

## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1 Background of the study**

The key success factors of corporations in twenty first century, aspect of innovation is highly important in this era because competitiveness and survival of organizations depend on their innovation capabilities (Palangkaraya et al., 2010). Innovation in all human areas means changing, renewing or improving the ways of doing works and methods of management or the process that are common. Innovation is the most important interest of the organization as organizations are relying on the innovativeness of their employees. Innovation plays an important role in growth, survival and success of organizations. Reviewing the literature on innovation in past 20 years, a special emphasis of scholars is noticed on innovative behavior and there is a need to work out on the antecedents, enablers and predictors of innovative behavior (Abdullah et al., 2016).

No matter what organizational role plays, employee needs to have fair treatment from the organization they are working (Susanj, Dec 2012). This need shows the importance of organizational justice for the employees because organizational justice is connected with employee's perceptions of justice in the organization. Organizational Justice means an employee's perception of fairness of rewards offered by one's organization. A number of studies has sustained that positive fairness perceptions leads to positive behaviors and outcome from

employees (Susanj, Dec 2012). Fairness is central interest to organizations as the implications of perceptions of injustice can impact innovative behaviors at work.

Innovative work behavior is considered to be influenced by numerous personal and external determinants (Kim & Lee, 2011). Individual innovative behavior is considered to be the main pillars of high-performing organizations. In business today, organizations need to maintain a thriving workforce through different strategies in order to remain competitive and sustain their performance (Kleine et al., 2019). Thriving involves “a psychological state in which individuals experience both a sense of vitality and a sense of learning at work” (Porath et al., 2011).

The Republic of the Union of Myanmar, one of the Association of Southeast Asian Nations, is a must-visit destination for travelers who like beaches, historical inheritances, Buddha’s heritage and thousands of Buddhist temples. In recent times, the Republic of the Union of Myanmar has continuously opened up to the outside world and the number of international arrivals has increased in Myanmar. The increase of tourism in Myanmar has created opportunities for employment generation because it is the key handler of economic growth. Tourism generated 6.6% of GDP (USD 2 billion) in 2016, up from only 3.6% (USD 220 million) in 2011(WTTC; 2017, Knoema; 2018). The tourism industry has a huge multiplier effect on economic sectors.

The high growth scenario of the Government of Myanmar (GOM’s) 2013-2020 Myanmar Tourism Master Plan (MTMP) forecasts the tourism sector with generate over a million new jobs by 2020 (WTTC ;2017). As described as in Table1,

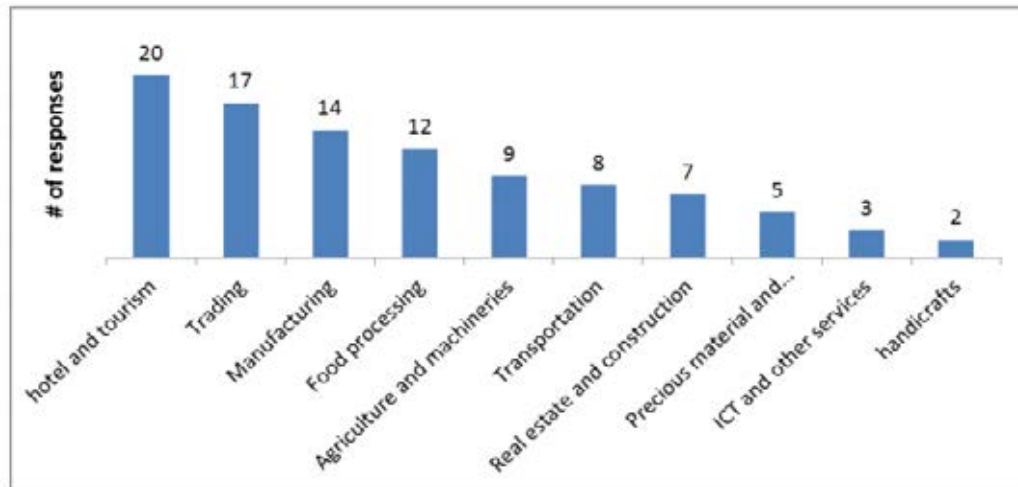
tourism-related employment, in the agriculture, handicrafts, building construction and maintenance, the food and beverage, transportation service, accommodation and IT sectors are expected to create roughly two million new jobs by 2020 (Tourism Value Chain Report: Myanmar Written by Giulia Macola and Liesbeth Unger, 2018).

