

EJMSS

The Impact of Corporate Culture and Work Ethics on Organizational Innovation in Higher Education Institutions in Sulaymaniyah Sulaymaniyah Polytechnic University as an Example

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DOI: 10.23918/ejmss.V3i3p48

Received: September 28, 2022 Revised: October 26, 2022 **Published: October 30, 2022**

Abstract

This study explores the origins of corporate culture and work ethics and offers definitions and types of innovation. It also proposes a conceptual framework to show how corporate culture, work ethics, and organizational innovation are correlated. The study then adds hypotheses regarding corporate and ethical values and innovation. In total, 130 Sulaimani Polytechnic University employees participated in the survey and the collected data were analyzed to test the proposed research hypotheses. It concludes that in service corporations, a higher education institution in this context, organizational innovation can be positively affected by corporate culture and work ethics.

Keywords: Organizational Innovation, Corporate Culture, Work Ethics

1. Introduction

The ability to innovate has become crucial to an organization's survival in today's increasingly competitive environment, as it enables businesses to gain sustainability and, as a result, secure corporate success (Damanpour & Gopalakrishnan, 2001). That is primarily because innovative organizations are more flexible and responsive, to grasp new business strategies and capitalize on existing ones (Drucker, 1985). Regarding innovation, organizational rather than technological innovativeness is the foremost requirement for the survival of organizations, particularly for service corporations (Terziovski, 2007). As one of the most integral aspects influencing innovation, it is primarily the culture that directs and binds employees together through shared values and beliefs that unify their behaviors at the workplace.

Citation

Karim, T. J., Aziz, F. F., & Sidiq Abdalla, D. M. (2022). The Impact of Corporate Culture and Work Ethics on Organizational Innovation in Higher Education Institutions in Sulaymaniyah, Sulaymaniyah Polytechnic University as an Example. *Eurasian Journal of Management & Social Sciences*, 3(3), 48-64. https://doi.org/10.23918/ejmss.V3i3p48



ISSN 2708-177X (Print) ISSN 2708-034X (Online)

This set of values and beliefs, together with the leadership style and reward system, creates corporate culture (J.C. Naranjo-Valencia et al., 2016).

There are numerous definitions of culture; (Julies, 2016) states that culture is how organizations operate. (Needel, 2004) defines culture as the values and principles that frame the behavior of employees. It has also been characterized by (Ugwulebo, 2014) as "the overall values of organizational activities, their outcomes, output, environment, means of technology used by the organization, and management style. According to (Goke, 2015), the values organizations hold guide their actions; even though the culture may or may not be scripted clearly, all organizations have a set of values that determine the perspectives of those organizations and direct their efforts (Maxwell & Chukwudi, 2018).

Unlike factories that produce goods and organizations that provide customer services, it is the human capital that is expected to be produced by higher education institutes. An encouraging corporate culture is essential for organizations, including academic institutions, as it ensures employee satisfaction (Sami et al., 201). (Kerego and Muthupha, 1997) state that to deliver a better result, people and organizations positively impact each other. He argues that employees are role models in an organization and the organization's success relies heavily on employees' performance (Sami et al., 2011). They further assert that inadequate and improper corporate culture will lower the employees' overall job satisfaction and productivity and ultimately hinder the efficiency and performance of the organization (Sami et al., 2011).

In addition to corporate culture, a high level of work ethic is required by a higher education employee to innovate in producing skilled individuals. Academic staff or teachers make up the most considerable portion of this field. They train, facilitate, and lead the student toward improving the world (Sami et al., 2011). (Wahyudi et al., 2013) stated that higher education employees must maintain substantial commitment, devotion to work, and adequate performance. Holding those characteristics is necessary as higher education institutions have a huge obligation to contribute to society's future. The burden is to create competent human capital and strong and ethical ones. Numerous factors, including leadership, teamwork, cohesiveness, organizational size, structure, and culture, as well as employee work ethics and resource accessibility, have been linked to innovation. However, very few empirical works, particularly in the context of the higher education sector, examine the impact of an organization's cultural norms and work ethics as two components. To close this knowledge gap, the following research issues are addressed in this paper: Do service businesses with

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suitable corporate cultures have better innovation capabilities? Does work ethics of employees impact organizational innovation?

