

THE INFLUENCE OF ORGANIZATIONAL CREATIVITY AND ORGANIZATIONAL INNOVATION ON ORGANIZATIONAL PERFORMANCE IN PT. NUSANTARA PLANTATIONS IV REGIONAL I MEDAN

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Abstract

This study aims to determine the effect of organizational creativity and organizational innovation on organizational performance at PT. Perkebunan Nusantara IV Regional I Medan partially. This study uses a quantitative approach with a sample of 165 employees selected using stratified proportional sampling and convenience sampling. Data were distributed to respondents using a questionnaire with a Likert scale of 1-5 which was distributed directly and also via google form. Furthermore, the data obtained were analyzed using multiple linear regression with SPSS software version 23. The results of the analysis showed a positive and significant effect between organizational creativity on organizational performance, as well as a positive and significant effect between organizational innovation on organizational performance. This study contributes to the integration of organizational creativity and organizational innovation on organizational performance in one research framework, which in previous studies to the best of the researcher's knowledge has not been found, and also enriches the literature review related to antecedents of organizational performance in the context of plantation sector research. Furthermore, this study provides input to leaders about the importance of organizational creativity and organizational innovation in improving organizational performance.

Keywords: *Organizational Creativity, Organizational Innovation, Organizational Performance.*

INTRODUCTION

Organizational performance is a measure of the achievement of goals and the effectiveness of organizational operations. Uluskan et al. (2017) stated that organizational performance reflects the results of organizational operations, while according to Smriti & Das (2018), it reflects the organization's capacity to manage resources to achieve targets. Organizations need to optimize resources creatively and innovatively in order to create value and improve their performance. Previous research in the period 2015–2024 accessed through Google Scholar shows that organizational performance has been widely studied in various contexts, such as Batik SMEs in Central Java and Madura (Rumanti et al., 2023), AI-based companies in the United States (Mikalef & Gupta, 2021), industry in Turkey (Yildiz & Aykanat, 2021), the agricultural and service sectors in Pakistan (Shahzad et al., 2016; Soomro et al., 2021), to construction companies in Iran (Chan et al., 2024), as well as the banking, manufacturing, and SME sectors in various countries. However, no similar studies have been found that examine organizational performance at PT. Perkebunan Nusantara IV Regional I Medan.

PT. Perkebunan Nusantara IV Regional I Medan is a state-owned enterprise engaged in the plantation sector with main commodities such as palm oil, rubber, tea, and coffee. The company has six main divisions. Based on data from the HR & Management System Division, employee performance shows a downward trend from 2020 to 2023. The average employee performance score fell from 91.12 in 2020 to 75.76 in 2023, far from the company's target of 91–100. This decline reflects challenges in organizational performance that need to be explored further. In previous literature, it was found that two important factors that influence organizational performance are organizational creativity and organizational innovation. Organizational creativity has been shown to play a major role in supporting innovation and creating competitive advantage, and is one of the important characteristics of organizations in facing crises (Mikalef & Gupta, 2021; Rajagopal, 2019; Rumanti et al., 2023;

Shahzad et al., 2016). Meanwhile, organizational innovation drives competitiveness and sustainable growth of organizations in the long term (Chen et al., 2021; Chan et al., 2024; Farouk et al., 2016). Based on this background, the researcher feels the need to raise this topic in a study entitled: "The Influence of Organizational Creativity and Organizational Innovation on Organizational Performance at PT. Perkebunan Nusantara IV Regional I Medan."

Based on the background that has been explained, it was found that there was a decline in employee performance at PT. Perkebunan Nusantara IV Regional I Medan during the period 2020–2023, which reflects a decline in organizational performance. A number of previous studies have proven that organizational creativity and organizational innovation have a positive and significant effect on organizational performance in various countries and organizational contexts. Therefore, this study aims to partially test the influence of these two variables on organizational performance at PT. Perkebunan Nusantara IV Regional I Medan. In line with the formulation of the research question, the purpose of this study is to test the influence of organizational creativity and organizational innovation on organizational performance at PT. Perkebunan Nusantara IV Regional I Medan.

LITERATURE REVIEW

Organizational Performance

Organizational performance is the cumulative result of all organizational activities (Masa'deh et al., 2016), which reflects the achievement of organizational goals and operational results (Uluskan et al., 2017). In addition, organizational performance also reflects the organization's capacity to manage resources effectively to achieve goals (Smriti & Das, 2018).

