

PERCEIVED CHARACTERISTICS OF INNOVATION AS THE DETERMINANTS OF RETURN ON INVESTMENT (ROI) APPROACH IN TRAINING PROGRAM WITHIN SMALL AND MEDIUM ENTERPRISES (SME)

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INTRODUCTION

This conceptual paper aims to identify the determinants that may influence the adoption of higher level training evaluation (ROI approach) within SMEs in Malaysia. Here, an innovation perspective applies as the adoption of ROI in this sector can be considered as a form of administrative innovation. The Rogers' five basic perceived characteristics are known as relative advantage, compatibility, complexity, trialability and observability that are believed to have strong correlation with the adoption of innovation (Rogers, 2003). The following section summarizes these determinants as the comprehensive discussion will be provided in the full paper.

DISCUSSIONS

Rogers (2003) defines relative advantage, compatibility and observability as the extent of which an innovation is perceived as an improvement to the idea that it surpasses, the degree of how an innovation is perceived as easily adaptable to the existing, and the extent of how the results of an innovation are evident or noticeable to others, respectively. Strong correlation between the three factors and the adoption of innovation is reported where many innovation studies found a positive relationship between these factors and the adoption of innovation (Green *et al.*, 2005; Alam *et al.*, 2007; Schneider 2007)

Meanwhile, complexity has the adverse impact on the ROI adoption compared to the above factors. It is defined as the degree to which an innovation is perceived as challenging to be understood and used (Rogers 2003). It is argued that an uncomplicated innovation is easier to adopt than a complicated one (Rogers, 2003). Many empirical studies report a negative influence of complexity on the adoption of innovation (Rashid and Al-Qirim 2001; Totterdell *et al.* 2002; Alam *et al.* 2007; Schneider 2007)

Trialability is amongst the least utilized attributes due to its irrelevancy with the innovation itself and the level of innovation diffusion ((Kapoor *et al.*, 2014). Trialability is defined as

"the degree to which an innovation may be experimented with on a limited basis" (Rogers 2003). Few studies report a positive relationship between trialability and the adoption innovations. The study by Gilpin-Jackson and Bushe, (2007) looks at the impact of trialability on training transfer where the skills transferred here is considered as an innovation. In a similar vein, the nature of ROI model itself allows trialability since it provides a systematic process where each step is run separately (Phillips and Zuniga 2008), which is proven through successful ROI trials in real commercial organizations (Phillips, 2003).

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