

INNOVATIVE BEHAVIOR AMONG EMPLOYEES IN A MANUFACTURING
COMPANY

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UNIVERSITI TEKNIKAL MALAYSIA MELAKA



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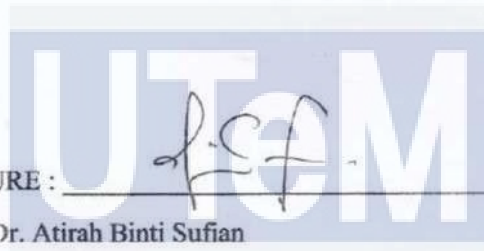
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APPROVAL

I/ We hereby declare that I/ We have read and go through this dissertation/ report/ thesis and certify that, this dissertation/ report/ thesis is satisfactory in the sense of scope and quality as a partial fulfilment of the requirement for the award of Bachelor's Degree of Technology Management (Technology Innovation) with Honours



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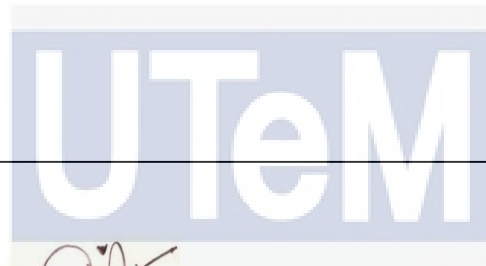
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DECLARATION

I hereby declared that this thesis entitled

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is the result of my own research except as cited in the references. The thesis has not been accepted for any degree and is not concurrently submitted in the candidature of any other degree.



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DEDICATION

This research paper is wholeheartedly dedicated
to dear parents

which is my main source of motivation.

They always give us strength when we think of giving up, which continues to
provide their moral, spiritual, emotional, and financial support.

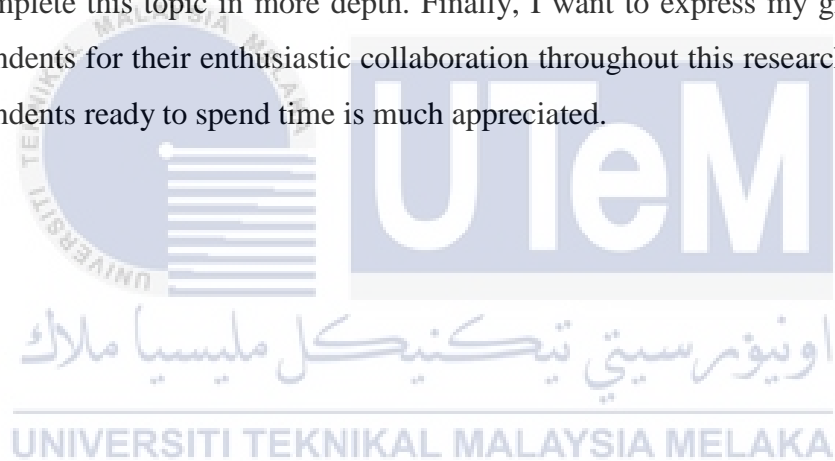
To supervisors, family and friends who shared words of advice, encouragement, and
support to complete this research project.

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Abstract

Innovation is considered the lever for growth and prosperity in business and the solution to a range of organizational problems, especially when the Covid-19 pandemic is still spreading. Many companies have dissolved because of being unable to achieve sustainable growth in industrial revolutions. The purpose of this study was to investigate the impact of Empowerment Leadership (EL), Workplace Happiness (WPH), and Work Satisfaction (WS) on employees' innovative behavior in the Vietnam context. The research was conducted on 455 employees in different enterprises throughout Vietnam showed that Empowerment Leadership and Work Satisfaction positively affect innovative behaviour. Using principal component analysis (PCA), this study aims to holistically investigate the organizational elements influencing employee innovation and condense the dimensionalities for a better focus on organizational development. The limitations of this research were explored, and suggestions for further research are given. Innovation is considered the lever for growth and prosperity in business and the solution to a range of organizational problems, especially when the Covid-19 pandemic is still spreading. Organizations with effective human resource (HR) strategies lead the way in fostering employee creativity. Even though there is significant literature on controlling innovation culture, some organizations continue to be a barrier to people's growth and innovation at work.

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CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter will explain the background of the study. A specific problem and research question were created based on research objectives that have been clearly defined in this chapter. Efficiency in employee innovative behavior is affected by many different factors. The main focus of the study and the contribution of this research will also be discussed. The latest results will demonstrate that expertise and experience have a substantial impact on employee innovative behavior.

