



**EFFECT OF ORGANIZATIONAL CULTURE ON EMPLOYEE
CREATIVITY (CASE OF ETHIOTELECOM)**

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**EFFECT OF ORGANIZATIONAL CULTURE ON EMPLOYEE
CREATIVITY IN ETHIO-TELECOM**

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Advisor: Jemal Mohammed (PhD). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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ENDORSEMENT

This thesis has been submitted to Addis Ababa University, college of business and economics for examination with my approval as a university advisor.

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Signature

October, 2019

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List of Abbreviations and Acronyms

ANOVA - Analysis of Variance

ETA – Ethiopian telecommunication authority

ETC – Ethiopian Telecommunication Corporation

ICT – Information communication technology

SPSS -Statistical Package for the Social Sciences

TPO – Transformation program office

WCS – Wipro consulting services

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Abstract

This study emphasizes on the effect of organizational culture elements namely; organizational values, organizational climate and leadership style on employee creativity in Ethio telecom. Three research hypotheses were formulated and tested. For selecting sample of respondents' random sampling was used. 198 questionnaires were distributed to a sample drawn from employees of Ethio telecom working at head office, Out of which, 175 were returned. Descriptive and inferential data analysis was made using statistical package of social science (SPSS) software version 20. Preliminary analysis of testing the assumptions of linear regression analysis was made before the major analysis. The finding indicated that, organizational climate and leadership style had significant and positive relationship with employee creativity, but there was no significant relationship between organizational values and employee creativity. The paper would add value to organization studies discipline by providing insightful view towards organizational culture and employee creativity and would initiate further discussions to create an effective framework between organizational culture and its impact on creativity.

Key Words: employee creativity organizational values, organizational climate and leadership style

CHAPTER ONE

INTRODUCTION

This chapter presents an overview of the entire study. It includes; Background of the study, statement of the problem, research questions, and objectives of the study, significance of the study, scope and limitation of the study.

1.1 Background of the study

Organizational culture comprises the unwritten customs, behaviours and beliefs that determine the “rules of the game” for decision making, structure and power. It is based on shared history and tradition of the organization combined with current leadership values. With a strong organizational culture employees do things because they believe it is the right thing to do and feel they will be rewarded for their actions. Some recent definition of organizational culture are dynamic, directed at creativity, innovations and entrepreneurship. Organizational culture includes; a system of ideas and concepts, customs, traditions, procedures and habits for functioning in a specific macro culture (Harris etal, 1981).Organizational culture is implicit, invisible, intrinsic and informal awareness of the organization which directs behaviour of individuals and which results from their behaviour (Scholz, 1987).

A great deal has been written about organizational culture, its impact on the effectiveness of the organization and its relevance to strategic issues as well as corporate success. However, because of its profound role in influencing organizational behaviour, organizational culture can mark out the difference between strategic success and failure hence the need to explore it in to detail. Since the organization’s source of competitive advantage lies within its employees, what they believe and how they behave influence the organization’s success.it is therefore imperative that managers do well to understand the culture in their organizations.

Organizational creativity and innovation are closely related set of activities that involve the development of new idea with subsequent application based on the work of a number of authors (Amabile T. M., 1998; Kanter, R.M., 1988; Woodman, 1993), the creativity and innovation process can be considered as involving multiple facts creativity begins with problem recognition , which leads to the generation of novel ideas, products, service or process by an individual or

group of individuals. At this stage the process shifts from one of generation of new ideas or solution to implementation with in larger organization. This requires organizational innovatory which involves further development of novel ideas and putting them to use in the organization. Also recognize that organizational creativity and innovation are closely intertwined my focus will be relationship between organizational culture and creativity. In understanding organizational culture it is very important to know all its elements. Authors are not unanimous about what are the elements of the organizational culture. According to (Armstrong, 2009; zugaj M.,Cingula, 1992) there are four element of organizational culture these are; organizational value, organizational climate, leadership style, work process and system. For the purpose of this study the researcher took three of the above elements namely organizational value, organization climate and leadership style and sets to discover (empirically) their effect on employee creativity.

1.2 Background of the company

The introduction of telecommunications services in Ethiopia dates back to 1894, when Minelik II, the King of Ethiopia, introduced telephone technology to the country. However the first Ethiopian pioneer of telephony was his cousin Ras Mekonnen who came back with telephone apparatus in 1889 after his visit of Italy and established a company. The company was placed under government control at the beginning of the twentieth century, and was later brought to operate under the auspices of the Ministry of Post and Communications. In 1952, telecommunications services were separated from the postal administration, and structured under the Ministry of Transport and Communications. The Ethiopian Telecommunications Corporation is the oldest Public Telecommunications Operator in Africa.

Under the Derge Regime the Ethiopian Telecommunications was reorganized as: Ethiopian Telecommunications Service from October 1975 to February 1981; and Ethiopian Telecommunications Authority (ETA) on January 1981. It retained this name until November 1996. The Ethiopian Telecommunications Service as well as the Ethiopian Telecommunications Authority (ETA) was in charge of both the operation and regulation of telecommunications service in Ethiopia. The Ethiopian Telecommunications Authority was replaced by the Ethiopian Telecommunications Corporation (ETC) by regulation number 10/1996 of the Council of Ministers to which all the rights and obligations of the former Ethiopian Telecommunication authority were transferred to the Corporation.

ETC conducted a business transformation to align its services to the customer requirements by deployment of Next Generation Technology and processes which will be expected to change the culture of the company. This led to the establishment of the Transformation Program Office (TPO) to effect the change by formation of a new telecommunications service providing entity. As part of the initiative TPO has engaged Wipro consulting services (WCS) to assess the alignment of the ongoing initiatives to the business goals and objectives (<http://www.intranet.ethiotelecom.et>).

In its endeavor to create a “World Class New Company” TPO had set itself, with a missionary zeal, to create world class ICT infrastructure and develop best in class processes that will help minimize the cost and increase revenue. These critical engagements were divided into multiple projects. These all initiatives (projects) have made possible the creation of Ethio telecom (ET). It is operating by management contracts of France telecom and the main objective of the agreement is to gain management experiences and increase the revenue of the company by eliminating unnecessary costs and creating new revenue generating opportunities, though cultural change is the main hindrance of the organization to achieve its goals and objectives. Currently Ethio telecom has 41.9 M mobile customers, 22.3M data and internet customers and 1.2M fixed line customers.

To bring conducive atmosphere in the organization ; it’s essential to measure the effect of organizational culture on employee creativity it’s important to the organization to know which culture positively motivate or negatively motivate the employees to bring creative idea that will help the success of the organization.

1.3 Statement of the problem

Employee creativity, in relation to organizational culture has received a little attention. A lot of researches in this area have focused on employee performance in relation to organizational culture. Many researchers concur on the fact that there is no agreement on the precise nature of the relationship between organizational culture and employee creativity. Despite the plethora of studies on organizational culture in the last few decades (Dension, 2000), (Schein, 1984), (Alveeson, 2002), (Hofestde etal, 1990) , there is a lack of studies which determine the causal relationship between organizational culture and creativity.

Because of the contradictory results which is whether the question of organizational culture improve or worsen employees creativity is still worthy of further researches such as the one which was undertaken in this study.

Ethiotelecom is the sole and state owned providers of telecom service in Ethiopia so that for most of its customers the need to buy its products is not a matter of choice rather it is a matter of buying or not at all. These days information is becoming the heart of everything and the device for this information is provided with Ethiopia telecom consequently most of the company's employees may perceive that they are not required to invest more efforts towards keeping the comfort of their customers if the customer's choice is very limited.

In addition, the issue of the interrelation between the organisation culture and employee creativity is not brought out clearly as far as the variables under investigation are concerned. Several researchers have described organizational culture and employee creativity from other wider dimensions in other countries such as Nigeria, India and USA (Isidre march etal, 2011), (Kanter, R.M., 1988), (Dasanayaka, 2009). There is however a lot that has not been done to establish the specific culture related factors that affect employee creativity. Moreover Organisational Culture and creativity research has not been effectively done in developing countries like Ethiopia at large.

Thus, the aim of this paper is to examine the effect of organizational culture elements on employee creativity in organizations that are found in our country Ethiopia taking Ethiotelecom as our study case.

1.4 Research questions

- Does organizational climate relate with employee creativity?
- Does organizational values relate with employee creativity?
- Does leadership style relate with employee creativity?

1.5 Objectives of the study

1.5.1 General objective

The general objective of the study is to examine empirically the effect of organizational culture elements on employee creativity.

1.5.2 Specific objective

- To examine the relationship between organization climate and employee creativity.
- To assess the relationship between organizational values and employee creativity.
- To investigate the relationship between leadership style and employee creativity.

1.6 Significance of the study

The researcher has not found any previous research that deals about the effect of organizational culture and its effect on employee creativity at Ethio telecom. Most of the researches done in Ethiopia deals about the effect of organizational culture on employee performance and motivation. Thus research will be helpful to suggest suitable organizational culture which will be very important to enhance the creativity of employees in Ethio telecom. And also this research will be helpful to the management of the organization to make further research in this area and to develop strategies that can create suitable organizational culture to its employees. It will also be important to other researchers to conduct further research depending on the research findings.

1.7 Scope and limitation of the study

Even though, the effect of organizational culture on employee creativity is a problem in all organizations, the researcher focus only in Ethio telecom employees found in Addis Ababa due to time and other resource problem.

When we see the quality of the research, it face some problems, for example the questionnaires may not fill properly due to employee commitment, knowledge gap and confidentiality on the utilization of the information.

1.8 Organization of the paper

The study comprises five chapters. The first chapter presents introduction of the study whereby backgrounds of the study, statement of problem, objectives of the study, research questions, significance of the study, scope and imitations of the study were included. The second chapter devoted to reviewing related literatures followed by the third chapter that discusses the methodology used to undertake the study. While chapter four presents data analysis and results part of the paper. Finally, chapter five deals with summary, conclusion and recommendation. The references and appendix are presented at the end of the paper.

CHAPTER TWO

LITERATURE REVIEW

2.1 Definitions

2.1.1 Organizational culture

Organisational culture has been variously defined. In its simplest form, it can be construed as the way things are done in the organisation (Deal & Kennedy, 1982). It is a set of meanings created within the organisation, but influenced by broader social and historical processes. Culture can be seen in the norms and values that characterise a group or organisation; it is a system of shared values and norms that define appropriate attitudes and behaviours for its members.

To encourage creativity in organizations a key challenge is to create a culture which nourishes it. Organizational culture concerns the values, beliefs, history, traditions etc. reflecting the foundations of the organization. An organization's culture is long standing, deeply rooted and often slow to change.

Organizational culture reflects the things people value, the way people within the organization generally relate to one another, share ideas and work together on a daily basis to get things done. It includes the shared view of directions and values, priorities, commitments and feelings of loyalty and personal worth within an organization. Organizational climate, on the other hand, refers to the recurring patterns of behaviour exhibited in the day to day environment of the organization, as experienced, understood, and interpreted by the individuals within that organization. It is an important differentiation although there is often an overlap between the two. A positive organizational culture is essential for an organization to be successful. It also provides personal work satisfaction, supports emotional and physical well-being and generates high morale as well as positive perceptions by others.

According to (Martin, 2002) culture is about deeply held assumptions, meaning, and beliefs. (schien, 1992) iceberg model treats culture as including all the elements of the iceberg that appear "under the waterline" or remain invisible for the most part. Therefore, culture is often studied using phenomenological methods incorporating the recounting of stories, observation of physical arrangements, and interpretation of jargon and rituals.

