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**PRINCIPLES OF CHOOSING THE LEADERSHIP STYLE FOR INNOVATION  
ACTIVITY MANAGEMENT**

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**Abstract**

**Introduction.** Teams involved to innovation activity are usually cross-functional, consisting of employees with different mentality, temper, values etc. So not only different teams, but even different people within the same team require different leadership styles. Moreover, required leadership style can change because of changes in the organization's environment. But the problem is that there is still no single approach to classify the leadership styles and to develop clear recommendations to choose the particular style in different managerial situations.

**Purpose.** The purpose of this paper is to develop and justify a set of principles to choose the leadership style for innovation activity management.

**Results.** Basing on the deep analysis of the scientific researches on the leadership styles, we have developed a set of principles to choose the leadership style for innovation activity management. First of all, there can be no one fixed leadership style applicable for all the members of innovating team. So we think the leadership style is a combination of 15 determinants, which can be varied for different employees in different managerial situations. Other key principles are: Contingency approach to choosing the leadership style for innovation activity management; Leadership style must be driven by the context; Volatile environment requires more innovations; Personal approach to subordinates; Development of innovative culture; Filtered and unfiltered leaders have significantly different characteristics etc.

**Conclusions.** We believe there is no single leadership style appropriate for innovation activity management. Moreover, leadership styles are multiple, and particular leadership style can be defined as a combination of 15 determinants. Such combination depend on different factors.

**Keywords:** leadership; leadership style; innovation activity management; principles for choosing the leadership style.

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**ПРИНЦИПИ ВИБОРУ СТИЛЮ ЛІДЕРСТВА ДЛЯ УПРАВЛІННЯ  
ІННОВАЦІЙНОЮ ДІЯЛЬНІСТЮ**

**Анотація**

**Вступ.** Команди, залучені до інноваційної діяльності, зазвичай є міжфункціональними, складаються з працівників з різним менталітетом, характером, цінностями тощо. Тому не тільки різні команди, але навіть різні люди в одній команді вимагають різних стилів лідерства. Більш того, необхідний стиль лідерства може змінитися через зміни

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в середовищі організації. Але проблема полягає в тому, що досі не існує єдиного підходу до класифікації стилів лідерства та розробки чітких рекомендацій щодо вибору конкретного стилю в різних управлінських ситуаціях.

**Мета.** Метою даної статті є розробка та обґрунтування набору принципів вибору стилю лідерства для управління інноваційною діяльністю.

**Результати.** Виходячи з глибокого аналізу наукових досліджень щодо стилів лідерства, ми розробили набір принципів вибору стилю лідерства для управління інноваційною діяльністю. Перш за все, не може бути жодного фіксованого стилю лідерства, який би застосовувався до всіх членів інноваційної команди. Стиль лідерства – це поєднання 15 детермінант, які можуть бути різноманітними для різних працівників у різних управлінських ситуаціях. Іншими ключовими принципами є: ситуаційний підхід до вибору стилю лідерства для управління інноваційною діяльністю; стиль лідерства повинен диктуватися контекстом; нестабільне зовнішнє середовище вимагає більшої інноваційності; персоналізований підхід до підлеглих; розвиток інноваційної культури; відфільтровані та нефільтровані лідери мають суттєво різні характеристики тощо.

**Висновки.** Ми вважаємо, що не існує єдиного стилю лідерства, який би підходив для управління інноваційною діяльністю. Крім того, існує множина стилів лідерства, і конкретний стиль може бути визначений як поєднання 15 детермінант. Така комбінація залежить від різних факторів.

**Ключові слова:** лідерство; стиль лідерства; управління інноваційною діяльністю; принципи вибору стилю лідерства.

**JEL classification: O31**

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## Introduction

The processes of globalization, integration, along with the upcoming 4th industrial revolution require nations, sectors, companies and individuals to focus on continuous innovations. But it is necessary to say innovations means not only about developing new technologies, introducing new products etc. Along with the mentioned above, innovations can also be non-technological (marketing and organizational innovations) [1]. So innovation activity is not a prerogative of departments directly involved in R&D. Today each organizational unit, each employee is a subject for innovations.