1.1 Background of Study

In manufacturing firms that those who seek to lay the groundwork for long-term success are always evolving. In this context, innovation belongs to a new, technologically feasible commodity or procedure that incurs an economic burden (Bertola & Teunissen, 2018). Furthermore, Slitten (2014) stated that all innovation activities may be traced back to employee behavior. Employee innovation at work might take the form of little tweaks or completely original concepts (Axtell et al., 2000). The former are significantly more common and affect staff members from all departments, while the latter are quite uncommon. In light of this, many modern management tenets, such as kaizen, continuous improvement, and suggestion programmes, depend heavily on creative work behaviour (De Jong & Den Hartog, 2007; Dörner, 2012). The skill and desire to innovate on an individual level is a need for workers to demonstrate creative behaviour. Knowledge, skills, as well as personality traits like openness and creativity, are required for this (Del Giudice & Maggioni, 2014; Lawson & Samson, 2001; Parzefall et al., 2008).

The research has examined a range of contextual performance indicators as significant promoters of employee innovative behaviour. These contextual factors may be categorised into four groups based on earlier research: leadership, job, group and network, and organisational level impacts (Axtell et al., 2000; Parzefall et al., 2008). Innovation conduct is considered as an individual's actions aimed toward the emergence, introduction, and implementation of innovative ideas that benefit the business on all levels (Kleysen & Street, 2001). Innovative behavior is defined as employees' aim to generate, introduce, and use new ideas in groups or organizations to improve group and organizational productivity (Yuan & Woodman, 2010). As a result, there seems to be an emphasis placed on employee innovation, which is widely known as a critical aspect of technology acceptance given that we are in the midst of a fundamental upheaval in our lives and ways of working. Innovative conduct necessitates a focus on both idea production and concept execution, as well as the creation of favourable environments and situations for both. It might be stated that individualized consideration is a possible factor that fosters idea production and adoption, then what other circumstances are required?

The prevailing belief is that workers' creative behaviours are always advantageous to improving things and are seen being an important source of an organization's competitive advantage (Anderson et al., 2014; Shin et al., 2017). Consequently, a competing perspective claims that, despite the intention for innovative behaviour to improve performance, innovative activities may take up and use the attention and resources needed for in-role job performance because of the closer relationship between both innovative behaviour and in-role job performance. (Harari et al., 2016).

The COVID-19 epidemic in Malaysia had an impact on the entire world. GDP performance for 2020 declined by 5.6 percent, compared to an increase of 4.3 percent in 2019. (DOSM, 2020). For the fifth year in a row, growth in the services sector was negative, falling by 5.5 percent (6.1 percent) (3.8 percent). The new notion of a decline in the industrial sector has brought about Industry 4.0, which indicates a key feature of personnel developing technological expertise. Several analysts see these changes as ushering in a new period of progress, transformation, and opportunity. Manufacturing companies compel nations and governments to re-evaluate their approach to manufacturing and

its economic impact. The world's nations are dedicating an increasing amount of money to developing advanced manufacturing capacity by putting a strong emphasis on cutting-edge technological infrastructure and high-quality education. These things are accomplished by making it easier for manufacturing firms to embrace cutting-edge technology, allowing them to stay ahead of the competition, and increasing their financial security.

1.2 Problem Statement

In this era, companies must change their strategy by applying new practices to survive and get operate efficiently. As we can see that innovation is the main component of economic development because it is a necessary and powerful tool needed to have in their business. Employee behavior has shown that they just doing their jobs with a lack of potential drivers on innovative behavior.

Firstly, changes in the source of competitive advantage. Organizational innovation is a driving force that enables businesses to thrive in a constantly shifting world (Dedahanov, Rhee, & Yoon, 2017). Also, the source of competitive advantage can be changed due to products that are created and implemented to increase customer value (Eidizadeh, Salehzadeh, & Esfahani, 2017). Thus, a firm's ability to satisfy customers' current and future demands establishes its competitive edge, and it is the company's understanding and satisfaction of customers' growing wants that fosters and justifies its continuous connection with customers. Businesses need to gain the trust of their consumers in order to develop a long-term connection (Crosby et al., 1990). Competitors quickly mimic a company's competitiveness in the global marketplace (Dickson, 1992; Ghemawat, 1986). This arises as a problem that is especially relevant since they are unable to patent their ideas, they provide services to organisations. (Kandampully, 1993).

