

MANAGEMENT INNOVATION ACROSS MANUFACTURING INDUSTRIES



UNIVERSITI TEKNIKAL MALAYSIA MELAKA

SUPERVISOR AND PANEL DECLARATION/APPROVAL

“I hereby declared that I had read this thesis and this thesis are adequate in terms of scope and quality which fulfil the requirement for the award of Bachelor of Technology Management with Honors(Technology Innovation).”


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**MANAGEMENT INNOVATION ACROSS MANUFACTURING
INDUSTRIES**

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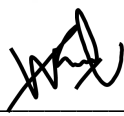
FACULTY OF TECHNOLOGY MANAGEMENT AND TECHNOPRENEURSHIP
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JUNE 2022

DECLARATION OF ORIGINAL WORKS

“I admit that this is my own work except for summary of except of
which I had mentioned the source.”



Signature: 

Name : WIDATUL NAZIRAH BINTI ZAINI

Date : 01/02/2023

DEDICATION

Every challenging job requires self-effort and guidance as well as strength from Allah as well as parents. My humble efforts I dedicate to Allah, respected lecturers, especially to my supervisor Mr Mukhiffun bin Mukapit and panel Ts. Dr. Mohd Fazli bin Mohd Sam, parents, siblings, friends, and seniors who provided guidance, strength, and skills to the researcher in completing this thesis.



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Abstract

Innovation management is important in a company where it needs someone skilled in innovation to control its movement. This research was conducted to investigate the relationship between management innovation across the manufacturing industry with knowledge, innovation strategy, diversity, employees and customers. This study will be done in Negeri Sembilan. The objective of this study is to evaluate the impact of knowledge with management innovation across manufacturing industries, analyze the significant relationship between innovation strategy with management innovation across manufacturing industries, to identify the impact of diversity with management innovation across manufacturing industries, to determine employee impact with management innovation across industries manufacturing and to validate the customer relationship with management innovation across the manufacturing industry. This study can be used as a platform to know the innovation management required in a company.



Abstrak

Pengurusan inovasi adalah penting dalam sesebuah syarikat di mana ia memerlukan seseorang yang mahir dalam inovasi untuk mengawal pergerakannya. Penyelidikan ini dijalankan untuk menyiasat hubungan antara inovasi pengurusan merentas industri pembuatan dengan pengetahuan, strategi inovasi, kepelbagaian, pekerja dan pelanggan. Kajian ini akan dilakukan di Negeri Sembilan. Objektif kajian ini adalah untuk menilai kesan pengetahuan dengan inovasi pengurusan merentas industri pembuatan, menganalisis hubungan signifikan antara strategi inovasi dengan inovasi pengurusan merentas industri pembuatan, untuk mengenal pasti kesan kepelbagaian dengan inovasi pengurusan merentas industri pembuatan, untuk menentukan kesan pekerja dengan inovasi pengurusan merentas industri pembuatan dan untuk mengesahkan hubungan pelanggan dengan inovasi pengurusan merentas industri pembuatan. Kajian ini boleh digunakan sebagai platform untuk mengetahui pengurusan inovasi yang diperlukan dalam sesebuah syarikat.

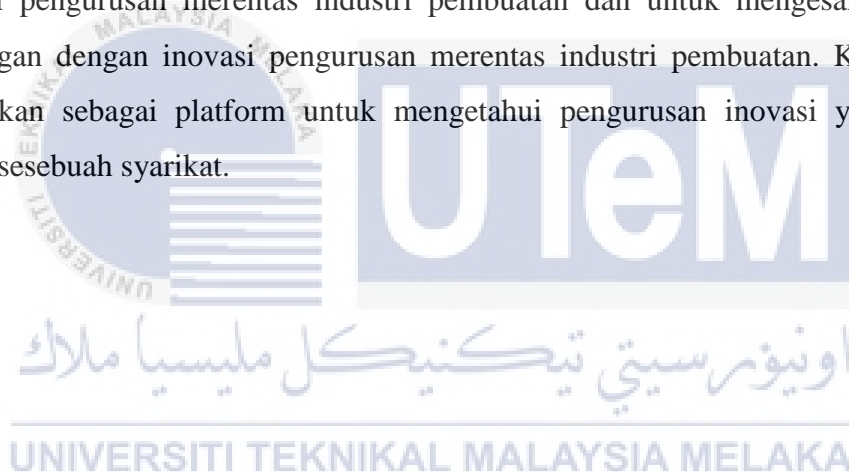


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MANAGEMENT INNOVATION ACROSS MANUFACTURING INDUSTRIES

CHAPTER ONE

INTRODUCTION

1.0 INTRODUCTION

This chapter will discuss about management innovation across manufacturing industries. Researcher also discuss about problem statement, research question, and research objective. Finally, the scope of project will discuss detail in this chapter.

