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We are happy to present to you a new edition of the Journal of Global Strategic Management. With this new edition – the first for the year 2010 – the Journal enters its fourth year. Each year we are glad to report that we are able to expand our readership and network of contributors worldwide.

The Journal of Global Strategic Management is an internationally refereed biannual scientific journal dedicated to the development of the field of strategic management. Published in January and June, each issue brings together articles from academicians and practitioners on a wealth of topics combining business strategy with managerial practices.

I would like to take this opportunity to invite our readers to the Sixth International Strategic Management Conference, which this year will take place in the beautiful city of Saint Petersburg, Russia, between the dates of July 8-10, 2010, at the Holiday Inn Hotel. The papers presented at the Sixth International Strategic Management will be offered opportunities for publication in the Journal. We are especially interested in submissions to both the Sixth International Strategic Management Conference and the Journal for applied research studies as well as theoretical contributions.

To help promote both the International Strategic Management Conference and the Journal of Global Strategic Management we have added new regional coordinators to our organization. The regional coordinators who have recently joined our network of regional coordinators and the regions for which they are responsible are:

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In the name of the International Management and Managers Association, I offer our deeply felt gratitude to these fine academicians who are an added strength to our organization.

All of our readers have my best wishes for a happy and healthy New Year.

Erol Eren, Ph.D.
Editor-in Chief

TABLE OF CONTENTS

- 5 CHINA-AFRICA COOPERATION IN THE 21ST CENTURY: ANALYSIS OF THE OBSTACLES AND CHALLENGES TO GOOD COOPERATION
(*Kieran E. UCHEHARA*)
- 17 ORGANIZATIONAL AMBIDEXTERITY: AN EMPIRICAL EXAMINATION OF ORGANIZATIONAL FACTORS AS ANTECEDENTS OF ORGANIZATIONAL AMBIDEXTERITY
(*Sükrü AKDOĞAN, A. Asuman AKDOĞAN, Ayşe CİNGÖZ*)
- 28 EFFECTIVE INTERNATIONAL EXPANSION STRATEGIES OF DEVELOPING COUNTRIES: SOME PRELIMINARY EVIDENCE FROM THE TURKISH MANUFACTURE AND EXPORT OF TELEVISION SETS
(*Tanes GÜLSOY, Özlem ÖZKANLI, Richard LYNCH*)
- 52 KNOWLEDGE TRANSFER (KT) PRACTICES IN SMALL AND MEDIUM ENTERPRISES (SMEs) OF TURKISH TEXTILE AND APPAREL INDUSTRY
(*Dababrata Narayan CHOWDHURY, Lynne BUTEL, I. Hakka ERASLAN, İsmail BAKAN*)
- 67 DETERMINATION OF REASONS AFFECTING THE USE OF INTERNET BANKING THROUGH LOGISTIC REGRESSION ANALYSIS
(*Ali KÖSE*)
- 77 A STUDY ON THE CAUSES OF STRATEGIES FAILING TO SUCCESS
(*Mehmet Ali KÖSEOĞLU, Mehmet BARCA, Kemal KARAYORMUK, Menderes EDAS*)
- 92 BOARD COMPOSITION OF TURKISH LISTED COMPANIES: IS THERE ANY DIFFERENCE BETWEEN INDUSTRIES?
(*Irge ŞENER, Meral ELÇİ*)
- 106 POLICIES AND STRATEGIES FOR THE PROMOTION AND ATTRACTION OF FDI IN SERVICES
(*Vesna Babic-HODOVIC, Eldin MEHIC*)
- 121 IS INTELLECTUAL CAPITAL ANTECEDENT OF ENTERPRENEURSHIP ORENTATION
(*Erol EREN, Ebru Beyza KOCAPINAR*)
- 136 CREATIVITY FOR GAINING AND SUSTAINING COMPETITIVE ADVANTAGE: THE ROLE OF LEADERSHIP STYLES
(*F. Oben ÜRÜ, Uğur YOZGAT*)
- 158 THE EFFECTS OF ORGANIZATIONAL POLITICS AND STRATEGIC POSTURE ON INNOVATION PERFORMANCE
(*Şevki ÖZGENER, Adem ÖĞÜT, Metin KAPLAN, D. Mehmet BİCKES*)
- 170 THE IMPACT OF EMPOWERMENT AND QUALITY CULTURE ON JOB SATISFACTION
(*Hakan KİTAPÇI, Metin ATEŞ, Sultan Süleyman ÖKTEN*)
- 181 THE RELATIONSHIP BETWEEN FIRM INTELLECTUAL CAPITAL AND THE COMPETITIVE ADVANTAGE
(*İpek KOÇOĞLU, Salih Zeki İMAMOĞLU, Hüseyin İNCE*)
- 209 THE ROLE OF TECNOLOGICAL INNOVATION ON THE FIRM
(*Muzaffer ERTÜRK*)
- 227 NOTES FOR CONTRIBUTIONS MANUSCRIPT GUIDELINES