2.1.1.1 Models on organizational culture

Schien's model

In order to understand culture and its impact on creativity (Schein, 1984) offers a useful starting point. Schein suggests that organizational culture is what a group learns over a period of time as the group solves its problems of survival. He argues that a culture is a pattern of basic assumptions that have been evolved, discovered or developed by a given group as it learns to cope with its problems of external adaptation and internal integration.

“Culture is a pattern of shared basic assumptions that has worked well enough to be considered valid and therefore to be taught to new members as the correct way to perceive, think, and feel in relation to those problems”.

His model exists at three levels – artefacts, values and basic assumptions. Artefacts are the visible organizational structure and processes. Values are the social principles, goals and standards held within the culture to have intrinsic worth and underlying assumptions are beliefs and habits of perception, thought and feeling that are taken for granted.

He also observes that:

“Culture matters because it is a powerful, latent, and often unconscious set of forces that determine both our individual and collective behaviour, ways of perceiving, thought patterns and values. Organizational culture in particular matters because cultural elements determine strategy, goals and modes of operating”.

Culture is good or bad depending on how it supports the achievement of organizational goals. It is ‘good’ if it enables the organization to achieve its objectives and goals or adapt appropriately to its external environment. If an organization needs to be creative and innovative it must design its culture accordingly. The question of how one does that still remains. A sensible starting point would be identifying the current perceptions of the existing culture.

Denison's model

(Denison, 2000) also stated that organizational culture is the fundamental value, beliefs and moral principles that plays an important role in the organizational management system. (Schein,

1984) stated that organizational culture is a pattern of basic assumptions that raised and spread by a group of people in such a way that are consistent with the external environment and causes cohesion within the group. (Dension, 2000) conducted some researches in organizational culture and organizational effectiveness. Based on this model, characteristics of organizational culture are: involvement, consistency, adoptability, and mission. Each of these characteristics measures with three indices:

1. Involvement (Being involved in work): effective organizations make their employees able, establish their organization on the basis of working groups, and develop the capabilities of their human resources at all levels; thus the members of the organization feel commitment against their work and see themselves as a part of the body of the organization. At all levels, the individuals feel that they are involved in decision makings and these decisions are effective in their work, and their work is directly tied with the organizational goals.. In this model, the mentioned characteristic is measured in this model by measuring three indexes:

Empowerment: the individuals have the needed authority, initiative, and ability to administer their work. This makes them feel the sense of ownership and responsibility in organization.

Team orientation: team works in order to fulfill the common goals are highly appreciated in the organization, so that like the managers, the employees feel that they are responsible for their work. These organizations rely on the groups for doing the works.

Capability development: in order to supply their needs and survive in the completion arena, the organizations develop the skills of their employees continually.

2. Consistency (Stability and Consistency): the available literature show that the effective organizations are those that are consistent and stable, and the behavior of their employees roots in the core values of the organization; the leaders and followers are skilled in getting agreement (even in cases that their attitudes are contradict; and the organizational activities are coordinated and integrated. The organizations with such characteristics have a strong and distinctive culture and have a sufficient influence on the behavior of their employees. Consistency is measured by three indexes as follow.

Core values: the members of the organization are common in some values that form their identity and expectations.

Agreement: the members of the organization are able to come to an agreement in the cases of the difference of their attitudes. This agreement includes both the agreement at lower levels of the organization and middle and upper levels of the organization.

Coordination and integration: organizational departments that have different functionalities can co-work to meet their common goals and objectives. The organizational frontiers will not be messed through such co-working.

3. Adaptability: the organizations that are integrated well will change difficultly; thus internal integration and external adaptability can be advantages and priority for the organization. Adaptable organizations are conducted by the customers; they take risks, take lessons of their mistakes, and they are open to change on the basis of their capacity and experience. They are frequently improving the abilities of the organization in order to value the customers. Adaptability is measured by three indexes as follow:

Creating change: the organization is able to create new ways for meeting its needs and know the environment of the organization, and respond to the current stimuli and exceed the future changes.

Customer focus: the organization is able to understand the customers and respond their needs and to be prepared to supply their doming needs. Indeed the customer focus is a level at which the organization is conducted toward the customer satisfaction.

Organizational learning: this index measures the signals that the organizations receive and interpret; and the opportunities that the organizations create to encourage the creativity, knowledge and abilities.

4. Mission: it could be said that the most important feature of the organizational culture is its mission. The organizations that don't know where they are and what is their situation will be in a wrong path. Successful organizations have a clear idea of their own goals and direction so that they clearly define their organizational and strategic goals and the mission of themselves. Most problematic organizations are those who have to change their mission. When an organization changes its mission, then it has to change its strategy, structure, culture and behavior as well. In such conditions, a strong leader specifies the mission of the organization and creates a culture that supports that vision.

Strategic direction and intent: clear strategic intents show the direction of the organizational goals so that everyone can make himself participate in that area or industry.

Goals and objective: goals are tied to the mission strategy and the perspective of the organization and specify the direction of the work of every individual in the organization.

Vision: the organization has a common vision about the future. Vision illustrates the core values of the organization, makes the hearts of the human resources closer to each other, and simultaneously specifies the directions.

2.1.2 Creativity

The Encyclopaedia Britannica defines creativity as

“The ability to produce something new through imaginative skill, whether a new solution to a problem, a new method or device, or a new artistic object or form”.

At an individual level, (Amabile, 1996) extensive body of research suggests that individual creativity essentially requires expertise (knowledge, proficiencies and abilities of people to make creative contributions to their fields), creative-thinking skills (cognitive styles, cognitive strategies and personality variables), and intrinsic task motivation (the desire to work on something because it is interesting, involving, challenging and rewarding). Her studies confirm that the higher the level that each of these three components, the higher and better the creativity.

“The ability of a person to be creative, participate in creating or be useful in a creative network of other people”

- is a useful one that is both simple and broad enough to encompass both individuals and organizations.

Current views on organizational creativity appear to focus largely on outcomes or creative products – goods and services. A creative product has been defined as one that is both novel and original and potentially useful or appropriate to the organization. (Amabile, 1996); (Mumford & Gustafson , 1998) Various factors contribute to the generation of creative products both at the individual and organizational levels (Mumford & Gustafson , 1998). In organizations including businesses, creativity is the process through which new ideas that make innovation possible are

developed. Additionally, at least for business organizations, creative ideas must have utility. They must constitute an appropriate response to fill a gap in the production, marketing or administrative processes of the organisation. Thus, individual creativity is concerned with the generation of ideas while team and organizational creativity is concerned with both the generation of ideas and the implementation of these ideas.

Another term, innovation, is often used interchangeably with creativity. A convenient definition of innovation from an organizational perspective is given by (Luecke & Katz, 2003), who wrote:

"Innovation is generally understood as the introduction of a new thing or method. Innovation is the embodiment, combination, or synthesis of knowledge in original, relevant, valued new products, processes, or services".

Innovation, it seems, typically involves creativity, but is not identical to it: innovation involves acting on the creative ideas to make some specific and tangible difference in the domain in which the innovation occurs. For example, (Amabile, 1996) suggest:

"All innovation begins with creative ideas. We define innovation as the successful implementation of creative ideas within an organization. In this view, creativity by individuals and teams is a starting point for innovation; the first is necessary but not sufficient condition for the second".

For innovation to occur, something more than the generation of a creative idea or insight is required: the insight must be put into action to make a genuine difference.

Creativity nowadays forms an important part of organizational life, because rapid changes of the world have affected the operational environment of the organizations in a way that the organizations and their managers have to find novel ways to adapt themselves to the global developments and changes.

Therefore, all organizations need new thoughts and novel ideas to protect their existence. New ideas and thoughts are as a spirit in the organization's body and survive it, but compact and tough competitions, tastes and desires of the customers have made the organizational affairs unpredictable. In such a situation, new ideas and ways should be provided in order to maintain the organization's relationship with the customers, maintain the market share, cover

the needs and tastes of the customers, achieve an appropriate share of the global market, success in the struggle against clients and so on (Bolanowski, 2008). For this reason, creativity and innovation are known as a new competitive field for product development in organizational and engineers and product designers are expected to be creative, idea generator and innovative in addition to competency and merit (Kudrowitz, 2010).

It should be noted that the complexity of today's business environment forced the organizations to enhance their capabilities in response to environmental changes. On the other hand, social changes, rapid and challenging technologies, and the development of new mission in organizations made the necessity of flexibility and the preparedness to face the new situation inevitable. Therefore, novelty and innovation in organizations should be continued in order to survive and thrive them in the present era. This is because of stagnation and destruction prevention and demands suitable culture. Any organization can enhance its performance and productivity and take forward steps in order to achieve predetermined objectives through reforming its culture and enhancing its employee's and organizational creativity

Miniature organizational culture is of the macro processes of organizational cultural environment that justify the necessity of good infrastructure in creative organizational culture at all organizational levels and its dimensions with the advent of categories such as information and communication technology, globalization and how to deal with it, demographic changes, continuing education, the explosion of knowledge, ethical crisis, organizational learning and knowledge growth, considering the quality and effectiveness of the organization (Julia, 2011).

Successful organizations are organizations that creativity and innovation are the arrowhead points of their movement. In other words, today's organizations must be dynamic and should have innovative and creative managers and employees in order to comply with changes and respond to community needs. It could be said that innovation and creativity are as keys to the survival and success of organizations in the global economy and the existing increasing competition so that the lack of innovation and creativity is equal to the destruction of the organizations. An organization without creativity and innovation cannot survive and disappears over time (Randall, 2008).

Creativity is one of the hottest terms in the business world. Especially with regard to the globalization process and the very rapid development of the modern technology, creativity is now the most effective way of survival and competition in the global markets for the companies (Zheng, Pablo and Pelayo, 2009).

(Santrock, 2004) believes that the creativity is the ability to think in new and unusual ways and to come to exclusive and original solutions for the problems (Shoghi and Mortazavi, 2012) Indeed the creativity is the interaction of the talent, process, and environment, through which the person or group produces an understandable product that is both new and useful for its targeted society (Makel and Plucker, 2008).

Besides, (Torrance, 1989) believes that creativity is formed out of four following components:

- Fluency: the ability to establish a meaningful relationship between thought and the expression, measured on the basis of the number of thoughts or solutions in a specific piece of time
- Originality: the ability to think in unusual ways with coming to unusual, odd, and subtler answers.
- Flexibility: the ability to think to a single new problem in different ways;
- Elaboration: the ability to pay attention to all details during a task

Organizational culture must be able to provide the survival factors of the organization and organizational growth conditions for the globalization. Without an effective organizational culture, creative activities cannot be expected. In fact, creativity is the change and adaptation in intellectual capitals, learning, etc. in the context of changing environments and provides an appropriate background for the creative growth of the culture that has high levels of risk, dynamism, response to the environmental changes, change creation, flexibility and freedom in the organization.

The necessity of paying attention to the organizational culture is to the extent that the experts believe that if effective and sustainable changes are expected to be appeared in an organization, the culture of the organization should be changed. In other words, the success or failure of an organization should be explored in its culture. Hence, managers can release

themselves from previous solutions and provide progress and new solutions for the organization through considering culture and taking advantage of it(Lau and Ngo, 2004).

2.2 Studies on organizational culture and creativity

Several researchers have documented the effect of organisational culture on creativity and innovation (Ahmed, 1998; Martins and Terblanche, 2003; Martins and Martins, 2002; Mclean, 2005; Vincent et al., 2004). Organisational culture seems to have an influence on the degree to which creativity and innovation are stimulated in an organisation. Research shows that norms and values like speed, a sense of urgency, teamwork, doing whatever it takes to please the customer, listening, initiative, flexibility, and risk taking – all are directly related to “making the plane” and satisfying the customer (Tushman and O'Reilly, 1997). For example, at FedEx, organisational culture is an integral part of their competitive advantage.

