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Work Autonomy and Product Innovativeness of Deposit Money Banks in Nigeria

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Abstract: *The main aim of this paper is to examine the relationship between work autonomy and product innovativeness of deposit money banks in Nigeria. The correlational research design was considered imperative in this study as it deals with a multivariate analysis of the relationship existing amongst the study variables such as work autonomy (predictor variable) with creative rule breaking as its dimension and product innovativeness (criterion variable) with product modification as its measure. The researchers selected all the twenty deposit money banks with main branch in Port Harcourt metropolis in Rivers State as population for the study. The work was therefore a census study since the population of twenty deposit money banks was a manageable size. The researchers purposively selected five managerial staff from each of the twenty deposit money banks making a total of one hundred staff as respondents for the study under review. The researchers used both the primary and secondary data in the course of the study. The Pearson Product Moment Correlation (PPMC) statistic was adopted to test the hypothesis. The outcome of the study revealed that work autonomy is positively and significantly related with product innovativeness. It was then recommended that all deposit money banks in Nigeria should permit managers and employees to control and decide on their own methods of work, work arrangements, and work standards in order to create opportunity for innovation. Deposit money banks in Nigeria should as a matter of necessity encourage work autonomy among managers and employees as it triggers product innovativeness by providing a degree of self-governance and gives the freedom and empowerment to innovate and deliver excellent on-the-job performance.*

Keywords: *Work Autonomy, Product Innovativeness, Deposit Money Banks.*

Introduction

In the present era of economic instability, banking industry has emerged as one of the major and vital service industries, which has affected millions of lives of people all over the world. It is unique in its service, socially and economically. In 2008, many countries witnessed reformations in the state of affairs of the banking industry. These reformations are fallouts of change in technology, financial environment, and financial globalisation and deregulation (Francisco & Emili, 2002). Deposit money banks offer financial services and products that empower individuals and organisations to be a part of a broader economy. They offer possibilities for investment of savings, risk management and extension of credit. These banks support the modern capitalistic society. While the vital functions performed by these banks have remained relatively constant over the years, the structure of the industry has been dramatically transformed. This change has been a result of independent domestic regulation, intense international competition, innovations witnessed within financial instruments, and an exponential growth in information technology. With the use of new financial regulations, the global economy is more interconnected, technology use is more crucial for banking operations, thus, bringing a suffocating pressure on managers and the institute workers (Tidd & Hull, 2003).

According to Cainelli, Evangelista and Savona, (2004) employment of survival measures have become vital for the banks due to growing competition. Innovation is the need of the hour in banking industry, as there has been a spur brought about by the rapid change particularly with respect to new distribution channel systems, such as internet and mobile banking (Cainelli et. al. 2004). Being that these banks provide more convenient ways for their customers to access their accounts, it has generated significant additional operational costs to generate revenue. With the incremental cost element as a result of the added distribution channels and renewed efforts towards making all the possible cuts in the back office, banks have discovered that the secret of gaining profit is revenue enhancement (Cainelli et. al. 2004).

For most firms, successful new product innovations are engines of growth (Cohen, Elashberg & Ho, 1996). A product is an item that ideally satisfies a markets want or need. It's a deliverable that contributes to a business solution. According to Kotler (2000), a product is anything offered to the market for attention, acquisition, use or consumption that might satisfy a need or want. The basis for any marketing activity begins with a product offering. This makes the product element in the 5'Ps model a significant factor in marketing. Any business begins with an idea whose fulfilment requires a product which may be a physical good, retail store, person, organisation or place. How the product performs in the market determines significantly the overall performance of that organisation (Kotler, 2000). While other factors of production like for example people, place, price and promotion are key performance drivers, it's important to note the role of product in the organisational bottom line. The kind of product will determine how the other marketing activities will be applied (Consumer Behaviour, 2001). The product is what attracts a customer. The product is what makes a market.

Product innovation is the result of bringing to life a new way to solve customer's problem. It can be defined as the general and or acceptance of ideas, process, products or services that the relevant adopting unit perceives as new (Garcia & Catantone, 2002). Understanding of innovation is vital to organisations competing in an environment characterised by high uncertainty and a high rate of change. Companies that disregard the importance of innovation will not survive or will become marginalised (Han, Kim & Srivastava, 1998). In the study of 100 leading incumbent firms in the United States at the turn of the century, all but 16 have either perished or become marginalised as a result of having compromised their technological orientation towards innovation (Han, Kim & Srivastava, 1998). Like any other industry, the financial sector has experienced massive transformation over the years. This has been necessitated by the need to meet customer's real and ever changing needs. To remain relevant, financial institutions have gone through continuous re-modification, re-invention and re-introduction of product propositions to meet customers changing needs. While the banks may offer similar products, what differentiates one bank performance from another is the product proposition, product features, target market and service delivery. It is important to recognise the importance of product and product innovations as a measure of performance in the banking sector (Susan, 2007).

