UNIVERSITI TEKNOLOGI MARA

A SIMULTANEOUS ASSESSMENT OF THE HIERARCHICAL MODELS OF MARKET ORIENTATION AND EXTERNAL ENVIRONMENTAL FACTORS (EEFs) ON THE RELATIONSHIP BETWEEN INNOVATION ORIENTATION AND CONCEPT DEVELOPMENT IN CHAIN RESTAURANTS

MAZALAN MIFLI

Thesis submitted in fulfilment
of the requirements for the degree of
Doctor of Philosophy

Faculty of Hotel and Tourism Management

September 2014

AUTHOR's DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the result of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

Name of Student   :   Mazalan Mifli

Student I.D. No.   :   2005675198

Programme   :   Doctor of Philosophy (HM990)

Faculty   :   Faculty of Hotel and Tourism Management

Title   :   A Simultaneous Assessment of the Hierarchical Models
                               of Market Orientation and External Environmental
                               Factors on the Relationship between Innovation
                               Orientation and Concept Development in Chain
                               Restaurants

Signature of Student   :

Date   :   September 2014

ABSTRACT

This thesis is about extending the research on menu innovation process in chain restaurant industry. The global consumer foodservice markets, nowadays, are mostly at the stage of saturation, and this presents great challenges to the industry. Hence, a viable new model of menu innovation process has been long sought in hospitality literature. Yet, models of menu innovation process proposed in literature are mostly conceptual in nature rather than empirically derived. Thus, this poses a question of the viability of its usage given the fact that most business landscapes, if not all, are not homogenous. Furthermore, most companies, if not all, are also governed in difference managerial orientations that dictate the directional of the product development process based on the preference towards risk-taking, entrepreneurship, objectivity, assertiveness and information use. Because of this, external environmental factors that build up in the marketplace are, therefore, to be conceived differently by menu planners, which subsequently, dictate a new strategy in managing new menu innovation. Hence, this thesis aimed to empirically investigate the actual practice of managing menu innovation in the chain restaurants that are operating in the consumer market of Klang Valley in Malaysia. The objective is to empirically examine the two orientations that are commonly associated with product innovation that include radical and incremental product development. Specifically, to simultaneously assess the moderating effect of the external environmental factors (EEFs) along with the mediating effect of market orientation on the relationship between innovation orientation and concept development. The empirical setting of chain restaurant is chosen because they are known to be strategically better equipped in managing product innovation in terms of consistency, speed, standardise quality and adaptation as opposed to independent restaurants. Hence, with this empirical setting in the consumer market of Klang Valley, this study offers an excellent opportunity in finding out the practical insight into managing menu innovation. In this study, the quantitative methodology was used as the main pillar of the research methods to assess the hypotheses under investigations. Yet, as concept development and EFFs scales were newly developed for the purpose of this study, the adoption of qualitative in-depth interviewed method at the early stage was indeed necessary. Hence, theoretical conceptualization and the empirical validation were first being advanced using both statistical package for social science (SPSS version 19) and partial least squares (PLS) for these constructs. Empirically, the measurement and structural models of this study confirmed adequate estimations based on PLS path modeling parameters. A simultaneous assessment of both the mediating effect of market orientations and moderating effect of EEFs on the relationship between innovation orientation and concept development confirmed support for the mediating effect but the hypothesised moderating control of EEFs remained inconclusive although its effect size found to be large. This thesis contributes to theoretical knowledge by providing for the first time evidence about the structural linkages between innovation orientations and concept development along with the two higher-order constructs of market orientations and EEFs. Practically, this thesis contributes to knowledge understanding of the inseparable relationships of strategic innovation orientations and market orientations in the decision-making process when engage in today's dynamic consumer markets.

ACKNOWLEDGEMENTS

First and most important, it is my pleasure to acknowledge my both PhD supervisors, Associate Professor Dr. Rahmat Hashim and Associate Professor Dr. Artinah Zainal, who reviewed my work at every stage of its development and introduced me the trials and tribulations of academic research. Indeed, without their perpetual support, invaluable guidance, and advice, this research would not have been completed. Thus, to Associate Professor Dr. Rahmat Hashim and Associate Professor Dr. Artinah Zainal, I express my deepest gratitude and respect.

The assurance of financial support from Public Service Department (JPA) to pursue on a PhD at Universiti Technology MARA, Shah Alam was very critical to the successful completion of this thesis.

Many thanks to Universiti Malaysia Sabah (UMS) that made possible for the award of the Public Service Department (JPA) scholarship to me.

The researcher recognized the organizational support of several companies, namely The Ship, Starbucks, The Chicken Rice Shop (TCRS), Nando's, Kenny Roger Roaster, Coffee Bean & Tea Leaf and Swensen to name a few for their cooperation and undivided times given during the interviews.

In this juncture, I would like to thank some members involved in my personal life that have helped me along the way. Specifically, many thanks to my sister, Sunita Mifli, and her husband, and Dr. Balvinder Kaur who provided some added inspiration and motivation to finish. Thanks to Mat Salleh Ayub for his witty companionship during the early years of the journey. Special thanks to Zulhan Othman and Wan Nasrun for being such a good friend. Their undivided support and help during all those early years up to this present day have made me realized how grateful I am to have such friends alike.

My sincere thanks to Dean, Associate Professor Dr. Mohamad Abdullah Hemdi, and all the staffs and friends at the Faculty of Hotel and Tourism Management, UiTM for their support and kind assistances throughout all those year up to this final journey.

Finally, this thesis is dedicated:

> To my loving wife, Jeannie Ashiken Noorsin, and my daughter, Madeleine Marfuzah for their patience and tolerance during the time undertaken to complete this thesis, especially during all those days, months and years I have disappeared to my study
>
> 'and'

In loving memory of my beloved mother, Aimah Abdullah who inspired the entire life of my academic achievements.

TABLE OF CONTENTS