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Product & Service Innovation and Organizational Performance: A Comparative Study of Government and Private Sectors

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INTRODUCTION



Innovative capabilities refer to an organization's ability to recognize and transform new ideas into improved products or services for the organization's benefit (Mendoza-Silva, 2020). In this context, innovation is crucial as it drives economic growth, competitiveness, sustainability, performance improvement, and competitive edge in the market (Buenechea-Elberdin et al., 2018; Omar et al., 2017). Innovation may enhance the existing product quality and is able to introduce new products to the customer. At the same time, it also allows cooperatives to gain more opportunities for expanding their current businesses. It becomes one of the critical factors of a firm's competitiveness, suggesting that the more a firm is innovative, the more productive it is, and the better the overall firm performance Aljuboori et al. (2021).

In contrast, low innovation performance will accordingly lead to lower profitability and customer loyalty (Hanifah H et al 2020). Research suggests that innovation performance is a product of competitive advantage derived from utilizing internal and external resources. For instance, combining internal and external resources can enhance innovative performance and lead to increased performance (Ferraris et al., 2017). Therefore, all organizations need to adapt with new norms and technology, amidst Covid-19 pandemic regardless government or private sector as the impact of Covid-19 pandemic hits every aspect of life.

OBJECTIVES

Based on the discussion, this study aims to

- highlights on comparing how product and service innovation impacts organizational performance differently in government and private sector organizations.
- analyse innovation practices and their effectiveness in diverse organizational contexts.
- examine the relationship between innovation and organizational performance

Organizational performance

Organizational performance refers to organizational resilience. Organizational resilience during the Covid-19 pandemic is crucial for business success in unstable environments. The term "resilience" comes from the Latin word "resilire," meaning to bounce back or recover from a sudden disturbance (Nielsen et al., 2023). Organizational resilience is defined as a firm's ability to "anticipate potential threats, cope effectively with adverse events, and adapt to changing conditions" (Duchek et al., 2020, p. 220). It reflects an organization's capacity to manage and recover from sudden disruptions by adjusting and maintaining (or even enhancing) its functions (Su & Junge, 2023). Resilient firms are equipped not only with the short-term ability to recover from disturbances but also with the long-term adaptive capabilities to implement significant changes in their business models post-crisis (Li et al., 2021).

METHODOLOGY

To understand how innovation impacts organizational performance in different sectors, questionnaires were distributed via Google Forms to a random group of acquaintances. Within just one day, 44 participants were collected, equally between the government and private sectors. Comparison the innovation practices and outcomes between these two sectors were analysed using Excel for simple statistical analysis using mean. This approach provided a clear snapshot of how each sector embraces and benefits from innovation, highlight the unique challenges and strengths they face in fostering an innovative culture.

FINDING

Table 1: Services & Product Innovation Metrics for Private and Government Organizations

No	INNOVATION	GOVERNMENT	PRIVATE	DIFFERENCES
	Calantone et al. (2002), Fraj et al. (2015); Palacios-Marques et al. (2015)			
1	Our new innovative products and services offered to our clients/customers	79.09%	71.90%	7.19%
2	Our organization seeks out new ways to do things	78.18%	71.07%	7.11%
3	Our organization frequently tries out new ideas of products and services.	80.91%	73.55%	7.36%
4	Our organization is creative in its methods of operation (processes).	74.55%	67.77%	6.78%
5	Our organization is often the first to market with new products and services.	72.73%	66.12%	6.61%
6	In recent years, we have developed changes and improvements in the products and services that we offer to our clients / customers	76.36%	69.42%	6.94%

Table 2: Organizational Performance Metrics for Private and Government Organizations During COVID-19

ORGANIZATIONAL PERFORMANCE				
No.	Campbell-Sills and Stein (2007), Connor and Davidson (2003)	GOVERNMENT	PRIVATE	DIFFERENCES
1	Our organization has been able to adapt to changes because of Covid-19	84.55%	76.86%	7.69%
2	Our organization can deal with whatever comes as a consequence of the Covid-19	80.91%	73.55%	7.36%
3	Our organization has taken the problems related to Covid-19 with a good predisposition and has seen its positive side	80.00%	72.73%	7.27%
4	Dealing with the stress generated by Covid-19 has strengthened my organization	76.36%	69.42%	6.94%
5	After suffering a serious hardship or illness, such as the global pandemic situation, my organization has been able to bounce back	81.82%	74.38%	7.44%
6	The organization has been able to achieve its goals despite the obstacles of Covid-19	80.91%	73.55%	7.36%
7	Our organization can stay focused under the pressure exerted because of Covid-19	80.91%	73.55%	7.36%
8	Our organization has not been discouraged by problems or failures	80.91%	73.55%	7.36%
9	Our organization has been a strong organization in the face of difficulties related to Covid-19.	81.82%	74.38%	7.44%
10	Our organization has been able to correctly manage setbacks, unstable or unpleasant situations caused by the pandemic.	79.09%	71.90%	7.19%

DISCUSSION

Service & Product Innovation

Both private and government organizations report high levels of innovation activities, including the development of new products, being first to market, creativity in operations, trying out new ideas, seeking new ways to do things, and offering innovative products/services. Government organizations generally report slightly higher levels of engagement in these activities compared to private organizations.



Organizational Performance

Both private and government organizations show strong performance in managing pandemic-related challenges. Government organizations typically report slightly higher levels of success in managing setbacks, maintaining focus, achieving goals, adapting to changes, and dealing with stress compared to private organizations. This is due to the stability of government sector compared to private sector that need to depend on revenue and internal reserves to survive during Covid-19 pandemic.

CONCLUSION

In conclusion, both private and government organizations emphasized high levels of service and product innovation, with government organizations generally showing slightly higher engagement in these activities. Similarly, both sectors demonstrate strong organizational performance in managing pandemic-related challenges, with government organizations again reporting marginally higher percentages. This superior performance in the government sector can be attributed to its inherent stability, in contrast to the private sector's dependency on revenue and internal reserves for survival during the Covid-19 pandemic. Overall, while both sectors are resilient and innovative, the government sector's stability provides a slight edge in these areas.

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