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THE RELATIONSHIP BETWEEN HUMAN RESOURCE DEVELOPMENT,  
PERSONALITY, AND INNOVATIVE WORK BEHAVIOUR: A CASE STUDY  
OF MANUFACTURING COMPANIES IN MALACCA

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Report submitted in fulfillment of the requirements for the Bachelor Degree of  
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## DECLARATION

“I declare that this project is the result of my own research except as cited in the references. The research project has not been for any degree and is not concurrently submitted in candidature of any other degree.”

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## DEDICATION

First, I would like to dedicate the appreciation to my parents which is Queh Hong Seng and Chua Kim Gor who supported me from spiritually and financially to encourage me in study and complete the final year project. Besides, beloved supervisor and panel who guided me throughout the research, housemates and course mates that assisted me through the journey of research.

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## ABSTRACT

Human resource development and personality traits are often link to employee innovativeness. However, there are lack of research analysis the relationship of human resource development and personality toward employee performance. Hence, this study is aim to identify the relationship between human resource development, personality and innovative work behaviour. Besides, this research also aim to investigate the level of human resource development practices in organizational study; to investigate the level of innovative work behaviour in organization; to identify the relationship between human resource development and innovative work behaviour; to identify the relationship between personality and innovative work behaviour; and to identify the relationship between human resource development, personality and innovative work behaviour. This study is used quantitative method which is distributed 160 survey questionnaires to middle management in selected manufacturing companies but only 115 questionnaires return from selected manufacturing companies. Mean analysis, multiple linear regression and Pearson's correlation coefficient used analyse the collected data. The result indicates medium level of human resource practices in organization while high level of innovative work behaviour in organization. Besides, the result also indicates there is a positive and significant relationship between human resource development and innovative work behaviour. The result in this study also indicates there is a positive and significant relationship between personality and innovative work behaviour. Moreover, the result of this study also declare there is a relationship between human resource development, personality and innovative work behaviour. The findings in this research are contribute toward the implication and future research.

## ABSTRAK

Pembangunan sumber manusia dan personaliti sering dikaitkan dengan inovasi pekerja. Namun terdapat kekurangan analisis penyelidikan hubungan pembangunan sumber manusia dan personaliti ke arah prestasi pekerja. Justeru, kajian ini bertujuan untuk mengenal pasti hubungan antara pembangunan sumber manusia, personaliti dan tingkah laku kerja yang inovatif. Selain itu, kajian ini juga bertujuan untuk mengkaji tahap amalan pembangunan sumber manusia dalam kajian organisasi; untuk mengkaji tahap amalan tingkah laku kerja inovatif dalam kajian organisasi; untuk mengenal pasti hubungan antara pembangunan sumber manusia dengan tingkah laku kerja inovatif; untuk mengenal pasti hubungan antara personaliti dengan tingkah laku kerja inovatif; dan untuk mengenal pasti hubungan antara pembangunan sumber manusia, personaliti dengan tingkah laku kerja inovatif. Kajian ini menggunakan kaedah kuantitatif yang diedarkan 160 borang soal selidik kepada pengurusan pertengahan di syarikat pembuatan yang terpilih tetapi hanya 115 soal selidik diserahkan daripada syarikat pembuatan yang terpilih. Analisis min, regresi linear dan pekali korelasi Pearson digunakan menganalisis data yang dikumpul. Hasil kajian telah menunjukkan tahap sederhana amalan sumber manusia dalam organisasi manakala tahap tinggi tingkah laku kerja inovatif dalam organisasi. Selain itu, keputusan juga menunjukkan terdapat hubungan yang positif dan signifikan antara pembangunan sumber manusia dan tingkah laku kerja yang inovatif. Tambahan pula, hasil kajian ini juga menunjukkan hubungan yang positif dan signifikan antara personaliti dan tingkah laku kerja yang inovatif. Seterusnya, hasil kajian ini juga menunjukkan terdapat hubungan antara pembangunan sumber manusia, personaliti dan tingkah laku kerja yang inovatif. Hasil kajian ini memberi sumbangan terhadap implikasi dan kajian masa depan.

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**LIST OF ABBREVIATIONS**

<b>ABBREVIATION</b>	<b>MEANING</b>
HRD	Human Resource Development
IWB	Innovative Work Behaviour
H	Null Hypothesis
H	Alternative Hypothesis

## CHAPTER 1

### INTRODUCTION

#### 1.1 Introduction

This chapter discusses important aspects of the introduction for the study which includes the background, problem statement, research question, research objective, scope of study, limitation of study, importance of study, and definitions of conceptual and operational.

#### 1.2 Background of Study

Innovation is the introduction of new forms of production (processes and products) into the workplace (Palangkaraya, et. al. 2010, p3.). Employees play an important part in this process because individuals' actions are of crucial importance for continuous innovation and improvement of the organization and they help to attain organizational success (De Jong & Den Hartog, 2010). It is important to improve the quality and increase the creativities of employees. An organization that has a strategy for improving and innovation therefore needs employees that act like entrepreneurs and show innovative behaviour (De Jong & Den Hartog, 2010). Innovation at the team or organization level, individual innovation behaviour is based on an individual's engagement in generating and applying new ideas and approaches in the workplace (Chen, Wu & Chen, 2010).

