

HAIGAZIAN UNIVERSITY

**THE IMPACT OF
INNOVATIVE MANAGEMENT PRACTICES ON ORGANIZATIONAL
PERFORMANCE
IN A SAMPLE OF HIGH PERFORMING ORGANIZATIONS IN
LEBANON**

By

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A Thesis

Submitted in Partial Fulfillment of the Requirements for the Degree of

Masters in Business Administration with a Major in Management

To the Faculty of Business Administration and Economics

At Haigazian University

Beirut, Lebanon

February 2015

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ACKNOWLEDGEMENTS

First, I thank GOD for providing me with perseverance and patience throughout this research study.

I would like to express my deepest gratitude to my advisor, Dr. Sona Jerejian, for her continuous support, guidance, and enthusiasm all through this study. Through her high standards and expectations, she has been an outstanding model for me. Thank you Dr. Sona for giving all you can from your heart.

I want to thank Dr. Akram Tannir for his statistical guidance and insightful recommendations.

I want to specially acknowledge with great appreciation the support of my father and his continuous support and encouragement and insightful thoughts and assistance.

AN ABSTRACT OF THE THESIS OF

Rana Hussein Diab for Masters of Business administration/Major: Management

Title: The Impact of Innovative Management Practices on Organizational Performance in a Sample of High Performing Organizations in Lebanon.

The purpose of this study was to examine whether innovative management practices are practiced in a sample of high performing organizations in Lebanon.

Moreover, this study aimed to show whether these practices are positively contributing to the Employees' morale and satisfaction, Sustainable competitive advantage, and limiting Reactive or crisis-lead decisions.

An empirical study was performed using a survey questionnaire, which was distributed to 30 of the high performing organizations; 287 line managers from different organizations filled and returned the questionnaire.

Reliability Tests were conducted followed by Factor analysis, and Regression with Stepwise method.

Empirical evidence from this study showed that a number of innovative management practices, have a statistically significant positive relationship with different aspects of organizational performance like, employee morale and satisfaction, and sustainable competitive advantage.

The study recommended to managers in Lebanon to get employees more involved in decision making; give employees the power to challenge the long-standing management orthodoxies and beliefs, nurture a culture of openness and transparency, and build

organizations on a flat hierarchy. Also managers/leaders should possess a strong passion for innovation, become effective listeners, and provide regular constructive feedback.

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CHAPTER ONE

INTRODUCTION

One simple click on the internet in an attempt to search for "Quotes about the purpose of life" will show you thousands of records of quotes from philosophers, scientists, spiritual thinkers, writers, experienced psychologists, and many more... Some examples include:

"The purpose of life is to live it, to taste experience to the utmost, to reach out eagerly and without fear for newer and richer experience." Eleanor Roosevelt.

"You were put on this earth to achieve your greatest self, to live out your purpose, and to do it courageously." Steve Maraboli, *Life, The Truth, and Being Free*.

"The mystery of human existence lies not in just staying alive, but in finding something to live for." Fyodor Dostoyevsky, *The Brothers Karamazov*.

"The purpose of life is to contribute in some way to making things better." Robert F. Kennedy.

Each quote reflects its writer's unique view towards life; making it seem as if each quote represents a different purpose. However, one shining concept is being mentioned and repeated in every quote; that is Improvement, including self-improvement.

One of my personal reasons for writing this thesis and enrolling in the MBA program is self-improvement as well as attempt to improve my work organization.

Organizations also follow this law of improvement; because organizations consist of a group of individuals seeking improvement in some way. The goal behind the need to improve might vary from one individual to another, but the bottom line is: the desired target is advancement: it could take the shape of materialistic, shallow improvement or deep, soul-searching, self-improvement.

Covey's Principle-Centred Leadership (PCL) suggests that the highest level of human motivation is a sense of personal contribution.

To demonstrate this law of improvement in organizations let us think and ask about the purpose people establish organizations. In my personal opinion the logical and unbiased purpose is: a group of people, the future shareholders or owners, believe that they can reach together a better desired outcome, that improves their self, state of living, status... and reach a broad aim in a better and quicker way than they would have achieved individually.

For the purpose of this thesis, we will focus on organizations' improvement and then illustrate and test the importance of Management Innovation as an inevitable mediator to reach successful performance in every company that aims at surviving the 21st century era.

Achieving and sustaining high levels of performance and growth is what shareholders aim for when establishing an organization; their goal is to achieve a return on their investment.

Performance can be illustrated in several factors: high quality of product/service, talented employees, creativity, innovation – new ideas in operations or strategies, high financial returns, productivity, employee commitment... in order to attain this wonderful performance you need leadership in management, and this is what I mean by Management Innovation. Simply put, I believe that Management Innovation (MI) is the answer to finding all these wonderful performances.

The reason why I chose this topic is because research on management has not appropriately focused on analysing 'why' performance outcomes are not good. All types of explanations have been proposed except the one that really makes a difference – management innovation. The awareness of MI does not exist clearly, neither for managers nor for employees.

The overriding problem that summarizes today's organizational struggle in my personal opinion is that: management does not renew itself. Learning from the past and taking proactive innovative action is lacking, or at least not utilized to its optimal advantage.

In my short, yet significant, career path, I have obtained experience in 5 corporations, from internships to actual jobs. Out of these experiences I learned about management approaches and styles, and crisis-led decision making that had the worst impact on performance as well as employees' morale. Several factors make it easy for decision making to be crisis lead; a sample of these are: lack of employee/management communication; end-line level employees who have the expertise to judge and point out what could become a crisis, but are not given the opportunity to do so; reactive, passive management; lack of systematic SWOT analysis from top managers; lack of diversity in human capital.

I strongly believe it is time to change how management manage. Our new management dictionary should include Leadership & Innovation in order to discover and implement new approaches for managing. The aim would be to achieve optimal results from employees, and hence, reach organization's goal of growth and high performance. Covey's and Hamel's thoughts had a big influence on my thoughts and installed in me the urgent need to describe a new management way. Stephen Covey (1989), an American educator, author, businessman, and keynote speaker, illustrated that we (organizations) need a deeper level of thinking, a paradigm based on the principles that accurately describe the territory of being effective human beings and of effective interaction to solve the deep organizational concerns.

In order to ultimately focus and justify my argument about the necessity of innovative management, I will conduct a literature review where I will first discuss the important role of management in the life of organizations, next I will review research about good management and

failing management and their consequences, and finally, suggest management innovation or leadership in management as the solution for outstanding organizational performance.

CHAPTER TWO

LITERATURE REVIEW

Role and Importance of Management

Peter Drucker, a well-known authority on management, highlighted the importance of good management (1999) when he said that effective management is probably the main resource of developed countries and the most needed resource of developing ones. Drucker believes that our society needs a steady stream of managers guiding its organizations in order to survive and improve. Without good management, our society could never exist as we know it. So, whether developing or developed, all societies need an enormous number of good managers.

To further picture the importance of management, we should understand its influence. So, where is the influence of management exposed? The answer is: in all phases of modern organization, ie: sales where managers maintain a sales force that market goods, the personnel where managers try to provide organizations with a competent and productive workforce, the plant where managers run manufacturing operations that produce the clothes we wear, the food we eat, and the automobiles we drive...

Basically, the role of managers is to guide organizations towards goal accomplishment. This is the most important role in an organization because all organizations exist for certain purposes, and managers are responsible for combining and using organizational resources to ensure that their organizations achieve their purpose. Simply put, management's role is to move an organization towards its purpose or goal by assigning activities that organizational members will perform. If all these activities are assigned effectively (by managers), the production of each

individual member will contribute to the attainment of the overall organizational goals. The role of management can't be solely quantitatively measured, it's also a qualitative role and is demonstrated in the effectiveness of goal accomplishment.

There is no idea more important than managing the fulfilment of the organizational goals and objectives. The meaning of management is given by its goals and objectives. (www.managementinnovations.com, role and impact of management, Dec. 3, 2008).

Furthermore, other management experts, such as Henry Mintzberg (1990), recognized that managers fulfil not only one, but many different roles every day. He believes that managers are constantly switching roles as tasks, situations and expectations change. For instance, as well as leading a team, managers might find themselves resolving conflicts, negotiating new contracts, representing their department at a board meeting, or approving a request for a new computer system...

Mintzberg categorized 10 roles for managers' different functions. These 10 roles are divided into three categories: Interpersonal: providing information and ideas. – Informational: processing information. – Decisional: using information.

In the Interpersonal role, the manager is the figurehead; has ceremonial, social, and legal responsibilities. People expect to see a source of inspiration, a person with authority. The manager is also a leader, has the responsibilities that encompass providing leadership for the team, department, or the entire organization; managing the performance and responsibilities of everyone in the group. And the manager as a liaison person is networking effectively, communicating with internal and external contacts.

In the Informational role, the manager is a monitor, conducts external monitoring, seeking out information related to the organization and industry, and looking for relevant changes in the

environment. In internal monitoring, the manager monitors the team's productivity and well-being. As a disseminator, the manager communicates potential useful information to the team. As a spokesperson, the manager represents and speaks for the organization, transmitting information about the organization and its goals to the people outside the organization.

In the decisional role, the manager is an entrepreneur: creating and controlling change within the organization; this means solving problems, generating new ideas and implementing them. The manager is also a disturbance handler: taking charge to mediate disputes within the organization and help teams when unexpected roadblocks occur. The manager is a resource allocator: determining where and when are organizational resources best applied; this involves allocating funds, as well as assigning staff and other organizational resources to where needed. Finally the manager is a negotiator: taking part in and directing negotiations with teams, departments, or organizations.

The importance of management is demonstrated in the functions they perform. There are six basic managerial functions according to the Strategic Management book, (Exploring Corporate Strategy (Richard Wittington 2005). These functions are: Planning, Organizing, Staffing, Leading, Controlling, and motivating. They define management as the act of getting people together and making effective and efficient use of available resources to accomplish shared goals.

Management can be classified into three levels in terms of authority. Top level managers consist of the board of directors, president, vice-president, CEOs, and others. Without them the organization would not exist. They develop the foundations that build the company; goals, strategic plans, company policies... Middle level managers include general managers, branch managers, and department managers. Their role is to execute organizational plans in conformance with the company's policies and objectives. Whereas, first level managers include supervisors, section-heads, foremen... their role is to control and direct. Their responsibilities include assigning

employees' tasks, guiding and supervising employees on day-to day activities, solving employee problems, making recommendations to higher level managers, and ensuring quantity and quality of production. They simply help keep employees focused and goal-oriented.

Suzan Heathfield (2014) questioned how important is it to help managers success? Her answer was: "beyond description". So why is it so important? Simply, because managers and how they manage their reporting staff set the tone for the entire business operation. Managers are the frontline representation of the business.

Why Management or Organizations Fail?

It is significant to notice that the study of organizational failure has always been considered as secondary to organizational success, even though, evidence throughout history proves that far more organizations have failed than have succeeded. Some examples of high profile corporate failures are: Enron, Parmalat, and WorldCom, that were caused by accounting frauds and deceits, and, BP's Texas City refinery fire, caused by fatal accident.

It is of utmost importance to focus on understanding the causes of management failure as a guaranteed approach to avoid crisis-lead management and decision making that leads to failure. Studying failure and its causes will guide the path towards success. On the other hand, studying success solely, focusing only on factors and elements that influence success may lead to failure.

Gillespie and Dietz (2009, p.128), defined failure as: "A single major incident, or cumulative series of incidents, resulting from the action (or inaction) of organizational agents that threatens the legitimacy of the organization and has the potential to harm the well-being of one or more of the organization's stakeholders." Further illustrating the definition, Gillspie and Dietz continue:

"The locus of control for failure is internal to the organization, even though the context of the failure may involve external influences, and occurs as a result of actions, or negligent actions from management" (p. 129). This definition clarifies and explains management's role and its important impact on the success or failure of the company.

Mark D. Cannon and Amy C. Edmondson, authors of; *Failing to Learn and Learning to Fail Intelligently*, in 2005, defined failure as the deviation from expected and desired results. They intended to keep their definition broad to include both large and small failures in domains ranging from the technical to the interpersonal.

In her article, *Top 10 Mistakes Managers make Managing People* (2014), Susan M. Heathfield addresses the underlying issues that make managers successful or not. It is commonly known that many managers lack fundamental training in managing people; but, more importantly, Heathfield illustrates that what managers' lack are the values, sensitivity and awareness to interact effectively with people all day long. She believes that what makes managers successful or not are values, beliefs and attitudes that are much harder to learn than are management skills and techniques.

The 10 managerial mistakes that cause managerial failure and, consequently, organizational failure are: - Failing to get to know employees as people; a key factor of managing is developing a relationship with reporting employees; taking a healthy interest in their lives, being responsive to their needs, moods and lifecycle events is essential; therefore, failing to know your employees will have a negative effect on their motivation and satisfaction at work. Hence, productivity as well as efficiency will suffer. The second mistake is failing to provide clear direction: failing to give people clear expectations and standards so they know what they are supposed to do is a recipe for failure. If you make every task a priority, people will soon believe that there are no priorities and employees will never feel they have accomplished a complete task or goal; this is the most

significant consequence here that management need to prevent. An appropriate balance in setting clear expectations, not too rigid nor too flexible, is needed to allow managers to lead employees and provide direction without dictating or destroying employee empowerment and engagement. The third mistake is failing to trust: what happens when managers don't trust people to do their jobs? Micromanaging; constant checking up; people will feel they are untrustworthy; employee empowerment is lost; time consuming tasks like constant controlling since no delegation is trusted, which takes the time of more important managerial work such as planning and forecasting. An old tenet states: people live up to your expectations. So, if you show them they can't be trusted, you will end up with an untrustworthy staff. The fourth mistake is failing to listen to, and help employees feel that their opinion are valued: A critical management skill is needed here, which is active listening. Employees feel important and respected when they feel heard out and listened to. – Making decisions and then asking people for their input as if their feedback matters are fake actions and people figure them out. The heart of employee empowerment and engagement is enabling them to make decisions about their work. So don't throttle it. The fifth mistake is failing to react to problems and issues that will soon fester if ignored: uncomfortable issues, conflicts, and problems won't go away if managers only hoped so, or didn't take action in trying to resolve them. The sixth mistake is failing to communicate effectively and withholding important information: transparent communication is the best communication. The seventh mistake is to not realize that it is important to ask people their opinions, continuous improvement suggestions and ideas, and then letting them know your opinion about it. The eighth mistake is failing to implement their suggestions, without letting them know why, or failing to empower them to implement their own suggestions themselves or to find another solution. The ninth mistake is not treating all employees equally: the perception of having pet employees will undermine managerial efforts and destroy teamwork and challenge productivity and success. The tenth mistake is throwing employees under a bus: when a manager blames certain employees

when confronted by executive leadership rather than taking responsibility for what goes wrong, will make employees disrespect their manager and build up hate feelings. Senior executives will disrespect this type of manager too.

Oscar Wilde also wrote about bad management in an article titled: "10 Common Leadership and Management Mistakes". (2010)

"Experience is the name every one gives to their mistakes" – states Oscar Wilde.

