

# THE EFFECTS OF EMPLOYEE EMPOWERMENT APPLICATIONS ON ORGANIZATIONAL CREATIVITY AND INNOVATIVENESS IN ENTERPRISES: THE CASE OF OIZ

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## Abstract

Experiencing change and intense competition in the business world, organizations need to adapt to changing conditions and generate new ideas to subsist. This can only be achieved with a high proportion of organizational creativity in the enterprises. In this study, to increase productivity in recent years, to manage change and to improve the performance of the staff are one of the approaches that are used to improve the performance of personal, organizational creativity and innovation are examined. For this purpose, personal empowerment, organizational creativity and innovation with the relevant national and international studies were investigated, and the literature is reviewed. Thereafter, an application was carried out in Konya Organized Industrial Zone (OIZ) on the staff.

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**Keywords:** Employee empowerment, creativity, innovation

## Introduction

Efforts and applications on increasing creativity and innovativeness in enterprises have been dealt widely lately. Such applications have gained much importance in a world where information is accepted as the most important input and enterprises welcome competition. Another element that can be an advantage in competition is the human resource which they have. Today's successful enterprises are those that they use it effectively and efficiently. This resource will perform best when it sees itself as a part of the enterprise and develop loyalty, and this is very difficult for enterprises.

Positive attitudes between individuals and enterprises can be developed only by a successful management and employee empowerment applications. In this context, a study has been conducted on the effect of employee empowerment on organizational creativity and innovativeness. First literature review is given on employee empowerment, creativity and innovativeness.

### **Employee empowerment**

One of the new terms of management that has gained importance thanks to global change and competition is called employee empowerment. It can be explained as a process of increasing people's right and will to decide and develop them by empowerment, help, share, train and cooperation (Koçel, 2011:409). Power means authority in traditional use (Çavuş and Akgemci: 230-231).

Employee empowerment is described as employee's sharing following four input: information related to organization's performance, information that will let employee to understand the performance of the organization and contribute to it, rewards that come from organizational performance and the authority of decision making on the direction and performance of the enterprise (Yüksel and Erkutlu, 2003:132).

### **Primary Conditions for Employee Empowerment**

There are many primary conditions of employee empowerment some of which are (Doğan, 2003: 181):

*Attendance:* According to employee empowerment understanding, employees want to develop daily working procedures and relations.

*Innovation:* This understanding encourages innovativeness because employees have the authority of making decisions and creating new ideas while working.

*Information Accessibility:* Employees' empowered authorities and willingness to cooperate will be developed under the condition that they are provided with necessary information. Enterprises with this understanding give all required information that is necessary to increase their effectiveness and work to self-managed working groups. So, working group can perform in a structure in which there is an understanding of necessary information is provided. If the management transfers information to its workers, they will take more responsibility and this environment of trust and direct them in creating new ideas.

*Responsibility:* Employees are empowered to make decisions on topics that they believe to bring profits to the enterprises and take responsibilities of its consequences. The aim of this responsibility is not to punish or evaluate them in the short term. Instead, the aim is to create the environment in which employees behave responsibly to each other, work on shared aims and do

their best. In this way, the management empowers employees to go their own way.

### **Benefits of Employee Empowerment**

There are many benefits of empowerment applications to the employees and organizations. Thanks to empowerment, employees feel as if they owned their own job, their trust to their organization, personal development and job satisfaction increase. In addition, their motivation, creativity, organizational loyalty and willingness to take over some work and result them increase. Employment decrease work stress and increase hope and optimism (Akin, 2010:225).

Factors that are necessary for a successful employee empowerment can be explained as (Çavuş and Akgemci,2008: 232):

- Accepting employee empowerment as a philosophy rather than a technique,
- Being open and realistic while evaluating,
- Being important of understanding, knowledge and abilities,
- The necessity of expectations' being realistic,
- Failure's being an opportunity for learning,
- Requiring patience of employee empowerment process,

### **Organizational creativity**

Creativity is described as managers' or employees' of an organization forming new ideas on products, services and procedures (Özdaşlı, 2010: 95).

Organizational creativity is creating new useful productions, services, ideas or procedures in a complex social system (Woodman, et al, 1993: 293).

Creative thinking is supposed to develop as competition develops. Doing the same things in a better way isn't accepted anymore; much more than this is required. Business life requires creative thinking in strategic level and especially in front lines where competition take place. It is a step that is needed to be able to adapt competition based conditions of modern business life (Bentley, 1999: 28).

