

# NEAR EAST UNIVERSITY GRADUATE SCHOOL OF SOCIAL SCIENCES INNOVATION AND KNOWLEDGE MANAGEMENT PROGRAM

# THE RELATIONSHIP OF EMPLOYEE PERFORMANCE, EMPLOYEE CREATIVITY, AND ENTREPRENEURIAL SPIRIT WITH CAPACITY OF SOCIAL INNOVATION: THE CASE OF NEAR EAST UNIVERSITY

SAKAR FATAH

MASTER'S THESIS

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THESIS SUPERVISOR PROF. DR. MUSTAFA SAĞSAN

> NICOSIA 2018

## ACCEPTANCE

We as the jury members certify the " The Relationship of employee Performance, Employee Creativity, and Entrepreneurial Spirit With Capacity of Social Innovation : The Case Near East University" prepared by Sakar Fatah defended on 27<sup>th</sup> of November, 2018 has been found satisfactory for the award of degree of Master.

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i

## DECLARATION

I am a master student at The Innovation And Knowledge Management Department, hereby declare that this dissertation entitled "The Relationship of Employee Performance, Creativity, and Entrepreneurial Spirit with Capacity of Social Innovation: The Case of Near East University" has been prepared myself under the guidance and supervision of "Prof. Dr. Mustafa SAĞSAN " in partial fulfilment of The Near East University, Graduate School of Social Sciences regulations and does not to the best of my knowledge breach any Law of Copyrights and has been tested for plagiarism and a copy of the result can be found in the Thesis.

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- My Thesis can only be accessible from the Near East University.
- My Thesis cannot be accessible for (2) two years. If I do not apply for extension at the end of this period, the full extent of my Thesis will be accessible from anywhere.

Date: 27<sup>th</sup> November 2018 Signature: Name, Surname: Sakar Fatah

## DEDICATION

This study is dedicated to my parents and friends who have offered me with essential support and encouragement to see me through towards the accomplishment of this study.

## ACKNOWLEGMENTS

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## ABSTRACT

# The Relationship of employee Performance, Employee Creativity, and Entrepreneurial Spirit With Capacity of Social Innovation : The Case Near East University

The main emphasis of the study was to examine the impact of employee performance, creativity, and entrepreneurship on capacity of social innovation. This was based on observations made that there are so many studies advocating that social innovation can be used to deal with challenges facing organisations. However, the organizations may not place significance to the role of employees and their performance and creativity as well as entrepreneurship for capacity of social innovation. As a result, the study paid attention to these variables as indicators for improving the social innovation capacity. A total of 100 questionnaires were distributed and successfully retrieved and the data was analysed using both correlation and regression analysis. The results showed that employee performance, creativity, and entrepreneurship are positively related with capacity of social innovation. Recommendations were therefore made that organizations need to ensure that they are organizing regular training and programs for improving the performance and creativity of their employees. Recommendations were also made that organizations must focus on improving the motivation for entrepreneurship spirit to improve the social innovation capacity.

Keywords: employee performance, creativity, entrepreneurship, capacity of social innovation.

# ÇALIŞAN PERFORMANSI, ÇALIŞAN YARATICILIĞI VE SOSYAL YENİLİKLE GİRİŞİMCİLİĞİN İLİŞKİSİ: YAKIN BİR DOĞU ÜNİVERSİTESİ OLGUSU

Çalışmanın ana vurgusu, çalışan performansinin, yaratıcılığın ve girişimciliğin sosyal inovasyon kapasitesi üzerindeki etkisini incelemekti. Bu, gözlemlerin temelinde, sosyal inovasyonun örgütlerin karşılaştığı zorluklarla başa çıkabilmek için kullanılabileceğini savunan pek çok çalışma var. Bununla birlikte, kuruluşlar çalışanların rollerine, performanslarına ve yaratıcılıklarına ve aynı zamanda sosyal inovasyon kapasitesi için girişimciliğe önem vermeyebilirler. Sonuç olarak, bu çalışma, sosyal yenilik kapasitesinin geliştirilmesine yönelik göstergeler olarak bu değişkenlere dikkat çekti. Toplam 100 anket dağıtıldı ve başarıyla alındı ve veriler edildi. analizi kullanılarak analiz regresyon Sonuclar, çalışan performansının, yaratıcılığının ve girişimciliğin sosyal inovasyon kapasitesi göstermiştir. ile pozitif iliskili olduğunu Bu nedenle. kurulusların çalışanlarının performanslarını ve yaratıcılığını geliştirmek için düzenli eğitim ve programlar düzenlediklerinden emin olmaları gerektiğine yönelik tavsiyelerde bulunulmuştur. Kurumların, sosyal inovasyon kapasitesini geliştirmek için girişimcilik ruhu motivasyonunu geliştirmeye odaklanması gerektiği konusunda önerilerde bulunulmuştur.

Anahtar Kelimeler: çalışan performansı, yaratıcılık, girişimcilik, sosyal inovasyon kapasitesi.

## TABLE OF CONTENTS

ACCEPTANCE	i
DECLARATION	i
DEDICATION	ii
ACKNOWLEGMENTS	iii
ABSTRACT	iv
ŐZ	v
TABLE OF CONTENTS	vi
LIST OF FIGURES	viii
LIST OF TABLES	ix
INTRODUCTION	1
1. CHAPTER: LITERATURE REVIEW OF SOCIAL INNOVATION	3
1.3 Stages of Social Innovation	4
1.4 Social Innovation through Institutions	6
1.5 Capacity of Social Innovation	8
1.6 Supporting the Social Innovation	11
1.8 Social innovation and performance	13
1.9 Firm and the Performance Dimension	14
1.10 Indicators for the Firm Performance	18
1.11 Firm Performance and the Global Market	19
2. CHAPTER: Employee Performance, Employee Creativity and Entrepreneurship Activities	22
2.1 Employee Performance	22
2.2 Employee Creativity	26
2.3 Entrepreneurship Activities	28
2.4 Linking People, Ideas and Resources	30
2.5 Role of Social Innovation in Market Economy	31
1.17 Research Model/Theoretical Framework	32
3. CHAPTER: RESEARCH METHODOLOGY	34
3.1 Introduction	34
3.2 Research Design	35
3.3 Research Approach	35
3.4 Population, Sample, and Data Collection	35

35
38
40
40
40
40
42
46
47
47
49
50
51
51
52
53
53
53
54
55
56
61
63

vii

## LIST OF TABLES

Table 1: Social innovation	36
Table 2: Employee performance	36
Table 3: Employee creativity	37
Table 4: Entrepreneurship	38
Table 5: Survey response rate	38
Table 6: Reliability statistics	39
Table 7: Demographic statistics analysis	41
Table 8: Descriptive statistics for social innovation	42
Table 9: Descriptive statistics for employee performance	43
Table 10: Descriptive statistics for employee creativity	44
Table 11: Descriptive statistics for entrepreneurship	45
Table 12: Correlation of variables	46
Table 13: Model summary	56
Table 14: Co-efficient analysis	56
Table 15: Analysis of variance	57
Table 16: Hypotheses results	46

## ABBREVIATIONS

- **EP:** Employee Performance
- **C:** Creativity
- E: Entrepreneurship
- SPSS: Statistical Package for Social Sciences
- SRS: Simple Random Sampling
- SI: Social Innovation

xi

xii

## INTRODUCTION

The modern societies are living in a social system where by socialization is fundamental to survive in a society. Therefore, they may face challenges in everyday life which they may not be able to solve as an individual but as a group can do wonders. The efficiency and the efficacy of the human beings are enhanced through working in collaboration with one another and socialization their ideas, knowledge to form innovative solutions to the problems. Innovation is not a miracle nor it's a fortunate exclusive piece of brilliance; innovation is accomplished, managed and fostered within a society. Socialization starts from when the individual is born and continues until the death. From family to peers and from school to work place; socialization is continuously playing a role in human development. Media and technological tools are also significant agents of the socialization process that helps the individuals to be informed and up to date for the existing challenges (Prot, et al., 2015). Similarly, it enables them to forecast the future problems for an early solution in order to mitigate and be prepared for the problem solving. It is a dynamic process which is multifaceted in nature and promotes new roles (Kuczynski, Parkin, & Pitman, 2015).

For the social innovation, social capital is significant for the development. The social capital denoting the network, customs and confidence for building cooperation and collaboration among the people for expanding the mutual benefit is supported by social innovation (Atterton, 2007). It is also suggested that the development of social capital is ensured when the relation between the people are assisting the action. The social capital which is the fundamental to the social innovation needs depend on the mutual ties and the communities that are more open and have more open relations are more collaborated and constitute the social capital (Putnam, 2000; Bosworth, et al., 2016). Therefore, social innovation is aimed at promoting the ventures for the social change and is as much beneficent as the technological changes. The present study is aimed to address the following research questions:

1. How do employee performance, creativity, and entrepreneurship activities impact the capacity of social innovation?

2. How the capacity of social innovation can be improved within an organization? The main objective of the study to explore the relationship social innovation, employee performance, creativity, and entrepreneurship activities and how it impact on the creating new opportunities for new and innovative practices for better performance. The study also seeks to identify the possibilities that accelerate the social innovation process in an organization.

The study is structured into four chapters and the first chapter provides a review of literature related to capacity of social innovation and its relation to employee performance, creativity, and entrepreneurship activities. The second chapter provides the research methodology that was used to conduct this research while the third chapter represents the results and discussion. The fourth and last chapter represents the conclusion and recommendations that are drawn based on the results of the study. It also presented some suggestions for the future research.