Wilde, similar to Heathfield, highlighted 10 common leadership and management errors, which are the following:

- Not providing feedback: not providing prompt feedback to your people will deprive them of the opportunity to improve their performance on the spot. Failing to provide feedback is the most common mistake leaders make as discovered in a study of 1400 executives polled by The Ken Blanchard Companies in 2006, a global leader in workplace learning, productivity, performance, and leadership effectiveness that is best known for its Situational Leadership program—the most widely taught leadership model in the world
- Not making time for your team: it is easy, as a manager or leader, to get wrapped up in your own workload and forget to dedicate part of your time to develop your team. As a consequence, your people will get lost without you if you are not available when they need you. They won't have the guidance and support needed to meet their objectives.
- Being too "Hands-off": many leaders are aware that micromanaging is not an effective approach, however, going to the other extreme (with a hands-off management approach), isn't effective either. The balance should be right. Clear specifications and guidance should be set and communicated correctly to the team, in addition to controlling from time to time to ensure everything is aligned with desired goals.
- Being too friendly: getting the balance right between being a friend and being a boss, and setting clear boundaries. If your relationship is too friendly with your people, some of them will be tempted to take advantage especially when you have tough decisions to make regarding people on your team.
- Failing to define goals: what happens when your people don't

have clear goals? They will muddle through their days. Efficiency automatically goes out the door and so does the concept of maximizing the utilization of resources. Your most valuable resource, human capital, is not being productive and not living up to potential. Moreover, projects and tasks get completed in the wrong order because no clear goals are available for employees to prioritize their workload effectively. – Misunderstanding motivation: many managers don't know what truly motivates their people; they often make the mistake of assuming that monetary rewards are the only factor or most influential factor that motivates them. Achievement, extra responsibility, praise and a sense of camaraderie are important motivating factors that need to be considered. – Hurrying recruitment: when the team has a large workload, managers tend to fill the vacant role too quickly; which can lead to recruiting the wrong people for the team. As a result, additional training might be required which will slow down others in the team instead of helping to reduce the workload, ineffective use of valuable time and resources, and of course productivity will suffer. – Not "Walking the Walk": Lead by example. It is well-known that as a leader you should be a role-model for your team. It means that people are impacted by the leader's attitude and actions; ie: if you, as a leader, have a negative attitude some of the time, you can't expect your people not to be negative. Leaders have the power to shape people's behaviour, so if the leader did not "walk the walk", people's behaviour will shrink effectiveness and productivity. – Not delegating: consequences are: you will fail to develop your team's skills and experience needed so they can take the pressure off of you; no time left to focus on the "bigger picture" that managers are responsible for; no time for long-term focus threatens the company's strength to survive. – Misunderstanding your role: failing to acknowledge that when you become a leader, your responsibilities have also changed. This will lead you not doing what you've been hired to do - that is leading and managing. As a result, your people will also not be doing what they are supposed to do since you are taking part of their responsibilities.

Ron Haynes, author of the article: "20 Reasons Managers Fail", agreed with Wilde and Heathfield's ideas and added a few more reasons.

Haynes (2007) defines a manager as someone who accomplishes work through others. He explains that this is a very challenging task because all people, regardless of their background, education, experience or biases, are different; and thus, bringing people together to accomplish work through them is difficult.

Therefore, success in management is the result of making a strong connection with people you lead. A connection that causes employees to behave in a way that helps move the team forward toward achieving the desired results.

So what are the factors that cause management to fail?

Haynes agrees with Wilde and Heathfield on the following factors: - Avoiding responsibility when things go wrong by blaming others. - Failing to develop and maintain a high level of morale among employees; failing to get to know your people (Heathfield), and misunderstanding motivation (Wilde). - Unable to deal with people effectively; showing favouritism, being too blunt or too harsh... - Unable to plan and organize effectively; getting caught up in details and failing to consider overall planning. - Failing to encourage subordinates to contribute ideas and suggestions. - Failing to develop subordinates; caused by not delegating. - Unable to give clear instructions. Lacking the ability to express ideas. - Failing to listen or ask questions if there is any ambiguity. This is a communication problem.

Haynes also added 12 more causes to failing management:

Incorrectly defining solutions to problems. - Inflexibility. Not listening to others, being completely self-centered. - Neglecting to develop a team effort. - Having a quick temper, being thin-skinned, easily upset, temperamental, or overly sensitive to criticism (real or imagined). - Having a lack of

self-confidence. - Lacking follow-through. Not checking to see that instructions are complied with, that performance standards are met and that objectives are reached. - Resisting change and being unwilling or afraid to try new ideas. Showing up resistance to training opportunities for the staff or for the manager. – Being a poor decision maker. Procrastinating in making decisions or jumping to conclusions. Taking action without thinking through all possible reactions. Using emotions to make decisions. – Being disloyal to the organization, its employees, superiors, ideals. Showing or expressing contempt for policies, superiors, or departments. - Lacking motivation, not being a self-starter, needing to be told what to do, when to do it, and how to get it done. - Disliking added responsibilities, failing to prepare for larger responsibilities and growth.

Axiology, the science of how people think, enabled Dr. Robert K. Smith (2011), an industrial psychologist and management consultant, to measure and identify three thinking biases that are common to managers and the problem-causing behaviour they produce.

Smith believes that managers who are not aware of how their thinking biases twist their judgment often make costly mistakes that cause management failure. These biases are: - Many managers assume that their perspective should apply to everyone. Being the number one sales person isn't enough to guarantee that you will be a successful sales manager. It is a mistake to assume that what we feel is good for us must be good for others, as well. A significant thought to consider here is that just because most people in management are driven to excel, it doesn't mean that all good employees also want to continue to excel and be promoted. One manager in my company wanted to promote a highly productive sales person to a management position, but this sales person loved her job and did not want to manage other people. She did not desire advancement, she was satisfied. Fortunately, the manager recognized his bias toward advancement and listened as this sales person explained that she would like to continue in sales. If the manager had not recognized his biased thought, the company would have lost a great sales person and gained a mediocre manager. – The

second Bias: Most managers underestimate the impact their words and actions have on others. If a manager does not see the importance of what he says, how he says it, and what he does, he will wrongfully think that every employee should be independent, self-starting, not needing motivation, and able to ignore their manager's inappropriate actions. The Third bias: Many managers avoid situations they don't know how to fix. Effective managers face problems head on, address morale issues with appropriate management attention, personal issues with empathy and compassion, and legal issues with legal attention.

An old yet significant article from The Wall Street Journal, May 2, 1988, discussed five main reasons why management fails from a study done on 191 top executives at six fortune 500 companies that had suffered hard experiences at work, from missed promotions to firings to business failure. The five reasons are: - Poor Interpersonal skills: ranked as the number 1 reason for failure. The inability to get along. - Inability to adapt to change. - The "Me Only" Syndrome: having an overriding concern about how much credit or money you are making, or how fast you are moving up the corporate ladder. As a result, managers forget to be authentic team players in today's learner environment. - Fear of Action: fear of taking risks and putting yourself on the line. Underlying this fear of failure is lack of commitment. Preventing a fall by avoiding action will accelerate any manager's demise. - Inability to rebound managers: successful managers admit where they've stumbled and try to correct it, while others who don't rebound tend to react to failure by becoming defensive, concealing the error and blaming others. (www.risingheartconsulting.com, the Wall Street Journal, May 2, 1988).

According to Steve Tobak (2010), there are seven signs to tell if you are a bad manager. These signs are: - Your group is underperforming. - Your manager is turning up the heat. - Allies are distancing themselves from you. - You're behaving like more of a jerk than usual. - Your decision-making is

compromised. - Your personal relationships are corrupt. - Your employees are miserable. (Tobak, MoneyWatch, September 7, 2010).

Organizational crisis will prevail as a result of failing to learn from failure and crisis-lead management style will take over. The theoretical concept of learning from failure has considerable popular support and is widely encouraged, yet, it is easier said than implemented. Therefore, good management should be learned and practiced in order to allow the culture of learning to triumph, especially learning from mistakes and failure.

Good Management

Steven Covey's View:

After studying failure causes, researchers, writers, philosophers and CEOs, like Steven Covey, Huw T. Owen – CEO of Arc Data Centers, Gary Hamel, and many more, came up with a set of good management principles and practices.

Covey's 7 Habits of Highly Effective People and his Principle Centred Leadership serve a substantial benchmark for good management. It is significant to note that in his 3rd Habit – Put First Things First, Covey explained four different quadrants that indicate the different possibilities of how can managerial time be spent according to two categories; importance and urgency.

	Urgent	Not Urgent
Important	<ul style="list-style-type: none"> • Crises • Pressing problems • Deadline-driven projects, meetings, reports <p>I</p>	<ul style="list-style-type: none"> • Preparation • Prevention • Planning • Relationship building • Re-creation • Values clarification <p>II</p>
Not Important	<ul style="list-style-type: none"> • Needless interruptions • Unnecessary reports • Unimportant meetings, phone calls, mail, e-mail • Other people's minor issues <p>III</p>	<ul style="list-style-type: none"> • Trivia, busywork • Irrelevant phone calls, mail, e-mail • Time wasters • Excessive TV, Internet, relaxation <p>IV</p>

Quadrant 1: includes companies in which management time is spent doing things that are urgent and important. For example: dealing with crisis, pressing problems, deadline-driven projects...

Quadrant 2: Is what Covey calls the 4th generation of time management. Activities have the overriding goal of increasing both Production and Production Capacity. High performing companies spend significantly more time doing things that are important, but not urgent, and significantly less time doing things that are urgent, but not important. Therefore, defining what is important and communicating it throughout the organization is crucial. Activities in this quadrant include: preparation, prevention, planning, value clarification, relationship building, true re-creation, and empowerment. High performing organizations spend 65-80 % of their managerial time in quadrant two.

Quadrant 3: Not important but urgent matters. Activities include: interruptions, some phone calls, emails, reports, meetings, many proximate, pressing problems...

Quadrant 4: Not important and not urgent. These include the time wasters, busy work, "Escape" activities, irrelevant mail...

According to Covey, managers in quadrant 2 need to have 6 important criteria: - Coherence: integrity and harmony between principles, vision/mission, goals, roles, priorities, and plans. So

basically, what you are going to do should enhance your values. – Balance: between different roles. – Quadrant 2 focus: weekly basis focus provides greater balance and context than daily planning. The week is the normal lens that gives the most accurate perspective. – A People Dimension: always have people around you. Think like a principle-centred person; which means effectiveness in dealing with people and subordinating schedules to people. – Flexibility: Don't be rigid. Your planning tool should be your servant not your master. – Portability: mobile capability is significant. Management should designate a specific time each day to do quadrant 2 type of organizing, whether personal or organizational, they should set aside a time per day for renewal, reflection, and recommitment.

High Performance Organizations and their Success Factors:

"A High Performance Organization (HPO) is an organization that achieves financial and non-financial results that are exceedingly better than those of its peer group over a period of 5 years or more, by focusing in a disciplined way on that which really matters to the organization" Andre De Waal – HPO Center. There are 5 factors of high performance organizations, caused by good management, and each of these factors consist of several characteristics that will be discussed in this section.

Factors include:

Quality of management: Managers on all levels of the organization value employees' loyalty, create and maintain individual relationships with employees, treat people with respect, treat people fairly, and encourage belief and trust in others. Characteristics include the following; Management of the organization: - Is trusted by organizational people. – has Integrity. – Is a role model for all members of the organization. –applies fast decision making. – coaches employees to achieve better results and

improve. – Focuses on achieving results. – Is very effective. - applies strong Leadership. – Is confident. – Is decisive with regard to non-performers. – always holds organizational members responsible for their results.

Openness and Action Orientation: Includes establishing an "Openness and Action Orientation" culture, and using this openness to achieve results. People spend a lot of time thinking and communicating in order to improve their work and make the organization performance –driven. Characteristics include: - Frequent engagement in dialogues between management and employees. Much time is spent on knowledge exchange and learning, as well as, communication. – Important processes always involve organizational members. – Transparency. – Making mistakes is allowed. – Performance-driven organization.

Long-Term Orientation: In an HPO, all stakeholders (shareholders, managers, employees, suppliers, customers...) know and understand that long-term gain is far more important than short-term profit. Learning what customers want, understanding their values, as well as, building excellent relationships with customers, is how an HPO becomes responsive to enhancing customers' value creation. Characteristics include: - Management balances the common purpose of the organization with self-interest, and teaches employees to put the needs of the organization first by leading-by-example. Basically, management is committed to the organization for the long run. _Good and long-term relationships are maintained with all stakeholders. – Servicing customers as best as possible; value creation. Management has been with the company for a long time; filling positions with internal talent and promotions of new management from within, which encourages staff members to become leaders. – Create a safe and secure workplace; physical and mental job security, and using dismissal as a last resort.

Continuous Improvement and Renewal: This process starts by adapting a unique strategy that distinguishes the company by developing many new alternatives to compensate for dying strategies.

It includes responding to events effectively by eliminating unnecessary procedures, work, and information overload, and simplifying processes. Characteristics include: - Unique strategy adoption. – Processes are continuously improved. Processes are continuously simplified. – Processes are continuously aligned. – Clearly reporting everything that matters to the organization's performance. - Financial and non-financial information is reported to organizational members. – Continuously innovating core competencies, and sticking to what the organization does best; this means, outsourcing non-core competencies, while keeping core competencies inside the firm. – Continuously innovating products, services, and process.

Quality of Employees: includes detecting problems in business processes and inciting creativity in solving these problems. Thus, a diverse and complementary workforce with maximum flexibility is required. Characteristics include: - Management that inspires employees to achieve extraordinary results. – All employees are trained to be resilient and flexible. – A diverse and complementary workforce. – Continuously developing the workforce by letting employees learn from others through going into partnerships with suppliers and/or customers. (www.hpocenter.com, title: The High Performance Organization Framework, 2011).

Theo Rinsema, general manager of Microsoft Netherlands, believes that a manager's task is to equip employees to do the right things, and use all their potential to become an HPO. Therefore, a manager needs to create trust, provide a context where employees can be creative, and provide freedom to act. It is the responsibility of the manager to inspire employees to take on the journey of becoming high performing. The key, according to Rinsema, is the way management uses the energy of all those talented individuals; it's all about giving meaning. (Rinsema, www.hpocenter.com, 2011).

Torben Rick, a senior executive experienced in developing, driving and managing business improvement, development and change management, believes (2011) that successful and high

performing organizations are not dependent on a single factor; rather the entire context in which you operate in greatly impacts the results. The context includes: how things get done, what gets rewarded and how, what works and does not work in terms of behaviours, and how decisions get made. It basically includes the culture of the company. Management's role is to shape and define this culture with unique principles and parameters that are unique to the company. There is no 'one size fits all' when it comes to culture. Clear definitions of "What" will work best for the company to reach where it is going in a specific time frame, and "How" the company will get to the destination point are the building blocks to create a high performing culture uniquely fit for the company.

According to Torben Rick, there are 10 elements that will assist in creating this culture:

- * Clearly define what winning looks like from a variety of perspectives across the organization (sales, marketing, finance, customer service...).
- * Spell out your "preferred culture": Draw in people's minds a picture of the culture you are striving for, the same way that leaders shape and communicate a vision. This includes setting guiding principles or values, and establishing preferred behaviours that support these values. For example: what behaviours get rewarded around here? Which aspects of our culture are we happy/unhappy with? What preferred behaviours do we need to create the culture we want? How do we measure up against our preferred behaviours?
- * Set stretch Targets: people live up to their expectations, and employees tend to rise to the standard set for them. The more you expect, the more you achieve. However, this expectation is not infinite, management should find a perfect balance between good stretch targets, which can energize an organization, and bad ones, which can dampen morale.
- * Connect to the Big Picture: All employees, regardless of what level they are at, should be able to articulate exactly how their efforts feed into the broader company strategy. The targets mentioned

in the point before should be tied to organizational ambitions in order to be meaningful and effective in motivating employees.

*Develop an Ownership Mentality: the aim here is to reach a stage where employees begin to think and act like an owner. What is required to reach this mentality? Three parameters should be met: - Individuals understand the boundaries in which they can operate. - Individuals understand where the company wants to go. – Individuals feel empowered with a freedom to decide and act, and often make the right choices.

*Improving Performance through Transparency: Focusing on sharing financial metrics and numbers with your employees can increase their sense of ownership. However, being open is not enough. What meaning does it have to share numbers when employees can not have enough insight on how their own jobs affect the numbers. Focusing on additional metrics, other than financial ones, so that employees who are not in the financial world can relate better to the results.

*Increase Performance through Employee Engagement: Engaged employees: - Feel committed and loyal to the organization. - Put their heart and soul into their job. – Have energy and excitement to give more than is required of the job.

*Storytelling: If you want to drive organizational change and performance improvement, storytelling can be a powerful tool. Management must use stories to motivate employees to achieve more than they thought possible.

*Internal Communication: Internal communication needs to be on the agenda's priority list. Management should constantly ask questions like: Have employees heard the message? Do they believe it? Do they know what it means? Have they interpreted it for themselves, and have they internalized it?

*Taking the time to celebrate: Celebrating milestones acknowledges people's hard work, boosts morale and keeps up the momentum.

