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TRANSFORMATIONAL LEADERSHIP AND INNOVATIVE WORK BEHAVIOR
FOR MELAKA HALAL HUB EMPLOYEES :
THE MEDIATING ROLE OF INTRAPRENEURIAL COMPETENCIES

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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 family and my beloved one especially for my mother Zunita binti Mohd Jamil and my father Azhar bin Tajuddin who supported me from spiritually and financially and encourage me in study and complete my final year project. In addition, to beloved supervisor and panel who guided me throughout the research, and friends that assisted me through the journey of research.

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ABSTRACT

Based on the 2014 Global Innovation Survey, only six person (6%) of innovative organizations have successfully strengthened revenue growth and operational efficiencies. This proves that innovations is the catalyst for the sustainability and competitiveness of an organisation. However, most innovation studies are conducted at the organizational level rather than at the individual level. Due to the fact that decrease in organization innovation capacity, researcher wanted to get more insight in innovation at individual level. Moreover, since innovation is a strategic pillar, it was anyway of interest to get a better understanding of innovation and the role of employees and transformational leadership in this context. As a result, this study is aim to investigate the relationship between transformational leadership and innovative work behavior and the mediating role of intrapreneurial competencies. A total of 118 employee of Melaka Halal Hub were involved as respondents through simple random sampling. Questionnaires was major research tool for data collection. The analysis method used were multiple regression analysis and soble test for hypothesis testing via Statistical Package for the Social Sciences (SPSS). The findings show that there is a significant relationship between Transformational Leadership and Innovative Work Behavior. In addition, the findings also show that Intrapreneurial Competencies mediating on the relationship between Transformational Leadership and Innovative Work Behavior. It is believed that this research paper will beneficial to the industry practitioners and academicians for future reference.

Keywords: Intrapreneurial competencies, transformational leadership, innovative work behaviour, Melaka Halal Hub Sdn Bhd (MHHSB)

ABSTRAK

Berdasarkan kajian Inovasi Global 2014, hanya enam orang (6%) organisasi inovatif telah berjaya mengukuhkan pertumbuhan hasil dan kecekapan operasi. Ini membuktikan bahawa inovasi adalah pemangkin bagi kelestarian dan daya saing sesebuah organisasi. Walau bagaimanapun, kebanyakan kajian inovasi dijalankan di peringkat organisasi dan bukannya di peringkat individu. Oleh sebab penurunan kapasiti inovasi organisasi, penyelidik ingin mendapatkan lebih banyak maklumat tentang inovasi pada peringkat individu. Lebih-lebih lagi, sejak inovasi adalah tonggak strategik, ia juga menjadi minat untuk mendapatkan pemahaman yang lebih baik mengenai inovasi dan peranan pekerja dan kepimpinan transformasi dalam konteks ini. Hasilnya, kajian ini bertujuan untuk mengkaji hubungan antara kepimpinan transformasi dan kerja inovatif serta peranan mediasi kecekapan intrapreneurial. Sebanyak 118 pekerja Hab Halal Melaka terlibat sebagai responden melalui persampelan rawak mudah. Soal selidik adalah alat penyelidikan utama untuk pengumpulan data. Kaedah analisis yang digunakan adalah analisis regresi berganda dan ujian soble untuk ujian hipotesis melalui Pakej Statistik untuk Sains Sosial (SPSS). Hasil kajian menunjukkan bahawa terdapat hubungan yang signifikan antara Kepimpinan Transformasi dan Perilaku Kerja Inovatif. Di samping itu, penemuan juga menunjukkan bahawa Kecekapan Intrapreneurial mengantara hubungan antara Kepimpinan Transformasi dan Perilaku Kerja Inovatif. Adalah dipercayai bahawa kertas penyelidikan ini akan memberi manfaat kepada pengamal industri dan ahli akademik untuk rujukan masa depan.

Kata kunci: *Kompetensi intrapreneur, kepimpinan transformasi, tingkah laku inovatif, Melaka Halal Hub Sdn Bhd (MHHSB)*

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LIST OF ABBREVIATIONS

IC	Intrapreneurial Competencies
IWB	Innovative Work Behaviour
TL	Transformational Leadership
SPSS	Statistical Package for Social Science
UTeM	Technical University of Malaysia Melaka

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CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter proposes a research that identify the relationship between transformational leadership and innovative work behavior with intrapreneurial skills as mediating role. The purpose of this study is to analyze the activities of transformational leadership in fostering innovative workplace behavior. In addition, the researcher provides the introduction of this project, consisting of several sections in this chapter. The first section will cover the background and view of the research project. In addition, the following section covering the problem statement, research questions, research goal, scope, limitations, meaning of this study as well as conceptual and operational definition.

1.2 Background of the study

Innovation is generally critical for companies and countries. Innovation is the main driver of growth, profitability and competitiveness companies over the long term. Innovation is also the main driver of economic and social development in countries. What is important is that policymakers need to learn much more about global ecosystems of innovation that are large and small businesses are building. In their strategic sectors, in order to be able to

design this knowledge to support innovation-related programs and processes (Fransman and POLICY RAPORT 2014).

