

Chapter 13

Innovation–Driven Planned Behaviour Towards Achieving the Wellbeing of the Malaysian SMEs

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ABSTRACT

Innovation requires an innovation mind-set derived from behavioural aspects of individuals. To realize such a notion, this paper introduces a framework and integrated theory of planned behaviour (TPB) in the line with the exploratory and exploitative innovations. Attitudes towards innovation, subjective norms for innovation and perceived control over innovation can influence on exploratory and exploitative innovations in SMEs. It is believed that through exploratory and exploitative innovations, entrepreneurs in SMEs may achieve subjective wellbeing. The approach of applying the TPB to exploratory and exploitative innovations will have few implications. First it allows SMEs to understand which factors are important in doing exploratory and exploitative innovations. Second, it will indicate that doing exploratory and exploitative innovations can bring the feeling of perceived wellbeing among entrepreneurs. Finally, the framework identifies a number of areas for future research that can verify the comprehensive understanding of successful innovations.

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INTRODUCTION

There has been noticeable shift in comprehending the innovation and its trail. Coupling with the shift, one of the key questions whirling around academicians' thoughts and minds is how to best measure the impact of innovation (Dolan & Metcalfe, 2012). According to Martin (2013), the globe is now witnessing the shift from 'innovation for *economic growth*' to 'innovation for *sustainable development*'. In addition, researchers have highlighted few challenges for innovation, such as, shift from 'innovation for *wealth creation*' to 'innovation for *wellbeing*'. Despite of the view as challenge, wellbeing has become an important consideration among all sections of the society. The significance of wellbeing further has been thrived and echoed by the global leaders, resulting in inclusion in the post-2015 global development agenda (UNDP, 2015). Other than the initiatives of global leaders and development agencies, different stakeholders of the society may play instrumental role in ensuring wellbeing of the individuals as well as the society. Business organizations as an entity also play a role in avowing wellbeing of the people. In a study, Rahman et al. (2015) revealed that financial and non-financial performance of small-medium enterprise business strongly predicts the subjective wellbeing of the entrepreneurs in Bangladesh. However, with vision to move forward as developed country at the end of year 2020, Malaysia is unremittingly endeavouring to develop itself in all respect. In the country, small-medium enterprises (SMEs) sector plays important role in the economy, and thereby the wellbeing of the businesses and the entrepreneurs is a necessity for the country's future achievement. In Malaysia the SMEs sector employ over 65 per cent of the total workforce and contributes 35.9 per cent to the country's GDP, and makes up 17.8 per cent of the nation's total export (SME Corporation Malaysia, 2016b). The extent of this sector's economic consequence is highlighted by the fact that 99.2 per cent of the total business establishments in Malaysia are SMEs (Singh & Mahmood, 2014). Nonetheless, notwithstanding impressive picture, the contribution of Malaysian SME to the national Gross Domestic Product (GDP) is comparatively stumpy as compared to other countries (Halim et al., 2015). As a developing country, SMEs of Malaysia are facing constricted coerce and multidimensional confronts. Researchers have also noted that for last few years, Malaysian economic progression is decelerating for various reasons along with financial crisis (Rasiah et al., 2015). Furthermore, the competition in the SME sector is very high and such stiff competition requires the SMEs to offer facilitating and supporting products/services driven by innovation based behaviour (Luoma-aho et al., 2012).

Despite the increased attention paid to this sector, comparatively little attention has been given to the issue of wellbeing of the SMEs which perhaps fostered by innovation. Even in the extant literatures and among the scholars there is paradoxical stand with regard to relationship of innovation and wellbeing. Famous economist and Noble laureate Stiglitz (2014) put forward that innovation might not necessarily generate wellbeing for individual and society as whole. On the other hand, innovation has been attributed as a means to improve people's lives (Dolan & Metcalfe, 2012). Further, it is also important to consider the influential factors of innovation in context SMEs, particularly in Malaysia. Scholars have earlier indicated that innovation requires an innovation mind-set which can be derived from behavioural aspects of individuals. Therefore, it is also remaining a dilemma that whether, the elements of planned behaviour instigates to pursue for innovation. On this context, the current study will embark upon to propose a conceptual framework, which demonstrates that attitudes towards innovation, subjective norms for innovation and perceived control over innovation could have possible relationship with two types of innovation (i.e. exploratory innovation, exploitative innovation). Further, the study stands on

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