

Corporate Performance and Service Innovation: An Empirical Investigation in a Manufacturing-Based Organization

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ABSTRACT

The purpose of this research is to investigate if there are significant influences of corporate performances on service innovation. There are four internal variables under the domain of corporate performance; where the four stated independent variables are depicted based on the past researchers' studies including of organizational culture, management commitment, training and development, as well as organizational communication. As manufacturing sector played a central role in its endeavour towards the developing countries, service innovation in the manufacturing-based organization is important to transform the traditional operation to become more competitive. Convenience sampling method has been used in this research. The population of this research is the employees who work in one of the manufacturing-based organization located in Penang, Malaysia. The number of completed questionnaires that given back is 201 respondents. Pilot study has been computed to the developed questionnaires validity and reliability. Data analysis was performed using the IBM Statistical Package for Society Sciences (SPSS) Version 25. Research finding has revealed that there were two hypotheses related to organizational culture and organizational communication have significant influence on service innovation. These imply that culture and communication develop sustainable competitive advantage and growth of corporate performance on service innovation. Whereas the other two hypotheses related to management commitment, and training and development have no significant influence on service innovation. This due to the lack of commitment from the management being portrayed to the employees in the organization; or the provided training and development is inadequate to the position of the employees.

Keywords: Management Commitment, Organizational Communication, Organizational Culture, Service Innovation, Training and Development

1. INTRODUCTION

The Gross Domestic Product (GDP) in Malaysia declined at a slower pace of 2.7% from the double-digit decrease 17.1% in the second quarter of 2020 (DOSM, 2020) due to the outbreak of the Covid-19. At the same time, the official website of Malaysian Investment Development Authority (MIDA) (2020), also notified that the industrial output is estimated to reduce between 40% and 70% during Movement Control Order (MCO). Based on Tang (2020), MCO is defined as a partial lockdown which this is an important movement carried by the Malaysian Government to control the outbreak of the Covid-19 by breaking down the chain. Thus, Vlaanderen (2020) reported that all manufacturing sectors in Malaysia has predicted to be subjected to contract or slow growth in 2020, before they return to normal in 2021 due to the pandemic. However, in the third quarter of 2020 as reported by DOSM, the GDP of manufacturing sector has uplifted the Malaysia's economic performance which it has increased 3.3% compared to the decline 18.3% in the prior quarter and this is maintained by electrical, electronic and optical products as well as vegetable and animal oils and fats and food processing products.

Manufacturing sector played a central role in its endeavour towards the developing countries and thrive vigorously. Therefore, as far back as in 1960s, Malaysian economy has been experiencing this kind of development. Despite that, Malaysian economy has started to de-industrialize since the late 1990s. Large range of manufacturing industries in Malaysia has turned out to be fundamentally export-oriented, the relation decrease in the contribution of the sector to the economy of the country has as well caused in a decrease in its engagement in the worldwide economy (Miroudot and Cadestin, 2017). Meanwhile, based on Chellam (2019),

worldwide, manufacturing remains a crucially significant sector in the developing and developed countries. Manufacturing is an important component for economy of Malaysia and delivers about 23% to its GDP of its country. There are 17% of workers who work in manufacturing sector which this overshadowed only by 62% at the services sector. Yet, manufacturers know how to deliver services in which they are capable of doing it frequently that should be based on the full competitive strategies on service innovation — look for ways to reconsider their contributions and exchange former product transactions with constant and more value-creating relationships.

As mentioned by Santamaria et al. (2012), service innovation can help to transform the manufacturing company to be more service like entities that can deliver service and be more competitive advantage compare with its competitor in the business marketplace. As a result, service requires a massive human capital whereas manufacturing needs a great capital of expenditure. With that being said, service has come to be a part of the essential supports to the operation manufacturing industry with respect of operating and productivity. Consequently, in order to improve the performance of the manufacturing sector, then this is relatively in needs of enhancement in the services in that organization as well. With that said is that the manufacturing organization is gradually reliant on the services on how to promote the internal production successfully and more efficiently as well as effectively. Hereafter, human capital permits employees to determine and engage with experience and knowledge in corporations to build up innovative ideas and encounter new prospects (Prajogo & Oke, 2016). Cooperating with employees is essential for organizations to distribute properties and proficiencies and grow new products or services, as a result of give rise to modest service innovation (Chen & Tsou, 2012). Consequently, service innovation worth can be produced by (re)scheming or creatively exploiting properties and proficiencies that might be rooted in human capital. Hence, service innovation in manufacturing organization is important to transform the traditional operation becoming more competitive advantages with the purpose of to deliver an effective approach to establish sustained competitive advantage for an organization (Durst et al., 2015).

