

Managerial Perceptions of Climate of Innovation and Organizational Commitment in a Private Sector Organization

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Abstract

Innovation is the process of making change to something established, by introducing something new. It may refer to both radical and incremental changes to products, processes or services. In organizations, it refers to creativity, which ultimately should improve the standards of organizations as well as commitment of its members. The present Indian perspective highlights the importance of innovative support climate for enhancing organizational commitment in Indian organizations. The study examined the relationships between managerial perceptions of the climate for innovation and the affective and continuance organizational commitment (OC) among managerial personnel in manufacturing organizations in North India. It was expected that the perceptions of the climate for innovation would be positively related with the levels of the organizational commitment among the managerial personnel of the organizations under study. The study was conducted on a sample of 100 managerial personnel from a large-scale private sector organization. Results demonstrated that among the four dimensions of innovation, creativity and barriers were positively related with the affective OC, while, novelty was negatively related with the affective OC. Further, creativity was positively related with the continuance OC, but, novelty was negatively related with the continuance OC. Stepwise regression analysis showed that, among the dimensions of innovation-supportive climate, creativity positively predicted the affective OC, while, novelty negatively predicted the affective OC. Accordingly, creativity was also found to predict the continuance OC positively, while, recognition and novelty predicted the continuance OC negatively. The results highlight the importance of climate for innovative support for increasing the organizational commitment among managerial personnel in organizations.

Keywords: *Innovation, organization climate, affective organizational commitment, continuance organizational commitment*

Innovation Supportive Climate

Innovation has become the industrial religion of the 20th century. Organizations are increasingly looking for ways to enhance their ability to be innovative effectively (Bolwijn and Kumpe, 1990; Jacobs, 1998). Business sees it as a key to increasing profits and market share. Governments automatically reach for it when trying to fix the economy' (Innovation in industry, 1999, p. A1). Innovation has been defined in several ways. One of the first definitions is that of Zaltman et al. (1973), who say that innovation is 'any idea, practice, or material artifact perceive to be new by the relevant unit of adoption'. Damanpour and Evan (1984) distinguished between technical innovation (whether of the product or the

process) and administrative innovations (whether organizational or social).

The climate for innovation may be an important factor related to members' organizational commitment. Human resource practices facilitate innovative ideas in the organization. They actively promote the training and developmental programs for their members which encourages innovative ideas. Innovative processes which are essential in initiating new programs in organization are closely related to the various intellectual processes referred to by the Human Resource Practitioners as 'problem solving', 'productive thinking', invention, and the like.

Over the past decade, the companies have become world wide increasingly aware of the drastic environment pressures facing business. Ofcourse, as argued by both academics and practitioners (consultants), these new demands offer terrific opportunities for them to accomplish sustained growth through innovation. It has been further argued that with the rapid transformation of competitive environment, the potential for innovation is greater more than ever. Managers are under overwhelming pressures to create value in the face of intense competition and shrinking profit margin. Traditional prescriptions such as cost reduction, reengineering and outsourcing, while critically important, can not solve the problems of margin pressures. In the new situation, innovation is the only way out for value creation through profitable growth (Prahalad and Ramaswamy, 2003). Likewise, as Moore (2004) suggests, the established companies must innovate today, otherwise they will vanish tomorrow.

Innovation in organizations can be characterized by small incremental improvement. The concept of innovation also encompasses new production process technologies, new structures or administrative systems, and new plans or programs pertaining to organizational members. Innovation is a new idea applied to initiating or improving a product, process or service.

Innovative organizations tend to have similar cultures. They encourage experimentation. They reward both success and failures. They celebrate mistakes. In the many organizations, people are rewarded for the absence of failures rather than for the presence of success. Such cultures extinguish risk taking and innovation. People will relax to try new ideas only where they feel such behaviors exact no penalties. It has been noted that innovative organizations are characterized by an orientation toward creativity and innovation, change and support for their members in

functioning independently in the pursuit of new ideas (Kanter, 1983) and a tolerance for diversity among their members.