Furthermore, lack of innovation and creativity. While innovativeness can be thought of as a collection of discriminatory activities, there is a lack of consensus on a consistent and unambiguous definition of innovative behavior. In fact, the literature uses a wide variety of languages, usually combining ingenuity and invention (Patterson & Kerrin, 2016). Similar to what this research suggests, Hammond et al. (2011) divided creative work behaviour into two categories: creativity-oriented behaviour that emphasises the development of fresh ideas, and idea implementation within the workplace. The authors identified four key areas for creativity as being individual variations, motivation, work characteristics, and environmental influences.

Although personality and inventiveness may not be directly correlated, they may interact. Besides that, the working atmosphere. Numerous studies also look at how personal traits and environmental factors combine to influence creative work behaviour (Hammond et al., 2011; Newman et al., 2018; Oldham & Cummings, 1996). Environmental factors can include psychological climate (Schermuly et al., 2013), job stress (Bani-Melhem et al., 2018) and job demand (Janssen, 2000), perceived coworker support (Bani-Melhem et al., 2018), organizational structure (Dedahanov et al., 2017) and job design (Dorenbosch et al., 2005). It represents the individual's opinion of if the organization provides an appropriate learning environment and creativity, as well as the degree to which it does so. And it is the system's mirror of the individual and the environment that determines the level of innovation of the individual and the organization (Tao Yongmei, 2012).

From the start exploration's lack of innovation can be influenced by the leadership style of the company. This is where employees get less guidance from the company and they did not play a good role for others. This will occur consequences for employees where they are uncertain associated with proposing new ideas and solutions. It shows that management more to mind their own business without knowing what employees do. The interaction with employees might give a positive relationship that builds the inspiration for them to generate the idea. Innovative idea generation is frequently a lonely or isolated process, whereas concept implementation is a social process that involves the help and encouragement of others. With these ideas, the company can get to achieve improvements that will enhance business performance and

target. It is complicated to understand how well an employee brings to the innovation journey since innovative behavior is not divided into two different phases (concept generation and idea implementation). In this study, people who describe themselves as creative are more likely to be able to immerse themselves in a creative process and generate new, original ideas that can be used by an organization. It is unclear how creative personality affects concept execution, which would be a novel addition to this study.

1.3 Research Objective

This study aims at addressing the innovative behavior among employees in a manufacturing company. Three objectives were set up for achieving a goal and to better define which are:

- 1.3.1 To identify what are the factors impacting innovative behavior among employees in a manufacturing.
- 1.3.2 To study what is the most significant factors affecting innovative behavior among employees in a manufacturing.

1.4 Research Questions

To get the right data required to achieve the goals, research questions are posed. The purpose of this research was to determine innovative behavior among employees in a manufacturing company. The proposed questions to be answered are as follows:

- 1.4.1 What are the factors impacting innovative behavior among employees in a manufacturing?
- 1.4.2 What is the most significant factors affecting innovative behavior among employees in a manufacturing?

1.5 Scope of Study

This research is to study the innovative behavior among employees in a manufacturing company. The next goal of this research is to determine how employee innovation and leadership empowerment are related. Furthermore, the researcher states the information about innovative behavior, empowerment leadership, workplace happiness, and work satisfaction. These elements, according to researchers, strongly correlate with the inventive behaviour of industrial personnel.

1.6 Limitation of Study

In every scientific test, limitations were effects over which the researchers had no control. Limitations were flaws, situations, or influences outside the researcher's control that imposed restrictions on the research process and findings (Baltimore Country Public School, 2014). Because of the limitation, the researcher is unable to get as much information from the respondent, and analyzing innovative behavior among employees in a manufacturing company is difficult. The researcher also needs to identify innovative behavior among employees to become a respondent for this research which that the limitation of this research.

1.7 Significance of Study

The most important for this research is to determine innovative behavior among employees in a manufacturing company. The result of this research can be used by other companies or businesses where it can help companies to improve their behavior that can drive efficiency. By doing this research, companies able to identify the innovative behavior among employees in a manufacturing company. Companies need to know the innovative behavior of their employees. It can help companies to always be innovative to increase productivity.

1.8 Summary

This chapter will begin with the introduction and the background of the study also followed by the problem statement, research objective, and research question which is the main content. Following that, it talks about the study's parameters and its restrictions. It concluded with an important study that clarifies the significance of this research.

Since this study is aimed to indicate empowering leadership, workplace happiness, and work satisfaction behavior chapter 2 will be elaborated on literature review.



CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

Writing that exhibits knowledge and comprehension of the academic literature on a particular topic in context is known as a literature review. Since a literature review also provides a critical assessment of the material, it is regarded as a review rather than a report. Also, in these reviews, we will include the content which is a synopsis or the critic their evaluation. With the literature review, we will have the research topic which can help to refine the frame research questions.