THE EFFECTS OF ORGANIZATIONAL POLITICS AND STRATEGIC POSTURE ON INNOVATION PERFORMANCE

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ABSTRACT

Strategic posture is crucial to family-owned businesses for survival. In this study, we investigate the effects of organizational politics and strategic posture (as measured by the Miles-Snow strategic typology of prospectors, analyzers, defenders, and reactors) on innovation performance in family-owned businesses. The findings of the research indicated that prospectors were positively and significantly correlated with innovation performance. Similarly, innovation performance was found to be positively related to strategic posture of sector. The results showed that prospector was a significant predictor of innovation performance. According to the result of regression analysis, the interaction term of the perceptions of organizational politics and prospectors had a negative effect on innovation performance. However, the interaction of the perceptions of organizational politics and analyzers had a positive effect on innovation performance. Moreover, practical implications are discussed, and suggestions for the future research are made.

Keywords: Strategic Posture, Organizational Politics, Innovation Performance, and Family-Owned Business.

INTRODUCTION

Family-owned businesses have been the focus of numerous studies during the last few years due to their capacity to generate employment as well as their essential role in the wealth creation process (Garcia et al., 2007: 152). Researchers have suggested the use of multiple conditions to distinguish family from non-family business. Frequently used conditions include family ownership and control, family influence in decision making, operational aspects of a business, family members as employees and the intent to transfer the family firm to the next generation (Kotey, 2005: 395; Matlay, 2002: 361).

Innovation performance is commonly considered as a key component in family-owned businesses competing successfully in the market. In fact, the necessity for innovation of family-owned businesses has increased because of some factors such as shorter product cycles, increased segment fragmentation, increased competition and changing requirements of customer (Ozsomer et al., 1997: 401). However, there are some factors such as organizational structure, unqualified employees, lack of finance, poor organizational culture, organizational politics and strategic posture that affect family-owned businesses' innovation performance negatively. Particularly, the market environment in the

manufacturing industry is likely to be more competitive in terms of product and product innovation than in other industries. Therefore, the goal of this study is to examine the effects of organizational politics and strategic posture on innovation performance for family-owned businesses in manufacturing industry.

ORGANIZATIONAL POLITICS

Organizational politics is an integral aspect of organizational life and relates to power, authority and influence. Over the years, scholars have tried to define organizational politics in various ways. Organizational politics is defined as “social influence attempts directed at those who can provide rewards that will help promote or protect the self-interest of the actor” (Haris et al., 2005: 29). Organizational politics can be viewed as intentional actions (either covert or overt) by individuals to promote and protect their self-interest, sometimes at the expense of and without regard for the well-being of others or their organizations (Byrne, 2005: 176).

