for future studies these topics can be considered. However, MLQ survey for transformational leadership can give different dimensions from the original. Also, results can be seen as one scale. In some studies this situation can be seen. The concept of organizational ambidexterity is more new when comparing the other two topics. Therefore, it is not easy to make research about this concept. However, all of the concepts are enough to develop new relations.

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## **APPENDIX**

## **Appendix 1**

### **The Survey of the Study**

Değerli Katılımcı,

Bu soru formu, Dokuz Eylül Üniversitesi Sosyal Bilimler Enstitüsü kapsamında yapılan bir yüksek lisans tezinin uygulamasında kullanılmak için geliştirilmiştir.

Soru formunu cevaplamak yaklaşık 15 dakikanızı alacaktır. Bu çalışmanın sonuçlarının tamamı bilimsel amaçla kullanılacaktır ve kimliğiniz gizli tutulacaktır. Gönüllü katılımınız için teşekkürler.

Prof. Dr. Ömür T. ÖZMEN

Gizem YILMAZ

İngilizce İşletme Yönetimi  
Yüksek Lisans Öğrencisi

Aşağıdaki ifadeleri <b>yöneticinizi</b> düşünerek size uygun gelen seçeneği işaretleyiniz.	(1) Kesinlikle Katılmıyorum	(2) Katılmıyorum	(3) Kararsızım	(4) Katılıyorum	(5) Kesinlikle Katılıyorum
1 Yöneticimle çalışmaktan gurur duyuyorum.					
2 Yöneticim kendisi için önemli olan kurum değerleri hakkında konuşur ve bir amaç duygusuna sahip olmanın önemini vurgular.					
3 Yöneticimin konuşmaları ve yaptıkları bizlerin üzerine hayranlık etkisi uyandırır.					
4 Yöneticimin bizleri yönlendirmede kişisel ve karizmatik özellikleri, konumundan dolayı sahip olduğu yaptırım gücünden daha etkilidir.					
5 Yöneticim bizlerin gelecekle ilgili çarpıcı durumları görmesini sağlar, amaçlarımıza ulaşacağımıza inandığını bize hissettirir.					
6 Yöneticim bir vizyon oluşturduğunda bizlerin yüksek bir motivasyonla bu vizyonu takip edeceğimizden emindir.					
7 Yöneticim sembolleri, sloganları ve basit duygusal öğeleri kullanarak güçlü ortak bir amaç oluşturabilir.					
8 Yöneticim bizlere grup içersindeki rollerin çok önemli olduğuna ikna ederek ilham verebilir.					
9 Yöneticim bizlerin alışılmış davranış ve düşünce kalıplarını sorgulamamızı ve öteden beri var olan problemler hakkında yeni bakış açısı oluşturmamızı sağlar.					
10 Yöneticim bizlere işlerin su anki yapılış biçimlerini, bizlerin düşünce ve değerlerimizi, liderin düşünmesini yönlendiren değerleri sorgulamaya teşvik eder.					
11 Yöneticim entelektüel yeteneklerimizi ortaya koyabilmemiz için uygun koşullar yaratır.					
12 Yöneticim bizleri sürekli olarak “yaratıcılık” konusunda cesaretlendirir.					
13 Yöneticim bizleri yalnızca kurumun bir üyesi olarak değil aynı zamanda bir birey olarak görür.					
14 Yöneticim her bir astını birebir gözlemleyebilmek için çaba sarf eder.					
15 Yöneticim bizlerin bireysel farklılıklarını, gereksinimlerini ve yeteneklerini dikkate alırken, bizlere başkalarının gereksinimlerini ve yeteneklerini de nasıl belirleyeceğimizi öğretir.					
16 Yöneticim bizlerin temel gereksinimlerimizden daha üst düzeyde gereksinimlerimizi de karşılamak için çaba gösterir.					

