

## Innovation and Employee Creativity in Hospitality Industry in West Sumatra

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### Abstract

This research analyzed the influence of employee creativity on innovation in the hospitality industry in West Sumatra Province. This research is confirmatory. The samples are 96 employees in five hotels in West Sumatra. The number of samples was determined using purposive sampling technique. This research analyzed using SPSS. The result found that employee creativity has a positive and significant effect on innovation in the hospitality industry in West Sumatra Province. The results highlight the influences of creativity on organizational innovation. This is clearly showing in this relationship from an empirical point of view.

**Keywords:** *employee creativity, innovation, hospitality industry*

### Introduction

In order for an organization to compete with other organizations, it is necessary to carry out continuous innovation in various aspects, both technological and administrative aspects. Innovation not only occurs in an open society and the wider community but also occurs in an organization. Innovation is a change that is designated by an organization with activities oriented to the development and application of new orientations so that it becomes a useful and beneficial reality. Mumford (2000) discusses how Human Resource Management (HRM) activities can relate to organizations from several aspects: how to choose, develop and motivate employees to formulate ideas, and how to help employees to implement their new ideas. The basis of innovation is the idea and the individual, who develops, implements, encourages and introduces the idea (Van de Ven 1986).

Almost all organizations realize that in today's competitive competition, innovation is one of the keys to success in maintaining its existence amid competition and a dynamic business environment and creating sustainable competitive competition. Organizations, especially those that support technology, must be more creative and innovative than before to survive, to compete, to grow, and to lead (Jung et al., 2003). Organizations in the arena of competition are required to be able to make every change quickly and precisely if they want to be able to survive and grow.

Innovation that occurs in organizations is a process of organizational progress. In many cases, innovative organizations have a greater chance of success than passive and reactive organizations. The role of the organization is no longer focused on external organizations but rather emphasizes on how internal the organization can survive and learn amid existing competition. Several factors influenced the innovation, and one of them is creativity.

Creativity is an interesting topic because initially creativity is positioned as a skill that is inherent in a person. However, research has found that creativity can be influenced by the environment from the outside. This research looks at what an organization can do to foster the creativity of its employees. Initially, research assumed that creativity would develop in a flexible environment. However, some researchers have argued that creativity can arise in inflexible environments.

Creativity is the creation of ideas that are useful and have a novelty value by an individual or a small group consisting of individuals who work together (Amabile & Pratt, 2016). While innovation is determined by success in applying creative ideas in an organization. Research by Nijstad, De Dreu, Rietzschel & Bass (2010) suggests that a person's creative performance is influenced by social psychological factors. Positive and

negative social factors affect a person's creative performance. Creative performance focuses on novelty, statistically infrequent, unique, correct in the context of the problem, effective surprise, and has an element of shock of recognition.

This research wants to test the performance of other types of work creativity as a function of cognitive flexibility and persistence (Nijstad et al., 2010). The expected creativity here is creativity that will later produce an innovation. The existence of employee creativity is one capital to innovate. The relationship between the two, namely creativity is the development of new ideas while innovation is the actual application process of these ideas. Employee creativity enhances the company's innovative abilities so that the innovative capabilities of the organization can help organizations to identify opportunities and improve organizational performance (Oldham, 1996).

Hirst (2009) argues that the relationship between creativity and innovation is well supported, in the sense that creativity is part of the innovation process and also an important foundation for innovation. Creativity is an important part of innovation. An innovation in an organization is the ability to apply creative solutions to problems and opportunities to improve business performance. The importance of human resources for employee creativity and innovation in organizations cannot be ignored and may be a key factor in the success of an organization. According to Jiang (2012) creativity is defined as the ability to imagine and produce new ideas by combining, changing or applying existing ideas in ways that have not been thought of before. Creative ideas are then processed through several stages to produce a product or service or business model called innovation. By opening our organizational space to individual creativity, we can change organizations to be innovative.