The decline of the industrial output would be remained the same or might become even worse without any developments occur for the manufacturing industry in Malaysia if there is absence of effective and efficient approaches attempt to be implemented to improve the current situation. Therefore, European Commission (2014) said that, in order to sustain an equilibrium and smart combination of manufacturing and services activities in firms, the upper level management (especially the human resource management) and the employees of the organization need to have a well and adequate of promptness on that account of mixture allows the firm to create strong, specialisations of country's economic, to be able to deliver competitive product-service amalgamations as well as to continuously familiarize their financial prudence to new environments or circumstances. The change and re-launch of service-oriented of developing manufacturing economies needs to be connected with a mature comprehension of how services and service innovation capable to put manufacturing firms together and be more competitive advantage. Thus, not only it does require cooperation within the firms and policy-makers that can be moved and reinforced by undoubted examples to encourage such collaboration.

Henceforth, in order to improve the productivity of the employees in organization which can lead to the improvement of the GDP for the manufacturing industry of a country, upper-level management personnel need to introduce the service innovation internally by implementing the service innovation framework with the purpose of to boost the performance of corporate. aspects for instance quality, environment safety, security or organization programmes. The third aspect would be training and development. As clarified by Khan et al. (2017), training is the most fundamental factor in the world of business nowadays for the reason that training improves the effectiveness and the efficiency of both staffs and the corporation. The performance of the employees is depending on variety of factors. However, the most

fundamental factor for the performance of the employees is training and of course, development. The last aspect for raising the awareness of the service innovation in the manufacturing organization directly alongside improve the corporate performance is the organizational communication. As communication can augment the employees' motivation.

2. LITERATURE REVIEW

2.1 Service Innovation

Service innovation is a fundamental business maintainable enhancement strategy for many organisations (Zhang et al., 2018). Service innovation primarily denotes to revolutions in the attributes of the service itself (Yang et al., 2018). Besides, the essential practice for a maintainable enhancement of organization is throughout value creation from the assets of the organization by restructuring or developing the products, services, or approaches in innovative ways. Therefore, a firm has to generate and sustain its competitive advantages by incorporating its resources and capabilities. As service innovation guides the organization to adapt transformation into opportunities (Hsieh & Chou, 2018). Additionally, service innovation states services that are diverse from existing that customers recognized from earlier events. Simply put, the firm delivers services diverse from customers' past experiences of consumption (Tseng, 2020). This means service innovation is not purely the new products or services development, however it is also innovative actions that look over and enhance existing products, services, and transfer systems. With that being said, service innovation is defined as delivering an influential and remarkable procedure instead of supplementary, modification and this intangible revolution throughout innovation be a factor to the success of many service firms (Reynoso et al., 2015).

On top of that, service innovation be relevant to all innovation behaviors or activities that are associated to service or steered for service plus their focus is service product and service process (Liu & Liang, 2017). European service industry innovation system (1995) interprets service innovation as spanning new or better-quality products or services, for instance, new submissions of new technologies or current technologies in innovative services; albeit also the events for which organizations make use innovative ideas and innovative technologies to make better and restructuring product and service delivery procedure and technique, with the aim of reaching assorted customers' requirements by supporting them comprehend improvement of the added value and empowering organizations to increase competitive edges (Vang & Zellner, 2005). Meanwhile, in Malaysia context, based on Tan et al. (2016), service innovation has turned into more significant for public and consumers requirement more complicated and tailored solutions, scholars are committing more time to comprehend their process of innovation in which they take service innovation as a subject that is developing from product-leading reasoning to service-leading reasoning, where consumers together generate value throughout service. In a strict sense, service innovation primarily speaks about the innovation actions and service organizations behaviors by emphasising on innovation mode of organization that contains the service process enhancement and service products, service quality enhancement and accumulation of new services, present services expansion and service provision upgrading approaches that conducted by organization (Berry et al., 2006).