Theoretical arguments (Ahmed, 1998; Barlow, 1999; Edwards et al., 2002; Martins and Martins, 2002; Vincent et al., 2004) along with empirical studies have found a positive effect of organisational culture on innovation capability (e.g., Dasanayaka, 2009; Han et al., 1998; Yeşil et al., 2012) and product innovation (e.g., Valencia et al., 2010).

As (Tushman and O'Reilly, 1997) further point out, successful organisations have the capacity to absorb innovation into the organisational culture and management processes. Thus organisational culture lies at the heart of organisational innovation.(Kenny and Reedy,2000) emphasize that organisational culture affects the extent to which creative solutions are encouraged, supported and implemented.

(Martins & Terblanche, 2003) Posit that a culture supportive of creativity encourages innovative ways of representing problems and finding solutions. They explain that unlike operations where the activities are formalized and pre-specified, innovation is a non-routine activity where there is a fair amount of uncertainty around the tasks to be performed.

The basic elements of organisational culture (shared values, beliefs, and behaviour expected from members) affect creativity and innovation in two ways: 1) through the process of socialisation, norms are imbibed, and members make assumptions about whether or not creative & innovative behaviour is encouraged. 2) The basic values, assumptions, beliefs become enacted as structure, policy, practices and procedures. Thus individuals come to

realise how they should behave and what is considered valuable in the organisation (Tesluk et al., 1997).

(Cameron and Quinn, 2011) developed the Competing Values Framework model to categorise dimensions of organisational culture. This framework was used to construct an Organisational Culture Assessment Instrument (OCAI). Using this instrument, an organisational culture profile was drawn, establishing the organisation's dominant culture type. This model is quite popular, and has been used in many empirical studies on organisational culture (e.g., Obenchain and Johnson, 2004; Stock et al., 2007; Valencia et al., 2010).

The model defines four types of organisational cultures- clan, hierarchy, adhocracy, and market:

Clan: an organisation that concentrates on internal maintenance with flexibility, concern for people, and sensitivity to customers.

Hierarchy: an organisation that focuses on internal maintenance with a need for stability and control.

Adhocracy: an organisation that concentrates on external positioning with a high degree of flexibility and individuality.

Market: an organisation that focuses on external maintenance with a need for stability and control.

Of the four, broadly speaking, adhocracy and market cultures have been associated with higher innovation. The hallmark of an adhocracy culture is a dynamic, entrepreneurial, innovative and creative workplace (Cameron, 2004; Cameron and Quinn, 2006; Tseng, 2010). It emphasises new product and service development, growth, change, and experimentation (Cameron, 2004; Cameron and Quinn, 2006; Tseng, 2010). A market culture is characterised by a results-oriented workplace with emphasis on winning, outpacing the competition, escalating share price, and market leadership (Cameron and Quinn, 2011).

2.3 Organizational culture elements affecting employee creativity

To understand organizational culture it is very important to know all its elements. Authors are not unanimous about what are the elements of the organizational culture. According to (zugaj

M.,Cingula, 1992) there are three important elements of organizational culture. These are: Organizational value, Organization climate and leadership Style

2.3.1 Organizational values

Organizational values can be defined as shared mental representations (Tindale, Smith, Thomas, Filkins, & Sheffey, 1996) about the principles that guide organizational practices and standards (Katz & Kahn, 1974). These are shared by organizational members who live in the same environment for a relatively long period of time (Schneider & Barbera, 2014); are hierarchically organized (Tamayo et al., 2000) and transcend practices or specific standards.

Organizational values are the core element of the organizational culture (Schneider & Barbera, 2014; Tamayo et al., 2000). These are at the conscious level and are more general than the organizational practices (Schein, 2010). For this reason, here we chose to work with the values in order to allow more precise delimitation of the phenomena.

Criticisms of studies on organizational values have been raised. (Stackman et al, 2000) state that it is difficult to define which actors must have their personal values accessed and how these values can be mathematically aggregated to compose the organizational values. To move away from this critique, the perspective adopted in this study is that organizational values are shared mental representations (Tindale et al., 1996) which emerge from the individual perception to form an aggregate perception of what is important to the organization. Therefore, they do not constitute individual perceptions of organizational values or the individual values' mean. This solution equates the question of who should be accessed in an organizational value survey. Finally, recent developments in multilevel analysis, especially regarding emergent processes in organizations (Chan, 2014) solve the mathematical issue raised by other researchers.

The most cited scales on organizational values in the international and national literature were developed by (Hofstede et al, 1990), (Cameron and Quinn, 2011) (Tamayo et al, 2000). Some of them analyze not only the values but also other components of the culture, as is the case of Hofstede scale that covers values and practices. The scale by Cameron and Quinn is a typological measure and does not measure the cultural dimensions. The Organizational Culture Profile (OCP) by O'Reilly et al. was developed mainly for measuring individual-organization fit and factors were derived empirically.

Schwartz (schwartz et al, 2012) developed a theory of basic human values to explain the dynamic relations between values. He proposes that values are derived from universal human needs and are structured around two bipolar dimensions: 1) self-transcendence *versus* self-promotion in which an emphasis on the welfare of others opposes an emphasis on oneself; 2) openness to change *versus* conservation in which the independence of thought, actions and feelings opposes the maintenance of the *status quo*.

(schwartz et al, 2012) also proposed and tested a theory of cultural values based on data from 49 nations. He proposes a comprehensive and universal structure that represents the compatibilities and conflicts between values in a circumflex model. He argues that cultural values reflect basic issues that all societies must confront. The first issue is to define the nature of the relation between the group and individuals. The second is to establish a responsible behavior to preserve the social tissue. And the third issue is to define the relation of humankind with the social and natural environment.

Three studies were developed. The first addresses the internal structure of the scale through exploratory multidimensional scaling, using a sample of public and private organizations. The second study describes a confirmatory factor analysis for the scale and its relationship with external variables (ethical climate, affective organizational commitment, work well-being, proactive behavior, and job engagement). Study 3 relates the scale with the Cameron and Quinn Competing Values Scale (Cameron and Quinn, 2011), one of the most used scales for measuring organizational culture (Hartwell et al., 2011)

Organization's cultural identity is created by interaction of three levels that are basic underlying assumptions or beliefs, values and artefacts (Stevenson, 1995)Organizational culture can be also characterized as ideologies endorsed by the organization and be represented by observable behavioural norms associated to the work environment. Additionally the social form of organizations is maintained by organizational culture, which is quite stable and somewhat resistant to change. (Kwantes et al, 2007)Referring to (Michailova & Minbaeva, 2012)organizational values are essential component of organizational culture. Top managers articulate, nurture and utilize values to shape certain types of individual behaviour and to achieve desired organizational goals, such as intra-organizational knowledge sharing.

Organizational values are beliefs held by an individual or a group regarding the means and the ends that management must identify in the running of a company, in establishing objectives or in choosing the most preferable business activities from wide range of alternatives. (Michailova & Minbaeva, 2012); (Aggrawal & Mohendra, 2010). According to (Kwantes et al, 2007)organizational values can be described as taken-for-granted assumptions and ideologies at its core. Additionally organizational values can be considered of being ideas about standards of actions that organizational members should exhibit in the endeavour to achieve organizational objectives within organizational community (Thomas, 2013). (Bourne & Jenkins, 2013) Identify that organizational values have a central place in organizational phenomena such as identity, culture, person organization fit and socialization. They also shape the ethical stance of an organization, employee commitment and relationships with external constituents. Organizational values influence critical processes and characteristics of organizations including exegesis of strategic issues, strategic choice and strategic change and managerial decision-making. Strong organizational values are both intensely held and widely shared. (Chatman, 1991). Furthermore (Bourne & Jenkins, 2013)identify organizational values to be closely connected to other organizational phenomena, specifically culture and institutionalism. On the other hand organizational values exemplify those general values that direct organizational members in their selection or evaluation of behaviour.

(Stevenson, 1995)has stated in her dissertation that the foundation for organizational values are basic assumptions such as preconscious, invisible and revolve around relationships to the environment, assumptions of the nature of reality, and the essence of human relationships. These assumptions are usually defined by founders, senior executives and strategic planners of the organization. Organizational values offer the basis for organizational directions, decisions and actions.

2.3.2 Organizational climate and creativity

It is important to distinguish between organizational climate and culture. An organization's culture concerns the values, beliefs, history and traditions reflecting the foundations of the organization. Culture is long standing, deeply rooted and often slow to change. An organization's climate, however, refers to the recurring patterns of behaviour exhibited in the day to day

environment of the organization, as experienced, understood, and interpreted by the individuals within that organization.

Climate, then, may be defined as:

“The recurring patterns of behaviour, attitudes, and feelings that characterize life in an organization.” (Ekvall et al, 2000) It is people’s perception of these behaviours, attitudes and feelings that influence their attitudes at and to work as well as their levels of performance, their creativity and resulting productivity. At the individual level the concept is called the psychological climate. When aggregated the concept at the team level might be called the team climate and at the bigger picture level, the organizational climate.

Groan Ekvall, a Swedish industrial psychologist, observed the differences in how the working atmosphere of different companies affected the degree of participation in idea suggestion schemes. From this he developed the Creative Climate Questionnaire. (Now titled the Situational Outlook Questionnaire). In this he identifies 9 dimensions organizational climate necessary to enhance creativity.

These dimensions are challenge and involvement (the degree to which people are involved in daily operations, long term goals, and visions), freedom (the independence in behaviours exerted by the people in the organization), trust/openness (the emotional safety in relationships), idea time (the amount of time people can use - and do use - for elaborating new ideas), playfulness/humour (the spontaneity and ease displayed in the workplace), conflict (the presence of personal and emotional tensions – in contrast to idea tensions in the debates dimension – in the organization), idea support (the way new ideas are treated), debate (the occurrence of encounters and disagreements between viewpoints, ideas, and differing experiences and knowledge) and risk taking (tolerance of uncertainty and ambiguity exposed in the workplace) (Ekvall et al, 2000).

All of these dimensions are positively associated with creativity, innovation and change except one – conflict. Working environments that have high levels of conflict are less likely to sustain creativity, innovation and the commercial success that can come with them. The validation evidence from this survey (Ekvall et al, 2000) suggests that a high score on 8 of the dimensions and a low score on one – conflict – would enhance creativity in an organization.

As Dr. Ekvall states:

“Climate affects organizational and psychological processes such as communication, problem solving, decision making, conflict handling, learning and motivation, and thus exerts influence on the efficiency and productivity of the organization, on its ability to innovate, and on the job satisfaction and the well-being that its members can enjoy. The individual organization member is affected by the climate as whole, by the general psychological atmosphere, which is relatively stable over time. No single separate event produces this more lasting influence on behaviours and feelings; it is the daily exposure to a particular psychological atmosphere.”