1.1 BACKGROUND OF STUDY

For a well-ordered existence and for running any form of management, proper management is needed. An organization's ability to achieve success is directly related to the quality of its management. Organizational management consists of getting things done with and through the help of others in order to accomplish the organization's goals.

Definition management is a process for solving problems that helps organisations reach their goals by making the best use of limited resources in a changing environment (Kreitner's). Working with the organization's human, financial, and physical resources to reach its goals by planning, organising, leading, and controlling (Megginson, Mosley, and Pietri).

Innovation means making something new or finding a new way to get something of value. The key word is "value," which shows how innovation is different from invention. The definition is simple, easy to remember, and covers innovation in all parts of the value chain (Victor Fernandes, Natura). An innovation is a new product or service

that meets a customer's unmet demand. In an ideal world, the new product or service will create a whole new market (Jonathan Rowe, Gene Express Inc).

1.2 PROBLEM STATEMENT

In contrast to 'invention,' which does not always need commercialization, innovation may be described as the application of new ideas to products, processes of commercialization, or the extraction of value from ideas. That's why innovation need knowledge to create it or need new ideas to make something new. According to (Owen-Smith & Powel, 2004), when it comes to organisational performance and innovation, external sources of knowledge have grown increasingly important throughout the years. Lack of knowledge in innovation will effected to organization. High need for expertise in providing the service. There are two unique problems that businesses encounter when trying to uncover the unclear knowledge of developing and using for innovative purposes. Both stem from the fact that these services are intangible, relational, and continual. (Greenwood et al., 1990; Morris and Empson, 1998; Yakura, 2001). (Itami, 1987), New services must structure everything to collect the required information that is found in 'everyday operations,' or in the practise.

Missing an innovation strategy. The creation of a clear innovation strategy is essential for every company undertaking new initiatives. The direction of innovation and the practical implementation of innovation are both guided by an innovation strategy. Any attempt at innovating without one runs the danger of failing. Despite the fact that all breakthroughs should be strategically oriented, service innovation is particularly entangled with strategy. The pressures of the market and competition are compelling many service providers to give a "full solution" or a more complicated, end to end, package of services (Brock et al., 1999; Meyer and DeTore, 2001). According to Dankbaar (2003), because enabling each customer experience to be unique leads merely to diversity, rather than innovation, service innovation focuses on providing order from a strategic perspective. Services must be distributed systematically across customers to

insure quality, keep costs down and absorb new information from individual applications so that offers may be constantly developed in the face of fierce competition (Lowendahl, 2000). A corporation that employs a cooperative strategy can reap the benefits of both competition and collaboration. New product combinations are introduced as a result of competition enhance products, services, and so on through innovating. Because of this, it is an important aspect in the success of businesses. Additionally, cooperation helps companies to enhance their position in the market and their results in comparison to competitors (Gnyawali and Park,2011).

Differences between members of a team are measured in terms of diversity (van Knippenberget al.,2004). According to (Bunderson andSutcliffe,2002;Harrisonet al.,2002;Milliken and Martins,1996), surface-level, deep-level, and functional-level diversity are the three most common forms of diversity. By putting together diverse teams and hiring for creativity, a business may have access to a variety of new ideas that come from many various points of view. In an urban setting, the impacts of variety and creativity will be magnified (Berliant and Fujita 2009).

Moreover, employee empowerment is defined by Bandura (1986) as employees having a sense of contribution and understanding that their job is meaningful. Some writers argued that employee empowerment leads to a better organizational performance (Davis et al., 2000; Meyerson, 2012). Empowerment has been linked to innovation by some scholars (Çakar and Ertürk, 2010; Ertürk, 2012; Helms, 2006; Muindi, 2011). Employee empowerment has been identified as a critical driver of new product development by researchers (Brunetto and Farr-Wharton, 2007; Ertürk, 2012; Fernandez and Moldogaziev, 2013). The company's ability to innovate was found to be unaffected by employee empowerment. A research by Jung et al. (2003) found that this management approach had a detrimental impact on organisational performance. As Bowen and Lawler (1992, 1995) defined employee empowerment, this study aims to examine how different empowerment strategies affect the amount of innovation in federal government employees in the United States. Front-line employees' creative

conduct is a main factor by which employee empowerment impacts productivity (Bowen and Lawler 1992, 1995; Gore 1993; Kanter 1983; Thomas and Velthouse 1990). Multiple facets in the idea of employee empowerment are difficult to describe, and there is no agreed-upon definition of it (Honold, 1997, p. 202).

