



INFLUENCE OF PRO-INNOVATION MANAGEMENT SYSTEM ON EMPLOYEE PERFORMANCE

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ABSTRACT

The word "innovation management" refers to the process through which new goods, business processes, marketing tactics, and organizational structures are developed. Innovation management helps a firm to use external and internal opportunities and channel its creativity toward the introduction of novel ideas, processes, or products. The purpose of this research is to examine the effect of a pro-innovative management style on employee attitudes and performance from an employee viewpoint. The study employs a structured questionnaire for collection of primary data. Non-probability convenience sampling technique has been used to select a sample of 53 from among the employees of IT sector in Coimbatore. Statistical tools such as percentage analysis, descriptive analysis, Anova, correlation and multiple regression have been used for analysis. The study's results reveal that although an overly cautious innovation management strategy may be detrimental to the firm, innovation management policies are also critical for avoiding resource wasting. Additionally, supervisors have a critical role in fostering creativity. Employees may adopt a pro-innovation mentality, which may increase their morale, satisfaction, and performance. Additionally, a pro-innovation management style fosters a constructive corporate culture, which enhances organizational communication and cooperation, both of which are critical for achieving organizational objectives.

KEYWORDS: *Innovation, Innovation management, Pro-innovation, employee performance, management policy*

1. INTRODUCTION

Innovation is one of the most often used terms in contemporary life. The majority of people value innovation and believe that it is vital for individuals and companies (*Demircioglu, 2017*). The critical role of innovation in competitiveness is recognized. On the other hand, defining innovation is a bit more contentious, particularly in the academic realm, where research is heavily weighted toward technical innovation at the expense of other sorts of innovation. With proper innovation techniques, the organizations can even overcome the barriers of talent management (*Dhanabhakyaam, M., & Sowmya, G., 2018*). This is because innovation is not a single isolated act of businesses; rather, it is entirely based on a combination of new or modified acts that result in the firm really increasing its competitiveness (*Fernandes Rodrigues Alves et al., 2018*). Organizational innovation is sometimes referred to as administrative or management innovation and may be simply defined as "how managers do what they do." (*Damanpour, 2014*). For a proper operationalization of innovation management, a thorough understanding of talent management in the organization is also essential (*Dhanabhakyaam, M., & Sowmya, G. 2018*).

Innovation management is a term that encompasses both innovation management and change management. It relates to the development of new products, business processes, marketing strategies, and organizational structures (*Ganzer et al., 2017*). Innovation management is a collection of technologies that enables managers and employees or users to collaborate on procedures and objectives with a shared understanding. Innovation management enables a business to capitalize on external and internal possibilities and apply its creativity to the introduction of new ideas, processes, or products (*Şimşit et al., 2014*). Crossan and Apaydin take a similarly broad view of innovation, arguing that it "is not limited to the production or adoption, assimilation, and exploitation of a value-added novelty in economic and social spheres; renewal and expansion of products, services, and markets, but also encompasses the development of new manufacturing methods and the establishment of new management systems." (*Crossan & Apaydin, 2010*). Innovation and resistance is considered as one of the major source of employee grievances (*Dhanabhakyaam, M., & Monish P., 2018*).

By applying innovation management technologies, management may activate and utilize the work force's creative skills for the organization's continual growth (*Clark, 1980*). Prototyping, product lifecycle management, concept management, design thinking, TRIZ, the phase-gate model, project management, product line planning, and portfolio management are all common tools. Every organization that the management adopts have an impending impact on the psychological contract of the employees (*Dhanabhakyaam, M., & Sowmya, G. 2020*). The process may be thought of as an evolutionary integration of organization, technology, and market via iterative activities such as search, selection, implementation, and capture (*Tidd & Pavitt, 2011*). While innovation is not sufficient in and of itself, it is a fundamental

condition for an enterprise's continuous existence and success. Workforce should be agile to make all innovations more fruitful since agile workers are adaptable and self-driven to all changing conditions in the organization (Elanthi, 2021). Business innovation occurs most directly via technology innovation, disruptive innovation, or social innovation. Sometimes employees may resist innovations and they report grievances (Dhanabhakya, M., & Monish P., 2019). However, innovation management is critical in driving technical and institutional innovation (Ignatius, 2014). Especially at the challenges time the innovation management culture and talent management together can bring laurels to the organization (Dhanabhakya, M. & Sowmya.G, 2021).