So, what Torben is trying to say is that culture should not be taken for granted. It should be planned, monitored and managed so that it remains aligned with what the company wants to achieve. A famous phrase from Peter Drucker second's Torben's view: "Culture eats strategy for breakfast." (Torben Rick, April 10th, 2011, www.torbenrick.eu).

Good versus Bad management is an important issue that millions of people thought and wrote about. Every philosopher, researcher, experienced leader, or writer developed his/her own set of principles for success. What is common is that they all agree there is no 'one size fits all', there is no clear set of steps that one could follow and inevitably ensure successful organization results because each organization is a different entity. That's why, the best that management researchers can do is provide a set of guidelines, or a list of elements of a preferred culture, design and structure fundamentals that help the company figure out its own unique road to success.

Reading researchers and adding to this reading my work observations, I would like to add a matter that has a high significance and impact on success; which is – Failing to Learn from Failure. The inability to learn from failure is the worst thing that could occur in a company. Organizations that don't make the effort to search for and find failure causes, and take preventive actions, and learn from experience, will have no chance in surviving in the long term. There are several possible reasons that make managers miss the opportunity of recognizing the importance of learning from failure. Some possible causes are: - Ignorance: It may be that managers actually do not know or haven't seen studies that mirror the significance of organizational learning. Managers may not realize that part of their job is to search for failure causes and create remedies. – Indifference: In this case, managers are aware that it is their job to study failure causes, but simply don't care, either

because their corporate culture doesn't give rise to learning, or because they view learning from failure as financially unimportant and thus, focus on studying success factors only. – Impotence: It could be that managers care a lot, but can't imagine how they could change things for the better.

We, in organizations and management, are still applying the same management principles that have been practiced over a century ago, not taking into consideration if these parameters fit the current age or not. That's why the majority of organizations are struggling, especially after the 2008 financial crisis. Organizations have tried all different kinds of solutions such as; changing processes, investing in R&D, developing innovative product and service ideas, outsourcing expertise, minimizing costs, and many more... However, they have failed to consider the root of the problem. One can't find the correct solution if the cause of failure is not recognized.

This cause maybe that managers failed to consider that which has changed between centuries before and the 21st century is change itself. The frequency and pace of change has changed. Unfortunately, organizations are failing to recognize this fact and failing to learn from this mistake.

This is why an urgent change in management approaches, styles, ways of doing things and dealing with people is needed: Management Innovation is needed. Out of many authors who wrote about innovation such as: Peter Drucker, John Adair, Kenneth Blanchard, Stewart Friedman, and many more, Gary Hamel had a particularly significant impact on corporate life, as well as, on me and on shaping my thesis. Hamel believes that the hallmark of re-inventing 21st century management is inventing new management principles (2007).

Gary Hamel's View:

Gary Hamel, author of “The Future of Management” (2007) – a book ranked #1 influential business thinker by the Wall Street Journal, argues that management and organizational innovation often lag

far behind technological innovation. Right now, companies have 21st century, internet-enabled business processes, mid-20th-century management processes, all built atop 19th century management principles.

Highlights of Modern Management according to Hamel are: - breaking complex tasks into small, repeatable steps. - enforcing adherence to standard operating procedures. - measuring costs and profits to the penny. - coordinating the efforts of tens of thousands of employees. – synchronizing operations on a global scale.

There are troubling Trade-offs of our well-known management system; the limitations of modern management according to Hamel are: Getting human beings to completely conform to standards and rules reduces human imagination and initiative to a minimum. Organizational adaptability becomes paralyzed due to over-stressing on bringing discipline to operation. Modern management also stresses top-down organizations. And finally, it enhances businesses to become more efficient, however, little evidence exists that it has made them more ethical.

“Modern management has given much, but it has taken much in return, and it continues to take.” Says Hamel (2007, p.9).

Having had a glimpse at some of 21st century's pros and cons, one might ask: How has the practice of Management seem to have evolved over the past half century if compared with the momentous changes we have witnessed?

The answer as Hamel puts it: At a snail's pace!

Management seems to be stuck in a time wrap; but why? Could it be that we have reached the end of management? Asks Hamel.

Hamel agrees that the “technology” of management has now reached a local peak, having revolved rapidly in the first half of the 20th century. However, Hamel strongly believes that it would be foolish and arrogant to assume that modern management has exhausted its own revolutionary potential. It would also be unwise to assume that a technology that has served us well during the 20th century will be equally fit and well-suited to the demands of the 21st century. (Hamel, 2007).

Thus, we are in a desperate need for a change in management.

In the *Future of Management* (2007), Hamel and Breen argue that organizations using yesterday's best practices are neither adaptable nor creative enough for tomorrow's business challenges. Their book is a guide to inventing tomorrow's best practices today and their goal is to help us imagine, and then invent the future of management by building & executing our own agenda for management innovation.

Why should you and your colleagues take on the challenge of reinventing management? Because, say Hamel and Breen, to put it simply, management innovation pays.

What exactly is management innovation? And how is it different from other sorts of innovation? Management innovation is anything that substantially alters the way in which the work of management is carried out, or significantly modifies customary organizational forms, and, by so doing, advances organizational goals and enhances organizational performance. While operational innovation focuses on a company's business processes, management innovation targets a company's management processes.

Hamel and Breen believe that when compared to other sorts of innovation, management innovation has an unmatched power to create dramatic and enduring shifts in competitive advantage.

* Management innovation tends to yield a competitive advantage when one or more of three conditions are met:

- The innovation is based on a novel management principle that challenges some long-standing orthodoxy
- The innovation is systemic, encompassing a range of processes and methods; and/or
- The innovation is part of an ongoing program of rapid-fire invention where progress compounds over time.

* And three of the most formidable challenges that confront companies in this new century are:

- dramatically accelerating the pace of strategic renewal in organizations large and small
- making innovation everyone's job
- creating a highly engaging work environment that inspires employees to give the very best of themselves

Taken together, they are to 21st-century organizations what efficiency, scale, and control were to early 20th-century businesses.

The challenges, explained in details, which face the 21st century businesses caused by an environment that is more volatile than ever:

These challenges are described by Hamel (2007) as follows:

- The accelerating pace of change results in: frequently changing industry leadership – rapidly eroding competitive advantages – not only companies but entire industries are

being caught out by the future such as the case with traditional airlines, newspaper and music industries.

- Diminishing barriers to entry due to new technology's Deregulation effects. The result? Competitive "anarchy" taking over long-standing oligopolies.
- Firms are losing control over their own destinies ever since they started implementing processes like outsourcing, disintermediation, de-verticalization, co-development of project.
- Information and ideas are free (Digitization): more information for consumers, less power for companies, therefore, bargaining power is rapidly shifting from producers to consumers.
- The business lifecycle as we know it (development – introduction – growth – maturity – decline) is shrinking. Global reach of the web, outsourcing power, and the availability of capital make it possible to build up a new business faster than ever.
- The possibility of having ultra-low cost competitors is a striking reality caused by low communication costs and globalization. Illustrative example: moving core business activities to the world's lowest cost location like India and China. Companies are struggling to keep up.
- Surviving in a non-stop, rapidly changing environment needs ADAPTABILITY, states Hamel. Therefore, a crucial success factor of management innovation is building adaptable organizations that create a highly engaging work environment that inspires employees to give their best, and making innovation everyone's job.

Critics who have doubtful questions about innovation and undermine its importance should consider thinking about this question: Are we, as individuals and organizations, changing as fast as the world around us? If not, then what is needed to help us adapt?

What you need is a methodology for breakthrough management thinking says Hamel. While innovation can never be entirely scripted, it is possible to increase the odds of a “eureka” moment by assembling the right ingredients. In the case of management innovation, these ingredients include:

- A disciplined process for unearthing and challenging the long-standing management orthodoxies that constrain creative thinking
- New management principles with the power to illuminate new approaches, inspire dramatic changes in tradition-bound processes and practices
- Insights drawn from the practices of “positive deviants”-organizations with management practices that are eccentric yet effective

Un-blinkered thinking, fresh principles, and wisdom from the fringe-these are the foundations of a systematic approach to reinventing management. So where do you look to find the new management principles that will help your company meet the new challenges of the 21st century? You start by analyzing the DNA of things that already exhibit the cutting-edge qualities you want to build into your organization, in other words, things that are adaptable, innovative, and highly engaging.

Hamel and Breen advise to reinvent management processes by taking as guidelines: life and variety, markets and flexibility, democracy and activism, faith and meaning, and cities and serendipity.

Thus, they advise:

- To introduce a greater diversity of data, viewpoints, and opinions into the management processes; design the process so it facilitates, rather than frustrates, the continual development of new strategic options and encourages relentless experimentation.
- To redesign the management processes so that they exploit the wisdom of the market, rather than just the wisdom of the experts. He believes that the management process should be used to help speed up the reallocation of resources from legacy programs to new initiatives, to make it easier for innovators to get the resources they need to advance their ideas.
- To change the management processes so that they encourage, rather than discourage, dissenting voices. To make the management processes more responsive to the needs and concerns of those working on the front lines. To give folks on the ground a bigger voice in shaping policy and strategy.
- To use the management processes to help focus attention on the higher order goals the company claims to serve (or should be serving), to help employees to identify and connect with the goals they care about personally.

- To redesign the management processes in a way that would help the company to become an even more exciting and vibrant place to work and a magnet for creative talent. To use these processes to facilitate the collision of new ideas.

This is the new DNA that should be injected into your company's management processes and practices. But one might be wondering how to move forward from here? How to put the principles to work?

Hamel suggested an effective way; get about 30 of your colleagues together and divide them into 5 or 4 teams, and let each team choose a critical management process to focus on (Planning, budgeting, training, recruiting...). Then ask each group to outline the primary features and characteristics of their chosen process by specifically requesting answers to the following:

- Who "owns" this process? And who has the power or authority to change it?
- What contribution is this process supposed to make to business performance? What is its purpose?
- Who gets to participate in this process?
- What are the inputs; what data gets considered?
- Who has the final decision making authority? And opinion is most heavily weighted?
- What kind of analysis gets done? And using what tools?
- How are decisions justified? What are the criteria for decision making?
- What milestones or events drive this process? Is it real-time or calendar-driven?
- Whose work does this process most directly impact?

The goal is to develop a detailed "as is" description of each process. Once this step is done, ask the team members to imagine how that process might be redesigned to reflect the new management principles that constitute the new DNA mentioned earlier.

UNDERSTANDING INNOVATION:

Adair's definition of innovation isn't constrained by newness (some new method, idea or device), it combines two major processes: 1- Having new Ideas. 2- Implementing them. Innovation, therefore, covers the Whole Process whereby the new idea is brought into productive use. (Adair, 2010.)

It is common to think that innovation primarily is defined as breakthrough products like the iPod but this is a narrow view, as we will see.

The dictionary definition of innovation – introducing something new – is clear. However, does it serve in helping managers or employees understand the nature of innovation?

Unfortunately, it does not; because the focus on newness can lead us to overlook the fact that innovation can be based also on modifying existing ideas.

Joseph Schumpeter, the Austrian economist, was the first to recognize the importance of understanding innovation in the 1930s. Although developed over 80 years ago, his definition is comprehensive. It involves 5 different aspects of innovation: First aspect is the introduction of a product, which can be either new to customers, or one of increased quality than was available in the past. The second is methods of production, which are new to a particular branch of industry. These may have been already been used in other industrial sectors, they don't have to be based on new scientific discoveries. Third aspect involves opening of new

markets. Forth aspects comprises the use of new sources of supply. And the Fifth aspect encompasses new forms of competition, as a result, re-structuring of an industry takes place.

Michael Porter's definition covers very similar points to Schumpeter's but also indicates that the source of innovation can originate from an organization's learning and not just the R&D department. Porter defines innovation as 2 main concepts: 1- Improvements in technology, and 2- better methods or ways of doing things. It results as much from organizational learning as from formal R&D; innovation can be demonstrated as product as well as process changes, new forms of distribution, new approaches to marketing, new concepts of scope...

According to the Organization for Economic Co-operation Development (OECD), "innovation consists of all those scientific, technical, commercial, and financial steps necessary for the successful development and marketing of new or improved manufactured products, the commercial use of new or improved processes or equipment or the introduction of a new approach to a social service. R&D is only one of these steps." (www.oecd.org) Indicating that R&D is not the only element to innovation is similar to Porter's definition, however, the OECD adds the importance of understanding the steps involved and recognizes that innovations are also important in social services.

Psychologists indicate that the emergence of innovative ideas depend on the culture of an organization. They view innovation as a social process. They define it as "The intentional introduction and application within a role, group, or organization of ideas, processes, products or procedures, new to the relevant unit of adoption, designed to significantly benefit the individual, the group, organization or wider society.

Tony Davila, Marc J. Epstein, and Robert Shelton, authors of "Making Innovation Work", believe that "innovation represents the opportunity to survive, grow, and significantly influence the direction of an industry." They also recognize that the ability to innovate better

and longer than the competition is the only reliable security to sustain growth over a long-term. "We define innovation as our ability to create new value at the intersection of business and technology. We have to have new insights. We have to do things differently. We can't rely just on invention or technology for success.

Ann Pace, author of the article Bright Ideas, (April 2013), published in "Senior Leaders and Executives", defines innovation as "the science and discipline of aligning innovative thinking and leadership to people capabilities and business goals, in addition to idea generation".

Whereas, the report, "Creating the Condition for Sustainable Innovation", views innovation as "a new solution (whether a product, process, or a new business model), that drives differentiation and business value". As a result of this definition, four key behaviors of innovative leaders are defined: 1- Inspire Curiosity. 2- Challenge current perspectives. 3- Create freedom. And 4- Drive execution discipline.

On the other hand, a different view is presented by Ellie Hall, executive consultant at DDI (Development Dimensions International) - "We believe that innovation is not just an act of putting systems and processes in place to create new things. Innovation is an act of leadership. It comes down to the behaviors leaders are modeling and building in others to shift the organization's culture. The more leaders are creating a culture of innovation, the more people are energized and innovating, creating a living ecosystem that build on itself." (March 4, 2012)

Tamar Elkeles, vice president of Learning and Organizational Development adds the concept or "risk" to the definition of innovation (Nov. 23, 2010). He believes that people who are afraid to take risks and share ideas constitute the number one reason why people don't innovate. "Employees want to see people taking risks and failing and still getting promoted and rewarded even if their ideas are not always successful" (Bright Ideas, April 8, 2013, Ann Parker). The focus should be towards learning from mistakes, and managers must show

employees that they support such risk taking. Gordon Fuller, director of global learning design and development at IBM's Center for Advanced Learning, also agrees that a wider focus on business strategy and organizational structure and culture, is needed for sustainable innovation. He says (2005), "You can train employees to be innovative, but you also have to create the organizational structure and culture that make that training take root and flourish."

A lack of innovation, like any skills gap that can keep an organization from reaching its full human capital and business potential, impedes an organization from thriving.

An August 2011 article in The New York Times described innovation as: "the critical ingredient to all economic progress, higher growth for nations, more competitive products for companies, and more prosperous careers for individuals."

In the 2011 Development Dimensions International (DDI) Global Leadership Forecast, nearly 12,500 leaders from around the world cited fostering creativity and innovation as one of the top three business priorities for the future.

Innovation, according to Smith and Hall (March, 2012), is a social phenomenon that not only requires many people to generate and implement ideas, but also requires that those individuals interact, work together, and build on one another's perspective, thinking, and creativity. Doug Conant, former President and CEO of Campbell Soup and a well-respected leader, seconds this definition. Borrowing the words of Conant, "The action is in the interaction." (2011, <http://fortespeakers.org/doug-conant.html>).

What do we need to acquire in order to reach management innovation?

The task of reinventing management for the 21st century is going to take time. But what you can and must do, according to Hamel (2007), is to get your colleagues thinking and talking about the opportunity to reinvent your company's management DNA.

What is needed, Hamel explains, is a top-to-bottom remodeling of modern management's creaking network of principles, processes, and practices. What is needed is a sustained, company-wide campaign of breakthrough management innovation. Management innovation must become an inescapable topic- a part of every serious discussion about your company's future. Because, sooner or later, management innovation has to go mainstream.