Deposit money banks are currently being forced to consider new ways to be on a competitive advantage (Werner, 2014). One way to ensure it is by empowering employees through work autonomy. When employees are granted work autonomy, they will have the authority to effectively manage their teams themselves and also have the power to intentionally disregard prescribed rules, guide, process or procedure without damage or conflict in order to achieve an expected target (Hackman & Wageman, 2005; Sundstrom et al., 1990).

Work autonomy relates to the amount of authority one employee has in his own work, rather than being influenced by someone else. This is explained in the organisational behaviour literature by Hackman and Oldham (1975, p. 162) as "the degree to which the job provides substantial freedom, independence, and discretion to the employee in scheduling the work and in determining the procedures to be used in carrying it out". Employees are given discretion by their employers to carry out tasks to be completed in a specified amount of time, rather than being told what to do at every moment (Prendergast, 2002). Studies have shown that work autonomy triggers product innovativeness as it provides a degree of self-governance and gives the employees the freedom and empowerment to innovate and deliver excellent on-the-job performance. Consequently, the need to adopt work autonomy in deposit money banks in Nigeria as an empowerment tool to enhance product innovativeness has been advanced for proper research in this study. Specifically, this study seeks to examine the relationship between work autonomy on product innovativeness of deposit money banks in Nigeria.

Operational Conceptual Framework

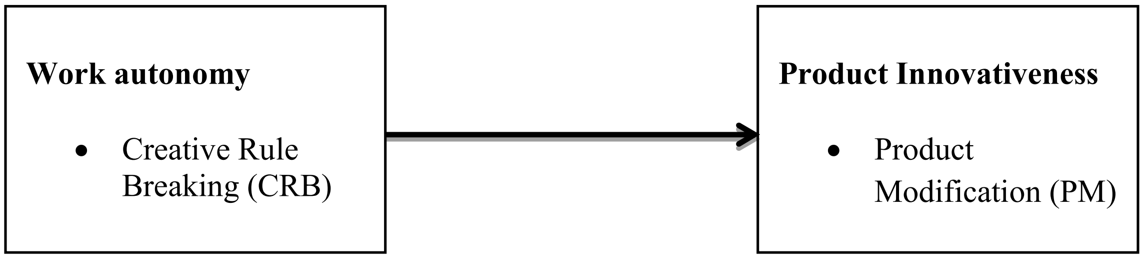

Fig. 1: *Operational conceptual framework showing the relationship between work autonomy and product innovativeness.*

Source: *Adapted from the works of Bowen & Lawler (1992, 1995) and Balachandran & Thomas (2007).*

Research Question

What is the relationship between work autonomy and product innovativeness of deposit money banks in Nigeria.

Research Hypothesis

H_{01}: There is no significant relationship between work autonomy and product innovativeness of deposit money banks in Nigeria.

Literature Review

The theoretical framework for this study is anchored on self-determination theory and supported by diffusion of innovation theory.

Self-Determination Theory (SDT)

Psychologists Edward Deci and Richard Ryan first presented Self Determination Theory (referred to as SDT for short) in their 1985 book, Intrinsic Motivation and Self-Determination in Human Behavior. Self-Determination Theory (SDT) represents a broad framework for the study of human motivation and personality. SDT articulates a meta-theory for framing motivational studies, a formal theory that defines intrinsic and varied extrinsic sources of motivation, and a description of the respective roles of intrinsic and types of extrinsic motivation in cognitive and social development and in individual differences. Perhaps more importantly, SDT propositions also focus on how social and cultural factors facilitate or undermine people's sense of volition and initiative, in addition to their well-being and the quality of their performance. Conditions supporting the individual's experience of autonomy, competence, and relatedness are argued to foster the most volitional and high quality forms of motivation and engagement for activities, including enhanced performance, persistence, and creativity. In addition, SDT proposes that the degree to which any of these three psychological needs is unsupported or thwarted within a social context will have a robust detrimental impact on wellness in that setting.

Diffusion of Innovation Theory

Diffusion of Innovation (DOI) Theory, developed by E.M. Rogers in 1962, is one of the oldest social science theories. It originated in communication to explain how, over time, an idea or product gains momentum and diffuses (or spreads) through a specific population or social system. The end result of this diffusion is that people, as part of a social system, adopt a new idea, behaviour, or product. Adoption means that a person does something differently than what they had previously (purchase or use a new product, acquire and perform a new behaviour, etc.). The key to adoption is that the person must perceive the idea, behaviour, or product as new or innovative. It is through this that diffusion is possible. Adoption of a new idea, behaviour, or product (innovation) does not happen simultaneously in a social system; rather it is a process whereby some people are more apt to adopt the innovation than others. Researchers have found that people who adopt an innovation early have different characteristics than people who adopt an innovation later (Hager, 2006).