In particular, innovation aimed at enhancing organizational production and service procedures and processes such as Business Process Reengineering (BPR), Total Quality Management (TQM), Lean Production, Simultaneous Engineering or Just-in-Time Production (JIT) have been embraced by a wide variety of businesses with increasing frequency. Those deliberate and new organizational attempts to change production and service processes are known as innovations. While terms such as manufacturing practices and management techniques have been used to categorize new practices like team based work and TQM (Staw & Epstein, 2000).

The need to develop organizational climates in which people participating in the change process feel safe in taking interpersonal risks, are encouraged to propose new ideas, openly discuss problems, and proactively approach work is easily neglected, leading many technically driven implementation attempts to failure.

Successful cooperation requires the existence of a climate in which employees feel safe in displaying proactive behavior in a social context, or a climate for psychological safety. Scholars in the area of innovation as well as strategy researchers have also noted the potential value of employee-initiated change for long-term organizational adaptability and have become increasingly concerned with how organizations can promote employee initiative (Frohman, 1997) and commitment.

Innovation is intrinsically about identifying and using opportunities to create new products, services, or work practices (Van de Ven, 1986). Knowledge helps organizations achieve these objectives, as opportunities get noticed and exploited because of asymmetries in knowledge across organizations (Hargadon and Sutton,

1997). Not surprisingly, the process of innovation is commonly equated with an ongoing pursuit of harnessing new and unique knowledge (Nonaka and Takeuchi, 1995). Innovation has long been acknowledged as one of the critical driving forces in enhancing social welfare, likewise, innovation is seen as crucial for the long term survival and growth of the firm (Baumol, 2002). However, managing innovation is not a straight forward exercise. Scott and Bruce (1994) in a study on determinants of innovative behavior found that when subordinates perceived their managers as expecting them to be innovative then they are also likely to perceive the managers as encouraging and facilitating their innovative efforts. Scott and Bruce also reported that subordinates who had relationships with their supervisors characterized by high levels of support, trust and autonomy also reported the organization to be supportive of innovation and judged the resource supply to be high. Based on the scale proposed by Scott and Bruce (1994), the present study after factor analysis adapted 17 items of the original scale, which measured four significant factors of innovation supportive climate, namely, 'recognition' given to innovative ideas of the members of the organization, encouragement to the members' 'creativity', 'barriers' to innovation and encouragement to 'novelty' in the organization. Abbey and Dickson (1983) reported that the climate for innovation in research and development units is characterized by rewards given in 'recognition' of excellent performance and by organizational willingness to experiment with innovative ideas. Janssen, Schoonebeck and Van Looy (1997) concluded that considerate and consultative leadership correlates with empowerment of the individual employee, and that in turn, empowerment correlates with innovative behavior which further correlates with effectiveness and innovativeness. Research on innovation (Scott & Bruce,

1994) as well as work on selling (Ashford, Rothbard, Piderit & Dutton, 1998) suggests that work group norms that support and encourage change will also motivate employees to take charge. If there are work group norms that support change, employees should be more likely to take charge because they will regard doing so as a way to gain group approval (Scott & Bruce, 1994).

Organizational Commitment

Organizational commitment is a state in which an employee identifies with a particular organization and its goals, and wishes to maintain membership in the organization. Sheldon (1972) defined commitment as an attitude or an orientation towards the organizations, which links or attaches the identity of the person to the organization. Individuals who are committed to the organization may intend to stay exert great effort and perform well. Several researchers have examined the relationship between organizational commitment and certain organizational characteristics or HRM practices (DeCotiis & Summers, 1987). Organizational rewards have been found to be positively associated with commitment (Wallace, 1995). Caldwell, Chatman and O'Reilly (1990) have reported that rigorous recruitment and selection procedures and a strong, clear organizational values system were positively associated with employee commitment. Some other researchers have also found organizational values to be positively related to commitment (Chhokar, 1995). Meyer and Allen (1984) suggested two types of organizational commitment: *affective commitment and continuance commitment*.

Affective commitment reflects an attitude that centers on emotional identification with the values and goals of the organization whereas continuance commitment is based either on the material benefits to be gained from remaining with the particular company or the anticipated costs and drawbacks of leaving.