Organizational politics is defined as “a social influence process in which behavior is strategically designed to maximize short-term or long-term self-interest, which is either consistent with or at the expense of others’ interests”. Perceptions of organizational politics are fueled by conditions such as uncertainty about organizational decisions, ambiguity about expectations, procedures, or roles, and competition for scarce resources (Miller et al., 2008). Perceptions of politics usually reflect employees’ views about the level of power and influence used by other organizational members to gain advantages and secure their interests in conflicting situations. The higher the perception of politics, the lower the sense of fairness and equal treatment, because people with more power are in a better position to satisfy their interests and needs at the expense of others who have less political resources and influence (Vigoda-Gadot et al., 2003: 766).

Previous empirical studies supported a direct and negative relationship between perceptions of organizational politics and job performance (Chen and Fang, 2008; Edwards, 2007; Zivnuska et al., 2004). Similarly, we assume that organizational politics perceptions have a negative influence on innovative performance. But a little research has been done about organizational politics and innovation performance.

STRATEGIC POSTURE

Strategic posture has received much attention and investigation in management literature over the last two decades (Di Benedetto and Song, 2003: 514). Strategic posture refers to the way an organization’s decision makers respond to external demands. An active posture involves deliberate efforts to manage the impressions of important stakeholders. With a passive posture, no attempt is made to monitor stakeholder concerns, or to define an optimal stakeholder management strategy (Magness, 2006: 545). Undoubtedly, both active and passive postures have an effect on innovation performance of the businesses.

Strategic posture has an important impact on long-term performance. In connection with the strategic posture, in this study Miles and Snow’s (1978) generic strategy typology will be taken up as references. Miles and Snow’s classification of strategic behavior into four types is well known (Elwood Williams and TSE, 1995: 23). They contend that the prospector, defender and analyzer styles are capable of leading to competitive advantage within the industry. However, they caution that the reactor style is often a manifestation of a poorly aligned strategy and structure and therefore unlikely to lead to competitive advantage (Zahra and Pearce, 1990). Miles and Snow’s typology of strategy is

as follows (Elwood Williams and Tse, 1995: 23; O'Regan and Ghobadian, 2006: 606; Mavondo, 2000: 257; Parnell et al., 2000: 521):

Prospectors. Prospectors are characterized by a strong and consistent exploration of new markets, technological uses, product designs, and organizational operations. These tend to operate in volatile environments and are continually searching for market opportunities. In brief, prospector organizations are constantly seeking innovation in business. Most often, prospectors consider innovation as the organization's key competitive advantage

Analyzers. They watch competitors closely, then adopt the most promising new ideas using their efficient research and production skills. Analyzers stress both stability and flexibility and attempt to capitalize on the best of both of the preceding strategic types.

Defenders. These organizations tend to operate in a narrow and stable product-market domain. Top managers are highly expert in their organization's limited area of operation but do not tend to search outside the domain for new opportunities. Hence, defenders may be poorly placed to respond when customers' needs change. Primary attention is devoted to improving efficiency of existing operations and to avoid unnecessary risk.

Reactors. Reactors lack consistency in strategic choice and perform poorly. Management perceives change and uncertainty but is unable to cope with it. Change inevitably presents some difficulties. This strategy is not viable in the long term.

Many authors have highlighted the important role of strategic posture. However, a little research investigated the relationship between strategic posture and innovation performance. Ozsomer et al. (1997) examined organizational and environmental factors affecting innovativeness. They found that a prospector strategic posture strongly influenced innovation. Similarly, Tanewski et al. (2003) analyzed the relationship between strategic orientation and innovation performance in terms of family and non-family firms. Results indicated that strategic posture had a significant effect on innovation performance for both family and non-family businesses. Moreover, Jogaratnam and TSE (2006) examined whether or not entrepreneurial strategic orientation is associated with organizational structure within the context of the Asian hotel industry. Results suggested that entrepreneurial strategic posture was positively associated with performance. O'Regan and Ghobadian (2006) investigated the perceptions of generic strategies of small and medium sized engineering and electronics manufacturers. According to the findings of this study, prospectors tended to perceive their environment as "dynamic" whereas defenders perceived their environment as "stable".