2.2 Organizational Culture

Culture is another significant stimulus on creativity of individual and it can be described as knowledge acquirement, useful in a particular atmosphere and shared by a particular group of individuals to magnificently manage with the situation and with each other (Hermida et al., 2019). By keeping in consideration, the vision, mission, and organization values, culture is

enlisted and executed by the top leaders (Szczepanska-Woszczyna, 2015). Besides, organizational culture is the values system of principles and hidden assumptions that the associates of a company possess in mutual (Miron et al., 2004). Nevertheless, organisational culture comprises the extent to which standards, insights and expectations of the innovation squad motivate their behaviour. Therefore, the type of possessions and their common qualities is deliberated to be significant for innovation. Teams who include members with varied experience and skills concluding from numerous ranges in the business are discovered to knowingly advance innovation (Griffin, 1997). Also, team members that have high levels of education background and self-esteem are also able to progress the project team's effectiveness. With that said, organization culture is determined as an extensive social structure in a company that steers the selection or option of strategic objectives and methods to achieve them. It signifies to a group of values shared and norms in a company that have an effect on the employees regarding on how would they work together which interacting with each other under the same working environment (Balaji et al., 2020).

According to Shanker et al. (2017), organizational climate effects innovation when the employees' behavior is stirred, while consistent with Hurley and Hult (1998), organizational culture which is knowledge oriented, accompanies models and standards that would yield an improved performance (Sutanto, 2017). From range to liberty, regardless on recognition, intuition wisdom, commitment motivation, are all implanted in the culture so people can explain that it denotes to standards, morals, manufactured article, and behavioral patterns in corporation. Hence, this cultural process maintains and activates innovation substantially (Hogan & Coote, 2014). Whereby current research backings these findings that Luu (2019) discovered that sustaining a distinctive group of individuals inside a company nurtured service innovativeness amongst the employees. With that being said, Adelekan (2016) mentioned that the organizational culture can develop the behavioral norms that inspires commitment and productivity of employees in the organization.

As a result, understanding organizational culture and service innovation help the employees in the entire organization to drive by purposes and clearer expectations which inspires and encourages employees to be more involved in their responsibilities and relations with each other. At the same time, this as well direct to high concentrations of employees' engagement which drives productivity. Counter to Srisathan et al. (2020), by developing such a positive culture can encourage the ability of organization to be measured regarding on innovation performance.

2.3 Management Commitment

Based on Aladwan et al. (2013), management commitment is fundamental and measured as a vital and required component in behaviour of employees. This is due to the achievement of a company can be guaranteed by the commitment from the management. Management commitment, specifically from the upper management, signifies an expressive obligation, principle, purpose, or a robust boldness in the direction of carry out a goal, and it will influence the performance of employee correlated activities (William et al., 2014). Empowering management who encourages their subordinates by building an environment that cares, delivers feedback, and provides supplies and occasions, improves both effectiveness and productivity (Chow, 2018).

Studies have revealed that leadership increases on operation and performance. Senior managers are required to guide the work procedure, when this is conceivable then only the crucial deliberate value accomplishment during continual development have been accomplished (Caroline et al., 2016). Ndiritu (2015) reviews the fundamental of management commitment by expressing that quality is 'a boardroom affair'. Its description and creativity are all meant by the

top management commitment. With that being said, management commitment is clarified as a method which it is very advanced that a company uses quality ethics in terms of business, implementation, procedures and policies to propel enhancement in cooperation, performance of the contract and standards of governance. It is an organized approach where the management of company want to ensure that business requirements and competences are associated to conventional commitments, at the same time to be certain that selection of the opportunity is maximized and workplace as well as business relationships are achieved as established (Support, 2016).

Tseng et al. (2020) discovered that service innovation activities should be prioritized over other aspects decision-making of management, whereas Chen et al. (2015) propose that organizations should take on service innovations only if showed contributions over the marketing activities and the value-added chains with the purpose of maintainability. Human capital has been demonstrated to be an essential component in the service innovation process (Stephens et al., 2013). Besides, empowering management to implement new approaches that maintains and attracts the creative or innovative methods of working adoption (Hassi, 2019). According to Aggarwal et al. (2018), management commitment could be viewed as a significant, non-technological driver, in the innovation management process which be in the lead to the managerial support development, organizational and individual learning, and employee encouragement. Despite that the fact of extraordinary diversity between successful managers in terms of capabilities, style, character, and concentrations, management commitment is observed as being talented of determining organizational culture and portrays a noteworthy role for positive market-driven revolution.