Perhaps the most important thing you can do to help your company reinvent its management processes is to give "ordinary" employees and lower-level managers the opportunity to "hack" those processes. You need to create a forum in which anyone across the company is free to suggest alternatives to the management status quo. Management innovation is too important to be left to the experts.

While the familiar tools and methods of modern management were invented to solve the problems of control and efficiency in large-scale organizations, we can envision management as serving a more general objective: multiplying human accomplishment. In a sense, the goal of management is to first amplify and then aggregate human effort- to get more out of individuals than one might expect by providing them with the appropriate tools, incentives, and working conditions, and to then compound those efforts in ways that allow human beings to achieve together what they can't achieve individually. Companies gain a performance advantage when

they invent better ways of amplifying and aggregating effort- when they push out the frontier of individual and collective achievement. This is the goal of management innovation.

The technology of management must be reinvented, and will be reinvented. For the first time since the dawning of the industrial age, the only way to build a company that's fit for the future is to build one that's fit for human beings as well. This is your opportunity- to build a 21st century management model that truly elicits, honors, and cherishes human initiative, creativity, and passion- these tender, essential ingredients for business success in this new millennium. Do that, and you will have built an organization that is fully human and fully prepared for the extraordinary opportunities that lie ahead.

Furthermore, we're going to need more than an intellectual faith in the value of management innovation; we're going to need *Passion*. In order to create the potential for extraordinary accomplishments that will invent the future of management, we will need the passion for solving extraordinary problems.

How do you create Passion? Simply, by finding a higher purpose. Hamel believes that as a management innovator, you can look for ways of weaving discussions of purpose into your company's management even if you are not in a position to craft a sense of purpose for your company. Hamel provides a useful exercise for this case, for example: the next time you are in a meeting discussing how to improve performance, you might ask "To what end, and to whose benefit, are our employees being asked to give of themselves? Have we committed ourselves to a purpose that is truly deserving of their initiatives, imagination, and passion?" (Hamel, 2007, p.64).

In order to build a management innovation system, we're going to have to invent it. Therefore, we need to understand that **Distribution of Power** is the primary means of making organizations more innovative. More bottom-up, less up-down.

John Adair discussed five necessary climatic conditions which enable innovation to flourish. These conditions stem from a quote from IB Fuqua, Chairman, Fuqua Industries inc: “What is the Secret of entrepreneurial success?”

It’s knowing how to use OPB (other people’s brains) and OPM (other people’s money).”

The conditions listed by Adair are:

1- Management Commitment: Walter Wriston, Chairman of First National City Bank, said, “Everyone likes innovation until it affects himself, and then it’s bad.”

Innovators often encounter barriers and resistance to useful change, in which case, the top leadership team’s weight and influence are necessary. Top management should seek ways of making their commitment to positive and useful change visible to all.

2- A Long-Term Perspective: Strategic thinking takes you away from the autocracy of the present into thinking about more general terms for the desired future. So are you a leader for tomorrow as well as today?

3- Responsiveness to Change: The essential quality to a truly innovative organization is flexibility (like Hamel), which presses a high premium on communication. Open communication channels between staff should be established to easily link researchers with production people, market people, and customers. This means flattening the hierarchical pyramid and shifting decision making to where the organization interacts with its environment.

Advantages of Flexibility: If one solution failed, different alternatives are quickly developed and implemented. It demands breaking problems into their component parts. Adjustments to new developments and changes are quickly made. And finally, there is an intense curiosity about everything.

4- Acceptance of Risk: Risk is innovation's brother. "Unless you enter the tiger's den, you can't take the cubs." Japanese Proverb.

If nothing is ventured, nothing will be gained. Allowing people to do their own jobs in their own way becomes a necessity as any business grows and starts to delegate responsibility. Trying to specify how everything should be done or to insist on all decisions being made at head-office is a serious mistake that will smother initiative. When that occurs, goodbye profitable growth.

5- The Right Internal Environment: Attributes include: a fluid and organic structure, participation in decision making, problem solving and creative thinking, policies or guidelines rather than rules, good internal communication (more by word of mouth rather than by memo or letter), respect for leaders is earned rather than demanded.

Adair, as Hamel, agrees that order is essential. Organization and order decrease confusion, but "how" you organize is the problem.

Obstacles to innovation – and how leaders overcome them as viewed by Smith and Hall, March 2012:

- 1- Failure to Understand Stakeholders: In an age where so much changes so fast, speed has become a standard requirement of business. That's why we rush; rush to identify a problem or opportunity. However, what we don't consider is that there comes also a tendency to rush to generate solutions before stakeholders' true needs, desires, behaviors, and experiences are fully understood. **The problem is that too many are doing too little to understand stakeholders; that is the greatest barrier to innovation by leaders at all levels and also by employees.**

What leaders need to do? *Inspire Curiosity.*

People need to be encouraged to be curious and constantly ask “Why?” and “What if?”

Leaders can facilitate and promote this curiosity by promoting and modeling an inquisitive mindset. They also need to create opportunities for their people to gather the information and gain the perspective they need to understand the needs of customers and other key stakeholders.

Accessible and easy-to-execute options for promoting inquisitiveness include role plays; on-site visits with customers, and “ride –alongs” with salespeople, service technicians, or others who interact with customers on a daily basis. Opportunities to interact and work with those in direct contact with the end user can lead individuals to be more inquisitive about the needs of important stakeholders they may not have previously considered.

- 2- Lackluster Ideas: Organizations need a full range of solutions that take them from incremental change (innovation) to breakthrough if they want to thrive and remain competitive. The struggle is that organizations lack a fully functioning “idea engine”, fuelled by different perspectives and collaboration, to innovate solutions.

What leaders need to do? Challenge current perspectives. This will help keep an open mindset and resist the urge to reinforce the status quo by dismissing wide-ranging ideas out of hand.

Some ways to help team members expand their thinking and spark new ideas: Providing training and networking opportunities, facilitating interactions with those from other parts of the organization, and giving work assignments that take individuals out of their usual work environment. So, basically, what leaders need to provide is the following; Resources – budgets, manpower, and flexibility, required to explore and act on new ideas. However, the most important concept to remember is providing clarity of focus and prioritization – not focusing on too many things at once.

3- Aversion to risk taking: The recession has made organizations more risk averse and conservative. People are shying away from the new and unknown, and sticking to the safe path because they lack the freedom to experiment, and they fear the consequences of costly “mistakes”.

What leaders need to do? Create freedom!

Freedom from the fear of failure. **Leaders can lessen the likelihood of risk by identifying opportunities for “acceptable risk” – projects or challenges; this is one of the most important things leaders can do to help drive innovation.** Leaders who are proficient at innovation believe that the prerequisite of success is understanding that failure, even repeated failure, is synonymous with learning.

The final aspect of creating an environment of freedom is keeping in check the desire for perfection. Quick prototyping, testing, learning and applying what is learned; this is the iterative process that is demanded by the speed of innovation needed.

4- Poor Execution: In the terms of innovation, an idea or a solution that isn’t moved beyond the idea stage is a lost opportunity because it doesn’t add value for the organization. Unimplemented ideas might even cause collateral damages because the organization failed to capitalize on an innovation that could have provided a strong competitive advantage and revenue stream.

What leaders must do? Innovation requires discipline, like all organizational imperatives. Leaders who are successful at driving innovation are effective at facilitating the **structure** and **accountability** that insures that innovation objectives are met.

According to the authors Smith and Hall, it’s an innovation-or-die world. Leaders need to be able to step up to the challenge for the organization to remain competitive.

It is also good to note that involving additional people earlier in the process can increase interaction and collaboration, leading to more ideas that can help find a much better solution.

The overriding challenge is to reinvent our management system so it inspires human beings to bring all of their capabilities to work every day. Thus, the desired goal is to build a company where everyone gives their best.

Hamel studied three corporate cases, Google, Gore, and Whole Foods, and came up with lessons for successful management innovation.

AGENDA OR FACTORS FOR SUCCESSFUL MANAGEMENT INNOVATION:

Step 1: Hamel recognizes the importance of focusing on a big challenge to begin with. They believe that we have to devote ourselves to a problem that is consequential and inspiring, essential and laudable, if we were to maximize our chances for unprecedented breakthrough management innovation.

Here are a few leading questions that will help you focus your search, if you don't already have such a challenge in mind:

- What are the new challenges the future has in store for your company? What's the "tomorrow problem" that you need to start working on right now?
- What are the tough balancing acts, the critical trade-offs, where one side always seems to prevail at the expense of the other?
- What are the values that your company finds the most difficult to institutionalize, or has the hardest time living up to? What's the advocated ideal you would like to turn into an embedded capability?
- What are the frustrating in-competencies that plague your company? What are you indignant about? What's the "can't do" that needs to become a "can do"?

Step 2: After deciding on the big challenge, we'll need to break it into smaller components that are more tractable to focus on high-impact sub-problems.

When working on an Agenda or figuring out a big enough challenge, organizations need to have clear, convincing answers to these questions:

- Why is it important that we address this problem now?
- Why does it require radical innovation? And what exactly needs fixing? (These questions will be also asked by critics, so be prepared). Further questions: are we thinking big enough? Can we make a compelling case? Are we digging deep enough into the root causes?

What most organizations lack is an army of innovators who have the stamina to reinvent management from the ground up – truly bold and imaginative alternatives to the management's status quo.

Challenge 1: How do you guard against the dangers of hubris and denial?

Practice 1: Open up the strategy process, keep the hierarchy flat and make sure it is not dominated by the old guard. Frontline employees are in the best position to see the future coming so don't insulate top management from the view of frontline employees; **encourage dissent**.

Challenge 2: How do you create a steady flow of new strategic options?

Practice 2: Make it easy for folks to experiment with new ideas; give them Time (the 20% rule that states: 20% of staff time is carved out for projects that are "out of scope") and minimize the number of approval levels, build a "just try it" culture, emphasize "test and learn" instead of "plan and execute", create outsized rewards for individuals who come up with game-changing ideas, and don't truncate the business definition.

Challenge 3: How do you accelerate the reallocation of resources from legacy projects into new initiatives?

Practice 3: Again the answer is with the 70-20-10 rule (also known as the 20% rule): every employee is free to devote up to 20% of his or her time to noncore initiatives, 70% of their time is spent on core business, and 10% is spent on extensions and improvement of core business. This 20% rule means that no one needs to leave the company in order to pursue a personal passion, it makes it clear that innovation is everyone's responsibility, and it also means that at any one time, a certain number of people are out of control.

Innovation Challenges and the Management Practices Implemented by Gore:

1- How do you **enroll everyone** in your company as an innovator?

Do away with hierarchy; continually reinforce the belief that innovation can come from anyone; co-locate employees with **diverse** skills to facilitate the creative process.

2- How do you make sure that management's hallowed beliefs don't strangle innovation?

Don't make "management" approval a prerequisite for initiating new projects; minimize the influence of hierarchy, use a peer-based process for allocating resources.

3- How do you create time and space for innovation when everyone is working flat out?

Carve out 10% of staff time for projects that would otherwise be "off budget" or "out of scope"; allow plenty of filtration time for new ideas. (Hamel, 2007).

Innovation Challenges and the Management Practices Implemented by Whole Foods:

1- How do you empower people by managing less while retaining discipline and focus?

Discretion, Information, and Accountability: give employees a large dose of discretion, provide them with the information they need to make wise decisions, and then hold them accountable for results.

2- How do you create a company where the spirit of community binds people together?

Transparency: Manage as if you really believe that the interests of stakeholders are really interdependent, then create a high degree of financial transparency, and limit compensation disparities that are based on position and authority.

3- How do you build an enlarged sense of purpose that merits extraordinary contribution?

Make the pursuit of the mission, which is in this case “Whole Foods, Whole People, Whole Planet”, as real and tangible to employees as the pursuit of profits.

It is tough to imagine something we lack the language to describe. That’s why it is crucial to question our inherited beliefs, status quo, and precedents. We must become skeptical about our management beliefs. Why? Because, throughout history time has often proven conventional wisdom to be wrong. Go back to early 20th century and remember how wrong-headed managers were in their beliefs about motivation and pay. We don’t want the same to be said about 21st century managers in the future centuries to come.

LESSONS FOR MANAGEMENT INNOVATORS:

To create a space for management innovation, systematic deconstruction of management orthodoxies that blind new possibilities is needed. This means rebuilding management systems about new, eccentric principles. Hence, new ideas must be given the chance to compete openly for support, rather than being subject to the veto of a single executive or unit head since greater diversity-of-thoughts, skills, attitudes, and capabilities results in a greater range of adaptive responses. Hamel believes that given the right tools, and the opportunity to contribute; just about everyone is a potential member of the creative class.

According to him, magisterial decisions should be taken by the collective intelligence of the masses hence the creation of an internal “market for judgment” that harnesses the wisdom of a broad cross-section of employees is important. Furthermore, it is essential to create the initiative of assigning a growth czar to identify disruptive technologies, industry trends, and embryonic markets and transform them into billion-dollar businesses.

Management innovation is a never-ending search for better ways to emancipate and compound human capability and it starts with the simplest of all questions, “Why?”

Inspired management innovation can help companies find ways to resolve intractable trade-offs such as freedom and responsibility, community and competition, social mission and fat profits and allow companies capture the benefits of two-sided advantages.

Management innovations that humanize work are the ones most likely to succeed – and they will help the company recruit the best of the best. Humanizing work could be enhanced by creating a management system that encourages people to speak up, that lets them pursue their passions, that substitutes the wisdom of peers for the wisdom of the elite, and is mostly free of bureaucratic quicksand. Management innovation allows companies to gain a performance

advantage through inventing better ways of amplifying and aggregating effort, through pushing out the frontier of individual and collective achievement

The internet itself maybe the best metaphor for 21st century management. According to Hamel, Google's biggest experiment of all is: using the web's architecture as the model for its management architecture; Open, Flat, Malleable, and Non-Hierarchical.

Business schools may not make the best innovators. John Mackey, Bill Gore, Sergey Brin and Larry Page, none of these management innovators went to business schools. Sure you gain a lot of wisdom from business schools, but you get a lot of dogma too. Management innovators should take a lot of advice from people who've never learned what they're not supposed to do.

Keep digging until you get to the "Why?". why does it take a crisis to provoke deep change? Why can't we become timely adaptable? Why do we perform our process in this way?

Digging deep for the "Why" will build an understanding of what is needed to re-invent conventional management practices and help you focus your innovation efforts on foundational management challenges.

Here are 6 Core Problems with corresponding challenges and some useful lessons taken from Hamel's experience:

Problem 1: The farther down employees sit in the organization, or the more unconventional their views, the harder it is for them to get a hearing, which contributes to denial at the top; denial of seeing the real truth, not the predicted or planned reality.

Challenge 1: Establish a Democracy of Ideas. How do you create an organization where everyone's voice gets heard and ideas compete solely on their merits?

Attributes and features of a Democracy of Ideas: - employees have the freedom to share their thoughts and opinions. – determining what ideas to repress or disseminate are not based on a

single point or single person. - a chance to get support is granted to new ideas before being voted up or down. – a continuous, open, internal debate about strategy, direction, and policy.

Now you might start thinking, does such a thoughtocracy exist? Well, off course it does...

It's on the WEB!

Problem 2: Spurring Creativity. Most companies exploit no more than a fraction of their employees' imagination.

Challenge 2: Amplify Human Imagination. How do you turn ordinary employees to extraordinary innovators? To answer this question you have to consider the following questions: What has your company done to help all these ingenious people become fully empowered business innovators? Is there an internal website that helps individuals to gather feedback on their creative ideas? Do employees have access to a global database of customer insights and competitive intelligence? Can they download detailed financial statistics to explore the profitability implications of changes in pricing, staffing, promotional spending and such variables?

Almost everyone in your company is a member of the "creative class" you just have to give them the right tools and the opportunity to contribute.

Problem 3: Reallocating Resources. A company's capacity to fund the future is frequently impaired by allocation rigidities, which results in stagnation of strategic renewal.

Challenge 3: Dynamically reallocate resources. How do you accelerate the redeployment of capital and talent?