According to Mondy (2010), human resource development is a major HRM function consisting not only training and development but also of career planning and development activities, organization development, and performance management and appraisal. According to Yuan and Woodman in year 2010, employee innovative work behaviour (IWB) is described as all individual actions directed at the generation, processing and application/implementation of new ideas regarding ways of doing things, including new product ideas, technologies, procedures or work processes with the goal of increasing the effectiveness and success of organizational processes. They all describe some way of an individuals' behaviour to achieve the exploration, generation, championing and application or implementation of new and useful ideas, processes, products or procedures.

Personality is uniqueness and different from each other. However, the development of personality is influence by the society or the groups belongs. Innovativeness of individual can be determined by their personality. Most of the researcher found the people who are extroversion are more innovative (Jiantreerangkool & McLean, 2015; Jawwad Ahmad et al., 2014; Klang, 2012; Sung & Choi, 2009). However, there are also some research argue that people with low level of neuroticism have high performance and innovative thinking (Klang, 2012).

Previous research involves the relationship between innovation and HR practices and the relationship between human resource development and innovative (Sheehan et al., 2013; Dorner, 2012; Janssen, 2014; Eenink, 2012). Furthermore, research regarding to relationship between personalities and innovative work behaviour are often carry out by researcher (Yesil & Sozbilir, 2013; Patterson et al., 2009; Sung & Choi, 2009; Bakx, 2007; Olakitan, 2011; Jiantreerangkool & McLean, 2015). However, it is still have uncertainty and unexplored in previous research regarding to both research.

Training and development are often associated with process of human resource development in organization. Training and development activities can continuous improvement of organization through exploration of innovation which

based in employees' innovative work behaviour. On the other hand, personality will also affect innovativeness of individual. In this study will discuss about the relationship between human resource development and personality and innovative work behaviour.

### **1.3 Problem Statement**

Manufacturing sector is one of the key drive of Malaysia economy in term of its contribution to gross domestic product (GDP), total exports, and total employment. Its contribution to the export earnings accounted for 80.5% of the total export earnings and nearly 31.4% of Malaysia's GDP in 2005 (Malaysia, 2006). In Malaysia manufacturing sector, the electrical & electronics (E&E) industry is contributing significantly to the country's exports (32.8 per cent) and employment (27.2 per cent) in 2013 and account total 40 % of export in year 2012 (MIDA, 2015; Insider Investor, 2012). According to The Star, manufacturing sector will remain the key driver of the Malaysian economy with exports of electrical and electronics (E and E) products expected to increase 5% this year.

However, there have many potential problem faced by manufacturing sector. The major problem faced by the manufacturing sector are employee's turnover rate, employee performance, employee productivity, and product defection. In year 2013, labour cost competitiveness within the manufacturing sector declined as both unit labour costs and labour costs per employee rose by 3.5% and 5.3% respectively. The growth of these factors may be due to a labour shortage, a lack of skilled workers, a poor labour mix or a high labour turnover (Productivity Report 2013/2014).

According to GEC business review survey, the manufacturing sector annual average turnover rates are Basic and Fabricated Metallic Products (23.88%) the highest, follow by Electrical and Electronics (23.04%), and Plastic / Rubber (19.92%). In contrast, industries with the highest annual average turnover rate in the nonmanufacturing sector, that are IT / Communication (75.72%), Associations /

Societies (33%), and Hotel / Restaurant (32.4%). (GEC business review, 2012) Manufacturing sector is faces major challenges in finding and retaining talent. Due to skilled workers often join other industries in search of better wages and job security (Productivity Report, 2013/2014).

Husna Zahira Nordin (2012) has conducted a research regarding to the personality type (Big Five personality dimensions) on organizational stress and turnover intention. The result showed that organizational stress in manufacturing sector is positively related to turnover intention. Hence, organizational stress is caused by high responsibility for other people, lack of job security, and high workload. Husna Zahira Nordin (2012) is indicated individual with high conscientiousness, openness to experience, and extraversion are less likely to suffer from organizational stress and turnover intention.

According to JobStreet.com, 78% claimed that they were unhappy with their current jobs and the scope of work is 34% which is the highest factors influence the unhappiness. Employees are unsatisfied with current job scope might due to there are lack of the chance for them to show their talent and express their ideas. Indeed, the GII scores for Knowledge workers, Innovation linkages, and Knowledge technology and outputs for Malaysia fell from 69.0, 44.9, and 65.0, respectively, in 2011 to 48.1, 33.8, and 35.5, respectively, in 2014 (Global innovation index, 2015).

Innovation is the variable can used to solve the problem. Active internal innovative activities have to be encouraged to fill the gap between the rapid inflow of technology and the ability and capabilities of slow response by the local player. Malaysia has to increasingly focus on both non-technological and technological innovations to further enhance Malaysia's competitiveness (Dato' Sri Mustapa Mohamed, 2012). In order to increase the nation competitiveness, innovation need to implement in the organization where the organizational competitiveness will increase. Hence, there is many research focus on organizational innovation. In fact, employee innovativeness is the key to affect the organization's innovation.

