

**FROM ORGANIZATION CULTURE TO  
INNOVATION SUCCESS:  
IN THE CONTEXT OF HR SHARED  
SERVICES ORGANIZATION**

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**FROM ORGANIZATION CULTURE TO INNOVATION SUCCESS:  
IN THE CONTEXT OF HR SHARED SERVICES ORGANIZATION**

**(A thesis submitted to College of Business in partial fulfillment of the  
requirements for the degree of Master of Human Resource  
Management)**

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## **ABSTRAK**

Sebuah penelitian atau kajian telah dilakukan untuk mendapatkan pandangan terhadap kejayaan inovasi sebuah organisasi di syarikat multinasional yang terletak di Penang Free Industrial Zone, Bayan Lepas. Tujuan kajian ini adalah untuk menentukan keadaan budaya organisasi “HR Shared Services” ketika ini, dan untuk menyiasat hubungan antara lima faktor-faktor yang dikenalpasti dari budaya organisasi, dengan kejayaan inovasi organisasi. Sebuah kajian kuantitatif dengan menggunakan metodologi soalsiasat di mana soalan-soalan demografi, soalan Penilaian Budaya Organisasi (OCAI) dan soalan soalan kajian diberikan kepada semua kakitangan “HR Shared Services Organization” yang terdiri daripada 102 pekerja. Keputusan keseluruhan menunjukkan bahawa faktor-faktor organisasi yang telah dikenalpasti itu semuanya didapati berkait secara positif dengan kejayaan inovasi organisasi tersebut. Beberapa cadangan juga diberikan untuk menggerakkan organisasi ke arah keadaan yang dikehendaki iaitu kepada budaya organisasi yang memelihara pemikiran berinovasi.

## **ABSTRACT**

A study was conducted to gain a view on the innovation success of an organization in a multinational company located in Penang Free Industrial Zone, Bayan Lepas. The objective of the study is to determine the current state of organizational culture of the HR Shared Services organization and to investigate the relationship between five identified factors of organizational culture and the innovation success of the organization. A quantitative study using survey methodology was employed whereby demographic questions, Organization Culture Assessment Instrument (OCAI) questionnaire, and survey questions were distributed to all staffs of the HR Shared Services Organization which consisted of 102 employees. The overall results show that the identified organizations factors are positively related to the innovation success of the organization. Several suggestions were also made to move the organization towards the desired state of the organization culture that nurtures innovation thinking.

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# **Chapter 1**

## **INTRODUCTION**

### **1.1 Introduction to the Study**

Why do organizations innovate? A possible answer is innovation can potentially provide more creative solutions to the various challenges a corporation faces. There can be more innovative products and services that can better meet the needs of customers and clients. Other than products and services, innovations may be needed for more efficient operations, and satisfying any objectives for which fresh thinking and new ideas are required. It is like introducing the right services or products at the right time in the right markets with the right supply chain, and then continually updating, optimizing, and retiring them as necessary. Innovation may be defined as “the process of bringing new problem-solving ideas into use” (Kanter, 1983).

There is a worldwide phenomenon that innovation is an important topic in the study of economics, business, entrepreneurship, design, technology, sociology, and engineering. The word innovation is often synonymous with the output of the process. Since innovation is also considered a major driver of the economy, especially when it leads to new product categories or increased productivity, the factors that lead to innovation are also considered to be critical to policy makers (Wikipedia, 2010). In Malaysia 2011 budget, allocation of RM 71M is given to establish a Special Innovation Unit to commercialize R&D findings by universities and research industries. Another RM 41M is allocated for research, development and commercialization activities (New Straits Times,

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