Although Mathieu and Zajac (1990) noted that these two types of commitment are not entirely distinguishable, they do have distinct underlying foundations. O'Reilly and Chatman (1986) have suggested that intrinsic rewards will probably be more salient for affective commitment (job involvement) whereas extrinsic rewards are more likely to be important in relation to continuance commitment to the organization. Organizational commitment includes loyalty and a continuance commitment (Allen & Meyer, 1990).

The most important determinant of affective commitment is the extent to which the expectations that the individual has of the organization, are met. Job challenge, organizational dependability and role clarity are also important (Mowday, Porter & Steers, 1982). Studies have also shown that the individual's experiences during the first few months of employment are perhaps the most critical in developing affective commitment. Affective commitment of the employees will depend upon positive experiences within the organization especially early in their career with the organization. The present study tries to examine the relationship between the factors of innovation supportive climate and the above mentioned dimensions of organizational commitment (affective and continuance commitment).

An innovation-supportive climate can enhance organizational commitment in organizations. It has been noted that innovative organizations are characterized by an orientation towards creativity and innovative change, support for their members in functioning independently in the pursuit of new ideas (Kanter, 1983) and a tolerance for diversity among their members, which further enhances their commitment towards their organizations. Scott and Bruce (1994) have

reported that an innovation-supportive climate affects individual innovative behavior. Scott and Bruce have further reported that subordinates who had relationships with their supervisors characterized by high levels of support, trust and autonomy also reported the organization to be supportive of innovation and judged the resource supply to be high. Abbey & Dikson (1983) reported that the climate for innovation in research and development units is characterized by rewards given in recognition of excellent performance and by organizational willingness to experiment with innovative ideas.

Objectives

The above review indicates that a deep relationship might exist between members' perception of the climate for innovation and their 'affective' as well as 'continuance' commitment towards their organization. In order to investigate the patterns of relationship between these variables, the present study was conducted with the following objectives:

- To examine the relationships between certain dimensions of innovative support climate and the members' level of 'affective' organizational commitment (OC) among the managerial personnel in the manufacturing organization.
- To examine the relationships between certain dimensions of innovative support climate and the members' level of 'continuance' organizational commitment (OC) among the managerial personnel in the manufacturing organization.
- To examine the relationships between the demographic characteristics of the employees and the 'affective' and 'continuance' OC among the managerial personnel in manufacturing organizations.

Hypotheses

- The managerial perceptions of support for innovation will be positively related with the 'affective' organizational commitment.
- The managerial perceptions of the support for innovation will be positively related with the 'continuance' organizational commitment.
- The individual demographic variables such as, age, number of promotions received, salary and durations of service would be positively related with the members' 'affective' and 'continuance' organizational commitment.

Sample

The sample for the study consisted of 100 managerial level participants drawn from a large scale private sector organization in North India. The organization under study was a manufacturing organization and all the participants were personnel serving above the first line of supervision in the organization.

Measures and Procedure

Measures consisted of scales related to members' perception of *the climate for innovation scale* developed by Scott and Bruce (1994) which consisted of 17 items adapted from the original scale measuring the four factors of innovation supportive climate, namely, 'recognition', 'creativity', 'barriers', 'novelty'. Responses were taken on Likert-type five point scales. The Cronbach reliability coefficient of the scale was .82. Following Meyer and Allen (1984), the *organizational commitment scale* contained 16 items which measured employees' 'affective' and 'continuance' organizational commitment on five-point scales. The reliability coefficient of the scale was .90. A four items scale measured demographic characteristics of the participants consisting of length of service, salary, number of promotions received and age.

The study was conducted on the premises of the organizations under study. The HRM department in the organization was approached for its co-operation in obtaining the responses of the participants.

Results

Data were analyzed for measuring the effect of demographic variables and organizational climate dimensions, namely, climate for innovative support, on the levels of organizational commitment. The means and correlation coefficients of variables with affective and continuance OC has been demonstrated in the table (Table1). The mean value of the participants' affective OC (M=24.51) and continuance OC (M=26.02) on the five point scale indicated moderately high level of the commitment in the managerial sample of the organization.