Creativity is the skill of thinking and doing new things (Bedük, 2012: 262). It means producing new, beneficial, original and useful ideas which generate the initial part of innovativeness. In other words, it is creating and developing new, useful and different products and services by using the information that individuals within the organization have (Iraz, 2010: 17).

As creativity is the basis of innovativeness potential of organizations, it also provides long-life to them (Derin, 2011: 210). Creativity is a quality element that is shaped by conditions of the social structure in which people live. Working conditions, values, relations, authority connections all of which form the structure of social play an active role in THE development of

people's creativity (Cengiz, et al, 2007: 102). Organizational creativity can be described as producing a new thing and idea or thought (İraz, 2010: 49).

According to Cengiz et al (2007: 103), features that are required to be a creative organization are as follows:

1. Creative organizations have thinking people. Their communication channels are open. They can activate their suggestion and thinking systems without bringing an extra responsibility. They support forming relations with outer resources.
2. Such organizations employ people with different personalities. They differentiate those who are not experts in problem solving. They let workers to use unusual methods.
3. Creative organizations have an objective point of view. They evaluate thought according to their values rather than status. They do election and promotion only by qualification.
4. Such organizations invest on basic research and create flexible and long-term plans. They don't judge new thoughts without analysis or research. They accept that change will happen in every subject.
5. These organizations have self-management. They provide time and money to clear up mistakes. They welcome and tolerate risks and expect their employees to take risks.
6. Creative organizations are autonomous and independent. They involve genuine and different aims inside themselves.

The benefits of developing creativity are not only seen on organization level but also in technology as it enables inventions (Akın, 2010: 214).

### **Innovativeness**

Innovation is derived from Latin word "innovane" which means doing a new and different thing. (Erdem et al, 2011: 82).

Today, innovativeness is seen as precondition of long-term efficiency, quality and flexibility and stands as the basis for sustainable organization success (Öğüt et al, 2007: 164).

Innovation can be described as a new idea, application or object that is newly accepted by an individual or another application unit (Tekin et al, 2007: 137). Innovation is systematically ascertaining changes that have occurred in tradition, values, technology and science and seeing them as opportunities. Innovation depends on sharing different kinds of information and turning that information into new products, services, procedures and systems (İraz, 2010: 79).

Researchers that have studied innovation management put forward some criteria depending on their in-firm experiences. Some of them are: (Yeşil et al, 2010: 86):

- *Fearing of Innovation:* Enterprises that have strict hierarchy show resistance to change. They don't understand that the change will be beneficial to them and keep away from it due to risks.
- *Financial Problems:* Brilliant ideas and their transform to products and services causes some costs. Strategic decisions are to be made in order those costs to be directed to right projects and technologies. If this skill is missing, consultancy is needed.
- *Lack of Information:* Most of the enterprise managers have visions and open to change. However, the problem is not knowing from where to start. Enterprise managers can overcome this problem by staff transfer or consultancy.
- *Bureaucracy:* Many factors such as meetings, reports, documentation may block innovativeness. Big enterprises should be more flexible and less bureaucratic like small ones.
- *Leadership Problem:* Transferring innovation to the enterprise, managing it and being an example to managers and employees depend on leaders' abilities. A good leader is the one that can transfer innovativeness element into organization culture.
- *Not Sharing Information:* There are many factors such as employees that have been working for a long while, employees who convince themselves that their status are related to their information and insincerity which harm information share. These problems can be solved by supporting cooperation and collaboration and making them systematic.
- *Lack of Support Systems:* Employees want to be rewarded, recognized and make a name. Both sides benefit when they are supported in these points.
- *Not Starting the Change from the Bottom:* First, the target should be set, then strategies required to reach that point should be put forth.
- *Not Giving Freedom to Employees:* It is important to give employees time for out of work activities. It can be provided to turn out of work times as new ideas, products and services with such a system.
- *Ignoring Customer Ideas:* Customers' ideas that continuously signal their preferences and expectations should be taken into consideration all the time.