In this study, organizational performance is measured through five dimensions adapted from several previous studies, namely:

1. Company productivity
2. Company efficiency
3. Effectiveness of company processes
4. Job satisfaction
5. Commitment or loyalty

Organizational Creativity

According to Gupta & Banerjee (2016), organizational creativity is a multidimensional construct, namely creativity is not formed from one dimension, but rather a combination of several factors needed to maximize organizational creativity. In this study, the researcher used 5 dimensions adapted from research (Moultrie & Young, 2009; Scheibe & Gupta, 2017), as follows:

1. New ideas
2. Supportive environment
3. Training
4. Autonomy
5. Feedback and support

Organizational Innovation

Innovation refers to the intentional introduction and implementation of new ideas, processes, products and procedures that will benefit a job, work team or organization. (West et al., 2004). In this study, the researcher used 5 dimensions adapted from research. (Donbesuur et al., 2020; Oecd, 2005; Prasad & Junni, 2016), as follows:

1. Quality management system
2. Organizational structure
3. Communication structure
4. Human Resource Management
5. Decentralization of decision making

RESEARCH METHODS

This research is a quantitative research, which according to Sugiyono (2016), aims to collect and analyze numerical data objectively in order to describe, predict, or test the relationship between variables. Quantitative research is used to determine how much influence the independent variable has on the dependent variable, and is expressed in the form of numbers or graphs to confirm existing theories and assumptions. The location of this research is PT. Perkebunan Nusantara IV Regional I Medan, which is located at Jalan Sei Batang Hari No. 2, Simpang Tanjung, Medan Sunggal District, Medan City, North Sumatra. The research implementation time is planned to take place from September 2024 to March 2025. According to Sugiyono (2016), population is all

objects or subjects with certain characteristics that are used as the basis for drawing conclusions in research. The population in this study were all employees of PT. Perkebunan Nusantara IV Regional I Medan, totaling 280 people based on performance data for 2020–2023. Because the population is quite large and there are limited time and resources, a sample is used which is determined by the Slovin formula. With an error tolerance level (e) of 5%, a sample of 165 respondents was obtained. This sample was then divided proportionally into six divisions in the company using a proportional formula.

The sampling technique used was a combination of probability sampling through stratified proportional sampling, and non-probability sampling with convenience sampling. Stratified sampling was used to ensure proportional representation of each division, while convenience sampling was used based on the availability and willingness of respondents when the study was conducted. This study used an instrument test to ensure the validity and reliability of the questionnaire. The validity test was carried out by comparing the calculated r and r table values using SPSS, while the reliability test used the Cronbach's Alpha method, where values above 0.60 indicate a reliable instrument. Classical assumption tests include normality, multicollinearity, and heteroscedasticity tests to ensure that the data is worthy of analysis. Data analysis was carried out through descriptive statistics and multiple linear regression to determine the effect of organizational creativity and organizational innovation on organizational performance. Hypothesis testing was carried out using the determination test (R^2), F test (simultaneous), and t test (partial) with a significance level of 0.05.

RESEARCH RESULT

CLASSICAL ASSUMPTION TEST

NORMALITY TEST

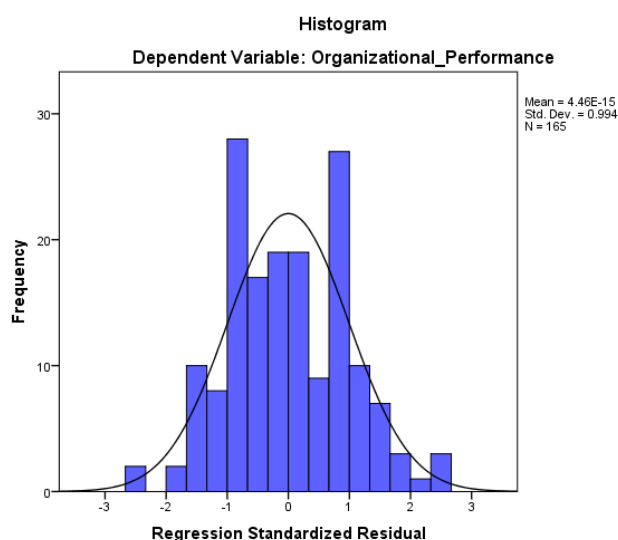


Figure 1. Hypothesis Testing Histogram Approach

Based on Figure 1 above, it is known that the histogram graph has good data and is normally distributed, this is indicated by the bell-shaped curve and does not lean to the left or right.

