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**THE IMPORTANCE OF INNOVATIVE BEHAVIOUR TOWARDS**  
**EMPLOYEE'S JOB PERFORMANCE**

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*Abstract*

The industrial revolution 4.0 focuses heavily on the important of automation usage and data exchange that limits the usage of human skills and capacity. Thus, the role of human capital needs to be feasible and relevant in the context of industrial revolution nowadays. This phenomenon has impacted the SMEs organization which therefore affected the capacity of SMEs employees. Hence, the SMEs need to be prepared for these challenges by providing a feasible and relevant employee who are innovative and creative. As such, this study tends to focus on the important of innovative behaviour among employees. This paper aims to investigate the relation between innovative behaviour and job performance of the SMEs employees. Sample of respondent was selected among SMEs workers in electrical and electronic sector. The study used 201 questionnaires obtained from SMEs employees and the data was analysed using PLS-SEM. From the finding of this study, the outcome of the analysis showed a positive relation between innovative behaviour and job performance. This study provides useful information for researchers and practitioner in understanding the importance of innovative behaviour towards the employee's job performance.

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**Keywords:** Innovative behaviour, job performance, SME.



## 1. Introduction

The emerging of the fourth industrial revolution creates a tremendous phenomenon for business environment. Alongside of this trend, business firm need to adapt to this change by preparing their business strategy and plans according to the market demands. The industry 4.0 focused on the innovation aspect that heavily required the use of automation and data exchange in every process. As a consequence of it, most of the business's firm nowadays are directing their business operation to adopt and implement new technology. The implementation of new technology seems to be valuable to the organizations because it would save their operation cost and time.

The advancement of technology usage that undergoing rapid changes over the years has resulted the incoming of new technologies such as artificial intelligence (AI), Internet-of-Thing, Big Data Analytics and fast data networks. According to Muller (2018), the rising of industry 4.0 has changed the environmental conditions and shifted industrial player towards a digital future. The usage of these new technology is seen to be applied in every aspect of business operation nowadays. Some of the relevant technological development that can be seen are involving production sector that increase the usage of automation, digitalisation and mixing the usage between machines, products and users (Muller, 2018). Meanwhile, the big data application has integrated part of commercialism operations and make them to strategize their processes in order to forecast and meet the demands of customers (Fernando, Chidambaran, & Whayuni-TD, 2018).

The demand and implementation of technological trend has showed that the capacity of human employees is now limited and many has foreseen the decreasing number of human employees in the future. As such, those employees who are seen to be skilful, creative and innovative will only be working in the company, while those who does not meet the criteria will be left out. Therefore, the rising of industry 4.0 will definitely impacted the workers in various sector over the world. As for the purpose of this study it will be specifically referred to employees working in Malaysia SMEs.

According to Sivathanu and Pillai (2018), employee's knowledge and improvement in their ability are deemed as a basal requirement for an organization to precede in today's competitive surroundings. This skills and knowledge are important for an employee or a company to survive in the business environment, with the demand of latest technology in the era of industrial revolution. With regard to the survival of employee's in the new era of technology, organizations need to cultivate and enhance the innovative behaviour of employees. Only employees with innovative skills and capacity could survive and remains as valuable assets for a firm to sustain in the technological era.

### 1.1. SMEs in Malaysia

SMEs play a tough position in enhancing the nation's employment percentage and social growth. SMEs are known as sources of innovation, generating export opportunities, and also act as a platform for providing future successful large-scale enterprises. SMEs also have the potential to encourage domestic business enlargement in surviving and new industry and reinforce the flexibility of the economy on the rise of global economic competition. According to Abdul, Ismail, and Mustapha (2013), SMEs in Malaysia are part of important segment of Malaysian economy that represent more than 90 percent of total business establishments in Malaysia.

The Malaysian SMEs are characterized according to the quantity of workers and yearly sales turnover. These relate to four major segments: manufacturing, manufacturing-related services and services (included also information and communication technology), and primary agriculture (Ab, Nik, Nizam, & Zain, 2011). The electrical and electronic sector was reckoned as a promising industry for the Malaysian economic system. The demand for national and exported electrical and electronic products and services is of all time increasing and points to a gleaming future for the electrical and electronic sector in Malaysia.