2. Literature Review

2.1. Organizational Innovation

Innovation is a crucial factor influencing a firms in today's ever-changing business world. According to (Martins and Terblanche, 2003), creativity and innovation are crucial for the survival and advancement of today's systematic organization. According to the literature on the subject, innovation is one of the critical factors for long-term organizational achievement, particularly in dynamic markets (Damanpour & Gopalakrishnan, 2001).

There are many ways to conceptualize innovation. According to the Organization for Economic Co-operation and Development (2005: 46), innovation is "the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations."

Different criteria can be used to categorize innovations; in line with OECD's classification of innovation, there are a few types of innovations (2005: 17). Product innovations range from having basic modifications to current products to designing an entirely new product. Process innovations involve substantial changes in methods of production and delivery. In a broader sense, organizational innovations are adopting new corporate strategies.

Finding sources of innovation and its determinants and barriers receives much attention in research and literature. The resources directly affecting innovation are human resources, especially employees' skills and qualifications, leadership skills of the top managers and decision-makers that secure sustainability of innovation, pooled knowledge which can be told by how much is invested in research and development, as well as material, financial and organizational resources (Balcerowicz, Wziątek-Kubiak, 2009: 17; Francik, Pocztowski, 1991: 27). However, it is the human factor, which includes the corporate culture, personality of team managers and their levels of motivation, risk-taking, as well as employees' attitude towards the dynamic of the relation between them and their managers, that plays the most significant role in the process of innovation. According to West (2000: 90), corporate culture crucially prevents or facilitates the implementation and maintenance of innovation in the organization.

This idea increased interest among researchers in learning how to strengthen businesses' potential for innovation and initiate innovations by employing corporate culture (Damanpour, 1987; Damanpour, 1996; Mavondo et al., 2005). Today, corporate culture is considered one of

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the elements significantly influencing innovation (Carmeli, 2005). Since behavior is influenced by corporate culture, it may encourage them to embrace innovation as a core value of the company and increase their level of involvement (Hartmann, 2006). As a major factor contributing to the behavior of members of organizations, depending on the firm's strategic vision, various corporate culture types are essential for a firm's ability to innovate.

Knowing how corporate culture affects a company's capacity to respond is crucial to learn how it influences the encouragement of innovations inside a given organization. The corporate culture of an innovative firm is one that fosters a positive environment where creativity and exchange of ideas are encouraged, and shared knowledge is effectively used in the decision-making process. To successfully change corporate culture, companies need to have enough resources to create a culture characterized by having elements needed for developing, nurturing, and supporting innovation, such as building a team that is empowered, communicating, and trust one another when sharing knowledge (Farrukh, 2015).

Moreover, according to (Lyons et al., 2007), organizational culture is even more critical to innovation in service companies than in manufacturing organizations. Unannounced control of behaviour plays a more significant role in service companies than actual technological or product innovation. t is more difficult to monitor quality and uniformity without visible or tangible technology. Therefore, to assure quality, consistency, and reliability, innovation in service businesses needs that norms and values govern behaviour. Besides organizational culture, another determinant of organizational innovation has been discussed by (Mahdavi, 2003). He argues that work ethics among employees, which include their personality and beliefs, play a vital role in their interest in creativity and innovation.

2.2. Corporate culture

(Armstrong, 2006) defines corporate culture as the arrangement of values, norms, points of view, perspectives, and opinions within an organization that may not necessarily have been unequivocally defined yet frame how people act and complete their tasks. (Maxwell & Chukwudi, 2018). Likewise, the most precise definition remains from (Koc & Ceylan, 2007), who defined corporate culture as "the pattern of basic assumptions that a group has invented or discovered in learning to cope with its problems of external adaptation and internal integration, and 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 concerning those problems".

Corporate culture impacts individuals' decision-making as it involves how they behave, perceive symbols, and guides the entirety of firms. It is a virtual communication tool that

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transcribes and clarifies steps to be taken at times of hardship and challenge, ultimately producing certainty and conciseness (Belias et al., 2015).

Through studies of corporate culture, researchers have identified various types of culture based on the organization's structure and mission. In their 2006 work, Cameron and Quinn came up with four distinct forms of culture, based on how individuals are associated. The first type is the Hierarchical culture, in which the roles of individuals in the organization are well arranged, and guidelines and orders are set to be followed formally. The second type is the Market culture, and as the name suggests, organizations with market culture enjoy a high level of competitiveness. Clan culture alludes to a welcoming and friendly working environment where the employees are considered family members and administrators are seen as leaders. Hence employees are delighted with their job and are committed to pushing the friendly climate further. In an Adhocracy culture, organizations are distinct due to employees' innovative and risk-taking nature, which merely sets adhocracy apart from the other three culture types.