2.4 Training and Development

According to Bhatti et al. (2018), even though current economic recessions have caused many companies to severely decrease their training and development funds, yet, to those forward-thinking leaders comprehend the necessity for effective training to help in sustaining and expanding employees' skill sets with the intention of make them ready for eventual leadership positions. By means of to catch the attention, encourage, and keep hold of skilled employees at all levels and in all works. Therefore, human resource management should make sure that training, development, and career advancement curricula quantity significantly on their work agendas for obtaining competitive advantage in the meantime lighting expectations of employees. Besides, many companies mostly use training as an approach for the preparation and employment of change. For instance, when a company make known to a new process, rules and regulations, or enterprise-wide system, the leaders of the organizations put training effort into operation to enhance employees' existing experiences, knowledges and skills in line with the innovation proposed. Training and development usually are denoted to as strategic learning experiences which instruct the employees about carrying out recent and upcoming jobs. At its centre is the enhancement in the contributing employees' performance. Learning is achieved by training and development thus; these are intended to be interpreted as organizational resource throughout which the individuals obtain information, understand and are applied (Tahir et al., 2014). Moreover, the employee training and development tend to make sure that the organisation operates in line with propagated government rules and regulations as well as possesses of expert competent employee which is nowadays more and more significant and tactical role in the economic success that employers should generate training and developments for employees based on criteria such as their position, title, or job description (Mpfu & Hlatywayo, 2015). With that being said, training and development is referred to scheme in which employees has been provided particular abilities, knowledge and skills with the purpose of improving their level of performance in their current responsibilities along with delivering them opportunities for learning in order to boost their growth (Surbhi, 2019).

On the other hand, training and development may increase corporate innovation because it creates unremitting and experimental learning that offers new knowledge to employees and motivates experimentation at workplace. Moreover, training and development are effectual approach that assists employees earn suitable knowledge, skills and attitudes for their adaptive performance (Sitzmann & Weinhardt, 2017). Therefore, organization investment in training and development promotes the organizations capacity to introduce service innovations. In addition, employees also tend to be encouraged to generate knowledge, skills and attitudes fundamental for innovations when they distinguish training and development as precious and applicable to their responsibilities. Such constructive training and development insights should inspire employees' learning motivation and bring to significant enhancements in knowledge, skills and attitudes amongst them. Hence, both the top-down and bottom-up dimensions of training and development are projected to improve service innovation (Sung & Choi, 2018).

2.5 Organizational Communication

Communication in the working environment is as well best described as organizational communication. It has prevailed from long time ago and is undoubtedly even more significant in current complex corporations. A number of developments have occurred in the communication process generally because of technology. The way employees communicate these days in comparison with the way employees communicated in the last few decades have also revolutionised (Miller, 2015). Due to the organizations these days are turning more multifaceted in structure and in the way, they operate, organizational communication has become obligatory to reappraise in order to make sure that the company itself operate effectively and efficiently. Effective communication helps out to enhance business operation, accomplishing objectives, and sustain healthy relationships in firms. Apart from that, organizational communication plays an important role in the any corporate operation, either it is for the purpose of commercial, non-commercial, academic, or public organizations (Sharma et al., 2015). With that being said, organizational communication is a process throughout which individuals put together, administer, and figure out activities or performances and signs (either verbal or nonverbal), both purposely and by coincidence, throughout communication (mediated or direct), inside and among in term of specific organizational circumstances (Encyclopedia of Communication and Information, 2020).

Organizational communication is fundamental activity in a company. Generally, the organization operation and existence in the business market in a period long of time is depending on that organizational communication itself as it can determine how strong and harmony the relationship among the employees to develop and coordinate each of the tasks and responsibilities to attain the company objectives. This is important in socialization, decision making, problem solving and influence the implementation of service innovation in the company. Aside from this, organizational communication can help encourage, build trust, develop common goal and stimulate engagement of employees that can accomplish service innovation (Berger, 2008). By having effective organizational communication in the company can assist in controlling service innovation which means that controlling employee's behaviour in diverse approaches. Variety of hierarchy levels and specific standards and rules that employees ought to follow in the organization. When they comply and are clear in communication in organization, then they can perform their tasks efficiently that they can work on any challenge and objection (Barbour, 2018).