One who receives, uses, or purchases a product or service is called a customer, and they can pick from a variety of various commodities and suppliers. It's the primary objective of all businesses to attract consumers or clients and persuade them to buy their products or services. Clients are those customers that have a business connection with the supplier. Clients, not customers, are the persons who use a professional's services. A lawyer, for example, has clients. Almost exclusively at the company level of analysis has research been done on the strategic importance of customer focus. According to Hult, Connor, and Slater and Narver (1998), "customer-orientation" and "market-orientation" have been used interchangeably to describe the competitive advantages of firms.

1.3 RESEARCH QUESTION

The following research question to be defined in the research below:

1. What is the relationship between knowledge in innovation with management innovation across manufacturing industries?
2. Is there a significant relationship between innovation strategy with management innovation across manufacturing industries?
3. What is the relationship between diversity with management innovation across manufacturing industries?
4. What is relationship between employees with management innovation across manufacturing industries?
5. What is relationship between customers with management innovation across manufacturing industries?

1.4 RESEARCH OBJECTIVES

There are five objectives were set up for addressing the purpose of this research which are:

1. To evaluate the impact of knowledge with manufacturing industries.
2. To analyze significant relationship between innovation strategy with manufacturing industries.
3. To identify the impact of diversity with manufacturing industries.
4. To determine the impact of employees in manufacturing industries.
5. To verify the relationship customer with manufacturing industries.

1.5 SCOPE OF STUDY

This study focuses on management innovation across manufacturing industries at Negeri Sembilan. Researcher choose Negeri Sembilan because it easy to get manufacturing worker and many factory at Negeri Sembilan. Other that, researcher target audience is worker who work at factory or manufacturing department and also had experience work at factory



CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

In this chapter it will be discussed about the independent variable and dependent variable. In general, all elements of thesis writing necessitate accurate sources to support our scientific and observational study. Reference materials, magazines, and books were gathered to examine the hypotheses and previous scientific research applicable to this research. This chapter would also include a short discussion of relevant theory, followed by the suggested research framework. This chapter contains a summary of the literature, a conceptual framework, the formulation of hypotheses, and the conclusion for Chapter 2.

2.1 CONCEPT

2.1.1 MANAGEMENT INNOVATION

Discussing the studies which is management innovation across manufacturing industries enrich this study's literature from many points of views. Research in management has long acknowledged the importance of innovation as a driving force for growth and development (Schumpeter, 1983). Research on innovation isn't unexpected, given that it's a hot topic. Management innovation, which refers to the introduction of novel management techniques, processes, and structures that are designed to advance organisational goals, has witnessed a spike in scholarly interest in the past decade (Birkinshaw, Hamel, & Mol, 2008; Mol & Birkinshaw, 2009). Another way of saying it is that management innovation is major changes in the method through which management work is conducted (Hamel, 2006). According to Julian Birkinshaw, Gary Hamel and Michael J. Mol (2018), management innovation as the invention and

implementation of a management practice, process, structure, or technique that is new to the state of the art and is intended to further organizational goals.

This study examines how design promotes innovation in the context of manufacturing because of the loss of industry, despite its important role in economic growth and boosting living standards (MGI, 2012). The UK government is consequently becoming increasingly cognizant of the importance of manufacturing industry for UK economic growth and competitiveness (BIS, 2010b) and innovation in manufacturing has become an increasingly vital development area for both the UK government and business (BIS, 2011; PWC, 2013b). Design's role in helping manufacturing firms become more inventive is an essential one. It's important to note that although if design and innovation are intertwined, design as a whole, especially at the operational level strategic level (the methodological procedures) and company level (the products/services), in UK manufacturing enterprises (Cox, 2005; Cox, 2006) philosophical premise (of business) Livesey & Moultrie (2009; 2012); Na & Choi (2012). As a result, the value of design for innovation may become less clear, making it more difficult to persuade manufacturing firms of the wide range of advantages that come from incorporating design into their products, the ability to come up with new ideas (Le Masson, Benoit, & Hatchuel, 2010). The control and coordination of these innovative processes is known as innovation management. Management of R&D (research and development) might be regarded a larger phrase than management of innovation because it has methods for both invention and innovation.