Companies must limit their tendencies to overinvest in the past at the expense of the future. Management should create a system that connects new ideas with a small experimental capital. Some companies establish R&D departments to imagine and experiment ideas that are specific in time and place and their funding comes as a percentage of revenues. But, why can't companies set

aside a small share of funding for spontaneous ideas that don't pop-up at the right time or in the right place?

Problem 4: Aggregating Collective Wisdom. Poor decision making at the top is often caused by positional biases and inattention to competing view-points.

Challenge 4: How to aggregate collective wisdom? How do you ensure that decisions fully reflect the collective knowledge of the organization?

Think about the decision making process in your company, how many individuals have the chance to voice their opinion to reach a decision? Probably, not enough. Accurately evaluating the costs and benefits of any complex strategic decision could not possibly be done correctly by a small cadre of senior executives. The solution? We need to gather the wisdom and experience of employees by establishing an "internal market for judgment", as mentioned by Hamel. This internal market's goal is to harness the wisdom of a broad cross-section of employees in setting the odds on the success of future projects.

We need to also understand the difference between Data and Knowledge. Companies invest a lot of money on IT systems to move data all over the company to the center in an attempt to help top managers make better decisions. In 21st century management, we do still need IT systems, but we need them to distribute, collect, and correlate wisdom. The Result? Diminish the ignorance tax our companies have to pay by simply having a little more humility at the top, and a lot more bottom-up knowledge aggregation.

Problem 5: Minimizing the drag of old mental models. Unfortunate consequences often arise when management power and influence refuse to depreciate as fast as it's corresponding executive's knowledge and capability.

Challenge 5: How do you minimize the drag of old mental models? How do you keep top management's out-of-date beliefs from impeding strategic renewal?

According to Hamel, the primary cause of Strategic Mal-adaptation is when top management's intellectual capital depreciates faster than its authority; which will cause the company to miss the future. In other words, we are talking about companies where top management has retained its influence (authority) but lost its foresight (intellectual capital).

Consequently, Hamel came up with a list of attributes for an Ideal Management System:

1- A system where power is automatically re-distributed when environmental changes devalued executive competence and knowledge. However, there are two constraints here, hierarchy is the first; authority is bestowed from above and can only be revoked from above. Second, binary allocation of power, the reallocation of managerial power tends to lag declines in executive effectiveness because it is both expensive and disruptive to move someone out of a big job. In the Ideal Management System, authority is a fluid commodity, flowing away from leaders who don't add value and towards leaders who do. This is how the Web works!

2- Hierarchies are Natural rather than proscribed, they get built from the bottom up, not the other way around. Linus Trovalds, the CEO of Linux, experienced that in a community of peers, people bow to competence, commitment, and foresight, rather than to power. That is why Trovalds is far more dependent on his contributors than they are on him. (Power is easily lost).

3- Authority in the Ideal system is constrained by the necessity for Consultation and Transparency. With Gore and Linux, we experience an enormous boon for adaptability – where anyone with an out-of-date mental model will soon be out of power too.

Problem 6: Giving everyone the chance to opt in. Little time and energy are left for innovation due to: Too much management and too little freedom.

Challenge 6: How do you give everyone the chance to choose and contribute? How do you turn Conscripts into a Community of volunteers?

Create a model that serves as an open source making it easy for people to contribute. Imagine a company that lacks central authority, where there is no project top-dog assigning tasks, hence; interesting problems are likely to get tackled by more than one developer.

Gore's principles of self-chosen commitments and Google's 20 percent policy are at the heart of an Opt-in model for web-based structure – A Management Innovator's desired model. Linden Lab's founder and CEO, Philip Rosedale, believes that the secret is to let people set their own direction. His goal is to get everyone behaving like an entrepreneur. He says, "That's what entrepreneurs do, you have to take risks and you have to expect to be held accountable." Linden's organizational scheme can be demonstrated by Rosedale's simple principle for Linden's engineers "Tell everybody in an email every week what you are doing, then make some progress of some kind and tell everybody in an email how you did it." (Michale Fitzgerald, "How I Did It: Philip Rosedale, CEO, Linden Lab," Inc. Magazine, February 2007). That is an Opt-in formula: 1- The freedom to scratch your itch. 2- Credit for your contribution. And 3- Peer review.

An essential factor to thrive in this new century is a management system that allows employees to devote ever-increasing proportions of their time to projects of their own choosing. The result? Ever-growing employee commitment and passion.

LESSONS THAT HELP YOU BECOME A HIGH-IMPACT MANAGEMENT INNOVATOR:

Lesson1: To tackle a systemic problem, you need to understand its deep roots.

Lesson2: it's often easier to augment than to supplant. The goal is to improve the ability to manage a perplexing paradox - how to stay focused on today's business while building tomorrow's – one of the management tradeoffs that companies struggle with. The aim is to supplement old

management processes with new ones that require more thought and challenge managers to balance the above mentioned tradeoff.

Lesson3: Commit to revolutionary goals, but take evolutionary steps. Trial and Error methods.

Lesson 4: Metrics are Essential!

Management innovation's purpose is to improve business results. Therefore, developing clear metrics to assess and validate the impact is crucial.

Lesson 5: Keep at it! Patience and Perseverance are a must.

Lesson 6: Minimize your Political risks. Start with a small-scale experiment before proposing changes to management processes.

Lesson 7: Start with Volunteers.

Lesson 8: Make it a game. Keep it informal.

This serves as a good strategy for minimizing the objections of the old guard until you can know that this new management idea will turn out to be a big success.

Lesson 9: Run the new process in parallel with the old.

Lay down some new tracks, before you tear up old tracks, and run the trains in parallel for a while. In this way, the need for change will be obvious for all, and thereby, inevitable, because you have accumulated enough learning and support.

Lesson 10: Iterate. Find ways to test and validate your hypothesis cheaply and quickly before raising it. Experiment, learn, then experiment and learn again.

Most importantly, don't give up; innovators are persistent! It is inevitable to always remember the overall principle: management innovation is too important to be left to the experts.

SUMMARY OF LITERATURE REVIEW

In summary, management's role is to move an organization towards its purpose or goal by organizing activities that organizational members will perform. Innovation is the practice of introducing something new, which can originate from any internal process, external opportunity (ie: new markets, new competition...), sources of supply, R&D, technological improvements, and, most importantly, organizational learning. Thus, innovative management or leadership in management is anything that substantially alters the way in which the work of management is carried out, and, by so doing, advances organizational goals and enhances performance. Innovative management prevents management failures and amplifies good management.

Therefore, organizations that have MI are characterized by having leaders who practice good listening skills and provide appropriate feedback (praise, direction); spend significantly more time doing things that are important but not necessarily urgent; maintain individual relationships with employees; are trusted by organizational people and demonstrate a role model for all members; are flexible and apply fast decision making; hold employees accountable for their results.

These organizations are also characterized by having a culture of openness and transparency, where compensation disparities that are based on position and authority are limited and where knowledge, experience, and learning are shared at all levels; a culture where strategic renewal is adaptable and flexible and where innovation is expected to be everyone's job at all levels; this culture creates a highly engaging work environment, and allows a disciplined process for challenging the long-standing management orthodoxies (paradigms) that constrain creative thinking; a culture where ordinary employees and lower level managers have the opportunity to "hack" the management processes; a culture where employees are trained to be innovative, and a culture that makes that training take root and flourish; a culture where risk taking is supported; a

culture that creates an exciting work environment that inspires employees to give the very best of themselves and where collision of new ideas is facilitated, creativity is spurred, human imagination amplified, and where the employees have the right tools and opportunity to solve problems and bring their contribution.

Members in organizations that have MI are characterized by empowerment, having a large dose of discretion and information needed to make wise decisions; they possess a spirit of community that binds people together; they have a reasonable percentage of their staff time to spend on projects that they are passionate about and are new ideas that are “off budget” and “out of scope”; they have the freedom and resources needed to market their experiments so they can build a solid case for their ideas; they also are rewarded for their game changing ideas; they experience continuous learning and improvement on an individual level, as well as, strategic and operational (processes) level; they are a diverse workforce that is resilient and flexible; they have diverse skills and are co-located to facilitate the creative process.

The structure of MI organizations is characterized by a flat hierarchy, where goals and objectives are specific and clear, attention is focused on the higher goals the company serves, to help employees identify and connect with the goals they care about personally, and the pursuit of the mission is as real and tangible to employees as the pursuit of profits. In these organizations management processes are redesigned based on a greater diversity of data, of viewpoints, and reflecting aggregated collective knowledge, experience and wisdom of the employees.

Management processes here represent the wisdom of the market, and help to reallocate resources from legacy programs to new initiatives; management processes that encourage dissenting voices, giving folks on the ground a bigger voice in shaping policy and strategy; and most importantly, a management approach that avoids crisis-lead decisions by continuously emphasizing on learning from failure.

The literature review shows that organizations that do have management innovation perform better since they have fueled innovation and creativity on a continuous basis, rapid development of new and existing products, improved organizational efficiency and effectiveness, enhanced decision making, improved shareholder value and customer satisfaction, high employee morale and satisfaction, increased experience and knowledge sharing, collapse of communication barriers, and most importantly, a sustained competitive advantage that is built upon a unique innovation formula.

CHAPTER THREE

RESEARCH FRAMEWORK AND METHODOLOGY

RESEARCH QUESTIONS:

This study aims at testing the following:

- ▶ Whether the leadership, employee, structural, and cultural traits specified in the independent variables, that represent innovative management practices, are practiced in a sample of high performing organizations in Lebanon
- ▶ Whether these practices are positively contributing to the dependent variables; Employees' morale and satisfaction are constantly improved, Sustainable competitive advantage, built on core competencies exists, and Reactive or crisis-lead decisions are limited.

HYPOTHESIS:

1ST SET: Leaders

- 1) Leaders who have the following characteristics, i.e.: have a strong passion for innovation, are effective listeners, provide regular constructive feedback, prioritize tasks according to importance, establish and maintain good relationships and a positive work atmosphere, and are trusted by organizational members, will contribute to creating a continuously satisfied work force.
- 2) Leaders who have the following characteristics, i.e.: have a strong passion for innovation, are effective listeners, provide regular constructive feedback, prioritize tasks according to importance, establish and maintain good relationships and a positive work atmosphere, and are trusted by organizational members, will contribute to establishing a sustainable competitive advantage that is built on innovative management practices.
- 3) Leaders who have the following characteristics, i.e.: have a strong passion for innovation, are effective listeners, provide regular constructive feedback, prioritize tasks according to importance, establish and maintain good relationships and a positive work atmosphere, and are trusted by organizational members, will contribute to limiting crisis-lead decisions.

2nd SET: Culture.

- 4) A culture that is characterized by the following: flexible and fast decision making, openness and transparency, supported experimentation and risk taking, limited compensation disparities based on authority, knowledge experience and learning shared at all levels, a highly engaging work environment, and the existence of a disciplined process for challenging the long-standing management orthodoxies (paradigms) that constrain creative thinking, will contribute to creating a continuously satisfied work force.
- 5) A culture that is characterized by the following: flexible and fast decision making, openness and transparency, supported experimentation and risk taking, limited compensation disparities based on authority, knowledge experience and learning shared at all levels, a highly engaging work environment, and the existence of a disciplined process for challenging the long-standing management orthodoxies (paradigms) that constrain creative thinking, will contribute to establishing a sustainable competitive advantage that is built on innovative management practices.
- 6) A culture that is characterized by the following: flexible and fast decision making, openness and transparency, supported experimentation and risk taking, limited compensation disparities based on authority, knowledge experience and learning shared at all levels, a highly engaging work environment, and the existence of a disciplined process for challenging the long-standing management orthodoxies (paradigms) that constrain creative thinking, will contribute to limiting crisis-lead decisions.

3rd SET: Employees.

- 7) Employees who possess the following characteristics; i.e. are trained to be innovative, have part of their staff time free to experiment on their innovative ideas, expand and amplify their human imagination and creativity, possess a spirit of community that binds people together, have the freedom, time, and resources needed to market their experiments and build a solid case for their ideas, experience continuous learning and improvement on the individual, strategic, and operational level, and have diverse skills and are co-located to facilitate the creative process, will contribute to creating a continuously satisfied work force.
- 8) Employees who possess the following characteristics; i.e. are trained to be innovative, have part of their staff time free to experiment on their innovative ideas, expand and amplify their human imagination and creativity, possess a spirit of community that binds people together, have the freedom, time, and resources needed to market their experiments and build a solid case for their ideas, experience continuous learning and improvement on the individual, strategic, and operational level, and have diverse skills and are co-located to facilitate the creative process, will contribute to establishing a sustainable competitive advantage that is built on innovative management practices.
- 9) Employees who possess the following characteristics; i.e. are trained to be innovative, have part of their staff time free to experiment on their innovative ideas, expand and amplify their human

imagination and creativity, possess a spirit of community that binds people together, have the freedom, time, and resources needed to market their experiments and build a solid case for their ideas, experience continuous learning and improvement on the individual, strategic, and operational level, and have diverse skills and are co-located to facilitate the creative process, will contribute to limiting crisis-lead decisions.

4th SET: Structure.

10) A structure that is characterized by the following: a flat hierarchy, specific, clear and widely understood individual goals and objective, attention focused on the higher goals the company serves, management processes constantly redesigned based on a greater diversity of data and viewpoints, flexible resources that are reallocated as needed from legacy programs to new initiatives, and a management approach that avoids crisis-lead decisions by continuously emphasizing on learning from failure, will contribute to creating a continuously satisfied work force.

11) A structure that is characterized by the following: a flat hierarchy, specific, clear and widely understood individual goals and objective, attention focused on the higher goals the company serves, management processes constantly redesigned based on a greater diversity of data and viewpoints, flexible resources that are reallocated as needed from legacy programs to new initiatives, and a management approach that avoids crisis-lead decisions by continuously emphasizing on learning from failure, will contribute to establishing a sustainable competitive advantage that is built on innovative management practices.

12) A structure that is characterized by the following: a flat hierarchy, specific, clear and widely understood individual goals and objective, attention focused on the higher goals the company serves, management processes constantly redesigned based on a greater diversity of data and viewpoints, flexible resources that are reallocated as needed from legacy programs to new initiatives, and a management approach that avoids crisis-lead decisions by continuously emphasizing on learning from failure, will contribute to limiting crisis-lead decisions.

Approach/Methods

The research that I have conducted is a survey. I have prepared a questionnaire according to the findings of my literature review, and collected data from line managers and middle-level managers. However, before administering my questionnaire, I also conducted a pilot study and asked ten employees to fill out my questionnaire and give me feedback about the clarity and validity of the questions. I included the feedback received in my revised questionnaire.

The questionnaire was prepared using the five-point Likert-Scale: “Strongly Disagree-Disagree-Neutral-Agree and Strongly Agree,” and the respondents had to choose the answer that best described their response to the questions.

The organizations were selected from the top 100 high performing companies listed by the chamber of commerce in Lebanon.

The sample size is 287 line managers from about 30 different business organizations. The hypotheses were tested by using Multiple Regression Analyses with Stepwise method, and Factor Analysis.

The survey administration period was four weeks during which the questionnaires were sent through emails and distributed personally; reminder emails and frequent phone calls, as well as, personal visits were also made.

During the administration of the survey, certain ethical issues were taken into consideration. Among these were the respondents’ right to anonymity and the right to confidentiality of shared information. As addressed in the face sheet of the survey questionnaire, the respondents were not required to disclose any personal information, to identify themselves or their organizations. Moreover, the data collected from the surveys was promised to remain strictly confidential and to be reported in the thesis anonymously. Finally, the right to informed and voluntary consent was addressed by clarifying the purpose of the survey questionnaire which was explained to the organizations surveyed.

Survey Questionnaire: Included 29 statements.