The research is important for academic reasons as it results in an increase in literature sources about capacity of social innovation and its relation to employee performance, creativity, and entrepreneurship activities. The study provided an in-depth knowledge in employee performance, creativity, and entrepreneurship activities in order to promote social innovation process that is fundamental to growth and development in a global world of competition.

## **CHAPTER 1**

## LITERATURE REVIEW OF SOCIAL INNOVATION

#### **1.1 Social Innovation**

A social cognitive theory elaborates on the human thought, human motivations and human behaviors that are essential for social diffusion and integration of the human beings to share and expand their knowledge for innovation and development. Bandura (1986) developed and applied the social cognitive theory to analyze the individual and social change systematically. The diffusion of changing technology can affect the nature and scope of the human inspiration is also analyzed. In addition, he also analyzed that the determinants of these changes. The social cognitive theory rotates around three fundamental concepts that influence the learning process:

- i. Cognition,
- ii. Behavioral and
- iii. Environmental.

In the social cognitive theory; the people are neither driven by the internal forces for the change nor the environment enforce on them. Their personal motivations, behaviors, and their development within a system in communication and or socialization influence them as outlined by Bandura (1989). The theory argues about the external factors influencing the behavior through cognition. The social cognitive theory elaborates on the idea that human beings are the basic determinants for the social change and without the consistent efforts of the human beings; it is their behavior and their environment that

influences them. Social innovation is a complex process that depends on different fundamental elements. Each element influences the development of the social innovation and the social within a social system is linked to it (Westley & Antadze, 2010). The social entrepreneurship, diffusion of innovation, strategies and technological innovation and society are linked to one another. And this phenomenon is a complex that needs the formal processes to implement as a policy. The social innovation depends on the market strategy and innovation and the entrepreneurial growth is also essential for the economic development. Social cognition is shaped by the cognition that shapes the behavior and which is influenced by the environment. Every individual has a different social system that influences the cognition and shapes the behavior. So, each individual is a product of the social system (Westley & Antadze, 2010).

#### **1.1 Stages of Social Innovation**

Murray, Caulier-Grice and Mulgan (2010) characterized six fundamental stages of social innovation that work from the perception or birth of an idea to its development and impact. The social innovation could be different for distinct cultures and skills. As discussed above; it's the social cognition that shapes and develops the ideas from inception to influence. The six stages of social innovation are:

#### i. Prompts, inspirations and diagnoses

The first stage of social innovation constitutes the needs assessment and identification of a problem/crisis. These identification and assessments prompt to the new imagination and creative ideas within the human cognition that foster the need for a change. It is said that only right question can find the right solution. Therefore, to have the best solution, it is very important to identify the exact problem (Murray, Caulier-Grice, & Mulgan, 2010).

#### ii. Proposals and ideas

The second stage of social innovation is concerned about the inception of idea or creation of an idea for the particularly identified problem. This idea is generally generated through the help of standard methods and formal procedures that are essential to design or create a list of available options. This also gives the variety of sources that can help draw an innovative solution (Murray, Caulier-Grice, & Mulgan, 2010).

#### iii. Prototyping and pilots

The third stage of social innovation is when the ideas or the proposed solutions are tested for practical implication. These ideas are than tried and go through the pilots for their reliability and validity. The procedures of the achievement for these ideas are tested and therefore are approved for practical implication (Murray, Caulier-Grice, & Mulgan, 2010). The pilots and prototyping helps in analyzing the later impact of the innovation to be implemented and it also gives an idea of the validity of the planned innovation. The small scale impact is useful for analyzing the large scale impact and often pilots and prototypes presents the cost and benefits for implementing on a huge scale.

#### iv. Sustaining

The fourth stage of social innovation is known as sustainability. The sustainability is the stage where the incepted idea is practically implemented and becomes the part of a society in everyday routine. On this stage, the idea is improved with the time and practice by learning new lessons after the implication and within distinct cultures and through different skills (Murray, Caulier-Grice, & Mulgan, 2010). More sustainable innovations are more likely to earn a competitive advantage and are more likely to develop further for the development and diffusion of the innovation process.

#### v. Scaling and diffusion

The fifth stage of social innovation involves the scaling and diffusion, an idea is incepted, tested, verified and successfully implemented; is now ready for growing and spreading strategically across the societies. At this stage, the demand and supply is analyzed; the inspirations and market factors are significant to analyze the diffusion of an innovation. The growth of an innovation could be evaluated and its adaption is also observed in this stage (Murray, Caulier-Grice, & Mulgan, 2010).

vi. Systematic change

The systematic change is the ultimate objective and final stage of social innovation where by the idea undergone social movements, models, rules and regulations, data analysis and thus evolve to a whole new way of rationalizing and operating. The social innovations are generally the replacements to the existing order which sometimes forms a conflicting situation to the individuals with existing beliefs and values which may later be overcome by the changing economic conditions and technologies and framework of policies over a period of time (Murray, Caulier-Grice, & Mulgan, 2010). Social innovation bringing about the systematic change is more likely to impact the human life in positive way and enhance the existing benefits of the technological innovation ad can bring about the significant as that of the technological innovation. However, the formal process and adequate policy for the implementation of social innovation is needed for the societies to benefit from.

#### **1.2 Social Innovation through Institutions**

Institutions play a significant role in promoting the innovation and new ideas for development. According to Murray (2010), institutions play a crucial and critical role in the development of innovation process. Linking small or medium sized enterprises SMEs to the large and international organizations definitely play an important role in bringing about a more advanced and creative change in both the SMEs and the huge international organizations. For example: shifting from manually operating public institutions to the ICT for good governance in the developed and now in the developing countries for increased transparency and accountability. The development of innovation in the absence of an institution is a rare phenomenon that is more of a good luck rather than an opportunity or fortune.

- i. The Department of Business, Innovation and Skills (BIS) in the United Kingdom is one of the good examples of institutions playing vital role in the developing innovation and promoting creative ideas. In addition, the Office of Social Innovation (OSI) was set up by President Barack Obama in 2009. The OSI promotes social innovation by looking at social problems and providing the innovative solutions. There are certain entrepreneurial groups working with OSI in expanding its programs (Christensen, Kirsch, & Syman, 2011).
- ii. Adding to it, the National Endowment for Science, Technology and the Arts (NESTA) based in United Kingdom and Sitra in Finland was founded in 1967 in collaboration with Bank of Finland. It is a public financing institute that invests for research and development. It has also made efforts for Finnish enterprises to open up for the international markets. It is looking after Health and care, food and nutrition, environment, with focus on Russia and India program through Center for International Mobility (CIMO) for creating and increasing partnership and cooperation respectively (Sailas, et al., 2008).
- iii. The Harvard-based Institute for Healthcare Improvements and NHS in UK is another example of the institution's role for social innovation. The Institute for Healthcare Improvement in 2004 launched a campaign to save 100,000 lives through evidence-based intervention in the six major areas out of that five were related to child healthcare. They implemented part of Ventilatorassociated pneumonia (VAP) package was a success and it compacted VAP in two children hospital (Curley, et al., 2006).
- iv. There are many innovation funds like India's National Innovation Foundation (NIF), Regional Innovation Funds in UK and Singapore's Enterprise Challenge. They are all contributing to the social innovation.
- v. Similarly, the global community having more than 400 organizations and expanding number of individuals named the International Social Innovation Exchange (SIX) is promoting networking which is fundamental to social innovation. This institute is promoting learning, bringing collaborations in research and development and taking initiatives on social innovation among distinctive fields/ industries in different countries.

- vi. In addition, the Royal Society for the Encouragement of the Arts, Manufactures and Commerce (RSA) is also promoting social innovation with a network of approximately 27,000 associates that are leading in their field of expert (RSA, 2014).
- vii. There are huge number of organizations that are involved in the creation and cohort of the innovative but practically implementable ideas for the betterment and the development of the human beings around the globe. The countries are now focusing on the way they can evolve from the crisis and there have been many international organizations formed to help the third world countries to fight social, political and economic crisis. Therefore, the whole focus is on the creation of innovative ideas for peace and sustainability. For example, the UK Fabian Society is very old institute working for policy innovation (Murray, Caulier-Grice, & Mulgan, 2010).
- viii. Institute of Social Invention in the UK produces books like Social Inventions and Book of Visions that include more than 4,000 innovative ideas for the open access to innovation around the world. It shares more than 4,000 ideas online including the Health Innovation ideas that are manifestly remarkable (Murray, Caulier-Grice, & Mulgan, 2010).
- ix. Last but not the least, there are government led initiatives to engage the citizens in innovation process. For example, in 2008 Prime Minister Kevin Rudd led Australia 2020 process to gather all the citizens in the parliament for motivating tem to explore their hidden talents and be the change (Murray, Caulier-Grice, & Mulgan, 2010).

## **1.3Capacity of Social Innovation**

Social entrepreneurship is playing a vital role for social inclusion and helping in socioeconomic restructuring for the growth and prosperity of the organizations (Noya, The Changing Boundaries of Social Enterprises, 2009). The role of social innovation is also prominent to not only the urban but the rural development. Social innovation is about engaging the civilians in the activities that would benefit them for the social change. Social innovation is capable of dong wonders and it is evident that it has been one of the indicators for the systematic social change. The idea of social innovation is

not only capable of bringing about social change but it also has the ability to bring about political and economic changes to augment the development process. For this purpose, the adoption and promotion of social innovation is also very important for the development as observed in case of European rural development (Bosworth, et al., 2016). The study outlined that social innovation is attracting the attention for policy and research. The paper identified the community-led local development (CLLD). The study outlined five dominant domains of social innovation that could promote the development process as it stimulated for European rural development.

## 1. Product innovation

It is based on building the capacity of the existing products despite bringing in new products for innovation. The innovativeness with the existing products can be developed through using them and valuing them for more innovative and efficient use (Bosworth, et al., 2016). In this way, local products and the local resources can be reinforced and be utilized more effectively.

