

# THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

## The Impact of Job Satisfaction on Organizational Innovation (Digikala Company Case Study)

**Saeedeh Ghoochkanloo**

Student, Management of Technology, Allameh Tabataba'i University, Tehran, Iran

**Mehrnoosh Talebi Eshlaghi**

Student, Human Resource Management, University of Tehran, Tehran, Iran

### **Abstract:**

*The ability to create a successful organization and being the leader of the market is usually require innovation. The aim of this paper is to measure the impact of job satisfaction on the level of innovation in the organization. This research is an applied one which conducted as a survey in "DigiKala", as one of the most successful online retail stores in Iran, and with the help of nearly 50 employees of this organization. In this research, the Cronbach's alpha and Average Variance Extracted was used to measure reliability and validation. Also, confirmatory Factor Analysis (First and Second stage), correlation test and path analysis was used for answering the questions. Innovation aspect of the study is a new look to the impact of job satisfaction on innovation in organization. Results indicates that the most important factor for these employees is the leadership style. The organizational climate is also less important factor.*

**Keywords:** Innovation, organization, organizational innovation, job satisfaction

### **1. Introduction**

According to Amabile (1988), in business, it is impossible to get away from innovation. All organizations, either new established or existing organizations, need innovation to be able to survive in their relative market. The ability to create a successful organization and being the leader of the market usually requires innovation. However, there is no need to create new jobs or new firms to implement innovative ideas.

Within existing organizations, Stowe and Grider (2014) also proposed that innovation can be a systematic process; that is, managers can directly and positively influence innovation with resulting improvement in products, processes, and profits. Mexias and Glynn (1993), define innovation as "non-routine, significant, and discontinuous organizational change that embodies a new idea that is not consistent with the current concept of the organization's business. As Lam (2011) described, achieving innovation requires the coordinated efforts of many different actors and the integration of activities across specialist functions, knowledge domains and contexts of application.

Margir et al (2014). The challenge with studying organizational innovation (or for that matter any other type of intangible asset) is that there is no clear definition of what organizational innovation is, how to measure it, or how to best quantify its contribution to output. Innovation is built on creative ideas as the basic elements. According to Amabile (1988), Organizational innovation is the successful implementation of creative ideas within an organization. There have been very few studies that have examined the range of factors associated with the adoption and diffusion of innovation in organizations. Our focus on innovation in organization was driven by an intention to be practical in our orientation by focusing on elements that are arguably within control of the firm, like job satisfaction. As studied by Aziri (2011), Job satisfaction can be considered as one of the main factors when it comes to efficiency and effectiveness of business organizations.

### **2. Literature**

According to the aim of this paper, the literature of the research can be divided in two parts of job satisfaction and innovation in organization.

### **3. Job Satisfaction**

Different authors have different approaches towards defining job satisfaction. According to Moghimi (2007), the term job satisfactions refers to the attitude and feelings people have about their work. Positive and favorable attitudes towards the job indicate job satisfaction. Negative and unfavorable attitudes towards the job indicate job dissatisfaction.

Thompson and Phua (2012) agreed that job satisfaction measures vary in the extent to which they measure feelings about the job. In the other words, job satisfaction is about how you feel and how you think about your job. Aziri (2011) considered that job satisfaction represents a feeling that appears as a result of the perception that the job enables the material and psychological needs.

Moghimi (2007) also mentioned that affective job satisfaction is a subjective construct representing an emotional feeling individuals have about their job. Kumari et al (2014) has conducted a study title "Analysis of Factors Affecting Job Satisfaction of the Employees in Public and Private Sector" in India, concluded that in India Employees tend to love their job if they get what they believe is an important attribute of a good job.

#### 4. Innovation in Organization

There are many books and articles which have been published on the subject of innovation. Drucker (1985) described innovation as "the act that endows resources with a new capacity to create wealth". According to management scholars like Mone et al (1998), innovation capability is the most important determinant of firm performance. Innovation is an important source of growth and a key determinant of competitive advantage for many organizations.

As Amabile (1988) defines: "Innovation is built on creative ideas as the basic elements. Organizational innovation is the successful implementation of creative ideas within an organization. Organizational design theories focus predominantly on the link between structural forms and the propensity of an organization to innovate (e.g. Burns and Stalker, 1961; Lawrence and Lorsch, 1967; Mintzberg, 1979).

