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Malaysian Academy of SME and
Entrepreneurship Development

The Effects of Structural Capital on Organisational Innovation in Australian SMEs

ABSTRACT

Despite much research on structural capital, little is currently known about the effect in SMEs, especially in Australia. Innovation is important for SMEs to survive in the market and being sustaining competitive advantage. Organisational innovation has been studied by a number of scholars. However, it fails to prove conclusive evidence on the issue. Hence, this study used Business Longitudinal Database (BLD) from the Australian Bureau of Statistics (ABS) that examined 2,154 SMEs of various industries from 2009-2011 to test the hypotheses using Poisson regression. The main aim of this study is to identify whether structural capital is associated with product and process innovation in SMEs. Our research finding shows that structural capital has a positive and significant effect on product and process innovation after two-year interval. Structural capital simplifies the flow of information within the firm and firms with poor working procedures will not be fully competitive in the market. SC will give the important data and mindfulness for new item advancement and in the meantime, it will add to the creating of new or enhanced final product. This result shows that organizations' push to systematize authoritative learning through structural capital in the long run to improve the business practices and day to day operation.

Key Words: SMEs, Structural Capital, Innovation, Australia