Previous study shows that employees who are innovative are reported to contribute more to an organization's productivity and performance (Xerri & Brunetto, 2011). Similarly, Kavoo-Linge and Kiruri (2013) also stated that achievement of a business organization relied on the employees' effectiveness and efficiency. Thus, SMEs in Malaysia is relying on the capacity and capability of the employees to innovate. The innovative employees will help the firm to gain its productiveness and performance. Therefore, the role of SMEs' workers is deemed crucial for the SMEs to maintain its businesses and be eminent among their competitors.

## **1.2. Innovative Behaviour**

Innovative behaviour was defined by West and Farr (1989) as a commencement of new idea and plan, which has been widely adopted by innovative behaviour researchers later on (Scott & Bruce, 1994; Janssen, 2000; Yuan & Woodman, 2010; Shih & Susanto, 2011). For the use of this study, the definition of innovative behaviour by West and Farr (1989) and refinement of innovative behaviour model from Scott and Bruce (1994) was adopted which specified and improved the thought of innovation. Thus, innovation was defined as not only referring to product and processes but also includes employee's innovative behaviour. In meantime, individualist innovative behaviour was defined as behavioural intention of someone to initiate or apply brand-new ideas, process, products or operation in doing his or her work task (Hakimian, Farid, Ismail, & Nair, 2015).

Scott and Bruce (1994) came out with a framework of individual innovative behaviour that consists of a three-stage process. First, the innovative activities begin with the identification of problems and exhibit brand-new ideas. In second phase, the seeker of the brand-new ideas will look for support and seek to create an alliance of team to implement the brand-new ideas. Finally, the brand-new idea is produced into a prototype or sample by the worker. According to Omri (2014), innovative ideas can be generated from the problems occurred in the workforce task and the employees thereafter generated the ideas as a way to solve the problem. Thus, innovative behaviour covers the action of discovering new ideas, generating the thoughts at piece of work and preparing for the execution of the thoughts (Carmeli & Spreitzer, 2009). These stages of processes are important to determine the action of innovative behaviour and thereafter focusing on the implementation of the innovative behaviour. As we can see, planning without any action will not be fruitful. The best way for innovation ideas is relied on the implementation part of it. Thus, employees play a crucial task in implementing innovative behaviour in the workplace.

Innovativeness nowadays has become one of the skills that employees need to practice and implement in their workplace (Yusof, Imm, Ann, & Rahman, 2018). This is in line with the emerging trends of industrial revolution 4.0 that emphasized on the usage of technological advances for example analytical of big data, internet of things, and much more. As such, employees who are committed to innovative are

able to deal and working under the pressure of using new technology (Hakimian et al., 2015). This kind of employees must also be creative and innovative in doing their task because they may need to change their workstyle if the demand for the usage of technology is increasing in their work task.

### **1.3 Job Performance**

Job performance is deemed as one of the essential criterions that have been studied by scholars in the organizational behaviour context (Campbell, 1990; Rich, 1997). The ability of a person to perform his job is defined as job performance (Kumar & Giri, 2009). Apart from that, job performance is deemed as important characteristic in an organizational system. In addition, job performance involved the time and power that a worker dedicates to his or her work (Harrison & Shaffer, 2005; Bhatti, Sundram, & Hoe, 2013).

Various scholars studied the role of job performance in management studies for example Rich (1997) discussed the role of sales managers being indirectly related to salespersons' job performance. In another study by Bhatti et al. (2013), the connection between expatriate adjustment and work performance was explored. Apart from that, the function of organizational communication in the context of job performance was studied by Kumar and Giri in 2009. They found that communication behaviour in the organization determined employees' job performance. Meanwhile, Wickramasinghe and Liyanage (2013) discussed the positive outcome of high-performance job traditions on workers' job performance.

Jong and Hartog (2007) argued that innovative behaviour is associated to business performance through employees' capacity to produce ideas. While Xerri and Brunetto (2011) stated that innovative behaviour is connected to firm competitive advantage through knowledge management process. According to Sun and Stuebs (2013), innovative activities produce positive evidence to a firm's competitiveness. Referring to Vilanova, Lozano, and Arenas (2009), one of the competitiveness attributes is related to employees' performance in their jobs (Sun & Stuebs, 2013). The impact of innovative behaviour on firm effectiveness and competitiveness is deemed one of the big issues in the field of innovative behaviour study. One of the ways to measure firm competitiveness and effectiveness is by looking at employees' job performance. This is because the quality of organizational effectiveness and life is determined by the quality of job performance (Kumar & Giri, 2009). Thus, if innovative behaviour leads to good job performance, it improves a firm's effectiveness and competitiveness. With restricted experimental findings on the connection that linked innovative behaviour and job performance (Kang, Solomon, & Choi, 2015), this study would like to assess if innovative behaviour is related to job performance.