Based on Lam (2011) studies, theories of organizational cognition and learning (Glynn, 1996; Bartel and Garud, 2009), by contrast, emphasize the cognitive foundations of organizational innovation. A third strand of research by Lewin and Volberda (1999) concerns organizational change and adaptation, and the processes underlying the creation of new organizational forms.

#### 5. Research Conceptual Model

Using literature view, conceptual model for the research can be illustrated as figure 1. In this research, Minnesota model proposed by Weiss et al (1967) with six criteria and the 20 factors related to them is used to assess the job satisfaction of employees in DigiKala. Also, we use Organizational Innovation Questionnaire (Choopani et al., 2012) to assess the innovation level in organization.

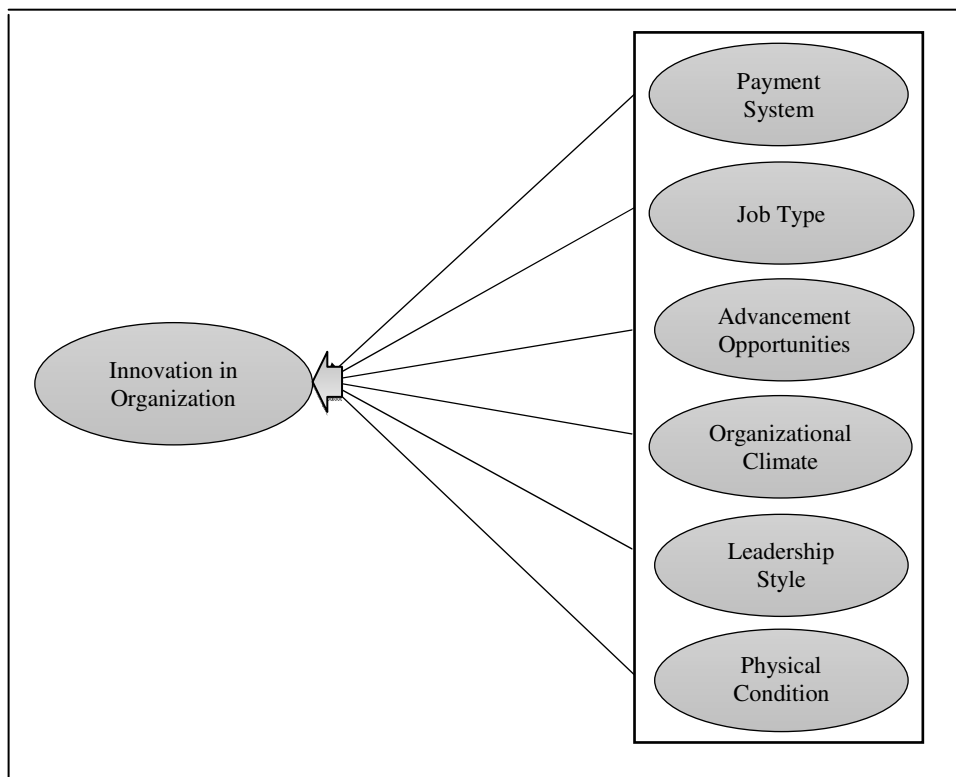


Figure 1: Research Conceptual Model

#### 6. Hypothesis

According to the research conceptual model, the following Hypothesis can be considered:

- Hypothesis 1: The DigiKala employee's job satisfaction has a significant impact on the innovation of the organization.
- Hypothesis 2: The payment system in DigiKala has a significant impact on the innovation of the organization.
- Hypothesis 3: The job type in DigiKala has a significant impact on the innovation of the organization.
- Hypothesis 4: The advancement opportunities in DigiKala has a significant impact on the innovation of the organization.
- Hypothesis 5: The organizational climate in DigiKala has a significant impact on the innovation of the organization.
- Hypothesis 6: The leadership style in DigiKala has a significant impact on the innovation of the organization.
- Hypothesis 7: The physical condition in DigiKala has a significant impact on the innovation of the organization.

### **7. Research Methodology**

This study is an applied study conducted as a survey and case study. It is a descriptive and casual research. The unit of analysis of this research is DigiKala, an online retail store, and the population comprised the employees of this organization. The sample in this section was selected from among the sales department of the company. The main reason for choosing this company was its great achievements such as acquiring the title of the top business in the field of e-commerce in the Fourth National Festival of Iranian Communications and Information Technology in 2014 and presence among the best 10 entrepreneurial of the world in the Global Entrepreneurship Congress 2014 in Moscow.

