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THE ROLE OF COMMUNICATION TOWARD INNOVATION FOR SME IN
FOOD AND BEVERAGES INDUSTRY IN MELAKA

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“I declare this project is the resulted of my own research except the citation in the references.”

Signature :

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I dedicate this to my beloved families who educated me on and motivate me to study until this level. Besides, I also dedicate this research to the lectures and friends who give me endless support and advice throughout of research. Without their blessing and encouragement, this research is impossible to complete within limited period of time.

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ABSTRACT

Nowadays, our country has move forward to more advance for innovation. But it will useable if the workers cannot understand and catch-up the information given in place for doing innovation. The aim for this research is to investigate the role of internal communication and external communication toward innovation. In this study, the independent variables are internal communication and external communication while the dependent variable is innovation. This study will be conducted by using the descriptive studies and use quantitative research to collect the data. Besides, the researcher will collect the primary data from private service sector in SMEs Food and Beverages at Malacca. For secondary data also will collected from reading material such as journals, articles and some relevant academic books. Besides that, this study is selected cross sectional studies to gather the data at periods of time. The research consists of reliability and validity to make the research become more valuable and accurate. The researcher design is to apply self-administered questionnaires as the research instruments and the sample size of this research was designed to 56 respondents. The data is analyzed by using IBM Statistical Package for Social Sciences (SPSS) Statistics 23. The result from this research shown that, there were two positive relation between innovation which is internal communication and external communication.

Keywords: Innovation, Internal Communication, External Communication, SMEs

ABSTRAK

Pada masa kini, negara kita semakin maju ke hadapan untuk lebih maju untuk ke arah berinovasi. Tetapi ia akan dapat dilaksanakan jika para pekerja tidak dapat memahami dan mempelajari setiap maklumat yang diberikan untuk melaksanakan inovasi. Tujuan penyelidikan ini adalah untuk menyiasat peranan komunikasi dalaman dan komunikasi luaran untuk ke arah berinovasi. Dalam kajian ini, pemboleh ubah bebas adalah komunikasi dalaman dan komunikasi luaran manakala pemboleh ubah bergantung adalah inovasi. Kajian ini akan dijalankan dengan menggunakan kajian deskriptif dan menggunakan penyelidikan kuantitatif untuk mengumpulkan data. Selain itu, penyelidik akan mengumpulkan data utama dari sektor perkhidmatan swasta di IKS Makanan dan Minuman di Melaka. Untuk data sekunder juga akan dikumpulkan dari bahan bacaan seperti jurnal, artikel dan beberapa buku akademik yang berkaitan. Selain itu, kajian ini dipilih sebagai kajian rentas lintang untuk mengumpulkan data pada masa-masa tertentu. Kajian ini terdiri daripada kebolehpercayaan dan kesahihan untuk menjadikan penyelidikan menjadi lebih berharga dan tepat. Reka bentuk penyelidik adalah untuk mengaplikasikan soal selidik sendiri seperti instrumen kajian dan saiz sampel kajian ini direka untuk 56 responden. Data ini dianalisis dengan menggunakan IBM Statistical Package for Social Sciences (SPSS) Statistics 23. Hasil daripada kajian ini menunjukkan bahawa terdapat dua hubungan positif antara inovasi yang merupakan komunikasi dalaman dan komunikasi luaran.

Kata kunci: Inovasi, Komunikasi Dalaman, Komunikasi Luar, IKS

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CHAPTER 1

INTRODUCTION

1.0 Title

The role of communication toward innovation for SME in Food and Beverages Industry in Melaka

1.1 Background Study

Communication is the hyperlink between a business enterprise and its more than a few publics is crucial to organizations' major functions. It helps interactions among management, employees, customers, suppliers, financiers and authorities officials. This makes it the foundation of public relations, because without communication, public relations cannot perform its functions of establishing and sustaining a favourable relationship between organizations and their various publics (Onabajo, 2005). Innovation is frequently considered the lifeblood of the twenty first century business enterprise. However, many corporations conflict to exceptional position their human sources to innovate and force exchange inside the culture. This qualitative phenomenological study explored the lived journey of organizational innovation amongst extroverted intuitive perceiving entrepreneurs and intrapreneurs (Brianna, 2017). Business leaders increasingly realize that continuous innovation is imperative to the survival of an organization. As organizations recognize the value of innovation in establishing and maintaining a competitive advantage, human

resources departments are tasked with creating a culture of innovation. (Pasher & Ronen, 2011). The SMEs make contributions 99.2% to the overall business organizations in Malaysia and they contribute 32% to GDP, and 19 % to exports; and the enterprise has matured and performed its first-rate roles due to the fact the 1970s. The SMEs employed about 56% of the country's group of workers and the cost brought products are predicted to worth RM120 billion in the manufacturing sector in 2020 (Ghani, 2016).