### **Innovation**

Organizational innovation is defined as the development or adaptation and implementation of ideas, which are useful and new to the organization (Amabile, 1996). Simply stated, innovation can be interpreted as a breakthrough relating to new ideas. Innovation is also seen as a company's mechanism to adapt to a dynamic environment. Therefore, the company is expected to create new thoughts, new innovative ideas, and provide satisfying services for customers.

Innovation increasingly has significance, not only as a tool to maintain the survival of the organization but also so that the organization excels in competition. Jones (2007) Innovation is the process by which organizations use their resources and competencies to develop new goods and services or to develop new products and operating systems better so they can respond well to the needs of their customers, innovation can produce spectacular success for an organization. Usually, innovation is defined as a breakthrough related to new products, but Kotler (2004) adds that innovation is not only limited to the development of new products or services, innovation also includes new business thinking and new processes.

Khayati (2015) defines innovation as a change in which new products or processes or services that have been improved, developed and transferred to the appropriate company or market. According to Sattler, in Khayati (2015), innovation is an iterative process initiated by new market perceptions or new service opportunities for technology-based inventions, aimed at the development, production, and marketing tasks for business success in a truly inventive discovery.

Innovation has 4 (four) characteristics, namely: (1) Having a special/specific, which is an innovation that has a characteristic in the sense of ideas, programs, order, systems, including the possibility of expected results. (2) Having the characteristics or elements of novelty, in the sense of an innovation must have the characteristics as a work and thought that has a degree of originality and novelty. (3) Innovation programs are carried out through planned programs, in the sense that an innovation is carried out through a process that is not rushed, but innovation is carefully prepared with a clear program and planned. (4) The innovation that is rolled has a goal, the innovation program carried out must have the direction to be achieved, including the direction and strategy for achieving that goal. Based on the definitions of various experts, the authors

conclude that innovation is a way of creating new things and breakthroughs related to new ideas by organizations to achieve organizational progress.

Keh et al., (2007) explain innovation is very important because there are the following reasons: (1) Technology changes very rapidly with new products, processes, and new services from competitors, and this encourages entrepreneurial efforts to compete and succeed. (2) The effect of environmental changes on product life cycles is getting shorter. (3) Consumers today are smarter and demand fulfillment. Expectations in fulfilling needs expect more in terms of quality, renewal, and price. (4) With markets and technology changing rapidly, good ideas can be increased easily copied, and this requires a method. (5) The use of products, new and better processes, and faster services. (6) Innovation can produce faster growth, increase market segments, and create a better corporate position.

According to West (2002), innovation comes from the creativity of new ideas. Innovation is the actual application of these ideas and practices. The things that can stimulate innovation are (1) Challenges in the Organizational Environment. With the challenge that can determine whether the organization can face it or not, most organizations face it by way of innovation because the challenges can stimulate innovation. (2) Strong Pressure on Quality. Strong pressure on quality, both in the process and end of a service. Good quality can be evidence that an organization has been able to satisfy consumers. To improve the quality of one of them by increasing innovation. (3) The Requirement Procedure. There is a demand for procedures that are carefully designed to ensure effective joint work can stimulate innovation. The careful design of the procedure is very important because to achieve the goal it requires a careful design of the procedure. (4) The existence of Communication and Coordination. Communication and coordination between departments can support the exchange of information, ideas, and ideas of each employee that can support the creation of innovation. (5) Managerial Support. Managerial support in the form of a personal desire to develop and implement ideas starting new and better ways. (6) There are basic assumptions. There are basic organizational assumptions that are open to criticism. Organizations that are open to criticism are things that can make it easier for organizations to create ideas and ideas for the future because the input or criticism makes the organization know what to do and plan for what. (7) Participation and Relations between Organizational Members. The participation of employees in organizations is very important because it can contribute in the form of ideas or ideas to create innovations in the organization.