2.1 Innovative Behaviour

Ireland et al. (2011), the purpose of constructing a commercial product by innovation or intellectual expression, product development, or the development of a new method. The evolution of innovation performance occurs in a context with current innovation structures inside an organization, and the innovation potential develops through intensification of experience and ability flows just at the network level within an organization. This demonstrates that innovation is just a consequence of entrepreneurship created by a business organization, a public service organization (government), or individuals/groups. Furthermore, Carmeli, Meitar, and Weisberg as cited by Barrand et al. (2012) define the complexity of an organization implementation as three phases: one that recognizes an issue and aims for solutions and new concepts or accepted ideas, one that attempts to discover solutions and ideas, starts to develop legitimacy and wants support from within or outside the organization, and one that develops a design or model to be tested.

Based on innovative work behaviour, West and Farr (1990, p. 9) said that the deliberate development and deployment of new concepts, methods, products, or techniques within such a role, group, or company, only intends to greatly benefit the person, group, organization, or wider community. Here, Innovative behaviour is characterised by multi-step procedure where a person

detects a problem, discovers new (original or accepted) approaches to address it, works to improve and garner support for them, and builds an appropriate design or model for their usage benefit of the organisation or portions of it. Weisberg, Carmeli, and Meitar (2006, p. 78).

2.2 Empowering Leadership

The empowering leader is a promising method for leaders looking to encourage good employees' attitudes such as cynicism and time theft (Huy 2002; Oreg & Berson 2011) enabling leaders to delegate judgment responsibility to their employees. They also demonstrate trust in employees' skills to accomplish their duties independently (Spreitzer 1995). Empowerment is not the same thing. A leader who tries to inspire their team nevertheless considers the big picture. They continue to try to divide the larger challenge into smaller manageable chores. But, when they assign these jobs to employees, they do not just offer them orders that must be obeyed without inquiry. Instead, they describe their goals and show the public the big picture. They explain the key goal to the same teammates so that they know what they are working toward right away.

The empowerment leader will allow expressing themselves in a variety of ways while adhering to conventional procedures, removing the fear of failure inside the role as part of the repercussions of enforced jobs to foster creativity by building team morale. Empowerment leadership is a broad notion that deals with the process of working cooperatively with employees and improving the sense of independence and commitment to followers through such a specific subset of leadership behaviour that includes increasing the quality of work life.

2.3 Workplace Happiness

Gyekye and Haybotallahi (2015) think that workplace happiness can shape the social, operational, and psychological components of organizational processes. According to Fisher (2010), the direct employee's ability to deal with his or her employer is always the source of work engagement. As a result, this psychological construct influences employee behaviour and positive attitudes towards the work environment, co-workers, and employers. Erdogan et al. (2012) confirm that employee contentment with their leadership, work environment, job requirements, job definition, and career advancement can bring to workplace happiness. The authors propose that workplace happiness and also its attitudinal characteristics (job involvement, career satisfaction, and emotional organizational commitment) may improve employee belonging to the institution via the moderating mechanism of properly managing variation within the organization.

2.4 Work Satisfaction

When you are doing your duties or being productive at work, you experience the pleasurable intense response known as "work satisfaction." Job satisfaction surveys are becoming a common practice in most workplaces as leading companies try to quantify this feeling. In the research on psychological work satisfaction, fulfilment has been noted as both an outcome of organisational circumstances and a propensity affected by individual characteristics (Podsakoff et al., 1996). (Judge et al., 2000). Psychologists have spent a lot of attention on this issue, while other sociologically oriented researchers have given it relatively little consideration.

The majority of job satisfaction research depends on organizational conditions. Personal sources have grown in popularity in recent years. According to study, age as well as individual characteristics like negative affectivity and locus of control, as well as psychological traits, seem to influence job performance. According to surveys, older people have a higher level of work satisfaction than younger workers. When this relates to Human Resources Policies and procedures, the job happiness concept, in general, can aid in building a framework for agency work satisfaction.

2.5 Conceptual Research Framework

Theory of Planned Behaviour (TPB) is the most appropriate theory for predicting and explaining social actions (Xiao, 2008) and it can define a person's intention and direction and recognize what behaviours exist (Ajzen, 1991). It will be affected by attitude and subjective norms. These statements are supported by a lot of articles or research on consumer behaviour (Ryan, 1982; Sheppard et al., 1988). This theory is focused on empowering leadership, workplace happiness, and work satisfaction that use to identify the determinants of employee's innovative behaviour.