The topic of culture was a neglected topic until it was brought to the scene by scholars who studied organization in the early 80s. Nowadays, most scholars and organizational experts realize that corporate culture strongly affects employees' overall performance and creative ability; hence, it will affect organizational performance and innovation. It is now commonly acknowledged that it even impacts the employees' level of satisfaction in their jobs and how they perform given tasks creatively (Maxwell & Chukwudi, 2018).

Since innovation plays a vital role in enhancing company performance, several studies have attempted to identify the factors that can enhance innovation (Koc & Ceylan, 2007). Recent studies suggest that corporate culture is one of the variables significantly influencing innovation by stimulating employees' behavior (Büschgens, Bausch, & Balkin, 2013). A company's ability to consistently stay at the forefront of innovation may be supported by a culture that encourages innovation. Similarly, corporate culture may be more significant than many production factors and national culture in today's converging economies. Corporate culture may enhance an organization's innovation processes as it can boost employee motivation, which benefits the overall working environment (Heerkens, 2006).

Multiple empirical studies also revealed a positive relationship between corporate culture, the overall performance of the organization, and innovation (Damanpour & Gopalakrishnan, 2001). For instance, empirical research findings demonstrate that, depending on its promoted values, culture can encourage innovation and firm performance or act as a barrier to both. It has been demonstrated that an adhocratic culture can best indicate a firm's performance and

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innovation. As a result of these findings, innovation mediates the link between specific elements of corporate culture and performance. Corporate culture is strongly associated with employee innovation and output (Pajogo & McDermott, 2011). Therefore, to portray the impact of corporate culture on innovation more clearly, the following hypothesis has been developed:

H1: Corporate culture has a positive impact on organizational innovation.

2.3. Work ethics

Morf et al. (1999) state that: "ethics is a moral principle that individuals inject into their decision-making process and that helps temper the last outcome to comfort the norms of their society." (Mahdavi, 2003) suggests that ethical principles are tools that predict one's behavior, and their values allow them to distinguish between rights and wrongs as it dictates what to do or refrain from doing (Marri et al., 2012).

This characteristic of work ethics allows for interpreting it as an individual's personality in the work setting in general, and it is formed by habit and is influenced by culture (Jalil et al., 2010). A corporation with a high work ethic and discipline will positively impact the employee's creativity. When work ethics is applied, the employee will perform per the desired outcomes since each task will be performed in an effective and efficient way (Morf et al. 1999).

In addition, (Wahibur, 2012) reported that employees with higher work ethics are more satisfied with their job and more committed to their organizations. Consequently, they will have a low intention of leaving the organization. According to Abbasi et al. (2012), the capability of innovation can be polished through the work ethics values of the organizations. They have reported that integrating work ethics values into the corporate culture can help the organization get a better return from their human resources. The work ethics values of the managers act as a role model for the employees and encourage exerting extra effort, novelty, trustworthiness, loyalty to duty and organizations, and good relations among the employees. (Jalil et al., 2010) have proposed that certain qualities such as integrity, honesty, solidarity, commitment, and responsiveness can be implicated and strengthened by sharing ethical practices throughout the globe.

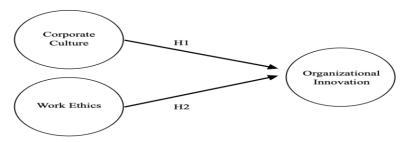
(Jalil et al., 2010) reported that ethical practices and implementation could achieve organizational functioning and well-being. They further argue that ethic-based organizations have high job satisfaction and positive personal well-being, making employees more committed and better understand their responsibilities toward the organization. Therefore, satisfied, committed, loyal employees tend to perform their work more creatively and

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innovatively. (Luthans, 2002) references several studies that show a significant positive relationship between business ethics and innovative outcome of the organization. The works of (Abbasi et al., 2012), (Sapada et al., 2017), and (Awan and Akram, 2012) are good examples of the relationship mentioned above. Hence, the second hypothesis has been developed to lay out the relationship between work ethics and innovation.

H2: Work ethics positively impacts organizational innovation.