## 2. Process innovation

The process innovation for social change needs the new and creative approaches for creating social value among the people. This can be done through local engagement and cooperation. It can also help in providing enhanced services and trying to explore new methods of delivering the services is also effective (Bosworth, et al., 2016).

## 3. Input innovation

The emphasis on the strengthening of local and available resources for innovation is fundamental to the social innovation. Input innovation seeks to identify the innovative use that a firm can make by the available resources as inputs for producing something new and innovative. The human as a resource, existing capital and the tangible assets can be used effectively and innovatively in a new and advanced manner that will enhance the productivity and the performance of the firm. The input innovation is a good example for Cumbria that effectively utilized the resources and natural assets for enhancing the heritage-based tourism as an initiative to grow (Bosworth, et al., 2016).

#### 4. Market innovation

Market innovation refers to the idea of growing interdependencies because of integration of the rural and urban population. The world has integrated into a global village and not only the rural and urban but the local and international markets are also integrated and they can also evolve by sharing their social innovative ideas for the development and performance (Bosworth, et al., 2016). The social innovative ideas that are popular among the rural areas can also be elevated to the other markets to expand the scale and enhance the production for market sustainability and cost efficiency. The development of social innovation in a market outside the local system can bring about positive and negative changes and can impact the market in many ways. However, it expands the opportunities and broadens connections and networks among the markets to foster social innovation (Bosworth, et al., 2016).

#### 5. Organization innovation

Lastly, the organizational innovation also built the capacity for social innovation among and within society and organizations. Due to the integration, people are building networks and are sharing ideas across the globe (Bosworth, et al., 2016). Technology produced in one corner of the world can be adapted by the individuals in the other corner of the world. Therefore, this is fostering the growth of the social innovation and enabling people to share more ideas and knowledge to develop with sustainability. This can be observed in the private, public and voluntary sectors. The transfer of knowledge and the collaborative innovation has opened the doors for sustainability, progress and high growth for the organizations and societies (Bosworth, et al., 2016).

Social innovation is a way to build community capacity that can foster economic growth and social empowerment (Noya & Clarence, 2009). The role of social innovation is really prominent in bringing about the changes that the society can elevate to the higher level of development and sustainability. The social resilience within a society and organization is important because it makes a room fort the innovation of the sectors like the entrepreneurship and capacity building. The capacity building can empower not only include the poor but also the most disadvantaged people so that they can take a great control of their life and they can make a use of the resources available for maximum growth and output (Noya & Clarence, 2009).

Social innovation has also been prominent in developing the European local rural areas where the local resources, market and processes were innovatively used to bring about developmental changes within the local European rural areas. The capacity of social innovation is not limited and its results could be remarkable with proper function and operating, this is the reason social innovation is focus of policy and research in the modern science. Social innovation is about new ideas, products and models (Murray, Caulier-Grice, and Mulgan, 2010). The social innovation is aimed at meeting the social needs and is strongly correlated to neo-endogenous development (Neumeier, 2012).

#### **1.4 Supporting the Social Innovation**

Similarly, other components for supporting the social innovation are the participation and mobilization of the citizens and/ or the people and organization (Lee, *et al.*, 2005). The social innovation requires the movement of the people and the participation by the owners of the process to enhance the impact and maximize the benefits. Engaging people, stakeholders, and organizations is fundamental to social capital that further escalates the process of social innovation (Elvidge, 2014; Adger, 2000). The modernization process is fostering the growth and development of the social innovation and the modern societies are focused on developing the social capital for the mutual benefits (Lubelcová 2012).

## **1.7 Framework for evaluating the social innovation capacity**

Social innovation as an opportunity for creating and generating social capital and values through existing local circumstances is suggested by the research. But it needs more technical and empirical approach for analyzing the adequate processes to achieve these opportunities, social values and response strategies for achieving the social innovation for significant change. Though, innovative approaches are capable of bringing in innovative changes. The engagement of the stakeholders and the entities owning the process must participate in order to achieve these innovative outcomes. Schumpeter (1934) classified five factors that can be utilized as the fundamental to the social innovation process for the business progress sand performance of the firms (Van der Have and Toivonen 2007; Peneder 2010).



Figure 1 Framework for Capacity of Social Innovation (Atalaya, Anafarta, & Sarvan, 2013).

## 1.5 Social innovation and performance

The impact of innovative ideas and techniques has undoubtedly influence the business performance around the world. All the businesses whether small or large benefit from the innovative ideas, technology, product, techniques/methods and or processes and of source the innovative markets structure and system (Defourny & Nyssens, 2010). A study conducted by Begonja, Čićek, Balboni and Gerbin (2016) highlighted that the small and medium enterprises in the Adriatic region benefited from high performance in their business while adapting to the social innovation. The empirical results outlined that

the businesses focused on social innovation were performing better than their competitors in the market and the results of the empirical study that qualitatively analyzed the data observed that the performance difference also emphasized by Dart, Clow, & Armstrong (2010) that social innovation can significantly attract the policy makers in the field to expand the benefits for more businesses (Begonja, Čićek, Balboni, & Gerbin, 2016).

The performance of the firm is a multidimensional phenomenon. It is affected by many different elements and in many different ways. Growth, financial stability, customer satisfaction, market value and environmental performance are essential elements to evaluate firm performance. The firm performance is independent on the external and internal factors that can promote and demote the status and performance of the firm. A study conducted in the Turkish manufacturing firms outlined that the innovative strategies lad to the financial growth and performance. Also, the internal business performance and progress (Karabulut, 2015). The performance scorecard approach was used to measure the firm performance through the organizational strategy (Karabulut, 2015).

#### **1.6 Firm and the Performance Dimension**

There are distinctive dimensions for measuring the firm performance. The performance is not an easy task for the firm to achieve. It needs the innovation and knowledge management with the technological and on-technological development by focusing on the strategies and policies that would not only impact the firm but will impact the market in which the firm is operating and the society in which the firm is propagating (Santos & Brito, 2012). The performance of the firms must not be temporary but a long term and sustainable so that the growth is not short-term and inconsistent rather long-term and consistent. There are distinctive dimensions of the firm performance descried as below that elaborate on the different perspectives for the firm to develop on:

#### 1. Profitability

The profitability refers to the financial and economic performance of the firm which elaborates ion the idea of economic and financial outcomes as the firm continues to grow; the cost is minimized and the benefits are increased (Santos & Brito, 2012). The firm with a competitive advantage would experience high benefits with low cost and its net income would be high and will continue to grow. The firm would have high sock price and the return on the financial assets would be greater than ever (Carton & Hofer, 2010).

#### 2. Growth of the firm

The growth of the firm refers to the growth in the financial and the non-financial assets like the employees (Santos & Brito, 2012). The growth in the income and the overall growth of the firm from its journey as a small/medium size to the multinational corporation is also a dimension of the firm performance (Zhou & Wit, 2009).

#### 3. Market value

The market value of the firm is also a significant dimension of the firm performance. The shares and earnings of the firm, the value of the firm in the stocks and the improvement in the stocks all denote to the firm performance (Santos & Brito, 2012). As the firm will continue to grow; the performance will be sustainable and the firm will develop consistently in the market (Chen, Cheng, & Hwang, 2005).

#### 4. Customer Loyalty

The customer loyalty is another dimension of the firm performance. The firms that are high achievers of customer loyalty are the ones that are performing better than their competing firms. The customer loyalty wins the competitive advantage for the firms (Santos & Brito, 2012). The firms that have more customers and demand from the consumers develop more rapidly and are competing more to perform better for sustainability. Therefore, customer loyalty is important for the firm performance (Hallowell, 1996).

#### 5. Employee Performance

The employee performance refers to the growth of the firm that is associated with the performance of the employees. The performance of the employees could be enhanced through the organizational structure and the working environment (Santos & Brito, 2012). The management of the diversity of the workforce and the adoption of the innovation is also important. The empowerment for the decision-making and the successful and adequate knowledge sharing among the employees promote their performance and also growth/ performance of the firm (Yee, Yeung, & Cheng, 2010).

## 6. Environmental Performance

The environmental performance is one of the significant dimensions of firm performance. The environmental performance refers to the ability of the firm to sustain the environment without polluting it and without degradation of any natural resources (Santos & Brito, 2012). The recycling of the material and the environmental sustainability policies; that the firm implements are also determinants of the firm performance (Dengelico & Pontrandolfo, 2015).

## 7. Social Performance

The social performance refers to the ability of the firm to cater the minorities by balancing the workforce opportunities and promoting the free and fair working environment for every worker (Santos & Brito, 2012). The social innovation also includes the project for the cultural and social development that the firm would promote and or initiate (Sharpe & Hanson, 2017).

## **One-Second Model for Firm Performance**



Figure 2: Second Order Model for Firm Performance (Santos & Brito, 2012).

## **1.7 Indicators for the Firm Performance**

The above model describes the performance of the firm has different dimensions including: profitability, growth, market values, customer loyalty, employee performance, environmental performance and social performance. Santos & Brito (2012) identified incators for measuring these dimension sof the firm.

Dimensions of Perfromance	Indicators for Measuring Dimensions
Profitability	Return on asset and investment, net income, stock
	price, economic value
Growth	Asset growth, net income growth and no. of employees
	growth
Market value	Earnings/share, stock price (improvemnet and volatility)
Customer	Maret producta dn services, complaints, repurchase rate
loyalty	and no. of new customers
Employee	Wages and rewards, organizational environment,
performance	development and training
Environmental	No. of projects to recover the environmental
performance	degradation, recycling and pollution emission and law
	suits for envieonment
Social	Employing minorities, social and cultural projects,
performnace	regulatory agencies

Figure 3: Indicators of firm performance (Barringer & Bluedorn, 1999).

