

**IMPACT OF ORGANIZATIONAL CULTURE ON
INNOVATION IN IT FIRMS IN SRI LANKA**

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ABSTRACT

Innovation considered being one of the key factors that influence the long-term success of a company in the competitive markets of today. Thus, the current study was intended to find out the impact of organization culture on innovations in IT firms in Sri Lanka. Accordingly, the study selected 123 employees at large scale IT firms in Sri Lanka to test hypotheses to achieve the objectives of the study. The data was gathered by way of questionnaire and to obtain the most appropriate results for the research with SPSS 23 descriptive, regression, and correlation analysis tools were used. According to the findings, organization culture has a significant positive association with innovation, with a significant value of $0.000 < 0.05$. According to the findings, the R Square value was 0.197, indicating that the organization culture account for 19% of the variance in innovation in IT firms. Multiple regression analysis reveals that all the individual variables of organization culture shown to have a significant positive influence on innovation at a sig value of 0.000, which is lower than the allowable value of 0.05. Accordingly, the recommendations are made to promote the innovation driven organizational culture and finally, overall evaluation and the future research areas are discussed.

Key words: *organization culture, Innovation, company performance, information technology*