

UNIVERSITI TEKNOLOGI MARA

**FOSTERING INNOVATION
CAPABILITY IN THE EDUCATION
INDUSTRY: THE MEDIATING
ROLE OF KNOWLEDGE
TRANSFER**

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ABSTRACT

The education industry, which has thrived through millennia, has been in its growth phase for quite some time. Academia sectors, without a doubt, need to upscale their impacts and values to attract higher revenues in an attempt for a better impression among their competitors. According to research, focusing on Innovation Capability (IC) provides additional value to companies and clients. Thus, this research aims to measure the Innovation Capability (IC) of administrative employees in education industries through absorptive capacity, Psychological Empowerment (PE), and Knowledge Transfer (KT) process. This research stipulates a comprehensive look at how these variables interact and influence one another. This study also looked at the mediating roles of employees' Knowledge Transfer (KT). This study employed a combined theory and framework developed by relevant scholars. In this study, all the variables were discussed and analysed. The researcher has chosen administrative staff in UiTM Shah Alam as respondents. Self-administered data collection was employed and analysed using Statistical Package for the Social Sciences 26 (SPSS 26). Findings indicate that absorptive capacity, Psychological Empowerment (PE), and Knowledge Transfer (KT) influence employees' Innovation Capability (IC). However, Knowledge Transfer (KT) did not mediate the relationship between absorptive capacity-Innovation Capability (IC) and Psychological Empowerment (PE)-Innovation Capability (IC). This study aims to advance the existing body of knowledge by developing a modified model that incorporates absorptive capacity, Knowledge Transfer (KT), Psychological Empowerment (PE), and Innovation Capability (IC) in the context of the education industry. The findings offers a fresh perspective on acquiring new knowledge, benefiting readers, stakeholders, and policymakers.

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CHAPTER 1

INTRODUCTION

1.1 Research Background

Innovation Capability (IC) garners remarkable attention pertaining to its importance and direct impact within the education sector. In this lieu, the education industry in Malaysia is rapidly expanding, and the government has enlisted this industry as one of the National Key Economic Areas (NKEA) in the 12th Malaysia Plan (2021-2025). This emphasis on the industry is designed to establish Malaysia as a high-income nation with increased connectivity aided by globalization. Managing and leading these educational innovations then become extremely relevant, if they are to be successfully implemented and sustained over a long period of time (Wilson & Sy, 2021).

Innovation Capability (IC) has proven vital to ensure a nation's progress leads to competitive economic improvement. Sustainable higher education is to produce and deliver knowledge and skills that are fundamentally important for graduates' employability (Alam, 2021). As stated in Malaysia Education Blueprint 2015 - 2025 (Higher Education), several reforms within the higher education sector have been aimed at improving the quality of education according to Ministry of Education, (2017). The education industry requires evolution to ensure optimal quality of knowledge flows through strategic planning and proper structure of implementation via Innovation Capability (IC). This is because studies of adoption and existing practices for Innovation Capability (IC) are important in formulating strategies towards the implementation of a holistic Innovation Capability (IC) in higher education institutions in Malaysia, (Othman et al., 2020).

A research programme is a novel finding, an invention, and a contribution to solving societal issues. Boyer (1996) emphasised valued features, such as connecting theory with practice, and called for a stronger link to society as essential for higher education developments to allow students to translate and practice relevant knowledge in realistic situations to become competent professionals to meet an uncertain future. Some implementations require very radical changes, are incomprehensible to administrators and thus impossible to spread. In-service education designed to actualize the Innovation Capability (IC) efforts have also been exposed to criticism regarding