#### **1.8Firm Performance and the Global Market**

The performance of the firms is impacted by the globalization process. The integration of the international businesses has impacted the performance of the firms in distinctive but significant ways. The technological and non-technological factors have significantly contributed to the firm performance and ultimately reducing the cost of trading. There are both financial and nonfinancial benefits from the firm performance. The global trade and industrial policies also impact the performance of the firms and there has been an empirical evidence for accelerating this performance for future (Loecker & Koujianou, 2014).

Globalization and marketing assets also impact the firm performance in many ways. Marketing innovation impact the firm performance in terms of financial and non-financial outcomes. The economic cost and benefits of the firm are increased because of the innovative strategies that the firm follow to compete in the global market. The firm performance increased the product efficiency and the product efficiency increases the financial outcomes and growth of the organization. The globalization has helped he firms to achieve competitive advantage by effectively utilizing the resources and sharing innovative ideas to balance the cost and benefits (Loecker & Koujianou, 2014).

Adapting innovation could be risky for a firm but risks can take the performance of the firm to sustainable heights of success (Lumpkin & Dess, 1996). However, identifying the accurate problem and analyzing in depth would enable them to design best and most suitable solution. It is also essential for the firm to achieve high performance through social innovation by focusing on a limited number of markets and expanding their efficiency of product and service (Mavondo, 2000). The performance of the firm includes several determinants that enable the organization to measure their performance in relation to the adopted innovation and strategies. However, within the framework of performance; there is financial and strategic performance as defined by Glick, Washburn, and Miller (2005) as one-second order model

The adoption of innovative solutions is fundamental to the modernization process. The modern societies are more prone to adapt to the innovation rather than the conservative societies. The social innovation brings in the social change and the social change is adopted by the societies like the technological change. The societies have always been open to the technological change and adapt to the new and innovative technology for the ease of their problem. Similarly, social innovation can be supported to be get embraced by the society through process sand policy (Lundström and Zhou, 2011; Cajaiba-Santana, 2014).

Social innovation has the potential to address the problems and identify the weak areas for the improvement. Responding to circumstances, creating social values and embracing opportunities is all about supporting and encouraging social innovation (Bock, 2015).

## 1. Product and Process Innovation for Firm Performance

The innovation in the product and the process leads to high performance of the firm. Empirically the organizations that are more open and adaptable to the new product and process more likely to get benefit from adoption as compared to the firms that are more conservative. The conservative firms are more likely to suffer from low performance and rarely get opportunities that could benefit from the globalization and international markets (Ballot, Fakhfakh, Galia, & Salter, 2015).

#### 2. New Markets for Firm Performance

Similarly, the new markets which could be a result of the social innovation could also lead to the high performance of the firm. The new markets gives and opportunity for the firms to develop and grow more as compared to the old policies that are regulated in the old market economies. The firms operating in the modern markets require new policies and therefore, new markets provide new opportunities and the chances for the firm to grow also increases (Weerawardana, Mort, Salunke, Knight, & Liesch, 2015).

#### 3. Input Innovation for Firm Performance

The input innovation also increases the performance of the firm. The firms can benefit from the existing resources by focusing on the input innovation. The input innovation
requires the firm to use the existing resources more efficiently and effectively for producing more effectively for high performance. The input innovation impacts the production and the cost of the firm is also decreased (Wang, Chang, & Shen, 2015).

#### 4. Organizational Innovation for Firm Performance

The organizational innovation for the firm performance is a significant element which is a non-technological innovation. The organizational innovation refers to the processes and the strategies that a firm design and follow to compensate and motivate the employees and the customers. The more a firm is innovating within and among the organizations that involves the organizational structure and the organizational behavior to promote the performance of the employees that ultimately increases the performance of the firm as observed in an empirical study conducted in Spain (Soto-Acosta, Popa, & Palacios-Marqués, 2016).

## CHAPTER 2:

# EMPLOYEE PERFORMANCE, EMPLOYEE CREATIVITY AND ENTREPRENEURSHIP ACTIVITIES

#### 2.1 Employee Performance

The employee performance also fosters the social innovation (Burcharth, Knudsen, & Sondergaard, 2017). The process of social innovation would be enhanced if the employees are performing well and the employees would perform well if they are given the autonomy and space within a good and healthy working environment (Begonja, Čićek, Balboni, & Gerbin, 2016). The employee autonomy for the improved firm performance requires the improved innovation. The employee performance has a relationship with the innovation process and the innovation process is augment with the employee performance (Rapna, Langer, Mehra, Gopal, & Gupta, 2013). The organizations that provide the employees with time, freedom autonomy are more likely to experience high employee performance. The employees are able to experience a sense of belonging to the firm and they are performing every time better than before (Burcharth, Knudsen, & Sondergaard, 2017).

The employee performance is also affected by internal and external knowledge acquisition practices that also augment the innovation process. Ultimately, the

innovation performance is also increased. The top-line growth is achieved through bottom-line efficiency which can be done through autonomy and performance of the bottom-line employees (Bosworth, et al., 2016; Burcharth, Knudsen, & Sondergaard, 2017). The heterogeneity in terms of adoption and capturing value from the openness also fosters the innovation process (Rapna, Langer, Mehra, Gopal, & Gupta, 2013). The performance of the employees is facilitated through the management system within an organization that enables the functioning of the openness. The social innovation requires the knowledge from the local stakeholders or the customers and only efficient firms analyze this need and foster the knowledge they generate from their customers (Burcharth, Knudsen, & Sondergaard, 2017).

The performance of the employees is also enhanced when the firms give them an opportunity to define their own understanding of an idea or a task so that the employees can perform the bets without any hesitation and fatigue (Rapna, Langer, Mehra, Gopal, & Gupta, 2013). Coordination is also important for the employee performance (Rapna, Langer, Mehra, Gopal, & Gupta, 2013; Burcharth, Knudsen, & Sondergaard, 2017).

The firms are practicing the "free-time" model which allow the employees to experience as much autonomy and freedom as they can to facilitate not only their performance but also the performance of the firm as a whole. The employee performance is necessary element in the development of the innovation process and also in sustaining this innovation process (Burcharth, Knudsen, & Sondergaard, 2017; Rapna, Langer, Mehra, Gopal, & Gupta, 2013). The performance of the employees is important element in the innovation process because without the performance of the employees the innovation cannot be sustained and the innovation can rarely benefit the organization. The free time models like the 3M and the Google allow the employees to be more creative and spend the time finding and exploring new and innovative things which definitely adds to the innovation process (Burcharth, Knudsen, & Sondergaard, 2017; Rapna, Langer, Mehra, Gopal, & Gupta, 2013). The performance of the employees is induced the innovation process (Burcharth, Knudsen, & Sondergaard, 2017; Rapna, Langer, Mehra, Gopal, & Gupta, 2013). The performance of the employees is fundamental to the social innovation process and without having well performing employees it is difficult to take this process forward successfully (Posthuma, Campion, & Campion, 2018). Similarly, the firms that allow the employees to own the process and work in a friendly and free environment are more likely to boost the employee performance and therefore experience high innovation growth. The firms that are conservative and have a conservative structure that restricts the employees to be the part of the process are less likely to develop and foster the innovation process and growth. Allowing the employees to bring out their creativity and devote their precious time would definitely enhance the innovation process (Burcharth, Knudsen, & Sondergaard, 2017). The performance of the employees is sustained through motivation, inspiration, ownership and development training. The employees that perform well are more likely to win over the challenges and devote more whole heartedly (Burcharth, Knudsen, & Sondergaard, 2017). The employees that are not performing well may not be able to achieve a good position in the innovation process (Rapna, Langer, Mehra, Gopal, & Gupta, 2013).

The performance evaluation and the rewards associated with this evaluation also play a significant role in the successful participation of the employees in the innovation process. The management of employee performance is also very important. The performance management allow the employees to perform better from the last time and their evaluation help them to focus on the weak areas so that the effectiveness and the efficiency of the employees could be enhanced for a more effective innovation process (Posthuma, Campion, & Campion, 2018; Carton & Hofer, 2010). The firms that incest on human capital are more likley to experiece high employee performance that augments the innovation process. The social innovation capital is further developed with the development of the human capital (McElroy, 2002). The employeesperformance is one of the fundamentals of the social innovation capital and social innovation process is depedent on the perfromance of the employees which the can be improved with investment in human capital (Murray, Caulier-Grice, & Mulgan, 2010).

Conversely, identifying and incorporating social innovation into the policy, instrument and evaluations is questioned. Social innovation needs conceptualization, empirical research, framework and theoretical consideration to evolve as a policy that could be implemented for the development of the society (Neumeier, 2012; Schmitz, 2015; Grimm, *et al.*, 2013). Social innovation can bring about a social transformation in a society just like the technological change can transform a society (Lundström and Zhou, 2011; Cajaiba-Santana, 2014). Though, it is important to recognize the fundamental drivers of this change (Bosworth, et al., 2016).

The social innovation builds resilience in the society for the external changes and also building capacity among the stakeholders for generating new and positive results from these external changes but it's not an overnight process (Lubelcová, 2012). Innovation is a substantial factor that drives the firm performance. There are many businesses that are competing for the growth and service deliver (Begonja, Čićek, Balboni, & Gerbin, 2016; Chen, Cheng, & Hwang, 2005; Ballot, Fakhfakh, Galia, & Salter, 2015).