3. METHODOLOGY

The population size of in this research has included all employees in one manufacturing-based organization located in Penang, Malaysia. 201 of respondents from 420 of employees had completed the distributed questionnaire. The unit of analysis has been executed in this research

which the purpose of to obtain the information and the component that is examined is how are they playing a part of their roles to service innovation in their workplace. Demographic profile was the primary data that has been developed to get to know the respondents and the items consist of gender, age, highest education attainment, position, department, and working experience. The respondents' age has been categorized into five groups which are 20 years old and below, 21-30 years old, 31-40 years old, 41-50 years old, and 51 years old and above. The highest education attainment composed of five groups as well which are PMR/SPM/STPM, Diploma, Bachelor, Master, and PhD. Next, the respondents' position consisted of four groups such as executive, manager/assistant manager, senior/deputy senior manager, and non-management/non-executive. Next, the department of respondents have been classified into six groups which are account, engineer, logistics, human resource, production/manufacturing and other. Lastly, the working experience of respondents has comprised of four segments. For instance, 0-2 years, 3-5 years, 6-10 years and 11 years and above. This research encompassed of one dependent variable which is service innovation and four independent variables such as organizational culture, management commitment, training and development, and organizational communication. The instruments for service innovation are taken from Avlonitis et al. (2001) which consist of six items. Organizational culture instruments are adopted from Chang and Lin (2007) in which it has fourteen items. Meanwhile, management commitment instruments are taken from Chang and Lin (2007) which it is measured by six items. Training and development instruments are adopted from Mwangi (2017) in which it has six items whereas organizational communication instruments were taken from Luutaya (2018) and is appraised in six items. All the constructs are evaluated by using multiple closed-ended items with 5-point Likert scales ranging from 'strongly disagree' = 1 to 'strongly agree' = 5. Therefore, the data analysis is analysed statistically by using the IBM Statistical Package for Society Sciences (SPSS) Version 25.

4.0 RESULTS AND DISCUSSION

There are 420 questionnaires distributed to the respondents and 201 questionnaires are completed which it has occupied of 47.86% of the number of distributed questionnaires. Henceforth, there are 101 male respondents which occupied 50.2% of the total respondents. Meanwhile, the number of female respondents is 100 of employees (49.8%). Most of the respondents in the manufacturing organization are age 21-30 years old which equivalent to 95 respondents (47.3%). Respondents who age 31-40 years old come second highest which possessed of 61 employees (30.3%). Then, is followed by the respondents who age 41-50 years old which occupied 31 employees (15.4%). Respondents who age 20 years old and below and 51 years old and below occupied the same amount of number which are 7 people each which occupied 3.5% respectively out of 100%. Afterwards, the highest education attainment of Bachelor set the highest number of respondents which are 133 employees (66.2%), then followed by Diploma, 50 respondents which equivalent to 24.9%. Last but not least, for the highest education attainment of respondents of Master, PMR/SPM/STPM, and PhD are 12 (6.0%), 5 (2.5%) and 1 (0.5%) respectively. Apart of that, the executive position of respondents are 113 employees which equivalent to 56.2%. Next, followed by non-management/non-executive occupied 55 respondents which are 27.4%. For the position of manager/assistant manager and senior/deputy senior manager consist of 25 respondents (12.4%) and 8 respondents (4.0%) correspondingly. Furthermore, in the aspect of department, the widely held respondents work in engineer department and this corresponding to 43 respondents (21.4%). Next, is the respondents who work in production/manufacturing department which equivalent to 40 respondents (19.9%). Respondents who work in other department occupied of 39 employees which corresponding to 19.4% then followed by account, human resource, and logistics' departments possessed of 28 (13.9%), 27 (13.4%) and 24 (11.9%) respectively. Finally,

is the working experience of respondents in the manufacturing organization. Most of the respondents have 3-5 years of working experience and this is equivalent to 60 respondents (29.9%). Succeeding by respondents who work 11 years and above which occupied of 49 respondents (24.4%). Then, followed by 0-2 years and 6-10 years of working experiences, the respondents are 48 employees (23.9%) and 44 employees (21.9%) respectively.

Table 1: Reliability Analysis (n=201)

Variables	Dimensions	Cronbach's Alpha	Results
Dependent Variable	Service Innovation	0.88	Good
Independent Variable 1	Organization Culture	0.91	Excellent
Independent Variable 2	Management Commitment	0.91	Excellent
Independent Variable 3	Training and Development	0.90	Excellent
Independent Variable 4	Organizational Communication	0.89	Good

Based on Table 1 has shown above, the Cronbach's Alpha value for six items of Service Innovation (SI) is 0.88 which it indicates good result. Meanwhile, the Cronbach's Alpha value for fourteen items of organization culture (OC) is 0.91 where shows excellent result. Whereas the Cronbach's Alpha value for six items of management commitment (MC) is 0.91 where represents excellent result. The Cronbach's Alpha value for six items of training and development (TD) is 0.90 and this has shown an excellent result as well. In the meantime, the value of Cronbach's Alpha for six items of organizational communication (ON) is 0.89 and it represents good result.