A pro-innovative approach by the management towards innovation may boost the employee morale and contribute substantially to the firm's competitiveness. But it is not without risks. A pro-innovative approach must face the risk of resource wastage and pooling of useless innovations. There is also the risk of over enthusiastic employees who may lead to internal conflicts in the name of competitiveness. Companies should tries to incorporate a better grievance management system for redress such conflicts (Dhanabhakya, M., & Monish P., 2021). The study attempts to analyze the impact of a pro-innovative management on the employees' attitude and employee performance from an employee perspective.

2. OBJECTIVES OF THE STUDY

- To analyze the impact of a pro-innovative management on employee performance.
- To explores venues such as the condition of current innovation management systems in the companies and the attitude of employees towards innovation management.
- To analyses the risks faced by companies in being pro-innovation from an employee perspective.

3. RESEARCH METHODOLOGY

This study adopted descriptive research design. The researcher collected primary data from administration level, managerial level, and human resource level of the organization by adopting questionnaire. Since the population is uncountable, non-probability sampling has been taken. The Convenience sampling technique has been followed by selecting the employee in IT sectors who are available to give responses to our research. Primary data was collected from IT employees in Coimbatore district and 53 respondents are considered as sample size. Percentage analysis, descriptive Statistics, correlation and regression analysis are used for data analysis.

4. ANALYSIS AND INTERPRETATION:**TABLE 4.1 INNOVATIONS AND MANAGEMENT**

Factor	Variable	No.of Respondents	Percent	Total Percentage
Do you believe that innovation management is essential in an organisation	Yes	22	41.5	100.0
	No	23	43.4	
	Prefer not to answer	8	15.1	
Do you agree that innovation is vital for development of an enterprise	Yes	21	39.6	100.0
	No	23	43.4	
	Prefer not to answer	9	17.0	
Do you believe that innovation improves the competitive advantage of a firm	Strongly doubt	7	13.2	100.0
	Doubt	8	15.1	
	Neutral	11	20.8	
	Believe	13	24.5	
	Strongly believe	14	26.4	

Source: Primary Data

The above covers the attitude of employees towards innovation. 41.5 percent of the respondents believe that innovation management is essential in an organization compared to 43.4 percent who don't and 15.1 percent who preferred to stay neutral. 39.6 percent of the respondents agree that innovation is vital for development of an enterprise, 43.4 percent do not agree, and 17 percent remain neutral. 26.4 percent of the respondents strongly believe, and 24.5 percent believe that innovation improves the competitive advantage of a firm, 20.8 percent remain neutral and the remaining doubt the role of innovation in providing a competitive advantage.

TABLE 4.2 AREAS WHERE INNOVATION CAN BE APPLIED

Areas	No. of Respondents	Percent
Product	42	24.6
Process	50	29.3
Organisational	32	18.7
Marketing innovation	47	27.4
Total	171	100.0

Source: Primary Data

Above table shows the areas where innovations can be applied. 24.6 percent of the employees agree that innovation can be applied on products, 29.3 percent state that innovation can be applied on the

organizational/ manufacturing processes, 18.7 percent believe that organizational innovation is possible and 27.4 percent state that marketing is the best area for applying innovation.

TABLE 4.3 CURRENT STATE OF INNOVATION MANAGEMENT

Factor	Variable	No.of Respondents	Percent	Total Percentage
Has your company implemented an innovation management system/Policy	Yes	22	41.5	100.0
	No	20	37.7	
	Not aware	11	20.8	
Do you think that current innovation management systems do more harm than good	Strongly disagree	10	18.9	100.0
	Disagree	9	17.0	
	Neutral	13	24.5	
	Agree	10	18.9	
	Strongly Agree	11	20.8	

Source: Primary Data

The above table displays the current state of innovation management in the respondent's company. 41.5 percent of the respondents reported that their company has implemented an innovation management system or policy while 37.7 percent reported that no such system is followed. 20.8 percent of the respondents strongly agree, and 18.9 percent agree that current state of innovation management does more harm, 24.5 percent remained neutral, 17 percent disagreed, and 18.9 percent strongly disagreed to the notion that innovation management systems do more harm than being productive.