Organizational climate can be enhanced at three levels – individual, team and organization (Ekvall et al, 2000). There appears to be a considerable body of work written on individual creativity, a lesser amount on organizational creativity and an even lesser amount on team based creativity. One such study was carried out by psychologists in the UK in the 1990s (West et al, 1990)It examined in some detail organizational climate, team effectiveness and innovation at work. From this research four factors were identified as being central in determining effective team functioning and propensity to innovation / creativity: (1) participative safety; (2) support for innovation; (3) team vision; and (4) task orientation

Briefly described, participative safety refers to the extent to which the climate of the team is psychologically safe and subsequently through this safeness encourages the participation of each member of the team. Support for innovation is concerned with the support provided by the team for innovative ideas. This requires both articulated support (expressed support – both verbal and written) and enacted support (practical support and the availability of resources). Team vision is concerned with the extent to which the team has clearly defined goals and objectives. It is suggested that when individuals work as part of a team, they do so because they believe that by working with other people, they will become more successful in achieving their desired outcome (West et al, 1990)Task orientation is concerned with the extent to which the team strives for excellence in completing its tasks and targets.

It is suggested that a high positive presence of these team dimensions is essential if the team is to function effectively and creatively. Of these four team climate factors participative safety and support for innovation will largely determine the quantity of the creativity, while vision and task orientation will largely determine the quality of the creativity / innovation.

In summary, the literature suggests that the climate required for enhancing creativity in the workplace is that which promotes the generation, consideration and use of new products, services and ways of working. This climate supports the development, assimilation and utilization of new and different approaches and concepts (Ekvall et al, 2000) To enable such a climate consideration must be given to participative safety, support, appropriateness of vision and the establishment of performance standards (West et al, 1990) and dimensions of challenge and involvement, freedom, trust/openness, idea time, playfulness/humour, conflict, idea support, debate and risk taking. Although dimensions may vary by name and description there exists a commonality among the researchers of the climate requirements that will support and enable organizational creativity.

2.3.3 Leadership style and creativity

Leadership style is the set of attitudes, attributes, and skills of the managers that is formed on the basis of the value system, trust in the employees, leadership tendencies, and sense of security in the ambiguous situations. Generally speaking, leadership style determines the atmosphere, culture, and strategies of the organization (Rowold, 2009).

Leadership is one of the most broadly discussed topics by the researchers from all over the world. (De Jong, Hartog, D. N., 2007) described leadership as a process to influence subordinates for attaining desired set of objectives. Leaders assist to encourage, stimulate, support, and identify their followers in order to get key performance outcome. Earlier researches on leadership have recognized different types of leadership styles which leaders adopt in managing organizations since leader's ability to inspire, motivate and produce dedication to common goal is crucial for organizational outcomes (Basu, R., & Green, S. G., 1997) Previous studies relate different leadership styles to the employees' innovation process, many of them paid attention for participative or mutual leadership styles (Pelz, D. C., & Andrews, F. M., 1966) and suggested a list of detailed behaviours that the leaders should permit in order to initiate creativity among employees (Amabile, 1998) A number of leadership theories have been proposed but the scholars mostly considered assumption of Leader-Member Exchange (LMX) which is linked with transformational leadership style and innovative behaviour of the employees (Basu, R., & Green, S. G., 1997); (Jung, 2001) LMX theory proposed that transformational leaders keep close associations with high level and lower level linked with their subordinates.

Bass and Avolio's model (Bass, & Avolio, 2000) in which the dimensions of the leadership style are classified into three groups, mainly the transformational leadership, transactional leadership, and non-intervening leadership.

Transformational leadership: is the performance of a leader who is going to motivate his/ her followers by idealized influence (Charisma), inspiring motivation, intellectual stimulation, and individual consideration in order to push them in a direction beyond their own transient interests (Bass, 2008).

The objective of the transactional leadership goes beyond meeting the transient needs. Transactional leader employs his/ her optimism, intellectual charisma, and many other personal skills to promote the goals of the others, and runs the persons and organizations toward a higher performance (Skakon, 2010). At the following part we will refer to some dimensions of the transformational leadership.

Charisma (idealized influence)

This dimension implies the idealized influence of the leaders who act as the real model of act so that their act leads to the manifestation of the desirable behaviours (Nielsen & Cleal, 2011). Charismatic leadership is a part of the transformational leadership and includes the idealized characteristics and idealized behaviour. The most prominent idealized characteristics of a leader are to inspire the sense of honour and pride in the followers and to participate in their activities in order to gain the interests of the group (Shoghi.B & Shoghi.A, 2012).

Inspirational motivation

Inspirational motivation is one of the capabilities of the transformational leader that offers a character of the leader that that inspirationally stimulate the followers to have a suitable behaviour. This factor describes the leaders who make the followers participate in illustrating the future vision, and accordingly strengthen their commitment and who encourage the followers to come along the mentioned process (Moriano & Molero, 2011). Thus the transformational leaders have to act in a specific manner and encourage and stimulate their followers. This specific behaviour implicitly includes to show their enthusiasm and optimism and to encourage the team work (Shoghi.B & Shoghi.A, 2012).

Intellectual stimulation

As a capability of the transformational leaders, intellectual stimulation plays an important role in the process of transformation of the organization. The transformational leaders try to encourage their followers to be innovative and creative. These leaders encourage the change of thinking methods of the problem solving and always use analogies and metaphors in order to increase the knowledge of their followers (Bass, 2008), thus they may use the new and creative ideas for solving the problems. Bass believes that the intellectual stimulation is a main stimulus in the followers to think to their beliefs, their values, their problems, and solving the problems (Bass, & Avolio, 2000).

Individual Considerations

Paying attention to the individual differences of the followers, communicating with each of them, and stimulating them by assigning the responsibilities to them for the sake of their learning experiences are the main subjects of the individual considerations. Transformational leaders help their followers activate their own potential talents in order to increase their accountability in the organization. On other words, the leaders attempt to develop the potential abilities of the individuals (Horwitz, 2008). Individual consideration is a key element in the relationships between the transformational leader and the followers. Transformational leaders may use the strategy of assignment as a tool for the growth of their followers relying on the personal challenges (Nurthouse, 2001)

Transactional leadership: is a style of leadership based on the transaction between the leader and the follower so that the mutual interests of the both parties are met. This leadership style includes some dimensions such as the contingent rewards and management –by- exception (active- passive) (Shoghi.B & Shoghi.A, 2012).At the following part we will refer to these factors of the transformational leadership.

Contingent reward

Contingent rewards refer to the process of the transaction between the leaders and followers in which, the followers' attempts in transacted against some specific rewards. In this type of the leadership, the leader tries to gain the agreement of the followers about what is needed to do and what is granted for doing that things (Bass, 2008).

Management -by- exception (active-passive)

Management -by- exception refers to those behaviours of the leaders that implies the corrective criticisms, negative feedbacks, negative reinforcement, and predicting the failures and problem solving. Management-by-exception emerges in two forms: passive and active. In active form of management -by- exception, transactional leaders supervise the tasks of their subordinates and make sure of the completion of those tasks. The leader in this form, do all necessary and needed things to prevent any deviation from the standards and findings the bugs and mistakes. But the passive leaders in this form of management -by- exception apply some due punishments just if the standards are not met; that is, they passively wait for the mistakes of their followers so that attract their attention to the negative feedbacks or official reproach before dealing with the corrective activities. Although this latter form of the management has been proved to be ineffective but some managers still apply it to supervise over a large number of the subordinates who report him directly. This process is less effective than the contingent awards and the components of the transformational leadership (Nurthouse, 2001).

(Amabile, 1998), define creativity as the “production of novel and useful ideas”. Employees play a significant role in the innovation, effectiveness and survival of the organization. Creative employees are result oriented and they put forward meaningful ideas relating to procedures, services and products of the organization. The required level of creativity and importance of creativity differ in different organizations. This difference is due to the positions and responsibilities of the managers or employees; however, most managers accept the possibility of employee to be creative at different level.

Different research studies have been conducted to investigate the creative behaviours of employees in organizations and the procedures and processes as how to enhance them. Diverse factors are responsible for the enhancement of creativity such as climate and interaction with group members. Effective leadership is also a key factor to flourish employee creativity. Leader’s role is of great importance in organization, it inspires and motivates employees of all levels. Motivation of employees facilitates knowledge transfer into result oriented activities.

2.4 Empirical review

According to (Ali Ahmed, 2017) organizational values has an effect on employee creativity. This study analysed the impact of organizational culture values; power distance, individualism and masculinity on employee's creativity under the mediating role of employee's cognitive ability. The data was collected from banking sector of Pakistan and total respondents were 254. The results showed strong relationship between employee's creativity and organizational culture values. Employee's cognitive ability has positive impact on employee's creativity.

According to (Ekvall, 1996)organizational climate mediate the processes and operations of organization (e.g. creating, motivation, co-ordination, controlling, communication, decision making, and problem solving) between organizations' resources like human resources or financial resources and the organizational outcomes.

According to (Pitta, 2009) who worked on a culture of innovation at Portugal Telecom, individual creativity helps organizations to be effective, The companies which cannot bring neither creativity nor innovation in their daily tasks found that their failure is because of their weakness in establishing an appropriate culture and climate that values new ideas, this failure of overlooking the importance of culture decreased the profits of organization, and wasted procedures. "Successful organizations have the ability to provide a bonding between creativity and innovation with their climate and management processes" (Ismail M., 2003)

A variety of research arrives at some set of critical norms involved in promoting and implementing innovation and creativity: challenge and belief in action, freedom and risk taking, dynamism and future orientation, external orientation, trust and openness, cross functional interaction, freedom, leadership commitment and involvement, awards and rewards, training, unity in organization, and organizational structure.

This topic has attracted the attention of many scholars during past years, and they found different organizational climate dimensions positively related to employees' creative behaviour. (Martins & Terblanche, 2003) found leaders' support, open communication, and providing facilities encourage employees to come up with new ideas.

(Ensor, Pirrie, & Band, C., 2006)conducted a research based on KEYS instrument by (Amabile, 1996) in order to identify the influence of organizational creative climate in advertising industry,

and the results demonstrated that work group supports, organizational encouragement, and lack of organizational impediments, freedom, and sufficient resources are positively correlated with creativity among organizational members. In addition the study (Jackson and Hinchliffe, 1999) emphasizes on the importance of top management behaviours.

Multiple studies seem to share their preference for the full range leadership theory (Bass, 1984) this theory analyses different leadership styles such as transformational leadership, transactional leadership, and laissez faire leadership styles. This theory identified that transformational leadership has association with creativity. This leadership style elicit performance beyond expectations by facilitating creative thinking, instilling pride, providing inspiration, and communicating personal respect (Avolio and Bass, 1995). Researchers also found a positive effect of transformational leadership style on employees' creative behaviour (Tierney & Farmer, 2002; Gong et al, 2012). While transactional leadership style is associated with setting goals, providing feedback, describing desired outcomes, and exchanging rewards and recognition for accomplishing specified goals, it emphasizes on the in-role performance of the subordinates. These leaders are authoritative in nature.

Previous research reported that leadership behaviour influences employee creativity (Bosiok and Serbia, 2013) we believe that the relationship between leadership style and employee creativity is mediated by Creative self-efficacy. When the leader is concerned with the needs and feelings of employees, there will be an increase in employees' creativity (Cumming and Oldham, 1997).

(Gupta and Singh, 2015) empirically established the positive relationship between leadership and creative behaviours. Therefore, it can be reasonably deduced that introducing the dimension of leadership to the popularly studied variables in the area of employee creativity and Creative self-efficacy should generate interesting and useful findings both from the academic and professional point of view.

(George and Zhou, 2001) found that when leaders provided a supportive atmosphere for creativity, and positive mood was high, even negative mood had a strong positive relationship with employee creativity. They explained that Positive moods contribute to creativity at work when there are supportive leaders and a general creativity climate.