INNOVATION PERFORMANCE

Innovation performance reflects the firm's ability to be a first user of new ideas, devices, systems, policies, programs, processes, product and services (Zehir and Ozsahin, 2008: 714). Innovation performance includes the number of innovations, speed of innovation, level of innovativeness (novelty or newness of the technological aspect), and being the "first" in the market (Prajogo and Sohal, 2003: 906). In the global competitive environment, having the higher level of the innovation performance is the basic desire of the business management. However, the organizational politics and the strategic posture of many firms have a distinctive effect on the innovation performance in the manufacturing industry. Although a little research has been done about this study (Oke, 2007), Zehir and Ozsahin (2008) analyzed the relationships of organizational factors and environmental factors affecting strategic decision-making speed and innovation performance. The results suggested that

the strong relationships among participation, strategic decision speed and innovation performance were highlighted.

As we explained above, this study is needed because the researches relevant to the effects of organizational politics and strategic posture on innovation performance are limited. The research objective of this study is to investigate the effects of organizational politics and strategic posture (as measured by the Miles-Snow strategic typology of prospectors, analyzers, defenders, and reactors) on innovation performance in family-owned businesses. The following hypothesis will be tested in this respect:

H1: Perceptions of organizational politics will be negatively related to innovation performance.

H2: Prospectors will be positively related to innovation performance.

H3: Analyzers will be positively related to innovation performance.

H4: Defenders will be negatively related to innovation performance.

H5: Reactors will be negatively related to innovation performance.

H6: Perceptions of organizational politics will moderate the relationship between prospectors and innovation performance.

H7: Perceptions of organizational politics will moderate the relationship between analyzers and innovation performance.

H8: Perceptions of organizational politics and defenders have a negative impact on innovation performance.

H9: Perceptions of organizational politics and reactors have a negative impact on innovation performance.

METHODOLOGY

Sample and Procedure

The sampling consists of family-owned businesses in the manufacturing industry in the province of Konya, Turkey. The data for this survey are collected from managers of businesses in manufacturing industry listed in Konya Chamber of Industry. Interviewers were used to distribute questionnaires to the family-owned businesses.

In this study 200 family-owned businesses were randomly selected. A total of 68 questionnaires were returned, yielding a response rate of 34 percent. The demographic profiles of respondents are shown in Table 1. Of the 68 respondents, 92.6 percent were male and 7.4 percent were female. Almost 53 percent of the respondents were between 38 and 52 years old. 55.9% of those responding had more than 5 years of managerial experience. In terms of education levels, 20.6% of the respondents had graduated from primary school, 14.7% from secondary school and 29.4% from high school. 30.9 percent of the participants had a bachelor's degree and 4.4% had a master's degree or higher.

Table 1: Demographic Characteristics of Sample

Characteristics	f	(%)	Characteristics	f	(%)
Size of business (number of employee)			Managerial experience (number of years)		
1 to 25	26	38.2	0-5	30	44.1
26 to 50	28	41.2	6-10	14	20.6
51 to 75	4	5.9	11-15	9	13.2
75 or more	10	14.7	More than 15	15	22.1
Industry Category			Gender		
Metal industry, metal tools, machinery and equipment.	27	39.7	Female	5	7.4
Chemicals, oil products, rubber and plastics	15	22.1	Male	63	92.6
Food, beverages and tobacco	6	8.8	Age		
Automotive	7	10.3	Less than 30	4	5.9
Construction and Cement	3	4.4	30-35	20	29.4
Others (textile, paper products, electronics and computer etc.)	10	14.7	36-45	28	41.2
			45 or more	16	23.5
Organizational title/rank			Education Level of Participants		
General manager (CEO, president, general director)	6	8.8	Primary school	14	20.6
Owners	37	54.4	Secondary school	10	14.7
Division Manager	15	22.1	High school	20	29.4
Other	10	14.7	Bachelor' degree	21	30.9
			Master's degree or PhD	3	4.4
Status of a person					
Married	53	77.9			
Single	15	22.1			

