

UNIVERSITI TEKNOLOGI MARA

**BYSTANDER PARTICIPATION
BEHAVIOUR, LEADERSHIP STYLES
AND LEADER-MEMBER
EXCHANGE ON INNOVATIVE
CAPABILITY**

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ABSTRACT

Innovative capability is one of the requirements for organizational success and survival in the competitive environment. For many years, researchers and scholars have been trying to understand innovative capability achieved by different organizations, work groups and employees vary and how innovative capabilities are developed in an organization. Understanding why some organizations are more innovative than others raised a few questions such as what factors influence innovative capability, what are the paths and recipes for success towards innovative capability? Therefore, the aims of the study were to examine the relationship between bystander participation behaviour and leadership styles of Pygmalion and Machiavellian on innovative capability. Additionally, the study aims to examine the mediating effect of leader-member exchange on the relationship between bystander participation behaviour and leadership styles on innovative capability. This study proposed in integrating the concepts of bystander participation behaviour and leadership styles of Pygmalion and Machiavellian and leader-member exchange on innovative capability in the Malaysian hotel industry. The study is a quantitative method, which tested the relationships between variables; the independent variables, bystander participation behaviour, leadership styles of Pygmalion and Machiavellian, the mediating variable, leader-member exchange, and the dependent variable, innovative capability. This study used the questionnaire survey to collect the data in order to validate the theoretical framework. The proposed innovative capability framework which had been developed in this study has important implications for both theory and practice. With the findings results on the construct, this study contributed to the existing literature and understanding of the integrating of the behavioral level in particular to the concepts of bystander participation behaviour, leadership styles of Pygmalion and Machiavellian and Leader-member exchange on innovative capability.

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

The key success of organization in twenty-first century is the aspect of innovative capability (Abdullah, Omar, & Panatik, 2016; Palangkaraya, Stierwald, Webster, Jensen, 2010; Emmanuel, 2008; Kuratko, Covin, & Hornsby, 2014). The competitive landscape of the twenty-first century suggests organizations must always develop innovative products, services, new process and administrative practices demanded by customers (Azza, 2017). If organizations can better understand innovative capability, they can better predict, harness, and leverage it to achieve business results (Dolkiewicz, 2016). Therefore, innovative capability is one of the requirements for organizational achievement and survival in the competitive environment. High innovative capabilities are determined by workgroups and employees in the organization. Many organizations such as the hotel businesses are trying hard to improve their innovative capability in order to stay competitive. In the context of hotel management, innovative capability appears to be one of the means for organizations to convert change into opportunities and thus succeed (Chen, 2011). In Malaysia, hotel business is becoming a competitive landscape and it is one of the main industries that are responsible to the business development of the country (Cheahmat, Nurhidayah, Radzi, & Sallehmohd, 2011). Hotel industry, a sub-sector of Malaysian service plays an important role in supporting Malaysian's tourism industry and economy. The tourism business in Malaysia has been recognized as having the capability to enhance its contribution to the service sector specifically and the economic development in general (Foo & Mohhidin, 2011).

Organizations, workgroups, and employees should have the capability to innovate on a continuing basis (Slater, 1997) as new and innovative methods of doing businesses are imperative (Monteiro, 2011). As pointed by Neely and Hii (2012) the innovative capability of organizations varies widely. For this reason, there has been an increased concern from researchers trying to understand factors that contribute to innovative capability of organizations. Literature review showed that studies on