**Table 1.1** Estimated Direct Tourism Employment in Myanmar, 2012-2020

Subsector	Conservative		High		
	2012	2015	2020	2015	2020
Accommodation	44,055	63,333	84,300	125,417	224,700
Food and beverage	146,850	211,111	281,000	418,056	749,000
Recreation and entertainment	29,370	42,222	56,200	83,611	149,800
Transportation services	58,740	84,444	112,400	167,222	299,600
Travel services	14,685	21,111	28,100	41,806	74,900
<b>TOTAL</b>	<b>293,700</b>	<b>422,222</b>	<b>562,000</b>	<b>836,111</b>	<b>1,498,000</b>

*Source: Myanmar Tourism Master Plan (2013)*

Mandalay, the second largest city in Myanmar, situated in the middle of Myanmar, is the economic hub of Upper Myanmar. So, most of businessmen chose Mandalay due to the location. According to Graph 1, among the various types of investment opportunities available around the Mandalay region, hotel and tourism is considered the most potential business in Mandalay Region due to (1) Centre for trading, and (2) Tourist destination.



Source: Mandalay Investment Opportunity Survey

### Graph 1: Predicting the potential sector of Mandalay

These are a few of reasons why today's travel agencies need to evolve to stay relevant. Travelers are getting smarter, so you need to be too. These are a few of the challenges faced by modern day travel agencies in Mandalay, Myanmar,

- The role of travel agencies is changing
- More choice than ever
- Technical challenges
- The rise of sharing economy
- A few players dominate the travel market.

As Innovation is the most important interest of the organization and organizations are relying on the innovativeness of their employees, this study will intend to explore how organizational justice components and personality traits influence on innovative behavior of organizations among travel agencies in Mandalay, Myanmar. This chapter covers the background of the study, the

statement of the problem, the general objectives and specific objectives of the study, symptoms, and the benefits of the study.

## **1.2 Statement of the problem**

Based on the explanation in the background, the researcher hopes to be able to take a focus of research with careful analysis in order to find out the effect of organizational justice components and personality traits on innovative work behavior among travel agencies in Myanmar. So the formulation of the problem that can be submitted is as follows:

1. Does Organizational Justice components have a significant effect on the innovative work behavior?
2. Does Personality traits have a significant effect on the innovative work behavior?

## **1.3 Purpose of the study**

The general objective of the study is to observe the effect of organizational justice components and personality traits on innovative work behavior. Specific objectives will be;

- i. To investigate the effect of Distributive Justice on innovative work behavior among travel agencies in Mandalay, Myanmar.
- ii. To investigate the effect of Procedural Justice on innovative work behavior among travel agencies in Mandalay, Myanmar.
- iii. To investigate the effect of Interactional Justice on innovative work behavior among travel agencies in Mandalay, Myanmar.

- iv. To investigate the effect of Openness to Experience personality on innovative work behavior among travel agencies in Mandalay, Myanmar
- v. To investigate the effect of Conscientiousness personality on innovative work behavior among travel agencies in Mandalay, Myanmar
- vi. To investigate the effect of Extraversion personality on innovative work behavior among travel agencies in Mandalay, Myanmar
- vii. To investigate the effect of Agreeableness personality on innovative work behavior among travel agencies in Mandalay, Myanmar.
- viii. To investigate the effect of Neuroticism personality on innovative work behavior among travel agencies in Mandalay, Myanmar.

#### **1.4 Benefit of the study**

From this research, the researcher hopes that this study has the benefits that are divided into theoretical and practical benefits.

##### **1.4.1 Theoretical Benefit**

This research is expected to be able to contribute ideas for the development of studies of human resource development regarding human resource management related to organizational justice, personality, and innovative work behavior and can be used as a reference for understanding and consideration in making programs in the field of better human resource development in the future and able to become reference material and studies as one of the references for other researchers who want to do similar research.

#### **1.4.2 Practical Benefit**

The results of this study are expected to provide useful input and contributions for the travel agencies in Myanmar in taking policies regarding the development of human resources to achieve the goals and success of corporate organizations and in improving employee performance.