In this studies, researcher will focus on employee's innovative work behaviour in workplace. De Jong and Den Hartog (2008) have claimed innovative work behaviour as a multi-dimensional behaviour which enables employees to contribute to the process of innovation. According to Kissi et al. (2012), middle managers' innovation supporting behaviours influence innovation outcomes by helping development of a climate for innovation that influence championing behaviours among project managers. Thus, collaboration was also seen as an effective means for innovation by 75% of respondents, with 64% claiming there has been growth in their revenue as a result of such activities (The Star Online, 2014).

As the economy driven toward low labour costs, industrial technology development, research and development and innovation became increasingly critical to continued growth. Hence, the government created the institutional setting for solving collective action problems by launching several initiatives: the Malaysian Technology Development Corporation, the Human Resource Development Council, MIGHT, the Multimedia Development Corporation, and the Multimedia Super Corridor (Global innovation index, 2015). Beside, Seven, Ninth, and Teeth Malaysia Plan have provide a huge amount for Human Resource Development (HRD) activities. From those evidence shows government beliefs Human Resource Development can enhance the performance and productivity in manufacturing sector. In additional, it may also can resolve the turnover rate among the employees in manufacturing sector.

Based on the proof of previous researchers, HRD interventions can positively contribute to organisation's innovation activities (Sheehan et al., 2013; Goljia & Slivar, 2015; Eenink, 2012; Janssen, 2014). Hence, government created the institutional setting for solving collective action problems by launching several initiatives: the Malaysian Technology Development Corporation, the Human Resource Development Council, MIGHT, the Multimedia Development Corporation, and the Multimedia Super Corridor (Global innovation index, 2015). Beside, Seven, Ninth, and Teeth Malaysia Plan have provide a huge amount for Human Resource Development activities. From those evidence shows government beliefs Human Resource Development can enhance the performance and productivity in

manufacturing sector. In addition, training and development can be used as appreciation and reward for employees and indirectly through training and development can resolve the turnover rate in manufacturing sector.

Moreover, personality can affect employee innovative work behaviour. From previous research shows that personality has a positive relationship to innovative work behaviour (Yesil & Sozbilir, 2013; Binnewies & Gromer, 2012; Olakitan, 2011; Patterson et al., 2009; Sung & Choi, 2009). Through enhancing and identifying employees' personalities, the innovativeness of employees can be improved. In this study, human resource development and personality are independent variables and innovative work behaviour is a dependent variable.

#### **1.4 Research Questions**

Below are the research questions of this study:

1. What is the level of Human Resource Development practices in organizational study?
2. What is the level of Innovation in organizational study?
3. What is the relationship between human resource development and innovative work behaviour?
4. What is the relationship between personality and innovative work behaviour?
5. What is the relationship between human resource development, personality and innovative work behaviour?
- 5a. What is the relationship between training, development, extraversion, agreeableness, conscientiousness, neuroticism, openness to experience and innovative work behaviour.

## 1.5 Research Objectives

The research objectives of undergoing this study are below:

1. To investigate the level of Human Resource Development practices in organizational study.
2. To investigate the level of Innovation Work Behaviour in organizational study.
3. To identify the relationship between human resource development and innovative work behaviour.
4. To identify the relationship between personality and innovative work behaviour.
5. To identify the relationship between human resource development, personality and innovative work behaviour.
- 5a. To identify the relationship between training, development, extraversion, agreeableness, conscientiousness, neuroticism, openness to experience and innovative work behaviour.

## 1.6 Research Hypothesis

Based on the research objective and concept of human resource development, personality and innovative work behaviour, researcher is developed three hypothesis for their relationship in order to investigate the relationship between independent variable and dependent variable. The developed hypothesis as below:

Hypothesis 1: H0a: There is no significant relationship between human resource development and innovative work behaviour.

H1a: There is a significant relationship between human resource development and innovative work behaviour.

Hypothesis 2: H0b: There is no significant relationship between training and innovative work behaviour.

H1b: There is a significant relationship between training and innovative work behaviour.

Hypothesis 3: H0c: There is no significant relationship between development and innovative work behaviour.

H1c: There is a significant relationship between development and innovative work behaviour.

Hypothesis 4: H0d: There is no significant relationship between personality and innovative work behaviour.

H1d: There is a significant relationship between personality and innovative work behaviour.

Hypothesis 5: H0e: There is no significant relationship between extraversion and innovative work behaviour.

H1e: There is a significant relationship between extraversion and innovative work behaviour.

Hypothesis 6: H0f: There is no significant relationship between agreeableness and innovative work behaviour.

H1f: There is a significant relationship between agreeableness and innovative work behaviour.

Hypothesis 7: H0g: There is no significant relationship between conscientiousness and innovative work behaviour.

H1g: There is a significant relationship between conscientiousness and innovative work behaviour.

Hypothesis 8: H0h: There is no significant relationship between neuroticism and innovative work behaviour.