

The Effect of Innovation Capability and Activity, and Wider Sector Condition on the Performance of Malaysian Public Sector Innovation Policy

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Abstract : Successful implementation of innovation is a key success formula of a great organization. Innovation will ensure competitive advantages as well as sustainability of organization in the long run. In public sector context, the role of innovation is crucial to resolve dynamic challenges of public services such as operating in economic uncertainty with limited resources, increasing operating expenditure and growing expectation among citizens towards high quality, swift and reliable public services. Acknowledging the prospect of innovation as a tool for achieving high-performance public sector, the Malaysian New Economic Model launched in the year 2011 intensified government commitment to foster innovation in the public sector. Since 2011 various initiatives have been implemented, however little is known about the performance of public sector innovation in Malaysia. Hence, by applying the national innovation system theory as a pillar, the formulated research objectives were focused on measuring the level of innovation capabilities, wider public sector condition for innovation, innovation activity, and innovation performance as well as to examine the relationship between the four constructs with innovation performance as a dependent variable. For that purpose, 1,000 sets of self-administrated survey questionnaires were distributed to heads of units and divisions of 22 Federal Ministry and Central Agencies in the administrative, security, social and economic sector. Based on 456 returned questionnaires, the descriptive analysis found that innovation capabilities, wider sector condition, innovation activities and innovation performance were rated by respondents at moderately high level. Based on Structural Equation Modelling, innovation performance was found to be influenced by innovation capability, wider sector condition for innovation and innovation activity. In addition, the analysis also found innovation activity to be the most important construct that influences innovation performance. The implication of the study concluded that the innovation policy implemented in the public sector of Malaysia sparked motivation to innovate and resulted in various forms of innovation. However, the overall achievements were not as well as they were expected to be. Thus, the study suggested for the formulation of a dedicated policy to strengthen innovation capability, wider public sector condition for innovation and innovation activity of the Malaysian public sector. Furthermore, strategic intervention needs to be focused on innovation activity as the construct plays an important role in determining the innovation performance. The success of public sector innovation implementation will not only benefit the citizens, but will also spearhead the competitiveness and sustainability of the country.

Keywords : public sector, innovation, performance, innovation policy

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