Aşağıdaki ifadeleri çalıştığınız <b>şirketi</b> düşünerek size uygun gelen seçeneği işaretleyiniz.	(1) Kesinlikle Katılmıyorum	(2) Katılmıyorum	(3) Kararsızım	(4) Katılıyorum	(5) Kesinlikle Katılıyorum
1 Çalıştığım kurum bir bütün olarak değişim yönetimine ve temel bir değişime ihtiyaç olduğunun farkında.					
2 Çalıştığım kurum değişim yönetiminin, kurum yapısını ve süreçlerini, işleri, organizasyonel yapıyı, yönetim sorumluluklarını ve diğer pek çok şeyi etkileyecek çok boyutlu bir değişime yol açacağını anlıyor.					
3 Çalıştığım kurum, değişim yönetimi lideri ile üst düzey yönetim ekibinin değişim çalışmalarına gerçekten inandıklarını ve bu inançlarının uzun vadeli olduğunu biliyor.					
4 Çalıştığım kurumda bir küçülme ya da yeniden yapılanma programının genellikle yol açtığı kuşku, güvensizlik ve belirsizlik ortamı yok.					
5 Çalıştığım kurum değişim yönetimi çalışmalarını uygulamak için gereken mali kaynaklara ve insan kaynaklarına sahip.					
6 Çalıştığım kurumda temel personel organizasyonları (insan kaynakları, finans ve bilişim sistemleri) değişim yönetimi çalışmaları hakkında olumlu fikre sahip ve değişim çalışması taleplerine yenilikçi tepki verebilecek kapasitede.					
7 Çalıştığım kurum toplam kalite yönetimi çalışmaları ile değişimi kabul etmeye hazır bir ortam yarattı.					
8 Çalıştığım kurum, müşterilerine hizmet etmeye (müşteri memnuniyetine) büyük önem veriyor ve müşterilerinin gereksinimlerini biliyor.					
9 Değişim yönetimi çalışmalarında risk alma, öğrenme ve belirsizliğe dayanan ilerleme tarzı çalıştığım kurumu rahatsız etmiyor.					
10 Değişim yönetimi çalışması organizasyonel ünitelerden daha ziyade ana iş süreçleri üzerinde yoğunlaşıyor.					
11 Çalıştığım kurumda yöneticiler değişim süreç ekiplerinde çalışan personele süreçler konusunda sınırsız sorumluluk veriyor ve süreçlerin değişim çalışmalarında başarıyla oluşturulması için teşvik ediyorlar.					
12 Çalıştığım kurumda değerlendirme sistemleri ve performans hedefleri, değişim yönetimi çalışmalarının ilerlemesiyle oluşturuldu.					

Aşağıdaki ifadeleri çalıştığınız <b>şirketi</b> düşünerek size uygun gelen seçeneği işaretleyiniz.	(1) Kesinlikle Katılmıyorum	(2) Katılmıyorum	(3) Kararsızım	(4) Katılıyorum	(5) Kesinlikle Katılıyorum
1 Şirketimiz var olan ürünlerin ve hizmetin önünde olan talepleri kabul eder.					
2 Yeni ürünler ve hizmet icat ederiz.					
3 Yerel pazarımız içinde yeni ürünler ve hizmet ile deney yaparız.					
4 Şirketimizde yeni olan ürünler ve hizmet ticarete dökeriz.					
5 Yeni pazarlarda yeni fırsatları sıklıkla kullanırız.					
6 Şirketimiz düzenli olarak yeni dağıtım kanalları kullanır.					
7 Düzenli olarak yeni pazarlarda yeni müşteriler ararız.					
8 Sıklıkla var olan ürünlerimizin ve hizmetimizin tedarik yönetimini artırırız.					
9 Var olan ürünlerimize ve hizmetimize düzenli olarak küçük uyarlamalar uygularız.					
10 Kendi yerel pazarımız için geliştirilmiş fakat var olan ürünleri ve hizmetleri tanıtırız.					
11 Ürünlerimizin ve hizmetimizin edinilmesinin etkinliğini geliştiririz.					
12 Var olan pazarlarda ölçek ekonomilerini arttırırız.					
13 Şirketimiz var olan müşterileri için hizmetini genişletir.					
14 Örgütün iç işleyisi için maliyet azaltımı önemli bir amaçtır.					

## Demografik Özellikler

### 1- Yaşınız:

18 - 28	29 - 39	40 - 50	51 - 61	62 +

### 2- Cinsiyetiniz:

Kadın	Erkek

### 3- Eğitim durumunuz:

İlköğretim	Ortaöğretim	Lise	Ön lisans	Lisans	Yüksek Lisans	Doktora

### 4- Medeni Durumunuz:

Evli	Bekar

### 5- Çalıştığınız Departman:

Üretim	Satış	Satın Alma	Muhasebe	Diğer

### 6- Şirkette Çalışma Süreniz:

0 – 5 yıl	6 – 11 yıl	12 – 17 yıl	18 – 23 yıl	24 +