

UNIVERSITI TEKNOLOGI MARA

**ORGANIZATIONAL RESOURCES AND PRODUCT
INNOVATION PERFORMANCE:
THE MODERATING ROLE OF GOVERNMENT
SUPPORT**

MALVERN ABDULLAH

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

Faculty of Business Management

July 2011

Candidate's Declaration

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

In the event that my thesis be found to violate the conditions mentioned above, I voluntarily waive the right of conferment of my degree and agree be subjected to the disciplinary rules and regulations of Universiti Teknologi MARA.

Name of Candidate	<u>Malvern Abdullah</u>
Candidate's ID NO.	<u>2005668889</u>
Programme	<u>Doctor of Philosophy in Business Administration</u>
Faculty	<u>Business Management</u>
Thesis Title	<u>Organizational Resources and Product Innovation Performance: The Moderating Role of Government Support</u>
Signature of Candidate	
Date	July 2011

ABSTRACT

There had been numerous studies on the determinants of firm's product innovation performance. The most common question that has attracted much attention among scholars and practitioners is the reason as to why some firms perform better while the others do not. To investigate further, this thesis is conducted by focusing on several key organizational resources that affect product innovation performance. Drawing on Resource Based View (RBV) theory, this study examines the internal organizational resources that are intangible, in which found to influence the firm's product innovation performance. This study explores the relationships among these firm's resources and product innovation performance within the electrical and electronic manufacturer in Malaysia. A model framework is also proposed. Altogether fifteen hypotheses emanating from the framework are presented.

The study utilized mail survey of questionnaires as primary mean to obtain information for the study. Prior to the development of survey instrument, several ministries, government agencies, and manufacturers within the electrical and electronic industry in Malaysia were interviewed to obtain additional information for inclusion into the research. The findings of this study are based on the responses obtained from sixty one manufacturing firms in Malaysia. The results indicated that the internal organizational resources of product innovation experience, firm's reputation, product innovation collaboration, and knowledge management orientation all have some impact on product innovation performance. However, the main objective of the study is to analyze the combined effect of these resources on product innovation performance. The results showed that collectively, product innovation collaboration was found to affect product innovation performance the most, followed by firm's reputation. The research found that product innovation experience and knowledge management orientation lost their predictive power to affect product innovation performance with the presence of all other organizational resources under study. Additionally, government support was also found to moderate the relationship between organizational resources and product innovation performance. Specifically, firm's product innovation performance improves as more government supports are received. The implications of these findings for research and practice are discussed and the limitations of the study were also presented. Finally, the directions for future research were also suggested.

TABLE OF CONTENTS

	Page
TITLE PAGE	i
AUTHOR'S DECLARATION	ii
ABSTRACT	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	v
LIST OF TABLES	ix
LIST OF FIGURES	xiii
ABSTRACT	xiii
CHAPTER 1: INTRODUCTION	
Background of the Study	1
Innovation	5
Product Innovation in Malaysia	6
Malaysian Economic Background	18
<i>Malaysian Manufacturing Industry</i>	19
<i>The Government Support in Manufacturing Industry</i>	21
<i>The Malaysian Electrical and Electronic Industry and Innovation</i>	24
Research Problem Statement	28
Research Question	35
Research Objectives	36
Scope of Research	37
Significance of the Study	37
Definition of Terms	39
The Organization of the Thesis	42
CHAPTER 2: LITERATURE REVIEW	
Theoretical Background	44
Intangible Organizational Resource	47

Determinants of Product Innovation Performance	49
Intangible Organizational Resources and Innovation	54
<i>Product Innovation Experience and Innovation</i>	55
<i>Firm's Reputation and Innovation</i>	56
<i>Product Innovation Collaboration and Innovation</i>	58
<i>Knowledge Management Orientation and Innovation</i>	60
<i>Collaboration and Organizational Resources of Experience And Reputation</i>	62
<i>Knowledge Management Orientation and Organizational Resources of Experience and Reputation</i>	64
<i>Product Innovation Collaboration and Knowledge Management Orientation</i>	65
Proposed Theoretical Model and Hypothesis	66
<i>Conceptual Framework</i>	67
<i>Key Components of the Model</i>	67
Domain 1: Product Innovation Experience	67
Domain 2: Firm's Reputation	69
Domain 3: Product Innovation Collaboration	71
Domain 4: Knowledge Management Orientation	72
Domain 5: Moderating Variable of Government Support	75
Domain 6: Product Innovation Performance	77
<i>Achievement of Objectives</i>	79
<i>New product Efficacy</i>	79
<i>Perception of Success</i>	80
Chapter Summary	80
 CHAPTER 3: RESEARCH METHODOLOGY	
Introduction	81
Research Design	81
<i>Population</i>	84