

UNIVERSITI TEKNOLOGI MARA

**THE ANTECEDENTS AND
PERFORMANCE OUTCOMES OF
SERVICE INNOVATION: THE
PERSPECTIVES OF HOTEL
INDUSTRY IN SARAWAK**

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DBA

August 2020

AUTHOR'S DECLARATION

I declare that the work in this dissertation was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results 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.

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ABSTRACT

For the past decade, the service sector has seen innovation-led changes that result in greater dynamism productivity growth rate. Despite the importance of innovation to all organisations, prior research has mainly focused on high technology and manufacturing industries. The hotel industry is characterised as a human-intensive service provider, therefore, innovation, particularly service innovation, does not generally depend on technological and scientific contributions. Most often, innovation in this industry is derived from human interaction that often leads to little adjustments or continuous improvement to meet potential customer expectations and to satisfy the current customers. Although several recent studies have begun to address this issue, an understanding of service innovation in low-technology and service industries, particularly hotel firms, is less well understood. Applying the resource-based theory and supported by a dynamic capabilities' perspective, this study attempts to investigate the antecedents and performance outcomes of service innovation of the rated hotels with one to a five-star rating in Sarawak. Although antecedents of innovation have been studied, studies focusing on antecedents of service innovation between various services are scant. A non-probability sampling of purposive sampling was used in this study whereby only hotels that have a star rating from one to five stars were chosen and included in the sample based on the list of registered hotels provided by Sarawak Ministry of Culture, Arts and Tourism Malaysia. The partial least square (PLS-SEM) was applied to examine the direct and mediating effects of hypotheses. Only entrepreneurial orientation and market orientation were confirmed to have a significant positive relationship with service orientation. Service innovation was also found to mediate the relationships between entrepreneurial orientation and firm performance and between market orientation and firm performance as well. This study provides several theoretical and managerial contributions and provides further insights on the antecedents and performance outcomes of service innovation particularly in the hotel industry in Sarawak. Several potential avenues for future research were also identified and proposed. In short, this study provides an understanding of the antecedents and performance outcomes of service innovation, particularly in the hotel industry

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