### **Creativity**

Employee creativity enhances organizational innovative abilities so that innovative organizational capabilities can help organizations to identify opportunities and improve organizational performance (Oldham et al., 1996). Creativity is essentially a general ability to create something new, as the ability to provide new ideas that can be applied in problem-solving, or as the ability to see new relationships between elements that already existed. Amabile (1996) suggests a creativity model that consists of three components: (1) Domain-related skills. (2) Processes relevant to creativity. (3) Intrinsic task motivation. To get a higher level of employee creativity at work, these three components must interact with each other. Mumford, in Khayati (2015), defines that creativity is a form of performance, in other words, something produced by individuals and groups. Understanding individual creativity is a strategic interest for organization because it is a means for employees to create value for their organizations (George and Zhou, 2007).

Based on the definitions of various experts, the authors conclude that employee creativity can be interpreted as a thought process and the way a person perceives a problem to get solutions and solutions by creating new ideas based on information, knowledge and also perceived experience.

According to Rogers, in Rifky (2017), factors that can encourage the realization of individual creativity include (1) Self-Encouragement. Each individual has a tendency or drive from within himself to be creative, realize the potential, express and activate all the capacities they have. This impulse is the primary motivation for creativity when individuals form new relationships with their environment to become fully themselves. (2) Encouragement from the Environment. Factors that influence creativity can be: a) Thinking Ability. The

ability to think consists of intelligence (intelligence) and enrichment of thinking material in the form of experience and skills. b) Personality traits that interact with certain environment personality factors consist of curiosity, self-esteem, and self-confidence, self-reliance, risk-taking, and assertiveness.

## **Methods**

This type of research is confirmatory research to testing the hypothesis. Confirmatory research is research to describe the nature of something that is ongoing at the time the research is carried out and examine the causes of a particular symptom. While the causative research method is research carried out by determining the cause and effect. Distributing questionnaires, where the questionnaire contains several structured questions answered by respondents related to organizational innovation and employee creativity. This research used cross-sectional data.

The populations in this research are employees in hotels in West Sumatra Province. Because of the population is unknown, the sampling method used non-probability sampling, which is purposive sampling. Purposive sampling used criteria to determine the sample. In this research, the criteria used are employees in hotels in West Sumatra Province. Respondents were 96 employees. Data processed using SPSS regression analysis.

## **Results and Discussion**

Based on previous research conducted by Jiang et al., (2012), Ouakouak et al., (2017), Marino (2014), Gumusluoglu et al., (2007) and Sarooghi et al., (2015), creativity employees have a significant effect on organizational innovation. Because employee creativity is one capital to innovate. Employee creativity enhances the company's innovative capabilities so that the innovative capabilities of the organization can help organizations to identify opportunities and improve organizational performance.

In this research model, the first variable used is Organizational Innovation. In measuring Organizational Innovation used 2 indicators with 14 items statement. The result shows the first indicator used to measure the Organizational Innovation variable is the Technological Innovative total score for this indicator, which is 3133, the average overall statement produced a mean score of 3.63 with a TCR of 72.52% in the 'Good' category, which means the Technological Innovation indicator of Organizational Innovation variables of the respondents still need or will be better if it is improved again. The second indicator used to measure the Organizational Innovation variable is Administrative Innovation, the total score for this indicator is 1748, the average overall statement produced a mean score of 3.64 with a TCR of 72.83% in the 'Good' category, which means the Administrative Innovation indicator of the Organizational Innovation variable of the respondents will be even better if it is improved.

The overall total of the two indicators used to measure Organizational Innovation resulting in an average accumulation of scores was 3.63 with a respondent achievement level (TCR) of 72.68%. Means it can be concluded that the Organizational Innovation of respondents is said to be "Good", then the Organizational Innovation of the employees will be better if it is enhanced.