2.1.2 KNOWLEDGE

Knowledge has been described acquaintance with facts, truths, or principles, as from study or investigation general erudition. Educators and practitioners alike have emphasised the significance of information and understanding (Wu & Lin, 2009). Knowledge processing alone does not ensure strategic advantage; rather, knowledge must be managed (Zack,2002). Many businesses today understand how critical it is to effectively manage information if they are to succeed and remain competitive (Zack, 1999; Salojärvi, Furu, & Sveiby, 2005). (Teece & Pisano, 1994). Skyrme (2001) defines Knowledge Management (KM) as ‘the explicit and methodical management of vital knowledge, and its associated processes of production, organisation, dissemination, and exploitation. This argument is around knowledge sharing, which is examined in this study to see how it affects innovation capabilities and performance.

2.1.3 INNOVATION STRATEGY

A company's innovation strategy is a plan that encourages breakthroughs in technology or services by investing in research and development. A company's innovation path is predetermined by its inventive strategy. The company strategy and strategic objectives form the foundation of an innovation strategy. According to Ková (2007), innovation is a strategy for establishing long-term basic corporate objectives and for determining the actions and resources necessary to achieve these objectives.

2.1.4 DIVERSITY

Individual differences are what make us who we are and they cover everything from our backgrounds to our personalities to our life experiences to our views. Differences between us shape our views of the world, as well as our perspective and attitude. Researchers, investors, and legislators have paid special attention to board

diversity (Mensi-Klarbach, 2014; Lending and Vähämaa, 2017) and have made it a priority in most nations when it comes to enhancing corporate governance. The manufacturing sector has long contributed significantly to GDP development in the United States, and it is now crucial for creating high-paying employment, spurring commercial innovation, and bringing down the country's trade imbalance (Helper et al., 2012). It was 2009, however, when the financial crisis' devastation on the world's industrial industry was most apparent in the United States. There are a broad variety of risks in the industrial business (Linsley and Shrives, 2006; Dobler et al., 2011).

2.1.5 EMPLOYEES

Any company's employees need financial incentives, as well as physical and psychological safety and security. Stress may be caused by both physical and mental sickness, which can negatively impact a worker's productivity and quality of life. Both Eustress and Distress are terms used to describe two types of work-related stress. Stress is good for your health, and it motivates your employees, which has a cascading effect on the rest of the company. As a result, stress may have a severe influence on employees and the company, which might lead to lethal consequences. Workers are defined as those who are compensated for their services by a person or organisation. Only those who are compensated for their services by an employer are called employees, not those who work full-time (the person or business that pays them).

2.1.6 CUSTOMER

One who receives, uses, or purchases a product or service is called a customer, and they can pick from a variety of various commodities and suppliers. It's the primary objective of all businesses to attract consumers or clients and persuade them to buy their products or services. Clients are those customers that have a business connection with the supplier. Clients, not customers, are the persons who use a professional's services. A lawyer, for example, has clients. As a result of their attempts to meet customers' expectations, manufacturing companies use a variety of methods to ensure that their products meet their needs (Lele, 1997). A/S can take a variety of forms, including technical assistance, maintenance and repair, the supply of replacement components, and product enhancement (Saccani, Songini, & Gaiardelli, 2006).

Customers are more than just sources of income and profit; they are also resources, co-producers, and end-users, among other things (Lengnick-Hall, 1996), and a customer-oriented vision may help enterprises establish and maintain a competitive edge. Several researchers point out that customer satisfaction either directly (Yi, 1990; Szymanski and Henard, 2001; Spiteri and Dion, 2004; Woo and Ennew, 2004; Russell-Bennett et al., 2007) or indirectly through commitment (Wetzels et al., 1998; Abdul-Muhmin, 2002, 2005; Hennig-Thurau et al., 2002; Caceres and Paparoidamis, 2007) affects customer loyalty, which is one of the main marketing goals of firms (Berry and Parasuraman, 1991). According to Bowen and Shoemaker (2003), customer loyalty is defined as the possibility that the client will return and is willing to engage in partnership activities such as recommendations.