N= 68

Respondents held a variety of positions in family-owned businesses. They included General Manager (8.8%), Owners (54.4%), Division Manager (22.1%) and others (14.7%). When industry category is taken into consideration, it is seen that the family-owned businesses that responded to the survey operate in metal and machinery industry (39.7 percent), chemicals and plastics industry (22.1 percent), food, beverages and tobacco industry (8,8 percent), construction and cement (4,4 percent) and other industries (14.7 percent). These firms operate in local markets (5.9%), national markets (48.5%) and international markets (45,6%). Furthermore, 22.1% of the family-owned businesses responding to the survey don't allocate resources for R&D. 17.9% of the businesses allocated more than five percent of resources for R&D, while almost 60% of these businesses allocated only five percent of resources for R&D.

Measures

Innovation performance was designated as the dependent variable in this study, while strategic posture and perceptions of organizational politics were considered as the independent variables. Existing scales were adopted to measure all three constructs. To measure perceptions of politics, we used the 15-items Perceptions of Organizational Politics Scale (POPS) developed by Kacmar and Carlson (1997). Participants responded on a 5-point Likert-type scale dictating to the extent which they agreed with each statement as it reflected their present work environment (1= strongly disagree, 5=

strongly agree). The internal reliability estimated for this sample was 0.76. On the other hand, to measure strategic posture, we used strategic typology multi-item scale developed by Miles and Snow (1978) and adopted by Conant et al. (1990). The strategic typology contains 44 items which are designed to produce 11 scales of 4 items each.

In this study, each item of 11 scales represents the characteristics of prospector, analyzer defender and reactors in Miles and Snow's strategy typology. Firstly, typologies of 68 family-owned businesses were determined severally. For example, if most of respondents mark item which closely reflects the features of prospectors to determine the strategic posture of a business, the strategic posture of this business is accepted as a prospector. But the numbers of prospector and analyzer can be equal. In this case, if respondents mostly choose the item which best reflects the features of "defender"; the business is assumed as a prospector. If respondents mostly mark the item which best reflects the features of "reactors", the business is accepted as an analyzer. A similar procedure was used to determine the strategic posture for analyzers, defenders and reactors. Secondly, so as to establish the strategic posture of sector, 1, 2, 3 and 4 scores varying related to typology embraced by business for 11 scales of 4 items each were determined. If most of respondents mark item which reflects the features of prospectors, the business is evaluated as prospector (4 score), analyzer (3 score), defender (2 score) and reactor (1 score). On the contrary, If most of respondents mark item which reflects the features of reactors, the business is evaluated as prospector (1 score), analyzer (2 score), defender (3 score) and reactor (4 score). After scores were indicated on a scale from 1 to 4, the strategic posture of sector was stated by estimating means of each scale. Finally, in order to be compatible with strategic consciousness, the final numerical value of the strategic posture of each typology was calculated by multiplying the means of the strategic posture of sector and the value of each typology (prospectors, analyzers, defenders and reactors).

In this study, innovation performance is measured with a three-item 5-point Likert scale (1=strongly disagree, 5=strongly agree) developed by Prajogo and Sohal (2006). The scale showed adequate reliability. The Cronbach's alpha coefficient was 0.92. In general, a value of 0.70 in the Cronbach's alpha is considered adequate in order to ensure reliability of the internal consistency of a scale (Nunnally, 1978).

THE RESULTS

Table 2 reports means, standard deviations, correlations among variables, and cronbach's alpha coefficients. As predicted, prospectors were positively and significantly correlated with innovation performance at the 0.01 level. The result supported H2. Also, there was a positive but not significant correlation between analyzers and innovation performance. Thus, H3 was not supported.

Defenders and reactors were negatively related to innovation performance but not significant. Thereby, H4 and H5 were not supported. On the other hand, innovation performance was a positively significant relation between strategic posture of sector ($r=0.289$, $p<0.05$) and education ($r=0.258$, $p<0.01$). However, perceptions of organizational politics were found to be positively related to innovation performance, although the relationship was not statistically significant. Thus, H1 was not supported by the results. Furthermore, the correlation between perceptions of organizational politics and strategic posture of sector was negative but not statistically significant.