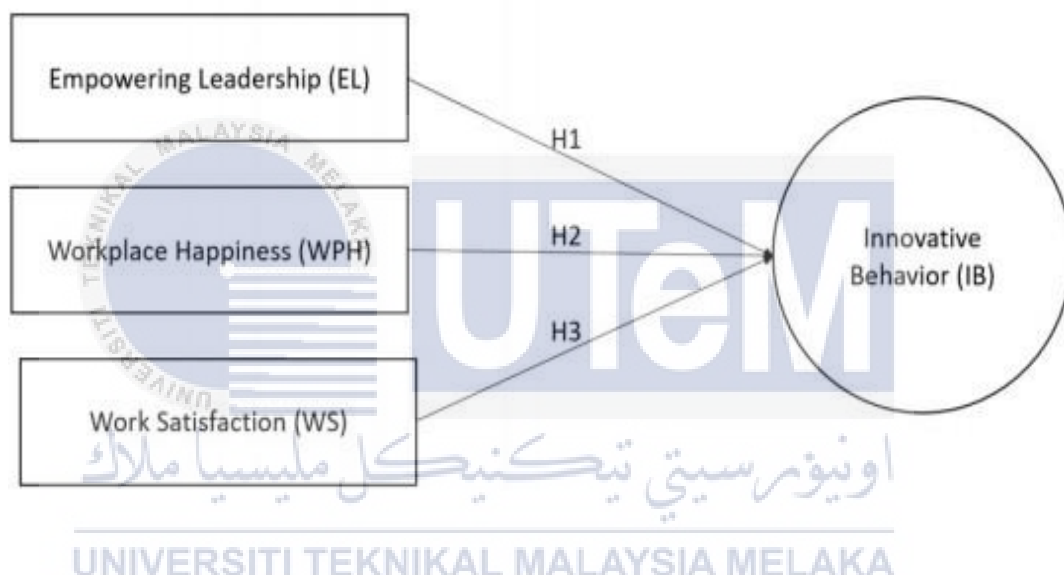


Figure 2.1: Theoretical Framework of Innovative Behavior Among Employees In A Manufacturing Company

2.6 Hypothesis Development

From conceptual framework, hypothesis can be constructed. Besides that, below are the hypothesis for this research:

Ho: There is no significant relationship between empowering leadership and innovative behavior among employees in a manufacturing company.

H1: There is a significantly positive relationship between empowering leadership and innovative behavior among employees in a manufacturing company.

Ho: There is no significant relationship between workplace happiness and innovative behavior among employees in a manufacturing company.

H1: There is a significantly positive relationship between workplace happiness and innovative behavior among employees in a manufacturing company.

Ho: There is no significant relationship between work satisfaction and innovative behavior among employees in a manufacturing company.

H1: There is a significantly positive relationship between work satisfaction and innovative behavior among employees in a manufacturing company.

2.7 Summary

The author of this chapter finds the related topics and explains briefly the meaning of innovative behavior, empowering leadership, workplace happiness, and follow by work satisfaction. Furthermore, all the studies used in this chapter have provided better insights and understanding of employee innovative behavior by giving this study a clearer direction. The methods used in this study will be discussed in chapter 3.

CHAPTER 3

RESEARCH METHODOLOGY

3.0 Introduction

This chapter looks at the many research methodologies and approaches that information systems specialists use. The study's research technique and methodologies are acknowledged and explored. An overview of the research is given at the beginning of the chapter. The use of research methodologies and research procedures in information systems is next covered. There appears to be a lot of effort being made to distinguish between research technique and methodology. This analysis revealed that many researchers were indiscriminately using the phrases "research technique" and "research methods." Because of this, the sections on research methodology and research procedures have each been addressed separately.

In this chapter, Bowling (2002) states that methodology is the whole framework of the research project, including methodologies for sample size and composition, data collection procedures, and data analysis procedures. Methodology, according to Polit and Beck (2004), relates to techniques for gathering, organising, and evaluating data. According to Creswell (2003), methodology is a logical collection of techniques that work well together and can be used to produce data and conclusions that support the research question and the goals of the researcher.

3.1 Research Design

A plan for performing a study with the greatest amount of control over variables that can undermine the validity of the results is known as a research design. The purpose of this research is to identify innovative behavior among employees in manufacturing companies. A quantitative explorative research design will be utilized to identify, analyze, and characterize elements connected to the overarching goal of this study. For the purpose of this research, a questionnaire survey will be used to gather data from respondents who can answer the question.