This means innovation activity management becomes the key focus in the company management. But the complexity of innovation activity management is that innovations are the product of people's creativity that is intangible and barely managed «asset». So successful innovations require the full disclose of employees' potential, what can be done effectively only if they are inspired, motivated, communicated and treated, that means shift from management to leadership.

But leadership can't be effective just by default. The researches of this phenomena, such as K. Lewin, R. Lippitt and R. K. White [2], R. House [3], F. Fiedler [4], R. Tannenbaum and W. H. Schmidt [5], R. Likert [6], V. H. Vroom and Ph. W. Yetton [7], G. Graen, K. Alvares, J. B. Oris and J. A. Martella [8], K. Cameron and R. Quinn [9], I. Adizes [10], B. M. Bass, B. J. Avolio, D. I. Jung and Y. Berso [11] and many others, have developed numerous approaches to identify the leadership style. Moreover, there are attempts to describe leadership styles particularly for innovation activity management, e.g. by N. Kolinko [12]. But the problem is that there is still no single approach to classify the leadership styles and to develop clear recommendations to choose the particular style in different managerial situations.

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## Formulating the goals of the article

The purpose of this paper is to develop and justify a set of principles to choose the leadership style for innovation activity management.

## Presentation of the main research material

First of all, we have to admit that general, universal principles of management is applicable to innovation activity management as well, as to other functional areas of management. Such principles, formulated by H. Fayol and developed in comprehensive studies in the management field [13–15] can be used to shape leadership style in any functional area of a company, including innovation activity management.

Another group of principles are narrower and relate specifically to innovation activity management. They are pronounced by Peter F. Drucker [16], and part of these principles can be used as tips in order to help in choosing the appropriate leadership style, e.g.: 1. Innovation, in order to be successful, should be simple and focused. 2. Many things should not be done at a time. Innovations have a need for concentrated energy and common effort. It also requires that people who effectuate the innovation should have mutual understanding. 3. Innovation needs a system. 4. Passion is the fuel and pain is the hidden ingredient. 5. Co-locating (physical proximity between people) drives effective exchange. 6. Differences (such as language, culture, race, gender and thinking and problem solving styles) should be leveraged.

We support this statement as leader should contribute the innovation activity management on all its stages: not only on the emergence stage, but also during the implementation and diffusion of innovation. Different stages of innovation activity require different competencies of employees, not only creativity-oriented.

F. Patterson identifies ten different types of people from the point of view of their position to innovations [17, p. 48]. Besides, the more complicated the innovation is, the more multifunctional the team must be.

As different kinds of people can successfully participate the innovation activity, and they probably require different leadership style. This means not only different teams, but even different people within the same team can require different leadership styles. Moreover, required leadership style can change because of changes in the organization's environment.

Basing on the deep analysis of the subject, we want to formulate our own principles to choose the leadership style for innovation activity management.

1. Optimal level of innovativeness. Innovation activity management must not mandatory be oriented on obtaining the maximal possible level of innovativeness. Innovations are related to the organizational resilience, which can be defined as being able to cope with changes successfully [18], in contradictory way. On one hand, innovations bring changes, that to some extent brakes existing processes, procedures, rules, structures etc. So from the static perspective innovations decrease the level of company's resilience.

But on another hand, innovations help company to adapt itself to ever-changing environment, hence making it more resilient from the dynamic perspective.

2. Contingency approach to choosing the leadership style for innovation activity management. Depending on the current state of external and internal factors, on particular problems in innovation activity, an organization can require different types of leaders and leadership styles.

So there can be variety of leadership styles applicable for organization's innovation activity management. There are determinants distinguishing one leadership style from another. Analysis of the key leadership theories [2–12] allowed us to obtain the list of leadership style determinants: 1. Delegation of authority and responsibility. 2. Decision making style. 3. Way of formulating the tasks. 4. Operational independence of employees. 5. Leader's

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consultation, support. 6. Confidence and trust in subordinates. 7. Rigidity or flexibility in internal procedures. 8. Work climate. 9. Communications distance, approachability of a leader. 10. Innovations acceptance. 11. The way how plans are communicated. 12. Motivational approach. 13. Way of subordinates' assessment and criticism. 14. Orientation on task or people. 15. Stimulation of intra-team competition or teamwork.