(Shoghi and Mortazavi, 2012) studied the relationship between the leadership style of the managers and the employees' creativity using Sochkin's model. Their results showed that there is a significant relationship between the leadership style and the employees' creativity. In another research, (Gumusluoglu and Ilsey, 2009) studied the transformational leadership, individual creativity, and organizational innovation. They found that there is a positive and significant relationship between the transformational leadership and the employees' creativity.

2.5 Conceptual research model and hypothesis

Based on a review of the extensive literature relating to the effect of organizational culture on employee creativity, the current study proposed a conceptual research model (Figure 4.1).

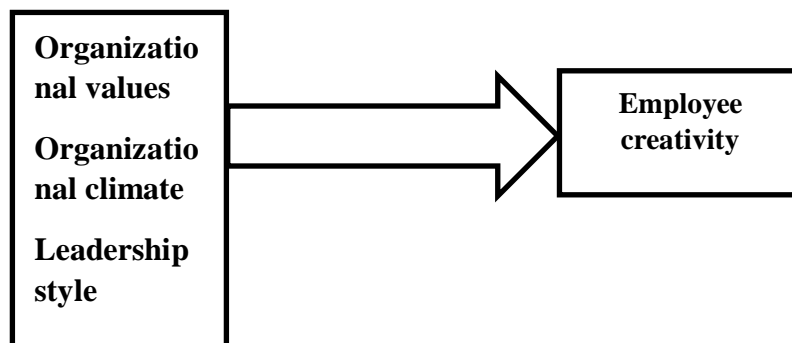


Figure 4.1 conceptual research model

Figure 4.1 illustrates the conceptual research model, which assumes that independent variables such as organizational climate, organizational values and leadership style will have a positive impact on employee creativity.

To answer the research questions indicated in chapter one, this research presents three hypotheses that were developed from our proposed conceptual research model which is essentially based on the reviewed literatures. The following alternative hypotheses are as follow:

H1: organizational climate has a significant positive relationship with employee creativity

H2: organizational values have a significant positive relationship with employee creativity

H3: leadership style has a significant positive relationship with employee creativity

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Research design

The study was used more of quantitative methods, but in some extent the qualitative information was used to support the quantitative research findings (i.e. mixed research approach). This mixed approach of research is more inclined to quantitative research. The researcher tries to explain the relation between employee creativity and organizational culture elements based on the result that found by regression and support it by the questionnaire, because of this, the research design was explanatory and descriptive type.

3.2 Population and sampling techniques

Ethiotelecom head quarter has 6574 employees the researcher used simple random sampling techniques. Under this sampling design, every item of the universe has an equal chance of inclusion in the sample. This rationale of administering this techniques is according to (George, 2003).simple random sampling method involving selecting randomly from a list of population a sampling framed which is the required number of subjects for the sample .The study used the formula derived by (Yamane, 1967) in order to determine the sampling size.

$$n = \frac{N}{1 + N(e)^2}$$

Where n =sample size, N =population size, e =level of precision given that 93% confidence level and P = ±7% are assumed.

$$n = \frac{6574}{1 + 6574(0.07)^2}$$

$$n = 198$$

3.3 Method of data collection

Structured questionnaire was used to get the primary data from Ethio telecom employee and as secondary source of data published journal articles books, website and others were used as found appropriate for the study.

3.4 Source and instrument of data collection

The study employ a structured questionnaire, which contains general information and likert scale i.e. to measure respondents attitude by asking the extent to which they agree or disagree with a particular question or statement. The general information include age, gender, years of experience and educational background the study used a five point likely scale from (1) strongly disagree to (5) strongly agree. The items of the questionnaire are adopted from different researchers.

The Organizational climate questionnaire(12 items) is developed by Dr Ekvall .this questionnaire is also called the situational outlook questionnaire ,The organizational values questionnaire(11 items) is developed by Anne rhino based on the idea of (Quinn and Roxburgh,1983),The leadership style questionnaire which is known as MLQ(13 items) is developed by bass and avolio and The last is the employee creativity questionnaire(12 items) which is developed by(Zhou and George,2001) and (Scott and Bruce,1994).Each of them consists of items. There for the questionnaire consists of $(12+11+13+12=48)$ items)

3.5 Validity and Reliability

Validity defined as the extent to which data collection method or methods accurately measure what they intended to measure. To ensure the validity of the study: Data has been collected from the reliable sources, i.e. respondents who have experiences in Ethio telecom. Furthermore the study has been examined by the advisor and other colleagues to determine its clarity. The reliability of the research instrument (structured questionnaire) was also measured by the cronbach's alpha.

3.6 Method of data analysis

The researcher has employed descriptive data analysis method to analyze the collected data and data collected through questionnaires has been analyzed by SPSS. The collected data has been clearly presented by using tables which are expressed in the form of frequency, percentage, mean and standard deviation. To examine the relationship between employee creativity and elements of organizational culture affecting it, the Pearson's Correlation has been used.

Moreover, multiple regressions has also been used to identify the most important element that contribute to employee creativity or to find out which variables have the greatest influence on employee creativity. The researcher described and analyzed clearly each findings of the study.

3.7 Ethical Considerations

Research, as a scientific process and activity, has got its own basic ethical conducts that shouldn't be compromised at all levels. For instance, any source that is quoted and used as essential part of the study should be cited. That means, acknowledging the authors of books and articles is necessary. Moreover, the data were gathered from the appropriate and relevant sources. Therefore, with respect to the current study, the researcher has respected and complied with existing ethical principles to make the research credible and acceptable by the academic communities and users of the result.

The confidentiality of participants' (managers supervisors and staff) were maintained in that their names, addresses, signature and their roles in company were not appeared and filled in the questionnaire. In addition, respondents were fully volunteers to participate in the study and their rights/privacy was respected. The researcher has presented the findings of the study without any distortion of the reality.

CHAPTER FOUR

RESULT AND DISCUSSION

4.1 Introduction

The major objective of this chapter is to analyse and interpret the data collected from the respondent using questionnaire; the data obtained from the questionnaire was analysed by using statistical package for social sciences (SPSS) version 20.

The data has been processed and analyse in according with the outline and down for the purpose at the time of developing the research plan. Technically speaking processing implies editing, coding, classification and tabulation of collected data so that they are amenable to analysis.

The analysis is based on the information obtained from 198 employees. In order to get the representative data, 198 questionnaires were developed and distributed to employees of Ethiotelcom head office found in Addis Ababa. Out of this 198 questionnaires distributed to the respondents 175 were collected. Thus, the analysis is based on the valid 175 questionnaires responded by employees. The rest are not correctly filled (14) and not returned (11) the following table show the response rate.

Table 1 response rate of respondents

Item	Employees of Ethiotelcom		
	Correctly filled and returned	Not correctly filled	Not returned
Number	175	14	11
Percentage	87.5	7	5.5

Source: own survey, (2019)

As clearly presented in the above table the response rate of respondents is 175(87.5%). This implies the respondent rate is large enough to analysis the data. The rest uncollected questionnaires' which account 14 (7%) not correctly filled and 11 (5.5%) were not returned.

4.2. Reliability of the Instrument

As proclaimed by (Bhattacharjee, 2012), reliability is the degree to which the measure of a construct is consistent or dependable. This research has administered the most commonly used

internal consistency reliability measure of Cronbach's alpha which was originally designed by Lee Cronbach's in 1951. According to (Sekaran.2003), reliabilities less than 0.6 are considered to be poor, those in the 0.7 range to be acceptable and those over 0.8 are good. The reliability coefficient closer to 1 is better.

Table 2 reliability of coefficients

Scale	Number of items	Cronbach alpha coefficient
Organizational value	11	0.837
Organizational climate	12	0.823
Leadership style	13	0.861
Employee creativity	12	0.851

Source: own survey, (2019)

Table 2 shows that instrument used in this study was reliable with average cronbach's alpha value of 0.843, therefore the reliability of coefficients is considered as better.

4.3 Descriptive analysis

Descriptive analysis consist of central tendency measurements (frequency distribution, percentage, valid and cumulative percentage and comparison of mean.

Table 3 demographic characteristics of respondents

Characteristics	Frequency	Percentage
Gender		
Male	102	51.5
Female	73	36.8
Missing	23	11.6
Total	198	100
Age		
20-30	59	29.7
31-40	75	37.8
41-50	30	15.1
Above 50	11	5.5
Missing	23	11.6
Total	198	100
Educational background		
Certificate	2	1.0
Diploma	29	14.6
Degree	105	53
Masters and above	39	19.6
Missing	23	11.6
Total	198	100
Experience		
2 years	3	1.5
3 years	21	10.6
4 years	30	15.1
5 years and above	121	60.6
Missing	23	11.6
Total	198	100
Job category		
Management	16	8.0
Middle management	20	10.1
Supervisor	26	13.1
Staff	113	56.6
Missing	23	11.6
Total	198	100

Source: own survey, (2019)

Table 3 shows the demographic characteristic of respondents, from the respondents (51.5%) were made and 36.8% were female. This implies that gender composition of the work force in the company is good in the other side the majority of the respondents 37.8% and 29.7% are between the ages of 20-40. This implies that in average most of the respondents are young, energetic and they are supposed to be productive. Almost all the respondents possesses

educational qualification higher than degree and of which 19.6% are master's degree holder and 53% of are degree holders. This implies that there is highly educated work force in the company. About 60.6% of the respondents have put five years of service. This is an indication of that the respondents have actually spent enough time in the service to know how the organizational culture of the company and its impact on employee creativity. On the other hand most of the respondent that is 56.6% are staffs and 13.1% are supervisors and remaining 10.1% and 8% are in a middle management and management positions.

4.3.1 Organizational culture elements affect employee creativity

Under this sub-section the expected variables that may affect employee creativity would be discussed. Here, the response of respondents towards each variable would be discussed in detail by calculating mean of mean of each variables; the variables are. Organizational values, organizational climate and leadership style.

Table 4 Respondent’s perception on organizational value

Q	Organizational values	SD		D		N		A		SA		Mean	Mean of mean
		F	%	F	%	F	%	F	%	F	%		
1	our organization is innovation minded	8	4.6	15	8.6	41	23.4	91	52	20	11.4	3.57	3.56
2	creative people with fresh ideas are highly in our organization	0	0	21	12	52	29.7	89	50.9	13	7.4	3.53	
3	Our organization compensation system takes in to account the initiative and commitment of organizational members	4	2.3	28	16	44	25.1	81	46.3	18	10.3	3.46	
4	there are lots of written rules in the organization	2	1.1	7	4	24	13.7	110	62.9	32	18.3	3.93	
5	In our organization job description are detailed	4	2.3	20	11.4	28	16	92	52.6	31	17.7	3.72	
6	in our organization a strict reporting system is applied	4	2.3	20	11.4	42	24	79	45.1	30	17.1	3.63	
7	members of our organization take part in joint events with pleasure	3	1.7	23	13.1	58	33.3	77	44	14	8	3.43	
8	Our organization is like a big family	5	2.9	16	9.1	36	20.6	85	48.6	33	18.9	3.71	
9	the aim of our organization is to gain possibly a bigger market share	5	2.9	14	8	31	17.7	86	49.1	39	22.3	3.80	
10	our organization always tries to outpace its competitors	11	6.3	28	16	85	48.6	42	24	9	5.1	3.05	
11	The aim of our organization is profit maximization	6	3.4	26	14.9	62	35.4	63	36	18	10.3	3.34	

Source: own survey, (2019)

In order to measure to what extent employee creativity of Ethio telecom is affected by organizational values, eleven questions were employed; the mean value shows that the average of all employees response on a certain dimensions accordingly, the above table shows that the mean of mean is 3.65 which means most of the respondents agree with the fact that the organizational values of Ethio telecom.

