

# Work Environment, Creativity and Innovation

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**Abstract** : *The paper examines the relationship between the work environment and employee creativity in the Nepalese banking sector using the survey method. The survey was conducted by distributing 112 sets of self-administered questionnaire to the respondent employees of four sample commercial banks. Of which, 86 respondents returned the completely filled questionnaires in usable form making the response rate of 77 per cent. The study concludes from the analysis of the data that organizational impediment does make adverse impact on employee creativity and innovation.*

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## I. INTRODUCTION

Today's organizations face increasingly complex environment and fierce competition. As a consequence, they are bound to respond to environmental and competitive challenges with 'something new', to which Schumpeter (1934) calls 'new combination' and Drucker (1988) 'innovation', which in simple words refers to the introduction of new product, new process, new technology, new business and exploring new market by organizations. An organization capacity to swiftly produce, assimilate and explore innovations successfully in the economic and social domains is an important source of competitive advantage.

Creativity lies at the heart of successful companies. Businesses distinguish themselves through their capacity for continuous innovation. Without a continuous level of innovation, many of them would simply cease to exist. Creativity is present at every stage of the process culminating in innovative products or services. Many different creativity tools that individuals may use in their everyday work. An organization can enhance the creativity of its individuals by providing creativity training an assigning work to people best skilled to do that work.

## II. REVIEW OF LITERATURE

Ciardi (1956), Couger (1995) and Koestler (1960) defined creativity as the

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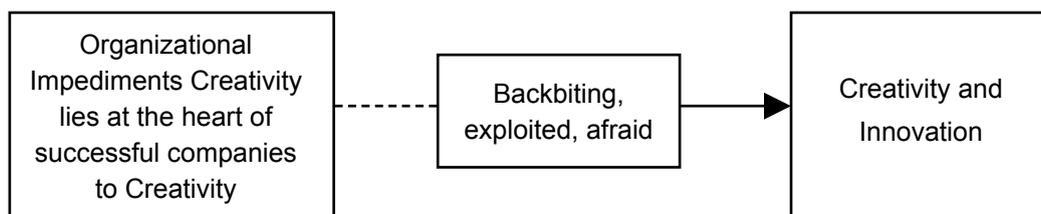
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imaginatively gifted recombination of known elements into something new. Kao (1996) explained that creativity adds value to knowledge and progressively makes it more useful. Hence, Handy (1996) focused that creativity is a by-product of the knowledge economy, where knowledge is the key resource. Knowledge needs creativity. Fostering creativity is therefore a critical aspect of effective management. Creativity is hindered far more often than it is aided and abetted (Robinson and Stern, 1997; Amabile, 1998). This makes it essential to understand how to nurture creativity. Different managerial practices influence the work environment, which is the major factor fostering creativity within business organizations (Bharadwaj and Menon, 2000; Couger, 1995; Robinson and Stern, 1997; Sweetman, 2001). Furthermore, authors have recognized the need for more research on the creativity work environment (Montuory, 1998; Pearson and Chatterjee, 1997; Tesluk et al. 1997). This study expands on this line of thinking on the organizational environment and creativity.

Although there is little evidence beyond the critical-incidents study cited earlier (Amabile, 1988; Amabile and Gyskinwicz, 1987), some research suggests that internal strife, conservatism, and rigid, formal management structures within organizations will impede creativity (Kimberley et al., 1981). Because individuals are likely to perceive each of these factors as controlling, they may lead to increases in individuals' extrinsic motivation, and corresponding decreases in the intrinsic motivation that is necessary for creativity (Amabile, 1988; Deci and Ryan, 1985).

This brief review makes it clear that, in most previous research on the work environment for creativity, there has been a bias toward creativity supports- work environment factors that appear to enhance creativity. There is comparatively little research evidence on creativity impediments- work environment factors that may undermine creativity, indeed, aside from the critical-incidents study that specifically probed for negative influences (Amabile and Gyskiewicz, 1987), only two studies have highlighted creativity obstacles (Kimberley, 1981; Kimberley and Evanisko, 1981).

From the foregone review of the literature, the following conceptual framework has been adapted from Amabile *et al.* (1996) for the purpose of this paper:



**Source:** Adopted by Amabile *et al.* (1996)

### III. METHODOLOGY

The present study is exploratory in nature. For examining the relationship between the work environment in the organization and employee creativity and innovation, it conducts a questionnaire survey of Nepalese banks located at Kathmandu. The respondents of the questionnaire included the non-officer level employees, and officer-level employees of the Nepalese banks selected as sample for the study.

