

# CHAPTER I INTRODUCTION

## 1.1 Background of the Study

In this twenty-one century, company cannot do their work as they used to. The changes that technology bring and also continuous demand of customer, force the company to keep on innovating and producing newer and better product, in order to make sure the long term running of the company and preserve their competitiveness against other competitors.

According to Asian Scientist News (2016) the latest five (5) year plan for 2016 until 2020, China been seeks to investing on science and technology. China's top economic official Premier Li Keqiang said that, the primary force for development and develops a strategy in the central place of China's is to be Innovation. There are several lists and several priority project plan that China plan for these five-year, which is national cyberspace security, applications of gene science, quantum communications and computation, big data applications, deep space exploration, industrial, new arctic observatory, industrial, Antarctic station, clean and efficient use of coal, medical and military robots.

(<https://www.asianscientist.com/2016/04/topnews/china-five-year-plan-innovation-science-spending/>)

According to MITSloan Management Review, in these recent years several companies in China have garnered a lot of attention and have emerged as global innovators. This several big company are Alibaba as the online retail giant, the appliance maker Haier, Baidu as the search and data technology provider, and Tencent as the gaming ecosystem and social communication.

(<https://sloanreview.mit.edu/article/understanding-chinas-next-wave-of-innovation/>)

According to Investopedia, The gaining of Chinese software companies is doubled from the year between 2009 and 2014, and in 2018, China has nine of the world's top 20 tech giants, and in the end of the year 2017 there were 35,774 active Chinese software companies, and there are a dozen of companies in China reach the valuations which is greater than \$1 billion. There are 5 (five) largest and most influential software companies in China, which is China Mobile as the telecommunication also network provider, Tencent as the gaming ecosystem and social communication, Alibaba as the online retail and online commerce, Baidu as the search engine and internet service company, Xiaomi as the electronics company. (<https://www.investopedia.com/articles/markets/032616/5-biggest-chinese-software-companies-chl-tcehy.asp>)

There is one of the keys in order for a company to be innovation and to keep having a new ideas and products is their employees, this is where Innovative Work Behavior (IWB) is important, through IWB employee can help to improve and build the company business through their ability to generate new ideas, be creative and have ability to voice out and share those ideas. An employee's innovative work behaviour implies going beyond the scope of his job requirements and responsibilities. According to Bilal and Yuosre (2016) innovative work behavior (IWB) are the idea initiation and idea implementation, which employee is initiation to give an idea and also implement the idea. According to Jong and Hartog IWB it's different from employee being creativity and it is in line with other researchers. In order to create this innovative work

behavior, we not only need employees who are smart, creative, discipline, socialize but also innovative. Company's involvement in this process is also crucial. This is where Person-organization fit (P-O fit) comes. P-O fit explains that in order to create and generate competitive workforce, company and employees need to understand each other better and have the same values and goals to achieve.

As describe previously, P-O fit is the general match of the individual's goals and values with company's. The knowledge of skill that the employee has, can help the company grow because employees with greater value congruence are found highly engaged and committed to their organization. According to Gruman and Saks (2011), there are one of the most critical factors for employee to display IWB is higher level of work engagement.

But between innovative work behaviour (IWB) and person-organizational fit (P-O fit), there is another important variable which is psychological empowerment (PE). PE can also be described as the employees' belief in the degree to which they affect their work environment, their competence, the meaningfulness of their job and their perceived autonomy in their work (Stephen and Timothy, 2016).

The reason that a company needs psychological empowerment (PE) is when an employee is psychologically empowered, he/she will develop the will to innovate and help the company grow even further. In this case, a manager also has a huge role to empower the employees in order to inovative and create the will to do so. This is proven by a lot of companies, which not only emphasize on P-O fit but also empower their employee to do better psychologically. Companies such as

Google, Apple, Microsoft, etc. just to name a few that not only create good working environment but also take care of their employee psychologically.

Therefore, we see that as a whole. If a company wants to have continuous innovation and ideas flowing in from their employees, they need to assured between the employees' and the company's values, even the goals must match together and keep empowering them psychologically.

## **1.2 Research Questions**

As we discussed in the background of the study, to understand more about what the employee in a company need to keep IWB, there are a few questions that we need to answer:

- a. How does the effect from person-organization fit on an individual's innovative work behaviour?
- b. How does the impact of psychological empowerment on innovative work behaviour?
- c. Does the psychological empowerment play a huge role on the relationship between employee's fit perceptions and innovative work behaviour?

## **1.3 The Purpose and Benefit of the Research**

### **1.3.1 The Research Purpose**

The purpose of this reasearch is to answer the questions above, and even let us know more information which are:

- a. To know the effect of person-organization fit on individual's innovative work behaviour.
- b. To know the impact of psychological empowerment on innovative work behaviour.
- c. To know if the psychological empowerment play a huge role on the relationship between employee's fit perceptions and innovative work behaviour.

### **1.3.2 Research Benefit**

As we explain at the purpose of this research, there are some benefit that we can get from this research which is:

- a. For Company

From this research a company will know the factors that can influence the employee's innovative at their work, especially when there is a mediating role of psychological empowerment which is can be fulfill by the leader.

- b. For Academy

The research will help other academic stakeholders to deeper understanding about employee innovative work behavior in technology company environment.

### **1.4 The Systematic Discussion**

Through this systematic discussion researcher can provide a general description of the contents and the discussion of each chapter in this thesis. The contents of systematic discussion are:

#### **CHAPTER I: INTRODUCTION**

In introduction chapter, researcher discuss about the background study, research question, purpose and the benefit of this reasearch, and the systematic discussion.

## CHAPTER II: THEORITICAL FRAMEWORK AND HYPOTHESIS FORMULATION

In this theological framework and hypothesis formulation chapter, researcher discusses about literature review, variable dependent definition, relationship between each variable, research model and hypothesis.

## CHAPTER III: RESEARCH METHODS

In research methods chapter, researcher discusses about the study design and the object of study of this thesis, and the operational definition of each variable, also the data collection techniques and the data analysis methods.

## CHAPTER IV: ANALYSIS AND DISCUSSION

In analysis and discussion chapter, researcher discuss about the analysis from the collected data. Which include the results of several tests, which are common method biases test, Cronbach's alpha test, composite reliability test, goodness of the fit model test, R square test, and test of hypothesis testing.

## CHAPTER V: CONCLUSION, LIMITATIONS, AND RECOMMENDATIONS

In conclusion, limitations and recommendation chapter, we discuss about the conclusion of this research thesis and the limitation of the

research that also contain the weakness of the research, and the recommendation for other researcher to do the future research.