Table 5 Respondents perception on organizational climate

Q	Organizational climate	SD		D		N		A		SA		Mean	Mean of mean
		F	%	F	%	F	%	F	%	F	%		
12	There is a clear tendency of risk taking in this organization	8	4.6	29	16.6	56	32	74	42.3	8	4.6	3.25	3.01
13	the pace of work in this organization allows for the testing of new ideas	7	4	16	9.1	66	37.7	81	46.3	5	2.9	3.34	
14	one can usually see many cheerful faces in the	3	1.7	12	6.9	64	36.6	90	51.4	6	3.4	3.48	
15	there is a lot of energy and drive in the operation of this organization	3	1.7	13	7.4	28	16	106	60.6	25	14.3	3.78	
16	there is a power and territory struggle in this organization	8	4.6	79	45.1	71	40.6	15	8.6	2	1.1	2.56	
17	The communication between people in this organization is straight forward	4	2.3	22	12.6	49	28	81	46.3	19	10.9	3.50	
18	most people in this organization consider their work meaningful and stimulating	3	1.7	33	18.9	77	44	59	33	3	1.7	3.14	
19	people in this organization feel deeply committed to their job	1	0.6	19	10.9	43	24.6	94	53.7	18	10.3	3.62	
20	People in this organization receive support and encouragement if they present new ideas.	5	2.9	18	10.3	52	29.7	77	44	23	13.3	3.54	
21	people in this organization generally dare to take risk to share their ideas, because others listen and encourage them	6	3.4	27	15.4	56	32	69	39.4	17	9.7	3.36	
22	people in this organization make decision on their own to a fairly large extent	17	9.7	69	39.4	64	36.6	24	13.7	1	0.6	2.56	
23	It is common for people in this organization to take their own initiative in solving problems.	4	2.3	21	12	53	30.3	72	41.1	25	14.3	3.53	

Source: own survey, (2019)

The other important variable was organizational climate, regarding this, twelve items were employed, in order to measure employee creativity of Ethio telecom; accordingly, The above table shows that the mean of mean is **3.01** which mean most of the respondents of agree statements about a creative organizational climate like It is common for people in this organization to take their own initiative in solving problems, People in this organization receive

support and encouragement if they present new ideas, the pace of work in this organization allows for the testing of new ideas etc. Hence, the result shows that, most of the employees motivated to be more creative in their activities.

Table 6 Respondent’s perception on leadership style

Q	Leadership style	SD		D		N		A		SA		Mean	Mean of mean
		F	%	F	%	F	%	F	%	F	%		
24	The manager instil pride in others for being associated with me	2	1.1	23	13.1	67	38.3	72	41.1	11	6.3	3.38	3.26
25	The manager display a sense of power and confidence	2	1.1	18	10.3	60	34.3	82	46.9	13	7.4	3.49	
26	The manager specify the importance of having a strong sense of purpose	4	2.3	19	10.9	102	58.3	47	26.9	3	1.7	3.14	
27	The manager talk enthusiastically about what needs to be accomplished	2	1.1	18	10.3	42	24	99	56.6	14	8	3.60	
28	The manager articulate a compelling vision of the future	3	1.7	24	13.7	56	32	72	41.1	20	11.4	3.46	
29	The manager encourage employees to search for and apply new ideas.	4	2.3	28	16	43	24.6	74	42.3	26	14.9	3.51	
30	The manager suggest new ways of looking at how to complete assignments	17	9.7	77	44	55	31.4	24	13.7	2	1.1	2.52	
31	The manager provide learning-and-development environment	6	3.4	30	17.1	48	27.4	68	38.9	23	13.1	3.41	
32	The manager treat others as individuals rather than just as a member of a group	4	2.3	27	15.4	50	28.6	72	41.1	22	12.6	3.46	
33	The manager discusses issues specifically with whomever is responsible for achieving performance targets	6	3.4	18	10.3	45	25.7	84	48	22	12.6	3.56	
34	The manager makes it clear what I can expect to receive when performance goals are achieved	4	2.3	25	14.3	76	43.4	58	33.1	12	6.9	3.28	
35	The manager concentrates his/her full attention on dealing with mistakes, complaints, and failures	23	13.1	68	38.9	61	34.9	20	11.4	3	1.7	2.49	
36	The manager focuses attention on irregularities, mistakes, exceptions, and deviations from standards	12	6.9	31	17.7	67	38.3	53	30.3	12	6.9	3.12	

Source: own survey, (2019)

The perception of respondents towards leadership style according to thirteen items of questionnaire; The result of the table shows that the mean of mean is 3.26 which means most of the respondents agree that the leadership styles adopted by the managers of Ethio telecom encourage them to be more creative on their day to day activities for example most of the respondents agree that most managers of Ethio telecom suggest new ways of looking at how to complete assignments, provide learning-and-development environment, makes it clear what one can expect to receive when performance goals are achieved etc.

Table 7 Respondents perception on employee creativity

Q	Employee creativity	SD		D		N		A		SA		Mean	Mean of mean
		F	%	F	%	F	%	F	%	F	%		
37	Suggests new ways to achieve goals or objectives	0	0	9	5.1	39	22.3	103	58.9	24	13.7	3.81	3.47
38	Comes up with new and practical ideas to improve performance	0	0	11	6.3	27	15.4	109	62.3	28	16	3.88	
39	Searches out new technologies, processes, techniques, and/or product ideas	1	0.6	21	12	85	48.6	60	34.3	8	4.6	3.30	
40	Suggests new ways to increase quality	0	0	12	6.9	27	15.4	107	61.1	29	16.6	3.87.	
41	Takes risks in terms of producing new ideas in doing job	24	13.7	77	44	48	27.4	22	12.6	4	2.3	2.45.	
42	Promotes and champions ideas to others	1	0.6	13	7.4	55	31.4	79	45.1	27	15.4	3.67	
43	Exhibits creativity on the job when given the opportunity to	2	1.1	6	3.4	45	25.7	96	54.9	26	14.9	3.78	
44	Develops adequate plans and schedules for the implementation of new ideas	0	0	18	10.3	52	29.7	75	42.9	30	17.1	3.66	
45	Comes up with creative solutions to problems	1	0.6	17	9.7	67	38.3	72	41.1	18	10.3	3.50	
46	Often has a fresh approach to problems	1	0.6	10	5.7	42	26.9	102	58.3	15	8.6	3.68	
47	suggests new ways of performing work tasks	0	0	14	8	36	20.6	98	56	27	15.4	3.78	
48	Finds new uses for existing methods and equipment	34	19.9	74	42.3	42	24	18	10.3	7	4	2.37	

Source: own survey, (2019)

The last variable stated is employee creativity and the respondents also asked 12 questions about their creative performance of Ethio telecom employees accordingly; the table above shows that the mean of mean is **3.47** which means almost all respondents have the urge to be creative on their jobs like they often has a fresh approach to problems, suggests new ways to increase quality, comes up with creative solutions to problems and generate new and practical ideas to improve performance.

4.4 Inferential statistics

4.4.1 Pearson correlation

The correlation analysis can lead to greater understanding of the data. To know whether there is a correlation between the variables and what the level of the linear relationship between the variables, the Pearson correlation coefficient was examined. This coefficient indicates the direction and the strength of a linear relationship between two variables. The Pearson's correlation coefficient (r) can vary from -1 to +1. The larger the value implies the stronger the relationship. The below table shows that, the measures of association and descriptive adjectives between the predictors variables, which was originally developed by (MacEachron, 1982)

Table 8 Scale for measure of association and respective description

Descriptive adjective	Measure of Association
Very weak or very low	> 0.00 to 0.20 ; < -0.00 to -0.20
Weak or low	> 0.20 to 0.40 ; < -0.20 to -0.40
Moderate	> 0.40 to 0.60 ; < -0.40 to -0.60
Strong or high	> 0.60 to 0.80 ; < -0.60 to -0.80
Very high or very strong	> 0.80 to 1.0 ; < -0.80 to -1.0

Source: MacEachron, (1982)

Table 9 Pearson correlation

		Organizational value	Organizational climate	Leadership style	Employee creativity
Organizational value	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	175			
Organizational climate	Pearson Correlation	.695**	1		
	Sig. (2-tailed)	.000			
	N	175	175		
Leadership style	Pearson Correlation	.517**	.490**	1	
	Sig. (2-tailed)	.000	.000		
	N	175	175	175	
Employee creativity	Pearson Correlation	.445**	.478**	.450**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	175	175	175	175

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

Source: own survey, (2019)

A. Organizational values and employee creativity

According to the outputs of survey, the correlation between employee creativity and Organizational values is positive and they are significantly correlated at ($R=.445^{**}$), ($P<0.01$). Based on the (MacEachron, 1982) measure of association the magnitude of relationship between the two variables was moderate.

B. Organizational climate and employee creativity

The correlation between employee creativity and organizational climate was founded as ($R=.478^{**}$), ($P<0.01$) with a positive significant relationship between the two variables. According to (MacEachron, 1982) magnitude of relationship between the two variables it is found to be moderate.

C. Leadership style and employee creativity

The correlation between employee creativity and leadership style was founded as ($R=.450^{**}$), ($P<0.01$). According to the (MacEachron, 1982) scale of correlation, the relationship between the two variables is moderate.

4.4.2 Multiple regression assumption test.

Five major assumption for multiple linear regression were tested: linearity, normality, Multicollinearity, homoscedasticity and autocorrelation.

ASSUMPTION-1 MULTICOLLINEARITY OF INDEPENDENT VAIRABLES

Table 10 Collinearity diagnostics of independent variables

Model	Collinearity Statistics	
	Tolerance	VIF
Organizational value	.476	2.099
Organizational climate	.494	2.026
Leadership style	.700	1.429

a. Dependent Variable: Employee creativity

Source: own survey, (2019)

Collinearity diagnostics was performed on the variables as part of the multiple regression procedure. The results are in presented in the above table of collinearity statistics two values are given. Tolerance and VIF. Tolerance is an indicator of how much of the variability of the specified independent variables is not explained by the other independent variables in the model. If this variable is very small (less than 0.10), indicate the multiple correlation with other variable is high, suggesting the possibility of Multicollinearity.

The other value given is the VIF (variance inflation factor), which is just the inverse of the tolerance value (1 divided by tolerance). The multicollinearity statics related the tolerance value greater than 0.1 and VIF value significance below 10. This show that there was no Multicollinearity problem in the model.

ASSUMPTION -2 INDEPENDNCE OF RESIDUALS (AUTOCORRELATION)

The second assumption for multiple regression is the independence of residual (autocorrelation). Autocorrelation can be measured Durban Watson statics. The value of Durban Watson statics range from 0 to 4. As a general rule, the residual are independent (not correlated from one observation to the other one) if the Durban Watson statics is approximately 2, and an acceptable range is 1.50- 2.50 (Muluadam, 2015). For this study the above table. The output value of Durban Watson is 1.989, indicating that there is no correlation among the residuals.

Table 11 Durbin Watson statistics

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.551 ^a	0.304	0.292	0.42865	1.988

a. Predictors: (Constant), leadership style, organizational climate, organizational value

b. Dependent Variable: Employee creativity
Source: own survey, (2019)

ASSUMPTION 3 LINEARITY RELATIONSHIP

The third assumption for computing multiple regression is testing of the linear relationship between dependent and the independent variables. The assumption of linearity is that there is a straight line relationship between dependent and independent variables represent the degree to which the change in the independent variables is associated with the dependent variable.