The instrument used in this research is questionnaires based Likert (Five-point). To examine the construct validity of the model, the Average Variance Extracted (AVE) was used. In this study, the Cronbach's alpha coefficient and composite reliability methods were used to assess reliability. If reliability coefficients were greater than 0.7, the test had acceptable reliability. Method and instrument of data gathering in this research is field. To analyze the data, factor analysis, correlation analysis and path analysis has been used. Statistical analysis has been performed by the SPSS (Version 23) and Smart PLS (Version 3).

### **8. Findings**

We distributed 120 questionnaires but only 70 questionnaires were filled and 49 questionnaires were suitable for statistical analysis. According to demographic information resulted from distributed questionnaires, 22 percent of people were post graduated. 41 percent of people had more than 1 year of experience in DigiKala company.

Considering Table 2, the Cronbach's alpha and composite reliability confirmed the validity of model. As well as, the KMO test which has done to assure adequacy of sampling which is considered 0.5. Since all are higher than desired, the reliability of the research and adequacy of sampling has been confirmed. As evident in the Table 2, we determined which of the indicators in each dimension is of the greatest importance and have been approved (factor loadings above 0.4 were desirable). Those with the highest factor loading are of greater importance.

Dimensions	Components	Factor Loading	Approval or rejection of components	Cronbach's alpha	Composite reliability	KMO	AVE	
Innovation	Offer new services to clients and market	0.712	Approved	0.887	0.908	0.794	0.420	
	Offer innovative services	0.741	Approved					
	Training employees to be innovative	0.776	Approved					
	Grant funding to employees for research projects	0.669	Approved					
	Offer the best services relative to competitors	0.600	Approved					
	Offer new services more conservative	0.113	Rejected					
	Offer new forms of services	0.402	Approved					
	Make changes in the service delivery process	0.517	Approved					
	Use new technologies faster than competitors	0.692	Approved					
	Search for new forms of services	0.732	Approved					
	Leader in providing innovative processes	0.762	Approved					
	Try to offer best service processes	0.701	Approved					
	Prefer the old methods	0.212	Rejected					
	Search for best methods for managing organization	0.798	Approved					
	Use innovative managing systems	0.848	Approved					
Leader in providing innovative managing systems	0.847	Approved						
Conservatism in providing innovative systems management	0.175	Rejected						
Job Satisfaction	Payment system	My pay and the amount of work I do	0.757	Approved	0.739	0.727	0.693	0.474
		The way my job provides for steady employment	0.573	Approved				
		The way company policies are put into practice	0.721	Approved				
	Job Type	The chances for advancement on this job	0.785	Approved	0.700	0.816	0.682	0.532
		The freedom to use my own judgment	0.728	Approved				
		Being able to keep busy all the time	0.531	Approved				
		The chance to try own methods of doing the job	0.837	Approved				
	Advancement	The chance to do different things time to time.	0.597	Approved	0.764	0.733	0.669	0.484
		The chance to do things for other people	0.627	Approved				
		The chance to do something that makes use of my abilities	0.838	Approved				
	Organizational	The chance to be "somebody" in the community	0.333	Rejected	0.778	0.688	0.600	0.464
		The feeling of accomplishment I get from the job	0.904	Approved				
	Leadership Style	The chance to tell people what to do	0.518	Approved	0.716	0.828	0.726	0.553
		The way my boss handles his/her workers	0.844	Approved				
		The competence of my supervisor in making decisions	0.806	Approved				
		The way my co-workers get along with each other	0.762	Approved				
	Physical Condition	The working conditions	0.771	Approved	0.703	0.714	0.690	0.433
		Being able to do things that don't go against my conscience	0.539	Approved				
		The chance to work alone on the job	0.086	Rejected				
		The praise I get for doing a good job	0.664	Approved				

Table 2: Analysis of the structure of multidimensional analytical research

Also, regarding the Table 2, the amount of t-values is acceptable. Table 3, indicates the factor loading of components and Table 4 shows the validity of factor analysis in second stage which is confirmed.

