

INNOVATIONS

The Effect of Innovation Orientation on Employees Creativity and Organizational Culture (A Study on Textile Factories in Amhara Region, Ethiopia)

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Abstract

Businesses' ability to stimulate and sustain innovation within their organisations is critical to their survival and success in dynamic circumstances. The study's goal is to look at the impact of innovation orientation on employee creativity and the culture of the company. The study used a cross-sectional survey strategy to conduct quantitative research. The study's target demographic was production workers, who were picked using a basic random sample procedure. A five-point Likert scale questionnaire was utilized to collect data, and descriptive and inferential statistics were employed to evaluate it. Structural equation modelling is used to test the direct effects. The findings revealed that in textile factories, innovation orientation has a positive effect on employee creativity and organisational culture, and that firms should improve their innovative capability to increase employee creativity by developing appropriate innovative organisational culture in order to survive and expand in today's complex business environment.

Key words: 1. Innovation Orientation 2. Employees Creativity 3. Organizational Culture

1. Introduction

In today's market-oriented economies, constant innovation is a critical source for organizational sustainability. The public/private organizational structures are the key structures of these new guidelines. Change, in this meaning, is causing organizations to adopt a new order and environment. Surviving and operating a business in such a complicated and changing environment necessitates an increasing number of adjustments for firms to create, innovate, adapt, and implement.

It is self-evident that, as business environments become more dynamic, uncertain, and competitive, today's firms must be innovative in order to preserve their competitive advantage and meet ever-

increasing client demands. The reason for this is because innovative processes in businesses are driven by employee creativity, and employee creativity is significantly influenced by organizational climate and management practices, which are driven by managers' leadership behaviors (West, 2002).

Organizational innovativeness is defined by Wang & Ahmed, (2004) as "an organization's total innovative capability of presenting new products to the market, or opening up new markets, by integrating strategic direction with innovative behavior and process." Organizational innovativeness is a complex construct, according to this definition (Salavou, 2004). Although the aforementioned elements may serve to remind us of the end-product, which is the invention itself, organisational innovativeness is more of a process than a result.

According to Dobni, (2010), an innovation orientation indicates how innovative a company is, and the findings imply that such an orientation provides a backdrop for proactive growth-based initiatives to be implemented. Market segmentation, producing new products/services for new markets, and product or service customization are examples of value creation techniques used by businesses with strong innovation orientations. We can see how companies with low innovation orientations adopt less aggressive and internally oriented tactics, putting less emphasis on things like customer service, brand reputation, and cooperation-based strategies like joint ventures and partnerships. Furthermore, as management realizes that innovation creates long-term advantages and results in dramatic shifts in competitive positioning, the role of innovation is becoming increasingly vital.

Employee creativity, which is an important component of human capital, entails coming up with new and innovative ideas. Individuals working together in a complex social system can create valuable and helpful new products, services, ideas, procedures, or processes through creativity. As a result, taking a holistic view of numerous elements that drive creativity is beneficial to both theory and practice, and it adds great value to the body of knowledge (Jain & Jain, 2016).

According to Schein, (1985), organisational culture is a set of basic assumptions created, discovered, or developed by a group as it learns to deal with problems of external adaptation and internal integration that has proven to be valid enough to be taught to new members as the correct way to perceive, think, and feel about these issues.

The pace of change and innovation has never been faster, and the need to go forward has never been more critical than it is today. Because of turnover or leadership changes, it is no longer appropriate to take a vacation from strategies and projects. Regardless of the local personnel situation, some level of activity and development is required. To ensure activity in the library's and institutions essential strategic areas, all hands must be on deck. The successful implementation of the continuous improvement strategy necessitates the delegating of responsibilities and opportunities with skill and opportunism (Andy Hargreaves, 2019).

According to Abdella, (2008), Ethiopia's government has been significantly behind schedule in improving the textile industry for a variety of reasons. These industries aren't as profitable as they once were. Furthermore, it is unsurprising to see that buyers are becoming increasingly unsatisfied with the high market pricing and low quality of several Ethiopian garment and textile manufacturers' products.

The relationship between leadership, creativity, and innovation was investigated by Jain & Jain, (2016), an investigation of the effects of open leadership to organizational innovativeness and corporate entrepreneurship was investigated by (Uslu et al., 2015) and other researchers such as Anderson, Potočnik, & Zhou, (2014) studied innovation and creativity in organizations, but as the best of the researcher's knowledge there are few studies on the relationship between innovation orientation with employees creativity and organizational culture.