## **2. Problem Statement**

The emerging of industry 4.0 has create an alarm for the strategic human resource management because it will impact the human skills and usage in the workforce sector (Whysall, Owtram, & Brittain, 2019). This has led to a situation where the demand for the usage of new technology is now outpacing workers and organizations' cognition to do work (Deloitte, 2017). As a consequence of it, the organization need to focus on identification of critical talent or employees that meet the criteria needed as to be align with the evolution of industrial 4.0. Furthermore, the organization need to look ahead for the valuable criteria of future human skills needs and explore new approaches to meet the requirement of talent skills

and rapid technological changes (Whysall et al., 2019). Thus, knowledge and skill enhancement that involved innovativeness is considered as a primary thing for an organization to precede in current business's competitive situation (Sivathanu & Pillai, 2018).

Innovation is now deemed as one of the important elements for development of firm's competitiveness and performance. Innovation nowadays does not refer to product and research development only but also includes the innovative behaviour of employees. Organization requires innovative employees who have the ability to produce innovative products, solutions and ideas to improve firm performance (Scott & Bruce, 1994). Employees who are innovative tend to help the firm to increase its performance and productivity. Therefore, having employees who are innovative is crucial for SMEs to gain its competitive advantage and increase productivity level (Shih & Susanto, 2011; Yuan & Woodman, 2010).

In the meantime, SMEs are facing with the problems of low productivity of employees (June & Mahmood, 2011) especially in the context of innovativeness in both internal processes and product development. This problem has triggered the need to explore ways to improve innovative behaviour of employees that might contribute to increase productivity and performance of the employees and organization. According to Omri (2014), the sustainability of SMEs is depended much on innovation and final resources of the firm. Thus, the issue of innovation is vital for the SMEs as they need to generate and implement new ideas in order to be competitive.

The increasing literature of innovative behaviour discussed the role of innovative behaviour in helping the organizations to be competitive (Hakimian et al., 2015; Jafri, 2010; West & Farr, 1989). Vast research on the factors that contributed towards employee's engagement in innovative behaviour, but there is still minimal research on the positive outcomes of innovative behaviour (Hakimian et al., 2015; Omri, 2014). Thus, this paper tends to look at the relationship between innovative behaviour and its outcome of job performance.

### **3. Research Questions**

This study proposed and designed to response a research question that address from the above research issues:

RQ1. Does innovative behaviour associate to job performance of SMEs worker?

Hence, this study aims to look into the relation between innovative behaviour and job performance.

As we can see employees helps an organization to improve business performance by capitalizing their ability to innovate (Jong & Hartog, 2007). Employees' innovative behaviour also helps company to attain competitive advantages and effectiveness (Janssen, 2003; Yuan & Woodman, 2010). If workers engage in innovative behaviour which improve their skills, this can bring forth to social and financial benefit to the firm as the final outcome. Meanwhile, in most innovative behaviour work, researchers incline to examine the effect of innovative behaviour on firm competitive advantages or innovation in product and services. However, this research aims to explore the impact of innovative behaviour on job performance as

the outcome of this kind of research is still limited. Thus, this study tends to investigate the role of employees' innovative behaviour that demonstrate to impact towards SMEs worker's job performance. The hypothesis is developed as follow:

H1: There is a positive relationship between innovative behaviour and job performance.

#### **4. Purpose of the Study**

The focus of this paper is to investigate the relationship between innovative behaviour and job performance. This will later arrive at a better understanding on the important of employees to absorb innovative behaviour that will impact their job performance. Besides that, this paper aims to add on to the body of knowledge for innovative behaviour by expanding the current research on innovative behaviour that expedite the positive side of practising innovative behaviour. Therefore, this study will concentrate on the positive impact of innovative behaviour which is increasing employee's job performance. As such, the resultant of this research will highlight the important of cultivating innovative behaviour and SMEs are encouraged to enhance their employee's innovative behaviour because it will increase their job performance.