- 1) Leaders have a strong passion for innovative management; they move beyond a focus on traditional products and services categories to pioneer innovations in business processes, distribution, value chains, business models and even the functions of management.
- 2) Leaders are effective listeners, in other words, they actively absorb the information given to them by their employees, and provide feedback so that employees know the message was received
- 3) Leaders provide regular constructive feedback (praise, direction)
- 4) Work tasks are prioritized according to importance (significance for long-term value creation), rather than urgency
- 5) Good individual relationships are established and maintained between leaders and employees as well as amongst coworkers, developing a positive work atmosphere
- 6) Leaders are trusted and are viewed as role models
- 7) Flexible and speedy decision making is frequently applied as necessary at all levels
- 8) Culture nurtures openness and builds transparency into operational and managerial processes and decision making; there is free access to company information (financial data, resource capabilities, technological advances, competitive power...) with no discrimination among employees
- 9) Culture encourages experimentation, risk taking, and views mistakes as learning opportunities

- 10) Large compensation gaps between senior management and the rest of the employees are limited
- 11) Knowledge, experience and learning are shared at all levels through regular upward, downward, and horizontal communications, through teamwork, collaboration, and cooperation
- 12) Culture creates a highly engaging work environment where employees are: empowered to make decisions, held accountable for their results, and can see and measure their performance outcomes
- 13) Culture creates a highly engaging work environment where employees are: empowered to make decisions, held accountable for their results, and can see and measure their performance outcomes
- 14) Employees are trained to be innovative through mentorships, or registering for innovative courses and seminars, because innovation is expected to be everyone's job at all levels
- 15) Employees have part of their staff time free to practice and experiment on their innovative ideas
- 16) Human imagination is amplified, and individual creative capacity is expanded through social engagement; employees give more of their energy, talent, and loyalty to their organization because those around them are helpful, honest and cooperative
- 17) Organizational members possess a spirit of community that binds people together
- 18) Employees have the freedom, time, and resources needed to market their experiments and build a solid case for their ideas
- 19) Continuous learning and improvement is experienced on an individual level, as well as, on strategic and operational (processes) levels

- 20) Employees with diverse skills and specialities are placed to work together as necessary in order to facilitate the creative work process
- 21) Organizational structure is built on a flat hierarchy, where levels of authority are limited
- 22) Company-wide goals, as well as, individual employee goals and objectives are specific, clear, and understood by all members
- 23) Attention is focused on the goals the company serves to help employees connect with and take ownership of these goals
- 24) Management processes reflecting the collective knowledge, experience, and wisdom of the employees are constantly redesigned based on diverse data and viewpoints
- 25) Resources are flexible and are reallocated as needed from legacy programs to new initiatives
- 26) A management approach exists that continuously emphasizes on learning from failure
- 27) Employees' morale and satisfaction are constantly improved
- 28) Sustainable competitive advantage, built on core competencies, exists because of innovative management
- 29) Reactive or crisis-lead decisions are limited

CHAPTER FOUR

STATISTICAL ANALYSIS

RELIABILITY TESTS

Cronbach's alpha (α) also known as the coefficient of reliability, was used to estimate the internal consistency of the scale since it is most commonly used when we have multiple Likert questions in a questionnaire that form a scale and we wish to determine if the scale is reliable. Cronbach's alpha measures the extent to which a set of items are related to each other. Hence, Cronbach's alpha increases as the inter-correlations among the items increases. The generally agreed upon lower limit for Cronbach's alpha is 0.70.

The Cronbach's alphas for all the variables of this study were computed using SPSS. The Case Processing Summary and Reliability statistics of the 20 variables are shown respectively in the table below:

Reliability Statistics

Cronbach's Alpha	N of Items
.969	26

The Cronbach's alpha is 0.96, which indicates a high level of internal consistency for our scale.

FACTORIAL ANALYSIS:

Hair et al (2006) define factor analysis as “an independence technique whose primary purpose is to define the underlying structure among the variables in the analysis”. Factor analysis, specifically explanatory factor analysis is concerned with whether the correlations or covariances between a set of observed variables can be explained in terms of a smaller number of unobservable constructs which are known either as latent variables or common factors.

Factors analysis has three main uses according to Field (2009):

1. To understand the structure of a set of variables
2. To construct a questionnaire to measure an underlying variable
3. To reduce a data set to a more manageable size while retaining as much of original information as possible.

Factor analysis is based on the correlation matrix of the variables involved, and correlation usually need a large sample size before they stabilize. Tabachnick and Fidell (2001, page 588) cite Comrey and Lee's (1992) advice regarding sample size: 50 cases is very poor, 100 is poor, 200 is fair, 300 is good, 500 is very good, and 1,000 is more than excellent.

To determine the aptness of factor analysis, the entire correlation matrix was examined using the Bartlett test of Sphericity and Kaiser-Mayer-Olkin Measure of Sampling Adequacy (KMO MSA).

According to Field (2009), KMO represents the ratio of the squared correlation between variables to the squared partial correlation between variables that is the degree of inter-correlations among the variables. The KMO statistics varies between 0 and 1, and a value close to 1 means that each variable is perfectly predicted without error by the other variables. Kaiser

(1974) recommends accepting values greater than 0.5 as barely acceptable. While closer the value gets to 1, it would be better, as values between 0.8 and 0.9 are considered great and values above 0.9 are superb.

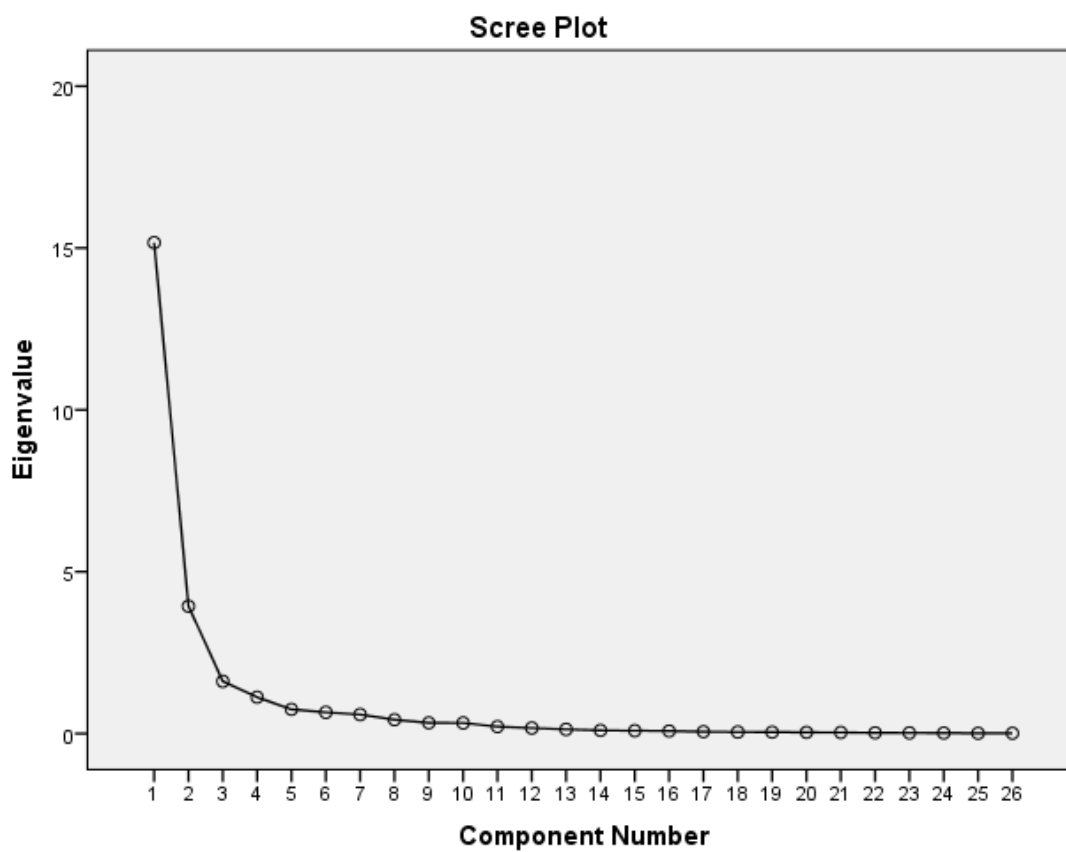
In addition, the Bartlett Test of Sphericity checks the overall significance of all correlations within a correlation matrix. As Field (2009) explains Bartlett's test shows whether our correlation matrix is significantly different from an identity matrix, meaning that "the correlation between variables are (overall) significantly different from zero". Thus, if the Bartlett's Test of Sphericity is significant, that is if it is less than alpha (0.05), then the null hypothesis that the correlation matrix is an identity matrix will be rejected and factor analysis can be continued.

Factor Analysis on the independent variables was performed. As shown in the table below, the KMO Measure of Sampling Adequacy is 0.878 which is higher than 0.05 and the Bartlett's Test of Sphericity is 0.000 which is less than 0.05 and significant. Based on this, we can proceed with the Factorial Analysis tests.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.878
Approx. Chi-Square		13551.665
Bartlett's Test of Sphericity	df	325
	Sig.	.000

The Scree Plot of the analysis is as follows:



Next, principal component analysis was performed on the variables to summarize the total variance in a minimum number of factors.

The latent root criterion was used to define the number of factors extracted.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings	
	Total	% of Variance	Cumulative %	Total	% of Variance
1	3.936	15.140	73.473	3.936	15.140
2	1.614	6.209	79.682	1.614	6.209
3	1.124	4.322	84.003	1.124	4.322

Total Variance Explained

Component	Extraction Sums of Squared Loadings	Rotation Sums of Squared Loadings		
	Cumulative %	Total	% of Variance	Cumulative %
1	73.473	7.023	27.012	66.801
2	79.682	2.347	9.026	75.827
3	84.003	2.126	8.177	84.003

Extraction Method: Principal Component Analysis.

As the table of “Total Variance Explained” shows and according to the latent root criterion, three factors were extracted which are capable of explaining up to 84% of the total variances in the rotated factor matrix. This is clearly due to the high consistency obtained in the data.

Next table shows the structure of the independent variables according to the “Rotated Component Matrix”.

The Rotation Matrix makes us understand factor analysis by showing the factor loadings of the variables on the extracted components. Factor loadings deduce the role each variable plays in explaining each factor.

Rotated Component Matrix

Components	1	2	3
Human imagination is amplified	.171	.885	.112
Organizational members possess a spirit of community	.850	.304	-.004
Employees have the freedom, time, and resources needed to market their experiments	.177	.586	.690
Continuous learning and improvement	.926	.053	.100
Employees with diverse skills are placed to work together	.184	.929	.032

organizational structure is built on a flat hierarchy	.387	.722	.241
Company-wide goals and individual goals are clear and specific	.140	.808	.081
Attention is focused on the goals the company serves to help take ownership of goals	.867	.298	.254
Management processes are constantly redesigned	.639	.567	.232
Resources are flexible and reallocated as needed	.842	.267	-.262
Management approach exists that emphasized on learning from failure	-.130	.230	.854

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.^a

a. Rotation converged in 5 iterations.

Looking at the Rotated Component Matrix, we can group the following variables to explain the first factor as follows: Organizational members possess a spirit of community that binds people together, Continuous learning and improvement exists, Attention is focused on the goals the company serves to help employees take ownership of these goals, Management processes are constantly re-designed to reflect the collective knowledge, experience and wisdom of employees,

and Resources are flexible and reallocated as needed. This factor can be explained as the characteristics of the culture and work environment.

The second factor can be explained as follows: Human imagination is amplified, Employees with diverse skills and specialities are placed to work together as necessary to facilitate the creative process, Organizational structure is built on a flat hierarchy, and Company-wide goals, as well as, individual employee goals and objectives are specific and clear. The second component can be grouped by a common theme which is: characteristics of organizational structure.

The third factor combined the following variables: Employees have the freedom, time, and resources needed to market their experiments and build a solid case for their ideas, and A management approach exists that continuously emphasizes on learning from failure. Which basically covers employees' empowerment, and freedom, and learning from failure.

STEPWISE MULTIPLE REGRESSION ANALYSIS

Stepwise is the method of selecting variables for inclusion in the regression model that starts by selecting the best predictor of the dependent variable. The independent variable with the greatest contribution to the regression model is added first. Additional independent variables are selected in terms of the incremental explanatory power they can add to the regression model.

Variables are added to the regression equation one at a time, using the statistical criterion of maximizing the R-squared of the included variables. When none of the possible addition can make a statistically significant improvement in R-squared, the analysis stops.

Before performing the regression analyses, we test the assumption of Normality of Error Term Distribution. The Histogram of standardized residuals allows visual check for a distribution

approximating normal distribution and the Normal P-P Plot of Regression Standardized Residual compares the observed standardized residuals against expected standardized residuals from a normal distribution. For a normal distribution, the residual line closely follows the straight diagonal line of normal distribution.

The ANOVA table shows the goodness of fit of the model, that is, how significantly the regression model predicts the output variable.

The coefficients for the independent variable show how much the dependent variable changes when the independent variable changes by one unit.

All the independent variables regressed against IM27: Employee morale and satisfaction are constantly improved

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
21	Good individual relationships are established	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
22	Leaders provide feedback	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
23	Leaders are trusted	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

Dependent Variable: Employee morale and satisfaction are constantly improved.

Method: Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.857 ^a	.735	.734	.71352
2	.925 ^b	.855	.854	.52847
3	.937 ^c	.878	.877	.48614
4	.949 ^d	.901	.899	.43956

a. Predictors: (Constant), large compensation gaps btw senior management and the rest of the employees

b. Predictors: (Constant), large compensation gaps btw senior management and the rest of the employees, Management processes are constantly redesigned

c. Predictors: (Constant), large compensation gaps btw senior management and the rest of the employees, Management processes are constantly redesigned, Work tasks are prioritized according to importance

d. Predictors: (Constant), large compensation gaps btw senior management and the rest of the employees, Management processes are constantly redesigned, Work tasks are prioritized according to importance, Lower level employees are given the opportunity to challenge the status quo

g Dependent Variable: Employee morale and satisfaction are constantly improved

The final model obtained by Stepwise Regression model 4: 90% of the total variance in high employee morale and satisfaction (IM 27) is explained by the independent variable: Lower level employees are given the opportunity to challenge the status quo and the long-standing management orthodoxies, beliefs, procedures, and processes in an attempt to increase the chances for creativity in policy and strategy (IM 13).