Table 2: Descriptive Statistics and Inter-correlations among Study Variables

	Mean	SD	1	2	3	4	5	6	7	8	9	10	11
1. Size of business	1,97	1,02	1										
2. Research and development (R&D) expenditures	2,38	1,15	0,161	1									
3. Managerial experience	2,13	1,2	-0,19	0,187	1								
4. Education	5,96	3,66	,363(**)	,414(**)	-0,041	1							
5. Prospectors	3,04	1,33	,284(*)	0,209	0,026	,384(**)	1						
6. Analyzers	7,22	2,26	,332(**)	0,139	0,026	,267(*)	,785(**)	1					
7. Defenders	7,22	2,61	-0,224	-,255(*)	0,013	-,406(**)	-,599(**)	-,508(**)	1				
8. Reactors	5,8	3,47	-,326(**)	-0,162	-0,048	-,319(**)	-,805(**)	-,739(**)	,762(**)	1			
9. Perceptions of Organizational Politics	2,62	0,38	0,033	-,251(*)	-0,165	0,067	-0,088	-0,121	-0,088	0,008	(0,76)		
10. Strategic posture of sector	2,42	0,42	0,02	-0,039	0,004	-0,042	,281(*)	,325(**)	,500(**)	0,221	-0,21	1	
11. Innovation performance	3,79	0,89	0,238	-0,143	-0,108	,258(*)	,311(**)	0,112	-0,004	-0,079	0,018	,289(*)	(0,92)

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

Note: Correlations are relatively high among prospectors, analyzers, defenders and reactors since the means of the strategic posture of sector were used to calculate the numerical value of the strategic posture of each typology.

Hierarchical regression was used to test the hypotheses. Initially, the block of control variables were introduced into the model, followed by the appropriate independent and moderating variables. VIF values less than ten are often taken to indicate minimal collinearity. The VIF did not exceed 5.1 in all cases and it was therefore concluded that multi-collinearity was not a serious problem for the regression analyses that follow.

Table 3 presents the results of the hierarchical regression analysis. As it can be observed, the regression coefficients representing the main effect of prospectors on innovation performance are positive and significant. As expected, the results showed that prospector was a significant predictor of innovation performance ($\beta = 0.200$; $p < 0.01$). But Research and Development (R&D) expenditures had a negative and significant effect on innovation performance ($\beta = -0.259$; $p < 0.01$).

The results show that Model 3 is significant ($R^2 = 0.468$; $F_{(13-54)} = 3.648$; $p < 0.05$). The interaction terms explained additional 11.3 percent of the variance in innovation performance. For innovation performance, Model 3 shows that the regression coefficient associated with the interaction term of the perceptions of organizational politics and prospectors is negative and statistically significant ($\beta = -0.253$; $p < 0.05$). This result did not support H6. That is, the interaction term had a negative and statistically significant effect on innovation performance. However, the coefficient for the interaction between the perceptions of organizational politics and analyzers is positive and significant ($\beta = 0.360$; $p < 0.05$) for innovation performance. Thus, H7 was not supported by the results.

Moreover, the interaction between Perceptions of Organizational Politics (POPs) and defenders is negative and not significant for innovation performance ($b = -0.028$; $p > 0.05$). Similarly, the coefficient for the interaction between POPs and reactors is negative and not significant ($b = -.77$, $p < .01$). As it can be observed, H8 and H9 were not supported by the results reported in Table 3.