	Physical Condition	Leadership Style	Organizational Climate	Advancement Opportunities	Job Type	Payment System
Factor loading	0.840	0.883	0.517	0.619	0.881	0.786

Table 3: Factor loading of the components of the structure of multidimensional analytical research

0.399	0.345
$Q^2 > 0.35$ , $R^2 > 0.33$	

Table 4 : Fitness indicators of multidimensional research

## 9. Conclusion

Today online retail companies are of particular importance to final consumers. So, identifying determinants of innovation in these organizations and their impact is very important. It would be conducted from different aspects like evaluating the impact of job satisfaction among employees. In this research, we have tried to investigate on the impact of job satisfaction among employees of DigiKala on innovation in this organization. Using literature, the job satisfaction was classified into six dimensions; payment system, job type, advancement opportunities, organizational climate, leadership style and physical condition. The proposed framework was used in DigiKala and the results showed that the most important factor in job satisfaction of the employees, is leadership style in the organization. The organizational climate factor also has the least importance. So, the managers should put the most of their attention on how to deal with their employees.

Table 2, which examines questions of the research, has shown that the most important indicators of innovation in the organization are being leader in providing innovative managing systems, using innovative managing systems, and search for best methods for managing the organization. This indicates that this organization has to seek continual improvement of management systems in order to survive.

According to the findings, we can conclude that leadership style factor affected innovation in organization the most. The most important indicators of this factor are the way the boss handles his/her workers and the competence of supervisor in making decisions. So, managers are obliged to draw the trust of employees that they do their jobs, to encourage the spirit of innovation in employees.

The next important factor is the job type. The most important indicators of this factor are the chance for employees to try their own methods of doing the job and the chances for advancement on job. It specifies that managers should trust employees that have personal ability to do their jobs. Physical conditions and the payment system has less importance. The reason is that innovation is not limited to specific organizational structure. The advancement opportunities and organizational climate factors also have the least importance than other factors.

In general, according to the results it can be concluded that the rate of innovation, to a large extent, depends on the sense of trust between managers and employees in the organization. To achieve more accurate results, using this framework to evaluate the impact of job satisfaction among employees of other organizations with different activities subject is recommended.

## 10. References

- i. Amabile, T. M. (1988). A model of creativity and innovation in organizations. *Research in organizational behavior*, 10(1), 123-167.
- ii. Aziri B. (2011). Job Satisfaction: A Literature Review, *Management Research And Practice*, Vol. 3 Issue 4 (2011) PP: 77-86.
- iii. Crossan, M.M.& Apaydin, M. (2010). A Multi-Dimensional Framework of Organizational Innovation: A Systematic Review of the Literature, *Journal of Management Studies*, Vol 47, Issue 6, pages 1154-1191
- iv. Kumari, G., Joshi, G., & Pandey, K.M. (2014). Analysis of Factors Affecting Job Satisfaction of the Employees in Public and Private Sector", *International Journal of Trends in Economics Management and Technology (IJTEMT)*, Vol. 3 Issue 1
- v. Lam, A. (2011). Innovative Organizations: Structure, Learning and Adaptation, DIME Final Conference
- vi. Lynch, L. M. (2007). The adoption and Diffusion of Organizational Innovation: Evidence for the U.S. Economy. IZA DP, Discussion Paper
- vii. Margir, A., Tereh Eiduzehi, N., Surizehi, Z.,& Kamaly Pur, N. (2014). Studying the Relationship between Organizational Innovation and System thought in Service Organization, *International Journal of Academic Research in Business and Social Sciences*, Vol. 4, No. 7.
- viii. Mexias, S. J., & M. A. Glynn (1993), "The Three Faces of Corporate Renewal: Institution, Revolution, and Evolution", *Strategic Management Journal* 14.
- ix. Moghimi, S.M. (2007). The Relationship between Environmental Factors and Organizational Entrepreneurship in NGOs in Iran, *Iranian Journal of Management*, No.1.
- x. Stowe, C.& Grider, L. (2014). Strategies for advancing organizational innovation. *Journal of Management and Marketing Research*. 14, 1-9.
- xi. Thompson, E.R.& Phua F.T.T. (2012). A Brief Index of Affective Job Satisfaction". *Group & Organization Management* 37 (3): 275-307.
- xii. Weiss, D. J., Dawis, R. V. England, G. W. & Lofquist, L. H. (1967), *Manual for the Minnesota Satisfaction Questionnaire*. Minnesota Studies in Vocational Rehabilitation, Minneapolis: University of Minnesota, Industrial Relations Center. Vol 22