As depicted in the below scatter plot, figure, the visual inspection of the scatter plot show that there exists a linear relationship between the predictors (organizational culture elements) and the predicted variable (employee creativity). So, in this study normality probability plot used to meet the assumption normality probability plot showed that the liner relationship exists for each dependent variables and their independent in the study. So, linearity of the relationship assumption was met. This means that a unit increase of the one or all predictors causes respective increments for the employee creativity.

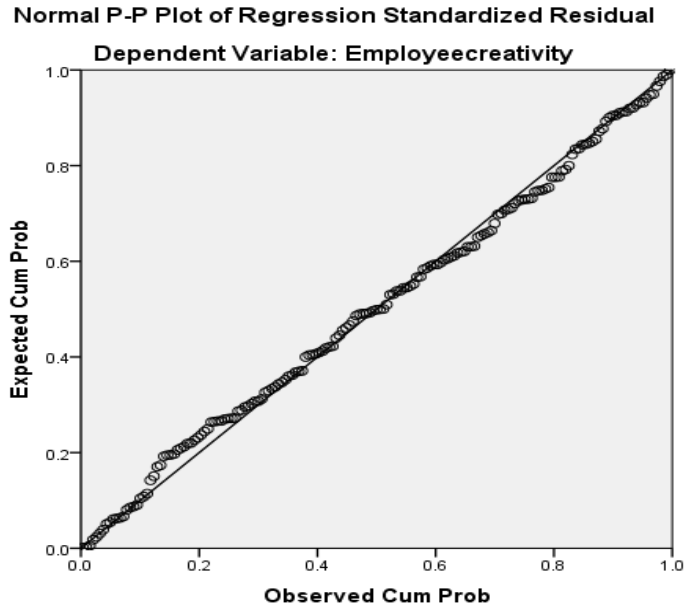


Figure 4.1 linearity relationship between variables

ASSUMPTION – 4 HOMOSCEDASTICITY (EQUAL VARIANCE)

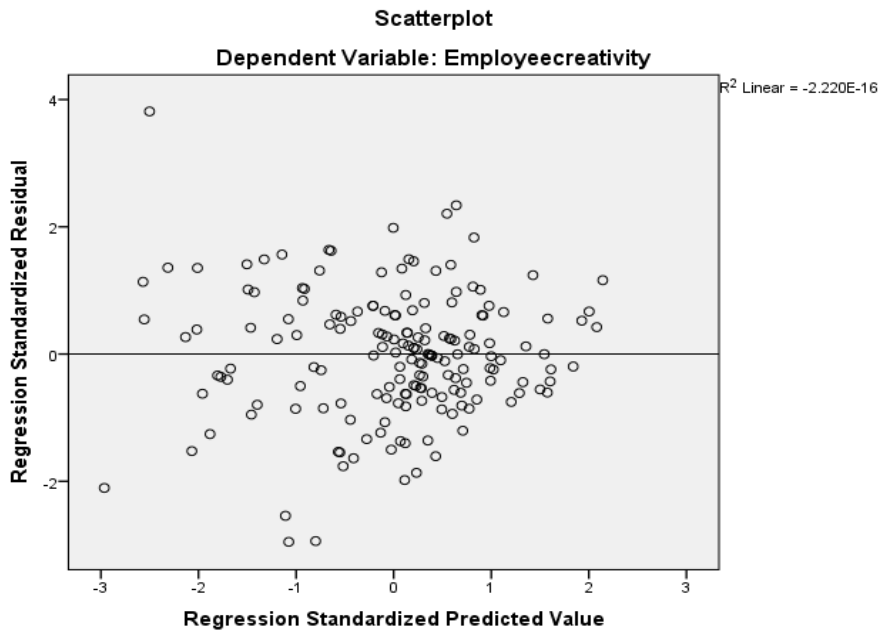


Figure 4.2 scatterplot of standardized residuals

ASSUMPTION – 5 NORMALITY TEST

Screening continuous variables for normality is an important early step in most every multivariate analysis, particularly when the inference is goal. This assumption shows in the below table multiple regression require the independent variable to be normally distributed. As showed in the below histogram in the independent variables are normally distributed.

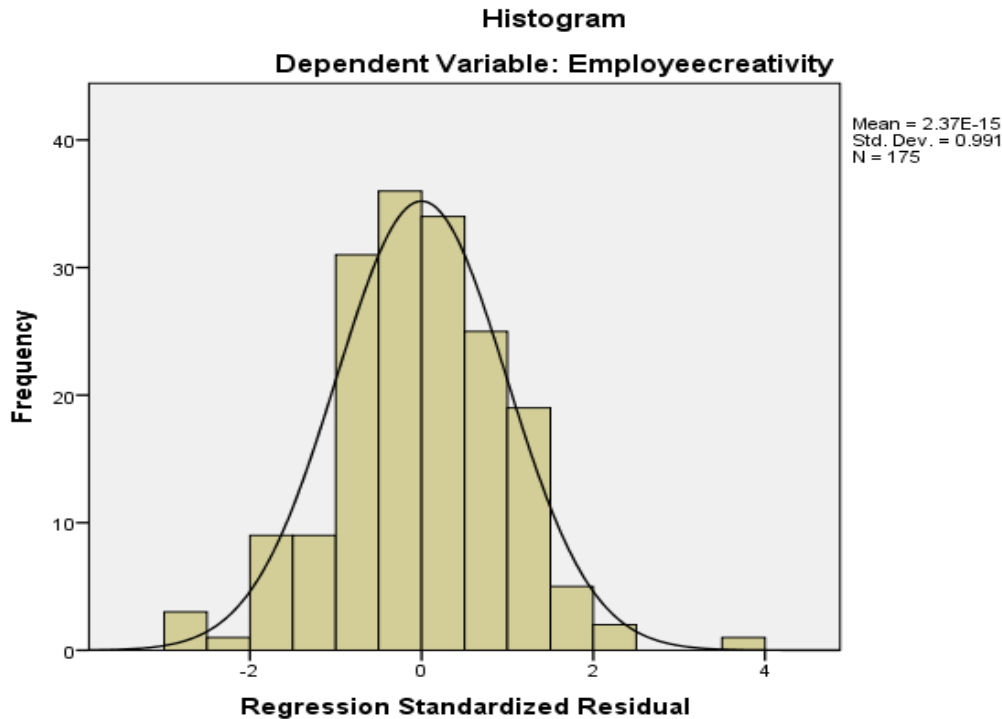


Figure 4.3 normality histogram

As it is clearly stated above, the five step by step pre-model fitting assumption tests were found to be satisfactory. Since those five assumption of multiple regression were met, the next step is to process the output of multiple regression. Those outputs are; the model summary (R and R^2), and beta coefficient (standardized and unstandardized).

4.5 Multiple linear regression analysis

Under multiple regression analysis, the following methods of analysis are used. The first task of multiple regression was performed above with the help of assumption and the next was producing output relating to model can be developed and the relative importance of the elements

of organizational culture can be identified, the student researcher relied on unstandardized and standardized beta coefficients respectively

4.4.3 Model summary

In the below model summary table, adjusted R^2 is 0.292, this indicated that the three variables (organizational value, organizational climate and leadership style) explains a 29.2% of variations in employee creativity. Other factors not included in this model explain 70.8%.further research therefore should be conducted to explain these other factors that affect employee creativity.

Table 12 model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.551 ^a	.304	.292	.42865	1.988

a. Predictors: (Constant), leadership style, organizational climate, organizational value

b. Dependent Variable: Employee creativity

Source: own survey, (2019)

4.4.4 ANOVA model fit

To assess the statistical significance of the result, it is necessary to look in table labeled ANOVA. The model in this research reaches statistical significance (Significance = 0.000). This implies that the predicting ability and probability of the independent variables (organizational value, organizational climate and leadership style) to the dependent variable (Employee creativity) is high.

Table 13 ANOVA model fit

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	13.710	3	4.570	24.872	.000 ^b
	Residual	31.420	171	.184		
	Total	45.130	174			

a. Dependent Variable: Employee creativity

b. Predictors: (Constant), leadership style, organizational climate, organizational value

Source: own survey, (2019)

4.4.5 Beta coefficient

Table 14 Beta coefficient of variables

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.421	0.241		5.885	.000
Organizational value	0.119	0.083	0.133	1.440	.152
Organizational climate	0.279	0.091	0.279	3.068	.003
Leadership style	0.220	0.070	0.241	3.156	.002

a. Dependent Variable: Employee creativity

Source: own survey, (2019)

A standardized beta coefficients are coefficients which are mainly used to rank predictors (independent variables) as it eliminates the units of measurement of the dependent and independent variables. This coefficient are obtained from regression after the variable are all standardized. The idea is that the coefficient of variables can be more easily compared with each other as they are on the same scale.

In the table above the organizational climate standardized coefficient is larger than the other two elements of organizational culture that affect employee creativity. The second is leadership style and the third one is organizational values.

Model equation that estimate the value of employee creativity based on observed values of independent variables is

$$Y(X) = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + E$$

$$Y(X) = 1.421 + 0.119X_1 + 0.279X_2 + 0.22X_3 + E$$

Elements of organizational culture, separately have different significant levels. That is, there is a positive but statistically insignificant ($p > 0.01$, $\beta = .119$) relationship between organizational

values and employee creativity. Hence, hypothesis one (H1): There is a significant and positive relationship between organizational value and employee creativity is not supported.

The above table 16 also shows that there is also a positive and statistically significant ($p < 0.01$, $\beta = 0.279$.) relationship between organizational climate and employee creativity. Thus, hypothesis two (H2): There is a significant and positive relationship between organizational climate and employee creativity is supported.

The multiple regression result in the above table 16 also demonstrates that there is a positive and statistically significant ($p < 0.01$, $\beta = 0.220$) relationship between leadership style and employee creativity. Therefore, hypothesis three (H3): There is a significant and positive relationship between leadership style and employee creativity is supported.

Furthermore, the beta value indicates the amount of change in the dependent variable (employee creativity) due to changes in independent variables (organizational values, organizational climate and leadership style). This means if there is 1% change in the value of organizational value then employee creativity increase by 11% if other factors remain constant. If there is 1% change in the value of organizational climate then employee creativity increased by 27% if other factors remain constant. And at last if there is 1% change in the value of leadership style then employee creativity increase by 22% holding the other factors constant.

4.5 Discussion of the study

All the above analysis showed that the statistical and quantitative explanations of the unknown and the known variables with a specific emphasis on the title called “effect of organizational culture on employee creativity in Ethio telecom”. Here under the major discussion part is going to incorporate existing theories and empirical literatures of scholars, the frequencies and means of each variables and questions, the statistical significances

4.5.1 Organizational climate

According to (Solmaz Moghimi et al, 2013) in the context of Malaysian small and medium enterprises examined that organizational climate has a positive and significant relationship with employee creativity. The result of this study identified that organizational climate is positively related to employee creativity and there is a significant relationship between organizational

climate and employee creativity. This result is similar to the study of (Solmaz Moghimi et al, 2013) in the SMEs employees' Malaysian context.

Accordingly it was stated earlier that the linear combination of the three predictor values is significantly related with employee creativity at ($R^2=29.2$, $F=24.872$ and $P<0.001$). On this particular study, for the company's employee creativity organizational climate showed that the first relative importance ($RIW=27.9\%$) with statistical significance level ($P<0.05$).

Moreover, from the frequency table of responses majority of the respondents agree with statement number (3, 4, 6, 8, 9, 12) of creative organizational climate with a mean score greater than 3.5 and neutral to statements number (1, 2, 7, 10) with a mean score greater than 3. Therefore based on the results obtained from the respondents there is a creative organizational climate in Ethio telecom which is suitable for them to be creative. This will have a positive impact on the RIW of organizational climate since it is the first organizational culture element which has an effect on employee creativity more than the other two.