2.4. Research model



3. Methodology

3.1. Data collection and sample

This research utilized a quantitative method, an online questionnaire was used as a tool to collect data from employees of Sulaimani Polytechnic University. A random sampling method was employed to generate the list of employees invited to participate in the survey, which included academic and administrative staff from all colleges and institutions of the university. Emails and non-official platforms were utilized to send out 300 online forms to the 3900-person population, of which 130 were returned and deemed statistically acceptable.

3.2. Variables and measures

The response of the participants was measured using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The statements presented to the participants were selected from the literature and adapted to the context of the research. The measure of organizational innovation was adopted from (Szczepańska, 2014). The respondents were asked to rank their agreement with the statements describing the level of innovation in their institutions. To measure their expectations about innovation in their organization, participants were asked about their autonomy in decision-making about innovation-related issues. The statements also highlighted employees' right to question the ideas of their superiors and express their own opinion. They were also asked about receiving support and appreciation for sharing their ideas. In the same way, the measure of corporate culture was adopted from (Julia et al., 2011). This section included statements addressing the cultural conditions in institutions operating under Sulaimani Polytechnic University. The questions centered around the level of

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cultural support for team working, consensus, individual risk-taking, and uniqueness by valuing hard-driving competitiveness and encouraging human resource development. Likewise, the measure of work ethics is directly adopted from (Ali, 1988). All the statements for measuring work ethics emphasize employees' devotion and dedication to quality work, linking hard work to guaranteeing employee success, meeting deadlines, and carelessness. These measures can be trusted as they are adapted and adopted from previous research. Also, the test of reliability (Cronbach Alpha) has been done for all measurements. The result was (C. Alpha > 0.60), which indicates that the statements are reliable and acceptable for measuring these research variables. The quantitative method is used in this research, and the data collected from the questionnaire were analyzed using SPSS (Statistical Package for Social Sciences) (V. 23.00).

4. Data analysis and Discussion

4.1. Reliability Test

Table (1) shows the reliability statistics for a set of 3 items, as measured by the Cronbach's Alpha coefficient. The coefficient of .684 indicates that the items are moderately reliable, meaning that the items measure the same concept in a consistent way. (Zait & Bertea, 2011).

Table 1: Cronbach's alpha

Reliability Statistics				
Cronbach's Alpha	N of Items			
.684	3			

4.2. Descriptive statistics

Table 2: Descriptive statistics for variables

	OI	CC	WE
Mean	3.071	2.979	3.852
Standard Error	0.082	0.089	0.0796
Median	3.125	3	4.25
Mode	3	2.75	4.25
Standard Deviation	0.933	1.013	0.908
Sample Variance	0.870	1.026	0.823
Range	3.625	4	3.5
Minimum	1.375	1	1.5
Maximum	5	5	5
Sum	399	387	500
Count	130	130	130

Table (2) displays various statistics for three different variables.

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The mean, standard error, median, mode, standard deviation, sample variance, range, minimum, maximum, sum, and count of each variable are all listed. The data suggests the WE variable has the highest mean, median, and maximum values, while the CC variable has the lowest mean, median, and maximum values. Additionally, the WE variable has the lowest standard error and sample variance, indicating that it is the most consistent of the three variables.

Table 3: Description of dependent variable (Organizational Innovation)

	SD	D	U	A	SA			
Questions	No.	No.	No.	No.	No.	Mean	S. D	C.V
	%	%	%	%	%			
X1	18	38	8	34	32	3.185	1.446	2.058
AI	13.85	29.23	6.15	26.15	24.62	3.103	1.440	2.036
X2	20	38	8	36	28	3.108	1.437	2.035
AZ	15.38	29.23	6.15	27.69	21.54	3.108	1.437	2.033
X3	22	28	12	28	40	2 277	1.516	2 262
AS	16.92	21.54	9.23	21.54	30.77	3.277	1.310	2.262
X4	14	44	22	26	24	3.015	1.317	1.707
Λ4	10.77	33.85	16.92	20.00	18.46	3.013	1.317	1.707
X5	28	38	20	26	18	2.754	1.37	1.847
AS	21.54	29.23	15.38	20.00	13.85	2.734	1.37	1.047
X6	10	22	34	32	32	3.415	1.249	1.535
Αυ	7.69	16.92	26.15	24.62	24.62	3.413	1.249	1.333
X7	10	32	36	36	16	3.123	1.153	1.308
Δ/	7.69	24.62	27.69	27.69	12.31	3.123	1.133	1.308
X8	30	38	20	26	16	2.692	1.357	1.813
Λο	23.08	29.23	15.38	20	12.31	2.092	1.337	1.013
Sum	152	278	160	244	206	3.071	1.356	1.821
Sum	14.62	26.73	15.38	23.46	19.81	3.071	1.550	1.021

