

# The Impact of Self-Esteem on Innovativeness and Risk Taking

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**ABSTRACT:** This study empirically examined the relationship between self-esteem and relates with risk taking and innovativeness. The population consists of 513 employees from the 16 deposit money banks operating in Port Harcourt. The number of deposit money banks located in Port Harcourt was obtained from the Nigerian Deposit Insurance Commission (NDIC) Port Harcourt Rivers state. With the use of Taro Yamene formula, we had a sample size of 203. Spearman Rank Correlation Coefficient was used to test our hypotheses. Our findings reveals a significant association between self esteem and both innovativeness and risk taking. the study further recommends that effort should be made by organizations to ensure its members have a high and positive self-esteem

**Keywords:** Self esteem, innovativeness, risk-taking, banks, association

## I. INTRODUCTION

Creativity is the generation of new and useful ideas Amabile, (1996). It is critical for the company existence and its competitiveness. According Zhou and George (2001) Creativity can be explained as introducing new techniques by individual or group of people in organization for achieving the maximum potential of human labor which will result in achieving goals effectively, due to innovation and globalization if a firm wants to compete effectively, it must hire creative employee who are extroverts, feeling easy to work in groups. Employees with proactive personalities are the one which are mostly admired to make constructive change. Assumption is being derived that the employee's creativity gives advantage in the outcomes of the work of the organization, researchers have been giving most of its attention to get to know about the effect on the organization what & how should the employee be doing its work they are most concerned with it (Mumford, 2003; Zhou & Shalley, 2008).

Globalization and bottle neck competition accompanied by dynamic and fast changing

business environment have made creativity more needed than ever before. The survival and success of organizations to a great extent depends on their ability to be creative and innovative as they navigate through turbulent business environment. Creative organizations are going to have more loyal customers and that would increase market share. Innovation gives importance to its organizations, to the point it affects the employee's job efficacy & its satisfaction (Gilson, 2008). Some researchers give argument that employee's creativity will enhance when the top management allow employee to be empowered (Jaussi & Dionne, 2003; Shin & Zhou, 2003). Employee's creativity can be enhanced in the organization by empowering the employee & giving feedback on how they achieved their goals, giving them free hand how they want to achieve those goals which will result to enhance performance beyond imagination.

Employee's creativity can help organizations gain competitive advantages for organizational innovation, survival, and long-term success. Employee's creativity refers to the creation of valuable, useful new products, services, ideas, procedures, or processes by individuals working together in a complex social system. Research on creativity has concentrated on examining the antecedents of employee's creativity in an organizational context. Specifically, researchers have found that employee's creativity is influenced by personal characteristics such as creative personality (Oldham & Cummings, 1996), and organizational context and job characteristics such as work environment (Amabile, Coon, Lazenby, & Herron, 1996), job creativity requirement (Shalley, Gilson, & Blum, 2000), and leadership (Shin & Zhou, 2003).

Self evaluation is defined by four higher-order concepts, namely self-esteem, generalized self-efficacy, locus of control, and emotional stability. Self-esteem refers to how people evaluate their own self-worth, and generalized self-efficacy captures whether individuals trust to have the ability to perform and cope successfully across life

situations (Judge, Locke, Durham and Kluger, 1998). Locus of control refers to one's belief to be able to impact the environment to reach desired outcomes, and finally, emotional stability reflects the disposition to feel calm and secure and sensitivity to positive emotional states. Together, these individual traits increase the prediction of work outcomes because they reflect a broad measure of how individuals see themselves. As such, SE is argued to be more than just an aspect of an individual's self-worth (Judge, Erez, Bono and Thoresen, 2002).

Self evaluation has been proposed as a means to understand the influence of dispositional tendencies on how individuals perceive their work. That is, the way individuals evaluate themselves forms the basis on which they evaluate other, more specific aspects of work, such as job satisfaction (Judge et al. (1998) and work engagement. Whereas many studies have shown a positive relationship between self evaluation and job satisfaction, the present study focuses on a more active evaluation of the job, namely work engagement. Work engagement is defined as a positive work-related state of fulfillment that is characterized by vigor, dedication, and absorption. Vigor refers to high levels of energy, dedication refers to enthusiasm and involvement in one's work, and absorption arises when one is fully concentrated at work in such a way that it is difficult to detach oneself from work (Schaufeli et al. (2006). Given that positive self evaluation makes employees more likely to focus on the positive, stimulating, and challenging aspects of their work (Judge et al, 1998), we expect that self evaluation relates positively to work engagement. Furthermore, given that positive self-evaluations seem to trigger an approach motivation toward positive outcomes and minimize an avoidance motivation to prevent negative outcomes, high- self evaluation individuals should try to establish positive outcomes. Indeed, work engagement as a positive work-related state is likely to result from an approach.