The results of the correlation analysis (Table1) were supporting the hypotheses partially. It was observed that, among the dimensions of innovation, creativity and barriers were positively related with the affective OC. While, a negative relationship was observed between *novelty* and affective OC. The correlational analysis further showed that, among the dimensions of innovative support climate, creativity was positively related with the continuance OC, while *novelty* was negatively related with it.

Further, the stepwise regression analyses were also predicting the hypothesized relationships partially. It was depicted that, among the dimensions of innovative support climate (Table 2), *creativity* predicted 18% variance in the affective OC with a beta of 0.54, while, *novelty* was found to negatively predict 15% variance in the affective OC with a beta value of 0.47. Similarly, the stepwise regression analysis of the dimensions of innovative support and continuance OC (Table 3) showed that, *creativity* predicted 14% variance in the continuance OC with a beta value of 0.55. While, *novelty* and

recognition negatively predicted 11% and 3% variances in the continuance OC with their respective beta values of 0.38 and 0.17.

Lastly, analysis of demographic variables showed that the mean age of the participants was 44.50, while the average length of service was 17.39 years. Their average salary was Rs.20, 000, while the mean of number of promotions received was 2.22 (Refer Appendix, Table1). Correlational analysis showed that, the *durations of service* was positively related with the affective OC and *age of the members* was positively related with the continuance OC.

The stepwise regression analysis of the demographic variables with the affective OC (Table 4), showed that, *durations of service* and *number of promotions received* predicted 8% and 3% variances in the affective OC with the beta values of 0.30 and 0.25, while, *salary* negatively predicted 6% variance in the affective OC with a beta value of 0.42. However, none of the demographic variables predicted the continuance OC.

Discussion

The present study examined the patterns of relationships between the dimensions of innovative support and the levels of organizational commitment in Indian organizations. It was hypothesized that the managerial perceptions of support for innovation in human resource practices will be positively related with the affective and continuance organizational commitment. It was further hypothesized that, the individual demographic variables would be positively related with the members' affective and continuance organizational commitment.

The analysis of dimensions of innovative support in the organizations revealed that creativity was a strong positive predictor of the affective and continuance organizational commitment, but, novelty was a negative predictor of affective and continuance organizational commitment. Recognition was

also found to predict the continuance organizational commitment negatively. It is clear from the results that, if the creativity of the employees is attended by the organization, they duly feel more emotionally attached or affectively committed with the organization and its goals. Further, it is a well known tendency of employees, that, they do not readily accept changes in their traditional life styles. They remain well tuned with the traditional norms and beliefs of their society as well as their organizations. This is the reason why they are, not comfortable with novelty in their organization. Due to the very reason they do not feel recognition and novelty can ever provide them more material benefits than usual, by remaining in the organization, thereby, leading to a negative effect on their continuance organizational commitment as well. Recent research literature shows that innovation is a double-edged sword (Hall and Vredenburg, 2003). It is influenced by market forces as well as involves risks of failure and obsolescence and societal turmoil. Such risks of failure discourage members of the organization to accept innovative changes in their organization, thereby, affecting their organizational commitment.

Turning to the joint relationships between the HRM climate for innovative support and commitment, the findings suggest that, there exists a significant association between the dimensions of innovative support and the organizational commitment, after partialling out the common effects of HRM. Mishra (1996) has found organizational commitment to be significantly related to climate dimensions such as, scope for advancement, monetary benefits, objectivity and rationality, recognition and appreciation, training and education, welfare facilities. March and Simon (1958) emphasized the importance of the inducements offered by and the contributions made by the members of an organization. According to March and Simon, when individuals feel that the

inducements put forth by an organization equal or exceed their contributions, they are likely to remain committed.

Finally, the results demonstrated that among the demographic variables, durations of service and the number of promotions received were positively predicting the affective organizational commitment, while, salary was negatively predicting the affective OC. The results showed that, the members were satisfied with the number of promotions they achieved in the length of their service, though the level of salary lead them feel less committed to their organization. The findings highlight the importance of human resource practices regarding compensation, promotions e.t.c. in influencing the members' attitude to remain emotionally attached with their organization. Based on a review of previous researches in this context, Turnley and Feldman (2000) have suggested that when managers receive considerably fewer promotional opportunities than they have been promised, the perceived discrepancy may lead to feelings of inequity and ultimately to heightened job dissatisfaction. As it is likely that demographic variables in this study are also related to job satisfaction in organizations, the results suggest that the perceptions of the organizational climate for innovative support and organizational commitment may have strong connections with job satisfaction, too.