#### **5. Research Methods**

This study was using a quantitative methods of survey questionnaires. The questionnaires were adopted and adapted from preceding literatures and divided into two parts: innovative behaviour and job performance. The items were measured using five-point Likert scale with 1 representing most unlikely and 5 being very much likely. The items related to innovative behaviour were changed accordingly from Scott and Bruce (1994) as to suit the Malaysian context. These items are known as idea generation, idea promotion and implementation of idea. Meanwhile, the items for job performance were adapted from Wickramasinghe and Liyanage (2013). The items refer to quality of work, level of performance and work effort. Questionnaires were distributed among workers who are employed by SMEs under electrical and electronic sector. The listing of SMEs in the sector of electrical and electronic was acquired from MATRADE. Thereafter, the questionnaires were then distributed to the workers of the electrical and electronic SMEs in Malaysia.

A set of 382 questionnaires were posted to the SME workers and the data obtained were analysed using partial least square structural equation modelling (PLS-SEM). The measurement and structural model were run for this study. The cronbach's alpha of all the constructs of this study were found to be above 0.70 which reported by Hair, Hult, Ringle, and Sarstedt (2014), Nunnally and Bernstein (1994) as satisfactory which means that the reliability coefficient must be within a value of 0.70 and above. The structural model assessment was thereafter analysed for the purpose of testing the hypothesis.

#### **6. Findings**

An overall of 382 questionnaires were distributed and by the final stage of data collection, only 201 questionnaires were returned. This represents 52.6 percent of response rate which were used in subsequent

analysis. The profile of respondents was analysed using SPSS showed that 35.3 percent were female and 64.7 percent were male. The majority age of respondents participated in this study were in the range of age between 31 to 40 years old, followed by employees in the age below 30 years old and the smallest group are those who are age 41 and above. In term of race, 63.2 percent were Malays, 28.9 were Chinese. 7.5 percent were Indian and 0.5 percent were from other ethnic or race. As for years of job tenure, 33.8 percent of employees had working experience between 1 to 5 years, 31.3 percent had working experience between 6 to 10 years, 22.9 percent of employees had 10 years and more of experience in doing their job and 11.9 percent of employees had less than 1 year job experience.

The analysis of the data was using SMART PLS software and the analysis were conducted thereafter. The structural path coefficient assessment was run to test the direct relationship between innovative behaviour and job performance. The result of path coefficient is shown in Table 1 which indicate the positive capability of the relationship between the independent variables and dependent variables. The path coefficient for the relation between innovative behaviour and job performance showed a strength of 0.483 and R2 was used to measure the predictive ability of the dependent variables. The R2 value of 0.233 showed an explanatory power that stated innovative behaviour moderately indicate the variance for job performance.

As we can see, job performance is the time and effort an employee devoted to their work (Harrison & Shaffer, 2005; Bhatti et al., 2013). From the result obtained, innovative behaviour was optimistically linked to job performance. Employees who engaged in innovative behaviour are able to demonstrate higher job performance. Thus, this study managed to show that innovative behaviour brings out the best in employees that is increasing in their job performance. This was deemed as a positive outcome of employees' innovative behaviour. This results also reflecting that employees who have higher job performance are the one who engage in innovative behaviour. Since, innovative employees do their best in work that is reflected in increasing their job performance, managers in the organizations need to focus and encourage the employees to become innovative.

**Table 01.** Path coefficient assessment

	<b>Relationship</b>	<b>Path Coefficient</b>	<b>Standard Error</b>	<b>T-value</b>	<b>R2</b>	<b>Result</b>
Hypothesis 1	innovative behaviour -> job performance	0.483	0.044	11.045	0.233	Significant

## 7. Conclusion

In the competitive business world and the emerging technologies that dominate most of the business operation, employees and organizations are facing with the main issues of survival. Organizations must be creative and innovative to compete with other business entities. This also applies to employees whereby they need to be innovative in order to compete with the advancement of technology that might replace their role as an employee in the future. The findings from this study display an evidential relationship between innovative behaviour and job performance. Workers who are innovative will perform well and this could help the organizations to increase its performance and at the same time being competitive.

Overall, Malaysian SMEs can tap the full potential of their employees for better firm performance. Thus, SMEs could encourage employees to become innovative and increase their performance by giving support and encouragement. Having innovative employees who are satisfied with their job performance may result in improved company's performance. Hence, organizations must determine correct employees with potential to innovate and endeavor to become innovative.

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