

**A Study on the Climate for Creativity and Innovation:  
A Case Study of a 5 Star Hotel in Kuching, Sarawak**

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**A report**

**submitted in partial fulfilment**

**of the requirements for the Degree of**

**Executive Masters of Business Administration**

**at**

**Universiti Teknologi MARA Sarawak**

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**Universiti Teknologi MARA Sarawak**


**2008**

## Candidate's Declaration


We declare that the work in this report was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and if the result of our on work, unless otherwise indicated or acknowledged as referenced work. This report has not been submitted to any other academic institutions or non academic institutions for any other degree or qualification.

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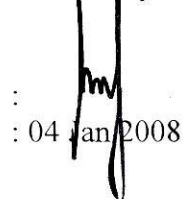
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# CHAPTER 1

## INTRODUCTION

### 1.1 Introduction

Customers, in a number of industries, are constantly bombarded with run-of-the-mill product and business offerings. As a result, customers both desire and more often demand innovative alternatives. As in other industries, over the years, price apparently has been the determining factor in competition in the hotel industry. This however may backlash and be detrimental on the sustainability of the organization and the industry in general.

The increased levels of competition for shrinking global resources combined with larger amount of complexity and change foster the emerging trends of innovating new ideas and offer newer offerings in order to compete and stay afloat. In response, many service oriented organizations are striving to integrate novel features into their product-service offerings.

Nevertheless, Barsky & Labagh (1992, cited in Wai & Lock, 2005) acknowledged that “offering high quality service and thereby improving customer satisfaction has been identified as the most important challenge facing businesses in the 1990s.” More so, the differences and similarities in hotel attribute evaluation and customer satisfaction evaluation between the hotel guests varies and as such hoteliers in Malaysia must enhance the value of offerings to achieve competitive advantage (ibid).

One of the main determinants of competitiveness is innovation. It is an environment; a culture almost spiritual in force that exists on a company and drives value creation (Buckler, 1997 cited in Ahmed, 1998). Innovation covers

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The objective of this chapter is to discuss the climate for creativity and innovation within the context of the tourism and hospitality industry. The chapter begins with a discussion of creativity and innovation in general. It then discusses the extent to which a climate promotes creativity and innovation. Subsequently, the inherent issues and challenges of creativity climate within the tourism and hospitality industry for this research are discussed. This chapter will also present the conceptual framework developed for the purpose of this study.

#### **2.2 Creativity**

Creativity is generally defined as the production of novel, useful ideas or problem solutions and it refers to both the process of idea generation or problem solving and the actual idea or solution (Amabile, Barsade, Mueller & Staw, 2005). In general usage, creativity means the ability of people, and hence the ability of employees, to combine ideas in a unique way or to make unusual association between ideas.

In a dynamic world of global competition, organizations must innovate and create new products and services and adopt state-of-the-art technology if they are to compete successfully. “Create, innovate or die!” That has increasingly become the rallying cry of today’s managers. Consequently, organizations need to create a climate that encourages and stimulates employees’ creative thinking. In other words, organizations must try to remove work and organizational barriers that might impede creativity. By doing so, they may replace employees’