However, only few are growing rapidly and efficiently in the competition due to the innovativeness and strategic planning (Yee, Yeung, & Cheng, 2010; Ballot, Fakhfakh, Galia, & Salter, 2015). The firm to attain high performance has to have the internal and external sustainability that comes from the organizational behaviors, strategy and the customers and market. The distinctive allocation of the funds and the resources are also responsible for effective deliver of service to achieve high customer performance and the sustainability of the firm (McWilliams & Siegel, 2000). Environmental innovation is also studied empirically as a driver of social innovation that can positively promote the growth and performance of the firm (Salvadó, de Castro, López, & Verde (2012). The environment within which the firms are operating is constantly changing and innovation in that perspective plays a significant role for a firm to get the competitive advantage (Atalaya, Anafarta, & Sarvan, 2013). Heiscala in the end of his chapter argues in his book Social Innovations, Institutional Change and Economic Performance that:

'Social innovations are changes in the cultural, normative or regulative structures [or classes] of the society which enhance its collective power resources and improve its economic and social performance' (Heiscala, 2007, p. 59).

#### 2.2 Employee Creativity

Employee creativity plays a significant role in the endurance and growth of organizations (Sawyer & Griffin, 1993). Management support and encouragement have consistently main or collaborative effects in promoting employee creativity (Madjar, Oldham & Pratt, 2002). Given the potential significance of employee creativity for the growth and effectiveness of organizations, it is not surprising that a wealth of recent studies have examined the possibility that there are personal and contextual conditions that serve to enhance (or restrict) the creativity employees exhibit at work (see George, 2007; Mumford, 2000; Shalley et al., 2004). The purpose of this chapter is to summarize and integrate the literature that has addressed the effects of contextual conditions on employee creativity.

Phills, Deiglmeier and Miller (2008) defined that, innovation is not a private property of a specific individual; it can be shared, acknowledge and further developed through individual ideas and creativity. In short, social innovation is open to anyone and anyone can become a part of it by contributing accordingly through socialization (Anderson, Potočnik & Zhou, 2014). The socialization is the process through which the people can solve problems, overcome challenges and develop tools for innovation. People are connected to another because of the similar needs and wants; they try to share the ideas that are distinctive in nature but are helpful to overcome these common needs. The resources around the world are although scares but through the innovative use of technology and existing products; these challenges could be tackled.

However, managing these creative people is also very important through a way that the creativity and the innovative strategies could be enhanced and they could be encouraged and inspired for a better performance and also motivate others to share the ideas for developing the innovation process (Mumford, 2000). Creativity and innovation in any organization are significant to its sustainable performance. The studies reviewed the rapidly rising literature of research in this area with specific attention to the period 2002 - 2013 exclusively. Considering both creativity and innovation as being integral parts of fundamentally the same process, we propose a new, integrative definition. It is also noted that research into creativity has typically examined the stage of idea creation,

whereas innovation studies have usually also included the latter phase of idea application (Anderson, Potočnik & Zhou, 2014).

In the era of globalization, for competing and develop sustainably for a long run, establishment of creativity is must and foster the culture of creativity by developing the competency of human resources. And in this world of uncertainty, hazard and instability, creativity plays a significant role towards generating a competitive advantage for organizations. Numerous researchers have recommended that creativity makes an important contribution to structural effectiveness for the long-term endurance of establishments, because it enables organizations to remain competitive in a rapidly changing environment and achieve a competitive advantage (Anderson, Potočnik & Zhou, 2014; Panigrahy & Pradhan, 2015).

Therefore, through this review paper, we have tried to speak about the novel issues relating to the various factors and practices of HR system that promotes the cultures and climate for creativity among the employees. Finally, based on our review, we discussed the practical implications for managers and proposed directions for future research. There are several seminal theories of creativity and innovation and that can be applied in a comprehensive levels-of-analysis framework to review extant research into individual, team, organizational, and multilevel innovation (Anderson, Potočnik & Zhou, 2014). There is a close relationship between creativity, innovation and competitive superiority. The word creativity and innovation are frequently interchanged (Man, 2001); however, there is a clear distinction between creativity and innovation. Creativity is fundamental to the performance and fosters the social innovation through development of unique ideas, knowledge, strategies and plans that help in development and sustainability (Job & Bhattacharyya, 2007).

Many companies and leaders often highlight creativity in the workplace for similar reasons: employee satisfaction is expected to increase and the company can become stronger through new ideas. Creativity is important for the competitive advantage. Creativity improves the productivity through new and creative ideas. Competitive employees with creativity foster social innovation and improve the firm performance. In the modern world, creativity is not only associated with creative activities but also with

work activities and generating more information that builds (Anderson, Potočnik & Zhou, 2014). The creativity of the employees needs to be managed properly in order to improve it. The performance management is necessary art of employee creativity and performance. The firms are required to develop the evaluation process that develops the sense of motivation and polish the individual skills of the employees for improving the social innovation process (mcConnel, 2004). Thus, encouraging and fostering creativity is a strategic choice of every successful organization for encouraging social innovation. In a structural set up, it's the Human Resources which plays central role in enabling and collaborating the goals of creativity to the employees and the ways to accomplish the organizational goals (Panigrahy & Pradhan, 2015)

#### 2.3 Entrepreneurship Activities

There are millions of ideas and creative thoughts that have been given a platform for development and the international institutions, governments and Research and Development organizations are supporting for bringing in the social and economic change around the globe. The process of entrepreneurship is a result of social innovation that promotes the potential ideas that will not only benefit the organization but also it urges for a global change. Thompson, Alvy and Lees (2000) discussed Social Entrepreneurship that highlights the central role of private sector from the perspective of a welfare system. Dinnen and Dinnen (1995) presented the idea of social entrepreneurship from the example as:

Elliott Tepper is an American preacher who lives in Spain. Tepper has a MBA degree but he decided on helping the drug and alcohol addicts to come out of their misery and be able to work themselves by providing them a minimum of one year rehabilitation. Tepper started an organization named Betel which is a non-profit Christian rehabilitation Centre in 1990s. There are more than 500 young addicts in different Betel homes that were built in Ten Spanish Cities including the city of Birmingham in UK and in Brooklyn, New York. The homes are currently been run by the ex-addicts who successfully got rid of the addiction of drugs and alcohol. It is noted that 5000 people passed through Betel in the tenure of 7 years. The annual revenue and or donation plus income earned by the inhabitant volunteers - is equal to £3 million (Dinnen & Dinnen, 1995).

Social entrepreneurship could be promoted through different ways that makes it possible for the young talent to grow and inspire them to lead the world by presenting the creative solution to the existing and future needs. Zimmer (1986) presented social networking as one of the main tools for promoting entrepreneurship for social innovation. The opportunity and the resources will never be available to the individual by themselves; they have to struggle for them and find a way to approach and connect with them. There is a constant struggle and race among the human beings and for this reason some may win and some may lose. The social innovation is an open innovation and anyone can be a part of it but for that individual struggle and persistency is also important.

Consequently, taking advantage of the existing resources and opting for better opportunities is a cognitive ability that makes a difference for the individuals with creative and multitalented abilities. Entrepreneurship requires linkages and relations between the important mechanisms (Tindall & Wellman, 2001). However, the significance of diversity in an entrepreneurial networking is also observed. The diversity in a network brings in diversity of ideas, diversity of skills, diversity of knowledge and the diversity of the resource available (Granovetter, 2003).

Furthermore, a recent study in Porto region among the social innovators and entrepreneurs to evaluate the relationships among innovation, entrepreneurship, social innovation, new business models (NBM), and product value and sustainability outlined that, social innovation has a significant role in the development of social entrepreneurship and new product value and sustainability. Therefore, social innovation is observed as a fundamental indicator for economic, social, psychological and ecological development and sustainability (Carvalho, 2016).

Consequently, the needs assessment also play an important role venturing a new idea. The needs assessment identifies the main objective and provides the aim and scope for the new idea that the entrepreneurs have to assess while creating any idea. The idea indeed has to match with the capability of the funding body as well as the population which is going to add value to the product. The needs and the capability approach will determine the sustainability of the new product. If the new idea or the new product is beyond the accessibility of the population; the chances are that the ide will not propagate as it should have been. Therefore, the needs and capability assessment play a vital role for the entrepreneurs to achieve product sustainability and add value to the economic growth. It also helps the similar ideas to propagate further for cost-efficiency (Christensen, 2003).

#### 2.4 Linking People, Ideas and Resources

The social innovation is driven through the people, ideas and resources. Human beings have an ever expanding needs and the evidence is the continuity of the knowledge and innovation of new products and ideas. From strong age to the modern age of technology; human beings have never stopped from learning and innovating new and enhanced products that have made the life easy. From the invention of the bulb to the invention of satellites everything impacts the daily life and now it is almost impossible to live without these gadgets and products. The discovery of hybrid cars and the loT are all the wonders of human brain that has been driven through the needs and problem identification. The world is developing in terms of social, economic and political changes that differentiate the developed countries from the developing and the underdeveloped countries. However, because of increased socialization and integration people are now sharing technology and ideas with one another from different corners of the world.

Neo, Hollenbeck, Gerhart and Wright (2003) named it as competitive advantage. The people can benefit from competitive advantage in the way that there are common needs around the world but the resources are scares; through the social innovation and by competitive advantage; the people could be linked through ideas and share the resources in an effective and efficient manner to build the social capital through the structural, relational and cognitive planning and ideas (Tsai & Ghoshal, 1998).