## The Aim and Methodology of the Research

This study aims to evaluate the effect of employee empowerment on organizational creativity and innovativeness in Konya Organized Industry. In the study, survey technique was used. Surveys were given to 52 employees with different titles and positions within the enterprises. Literature review was done and required theoretical infrastructure has been built up. The surveys that are prepared to collect information about employee empowerment applications, creativity and innovativeness include 4 parts and 54 questions. In the first part, there are 3 questions to identify demographic

information of participants. In the second, the survey that was developed by Çavuş (2006: 204-207) was used to point out employee empowerment (12 questions), organizational creativity (21 questions) and organizational innovativeness (18 questions). Participants were asked to choose their level of agreement with a likert scale from “1 (Completely Disagree)” to “5 (Completely Agree)”. Each dimensions’ being close to the highest score within the enterprise mean that these applications exist.

## **Findings**

The choices in the survey mean: 1. Completely Disagree, 2. Disagree, 3. Indecisive, 4. Agree, 5. Completely Agree

Table 1. Demographic Features

Age	Number
20-35	28
36-40	15
41 and older	9
<b>Education</b>	
High School and its equivalents	32
Bachelors	19
Masters and Doctorate	1
<b>Experience</b>	
1-5 years	9
6-10 years	34
11 years and above	9

According to Table-1, most of the participants are between 20-35 ages and graduated from high schools or its equivalents. The intensity falls to 6 to 10 years in terms of experience within the enterprise. Cronbach Alpha value which changes from 0 to 1 and shows higher reliability when it is closer to 1 was used to identify the reliability of the surveys. As a result of factor analysis, Cronbach Alpha values are as follows: employee empowerment (0,84), creativity (0,83), innovativeness (0,77). Simple regression analysis were employed in order to test the hypothesis, both the direction and strength of the relation between two variables and explanation level of employee empowerment with organizational creativity and innovativeness was identified.

**Hypothesis 1:** There is a meaningful relation between employee empowerment and organizational creativity.

Dependent Variable: Organizational Creativity

Independent Variable: Employee Empowerment

**Table-2 Regression Analysis Results between Employee Empowerment and Organizational Creativity**

	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of the Estimate
Organizational Creativity	0.433	0.188	0.184	0.7329

p<0.01

**Table-3 Coefficient Table of Simple Regression Analysis between Employee Empowerment and Organizational Creativity**

Variable	Beta	T	Sig.
Organizational Creativity	0.390	6,262	0.000

p<0.01

Regression analysis results between factor groups of employee empowerment and creativity are as seen in Table 2 and 3. R value is 0.433 as it is seen in Table-2. This value shows that the relation is positive sided and middle strength. R<sup>2</sup> value which is the level of explanation that shows to what extent employee empowerment affects organizational creativity is 0.188. Organizational creativity's being explained by employee empowerment is 18.4. Beta coefficient which is 0.390 is meaningful with p<0.01 level and it is positive; there is a positive and meaningful relation. According to these results, H1 hypothesis which states there is a meaningful relation between employee empowerment and organizational creativity is accepted.

**Hypothesis 2:** There is a meaningful relation between employee empowerment and innovativeness.

Dependent Variable: Innovativeness

Independent Variable: Employee Empowerment

**Table-4 Regression Analysis Results between Employee Empowerment and Organizational Creativity**

	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of the Estimate
Innovativeness	0.426	0.280	0.278	0.6655

p<0.01

**Table-5 Coefficient Table of Simple Regression Analysis related to Employee Empowerment and Innovativeness**

Variable	Beta	T	Sig.
Innovativeness	0.201	2,483	0.000

p<0.01

Regression analysis results that was done in order to test Hypothesis 2 between factor groups of employee empowerment and innovativeness are as seen in Table 4 and 5. R value was found as 0.426 as it is seen Table-5. This value shows that the relation is positive sided and medium strength.  $R^2$  value which is the level of explanation that shows to what extent employee empowerment affects innovativeness is 0.280. Beta coefficient which is 0.201 shows a positive and meaningful relation in  $p<0.01$  level. According to these results, H2 which states there is a meaningful relation between employee empowerment and innovativeness hypothesis is accepted.

## **Results**

This study which examined the effects of employee empowerment applications in enterprises in Konya Organized Industrial Zone on organizational creativity and innovativeness shows that there is positive and meaningful relation with employee empowerment and organizational creativity and innovativeness. Results show that enterprises which employ employee empowerment applications increase their organizational creativity and innovativeness at the same time. However, this depends on having a common point of view of managers and other employees in the point of expected aims and benefits. Managers should set up a system in order employee empowerment to take place in an effective and systematic way.

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