The second variable used in this research is Employee Creativity. In measuring Employee Creativity 4 indicators are used with 15 statement items. Based on the result, the first indicator used to measure Employee Creativity is the Personality Aspect, the total score for this indicator is 1509, the average overall statement produced a mean score of 2.62 with a TCR of 52.40% in the 'Enough' category, which means the Personality Aspect indicator of the variable Employee creativity really needs to be improved. The second indicator used to measure the Employee Creativity variable is the Cognitive Aspect, the total score for this indicator is 768, the average overall statement produced by the mean score is 3 with a TCR of 53.33% in the 'Enough' category which means the Cognitive Aspect indicator of the Employee Creativity variable really need to be improved. The third indicator used to measure the Employee Creativity variable is the Affective Aspect, the total score for this indicator is 524, the average overall statement produced a mean score of 2.73 with a TCR of 54.58% in the 'Fair' category, which means the Affective Aspect indicator of the Employee Creativity variable

really need to be improved. The fourth indicator used to measure the Employee Creativity variable is the Process Aspect, the total score for this indicator is 756, the average overall statement produced by the mean score is 2.63 with a TCR of 52.5% in the 'Enough' category which means the Process Aspect indicator of the Employee Creativity variable really need to be improved. The total of the four indicators used to measure Employee Creativity resulting in an average accumulation of scores was 2.66 with a respondent achievement level (TCR) of 53.20%. Means it can be concluded that Employee Creativity is said to be 'Enough'. Then the Employee Creativity of the respondents really needs to be improved.

Based on regression analysis in table 1, the hypothesis stated that employee creativity has a positive and significant effect on innovation was supported.

**Table 1. Regression Analysis**

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	6.067	2.889		2.100	.038
	Creativity	.861	.055	.851	15.733	.000

**a. Dependent Variable: Innovation**

The results of the hypothesis testing show that Employee Creativity with Organizational Innovation shows significant results (0.000). This result means that there is a significant influence between Employee Creativity and Organizational Innovation. The coefficient value of 0.861 means that if Employee Creativity improved, then Organizational Innovation is also getting better or higher. Vice versa, if employee creativity is low, then organizational innovation is also not good or decreased.

For that the company must improve Employee Creativity, to improve Organizational Innovation in its employees, the company can do it by implementing transformational leadership. Innovative organizations must have quality human beings, leaders who foster innovation and organizations that foster innovation. Organizational innovation is defined as new ways of organizing work and carried out in an organization to encourage and promote competitive advantage.

In research that has been done by Jiang et al., (2012), Ouakouak (2017), Marnio (2014), Gumusluoglu et al., (2007) and Sarooghiet al., (2015), reported and strengthened employee creativity significantly related to organizational innovation. Innovation implies the success of implementing creative ideas in organizations (Amabile, 1996). Creativity is actually one input before the creation of innovation. Creativity and innovation are basically elements of the power of reliable human resources to drive human progress in the search, development and new discoveries in the field of science and technology, as well as in all fields of human endeavor. Furthermore, creativity is very important to be developed. This is because every human effort to develop themselves and solve the problems encountered in an effort to achieve progress requires creativity, and creativity can be created by employees who work in organizations.

West Sumatra is one of the tourism destinations visited by tourists. The tourism activity is supported by the existence of various tourist facilities, one of which is a hotel as a temporary residence for tourists who are far from their homes. Each hotel always has its own way to foster a positive image and guest trust in the quality of the hotel. Quality is the main thing that is considered by guests, because it is related to the comfort of guests while in a hotel. Therefore, many hotels continuously improve employee creativity and organizational innovation in order to improve quality that can make the hotel have added value and a good image.

**Conclusion**

There is a positive and significant influence between Employee Creativity and Organizational Innovation in hospitality industry in West Sumatra Province. This can show that the respondents feel that the perception of employee creativity possessed by the employees can increase the level of organizational

innovation. Creative ideas are then processed through several stages so as to produce a product or service or business model called innovation. By opening our organizational space to individual creativity, we can change organizations to be innovative. Creativity and innovation are basically elements of the power of reliable human resources to drive human progress in the search, development and new discoveries in the field of science and technology, as well as in all fields of human endeavor. Furthermore, creativity is very important to be developed.

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