#### 2.5 Role of Social Innovation in Market Economy

Pol and Ville (2009) argued that social innovation can play a significant role in the market economy. The new emerging technologies like the GPS, Grid Computing and artificial intelligence has contributed to the significant boost in the market economy. The social innovation is also seen as the fundamental to the institutional change as well. Hamalainen and Heiscala (2007) in their book Social Innovations, Institutional Change and Economic Performance outlined the structuralism theory by emphasizing on the drivers of institutional change as the social innovation that also contributes to the economic performance and boost economic outcomes. Social innovation is all about the creative ideas which according to John Maynard Keynes are the major drivers of institutional change. Social innovation has changed the market dilemmas. For example the concept of fair trade wen to the mainstream and the international and local supermarkets has accepted it which was just a thing of trade unions (Mulgan, Tucker, Ali, & Sanders, 2007).

Social innovation is essential for social change that could be observed in the developed countries; the social innovation bringing in the social change is focused on eliminating the social evils like poverty, hunger, inequalities, unemployment, child labor, gender and ethnic discrimination and is providing platforms for the talented people to progress and enhance their standards of living. Social innovation for social change is helpful when the societies race stagnated and are deprived of their basic rights and suffering from inequalities and discrimination based on the gender, race and ethnicity (Cajaiba-Santana, 2014). There have been many social reforms historically that brought about significant changes in the world. The revolutions marked in the history of the world improved the lives of many people. Therefore, social innovation as a driver of social change is significant for the growth and prosperity of the people and it also play a significant role within and among the organizations (Cajaiba-Santana, 2014).

Karabulut (2015) conducted the study on manufacturing firms in Turkey to inestiate the impact of social innovation on the performance of the firms and/ or businesses. The study observed the financial perfromance of the fim with social innovation than other impacts. However, the innovation strategy led to the customer performance, internal

business performance and the the process of learning and growth was also improved through the social innovation. BSC tool was utilized to evaluate the performance which is ustilized by most Fortune 500 fims to analyze the perfromance and communicating the strategy (Gumbus, Lyons, & Bellhouse, 2002).

## 2. 7 Research Model/Theoretical Framework



Figure 1: Research model

The above research model is designed to analyze the relationship of employee performance, creativity, and entrepreneurship activities with social innovation. it is perceived that social innovation has relationship between employee performance, creativity and entrepreneurship activities.

The organizations that focus on these three can improve their performance and management. The study will analyze the relationship among these variables through quantitative survey in Near East University.

## **CHAPTER 3**

## **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The study utilized a systematic method for collecting data from the respondents. The research method used for the data collection was quantitative and included a questionnaire for analyzing the statistical data. The quantitative research design used by the study was mainly employed because of the research objectives and to include the opinion of large number of people which is difficult for a qualitative research design.

The aim of this study was to establish quantitative measures for analyzing the impact on social innovation process. The researcher collected the quantitative data to analyze the relationship between the employee performance, creativity, and entrepreneurship activities and social innovation. In addition, the exploratory research technique was included by the researcher in the study for effective understanding the quantitative data. This was done to explore the better and reliable collaboration between the employee performance, creativity, and entrepreneurship activities with social innovation.

#### 3.2 Research Design

Research design gives a clear and focused idea of formulating and developing the research on various stages for aligned research process (Saunders et al, 2009). This involves several research stages that are necessary for obtaining the actual results. To obtain the actual results, it is important that all stages of the research are clearly explored and analyzed. The current study is quantitative exploratory research design.

#### 3.3 Research Approach

The study focused on the deductive approach. The researcher initially reviewed the existing literature on the proposed topic and analyzed the existing studies to test the hypothesis and draw conclusion. Literature review was used to test the hypothesis through findings and later developed conclusions (Shepherd &Sutcliffe, 2011).

#### 3.4 Population, Sample, and Data Collection

Research questionnaires were distributed to the employees of Near East University. The total sample size was 135 respondents and was selected through purposive sampling technique. As the researcher included employees including, male and female, different ages, and different education levels, different time periods of working period in Near East University. However, these respondents were given equal chance to be included in the research as the participants were not forced or motivated to take part in the research.

#### 3.5.1 Questionnaire

A questionnaire was adopted that facilitated for data collection and findings. The questionnaire adopted had four constructs for analyzing the four variables of the study. The proposed questionnaire included social innovation, employee performance, employee creativity, and entrepreneurship activities.

Table 1: Social in	novation
--------------------	----------

No.	Social Innovation
1	Social innovation has a positive impact on management leadership style
2	The organization has a social innovation project for product differentiation and development
3	Social innovation is perceived as a collective effort to all employees in implementation.
4	There is collaboration of business in different departments in the organization.
5	The organization has some policies and rules which governs projects operations.
6	Regulations, norms and values creating support and alternatively barriers for implementing the social innovation
7	Social innovation outcomes are used to evaluate the access to knowledge for social innovators.
8	There are some limitations to the implementation of social innovation
9	There is a significant improvement opportunities for social innovation implementation in the future.

# Table 2: Employee performance

No.	Employee Performance
1	My company (knowledge, skill and ability) improve production through social innovation
2	My performance is getting better through social activities
3	My self-discipline has improved through social innovation activities
4	Social innovation is essential for the improvement of my quality of work
5	Social innovation causes perpetual bad habits that detract from employee performance
6	Social activities foster new ideas of executing my duties
7	Social innovation makes my job more enjoyable
8	Social innovation is very effective for solving problems and complaints

**Employee Creativity** No. 1 I often find I get totally immersed in a creative idea. 2 I am resourceful and can find the materials I need 3 I enjoy problem solving 4 I often have a strong vision for my projects 5 I like finding connections between things 6 My idea can be odd or original 7 I prefer to play with ideas rather than leap on the first one 8 I am curious about the unknown 9 I find it easy to develop a strategy for a project 10 I find the energy and enthusiasm to research my ideas 11 I work persistently to complete a project 12 I am interested in the aim or purpose of what I am doing 13 The meaning of a piece of work often evolves as I work on it 14 I don't regret ideas with initial faults but find ways to make them work. 15 I enjoy discovering new things 16 I have a sense of humor about my work 17 I can adapt my previous skills to suit an unfamiliar task 18 I can reflect back on my own work 19 I am happy to take a risk on an idea 20 I enjoy working as part of a creative team 21 I don't mind if ideas have more than one interpretation 22 I am open to my feeling about ideas 23 I need to be alone when developing ideas 24 I am uninhibited when working creatively 25 I like ideas which people aren't expecting I am prepared to ignore other people's opinions if I think my work is 26 good. 27 My subconscious can sometimes solve a problem when I leave it alone for a while. 28 I have good taste and judgement about my own work and I led by that.

Table 3: Employee crea	ativity
------------------------	---------

# Table 4: Entrepreneurship

No.	Entrepreneurship
NO.	Lindepreneursnip
1	Entrepreneurship to improve the potential social value output of employee
2	Entrepreneurship defined as self-employed at workplace
3	Balances its activities to market share and growth
4	Is very effective for balancing work activities to market demand
5	Entrepreneurship manages to shift economic resources from low to high productivity areas with higher yield
6	Entrepreneurship and exploits opportunities for product development
7	Some activity mainly implies decreasing organizational inefficiencies and reversing organization entropy
8	Activity moves the market towards equilibrium as it discover profitable arbitrate possibilities
9	It takes specialize in taking judgmental decisions about the coordination of scarce resources
10	Activity not necessarily link with innovation only since entrepreneurial activities also involve imitation

# 3.6 Response Rate Analysis

 Table 5: Survey response rate

	Numbers	Percent
Self-administered	125	100%
Total returned	100	80%
Total coded samples	100	89%

The researcher distributed self-administered questionnaire to 135 employees of Near East University between the months of May 2018 to July 2018. The total of returned questionnaire was 100. The response rate was 80 %. Table 3.5above shows the survey response rate analysis of the current study.

## 3.7 Reliability Test

No.	Variables	Cronbach's	No. of Items	
		Alpha		
1	Social innovation	.836	9	
2	Employee performance	.799	8	
3	Employee creativity	.931	28	
4	Entrepreneurship activities	.882	10	
	Overall	.862	55	

**Table 6:** Reliability statistics

Table 3.6 above outlines the reliability statistics that is important in quantitative research measurement scales. The acceptable measurement scale is the Cronbach's coefficient above 0.70. The reliability statistics of the study shows that the Cronbach's Alpha is 0.862 from 55 items and 100 respondents. The coefficient alpha is represented by  $\alpha$  and is represented as (0.700.70 ≤  $\alpha$ , < 1.00). Coefficient alpha less than or below 0.70 needs to be examined as it can possibly have errors like, management, sample, or hypothetical that can be a problem in developing a measurement scale.

## **CHAPTER 4**

# **RESULTS AND DISCUSSIONS**

#### 4.1 Introduction

The chapter starts by providing the demographic statistics analysis followed by the descriptive statistics analysis of the four variables. The study has one dependent and three independent variables including, employee performance, creativity, and the entrepreneurship activities. The dependent variable in the study is the social innovation.

#### 4.2 Data Analysis and Presentation

## 4.2.1 Demographic statistics analysis

The researcher distributed the questionnaire to the employees of the Near East University in North Cyprus. The participants of the study were males and females working in Near East University. The demographics of the study are presented in Table 4.1 below. The researcher included the gender, age, nationality, working period, and level of education of the employees.

The demographic data represents that the data was collected from a versatile respondents because of the topic. Social innovation has to deal with society and people. Diversified people have diversified ideas and experiences to share. Therefore, the

researcher included people from different age groups, nationalities, and different education levels.

34%
66%
71%
15%
10%
4%
30%
25%
15%
18%
12%
71%
15%
10%
4%
-
-
75%
15%
10%

 Table 7: Demographic statistics analysis

### 4.2.2 Descriptive statistics analysis

In descriptive statistics analysis, the researcher presented the means and standard deviation to compare and analyze the data. The responses from the questionnaire were analyzed. The Cronbach's alpha coefficient was obtained to test the reliability of the questionnaire used for collecting the data. The representation and interpretation of the data was standardized through SPSS version 22. A Likert scale of point-5 was used for the extent of understanding of the respondents. The questionnaire measured the level of understanding of the respondents for social innovation, employee performance, creativity, and entrepreneurship activities.