Concept of Work autonomy

Work autonomy first appeared in the job characteristic model, which was defined by Hackman and Oldham (1976) as "Organisations provide individuals with the ability to schedule work and determine the degree of freedom, independence, and self-determination of work procedures". This definition includes both autonomy and independence, confusing two different characteristics. In order to define work autonomy more accurately and specifically, Breaugh (1985) proposed that work autonomy refers to "the degree to which employees can control and decide on their own methods of work, work arrangements, and work standards". Similarly, Morgeson and Humphrey (2006) summarised work autonomy as "the degree to which an organisation allows employees to freely, independently, and autonomously make work arrangements, work decisions, and work methods". From the development of the definition of work autonomy, earlier scholars have studied work autonomy at the level of work tasks. Conversely, with the new developments in research, such as flexible working hours and changing workplaces, work autonomy has been stretched to a wider range of work levels.

Work autonomy as it were is concerned with the discretion of employees to complete tasks when, where, in what order and in what way. It is worth mentioning that work autonomy is the organisation's autonomy to give employees the freedom to work. It is different from individual autonomy. Individual autonomy emphasises that individuals are free to choose to engage in an action based on their own interests or personal beliefs. Earlier research has shown that work autonomy is an important job characteristic and can have many positive consequences. From the perspective of the work resource-requirement model, on the one hand work autonomy can increase positive work resources, and on the other hand work autonomy can buffer the negative effects of work requirements. In general, previous theoretical models and empirical studies have found that work autonomy is a positive work resource and can have a positive impact on employees. However, recent studies have found that work autonomy does not always have a positive effect, and excessive work autonomy can also have negative effects. For example, excessive work autonomy can reduce employee happiness, and scholars have confirmed this view through empirical research (Baltes et al., 2002; Taris, 2006).

Concept of Product Innovativeness

Product innovation is the introduction of a good or service that is new or significantly improved regarding its characteristics or intended uses; including significant improvements in technical specifications, components and materials, incorporated software, user friendliness or other functional characteristics (OECD Oslo Manual, 2005). Product innovation is inevitable if businesses are to remain relevant and sustainable. There are various theories that have been developed that tend to bring out the relationship between product innovation and organisations performance. According to Vermon, (1966), quoted in Kulkarni, (2009) in his theory the product life cycle theory, a product goes through 5 stages in life where at some point unless modifications are done, the product becomes obsolete and irrelevant. It is important that businesses invest highly on market research programmes in order to identify changes in consumer needs as the product advances through its productive life. He argues that like any living being, products go through various stages in their productive lives from invention, maturity to decline stage forming a unique cycle in the product life. These stages are characterised by specific features which determine the length of time a product spends in one stage depending on the marketing strategies applied (Kulkarni, 2009).

If not nurtured through continuous improvements the products decline and die naturally like any living being. With this understanding, product innovations are expected to be a continuous and deliberate strategic approach if organisations expect to sustain profitability and growth (Palmer, 2000). This theory has proven that products do not survive forever. Aggressive marketing strategies have to be applied to prolong product life in any stage of the product life cycle. These strategies may include differentiation strategies, modifications and product positioning techniques including new innovations all together (Schilling & Hill, 1998). Atuahene-Gima (1996) acknowledges that the product innovation has the following dimensions; the product should be new to customers from the perspective of the customer, the product should be new to the firm from the perspective of the firm, product modification which means making product variation in the current products of the firm.

Product modification in this study as a measure of product innovativeness is any significant alteration made to the features (size, shape, colour, style, price, etc.) of a product; modification of a product is usually done in an attempt to rejuvenate it in order to intensify demand. It is the upgrading of an existing products by making essential alterations in the characteristics, nature, size, packing and colour, etc., of the products so that the changes in demand of consumers may be dealt effectively. It is also the alteration by an organisation of an existing product to update it and improve its competitiveness in serving existing market segments or to transform it to serve new market segments. The product modification outcomes are consistent with a winner-take-all effect: Firms that modify products and introduce them first to the market take full advantage of the investment opportunity, while latecomers do not. Modifying existing products requires quickly raising funds.

Methodology

Research Design

The study is correlational in nature, and is carried out in the natural environment where work proceeds normally (non-contrived setting).

Population

The population for this study includes all the deposit money banks licensed to operate in Nigeria. According to the Central Bank of Nigeria (CBN), the number of deposit money banks in Nigeria with operational permit totals twenty two. Given the insecurity nature of some part of the country, not all the deposit money banks were used in the study.