Innovation is a multi-dimensional context consisting of the intention to be innovative, the infrastructure to assist innovation, the requirements behaviour to influence a market, the cost orientation, and the environment to enforce innovation (Dobni, 2008). Taking this into account, to nurture and preserve an innovation, Malaysian SMEs want to have a more participative management style. This scenario may want to be accomplished thru most effective communication and network as properly as tolerance in flexible structure, empowered employees, risk taking, learning and knowledge. As such, it is integral for the organizations to enhance the innovation so that all the employees turn out to be alert, creative and innovative in manoeuvring the organization (Škerlavaj et al., 2010).

As the communication plays essential function in innovation, the current find out about proposes that role communication that can be improved thru the innovation in the SMEs.

1.2 Problem Statement

The miscommunication occurred when the supervisor who is in direct contact with the workers is not clear about the objectives of the organization and is unfamiliar with workers' culture. (Iranmanesh, Nabiha, and Sabbah, 2012). SMEs must additionally take into consideration the practicable negative aspects which are the high threat of opportunistic behaviour amongst partners, technological risks, management challenge, loss of control, information leakage as accurate as miscommunication (Gnyawali and Park, 2009, Kossyva, 2012). Recent research

indicates that many organizational exchange initiatives fail due to shortcomings in the internal communication (Barrett, 2002; Elving, 2005; Lewis, 2000). Due to the research Beer and Nohria (2000) declare that up to 70 percent of foremost exchange projects fail. Many writers have emphasised the necessary role of communication in exchange approaches innovation (Daly et al., 2003; Elving, 2005; Ford and Ford, 1995; Kotter, 1990; Lewis and Seibold, 1998). Communication and organizational exchange are inextricably linked processes, in accordance to Lewis (1999). Europe mentioned that communication has come to be greater necessary for their organizations in a given time frame, however only 14.8 per cent of them reported increased budgets in contrast with different features (Zerfass, 2013).

1.3 Research Question

This research is to answer the following research question:

1. How does communication influences to innovation.
2. How importants is communication toward innovation.
3. What type of communication does more influences to innovation?

1.4 Research Objective

Objectives are aims by the statement of research that are need to be answered for the research questions mentioned. The following are some of the research objective for this study:

1. To study if communication does influences to innovation.
2. To investigate the importants of communication toward innovation.
3. To identify type of communication does more influences to innovation.

1.5 Scope, Limitation and Key Assumption

1.5.1 Scope

In this research, the scope of the research is focused on the role of communication such as internal communication and external communication. The researcher was targeting the respondents in organisation. This research is conducted in Malacca, Malaysia.

1.5.2 Limitation

Throughout these studies, researcher had own limitation. The researcher is lack of experience and knowledge to do the research. The researcher faced a very difficulties problem at the beginning which is choosing the suitable and quality title and collecting data.

1.5.3 Key assumption

The researcher intended to find out the role communication within the internal communication and external communication will affects the innovation.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

In this chapter, the researcher will be described about theories and theoretical framework. A literature review is an objective, thorough précis and critical analysis of the relevant reachable research and non-research literature on the subject matter being studied (Hart 2014).

2.1 Innovation

Innovation as a checked departure from standard organization standards, procedures, and hones or a departure from visit hierarchical assortments that significantly modify the way crafted by organization is done (Hamel, 1999). The intent of innovation is exactly to create a specific structure of variation, variety that is valuable novelty is first priority and takes a extraordinary deal of understanding to gain innovation on any kind, and to do so on a consistent groundwork in the face of so a lot anti-innovation momentum is an outright triumph. (Langdon M., 2007).

In phrases of knowledge, Herkema S. (2003), characterizes innovation as an understanding way with the goal of developing new understanding focused on the improvement of industrial and achievable arrangements. He furthermore expressed that innovation is the reception of a thought or development that is new to the

association. It can be another item, another supplier or another new technology. Change and innovation are interwoven, which can be radical or incremental. Innovation can be frequently supposed as the implementation of discoveries and interventions and the method through method for which new results, regardless of whether items, frameworks, or procedures, appear (Gloet and Terziovski, 2004).

According to Kazuaki Ikeda and Anthony Marshall, (2016), for successful associations adjust innovation activities to business goals, and they are never again hesitant to experiment because of the reality they consider innovation to be an essential business process, an empowering influence of aggressive vitality and as a social objective. Now in nature innovation has trade to end up being more open and progressively more occurs inside within economic ecosystems while it includes by methods for teamwork and collaboration, with the determined by utilizing science and numbers, information and knowledge.

Then again, (M. H. Morris, 2006) depicted innovation as a procedure, and when it goes well, it's moreover the results of the process, anyway he underscored that innovation is parts more prominent than just thoughts, inventions, changes, or reverse-engineered of any individual else's true ideas. Moreover, Tidd and Bessant (2009), prescribed that if the necessities of the business association are frail, at that point all the advancement on the world may also now not be adequate to keep it. The necessity of innovation is now universally accepted, but beyond their enthusiasm for vivid ideas, most leaders recognize that to be successful over the lengthy term they have to strengthen a robust innovation. The innovation comes into being when people at some stage in the organization actively interact in filling three crucial roles (Langdon M., 2007). :

- We appear for insights to strengthen into ideas, and then into value including innovations. This is what innovation's Creative Geniuses do.
- We assist innovation via assisting innovative people overcome the limitations that in any other case inevitably impede their innovation efforts. This is what Innovation Champions do.
- And we outline our firm's expectations and policies to favour innovation. This is what Innovation Leaders do.