Table 2: Means and Standard Deviations

Variables	N	Mean	Std. Deviation
Service Innovation	201	4.35	0.59
Organizational Culture	201	4.41	0.51
Management Commitment	201	4.39	0.63
Training and Development	201	4.47	0.58
Organizational Communication	201	4.37	0.62

Based on Table 2 has shown above, respondents in the manufacturing organization have the highest mean in training and development with the score of 4.47. Aside from this, the mean of management commitment was second highest at the score of 4.39. Next, the mean of organizational culture was at the score of 4.41 and lastly the mean of organizational communication was lowest at the score of 4.37. As shown, service innovation standard deviation is 0.59. In the meantime, the standard deviation for management commitment reported the highest value with the score of 0.63. Next, the second highest of standard deviation is organizational communication which its score was at 0.62. Meanwhile, the standard deviation for training and development was at score of 0.58. Lastly, the organizational culture's standard deviation stated the lowest of standard deviation which its score was at 0.51.

Table 3: Inter-Correlation between Variables

Variables	SI	OC	MC	TD	ON
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Service Innovation	1.00				
Organizational Culture	.713**	1.00			
Management Commitment	.634**	.824**	1.00		
Training and Development	.612**	.736**	.814**	1.00	
Organizational Communication	.668**	.787**	.798**	.788**	1.00

***. Correlation is significant at the 0.01 level (2-tailed)*

Based on Table 3 has shown the inter-correlation between variables for 201 respondents in this research. Organizational culture has strong relationship with service innovation in manufacturing organization ($r=.713$, $p<.01$). Next, management commitment has strong relationship with service innovation in manufacturing organization ($r=.634$, $p<.01$). Then, training and development has strong relationship with service innovation in manufacturing organization ($r=.612$, $p<.01$). Lastly, organizational communication has strong relationship with service innovation in manufacturing organization ($r=.668$, $p<.01$). Thus, all variables have shown they are positive in relationship.

Table 4: Regression Result

Variables	β	t	p	R ²	Sig F. Δ
Model 1 – Main Effect				0.540	0.0000
Organizational Culture	0.475	5.133	0.000		
Management Commitment	-0.024	-0.235	0.815		
Training and Development	0.091	1.006	0.316		
Organizational Communication	0.242	2.604	0.010		

Table 4 has shown regression result of this research regarding organizational culture, management commitment, training and development, and organizational communication on service innovation. Aside from this, the R-square that stated in the table is 0.540 which means it is corresponding to 54% and this indicated that service innovation can be elaborated by all of the independent variables which are organizational culture, management commitment, training and development as well as organizational communication. The variable of organizational culture showed ($\beta=0.475$, $t=5.133$, $p=0.000$) and it has significant influence on service innovation. The organizational communication is as well presented a significant influence on service innovation where ($\beta=0.242$, $t=2.604$, $p=0.010$). Nevertheless, management commitment ($\beta=-0.024$, $t=-0.235$, $p=0.815$) has no significant influence on service innovation whereas training and development ($\beta=0.091$, $t=1.006$, $p=0.316$) has no significant influence on service innovation. Hence, two hypotheses are accepted and two hypotheses are not accepted in this research.

5.0 CONCLUSION

In conclusion, this research study has been conducted to examine there is significant influence of corporate performance on service innovation in a manufacturing-based organization in Penang, Malaysia. There are four internal variables under the domain of corporate performance where the four stated independent variables are depicted based on the past researchers' studies in which the organizational culture, management commitment, training and development, as well as organizational communication are under the domain of corporate performance. According to the regression analysis result that has been computed, there are two accepted hypotheses and two not accepted hypotheses. The two accepted hypotheses were organizational culture and organization communication. These imply that culture and communication develop or enhance sustainable competitive advantage and growth of corporate

performance on service innovation. The other two not accepted hypotheses were management commitment and training and development. This may be due to the lack of commitment from the management being portrayed to the employees in the company or the provided training and development is inadequate to the position of the employees. This situation would be a threat within organization to implement the service innovation in order to be competitive advantage from the competitors in the market. Moreover, theoretical and practical implication have been elaborated. Theoretical implication is about the past researchers' implication of study. Whereas for practical implication is regarding the right approach that have to be taken part by the top-down management and employees in order to make the service innovation in the manufacturing organization realized and sustain. Limitation of this research is that there is limited study of service innovation in the manufacturing organization are the research findings focused solely on one manufacturing organization only. The author hopes and suggests that further research is needed to examine in more comprehensive of this related topic of interest.

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