Table (3) displays the results of a survey conducted on 8 questions (X1 - X8). The survey results were evaluated in terms of the percentage of respondents who answered each answer type (SD, D, U, A, SA). The mean of the survey results for each question is displayed, as well as the standard deviation and the coefficient of variation. Overall, the mean of the survey results was 3.071, indicating that respondents generally answered the questions at a mid-level. The standard deviation was 1.356 and the coefficient of variation was 1.821. This indicates that the responses were fairly consistent across the questions.

Table 4: Description of independent variable (Corporate Culture)

	SD	D	U	A	SA			
Questions	No.	No.	No.	No.	No.	Mean	S. D	C.V
	%	%	%	%	%			
X1	22	24	18	48	18	3.123	1.341	1.769

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	16.92	18.46	13.85	36.92	13.85			
X2	12	34	42	30	12	2.969	1.118	1.22
A2	9.23	26.15	32.31	23.08	9.23	2.909	1.110	1.23
Х3	20	36	32	28	14	2.846	1.24	1.515
Α	15.38	27.69	24.62	21.54	10.77	2.840	1.24	1.313
X4	20	26	30	36	18	2 046	1.292	1 611
Λ4	15.38	20.00	23.08	27.69	13.85	3.046	1.292	1.644
X5	8	44	32	38	8	2.054	1.067	1.121
AS	6.15	33.85	24.62	29.23	6.15	2.954		1.121
X6	26	32	32	28	12	2.754	1.262	1.57
Λυ	20	24.62	24.62	21.54	9.23	2.734	1.263	1.57
X7	14	34	32	36	14	3.015	1.192	1.4
Δ/	10.77	26.15	24.62	27.69	10.77	3.013	1.192	1.4
X8	10	30	40	34	16	3.123	1.139	1.277
Λο	7.69	23.08	30.77	26.15	12.31	3.123	1.139	1.2//
Sum	132	260	258	278	112	2 070	2.979 1.207	1 441
Sulli	12.69	25.00	24.81	26.73	10.77	4.919		1.441

Table (4) contains the responses of 8 individuals (X1-X8) to 8 questions. The responses are measured on a 5-point scale (SD=Strongly Disagree, D=Disagree, U=Undecided, A=Agree, and SA=Strongly Agree). The table also contains the mean, standard deviation, and coefficient of variation for each individual's responses, as well as the total responses for all 8 individuals. From this table, we can conclude that the mean response for all 8 individuals is 2.979, with a standard deviation of 1.207 and a coefficient of variation of 1.441. We can also see that the most common response overall is Agree (26.73%) and the least common is Strongly Disagree (10.77%).

Table 5: Description of independent variable (Work Ethics)

	SD	D	U	A	SA				
Questions	No.	No.	No.	No.	No.	Mean	S. D	C.V	
	%	%	%	%	%				
X1	8	14	26	36	46	3.754	1.225	1.478	
AI	6.15	10.77	20.00	27.69	35.38	3.734	1.223	1.470	
X2	10	12	16	28	64	3.954	1.304	1.675	
A2	7.69	9.23	12.31	21.54	49.23	3.934	1.304	1.0/3	
X3	6	16	30	40	38	3.677	1.161	1.326	
AS	4.62	12.31	23.08	30.77	29.23	3.077		1.320	
X4	10	8	20	34	58	3.938	1 240	1.535	
Λ4	7.69	6.15	15.38	26.15	44.62	3.936	1.248	1.333	
X5	16	22	24	50	18	3.246	1.25	1.539	
AS	12.31	16.92	18.46	38.46	13.85	3.240	1.23	1.339	
V	4	18	20	42	46	2 921	1 152	1 21	
X6	3.08	13.85	15.38	32.31	35.38	3.831	1.153	1.31	
X7	4	4	20	26	76	4.277	1.038	1.062	

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	3.08	3.08	15.38	20.00	58.46			
X8	2	8	22	36	62	4.138	1.014	1.012
Ao	1.54	6.15	16.92	27.69	47.69	4.136	1.014	1.012
Cum	60	102	178	292	408	2 952	1 174	1 267
Sum	5.77	9.81	17.12	28.08	39.23	3.852	1.174	1.367