Self evaluation constitutes the valuable reason of some judgments related to life satisfaction, the person's making him/herself feel good making him/her much happier. Individuals with positive self evaluation are the individuals believing they are capable of doing the jobs defining themselves consistently as "positive" and the individuals believing that they control their lives (Judge, Van, & De Pater, 2004). The individuals with a negative self-evaluation are found to have a low life satisfaction and they are individuals believing that their inability leads to

failure and believe that they cannot fulfill the expectations (Judge et al, 2002).

Core-self evaluation (self evaluation) concept has been brought by Judge, Locke and Durham (1997) in literature and has been discussed in many studies. Concerning the subject, there are some studies like self evaluation and life satisfaction (Judge et al, 1998), emotional intelligence and self evaluation, the stress perceived in the Spaniard young and adult sample, self evaluation and life satisfaction. Besides, there are self evaluation oriented intercultural studies. In cultures except the occidental, for example, self evaluation study in Japan stands out.

Employees with high self evaluation are likely to exhibit a high degree of creativity than employees with low self evaluation; the reason for this is related to the fact that employees with low self evaluation are usually dissatisfied and unhappy with their self. This state of mind makes creativity a very difficult task to accomplish (Rich et al. On the other hand, employees with high positive evaluation tend to be more committed to their job and organization and are very valuable knowing that organizations need their most creative employees to gain competitive advantage.

## II. STATEMENT OF PROBLEM

The challenges of coping with today's uncertain business environment have put many organizations on their toes to struggle for survival in the heat of competition.

The problem of failure and mortality of the banking industry on the wellbeing and health of the nation's economy can be over emphasized. This is reflected in the loss of capital, unemployment and lack of confidence in the banking industry given the evidence of service inconsistency and unreliability of the banks.

It is noticeable that the weakness of the directors of the Nigerian banking organizations in the aspects of creativity and banking innovation, particularly with regard to the process of interaction with the consumer or client to facilitate the aspects of the services provided to him (Marwan, (2013). Organizations are concerned about success and in most cases neglect the principles and indicators of organizational success such as employee's creativity and innovativeness. The findings of (Anita, 2014) was that all these factors such as risk taking, relationship with co-workers, innovativeness etc. affect employee's creativity

The banking industry is one with neck breaking competition and banks seeking to survive and gain competitive advantage must leverage on

the innovative abilities of employees in the bank. Most bank managers micro manage their employees and hardly empower them enough to make innovative decisions.

### III. RESEARCH HYPOTHESES

H01. There is no significant relationship between self esteem and Risk taking.

H02. There is no significant relationship between self esteem and innovativeness.

### IV. THEORETICAL REVIEW

#### Self-determination Theory

The various conceptual models within traditional humanistic psychology share a central tenet: the fundamental value of the actualization of human potential. Both Abraham Maslow and Carl Rogers developed optimistic theories that underscore the capacities, opportunities, and innate trajectory of human beings toward personal growth and psychological well-being. Self determination theory (SDT), developed more recently, has refined and advanced the optimistic perspective of traditional humanistic psychology by placing importance on the centrality of the self as a causal agent in human functioning. It stands in sharp contrast with deterministic and reductionist paradigms favored by contemporary psychological science, such as applied behavior analysis and

cognitive neuroscience. However, research has shown that a positive life orientation in the absence of tangible accomplishment is linked to negative psychological, interpersonal, and real-world outcomes. This paradox has been described in the literature as the tendency in contemporary society to emphasize positive illusions. Positive illusions appear to make life more satisfying in the short term, but in fact lead to negative consequences in the long run. For example, the emphasis on cultivating self-esteem in students in educational settings, which originated with the broader self-esteem movement must be accompanied by real academic growth grounded in real academic achievement for psychologically beneficial outcomes to unfold (Wernerfelt, 1984),.