TABLE 4.4 EMPLOYEE ATTITUDE TOWARDS INNOVATION MANAGEMENT

Employee attitude towards innovation management	Mean	Std. Deviation
Managements must take an innovation-oriented stance and encourage innovation	3.11	1.34
Most supervisors are not open to innovative ideas	3.40	1.39
Discussion of innovative ideas is not encouraged in managerial meetings outside agenda	3.25	1.39
Non-technological innovation is not recognised as innovation at all	3.08	1.47
Innovation management is vital to filter out non-productive ideas	3.19	1.41
Innovation management policy ensures optimal allotment of company resources	3.32	1.37
Innovation management is normally hindered by bias towards favourite employees	3.25	1.40
A transparent policy for evaluation managerial innovation is vital for development	2.92	1.47

A pro-innovation organisation culture is beneficial to all stake holders in the company	2.85	1.51
Immediate supervisors are the forerunners of innovation management	3.32	1.41
Average Score	3.17	1.42

Source: Primary Data

The above table records the attitude of employees towards innovation management. The opinion that 'Most supervisors are not open to innovative ideas' has received the highest mean score of 3.40 indicating a widespread problem and an adverse attitude towards innovations. It is closely followed by the notion 'Innovation management policy ensures optimal allotment of company resources' with a mean score of 3.32 indicating that properly implemented innovation management systems will ensure optimal productivity and usage of resources. Also, the opinion 'Immediate supervisors are the forerunners of innovation management' has received a mean score of 3.32 indicating that the role of supervisors is vital in promoting innovation, but they are cynical about it. The opinion 'A pro-innovation organisation culture is beneficial to all stake holders in the company' received the least mean of 2.85 indicating that a pro-innovation approach may not be beneficial all the time and the company may have to brace for certain pitfalls.

TABLE 4.5 PRO-INNOVATION AND EMPLOYEE PERFORMANCE

Factors	Mean	Std. Deviation
A pro-innovation management approach will bring meaningful changes within the company	3.02	1.38
A pro-innovation management approach will make employees work enthusiastically	2.89	1.40
Encouraging innovation improves employee attitude towards management	3.43	1.35
Encouraging innovation boosts employee morale	3.09	1.39
Pro-innovation approach will improve peer to peer communications	3.15	1.43
Pro-innovation approach contributes to a conducive organisational climate	2.89	1.40
A pro-innovation approach is also financially rewarding	3.08	1.47
Encouraging innovation indirectly encourages upward communication which boosts employee satisfaction	3.09	1.42
Boosting innovation gives opportunity for an employee to advance within an organisation	3.40	1.41
A pro-innovation management trains its employees which also leads to a sense of belonging and job satisfaction	2.92	1.44

Source:PrimaryData

The above records the role of a pro-innovation management on employee performance. The notion 'Encouraging innovation improves employee attitude towards management' has received the highest mean score of 3.43 indicating the link between a pro-innovation management and employee job satisfaction. The opinion 'Boosting innovation gives opportunity for an employee to advance within an organisation' has received the second highest mean score of 3.40 indicating that promoting innovation provides opportunity for employees to get promotions or increments which motivates them to perform better. Also, the opinion 'Pro-innovation approach will improve peer to peer communications' has received a mean of 3.15 indicating that a pro-innovation approach might improve organizational communication which will in turn create a productive work culture boosting performance and satisfaction among employees. The notion 'Pro-innovation approach contributes to a conducive organisational climate' received the least mean of 2.89 as pro-innovation management may sometimes indirectly promote competition among employees which may be highly productive but also lead to internal conflicts.

TABLE 4.6 EMPLOYEE ATTITUDE TOWARDS INNOVATION MANAGEMENT WITH PRO-INNOVATION AND EMPLOYEE PERFORMANCE

Null Hypothesis (H_0): There is no significant correlation between employee attitude towards innovation management with Pro-Innovation and Employee Performance

Correlations			
		Employee attitude towards innovation management	Pro-Innovation and Employee Performance
Employee attitude towards innovation management	Pearson Correlation	1	0.479**
	Sig. (2-tailed)		0.000
	N	53	53
** - 1% Level of Significance			

The above table shows that the Pearson Correlation(r) value for employee attitude towards innovation management with Pro-Innovation and Employee Performance is 0.479 and the significant p-value is resulted at less than 0.05 which denotes that the strength of the correlation belongs to strong positive correlation. Hence the result concluded that there is a Strong positive significant correlation between employee attitude towards innovation management with Pro-Innovation and Employee Performance.

TABLE 4.7 OPINION TOWARDS INNOVATION MANAGEMENT AND PRO-INNOVATION AND EMPLOYEE PERFORMANCE

Null Hypothesis (H₀): There is no significant relationship between the opinion towards innovation management and pro-innovation and employee performance

MODEL SUMMARY AND ANOVA

Model Summary ^b						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin Watson	
1	.581 ^a	.337	.319	2.31599	1.477	
a. Predictors: (Constant), Essential to organization, Development of an enterprise, Competitive advantage of a firm						
b. Dependent Variable: Pro-Innovation and Employee Performance						
ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	403.686	3	100.921	18.815	.000 ^a
	Residual	793.844	49	5.364		
	Total	1197.529	52			
a. Predictors: (Constant), Essential to organization, Development of an enterprise, Competitive advantage of a firm						
b. Dependent Variable: Pro-Innovation and Employee Performance						