Variables	Ν	Mean	Std. Deviation
Social innovation has a positive impact on	10	3.9100	1.13791
management leadership style	0		
The organization has a social innovation	10	3.5600	1.07609
project for product differentiation and development	0		
Social innovation is perceived as a collective	10	3.4400	1.19189
effort to all employees in implementation.	0		
There is collaboration of business in different	10	3.8600	1.12833
departments in the organization.	0		
The organization has some policies and rules	10	3.5900	1.12002
which governs projects operations.	0		
Regulations, norms and values creating	10	3.1000	1.38899
support and alternatively barriers for implementing the social innovation	0		
Social innovation outcomes are used to	10	3.6300	1.16909
evaluate the access to knowledge for social innovators.	0		
There are some limitations to the	10	2.4200	.84303
implementation of social innovation	0		
There is a significant improvement	10	2.2500	.94682
opportunities for social innovation implementation in the future.	0		

 Table 8: Descriptive statistics for social innovation

Table 4.2 above represents the descriptive statistics for social innovation. Social innovation has a positive impact on management leadership style has highest mean (M=3.9, S.D=1.1) followed by there is collaboration of business in different departments in the organization with (M=3.8, S.D=1.1). Social innovation outcomes are used to evaluate the access to knowledge for social innovators has (M=3.6, S.D=1.1) and the organization has a social innovation project for product differentiation and development has (M=3.5, S.D=1.07).

Variables	Ν	Mean	Std. Deviation
My company (knowledge, skill and ability) improve production through social innovation	100	2.2500	.98857
My performance is getting better through social activities	100	2.5200	.90431
My self-discipline has improved through social innovation activities	100	2.5700	.86754
Social innovation is essential for the improvement of my quality of work	100	2.2300	1.00358
Social innovation causes perpetual bad habits that detract from employee performance	100	2.3900	.93090
Social activities foster new ideas of executing my duties	100	3.9100	1.13791
Social innovation makes my job more enjoyable	100	3.5600	1.07609
Social innovation is very effective for solving problems and complaints	100	3.4400	1.19189

Table 9: Descriptive statistics for employee performance

Table 4.3 above shows the descriptive statistics for employee performance. Social activities foster new ideas of executing my duties has highest mean value with (M=3.9, S.D=1.1). Social innovation makes my job more enjoyable has a value of (M=3.5, S.D=1.07) followed by social innovation is very effective for solving problems and complaints with value of (M=3.4, S.D=1.1).

Variables	Ν	Mean	Std.
			Deviation
I often find I get totally immersed in a creative idea.	100	3.8600	1.12833
I am resourceful and can find the materials I need	100	3.5900	1.12002
I enjoy problem solving	100	3.1000	1.38899
I often have a strong vision for my projects	100	3.6300	1.16909
I like finding connections between things	100	3.2900	1.21684
My idea can be odd or original	100	3.5600	1.08544
I prefer to play with ideas rather than leap on the first one	100	3.7000	1.07778
I am curious about the unknown	100	3.9300	.95616
I find it easy to develop a strategy for a project	100	3.8600	1.01524
I find the energy and enthusiasm to research my ideas	100	3.3100	1.31576
I work persistently to complete a project	100	3.9700	1.05844
I am interested in the aim or purpose of what I am doing	100	3.4200	1.16498
The meaning of a piece of work often evolves as I work on it	100	3.1700	1.40025
I don't regret ideas with initial faults but find ways to make them work.	100	3.4800	1.16758
I enjoy discovering new things	100	3.8500	1.04809
I have a sense of humor about my work	100	3.5300	1.14992
I can adapt my previous skills to suit an unfamiliar task	100	3.5900	1.23987
I can reflect back on my own work	100	3.3200	1.26235
I am happy to take a risk on an idea	100	3.3900	1.27045
I enjoy working as part of a creative team	100	3.3900	1.31729
I don't mind if ideas have more than one interpretation	100	3.4600	1.20118
I am open to my feeling about ideas	100	3.1100	1.23005
I need to be alone when developing ideas	100	3.0600	1.33953
I am uninhibited when working creatively	100	3.7400	1.06950
I like ideas which people aren't expecting	100	3.7000	1.14150
I am prepared to ignore other people's opinions if I think my work is good.	100	3.1900	1.28468
My subconscious can sometimes solve a problem when I leave it alone for a while.	100	3.1100	1.23005
I have good taste and judgement about my own	100	3.1900	1.28468
work and I led by that.			

 Table 10: Descriptive statistics for employee creativity

Table 4.4 above represents the descriptive statics of creativity. I am curious about the unknown and I work persistently to complete a project has the highest value with (M=3.9, S.D=.95) and (M=3.9, S.D=.95) respectively. It is followed by the idea work persistently to complete a project (M=3.9, S.D=1.0). I often find I get totally immersed in a creative idea has (M=3.8, S.D=1.1) followed by I find it easy to develop a strategy for a project (M=3.8, S.D=1.0) and I enjoy discovering new things with (M=3.8, S.D=1.0). I prefer to play with ideas rather than leap on the first one has (M=3.7, S.D=1.0) followed by I am uninhibited when working creatively (M=3.7, S.D=1.0) and I like ideas which people aren't expecting (M=3.7, S.D=1.1).

Variables	Ν	Mean	Std. Deviation
Entrepreneurship to improve the potential social value output of employee	100	3.3900	1.27045
Entrepreneurship defined as self-employed at workplace	100	3.8600	1.12833
Balances its activities to market share and growth	100	3.8600	1.12833
Is very effective for balancing work activities to market demand	100	3.5900	1.12002
Entrepreneurship manages to shift economic resources from low to high productivity areas with higher yield	100	3.3900	1.27045
Entrepreneurship and exploits opportunities for product development	100	2.5700	.86754
Some activity mainly implies decreasing organizational inefficiencies and reversing organization entropy	100	3.8600	1.12833
Activity moves the market towards equilibrium as it discover profitable arbitrate possibilities	100	3.3200	1.26235
It takes specialize in taking judgmental decisions about the coordination of scarce resources	100	3.3900	1.27045
Activity not necessarily link with innovation only since entrepreneurial activities also involve imitation	100	3.8600	1.12833

#### Table 11: Descriptive statistics for entrepreneurship

Table 4.5 above represents the descriptive statistics for entrepreneurship activities. Entrepreneurship defined as self-employed at workplace has (M=3.8, S.D=1.1) followed by balances its activities to market share and growth has (M=3.8, S.D=1.1). Some activity mainly implies decreasing organizational inefficiencies and reversing organization entropy has (M=3.8, S.D=1.1). Activity not necessarily link with innovation only since entrepreneurial activities also involve imitation has (M=3.8, S.D=1.1). Lastly, it is very effective for balancing work activities to market demand has (M=3.5, S.D=1.1).

#### 4.3 Correlation Analysis

The correlation analysis was presented through Pearson correlation using SPSS. The relationship between the variables was determined and was observed to be significant. The study analyzed impact of employee performance, creativity, and entrepreneurship activities on social innovation. Table 4.6 below represents the correlation coefficient among the four variables. Employee performance and social innovation has a significant correlation of 0.8 with creativity and social innovation at 0.7. Lastly, entrepreneurship activities and social innovation has a significant correlation of 0.8.

Table 12: Correlation of variables

Variables	Social Innovatio n	Employee Performance	Creativity	Entrepreneursh ip
Social Innovation	1			
	100			
Employee	.851**	1		
performance	.000			
	100	100		
Creativity	.777**	.716**	1	
	.000	.000		
	100	100	100	
Entrepreneurship	.846**	.749**	.854**	1
	.000	.000	.000	
	100	100	100	100

\*\*. Correlation is significant at the 0.01 level (2-tailed).

## 4.4 Model Summary

The model has an associated R-square of 0.789 which signifies that 79% of the changes in capacity of social innovation are explained by the employee performance, creativity, and the entrepreneurship activities.

 Table 13: Model summary

Model	R	R	Adjusted R Std. Error of the	
		Square	Square	Estimate
1	.891ª	.794	.788	.33955

a. Predictors: (Constant), E, C, EP

# 4.5 Co-efficient Analysis

Regression analysis was done using SPSS version 22. The study emphasized on determining the impact of employee performance, creativity, and the entrepreneurship activities on the capacity of social innovation. The results of the study imply that by paying significant attention to the employee performance, creativity, and

entrepreneurship activities, capacity of social innovation can be improved (Anderson, Potočnik & Zhou, 2014). The capacity of social innovation is significantly improved by employees' high performance, their creativity, and the entrepreneurship activities (Posthuma, Campion, & Campion, 2018). Hence, the improvement in these three independent variables will result in the positive change in the dependent variable that is capacity of the social innovation.

Model		Unstanda Coeffic		Standardiz ed Coefficient s	t	Sig.
		В	Std.	Beta		
			Error			
1	(Consta	.327	.218		1.501	.137
	nt)					
	EP	.713	.082	.635	8.679	.000
	С	.412	.073	.385	5.607	.000
	E	171	.087	113	-1.966	.052

 Table 14: Co-efficient analysis

a. Dependent Variable: SI

The results of the study are in collaboration with the findings presented by x n y () that identified that employee performance has a significant impact on the capacity of social innovation. The study identified that employee performance has a positive impact on the capacity of social innovation. This is because the high employee performance will result in better ideas and better productivity that would enhance the social innovation capacity.