The last regression model 4 includes the best subset of independent variables explaining 90 % of the total variance in high employee morale and satisfaction.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
16	Residual	23.110	274	.084		
	Total	547.972	286			
	Regression	525.529	13	40.425	491.740	.000 t
17	Residual	22.443	273	.082		
	Total	547.972	286			
	Regression	526.200	14	37.586	469.570	.000 u
18	Residual	21.772	272	.080		
	Total	547.972	286			
	Regression	526.938	15	35.129	452.599	.000 v
19	Residual	21.034	271	.078		
	Total	547.972	286			
	Regression	527.587	16	32.974	436.748	.000 w
20	Residual	20.385	270	.075		
	Total	547.972	286			
	Regression	528.378	17	31.081	426.700	.000 x
21	Residual	19.594	269	.073		
	Total	547.972	286			
	Regression	528.784	18	29.377	410.295	.000 o
22	Residual	19.189	268	.072		
	Total	547.972	286			
	Regression	529.401	19	27.863	400.602	.000 p
23	Residual	18.571	267	.070		
	Total	547.972	286			

a. Dependent Variable: Employees' morale and satisfaction are constantly improved

t. Predictors: (Constant), Management processes are constantly redesigned, Work tasks are prioritized according to importance, Low level employees are given the opportunity to challenge the status quo, Employees have part of their staff time free to experiment on their innovative ideas, Knowledge, experience, and learning are shared at all levels, Leaders have strong passion for IM, Culture encourages experimentation and risk taking, Company-wide goals and individual goals are clear and specific, Flexible and speedy decision making exists, Human imagination is amplified, Attention is focused on the goals the company serves to help take ownership of goals, Employees are trained to be innovative, Continuous learning and improvement, Organizational members possess a spirit of community, Management approach exists that emphasized in learning from failure

u. Predictors: (Constant), Management processes are constantly redesigned, Work tasks are prioritized according to importance, Low level employees are given the opportunity to challenge the status quo, Employees have part of their staff time free to experiment on their innovative ideas, Knowledge, experience, and learning are shared at all levels, Leaders have strong passion for IM, Culture encourages experimentation and risk taking, Company-wide goals and individual goals are clear and specific, Flexible and speedy decision making exists, Human imagination is amplified, Attention is focused on the goals the company serves to help take ownership of goals, Employees are trained to be innovative, Continuous learning and improvement, Organizational members possess a spirit of community, Management approach exists that emphasized in learning from failure, large compensation gaps btw senior management and the rest of the employees

v. Predictors: (Constant), Management processes are constantly redesigned, Work tasks are prioritized according to importance, Low level employees are given the opportunity to challenge the status quo, Employees have part of their staff time free to experiment on their innovative ideas, Knowledge, experience, and learning are shared at all levels, Leaders have strong passion for IM, Culture encourages experimentation and risk taking, Company-wide goals and individual goals are clear and specific, Flexible and speedy decision making exists, Human imagination is amplified, Attention is focused on the goals the company serves to help take ownership of goals, Employees are trained to be innovative, Continuous learning and improvement, Organizational members possess a spirit of community, Management approach exists that emphasized in learning from failure, large compensation gaps btw senior management and the rest of the employees, Good individual relationships are established

w. Predictors: (Constant), Management processes are constantly redesigned, Work tasks are prioritized according to importance, Low level employees are given the opportunity to challenge the status quo, Employees have part of their staff time free to experiment on their innovative ideas, Knowledge, experience, and learning are shared at all levels, Leaders have strong passion for IM, Culture encourages experimentation and risk taking, Company-wide goals and individual goals are clear and specific, Flexible and speedy decision making exists, Human imagination is amplified, Attention is focused on the goals the company serves to help take ownership of goals, Employees are trained to be innovative, Continuous learning and improvement, Organizational members possess a spirit of community, Management approach exists that emphasized in learning from failure, large compensation gaps btw senior management and the rest of the employees, Good individual relationships are established, Leaders provide feedback

x. Predictors: (Constant), Management processes are constantly redesigned, Work tasks are prioritized according to importance, Low level employees are given the opportunity to challenge the status quo, Employees have part of their staff time free to experiment on their innovative ideas, Knowledge, experience, and learning are shared at all levels, Leaders have strong passion for IM, Culture encourages experimentation and risk taking, Company-wide goals and individual goals are clear and specific, Flexible and speedy decision making exists, Human imagination is amplified, Attention is focused on the goals the company serves to help take ownership of goals, Employees are trained to be innovative, Continuous learning and improvement, Organizational members possess a spirit of community, Management approach exists that emphasized in learning from failure, large compensation gaps btw senior management and the rest of the employees, Good individual relationships are established, Leaders provide feedback, Leaders are trusted

o. Predictors: (Constant), Management processes are constantly redesigned, Work tasks are prioritized according to importance, Low level employees are given the opportunity to challenge the status quo, Employees have part of their staff time free to experiment on their innovative ideas, Knowledge, experience, and learning are shared at all levels, Leaders have strong passion for IM, Culture encourages experimentation and risk taking, Company-wide goals and individual goals are clear and specific, Good individual relationships are established, Flexible and speedy decision making exists, Human imagination is amplified, Attention is focused on the goals the company serves to help take ownership of goals

p. Predictors: (Constant), Management processes are constantly redesigned, Work tasks are prioritized according to importance, Low level employees are given the opportunity to challenge the status quo, Employees have part of their staff time free to experiment on their innovative ideas, Knowledge, experience, and learning are shared at all levels, Leaders have strong passion for IM, Culture encourages experimentation and risk taking, Company-wide goals and individual goals are clear and specific, Good individual relationships are established, Flexible and speedy decision making exists, Human imagination is amplified, Attention is focused on the goals the company serves to help take ownership of goals, Employees are trained to be innovative

This shows that Employee morale and satisfaction depends on having the following: management processes that are constantly redesigned, Work tasks are prioritized according to importance, Lower level employees are given the opportunity to challenge the status quo, Employees have part of their staff time free to experiment on their innovative ideas, Knowledge, experience, and learning are shared at all levels, Leaders have strong passion for IM, Culture encourages experimentation and risk taking, Company-wide goals and individual goals are clear and specific, Good individual relationships are established, Flexible and speedy decision making exists, Human imagination is amplified, Attention is focused on the goals the company serves to help take ownership of these goals and Employees are trained to be innovative.

The probability of the F statistics (400.6) for regression model 23 is 0.000 which is less than 0.05 hence we accept the alternative hypothesis that there is a statistically significant relationship between the best subset of independent variables and the dependent variable, that is, the regression model 23 is statistically significant in predicting the dependent variable.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
23	Attention is focused on the goals the company serves to help take ownership of goals (IM23)	-.163	.060	-.126	-2.739	.007
	Employees are trained to be innovative (IM14)	.347	.049	.310	7.100	.000
	Continuous learning and improvement (IM19)	-.279	.062	-.213	-4.529	.000
	Organizational members possess a spirit of community (IM17)	.183	.065	.117	2.801	.005
	Management approach exists that emphasized in learning from failure (IM26)	-.105	.030	-.082	-3.522	.001
	Leaders provide feedback (IM03)	.404	.107	.286	3.759	.000
	Leaders are trusted (IM06)	-.294	.099	-.206	-2.981	.003

a. Dependent Variable: Employees' morale and satisfaction are constantly improved (IM27)

Where IM27 represents high employees' morale and satisfaction are constantly improved, IM23 represents Attention is focused on the goals the company serves to help employees connect with and take ownership of these goals, IM14 represents Employees are trained to be innovative, because innovation is expected to be everyone's job at all levels, IM19 represents Continuous learning and improvement is experienced on an individual level, as well as, on strategic and operational (processes) levels, IM17 represents Organizational members possess a spirit of

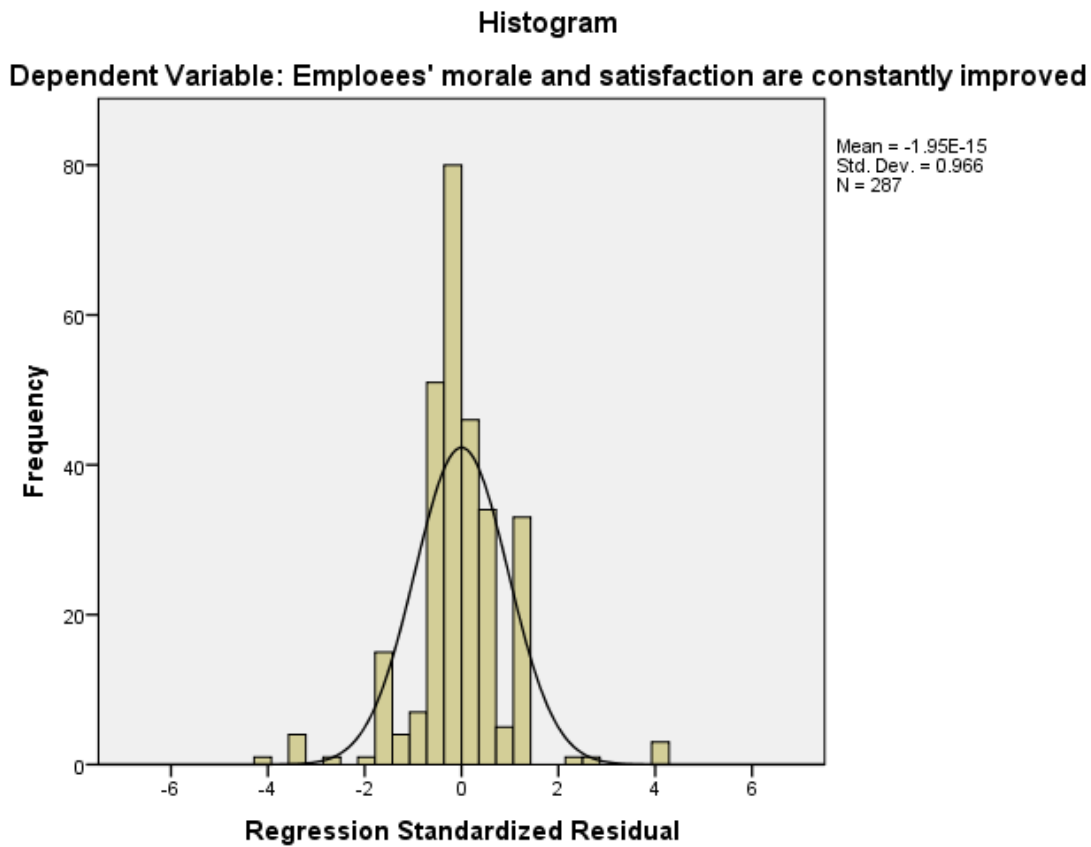
community that binds people together, IM26 represents A management approach exists that continuously emphasizes on learning from failure, IM03 represents Leaders provide regular constructive feedback (praise, direction), and IM06 represents Leaders are trusted and are viewed as role models.

Since the significance of the t-values for all the variables in regression model 23 are lower than 0.05, we conclude that the relationship is statistically significant between IM23 and IM27, IM 14 and IM27, IM19 and IM 27, IM17 and IM27, IM26 and IM 27, IM03 and IM27, and IM06 and IM 27. The coefficients of IM14, IM17, and IM03 have a positive value, we conclude that there is a statistically significant positive linear relationship between IM14 and IM27, IM17 and IM27, and IM03 and IM27 respectively. The coefficients of IM23, IM19, IM26, and IM06 have a negative value, we conclude that there is a statistically significant negative linear relationship between IM23 and IM27, IM19 and IM27, IM26 and IM27, and IM06 and IM27.

The more employees were trained to be innovative, the more organizational members possessed a spirit of community that binds people together, and the more leaders provide regular constructive feedback, the more employees' morale and satisfaction would be constantly improved.

The more attention is focused on the goals the company serves, the more continuous learning and improvement took place, the more the management approach continuously emphasizes on learning from failure, and the more leaders are trusted, the lower employees' morale and satisfaction would be constantly improved. In an attempt to justify this interpretation, we can study the initial results of the questionnaires, where the majority of the respondents answered Disagree or Strongly Disagree on each of the variables IM23, IM19, IM26, and IM06, While, still choosing Agree on the dependent variable IM27, Employees' morale and satisfaction are constantly improved. This means that there other variables which lead to increasing employee

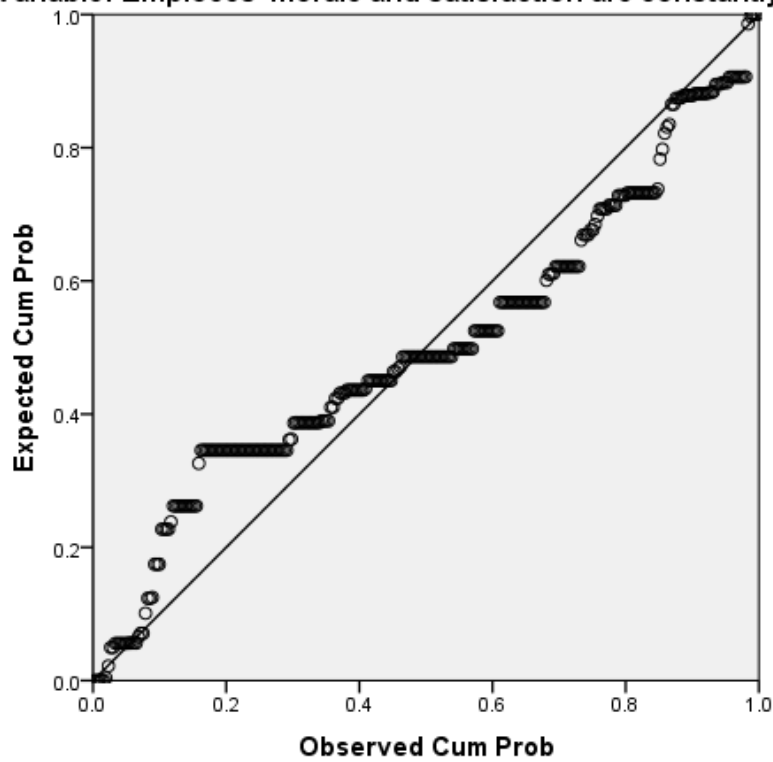
morale and satisfaction and the variables IM 23, IM 19, IM26 and IM06 do not exist, or is very low, in their work environment.



The histogram shows a bell-shaped curve and the normal plot of the residuals shows the points close to the diagonal line.

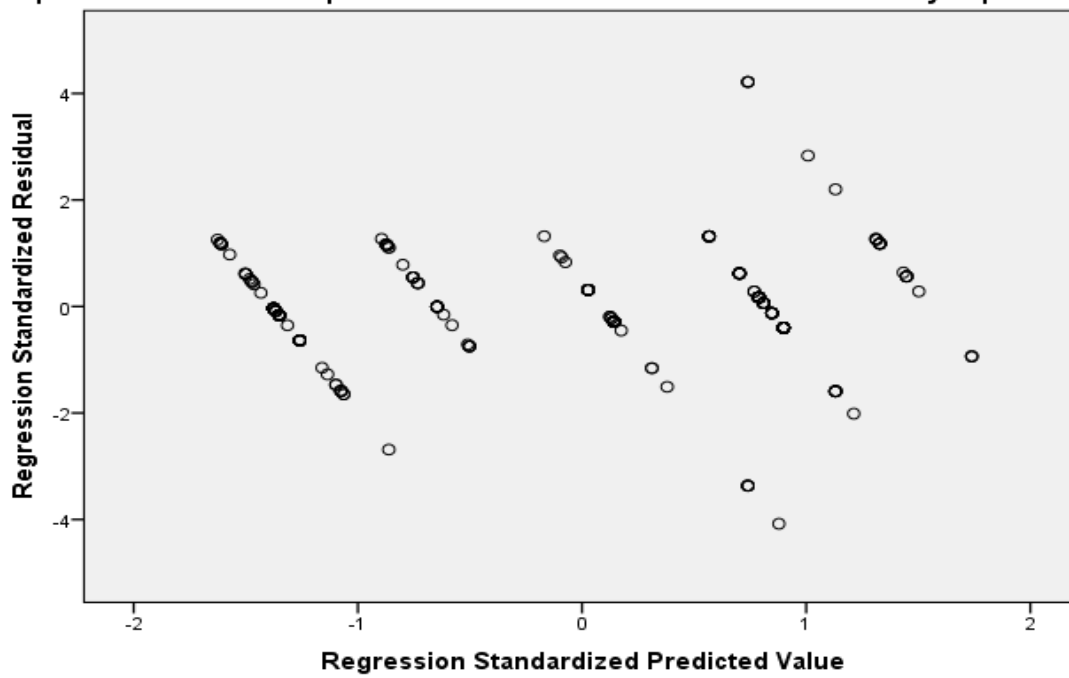
Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Employees' morale and satisfaction are constantly improved



Scatterplot

Dependent Variable: Employees' morale and satisfaction are constantly improved



This Scatter plot above shows there is no heteroscedasticity.

All the independent variables regressed against IM28: Sustainable competitive advantage, built on core competencies, exists.

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
17	Organizational members possess a spirit of community	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
18	Culture creates a highly engaging work environment	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

a. Dependent Variable: Sustainable competitive advantage exists

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.904 ^a	.817	.817	.52292
2	.926 ^b	.858	.857	.46243
3	.939 ^c	.882	.881	.42200

a. Predictors: (Constant), large compensation gaps btw senior management and the rest of the employees, Management approach exists that emphasized in learning from failure, Flexible and speedy decision making exists, Good individual relationships are established, Leaders provide feedback, Employees have the freedom, time, and resources needed to market their experiments, Work tasks are prioritized according to importance, Resources are flexible and reallocated as needed, Culture encourages experimentation and risk taking, Continuous learning and improvement

b. Predictors: (Constant), large compensation gaps btw senior management and the rest of the employees, Management approach exists that emphasized in learning from failure, Flexible and speedy decision making exists, Good individual relationships are established, Leaders provide feedback, Employees have the freedom, time, and resources needed to market their experiments, Work tasks are prioritized according to importance, Resources are flexible and reallocated as needed, Culture encourages experimentation and risk taking, Continuous learning and improvement, Organizational members possess a spirit of community

c. Predictors: (Constant), large compensation gaps btw senior management and the rest of the employees, Management approach exists that emphasized in learning from failure, Flexible and speedy decision making exists, Good individual relationships are established, Leaders provide feedback, Employees have the freedom, time, and resources needed to market their experiments, Work tasks are prioritized according to importance, Resources are flexible and reallocated as needed, Culture encourages experimentation and risk taking, Continuous learning and improvement, Organizational members possess a spirit of community , Culture creates a highly engaging work environment

d. Dependent Variable: Sustainable competitive advantage exists

Model 3: 88.2 % of the total variance in Sustainable competitive advantage (IM28) is explained by Culture creates a highly engaging work environment (IM12).