To ensure full coverage of potential respondents, a current list of employees was obtained from the Human Resources Division as a guide when distributing the questionnaires. This ensured the coverage of all officers from different grades in the sample organizations. The respondents' job title included: general manager/director/CEO, assistant director, assistant manager, engineer, information system officer, assistant administration officer, technical officer, assistant information officer, legal officer, accountant and internal auditor. All respondents in the corporate office, central offices and branch offices were handed over questionnaire personally to ensure high response rate.

### IV. RESULTS

#### 4.1 Respondents' Profile

The survey was conducted in the month of November 2008. The data analysis has been focused on self-administered questionnaires. Of the 112 questionnaires distributed to the respondent-employees, 86 responses have been usable making the response rate of 77 per cent. Profiles of the respondents are presented in Table 1.

Table 1: Profile of the Respondents

<b>Variables</b>	<b>Number</b>	<b>Percentage</b>	<b>Variables</b>	<b>Number</b>	<b>Percentage</b>
<b>Gender</b>			<b>Age</b>		
Male	40	47	≤ 35 years	54	63
Female	46	53	> 35 years	32	37
<b>Total</b>	<b>86</b>	<b>100</b>	<b>Total</b>	<b>86</b>	<b>100</b>
<b>Education level</b>			<b>Profession</b>		
Undergraduate	12	4	Government	19	22
Graduate	20	28	Semi-government	20	23
Postgraduate	54	67	Private	47	55
Ph. D. and/or further	0	0	<b>Total</b>	<b>86</b>	<b>100</b>
<b>Total</b>	<b>86</b>	<b>100</b>	<b>Organization</b>		
<b>Position</b>			Rastriya Banijya Bank Ltd.	19	22
Executive	6	7	Nepal Bank Ltd.	22	26
Officer	36	42	Himalayan Bank Ltd.	21	24
Non-officer	44	51	Nepal Bangladesh Bank	24	28
<b>Total</b>	<b>86</b>	<b>100</b>	<b>Total</b>	<b>86</b>	<b>100</b>

**Source:** Survey, 2008

#### 4.2 Organizational Impediments

Meanwhile, the respondents were asked whether they suffer from people backbiting, exploited from employer and afraid to take risks. The details of respondents are presented in Table 2.

**Table 2: Organizational Impediments (hindrance)**

S. N.	Statements	Percentage of responses*		
		Yes	No	Don't no
1	Are you worried that people will backbite?	22	64	14
2	Do you feel you are exploited from your employer?	5	80	15
3	Are you afraid of taking risks?	7	81	12

\* Based on 86 respondents.

**Source:** Survey 2008

The majority of the respondents (64 per cent) opined that they did not worry on people backbiting. Likewise, a higher number of respondents (80 per cent) felt that their employers did not exploit them and the highest number of the respondents (81 per cent) expressed that they did not afraid to take risks. The results thus indicate that if organization is free from organizational impediments, then employees are more creative and innovative.

#### 4.3 Promoting Factors for Specific Work Environments

The respondents were provided with a list of 3 different statements of observations regarding Organizational Impediments for specific work environment by using a Likert-type five-point scale questionnaire.

**Table 3: Organizational Impediments for Specific Work Environment**

S. N.	Statements	Percentage of responses*					Mean	Std. Dev.	Rank
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree			
		5	4	3	2	1			
1	Suggestions for improvement are regularly ignored.	17.40	4.70	26.70	39.50	11.60	2.77	1.25	1
2	You are worry that people will backbite.	3.50	17.40	22.10	38.40	18.60	2.49	1.09	2
3	You are afraid to take risks.	8.10	1.20	15.10	41.90	33.70	2.08	1.12	3

\* These estimates are based on 86 responses.

**Source:** Survey, 2008

In order to highlight the significance of the selected statements of observations, mean value and standard deviation of responses for each statement of observation have been computed. The higher value of mean indicates that the statement is highly

significance to majority of the respondents. Applying these criteria, the survey results are presented in Table 3 in order of their significance.

Table 3 reports mean weightage and standard deviation of the responses on the given statements. The mean values are calculated by assigning scores 1 through 5 for rankings from 'strongly disagree' to 'strongly agree' respectively and by multiplying each score by the fraction of responses within each rank. A score of 0 is assigned when a statement is not ranked.

The mean values of observation statements varied from 2.08 to 2.77. The majority of the respondents provided the information such as "suggestions for improvement are regularly ignored" by the organization. Similarly, "worry that people will backbiting" and "afraid to take risks" gave the least influencing factors to work environment for innovation and creativity.

## V. CONCLUSION

The majority of the respondents in the Nepali banking employees are worried about backbiting. Similarly, the main reason for employees' scared is regularly suggestions for improvement are ignored. The study also found that workers in Nepali banks are not afraid of taking risks. It means organizational impediments do not exist in Nepalese banks; it indicates that the Nepalese bank employees are more innovative and creative.

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