Table 3: The Results of Hierarchical Regression Analyses: The Effects of Organizational Politics and Strategic Posture on Innovation Performance

Independent variables entered	b	S.E.	t-value	R ²	R ² Change	
<i>Model 1: Control variables F(4-63)= 3,161</i>					0.167	
Size of business	0,148	0,11	1,34			
Managerial experience	-0,004	0,089	-0,049			
Research and development (R&D) expenditures	-,234*	0,1	-2,331*			
Education	,216*	0,09	2,400*			
<i>Model 2: Main effects F(9-58)= 3,540</i>					0.355	0.187
Size of business	0,188	0,107	1,745			
Managerial experience	0,001	0,083	0,012			
Research and development (R&D) expenditures	-,259**	0,098	-2,648**			
Education	0,169	0,09	1,88			
Perceptions of Organizational Politics	-0,097	0,241	-0,405			
Prospectors	,200**	0,051	3,893**			
Analyzers	-0,118	0,072	-1,625			
Defenders	0,039	0,061	0,643			
Reactors	0,095	0,062	1,542			
<i>Model 3: Interaction effects F(13-54)= 3,648</i>					0.468	0.113
Size of business	,216*	0,102	2,119*			
Managerial experience	0,011	0,082	0,134			
Research and development (R&D) expenditures	-,309**	0,094	-3,293**			
Education	0,135	0,087	1,561			
Perceptions of Organizational Politics	-0,257	1,81	-0,142			
Prospectors	,814*	0,266	3,065*			
Analyzers	-,984*	0,409	-2,405*			
Defenders	0,08	0,351	0,228			
Reactors	0,45	0,321	1,403			
Perceptions of Organizational Politics* Prospectors	-,253*	0,109	-2,319*			
Perceptions of Organizational Politics* Analyzers	,360*	0,167	2,154*			
Perceptions of Organizational Politics* Defenders	-0,028	0,144	-0,197			
Perceptions of Organizational Politics* Reactors	-0,14	0,129	-1,082			
Notes: β indicates unstandardized regression coefficient. *p< 0.05; **p< 0.01						
Dependent variables: Innovation performance						

CONCLUSION

The topics of perceptions of organizational politics and strategic posture have received increasing attention from the field of organizational behaviour and strategic management. This study has investigated the effects of organizational politics and strategic posture on innovation performance in family-owned businesses in the province of Konya-Turkey. As predicted, prospectors were found to be positively and significantly correlated with innovation performance. The result is consistent with previous studies that have shown that there is strong positive correlation between strategic posture and innovation performance. Particularly, Ozsomer et al. (1997) showed that a prospector strongly influenced innovation. Similarly, Tanewski et al. (2003) indicated that strategic posture had a significant effect on innovation performance for both family and non-family businesses. Moreover, Jogaratnam and Tse (2006) suggested that entrepreneurial strategic posture was positively associated with performance.

Similarly, innovation performance was found to be positively significant relation between strategic posture of sector and education. On the other hand, defenders and reactors were negatively related to innovation performance but not significant. However, perceptions of organizational politics were found to be positively related to innovation performance, although the relationship was not statistically significant. Furthermore, the correlation between perceptions of organizational politics and strategic posture of sector was negative but not statistically significant.

The results of regression analyses showed that prospector was a significant predictor of innovation performance. The interaction term of the perceptions of organizational politics and prospectors had a negative and statistically significant effect on innovation performance. However, the interaction of the perceptions of organizational politics and analyzers is positive and significant for innovation performance. On the other hand, both the interaction of POPs and defenders, and the interaction of POPs and reactors were negatively and not significant for innovation performance. These results were supported by previous theoretical arguments and empirical evidence favouring the negative effect of perceptions of organizational politics on performance (Chen and Fang, 2008; Edwards, 2007; Zivnuska et al., 2004).

These results should be viewed in light of some possible limitations of this study. Firstly, we developed new procedure to calculate the numerical values of the typologies of strategic posture. The reliability of the procedure utilized in this study hasn't been proven yet in many different settings/countries. The second limitation is that this study has been conducted in family-owned businesses in a single-city setting (Konya). As a result, the generalizability of the findings might be limited. Consequently, additional researches across different industries and countries will be required in order to generalize the findings.

This research aimed to investigate the effects of organizational politics and strategic posture on innovation performance in family-owned businesses. For the upcoming research, it is available to investigate the strategic posture among different industries. Moreover, it would also be interesting to establish the relationships between strategic intent and strategic posture for different industries or organizations.

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