According to Hilmi et al., (2012), innovation is being emphasized for Malaysians in respond to the global competition and pressures from the environment. Malaysians were urged to be innovative and creative in conjunction with Challenge Six of Vision 2020, which refers to innovation as a mean to move forward (Khar Kheng, June & Mahmood, 2013). Individual innovative behavior contributes to high performance organization (Carmeli, Meitar &, 2006; Shih & Susanto, 2011). As a result, innovation has been identified as the important factor driving Malaysia into becoming an advanced and high income nation.

Technology and innovation are the drivers of the growth and competitiveness of SMEs in the knowledge era. In order to sustain in global competitiveness, SMEs sector must moving forward for the development and organizational success. The government of Malaysia has recognized important for small and medium-sized enterprises sector that catalyzes investment in the country (Halim, Ahmad et al. 2015). In a competitive international market, the ability of SMEs to maintain high levels of innovative performance is crucial. In addition, SMEs are the forefront of the debate on economic policy, which can be one of the sustainability engines (Halim, Ahmad et al. 2015).

Thus, based on observations, Malaysia's government has recognized SMEs as an crucial sector that catalyzes the country's growth. The SME sector has also taken into account Malaysia to be a developing country by 2020 (Halim, Ahmad et al. 2015). This can be proved by Statistics Department, last year (2017) where SMEs contributed RM435.1 billion to Malaysia's economy with a 7.2 percent growth in real gross domestic product compared to 5.2 percent in 2016. As a result, the contribution of SMEs to Malaysia's GDP rose from 36.6% in 2018 to 37.1% last year. Citing data from the Department of Statistics, SME Corp Malaysia said that the higher growth in SME GDP was reflected. This findings therefore shows how Malaysia SMEs play a key role in sustaining the economic movement of the nation towards a developed country status by 2020.

The total number of SMEs in Malaysia according to the Statistics Department, Malaysia is 645,135. While the total SMEs in Melaka is 21,675 which is 3.4% compared to other state as the reference year 2010 (Dosm.gov.my, 2018). In this study, researcher will conducted the research in Small Medium Enterprise in Melaka which is focusing in Melaka Halal Hub. The Melaka Halal Hub Sdn Bhd (MHHSB) was established in 2006 and wholly owned by the Malacca State Development Corporation (PKNM). The company is established to support the growth of Small Medium Enterprises (SMEs) in Melaka as a whole and to improve local community's living standards.

The selection of the company is because of Melaka Halal Hub Sdn Bhd (MHHSB) is the first halal industry center and a leading Halal Hub in Malaysia where MHH entrepreneurs are operating halal products. This is consistent with the vision of the government to respond to the challenges of the 10th Malaysia Plan (10MP), in which the government welcomes the involvement of all sectors, particularly Bumiputeras in Malaysia's development of the halal industry. Moreover, the state of Melaka is Malaysia's leading Halal Hub. The study is expected to explain in depth the importance of innovative work behavior by making transformational leadership a factor in the innovative work behavior among workers with the intrapreneurial competencies as mediating factor.

In a nutshell, in overcoming the challenges that take place in the contemporary rapidly evolving environment, innovation is a fundamental solution. Employee highly influence the innovation performance of organizations due to their intimate relation in the innovation process. To this end, transformative leadership is responsible for creating staff with innovative skills and employee innovative work behavior. In addition, this research includes the mediating variable that is intrapreneurial competencies where it can be linked to transformative leadership and innovative work behavior that is a catalyst for individual learning and organizational learning where organizational development is subsequently influenced.

1.3 Problem Statement

Melaka Halal Hub Sdn Bhd (MHHSB) is Halal Industry in Malaysia since 2006. Melaka Halal Hub obtained Halal Park Designation (HALMAS) status under Halal Development Corporation (HDC) together with 21 Halal Parks available in each country throughout Malaysia. HALMAS is an accreditation granted to Halal Park operators who have successfully fulfilled the Halal Park Development requirements and guidelines set out in the HDC. It is also a mark of excellence for parks with notable qualities, namely Halal products manufacturing with the highest quality, integrity and safety.

In keeping with the vision of the company of being a leading player of competitive, sustainable, dynamic and credible global halal level by 2030, Melaka Halal Hub Sdn Bhd become more advanced where it be the first halal industry center in Malaysia where MHH entrepreneurs are operating halal products. As for now, there are 77 entrepreneurs are under the MHHSB. Among the entrepreneurs products that are developed under halal hub industry are food, health products, beverage products and pharmaceuticals.

To ensure the sustainability of the industry, the application of innovation functions is a major and critical aspect to be addressed. The importance of innovation has been proven by a lot of study. Workplace innovation and creativity is critical to determining organizational performance, long-term survival and success, according to N Anderson et al. (2014). However, novelty and creativity complicated, multi-level and emerging phenomena where spread over time and require skilled leadership to enhance the benefits of new and improved working methods (Anderson, 2014).

Thus, in line with the innovation Melaka Halal Hub confronting this challenge by conducting guidance and tutoring the entrepreneurs that under supervision by MHHSB. MHHSB act as anchor and provide guidance in Islamic Manufacturing Practice (IMP) as well as marketing and employment opportunities to entrepreneurs who will be responsible for halal product production. Additionally, Melaka Halal Hub also helps and guides entrepreneurs to increase productivity to be more competitive nationally and internationally.