

UNIVERSITI TEKNOLOGI MARA

**ORGANISATIONAL RESOURCES AND PRODUCT
INNOVATION PERFORMANCE:
AN EMPIRICAL STUDY ON MALAYSIAN
ELECTRONIC AND ELECTRICAL INDUSTRY**

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ABSTRACT

In a hypercompetitive business environment, new product innovation has become one of the most important criteria for firm's success. The most common question that has attracted much attention among scholars and practitioners is as to why some firms perform better while the others do not. In spite of numerous studies on this subject, there is still a need to investigate the factors that contribute to product innovation performance of the Malaysian manufacturing firm. To probe further, this research is conducted by focusing on the key factors that might better explain product innovation performance of the firm. This research explores the relationship between the organizational resources and the firm's product innovation performance. The Resource-Based View of the firm is adopted as theoretical guidance in this empirical research. This research also investigates the moderating role of government support on the relationship between organizational resources and product innovation performance.

The findings of this research are based on the responses obtained from sixty one manufacturing firm in the electronic and electrical industry in Malaysia. In general, the results indicated that the organizational resources contributed to better product innovation performance. Specifically, product innovation experience, firm's reputation, product innovation collaboration, and knowledge management orientation determine product innovation performance. Several specific factors that led to product innovation performance were also identified. The main objective of the study is to investigate the combined effect of organizational resources on product innovation performance. The results suggested that product innovation collaboration to be the most critical to product innovation performance. The study also investigates the moderating effect of government support on the relationship between organizational resources and product innovation performance. The study found that government support strengthened the relationship between organizational resources and product innovation performance.

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TABLE OF CONTENTS

	Page
Title page	i
Acknowledgement	ii
Table of contents	iii
List of tables	vi
List of figures	xi
Abstract	xiii

CHAPTER 1: INTRODUCTION

1.1	Background of the study	1
1.2	Innovation	4
1.3	Product innovation in Malaysia	6
1.4	Malaysian economic background	14
	1.4.1 Malaysian manufacturing industry	15
	1.4.2 The government support in manufacturing industry	17
	1.4.3 The Malaysian electrical and electronic industry and innovation	19
1.5	Research problem statement	23
1.6	Research question	27
1.7	Research objectives	27
1.8	Scope of research	28
1.9	Significance of the study	29
1.10	Definition of terms	30
1.11	The organization of the thesis	33

CHAPTER 2: LITERATURE REVIEW

2.1	Introduction	35
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CHAPTER 1

INTRODUCTION

1.1 Background of the study

In a hypercompetitive environment, new product innovation has become one of the most important criteria for the firm's success. Many authors had stressed the importance of new product innovation to firm's success. According to Wind and Mahajan (1997), the importance of new product innovation is well accepted and recognized. Later, Lieberman and Montgomery (1998) also stressed that developing and bringing to market the innovative products ahead of competitors can contribute to various benefits in economic, technological, and behavioral factors.

Several other authors has also pointed out that in order for a firm to be competitive, it has to be ever capable of developing new products. For instance, Dougherty and Hardy (1996) and Penrose (1959) suggested that the growth and development of a firm depend on its ability to introduce new products continuously. Also, in continual search for competitive advantage, firms must try to develop innovative new products quickly as possible, ahead of their competitors (Ganesan, Malter, & Rindfleisch, 2005). Through product innovation, firms gain competitive advantage over competitors and becoming more competitive thus, contribute to growth and development of firms.

According to Wind and Mahajan (1997), over the last decades, there have been rapid and radical developments in technology. The impact of today's rapidly shifting markets and expanding technology requires firms to continually bringing forth new products to the market in order to sustain profitability and growth. According to Lee