### V. METHODOLOGY

The population consists of 513 employees from the 16 deposit money banks operating in Port Harcourt. The number of deposit money banks located in Port Harcourt was obtained from the Nigerian Deposit Insurance Commission (NDIC) Port Harcourt Rivers state. With the use of Taro Yamene formula, we had a sample size of 203. Spearman Rank Correlation Coefficient was used to test our hypotheses.

### VI. DATA ANALYSES AND FINDINGS

			Self-esteem	Innovativeness	Risk taking
Spearman's rho	Self-esteem	Correlation Coefficient	1.000	.673**	.667**
		Sig. (2-tailed)	.	.000	.000
		N	129	129	129
	Innovativeness	Correlation Coefficient	.673**	1.000	.456**
		Sig. (2-tailed)	.000	.	.000
		N	129	129	129
	Risk taking	Correlation Coefficient	.667**	.456**	1.000
		Sig. (2-tailed)	.000	.000	.
		N	129	129	129

HO1: There is no significant relationship between self-esteem and innovativeness (where rho: .673; p-value: .000 indicating significance at 0.01 level).

HO2: There is no significant relationship between self-esteem and risk taking (where rho: .667; p-value: .000 indicating significance at 0.01 level). In both hypothetical instances, results indicate significant associations between variables; therefore, we reject the null hypotheses and restate that

- i. There is a significant relationship between self-esteem and innovativeness
- ii. There is a significant relationship between self-esteem and risk taking

## VII. DISCUSSION OF FINDINGS

This study investigated the relationship between self-evaluation and employee's creativity of selected Banks in Rivers State. The study analysis revealed a strong and significant relationship between both variables. The findings revealed that self-esteem significantly influenced outcomes of employee's creativity such as innovativeness and risk taking. This further proves the need for employees to build a high level of self esteem and belief in their abilities and competencies as it clearly impacted their level of innovativeness and the degree to which they are willing to take calculated business risks. (George and Zhou, 2007) agree with our findings when they suggested that self-esteem among employees is key for organizations to improve customer satisfaction through innovativeness.

## VIII. CONCLUSION

This Study investigated the relationship between self-esteem and employee's innovativeness and risk taking. The findings from the study revealed a significant relationship between the dimensions of our variables. They also revealed that self-esteem significantly correlates with employee's innovativeness and risk taking, thus increasing outcomes such as innovativeness and risk taking. This goes on to illustrate the need for a well-managed and appropriate work behavior that is centered on the achievement of organizational goals through self-oriented or individual brilliance.

The findings from this study can easily be extended in a number of directions. With emphasis on three possibilities: the application of these ideas to the study of organizational relations, the integration with institutional analysis and the study of organizational change. The two critical concepts – self-evaluation and employee's creativity - can integrate a number of ideas for future research that

have not been discussed, such as, organizational innovation and cooperation. There has been too much emphasis on the antecedents of employee's creativity and not enough attention to the consequences.

The analysis also showed significant levels of moderating effect from the contextual variable which is organizational culture. It can be assumed that the practice of identifying and effectively managing self-evaluation and other traits quality in a company is a major contributing factor to their long years of business continuity which is largely built on innovativeness. Demographic analysis portrays a dominant male population as well as a high level of education amongst staff of these companies. Primary (univariate) data analysis was carried out on individual variables and their measures, means scores and standard deviations were illustrated. While for the secondary (bivariate) data analysis, all hypotheses were tested and bivariate relationships examined based on the adoption of a 95% confidence interval. It was revealed that:

Self-esteem significantly correlates with innovativeness: tested at a 95% confidence interval, the results show that self-esteem is significantly associated with innovativeness and risk taking.

## IX. RECOMMENDATIONS

From the findings and conclusion of the Study, we recommend the following:

- i. That effort should be made by organizations to ensure its members have a high and positive self-esteem. This could be done by equipping employees with the required knowledge and encouraging their confidence to try out innovative ideas without fear. Employees should be treated with respect and given the opportunity to learn and teach others. Organizations should celebrate incremental improvements as this will help employee self-esteem
- ii. That more should be done to encourage employees build high self-efficacy given that their confidence level and personal belief will impact their ability to actually be creative and innovative as it will encourage calculated risk-taking abilities which is necessary for innovation or innovativeness. Employees should be assigned to role models or mentors who help them build their self-efficacy
- iii. That Organization must ensure they build a culture that is open and encourages employees to take risk and not be too scared of making mistakes. A culture that rewards attempts

towards improvement instead of encourages punishment for failures in innovative trials.

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