



## EVALUATION OF STAFF WORKING IN SERVICE SECTOR ATTITUDES TOWARDS TO INNOVATION MANAGEMENT

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Learning culture, innovation management, service sector.

### ABSTRACT

In today's highly competitive business conditions, the survival of businesses mostly depends on their innovation and creativity abilities. At this point, to be able to innovate, it is necessary to manage innovation in the enterprise and to create a new business. The purpose of this study is to analyze the extent of innovation management issue in the banking sector. We have conducted interview with 60 bank employees in 7 different branches of banks operating in Denizli. Some important results obtained from this study are as follows; demographic findings between the groups in terms of banks are differences in degree of implementation activities. Again, as the demographic findings in the differences between the groups emerged on the banks direct manage innovation.

### JEL Classification

M10, O30, G21

## 1. INTRODUCTION

In our contemporary world where outside conditions are evolving at a great pace, it can be observed that such phenomenon as competition, alteration, speed, risk, uncertainty and dynamism are being part of work life, even part of our individual life quickly. Today's businesses need to achieve superiority in the competitive environment so as to maintain their existence and to make their business sustainable. In order to have sustainable competitive advantage, businesses need to adapt their structures, systems, processes and strategies to the altering conditions. This can only be achieved by making continuous innovations and managing this process.

In this study, attitudes of banking sector employees towards innovation management are analyzed. The research was conducted among the employees of bank branches located in Denizli through random sampling method.

The following part of the study covers literature review and basic concepts about innovation management. The third part of the study is about data collection and the research methodology. In the fourth part, the findings of the study were evaluated using statistical analyses. ANOVA and t-test have been used for this purpose. The final part of the study presents the results and recommendations.

## **2. INOVATION MANAGEMENT**

Things that do not renew themselves cannot develop and they may eventually disappear. Innovation, once perceived as something just for scientists, engineers or artists, is now the core focus of anybody who desires to maintain his/her work and wants to develop himself/herself (Sarıhan, 2007: 131).

Concept of innovation which is translated into Turkish as "inovasyon" (Gökcek, 2007:4) was derived from the Latin word of "innovare" which means renewal, alteration (Narayanan, 2001:67). The common thread innovation means "something new" (Gopalakrishnan and Damanpour, 1997: 16). Although there is no consensus over its Turkish usage, it is argued that this word is a technical term and it must stay in the form of "inovasyon" which is derived from English. Some argue that the word "novelty" cannot be the right term to use because it implies different meanings other than the concept in the English. Turkish Language Society conducted a study to resolve this confusion and offered to use word "inovasyon" as phrase for innovation (<http://www.tdk.gov.tr>). A consensus has not been reached in this matter yet. Although meaning content of the word is not reflected thoroughly, currently word "innovation" carries the closest meaning (Gökcek, 2007: 4).

"Innovation" means to transform an idea into a new or developed product or service that can be marketable. In more simple way, "innovation" is a process starting from the invention stage of an idea to the application stage. "Innovation" represents putting the ideas which have not been thought before into commercial applications; thus developing power of competition. Namely, finding the thing which never existed before, or making something which has not been made before. Through "innovations", businesses may be able to get more revenue and profit (Kırım, 2006: 5).

Based on the E.U. and OECD literature, "innovation" as a process represents "transforming an idea into a product or service that can be marketable; new or developed production or distribution method; or new social service method". Same word explains "marketable or developed product, method or service" that arises as a result of transformation process (European Commission, 1995; Narrated by Akyos, 2007).

"Innovation" is creating something new and making the market accept it. "Innovation" is relevant with processes, products, services and technologies (Terrence, 2004: 2). Not only relevant with product and services, it can be expressed as a process relevant with putting new ideas regarding any event, phenomenon or a condition into practice. In this respect, "innovation" should not be considered in a technical framework.