So these determinants have to be used in order to define the leadership style.

3. Context orientation. Leadership style must be first of all driven by the goals of a team. In turn, goals are set according to the strategy, which is, as a rule, environment-oriented. So environment, strategy and specific tasks for the department or team subordinated to particular leader dictate what and how he or she must manage.

The same, level of innovativeness of department's (team's) activity must fit environment and strategy (no less, no more innovative).

4. VUCA environment (Volatile, Uncertain, Complex and Ambiguous [19]) requires more innovations. H.-D. Haustein and H. Maier proved that the more unpredictable the environment is, the more radical innovations are required [20].

So we believe the higher is degree of VUCA in the company's environment, the more of innovations it requires.

5. Focus on team, not on organization. Many researches on leadership style associate it to the whole organization. But we believe different departments or teams can have different pace of innovations and so must be leaded differently. Additionally, different teams obviously have different members' skills, motivation etc. So effective leadership style can be different for different teams within the same organization.

6. Environment has different effect on leadership style depending on the company's goals. If company goals are more innovative than it is required by the environment, the leadership style must be adjusted to the goals. But if company goals are less innovative than it is required by the environment, leadership style must take into account the environmental requirements and so set the innovativeness level higher than it is required by goals.

7. Leader should keep the balance between the discipline and agility, between processes and people. From one hand, today the process approach to management has got a high acceptance in academic and practical environment, and even some international standards (like ISO) are based on it. Process approach requires discipline, regularity, well-established routines in order to achieve the high quality and reproducibility of outputs.

From another hand, high speed of changes dictates new rules. Project management in all the sectors utilizes agile practices (originated in IT sector but actually applicable for any project management, including innovation management). As we know, one of the leading principles of agile is «Individuals and interactions over processes and tools» [21]. It's difficult to force a person to creativity, so culture becomes at least as important as processes.

8. Personal approach to subordinates. People are unique, so keeping single leadership style for all the team (we don't even say – for all the company) leader can't treat each employee equally good. So his leadership style can vary depending on employee.

9. Leader must develop innovative culture. Despite the requirement of personal approach, leader can't control each act of his subordinates. The best way is to create conditions when all the team will become innovative enough. This conditions can be created by developing the innovative culture within a team.

10. Filtered and unfiltered leaders have significantly different characteristics and can produce different leadership styles. We distinguish 2 types of leaders:

1) filtered – are grown up inside the organization. By hypothesis, they are less innovative as: they have strong relationship inside organizations that prevent them from unpopular changes; don't want to take a risk to save a current status-quo; as they became leaders under the current organizational culture, they try to save and support it, and resist changes in culture; they have stable decision making patterns, hindering to innovate.

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2) unfiltered – leaders from outside. They have a fresh eye, new decision making patterns, they do not dedicated to the current organizational culture and don't have relationship inside the organization. So they are ready for innovations and risk.

11. Innovation activity management is applicable not for R&D only. One can think innovation management is a narrow area within companies, and not all the leaders are involved in there. But this is not true. Today any company face VUCA environment, so it must adopt with innovations. And within a company, all the departments (business processes) are important in terms of innovation activity, not only those which directly generate innovation: some more while some less. For example, product innovations can only be effective if all the departments will be involved in transformation (like according to TQM concept everybody is quality responsible for quality, so everybody is innovations' responsible). But process and organizational innovations are applicable to any team.

### **Conclusions and perspectives of the further research**

We believe people are the key resource defining the success of innovations. So in order to secure high effectiveness of innovation activity, the shift has to be made from management towards leadership. But as innovation activity requires different types of people working together, there can be no one fixed leadership style applicable for all the members of innovating team. So we suppose the leadership style is a combination of 15 determinants, which can be varied for different employees in different managerial situations. This is one of the key principles of choosing the leadership style for innovation activity management. Other key principles are: contingency approach to choosing the leadership style for innovation activity management; leadership style must be driven by the context; volatile environment requires more innovations; personal approach to subordinates; development of innovative culture; filtered and unfiltered leaders have significantly different characteristics etc.

The further researches should be aimed on developing a particular methodical approach to choosing the leadership style for innovation activity management basing on the formulated principles.

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