The twenty deposit money banks with main branch in Port Harcourt metropolis, Rivers State, Nigeria includes Access Bank Plc., Citibank Nigeria Ltd., Eco bank Nigeria Plc., Fidelity Bank Plc., First Bank Nigeria Ltd., First City Monument Bank Plc., Globus Bank Ltd., Guaranty Trust Bank Plc., Heritage Banking Company Ltd., Key Stone Bank, Polaris Bank, Stanbic IBTC Bank Ltd., Standard Chartered Bank Nigeria Ltd.. Sterling Bank Plc., Sun Trust Bank Nigeria Ltd., Union Bank of Nigeria Plc., United Bank For Africa Plc., Unity Bank Plc., Wema Bank Plc. And Zenith Bank Plc.

Hence the sample size of one hundred was chosen as follows: One Branch manager, one Operations manager, one Human resources manager, one Customer relations manager and one Internet technology manager from each deposit money bank making a total of five managerial staff from each deposit money bank and a final total of one hundred managerial staff from the twenty deposit money banks.

Methods of Data Analysis

The hypotheses were analysed by means of the Pearson Product Moment Correlation (PPMC). The Pearson Product Moment Correlation was calculated on SPSS 21.0 version software package to establish the relationship among the empirical referents of the predictor variable and the measures of the criterion variable.

Result

H_{01}: There is no significant relationship between work autonomy and product innovativeness of deposit money banks in Nigeria.

Table 1: Work autonomy and product innovativeness

		WA	Prod_Inn
WA	Pearson Correlation Coefficient	1	.242*
	Sig. (2-tailed)		.015
	Sum of squares and Gross Products	2098.990	469.400
	Covariance	21.202	4.741
	N	100	100
Prod_Inn	Pearson Correlation Coefficient	.242*	1
	Sig. (2-tailed)	.015	
	Sum of squares and Gross Products	469.400	1788.000
	Covariance	4.741	18.061
	N	100	100

Note: WA = work autonomy; Prod_Inn = product innovativeness; * = correlation is significant at the 0.05 level (2-tailed).

As shown from the data analysis using a sample size of 100 on table 1, the relationship between work autonomy and product innovativeness is strong, positive and significant. Evidence show that Pearson product correlation coefficient is .242 and the probability value less than the critical value (i.e. $r = .242$, $p = .015 < 0.05$). In other words, work autonomy has a positive relationship with product innovativeness. This means, as deposit money bank employees increase their level of work autonomy, product innovativeness tend to increase as well. Therefore, the null hypothesis which states that there is no significant relationship between work autonomy and product innovativeness was rejected, while the alternative hypothesis which states that there is a significant relationship between work autonomy and product innovativeness was accepted.

Summary of Hypothesis

Table 2: Summary of Hypothesis Testing Result

S/N	Hypothesis	Result	Decision
Ho_1	There is no significant relationship between work autonomy and product innovativeness of deposit money banks in Nigeria.	r = .242 p-value = .015	Reject Ho9 since p-value <0.05 significance level.

Source: ***Survey Data, 2016***

Discussion of Findings

Work Autonomy and Product Innovativeness

Findings from the test of the formulated hypothesis shows that the relationship between work autonomy and product innovativeness of deposit money banks in Nigeria is strong, positive and significant. This was shown by Pearson product correlation coefficient = .242 and the probability value less than the critical value (i.e. $r = .242$, $p = .015 < 0.05$). This finding is in consonance with previous studies (for example, De Spiegelaere et al. 2014; Cabrera et al. 2006) who found that empowering service line managers and employees in terms of work autonomy improves innovativeness among organisational workers in different industries and firms. This findings is also in agreement with Chen and Chiu (2009) who remarked that work autonomy act as a motivational factor which help employees to put in more effort into their work. This further indicates that work autonomy is a plausible tool in the achievement of product innovativeness in deposit money banks.

Conclusion

Based on the findings, the researchers concluded that the relationship between work autonomy and product innovativeness is strong, positive and significant. The finding from the study shows that when deposit money bank managers and employees increase their level of work autonomy, product innovativeness tend to increase as well. Work autonomy is therefore an important job characteristic that can have many positive consequences such as product innovative, creativity, etc.

Recommendations

The researchers made the following recommendations on the basis of the findings of the study:

i. Deposit money banks in Nigeria are encouraged to allow managers and employees to control and decide on their own methods of work, work arrangements, and work standards in order to create opportunity for innovation.

ii. Deposit money banks in Nigeria should as a matter of necessity encourage work autonomy among managers and employees as it triggers product innovativeness by providing a degree of self-governance and gives the freedom and empowerment to innovate and deliver excellent on-the-job performance.

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