Table (5) shows the results of a survey that was conducted. It shows the frequency of responses for 8 different questions (X1-X8). The columns represent the responses from Strongly Disagree (SD) to Strongly Agree (SA). The "Mean" column is the average response, the "S. D" column is the standard deviation, and the "C. V" column is the coefficient of variation. The Sum row shows the total responses for each column. Overall, the survey results indicate that the average response was positive, with the majority of responses falling between Disagree and Agree. The standard deviation was slightly higher than the mean, which indicates that there was some variation in responses. The coefficient of variation was relatively low, indicating that the responses were relatively consistent.

4.3. Correlation test

Pearson correlation test was used to find the relationship between variables; table (6) shows the relationship between dependent and independent variables. Also, the correlation level to significance is 0.01 (2-tailed), and based on the result shown, there is a positive correlation (r=0.521) between Organizational Innovation and Corporate Culture. Furthermore, the correlation between Organizational Innovation and Work Ethics is positive and significant due to a p. value which is less than 0.01. Therefore, the correlation between the independent variables is positive and significant. However, the value of significance supports our hypothesis.

Table 6: Correlation coefficient

Correlations				
		Organizational Innovation	Corporate Culture	Work Ethics
Organizational	Pearson Correlation	1	.521**	.425**
Innovation	Sig. (2-tailed)		.000	.000
	N	130	130	130
Corporate	Pearson Correlation	.521**	1	.311*
Culture	Sig. (2-tailed)	.000		.012
	N	130	130	130
Work Ethics	Pearson Correlation	.425**	.311*	1
	Sig. (2-tailed)	.000	.012	

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N	130	130	130
**. Correlation is significant	at the 0.01 level (2-tailed).	
*. Correlation is significant a	at the 0.05 level (2	-tailed).	

4.4. Regression analysis

Linear regression analysis has been utilized to determine the effect of the independent variables on the dependent variable. R-squared in Table (7) measures the goodness of fit (about 0.34), which means that 34% of the variation in Organizational Innovation can be explained by Corporate Culture and Work Ethics. However, 66 % of the variation in Organizational Innovation would be presented by other factors. Considering the table (8) results, Corporate Culture and Work Ethics affect Organizational Innovation with a significance level of less than (0.01). As a result, the study's hypothesis is supported by these effects.

Table 7: Regression analysis R Squared

Model Sum	mary				
Model	R	R Square	Adjusted Square	R	Std. Error
1	.590a	.348	.327		.768
a. Predictor	s: (Constant), W	ork Ethics, Corpora	ite Culture		

Table 8: Regression coefficients

Coefficie	nts ^a					
Model			Unstandardized Coefficients		t	Sig.
		В	Std. Error	Coefficients Beta		Jig.
Consta	Constant	.738	.448		1.647	.105
1	Corporate Culture	.396	.099	.430	3.981	.000
	Work Ethics	.300	.111	.292	2.702	.009

5. Limitations and future studies

The key limitation of this study is the sample size. Basing the analysis on a larger sample size might generate more precise results. Future research should focus on capturing a more comprehensive sample size from more institutions, allowing for a deeper understanding of the complex relationship between corporate culture, work ethics, and innovation. Other studies could also distinguish between academic and administrative staff working within an educational setting. Another limitation of this study is that the sample is limited to SPU employees, thus limiting the generalizability of the results. Finally, considering the limitations

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of this study, more study is needed across other private and international higher education institutions with much stricter policies and regulations.

6. Conclusion

Regarding implementing organizational innovation, companies generally focus on resources, processes, and measuring success, i.e., the easily measurable elements. Due to the difficulties organizations encounter in measuring cultural dimensions such as people's behavior, value, and attitude, corporate culture still tends to be a favorable element in developing innovative activity. It is essential to appropriately shape the pro-innovation organizational culture from the point of view of each company's competitiveness because innovation is often the element that determines the competitive position in the market. Similarly, work ethics can be a crucial determinant for measuring organizations' innovational level, especially in the higher education industry. Ethics in the workplace is essential, and no one can afford to avoid it. To conclude, the findings of this research highlight the significant influence of both corporate culture and work ethics on organizational innovation at Sulaimani Polytechnic University.

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