Using innovation orientation as an independent variable, the study's main topic is how innovation orientation affects employee creativity and organizational culture, little effort has been made to compare and integrate the effect of innovation orientation on employees creativity and organizational culture, which is a firm's ability to introduce new products; employee creativity, which is the ability to generate novel ideas to solve various organizational problems, and organizational culture, which supports creativity and innovation.

The major goal of this study is to evaluate the following research hypotheses about the impact of innovation orientation on employee creativity and organizational culture in textile industries in Amhara regional state: Employee creativity is positively influenced by innovation orientation, and organizational culture is positively influenced by innovation orientation.

2. Research Methodology

2.1 Research Approach

Because the goal of this study is to evaluate the direct effect of innovation orientation on employees' creativity and organisational culture in the chosen study region, the type of research used in this study was explanatory (causal) research design. Because data was acquired from respondents via survey questionnaire and then quantitatively evaluated and interpreted, the researcher employed a quantitative research approach. This study used a cross-sectional survey design, which means that data was obtained from a sample of randomly selected employees in textile companies in Amhara regional state at a single moment in time.

2.2 Target population of the study

Permanent personnel working in the production department of textile companies, excluding administrative staff, were the study's target population (unit of analysis). The explanation for this is that the role of production workers was directly related to the research variables since they were involved in the product innovation and creativity center. As a result, the total number of production staff in Bahir Dar textile factory was 1131, whereas Kombolcha textile factory had nearly 1185. The two sites had a total population of 2316 workers.

2.3 Data Collection Instrument

The researcher employed quantitative data from primary data sources acquired from respondents / production personnel from Bahir Dar and Kombolcha textile Share firms via a self-administered structured questionnaire adopted from Cakir & Adiguzel, (2019). The survey uses a five-point Likert scale that ranges from strongly disagree to strongly agree in order to keep responders in a neutral position.

2.4 Sampling Design

The goal of the study is to evaluate the relationship between innovation orientation, employees' creativity and organisational culture in a group of textile companies in Amhara regional state. However, the researcher eventually discovers the difficulty of conducting research on the country's industry base in general, as it requires a significant amount of time and money; as a result, the researcher arbitrarily chooses two textile factories in the region, namely Bahir Dar and Kombolcha textile factories, which are closer and convenient to the researcher. As a result, the study region is first divided into two strata: Bahir Dar and Kombolcha textile S.C. To calculate sample sizes, the researcher employed Yamane's (1967:886) formula.

$$n = \frac{N}{1 + N(e)^2}$$

Where **n** is the sample size, **N** is the population size (N=2316), and **e** is the level of precision. By using this formula at 95% confidence level and 5% level of precision the sample size was:-

$$n = 2316 / 1 + 2316(0.05)^2, n = \underline{342}$$

The researcher then used a simple random sampling procedure to choose a proportionate sample of respondents to fill out the questionnaire from each textile facility.

2.5 Method of Data Analysis

For data input and analysis, the researcher used IBM SPSS version 20 and SEM (Structural Equation Model) Amos graphics version 21. The researcher prefers this method since it estimates various and interconnected dependences in a single analysis. For descriptive analysis, mean and standard deviation were employed, while inferential analysis was performed using Structural Equation Modelling (SEM) Amos graphics version 21.

3. Results and Discussion

3.1 Descriptive Analysis

To assess the level of employee perception of the research variables, the following descriptive table shows innovation orientation (IO), Employees creativity (EC) and organisational culture (OC).

Table 3.1 Descriptive statistics

	N	Mean	Std. Deviation
IO	327	3.7562	.58119
EC	327	3.8541	.45361
OC	327	3.9040	.68266

Source: own survey result, 2020/21

The case area's state or level of innovation orientation is good, meaning that institutions are capable of introducing new methods, items, and strategies to help the firm win the textile industry competition and better meet client expectations and wants. Furthermore, such firm capability, openness, and readiness for the introduction and commercialization of new novel products encourage employees to participate in creating something new, which benefits both the employees and the firms as a whole by fostering an innovative organisational culture, which is critical in today's business, which is changing rapidly both domestically and internationally.

Employees are looking for ways to solve new ideas and problems in the institution where they work; they produce new but executable business-related ideas in their institution; they are looking for new ways of doing business in their institution; they value authenticity in their work; they typically create new ideas by combining existing ideas to solve problems in their institution; their company sees creating new products as a priority; they are looking for new ways of doing business in their institution and they are looking for new ways of doing business in their institution.