Peter Drucker, who has several studies about "innovation", stated about managing "innovation" in his book called "Innovation and the Entrepreneurship" that "Innovation is a real study and it can and should be managed as an institutional function. But, this does not mean that it is same sort of activity with other company activities. Thus, "innovation" is not a performing work, instead is a knowing work. Additionally, it is stated that "innovation" requires talent, intelligence and knowledge; however additionally it requires effort, perseverance, and devotion. Otherwise, managements do not have a chance for success" (Drucker, 2003: 120; Narrated by Acaray, 2007: 62).

### 3. DATA AND METHODOLOGY

The purpose of the study is to investigate whether the banks apply “innovation” management or not. Another focus of the study was to evaluate attitude of the employees toward “innovation” management in terms of their demographic characteristics. This is a descriptive research; and conducted through randomized sampling method across the bank branches operating in Denizli City.

While universe of the research consists of bank branches operating in Denizli, sampling set consists of the staff from all positions employed in these branches. Through random sampling, staffs from 7 branches out of 25 nation-wide banks which operate in Denizli, namely Ziraat Bank, İş Bank, Garanti Bank, Finansbank, ING Bank, Bank Asya and Asya Katılım Bank were interviewed; and 60 valid survey forms were obtained for evaluation.

Survey forms were used for data collection. Questionnaires were answered by Branch Managers, Directors, Vice Directors, Specialists and their Assistants, Service Attendants, Customer Represents and etc. During the interview, first, instructions were explained to the respondents; then the questionnaire was partially administered face-to-face and partially left to the respondents to give them fill-out time and to be collected on the next day.

The first section of the questionnaire form consists of the questions regarding demographic characteristics of employees. In the second section of the form, a five-scale Likert method which includes choices between “strongly disagree” and “totally agree” was applied. The questionnaire form contains 22 questions; and the Likert method was applied as basic scaling tool. Reliability of the “innovation” scale was found as 0.93.

### 4. EMPIRICAL FINDINGS

The profile of the respondents was analyzed through descriptive statistics in Table 1.

**Table 1: Distribution of the Respondents by Demographic Factors**

Demographic Variables	Categories	Frequency	Percentage
Gender	Male	28	46.7%
	Female	32	53.3%
Age	18 to 25	2	3.3%
	26 to 35	46	76.7%
	36 to 45	12	20%
Marital Status	Married	41	68.3%
	Single	19	31.7%
Education Level	High School	3	5%
	Associate Degree	9	15%
	Bachelor’s Degree	42	70%

	Master's Degree	6	10%
Terms of Employment	Less Than 1 Year	3	5%
	1 to 3 Years	20	33.3%
	4 to 6 Years	18	30%
	7 to 9 Years	7	11.7%
	10 and More Years	12	20%
Previous Work Experience	No Experience	54	90%
	Less Than a Year	1	1.7%
	1 to 5 Years	3	5%
	6 to 10 Years	2	3.3%
Branch Size	6 to 10 Employees	2	3.3%
	11 to 15 Employees	9	15%
	16 to 20 Employees	2	3.3%
	21 and More Employees	47	78%
Position	Director & Vice Director	13	21%
	Specialist & Vice Specialist	10	16.7%
	Specialist	24	40%
	Service Attendant	4	6.7%
	Customer Representative Other	9	15%
Departments	Marketing	13	21.7%
	Operations	39	65%
	Marketing & Operation	8	13.3%
Specialization	Personal Banking	34	56.7%
	SME/Commercial	14	23.3%
	Personal & Commercial	12	20%

Table 1 indicates that while 28 respondents (46.7%) were male; 32 respondents (53.3%) were female.

The respondents' age distribution is as follows: 2 respondents (3.3%) are in the range of 18-25; 46 respondents (76.7%) are in the range of 26-35; and 12 respondents (20%) are in the range of 36-45.

With regard to marital status of the respondents, while 41 respondents (68.3%) were married, 19 respondents (31.7%) were single.