In addition, the results of the study are also in close collaboration to the study presented by aaa () that contended that the creativity impacts the social innovation capacity. This means that the creativity of the employees have a positive influence on the capacity of the social innovation. This is because, the more creative employees will have more creative approach and more creative ideas that would significantly promote the capacity of the social innovation. Similarly, the study presented by asss () contented that the entrepreneurship activities also influence the capacity of the social innovation and the results of this study are in close collaboration to the findings of this study.

## 4.6 Analysis of Variance

The p-value obtained is significant at 0.01 that this indicates the established model is significant and has no misspecifications.

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	42.786	3	14.262	123.702	.000 <sup>b</sup>
	Residual	11.068	96	.115		
	Total	53.855	99			

## Table 15: Analysis of Variance

a. Dependent Variable: SI

b. Predictors: (Constant), E, C, EP

The null hypotheses were tested using Pearson correlation coefficient test as a base. The null hypothesis are rejected at 5% and conclusions can be made that employee performance, creativity, and entrepreneurship activities have significant impact on the capacity of social innovation.

Table 16: Hypotheses results

Null hypothesis	Test method	Results	Decision
Social Innovation has an impact on Employee Performance	Pearson correlation coefficient test	0.000	Accepted
Social Innovation has an impact on Employee Creativity	Pearson correlation coefficient test	0.000	Accepted
Social Innovation has an impact on Entrepreneurship Spirit	Pearson correlation coefficient test	0.000	Accepted

## 4.7 Discussions of Results

The results of the study suggested that the employee performance has significant correlation with the social innovation. The performance of the employees is positively correlated to the social innovation and this is the reason that the company gets a chance to enhance its innovation capacity. The employee performance has direct and positive impact on the social innovation (Burcharth, Knudsen, & Sondergaard, 2017). The process of social innovation can be accelerated through the employee performance and they perform well if they are given the autonomy and space within a good and healthy working environment (Begonja, Čićek, Balboni, & Gerbin, 2016). The organizations that provide the employees with time, freedom autonomy are more likely to experience high employee performance. The employees are able to experience a sense of belonging to the firm and they are performing every time better than before (Rapna, Langer, Mehra, Gopal, & Gupta, 2013). The top-line growth is achieved through bottom-line efficiency which can be done through autonomy and performance of the bottom-line employees that plays a fundamental role in accelerating the social innovation process (Bosworth, et al., 2016).

#### 4.8 Employee Performance and Social Innovation

The employee performance is necessary element in the development of the innovation process and also in sustaining this innovation process (Posthuma, Campion, & Campion, 2018). Therefore, the results outlined that through sustainable employee performance, the process of social innovation is also sustained. Employees in Near East University have high employee performance that is fostering the social innovation process. The better performance of Near East Employees have devoted to the enhanced social innovation process. The efficiency and the efficacy is enhanced through working in collaboration with one another and socialization their ideas, knowledge to form innovative solutions to the problems as that of the Near East University is doing.

#### 4.9 Employee Creativity and Social Innovation

Innovation is not a private property of a specific individual; it can be shared, acknowledge and further developed through individual ideas and creativity (Phills, Deiglmeier, & Miller, 2008). In short, social innovation is open to anyone and anyone can become a part of it by contributing accordingly through socialization (Anderson, Potočnik & Zhou, 2014). The socialization is the process through which the people can solve problems, overcome challenges and develop tools for innovation. Employee Creativity plays an important role in developing the process of social innovation. With the help of creative employees, it becomes easier to develop effective and reliable solution to the problem and also to avoid further inconvenience. The employees of the Near East University are creative, intelligent, and have new and innovative ideas that are helping the university to develop further and sustain a better position in the competition. The correlation between the employee creativity and social innovation is positive and significant as observed in the results. The results outline that the employees of the Near East University are creative, efficient, and full of new and innovative ideas that help them to overcome all problems and progress well.

#### 4.10 Entrepreneurship Activities and Social Innovation

Entrepreneurship plays a fundamental role for private sector (Thompson, Alvy, & Lees, 2000). This means that the entrepreneurship activities are central to promote the welfare system and bring in effective and new solutions to overcome the problems. The results of the study suggested that entrepreneurship activities and social innovation has a positive and significant correlation. This means that with the increased entrepreneurship activities, the process of social innovation is improved and sustained. Near East University promotes the entrepreneurship activities that ultimately devote to the social innovation process. It promotes the young ideas, talents, and provides a platform to the employees for sharing and developing their ideas practically. Consequently, taking advantage of the existing resources and opting for better opportunities is a cognitive ability that makes a difference for the individuals with creative and multitalented abilities. Entrepreneurship requires linkages and relations between the important mechanisms (Tindall & Wellman, 2001).

Social networking is one of the main tools for promoting entrepreneurship activities for social innovation. The opportunity and the resources will never be available to the individual by themselves; they have to struggle for them and find a way to approach and connect with them. There is a constant struggle and race among the human beings and for this reason some may win and some may lose. The social innovation is an open innovation and anyone can be a part of it but for that individual struggle and persistency is also important. Also, the needs assessment also play an important role venturing a new idea. The needs assessment identifies the main objective and provides the aim and scope for the new idea that the entrepreneurs have to assess while creating any idea (Carvalho, 2016).

## **CHAPTER 5**

# **CONCLUSION AND RECCOMMENDATIONS**

#### 5.1 Conclusion and Recommendations

The preceding chapter presented the findings and discussions of the results obtained. This chapter focused on the conclusions drawn from the findings and discussions and also formed some recommendations for the future research.

#### 5.2 Conclusion

This chapter reviewed four disciplines social innovation, employee performance, employee creativity and entrepreneurship. Based on the results of the study, the conclusions can be made that employee performance, creativity, and entrepreneurship activities have a positive impact on the capacity of social innovation. The new ideas and new strategies for solving the existing problems and maintaining a sustainable performance requires employee performance and their creativity, with entrepreneurship. The results of the study indicate that the employees of Near East University are working in collaboration with efficiency, and have high creativity that is fundamental to improve the capacity of the social innovation. The performance of the Near East University in developing further in knowledge and innovation is due to the high capacity of social innovation that is attained from performance of its employees, their creativity, and their entrepreneurship spirit. Therefore, it is important that the employees in an organization have a central role in the development and sustainability of their growth and performance through social innovation capacity. The social innovation is one of the popularly known innovations used by the societies and organizations on a minimized expense and for a maximized profit. The social innovation involves bringing in new ideas and solutions to the problem with the existing resources. Therefore, if the organizations want to maximize profit and minimize the expenses, focusing on increasing the social innovation capacity is very important. Hence, it is concluded that the organizations must put efforts in improving the employee performance, their creativity, and their entrepreneurship spirit.

#### **5.3 Recommendations**

After the results and conclusions, following recommendations are made:

- The organizations in the competitive environment must focus on organizing trainings and programs that are focused on improving the performance of the employees. This means that the perfroamcne of the employees should be given attention for improving tehri contribution for social innovation capacity.
- Secondly, creativity needs freedom and space to express itself. Therefore, the organizations must provide that space and freedom to the employees to express their creative ideas, opinions, and experiences that can help in building new solutions to the existing problems.
- 3. There is also a need to revise the plans that initiate and motivate the entrepreneurship spirit among the employees, in this way the employees will be able to experiment new techniques and ideas that would significantly impact the performance growth of an organization.

## 5.4 Research for Future Research

The present research is conducted in the Near East University and the researcher determined the employees of the Near East University as a case to examine the impact of employee performance, creativity, and entrepreneurship spirit on the capacity of social innovation. However, social innovation plays an important role in the society in general. Therefore, the future studies can examine the role of performance, creativity, and entrepreneurship spirit in public sector organizations and civil society organizations as these organizations also deal with a huge number of audiences and must be competitive to provide sustainable solutions to the existing problems.

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#### ETHICAL APPROVAL REPORT



#### BİLİMSEL ARAŞTIRMALAR ETİK KURULU

20.06.2018

Sayın Prof. Dr. Mustafa Sağsan

Bilimsel Araştırmalar Etik Kurulu'na yapmış olduğunuz YDÜ/SB/2018/199 proje numaralı ve " The Relationship of employee Performance , Employee Creativity, and Entrepreneurial Spirit With Capacity Social Innovation : The Case Near East Universty" başlıklı proje önerisi kurulumuzca değerlendirilmiş olup, etik olarak uygun bulunmuştur. Bu yazı ile birlikte, başvuru formunuzda belirttiğiniz bilgilerin dışına çıkmamak suretiyle araştırmaya başlayabilirsiniz.

Doçent Doktor Direnç Kanol

Bilimsel Araştırmalar Etik Kurulu Raportörü

Direnc Kanol

**Not:** Eğer bir kuruma resmi bir kabul yazısı sunmak istiyorsanız, Yakın Doğu Üniversitesi Bilimsel Araştırmalar Etik Kurulu'na bu yazı ile başvurup, kurulun başkanının imzasını taşıyan resmi bir yazı temin edebilirsiniz.



#### BİLİMSEL ARAŞTIRMALAR ETİK KURULU

Dear Prof. Dr. Mustafa Sağsan

20.06.2018

Your application titled **The Relationship of employee Performance**, **Employee Creativity, and Entrepreneurial Spirit With Capacity Social Innovation : The Case Near East Universty** with the application number YDÜ/SB/2018/199 has been evaluated by the Scientific Research Ethics Committee and granted approval. You can start your research on the condition that you will abide by the information provided in your application form.

Assoc. Prof. Dr. Direnç Kanol

Rapporteur of the Scientific Research Ethics Committee

Direnc Kanol

**Note:** If you need to provide an official letter to an institution with the signature of the Head of NEU Scientific Research Ethics Committee, please apply to the secretariat of the ethics committee by showing this document.

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