Similarly, we can deduce that firms have a high level of organisational culture, meaning that businesses allow employees to experiment and collaborate, both of which are important in maintaining a healthy working environment or culture.

3.2 Inferential Analysis

The following Amos graphics shows the unstandardized regression weights to test the research hypothesis and measure the degree of influence innovation orientation has on employees' creativity and organizational culture.

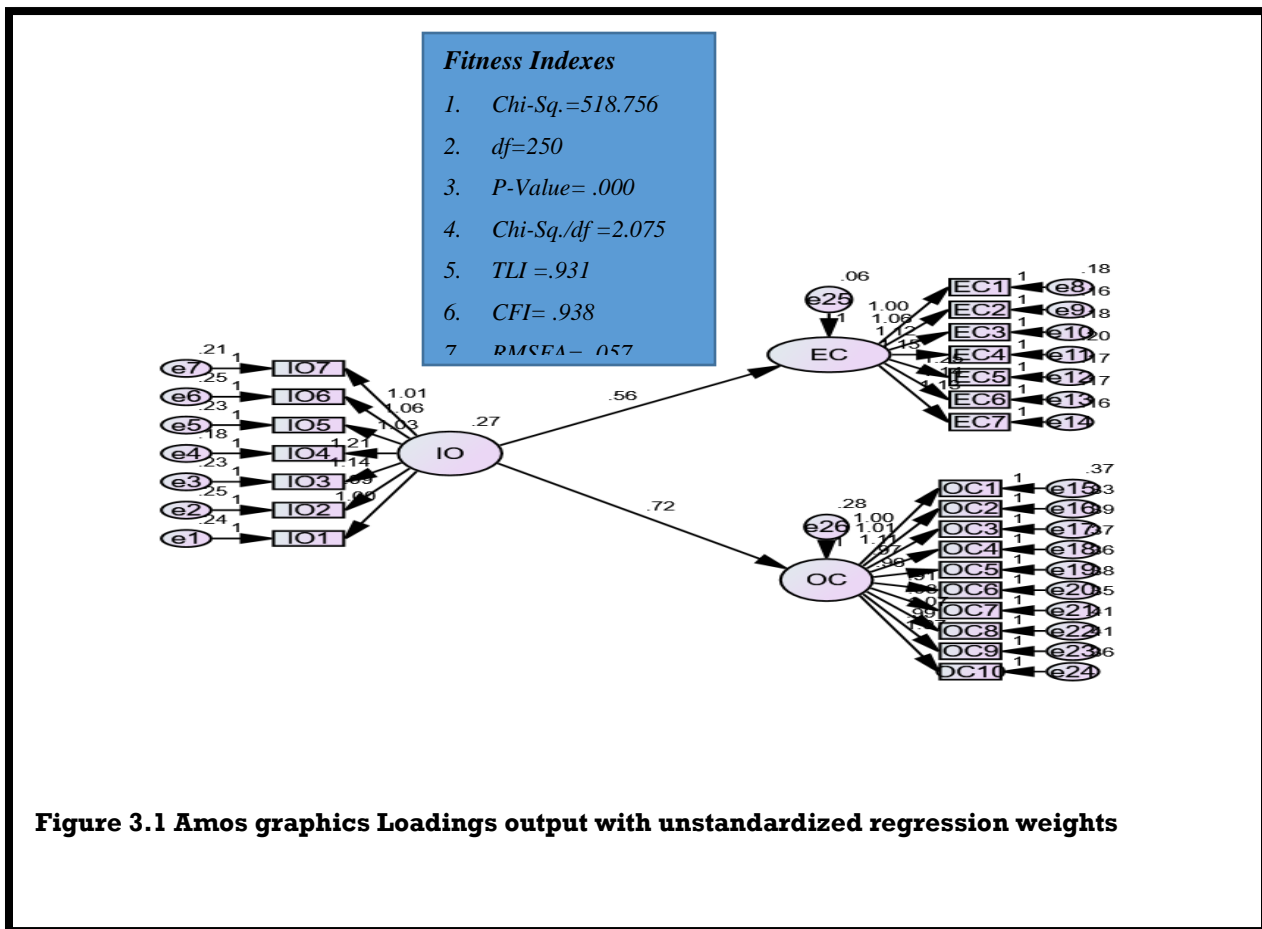


Figure 3.1 Amos graphics Loadings output with unstandardized regression weights

Table 3.2 The Regression Weights for Every Path Estimate

Construct	Path	Construct	Beta Estimate	S.E.	C.R.	P-value	Result
EC		IO	0.56	0.057	9.815	0.000	Significant
OC		IO	0.72	0.084	8.638	0.000	Significant

Source: Amos Graphics output

The Effect of Innovation Orientation on Employees Creativity

Ho1: Innovation orientation has positive and significant effect on employees' creativity.

