

Promoting innovation in the Bangladeshi RMG industry: The role of organizational error culture, innovation centers, trainings for innovation, and well-being of employees

Abstract to Dissertation submitted by Theresa Falter

Bangladesh's ready-made garment (RMG) sector employs around four million people and accounts for more than 80% of the country's total exports, making it the second-largest textile exporter worldwide. Despite this economic significance, the industry's innovation rate remains among the lowest globally, highlighting an urgent need to better understand and foster innovation. Yet, little is known about how innovation and related concepts such as error management are perceived and practiced within the RMG context. This dissertation addresses this gap by combining qualitative, quantitative, and applied approaches across four interrelated studies, aiming to describe and promote innovation and error management in the Bangladeshi RMG industry.

Study 1 explored how managers in the RMG sector understand and practice innovation and error management. Based on 13 semi-structured interviews with middle and top managers, qualitative content analysis revealed that innovation is predominantly perceived in economic and technical terms, focusing on efficiency, productivity, and cost reduction rather than creativity or employee-driven initiatives. Managers emphasized process and technical innovations, often through adopting external innovations, while strategic innovation approaches were largely missing. Regarding error culture, preventive practices dominated. Together, these insights provide a contextualized picture of how innovation and error cultures are currently conceptualized in an emerging economy context.

Study 2 supported the organizational development of the first innovation center in Bangladesh's textile industry by integrating scientific evidence and expert opinion using a Delphi approach. Across two rounds with 22 experts each, the study identified key values ("People," "Environment," and "Innovation") and strategic priorities for the center. The results emphasized the importance of targeting middle and line managers through training, consulting, and knowledge-sharing formats. While experts agreed that the success of the center should be

measured by the success of the industry, they disagreed on the need for hierarchical structures, reflecting cultural diversity in the sample.

Study 3 described the development of five training programs for the new innovation center. Two were addressed more deeply with one focussing on leadership for innovation and the other on measuring innovation at the organizational level using the software InnoKenn. Both programs aim to build capacities and create sustainable learning opportunities that foster innovation within organizations.

Study 4 examined the relationship between constructive error management culture, innovative behavior, well-being, and job satisfaction in the RMG sector using a longitudinal multilevel design. Based on data from ten factories ($N = 154$, longitudinal $n = 50$), results showed that constructive error management culture was positively associated with well-being and job satisfaction, but not with innovative behavior. Innovative managerial support related positively to innovative behavior but did not moderate the predicted relationships. Unexpectedly, error strain showed a positive association with well-being over time. Additionally, political changes between measurement points affected employees' well-being and job satisfaction levels.

Taken together, the four studies provide a comprehensive understanding of innovation and error management culture in the Bangladeshi RMG sector. They demonstrate the importance of contextualizing innovation concepts in emerging economies and integrating cultural and structural factors. Practically, the results show the importance of innovation centers, leadership training, and supportive error cultures to enhance innovation, constructive error management culture, and well-being in labor-intensive industries. The dissertation thereby contributes to bridging the gap between research on innovation and its application in developing-country contexts, advancing both theory and practice of organizational innovation and error culture.