The education profile of the respondents is as follows: 3 respondents (5%) are high school graduates; 9 respondents (15%) have an associate degree; 42 respondents (70%) have a bachelor degree; and 6 respondents (10%) have a master degree.

According to term of employment in the bank, 3 respondents (5%) have worked with the bank for less than 1 year; 20 respondents (33.3%) have worked with the bank for 1 to 3 years; 18 respondents (30%) have worked with the bank for 4 to 6 years; 7 respondents (11.7%) have worked with the bank for 7 to 9 years; and 12 respondents (20%) have worked with the bank for 10 and more years.

Based on employees' previous experiences, while 54 respondents (90%) did not work in any other bank before; 1 respondent (1.7%) has experience in another bank for less than a year; 3 respondents (5%) have experience in another bank for 1 to 5 years; 2 respondents (3.3%) have experience in another bank for 6 to 10 years.

According to branch size of the banks, the distribution of respondents is as follows: 2 respondents (3.3%) work in a branch with 6 to 10 employees; 9 respondents (15%) work in a branch with 11 to 15 employees; 2 respondents (3.3%) work in a branch with 16 to 20 employees; and 47 respondents (78.3%) work in a branch with 21 and more employees.

Based on respondents positions in their banks, 13 respondents (21.7%) are in the positions of Director and Vice Director; 10 respondents (16.7%) are in Specialist and Vice Specialist positions; 24 respondents (40%) are in Service Attendant position; 4 respondents (6.7%) are in Customer Representative position; and 9 respondents (15%) are employed in other positions.

In terms of departments, 13 respondents (21.7%) work in Marketing Department; 39 respondents (65%) work in Operation Department, and 8 respondents (13.3%) work in both Marketing and Operation Departments.

According to work specialization, 34 respondents (56.7%) work in Private Banking field; 14 respondents (23.3%) work in Small and Medium Sized Business/Commercial Banking field; and 12 respondents (20%) work in both Private and Commercial Banking fields.

#### **4.1. Findings Regarding Innovation Management**

According to the results of the ANOVA analysis conducted based on age, educational level, division and position employed, there is no statistically significant difference in attitudes of employees towards innovation management activities among groups. Furthermore, based on the t-test conducted according to marital status, there is no statistically significant difference in attitudes of employees towards innovation management activities among groups. As it can be seen from the Table 2, in terms of gender of the respondents, there is statistically significant difference in attitudes of employees towards innovation management activities among groups.

**Table 2: Summary of the Respondents Responses on Innovation Management Based on Gender**

	Gender	N	Mean	Std. Deviation	Sig.
In our bank, managers encourage their staff to make innovative suggestions by overcoming the restrictive effect of the rules and procedures.	Male	28	3.5357	.79266	.007
	Female	32	3.1875	1.25563	
Compared to its competitors, our bank has introduced more innovative products and services during last five years.	Male	28	3.9286	.71640	.007
	Female	32	3.7188	1.05446	

As it can be seen from the Table above, male respondents think that directors in the bank encourage their staff about not to feel restricted by the rules and procedures to bring forward innovative ideas compared to the female staff. Again, male respondents think that their banks introduced more innovative products and services in the last five years in proportion to their competitors compared to the female respondents.

Table 3 gives a summary of the respondents responses on innovation management based their ages.

**Table 3: Summary of the Respondents Responses on Innovation Management Based on Their Ages.**

Age	N	Mean	Std. Dev.	Min.	Max.
18 to 25	2	3.5000	.44998	3.18	3.82
26 to 35	46	3.7372	.57679	2.41	5.00
36 to 45	12	3.6818	.83274	1.68	5.00
Total	60	3.7182	.62340	1.68	5.00

It can be observed that bank personnel are predominantly at their young ages. These respondents have the highest mean value regarding the innovation management. According to the conducted ANOVA analysis, there was no significant difference in terms of age groups. Group scores based on gender are the same ( $\bar{X} = 3.71$ ).