According to the study (figure 3.1), the first research hypothesis is about the relationship between innovation orientation and employee creativity, and the output of the SEM approach using Amos graphics revealed that innovation orientation affects employee creativity ($\beta=0.56$), which is statistically significant and accepted ($P=0.00$). The findings show that firms with the ability to introduce new products motivate employees to participate in creative work because such capabilities as finance and other resources ensure employees will discover something new and important to the company, which will assist them in introducing their creative work to the market and benefit both themselves and their prestigious organization.

Then we can see that innovation orientation is a good predictor of employee creativity in businesses since a firm's inventive capability drives individuals to solve challenges and bring new ideas to their workplace. In general, the findings showed that innovation orientation had a beneficial impact on employee creativity in firms.

According to Wang et al., (2013), Dragoni, (2005), and Jung et al. (2003), employees' creativity has improved significantly in organisations with high innovation climates, that employees can develop and adopt the behaviors expected by the innovation climate, and that supportive innovation of an organisation can positively affect an employee's creative and innovating abilities. As a result, it's plausible to believe that the company's innovation climate has a positive impact on employee creativity.

The findings are in line with prior studies in the subject, suggesting that a positive association exists between innovation orientation and employee creativity. As a result, a firm's ability to innovate encourages employees to work creatively by guaranteeing them that their innovative ideas, such as products and procedures, will be implemented and benefit the company and its customers.

The Effect of Innovation Orientation on Organizational Culture

Ho2: Innovation orientation has positive and significant effect on organizational culture.

According to the study, the second research hypothesis is about the relationship between innovation orientation and organizational culture, and the output of the SEM approach using Amos graphics revealed that innovation orientation affects innovative organizational culture ($\beta=0.72$), which is statistically significant and accepted ($P=0.00$). This finding showed that firms that are ready, open, and capable in various ways to bring new items to their existing and potential clients have a favorable impact on the existence of a spectacular innovative organizational culture. The presence of an innovative organisational culture that fosters positive relationships among organisational members as

a result of innovation orientation is critical in order to exploit or benefit organisational resources such as manpower, finance, and others by introducing new products and services to customers.

Several previous studies in the area, such as Dundon, (2002), as cited by Siguaw et al., (2006), investigated and discovered that organisational culture is another facet of operational competency shaped by the firm's innovation orientation, often characterized as a culture in which employees are encouraged to challenge and experiment, and scholars in the field argue that innovation oriented firms must create an environment in which employees are free to explore without fear of repercussions.

As a result, organizations with a strong innovation orientation are more likely to implement formal and informal policies, procedures, practices, and incentives aimed at stimulating and maintaining individual employee actions directed toward innovation, which are critical to surviving and winning in the competitive textile industry environment.

4. Conclusion

The purpose of this study is to look into the impact of innovation orientation on employees' creativity and organisational culture in textile factories in the Amhara national regional state. As a result of the data processing, analysis, and discussion, the researcher has come to the following major conclusions:

The ability, openness, and readiness of institutions for innovation is a vital variable in motivating every employee to produce something new, because innovation flexibility, such as the ability to tolerate failures, ensures that workers can innovate without fear of their bosses. As a result, innovation orientation, or a company's preparedness to innovate, is a significant issue in today's turbulent business environment, which requires inventiveness to better serve customers.

The overall innovation readiness and capability of organisations is a predictor of creating appropriate innovative culture in firms, which is important to initiate staffs to share resources, work together, and maintain positive relationships among workers, and there is a positive relationship between innovation orientation and organisational culture.

This study's findings and conclusions pave the path for future scientific research in the field and add empirical studies to the topic's restricted literature. The findings of the study may also contribute to a better understanding of the role of innovation orientation in stimulating an organization's innovative activity, as well as employees' perspectives on the role of organizational innovative openness in fostering innovation and creativity, as well as the development and maintenance of a positive organizational culture.

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