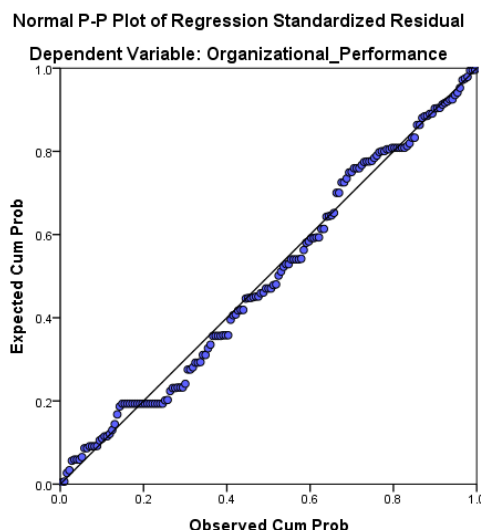


Figure 2. Normality Test Probability Plot Approach

Based on Figure 2 above, it can be seen that the points are spread around the diagonal line and the distribution of data points is in the same direction as the diagonal line, which indicates that the regression assumption model meets the normality assumption and the regression model is suitable for analyzing the influence of the independent variables Organizational Creativity and Organizational Innovation on the dependent variable Organizational Performance.

Table 1. Results of the Kolmogorov Smirnov Normality Test
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		165
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	1.02819810
Most Extreme Differences	Absolute	.066
	Positive	.066
	Negative	-.060
Test Statistics		.066
Asymp. Sig. (2-tailed)		.076c

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Based on table 1 above, it can be seen that the data in this study is normally distributed and the regression model is suitable for use as research, this can be shown from the significance value of $0.076 > 0.05$.

MULTICOLLINEARITY TEST

Table 2. Multicollinearity Test Results
Coefficients^a

		Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance
1	(Constant)	17,086	1.204		14.189	.000	VIF

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<i>Organizational Creativity</i>	.135	.032	.227	4.275	.000	.550	1,819
<i>Organizational Innovation</i>	.485	.037	.697	13.159	.000	.550	1,819

a. Dependent Variable: Organizational Performance

Based on table 2, the research findings show that the VIF value for Organizational Creativity is 1.819 (less than 10) and the tolerance value is 0.550 (more than 0.1), which means that there is no multicollinearity in this variable. Likewise for Organizational Innovation, with a VIF value of 1.819 and a tolerance of 0.550, which also shows that this variable is free from multicollinearity.

HETEROSKEDASTICITY SYNDROME

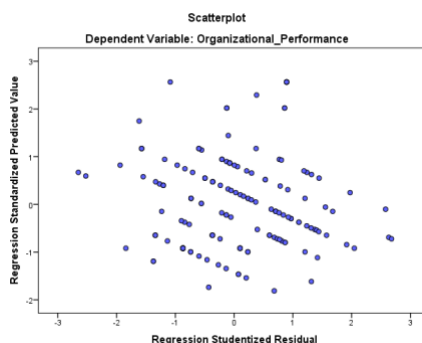


Figure 3. Heteroscedasticity Test

The findings above indicate that the points are spread randomly and also do not describe a particular pattern, the data points are spread above and below or around the number 0, and the points do not gather only above or below. Thus, the regression model does not experience heteroscedasticity.

MULTIPLE LINEAR REGRESSION ANALYSIS

Table 3. Results of Multiple Linear Regression Analysis Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
1	(Constant)	B	Std. Error	Beta		
	<i>Organizational Creativity</i>	.135	.032	.227	4.275	.000
	<i>Organizational Innovation</i>	.485	.037	.697	13.159	.000

a. Dependent Variable: Organizational Performance

From the equation in table 3 above, it can be interpreted as follows:

1. The constant of 17,086 in other words is influenced by Organizational Creativity and Organizational Innovation. So, Organizational Performance of 17,086 if influenced by Organizational Creativity and Organizational Innovation will be 17,086 which means good and this means that if Organizational Creativity and Organizational Innovation on Organizational Performance then it will be better.
2. The Organizational Creativity variable has a positive and significant effect on the Organizational Performance variable. This is indicated by its positive value of 0.135 and its significant value of 0.000 < 0.05. This means that every additional unit of the Organizational Creativity variable will increase the Organizational Performance variable by 0.135.
3. The Organizational Innovation variable has a positive and significant effect on the Organizational Performance variable. This is indicated by its positive value of 0.485 and its significant value of 0.000 < 0.05. This means that every additional unit of the Organizational Innovation variable will increase the Organizational Performance variable by 0.485.