According to Christensen et al, (2015) practitioners and scientists have managed to consistently introduce new kinds of innovation or loosely used current types to create the concept of innovation to assist of what is being studied. Based on properly acknowledged dichotomies there are four type of innovation: the sustaining and disruptive innovation dichotomy (Christensen et al., 2015), and the incremental and radical innovation dichotomy (Dewar and Dutton, 1986).

A sustaining innovation focuses on improving products and services of set up firms, additionally named incumbents (Mitchell, 1991), in the eyes of current customers. Such innovations allow incumbents to sell more products to their most worthwhile customers and do no longer necessarily have an effect on current markets, as it includes new product releases or improved services (Christensen et al., 2016). A disruptive innovation is normally focused at an emerging market. It creates a new market by means of using applying a unique set of values for users, which or later (and unexpectedly) overtakes a modern-day market (Christensen and Bower, 1995). Incremental innovations are minor enhancements or convenient modifications in current technology (Dewar and Dutton, 1986), and are those that improve price/performance improve at a cost constant with current technical trajectories (Gatignon et al., 2002). Radical innovations are these that include extraordinary technologies, contain adjustments in a company trajectory, and grant greater advantages to the customer than what was beforehand accessible in the industry (Dewar and Dutton, 1986).

2.2 Communication

The find out about of communication are likely very relevant in the establishment and improvement for the organizational relationships (Cazan, and Indreica, 2014). Palmatier, Evans, Dant, and Grewal (2006) described that communication is as the “amount, frequency, and high-quality of information shared between trade partners”. Communication as a capacity of transmitting information from the merchant about the export market. Consequently, the accomplishment of business connections over the long day and age is dependent upon the ability of each

buddy to impart effectively specified by Mohr and Nevin, (1990), in which the exchange of information will enhance the ease of the relationship and help firms to find the wants of their clients (Dwyer et al., 1987).

According Jeffrey P. (2007) has state that, employees are continuously bombarded with information about projects and initiatives that don't have an impact on them, and frequently most people don't understand the context of the firm's actions. What's crucial is a constant communication, delivered frequently through a huge variety of specific channels at some stage in the organization.

Since each and every cultural pattern and each single act of social behaviour entails communication, communication is widely studied as a capability of transmitting ideas and as section of way of life (Jandt F., 2004). In classifying communication, (Ferraro 1990) says that it can be divided into three types: "verbal (use of phrases with particular meanings), preverbal (tone of the voice), and non-verbal communication". It also has a variety of components, such as, encoding, message, and channel, receiver, decoding and receiver response in undertaking success in communication (Jandt, 2004).

Effective communication is a crucial ingredient of attempts to expand participation, impenetrable the massive possession of corporate desires and put into effect such programmes as whole high-quality management (Hargie and Tourish, 1993). Wray and Grace (2007) consider that cultural range performs an integral function in misunderstanding in exoteric communication.

This brings us to the conclusion that each way of life appears to have its very own characteristics, which lead to a variety of research and processes to communication. The understanding of the hearer is the responsibility of the speaker, who commonly takes in addition steps to make clear his message.

Usually with the word communication people understand the interplay with others on every day basis with the purpose of exchanging information. On the organizational level, communication is divided greater narrowly in external and internal communication. Internal communication is an important element for improvement of employment engagement (Welch, 2011). It can be understood as

communication between organization's strategies supervisors and internal stakeholders, in order to promote dedication to organisation with the capability of belongingness, cognizance and perception of desires (Welch, Jackson, 2007). On the other hand, external communication is the one focusing on the audiences outside the organization, contributing commonly to company's backside line (Saunders, 1999). Both internal and external communications together are being identified as corporate communication.

Slevin and Pinto (1987) lump communication with other human, technical and financial assets such as personnel, technical tasks, client acceptance, monitor and feedback and trouble shooting. According to Winter (2006), communication as a social procedure and not sincerely the instrumental technique of information delivery. The generative factor of communication emerges from the way organizational participants communicate about decisions, plans and activities and influences the entirety of the organization's reality (Fairhurst and Putnam, 2004).

Communication is one of the keys for success for professionals Purves (2005). According to Horrigan (2010), at the top of the triangle is represented organization, interacting with each employees (internal communication) and customers (external communication). Organizations are presenting the information about who they are and what is their manufacturer like. In the equal way, organization's agency is formed by means of the use of employee and customer feelings and attitudes (Kimpakorn, Tocquer, 2010). The corporate manufacturer communication goes with the flow can be represented as a triangle as in Figure 1, where there is interaction between three elements: organization, employees and customers.

Communication can be divided into two types of communication which is internal communication and external communication. Zelko and Dance stated that organizational communication is an interdependent system that really consists of internal and external communication. Internal communication is likely focuses to the organization's management and internal stakeholders stated by Welch, and Jackson, (2007). Zelko and Dance also add that internal communication is communication inside the company itself, such as communication from subordinates to superiors,