4.5.2 Leadership style

According to the study of (Javed Ali et al, 2017) leadership styles (both transformational and transactional) has a positive and significant relationship with employee creativity with beta coefficients ($b=0.198$, $p<0.05$) and ($b=0.257$, $p<0.05$) respectively. The results of this study shows that there is a significant positive relationship between leadership styles and employee creativity ($b=0.22$, $p<0.01$)

Furthermore, from the frequency table of responses majority of the respondents agree with the statements of leadership style number (2, 4, 5, 6, 8, 9, 10) with a mean score greater than 3.5 and neutral to statements number (1, 3, 11, 13) with a mean score greater than 3. Therefore majority of the employees of Ethio telecom agree that the leadership style of the managers in the organization help them to be creative.

CHAPTER FIVE:

SUMMARY, CONCLUSION AND RECOMMENDATION

In this chapter, summaries and conclusions are drawn, recommendations are forwarded, Researcher's gaps are identified and further research directions are indicated.

5.1 summary of the findings

- The total sample size was 198 and questionnaires were distributed to the employees of Ethio telecom head office and out of these 175 were returned. The sum of the independent variables Cronbach alpha value is $\alpha=0.843$, therefore reliability of the study is located on acceptable and good range.
- Comparison of the mean value of all the elements of organizational culture (organizational values, organizational climate and leadership style) indicates that the mean score of organizational value ($m=3.56$) is the highest among others followed by organizational climate ($m=3.3$) and leadership style ($m=3.26$).
- Organizational climate shows the highest positive correlation ($r=0.489^{**}$, $p<0.001$) with employee creativity and organizational values demonstrating the second highest positive correlation ($r=0.45^{**}$, $p<0.001$) with employee creativity followed by leadership style ($r=0.446^{**}$, $p<0.001$).
- The model summary result showed that, a linear combination of all the independent variables considered under this study predicts $R^2=29.2\%$ of the variance in the independent variables and the ANOVA result showed that, the values of R and R^2 obtained under the model summary part was statistically significant at ($F=24.872$), ($P<0.001$).
- The organizational culture elements; organizational climate and leadership style has a significant relationship with employee creativity but organizational value has insignificant relationship with employee creativity at since $p>0.01$.
- The relative importance of the significant predictors is determined by looking at the standardized coefficients. Organizational climate and leadership style have the highest standardized coefficients and the lowest significance which means organizational climate and leadership style are the best predictors.

5.2 Conclusion

Based on the findings obtained under the analysis of the collected data, the researcher outlines the following as the conclusion of the research work.

- As young, qualified and experienced manpower enhance the creative performance of the organization, based on the data collected most of the employees of Ethio telecom are young, degree and masters holders with an experience of 5 years and above.
- It was observed that most of the employees agree with the fact that the organizational value of Ethio telecom encourage employee creativity and the regression result shows that organizational value has a little effect on employee creativity in Ethio telecom. From this one can conclude that even if the values of the organization encourages creativity, other elements of organizational culture motivate them to be creative.
- The study shows that there is a creative organizational climate in Ethio telecom and based on the respondents perception, regression and correlation results organizational climate has a significant and positive effect on employee creativity and it is the first predictor of employee creativity. Therefore it is concluded that the organizational climate of Ethio telecom is suitable for creativity and innovation to enhance the competency of the organization.
- As indicated in the study leadership style has a significant effect on the creativity of employees in Ethio telecom and it is the second predictor of the dependent variable (employee creativity).from this one can conclude that the leadership style followed by the managers of Ethio telecom encourage other employees beneath them to be creative.
- At last the study shows that the multiple regression assumption tests (Multicollinearity, autocorrelation, homoscedasticity, linearity and normality) are met accordingly.

5.3 Recommendation

The research has showed that the assessments of the effect of organizational culture on employee creativity, the case of Ethio telecom in Addis Ababa head office. The result obtained confirm that two of the independent variables (organizational climate and leadership style) have a positive and significant relationship with the dependent variable(employee creativity) but one of them (organizational values) has insignificant relationship with employee creativity. Based on the

findings and conclusion of the study, the following recommendation were forwarded to Ethiotelcom employees (managers, supervisors and staffs).

- Organizations before any action proposed to be studied and examined its organizational climate and identify all of it carefully. And also the atmosphere and cultures should be based on consensus and cooperation to build a dedicated staff and still be creative and innovative which will be effective for the organization.
- To train the managers on the different styles of leadership (transformational and transactional) and the importance of each style, because if the managers are familiar with the leadership styles they can play an important role in growing the employee creativity which will lead to the entrepreneurship of the organization.
- Management ought to consistently measure and evaluate satisfaction and creativity of employees to reinforce ideal organizational values and climate that will enhance and maintain the creativity of employees.
- Try to facilitate the organizations vertical communication, especially top managers of the company, so that the employees can offer their suggestion to the managers at the soonest possible time without any official bureaucracy. To fulfill this objective, the company can assign a box or email for suggestion of the employees so that the managers of the organization can directly check them.
- Senior management of the organization should have commitment to creativity in a ways that be sensitive to the concept and count it as one of the major factors in the development and survival of the organization.
- As indicated in the regression result organizational values has no significant relationship with employee creativity in Ethiotelcom. Therefore the organization should work on the values of the organization to be conducive for the employees to be creative.
- The organization should try to make an atmosphere that the employees could be risky in it and they should encourage employees to take risks and supports them in tough situations. It is obvious that standing in the current circumstances, whatever the situations may be appropriate cannot lead to mutation in organizational affairs and the employees should take risks to pass the current situation. Therefore training risk taking employees should be one of the organizations priorities in order to get new perspectives.

- Last but not least currently the government is working on privatizing government organization and Ethio telecom is one of them. Therefore the organization should work on its organizational culture to be competitive in the market.

5.4 Future implications

Since the current research was conducted in Ethio telecom, Addis Ababa head office because of time and financial resources; thus it is difficult to generalize employee creativity. Therefore future researchers can replicate insights of the current study into overall Ethio telecom sectors in Ethiopia.

Moreover; it will be better if additional variables other than organizational value, organizational climate and leadership style since these variables explain 30% of the variability of employee creativity.

At last this research is confined to the effect of organizational culture and employee creativity in Ethio telecom. Therefore further research can be conducted to determine the effect of organizational culture and employee creativity in other industries for comparison and generalization of findings.

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Annex

Questionnaire to be filled by the employees of Ethio telecom.

Dear respondents:

This questionnaire is designed for academic purpose to collect primary data for conducting a study on the topic of “Effect of organizational culture on employee creativity at Ethio telecom” for the partial fulfillment of the Masters of Business Administration (MBA) Program at Addis Ababa University.

I kindly request you to provide reliable information. Your responses will be kept confidential.

Thank you in advance for your cooperation.

N.B. Put (√) inside the box or table for an alternative you think is right.

Part I. Personal information

1. Gender: Male Female
2. Age: 20-30 31-40 41-50. Above 50
3. Educational background:
Certificate Diploma Degree Master and above
5. Number of years in the company (experience)
2 years 3years. 4years. 5years and above
6. Job category: Management Middle management
Supervisor Staff

Organizational values

Survey Statement	(1) strongly Disagree	(2) Disagree	(3) Neither Disagree nor Agree	(4) Agree	(5) Strongly Agree
1.our organization is innovation minded	1	2	3	4	5
2. creative people with fresh ideas are highly in our organization	1	2	3	4	5
3. our organization compensation system takes in to account the initiative and commitment of organizational members	1	2	3	4	5
4. there are lots of written rules in the organization	1	2	3	4	5
5. In our organization job description are detailed	1	2	3	4	5
6. in our organization a strict reporting system is applied	1	2	3	4	5
7. members of our organization take part in joint events with pleasure	1	2	3	4	5
8. Our organization is like a big family.	1	2	3	4	5
9. the aim of our organization is to gain possibly a bigger market share	1	2	3	4	5
10. our organization always tries to outpace its competitors	1	2	3	4	5
11. The aim of our organization is profit maximization.	1	2	3	4	5

Organizational climate

Survey Statement	(1) strongly Disagree	(2) Disagree	(3) Neither Disagree nor Agree	(4) Agree	(5) Strongly Agree
1. there is a clear tendency of risk taking in this organization	1	2	3	4	5
2.the pace of work in this organization allows for the testing of new ideas	1	2	3	4	5
3. one can usually see many cheerful faces in the organization	1	2	3	4	5
4. there is a lot of energy and drive in the operation of this organization	1	2	3	4	5
5. there is a power and territory struggle in this organization	1	2	3	4	5
6. the communication between people in this organization is straight forward	1	2	3	4	5
7. most people in this organization consider their work meaningful and stimulating	1	2	3	4	5
8. people in this organization feel deeply committed to their job	1	2	3	4	5
9. People in this organization receive support and encouragement if they present new ideas.	1	2	3	4	5
10. people in this organization generally dare to take risk to share their ideas, because others listen and encourage them	1	2	3	4	5
11. people in this organization make decision on their own to a fairly large extent	1	2	3	4	5
12. It is common for people in this organization to take their own initiative in solving problems.	1	2	3	4	5

Leadership styles

Survey Statement	(1) strongly Disagree	(2) Disagree	(3) Neither Disagree nor Agree	(4) Agree	(5) Strongly Agree
1. The manager instil pride in others for being associated with me	1	2	3	4	5
2. The manager display a sense of power and confidence	1	2	3	4	5
3. The manager specify the importance of having a strong sense of purpose	1	2	3	4	5
4. The manager talk enthusiastically about what needs to be accomplished	1	2	3	4	5
5. The manager articulate a compelling vision of the future	1	2	3	4	5
6. The manager encourage employees to search for and apply new ideas to develop their work	1	2	3	4	5
7. The manager suggest new ways of looking at how to complete assignments	1	2	3	4	5
8. The manager provide learning-and-development environment	1	2	3	4	5
9. The manager treat others as individuals rather than just as a member of a group	1	2	3	4	5
10. The manager discusses issues specifically with whomever is responsible for achieving performance targets	1	2	3	4	5
11. The manager makes it clear what I can expect to receive when performance goals are achieved	1	2	3	4	5
12. The manager concentrates his/her full attention on dealing with mistakes, complaints, and failures	1	2	3	4	5
13. The manager focuses attention on irregularities, mistakes, exceptions, and deviations from standards	1	2	3	4	5

Employee creativity

Survey Statement	(1) strongly Disagree	(2) Disagree	(3) Neither Disagree nor Agree	(4) Agree	(5) Strongly Agree
1 Suggests new ways to achieve goals or objectives	1	2	3	4	5
2. Comes up with new and practical ideas to improve performance	1	2	3	4	5
3. Searches out new technologies, processes, techniques, and/or product ideas	1	2	3	4	5
4. Suggests new ways to increase quality	1	2	3	4	5
5. Takes risks in terms of producing new ideas in doing job	1	2	3	4	5
6. Promotes and champions ideas to others	1	2	3	4	5
7. Exhibits creativity on the job when given the opportunity to	1	2	3	4	5
8. Develops adequate plans and schedules for the implementation of new ideas	1	2	3	4	5
9. Comes up with creative solutions to problems	1	2	3	4	5
10. Often has a fresh approach to problems	1	2	3	4	5
11.suggests new ways of performing work tasks	1	2	3	4	5
12.Finds new uses for existing methods or equipment	1	2	3	4	5