Based on marital status, group scores were presented in the Table 4 below:

**Table 4: Summary of the Respondents Responses on Innovation Management Based on Marital Status**

	Marital status	N	Mean	Std. Deviation
NEW.AVG	Married	41	3.7805	.62456
	Single	19	3.5837	.61569

Scores of the married staff is higher. Since married personnel have more regular life style in comparison with the single ones, and they feel stronger against the innovations at work place and their score might come up higher.

Arithmetic means of the personnel based on their work departments are presented in the Table 5 below:

**Table 5: Summary of the Respondents Responses on Innovation Management Based on Department**

	Department	N	Mean	Std. Deviation
NEW.AVG	Marketing	13	3.8322	.60056
	Operation	39	3.6690	.66232

Personnel in the marketing department have higher score. Personnel who always work outside the branch and who always keep contact with customers are more sensitive to the innovation management.

**Table 6: Innovation Management Scores Based on Work Positions**

	N	Mean	Std. Deviation
Director and V. Director	13	3.5909	.66391
Specialist and V. Specialist	10	3.7227	.56385
Service Attendant	24	3.8030	.41110
Customer Represent	4	3.5682	1.29552
Other	9	3.7374	.82000
Total	60	3.7182	.62340

Among the respondent bank staff, the highest score belongs to the Service Attendant. The personnel with the position of Director and Vice Director have the lowest score.

Based on the personnel work experience, group mean values were presented in the Table 7 below:

**Table 7: Summary of the Respondents Responses on Innovation Management Based on Work Experience**

NEW.AVG	N	Mean	Std. Deviation	Minimum	Maximum
Less than 1	3	4.1364	.75651	3.59	5.00
1 to 3	20	3.5977	.55460	2.45	4.64
4 to 6	18	3.9040	.48654	2.41	4.41
7 to 9	7	3.7078	.67003	3.00	5.00
10 and more	12	3.5417	.82081	1.68	4.59
Total	60	3.7182	.62340	1.68	5.00

It is understood that the bank personnel consist of the staff that have from 1 to 7 years of work experience. In terms of innovation management, it can be seen that the highest mean belongs to the personnel group with 4 to 6 years of experience ( $\bar{X} = 3.90$ ).

## 5. CONCLUSION

In today's world where the surrounding conditions evolve at a great pace, businesses are required to adapt their structures, systems, process and strategies to achieve sustainable advantage in the competition. Yet, they can only achieve them by making innovations and managing this innovation continuously. In this study, the attitudes of the personnel toward the management of innovation in banking sector were tried to be determined. The research was conducted across the bank branches located in Denizli by means of random sampling method.

When the findings were evaluated, there is no significant difference found among the groups in applied innovation management activities according to the ANOVA analysis conducted in terms of personnel age, educational level, division and position in bank. In addition, according to the t-test conducted based on marital status, while there is no significant difference in innovation management, according to the t-test conducted based on gender, there is significant difference found among groups in innovation management activities performed in bank branches. In comparison to the female ones, male bank staff think that bank managers encourage personnel to make innovative suggestions without being restricted by current rules and procedures; again, in comparison to the females personnel, male think that their bank introduced more innovative products and services in the last five years than their competitors.



It is observed that respondents consist predominantly of young staff. These personnel have the highest mean score for the innovation management. Again, married personnel have higher mean scores. The personnel working in the marketing department have higher scores as well. Amongst the research respondent bank personnel, the highest score was owned by the Service Attendant. The personnel with the Director and the Vice Director position have the lowest score.

This research contributes to the identification of factors that have an impact on innovation management activities in Turkish banking sector. Findings of the study imply that young and male employees seem to have more tendencies towards innovation management.

An important limitation of this study is that it is conducted in a local district with a limited number of banking employees. A further research may be extended to other cities.

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