HYPOTHESIS TEST

DETERMINATION COEFFICIENT TEST (R2)

**Table 4. Results of the Determination Coefficient Test (R2)
Model Summaryb**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.866a	.750	.747	1,035

a. Predictors: (Constant), Organizational Innovation, Organizational Creativity

b. Dependent Variable: Organizational Performance

The R Square value of 0.750 explains how much the ability of variable X, namely Organizational Creativity and Organizational Innovation, can explain variable Y, namely Organizational Performance. The R Square value of 0.750 indicates that Organizational Performance is 75.0% due to variations in the two independent variables, Organizational Creativity and Organizational Innovation. Meanwhile, other variables not included in this study explain the remaining 25.0%.

SIMULTANEOUS TEST (F)

**Table 5. Simultaneous Test Results (F Test)
ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	519,687	2	259,844	242,789	.000b
	Residual	173,379	162	1,070		
	Total	693,067	164			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Organizational Innovation, Organizational Creativity

Based on table 4 above, the F value obtained is 242,789, this means that the value has a positive effect and it is known that the significance value is 0.000 < 0.05, this means that the value has a significant effect. This proves that the F test can be accepted, because there is a positive and significant influence simultaneously from the independent variables in the form of Organizational Creativity and Organizational Innovation on the dependent variable Organizational Performance.

PARTIAL TEST (T TEST)

Table 6. Partial Test Results (T Test)

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	17,086	1.204		14.189	.000

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<i>Organizational Creativity</i>	.135	.032	.227	4.275	.000
<i>Organizational Innovation</i>	.485	.037	.697	13.159	.000

1. The organizational creativity variable has a positive effect on the organizational performance variable, this is indicated by a positive value of 0.135. Then organizational creativity also has a significant effect on organizational performance, this is indicated by a significance value of 0.000 <0.05. Thus it can be interpreted that each additional unit of the organizational creativity variable will increase the organizational performance variable by 0.135.
2. The organizational innovation variable has a positive effect on the organizational performance variable, this is indicated by a positive value of 0.485. Then organizational innovation also has a significant effect on organizational performance, this is indicated by a significance value of 0.000 <0.05. Thus it can be interpreted that each additional unit of the organizational innovation variable will increase the organizational performance variable by 0.485.

DISCUSSION

1. The Influence of Organizational Creativity on Organizational Performance

The results of the study indicate that Organizational Creativity has a positive and significant effect on Organizational Performance. The regression coefficient value of 0.135 indicates a positive effect, while the significance value of 0.000 (<0.05) indicates that the effect is significant. This means that if Organizational Creativity increases, Organizational Performance will also increase, and vice versa. This finding is in line with previous studies, such as those conducted by Mikalef & Gupta (2021), Rajagopal (2019), Rumanti et al. (2023), and Shahzad et al. (2016), which also showed that Organizational Creativity affects Organizational Performance. In addition, the majority of respondents (66.0%) answered agree and 27.8% strongly agreed that Organizational Creativity has a positive effect on Organizational Performance. The respondent profile also shows that the majority are over 45 years old, which covers 61.8% of the total respondents, strengthening this finding from a demographic perspective.

2. The Influence of Organizational Innovation on Organizational Performance

The results of the study show that Organizational Innovation has a positive and significant effect on Organizational Performance with a positive value indicated by 0.485 and significant indicated by 0.000 ≤ 0.05. The results of this study provide meaning that if Organizational Innovation is good, Organizational Performance will also increase, and vice versa. The results of this study are in line with those conducted by previous researchers.(Baumane-Vītolīņa et al., 2022; Chan et al., 2024; Chen et al., 2021; Farouk et al., 2016; Soomro et al., 2021; Yildiz & Aykanat, 2021), which shows that the Organizational Performance variable is influenced by the Organizational Innovation variable. The positive and significant results of this research on organizational innovation towards organizational performance are also shown by the respondents' answers, which predominantly agreed as much as 60.3% and strongly agreed as much as 32.0%. This research is also strengthened by the respondents' profile in terms of work experience.

CONCLUSION

Based on the results of the t-test that has been conducted, it can be concluded that Organizational Creativity has a positive and significant effect on Organizational Performance at PT. Perkebunan Nusantara IV Regional I Medan. In addition, Organizational Innovation also has a positive and significant effect on Organizational Performance in the same company. This finding indicates that an increase in both variables will have a positive impact on organizational performance, emphasizing the importance of creativity and innovation in improving performance at PT. Perkebunan Nusantara IV Regional I Medan.

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