The above table reveals that R (multiple correlation coefficients) value was 0.581. It measures the degree of relationship between the variance towards the opinion among innovation management and pro-innovation and employee performance. R Square (Coefficient of Determination) value was 0.337. It means that about 33.7% of the variation in the opinion among innovation management and pro-innovation and employee performance. Adjusted R-Squared value was 0.319. It adjusts the statistic based on the number of independent variables in the model. That is the desired property of a goodness-of-fit-statistic. Durbin-Watson (DW) statistics shows 1.477 indicate positive auto correlation. F-value was 18.815 and p-value is <0.001 which is significant at 5% level. Hence there is a significant relationship between the opinion towards innovation management and pro-innovation and employee performance.

TABLE 4.8 COEFFICIENTS

		Coefficients^a				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	11.098	.187		59.273	.000
	Essential to organization (X1)	.761	.188	.271	4.052	.000
	Development of an enterprise (X2)	.112	.188	.396	5.918	.000
	Competitive advantage of a firm(X3)	-.850	.188	-.303	-4.525	.000

a. Dependent Variable: Pro-Innovation and Employee Performance

Estimated Multiple Regression Equation

$$Y = 11.098 + 0.761 (X1) + 1.112 (X2) - 0.0850(X3)$$

From the above table 4.9, the coefficient of X1 shows that 1 unit increase in the Essential to organization (X1) would result in 0.761 (76.1%) increase in the Pro-Innovation and Employee Performance.

The coefficient of X2 shows that 1 unit increase in the Development of an enterprise (X2) would result in .112 (11.2%) increase in the Pro-Innovation and Employee Performance.

The coefficient of X3 shows that 1 unit increase in the Competitive advantage of a firm (X3) would result in -0.850 (85%) decrease in the Pro-Innovation and Employee Performance.

FINDINGS OF THE STUDY

Innovation is vital for an organization, but innovation management policies may sometimes curb the enthusiasm towards innovation. Most employees believe that innovation may provide the company the much-needed competitive edge over its rivals. Innovation can be applied not only of developing products but also on processes, management, and marketing. Most of the companies have innovation management policies in place but the fact that a few of the respondents are not aware of innovation management indicates that more transparency is needed in organizational policies towards promoting innovation. While innovation management protects the company from unnecessary risks, unproductive investments and improper use of company resources, stringent innovation management policies may sometimes lead to rejection of breakthrough ideas causing more harm to the company. Supervisors are the first level of management who will be exposed to such premises of innovation and pro-innovation starts with them. If the supervisor is skeptical regarding the idea, there is less chance that the idea will be accepted by the rest of the management. Supervisors and managers must adopt a pro-innovative approach giving a chance for ideas to be evaluated by the management team. Such a pro-innovative approach will boost the morale of the employees, lead to

higher satisfaction creating a conducive work culture. Innovation provides a competitive edge to the company as well as the employee promoting the idea. Hence, encouraging innovation improves the attitude of the employee towards the administration which in turn will boost the employee performance. But it must also be remembered that encouraging innovation will also increase the competition among employees and may create internal conflicts instead of a healthy competition. There is a Strong positive significant correlation between employee attitude towards innovation management with Pro-Innovation and Employee Performance and there is a significant relationship between the opinion towards innovation management and pro-innovation and employee performance. Multiple regression reveals that managements are more pro-innovative when the innovation is found essential to the development of the organization, but it is also worth noting that as the competitive advantage of the company increases, the management starts taking a secure stance and wish to remain in the safe orbit and hence fail to be pro-innovative.

CONCLUSION

Innovation is vital to any kind of company or organization. Innovation provides a competitive edge to the companies in a highly aggressive market. But all innovations are not marketable and hence companies must follow an innovation management system to avoid wastage of precious company resources on projects of no market value. At the same time, companies may completely curb innovation in an attempt to be overly cautious. Company administrations must weigh their options in terms of beneficial effects of innovation but also account for the risks. The findings of the study indicate that a over cautious innovation management policy may be harmful to the organization, but innovation management policies are also vital to prevent wastage of resources. Also, supervisors play a major role in encouraging innovation. Employees may develop a positive attitude when the management is pro-innovation which may boost their morale, satisfaction, and performance. A pro-innovation management also creates a constructive company culture improving organizational communication and collaboration which are vital in attaining the organizational goals. It's also worth mentioning that when a company's competitive advantage grows, the management takes a more secure position, preferring to stay in the safe limits, and so fails to be pro-innovative.

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