Implications of the Study

Despite a growing body of work in this area, researches have provided a limited view of organizational climate for innovative support in HRM practices by neglecting activities which leads to an increment in the organizational commitment. This study takes a step towards addressing that gap, by providing insight into more challenging forms of innovation, which may lead to an increase in organizational commitment.

The framework focuses on needs to look at the climate for innovative support, which is

influenced by, and interacts with, other subsystems in the organization. As such this implies that, in managing or designing the organizational climate for innovation, it is imperative to dovetail the individual and organizational objectives, needs and expectations in order to ensure commitment of employees. If the organization does not takes into account the needs, perceptions and anxieties of individuals, then there is a strong possibility that employees will redefine and reinterpret the organizational climate to satisfy their needs and reduce their anxiety. The results of the present study make an important contribution to literature of support for innovative climate.

Several Indian organizations are placing high value on human resource development programmes. They must also try to increase the commitment of their members by providing them an adequate climate for innovative support. Based on the findings of the study, it can be summarized that the climate for innovative support is an important indicator of the organizational commitment. The factors that can strengthen the bond between the organization and its members' are, degree of affective and continuance commitment, within the employees towards their organization. This study shows that promotion is an important predictor of the affective organizational commitment. Thus, Indian organizations may have an active involvement of employees by increasing their organizational commitment through use of promotions.

In conclusion, it must be reiterated that Indian organizations should place high priority of providing adequate climate for innovative support in order to increase the 'organizational commitment of employees'. Thus, the organizations can provide effective procedures for implementation of human resource practices and provide the employees a high quality working environment and in return, the organizations may get more devoted employees.

Table 1. Correlations of Managerial Sample (N=100).

Variables	Means	SD	Affec. OC	Cont. OC
Demographic variables				
Duration of service	17.39	3.80	.37***	.15
Salary	2.16	.83	-.09	.05
Promotion	2.22	.85	.15	.11
Age of members	44.50	3.80	.12	.16*
Innovation				
Recognition	17.10	2.75	-.09	-.07
Creativity	14.38	4.35	.42***	.38***
Barriers	10.59	2.58	.23**	.11
Novelty	5.53	1.29	-.21**	-.17*
Organizational Commitment(OC)				
Affective	24.51	4.85	1.00	.73***
Continuance	26.02	4.50	.73***	1.00

Table- 2. Stepwise Regression Analysis of the Dimensions of the Climate for Innovation with the Affective OC among the Managerial Samples

Variables	R	Rsqu.	Rsqu.Ch.	% Variance	Beta Coefficient	t ratio
Creativity	.181	.173	.181	18%	.54	7.063***
Novelty	.340	.327	.159	15%	-.47	-6.011***

*p<.05, **P<.01, ***p<.001

Table- 3. Stepwise Regression Analysis of the Dimensions of the Climate for Innovation with the Continuance OC among the Managerial Samples

Variables	R	Rsqu.	Rsqu.Ch.	% Variance	Beta Coefficient	t ratio
Creativity	.146	.137	.146	14%	.55	5.095***
Novelty	.264	.249	.118	11%	-.38	-4.184***
Recognition	.294	.272	.030	3%	-.17	-2.018**

*p<.05, **P<.01, ***p<.001

Table- 4. Stepwise Regression Analysis of the Demographic variables with the Affective OC among the Managerial Samples

Variables	R	Rsqu.	Rsqu.Ch.	% Variance	Beta Coefficient	t ratio
Duration	.422	.404	.082	8%	.30	4.123***
Salary	.487	.465	.065	6%	-.42	-4.543***
Promotion	.526	.501	.039	3%	.25	2.798***

*p<.05, **P<.01, ***p<.001

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