Therefore, the final regression model 3 includes the best subset of independent variables explaining 88.2 % of the total variance in Sustainable competitive advantage.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
12	Total	426.871	286			
	Regression	406.970	11	36.997	511.244	.000n
13	Residual	19.901	275	.072		
	Total	426.871	286			
	Regression	406.900	10	40.690	562.336	.000o
14	Residual	19.971	276	.072		
	Total	426.871	286			
	Regression	406.834	9	45.204	624.906	.000p
15	Residual	20.037	277	.072		
	Total	426.871	286			
	Regression	407.540	10	40.754	581.852	.000q
16	Residual	19.332	276	.070		
	Total	426.871	286			
	Regression	408.004	11	37.091	540.644	.000r
17	Residual	18.867	275	.069		
	Total	426.871	286			
	Regression	408.574	12	34.048	509.861	.000s
18	Residual	18.297	274	.067		
	Total	426.871	286			

a. Dependent Variable: Sustainable competitive advantage exists

- n. Predictors: (Constant), large compensation gaps btw senior management and the rest of the employees, Management approach exists that emphasized in learning from failure, Flexible and speedy decision making exists, Good individual relationships are established, Leaders provide feedback, Leaders have strong passion for IM, Lowe level employees are given the opportunity to challenge the status quo, Employees have the freedom, time, and resources needed to market their experiments, Work tasks are prioritized according to importance, Resources are flexible and reallocated as needed, Culture encourages experimentation and risk taking
- o. Predictors: (Constant), large compensation gaps btw senior management and the rest of the employees, Management approach exists that emphasized in learning from failure, Flexible and speedy decision making exists, Good individual relationships are established, Leaders provide feedback, Lowe level employees are given the opportunity to challenge the status quo, Employees have the freedom, time, and resources needed to market their experiments, Work tasks are prioritized according to importance, Resources are flexible and reallocated as needed, Culture encourages experimentation and risk taking
- p. Predictors: (Constant), large compensation gaps btw senior management and the rest of the employees, Management approach exists that emphasized in learning from failure, Flexible and speedy decision making exists, Good individual relationships are established, Leaders provide feedback, Employees have the freedom, time, and resources needed to market their experiments, Work tasks are prioritized according to importance, Resources are flexible and reallocated as needed, Culture encourages experimentation and risk taking
- q. Predictors: (Constant), large compensation gaps btw senior management and the rest of the employees, Management approach exists that emphasized in learning from failure, Flexible and speedy decision making exists, Good individual relationships are established, Leaders provide feedback, Employees have the freedom, time, and resources needed to market their experiments, Work tasks are prioritized according to importance, Resources are flexible and reallocated as needed, Culture encourages experimentation and risk taking, Continuous learning and improvement

- r. Predictors: (Constant), large compensation gaps btw senior management and the rest of the employees, Management approach exists that emphasized in learning from failure, Flexible and speedy decision making exists, Good individual relationships are established, Leaders provide feedback, Employees have the freedom, time, and resources needed to market their experiments, Work tasks are prioritized according to importance, Resources are flexible and reallocated as needed, Culture encourages experimentation and risk taking, Continuous learning and improvement, Organizational members possess a spirit of community
- s. Predictors: (Constant), large compensation gaps btw senior management and the rest of the employees, Management approach exists that emphasized in learning from failure, Flexible and speedy decision making exists, Good individual relationships are established, Leaders provide feedback, Employees have the freedom, time, and resources needed to market their experiments, Work tasks are prioritized according to importance, Resources are flexible and reallocated as needed, Culture encourages experimentation and risk taking, Continuous learning and improvement, Organizational members possess a spirit of community , Culture creates a highly engaging work environment

This shows that sustainable competitive advantage depends on limiting large compensation gaps between senior management and the rest of the employees, having a management approach that emphasizes on learning from failure, having Flexible and speedy decision making, having good individual relationships, having leaders who provide feedback, giving employees the freedom, time and resources needed to market their experiments, prioritizing work tasks according to importance, having resources that are flexible and reallocated as needed, having a culture that encourages risk taking, continuous learning and improvement, having a spirit of community which binds organizational members together, and having a culture that creates a highly engaging work environment.

The probability of the F statistics (509) for regression model 18 is 0.000 which is less than 0.05 hence we accept the alternative hypothesis that there is a statistically significant relationship between the best subset of independent variables and the dependent variable, that is, the regression model 18 is statistically significant in predicting the dependent variable.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
18	Flexible and speedy decision making exists (IM07)	.155	.044	.138	3.515	.001
	Good individual relationships are established (IM05)	.206	.025	.197	8.080	.000
	Leaders provide feedback (IM03)	.427	.040	.342	10.783	.000
	Employees have the freedom, time, and resources needed to market their experiments (IM18)	.340	.033	.283	10.333	.000
	Work tasks are prioritized according to importance (IM04)	-.368	.036	-.375	-10.300	.000
	Resources are flexible and reallocated as needed (IM25)	.387	.055	.328	6.971	.000
	Culture encourages experimentation and risk taking (IM09)	-.212	.036	-.164	-5.830	.000
	Continuous learning and improvement (IM19)	.152	.036	.132	4.242	.000
	Organizational members possess a spirit of community(IM17)	.148	.048	.107	3.077	.002
	Culture creates a highly engaging work environment (IM12)	-.110	.038	-.111	-2.920	.004

a. Dependent Variable: Sustainable competitive advantage exists (IM28)

Where IM28 represents the dependent variable: Sustainable competitive advantage, based on core competencies, exists. IM07 represents Flexible and speedy decision makings, IM05 represents Good individual relationships are established and maintained between leaders and employees, as well as, amongst coworkers, IM03 represents Leaders provide constructive feedback, IM18 represents Employees have the freedom, time, and resources needed to market their experiments, IM04 represents Work tasks are prioritized according to importance, IM25 represents Resources are flexible and reallocated as needed, IM09 represents Culture encourages experimentation and risk taking, IM19 represents Continuous learning and improvement, IM17 represents Organizational members possess a spirit of community, and IM12 represents Culture creates a highly engaging work environment where employees are: empowered to make decisions, held accountable for their results, and can see and measure their performance outcomes.

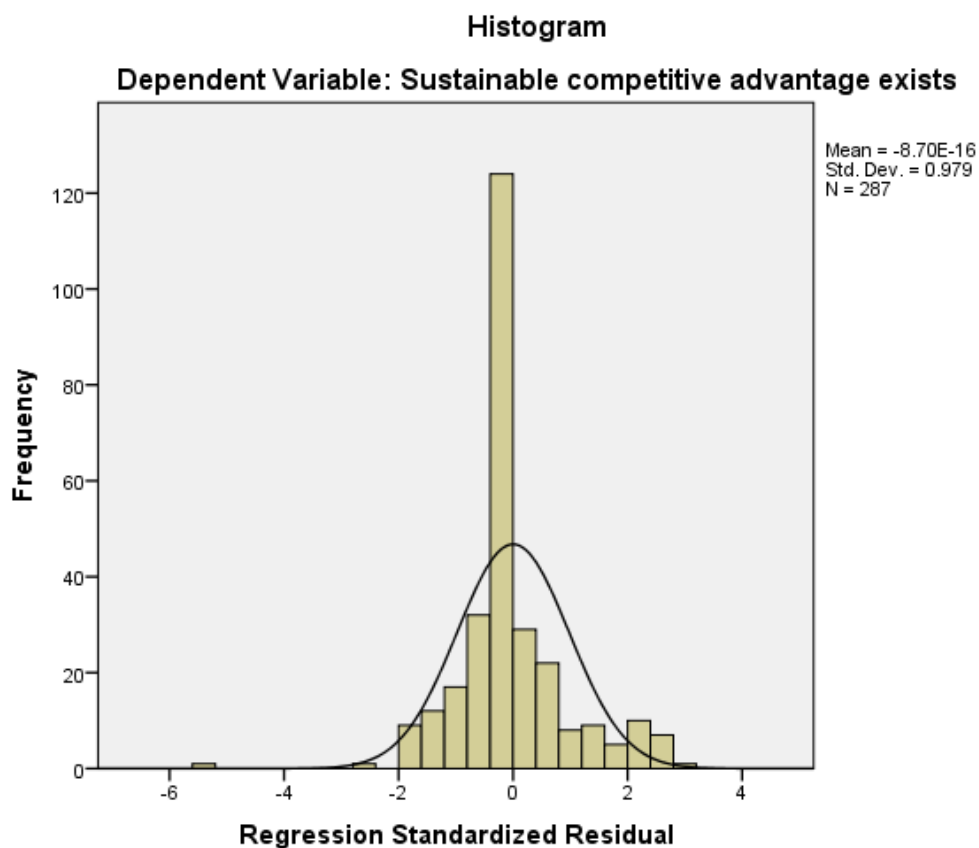
Since the significance of the t-values for all the variables in regression model 18 are lower than 0.05, we conclude that the relationship is statistically significant between IM07 and IM28, IM05 and IM28, IM03 and IM28, IM18 and IM28, IM04 and IM28, IM25 and IM28, IM09 and IM28, IM19 and IM 28, IM17 and IM 28, and IM12 and IM28 respectively.

The coefficients of IM07, IM05, IM03, IM18, IM25, IM19, and IM17 have a positive value, therefore, we conclude that there is a statistically significant positive linear relationship between IM07 and IM28, IM05 and IM28, and IM03 and IM28, IM18 and IM 28, IM25 and IM 28, IM19 and IM28, IM17 and IM28 respectively.

The coefficients of IM04, IM09, and IM 12 have a negative value, therefore, we conclude that there is a statistically significant negative linear relationship between IM04 and IM28, IM09 and IM28, and IM12 and IM28 respectively.

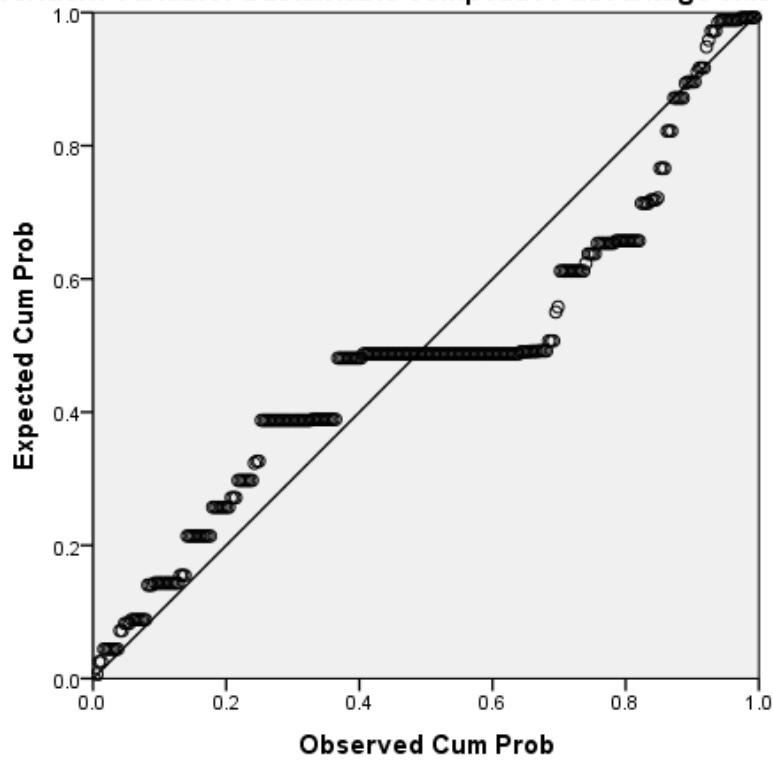
The more Flexible and speedy decision making exists, the more Good individual relationships are established and maintained, the more leaders provide regular constructive feedback, the more Employees have the freedom, time, and resources needed to market their experiments, the more Resources are flexible, the more Continuous learning and improvement exists, and the more Organizational members possess a spirit of community, the more Sustainable competitive advantage, built on core competencies, will exist.

The more Work tasks are prioritized according to importance rather than urgency, the more the Culture encourages experimentation and risk taking, and the more the Culture creates a highly engaging work environment, the lower the sustainable competitive advantage would be.

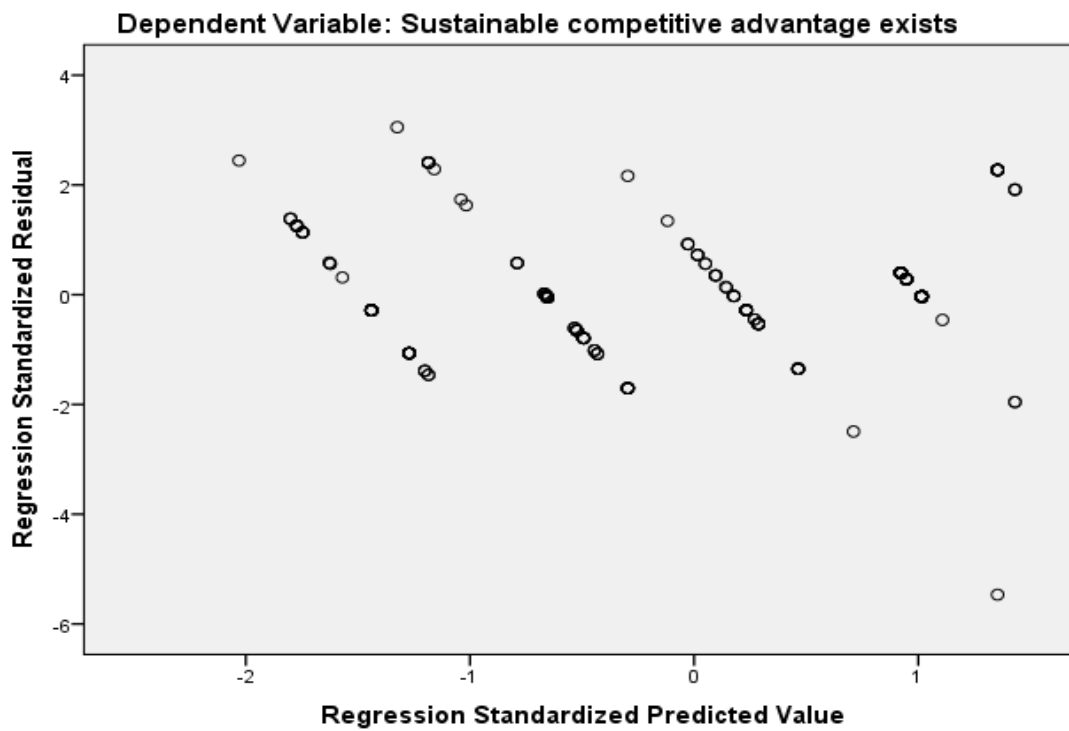


The histogram shows a bell-shaped curve and the normal plot of the residuals shows the points close to the diagonal line.

Normal P-P Plot of Regression Standardized Residual
Dependent Variable: Sustainable competitive advantage exists



Scatterplot



This Scatter plot above shows there is no heteroscedasticity.

All the independent variables regressed against IM29: Reactive or crisis-lead decisions are limited.

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
9	Culture nurtures openness and transparency	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
10	Continuous learning and improvement	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
11	organizational structure is built on a flat hierarchy	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

a. Dependent Variable: Reactive or crisis-lead decisions are limited

Model Summary^l

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.648 ^a	.420	.418	.77030
2	.708 ^b	.501	.497	.71584
3	.732 ^c	.536	.531	.69116
4	.751 ^d	.563	.557	.67179
5	.781 ^e	.610	.604	.63563
6	.795 ^f	.632	.624	.61913
7	.828 ^g	.686	.678	.57258
8	.844 ^h	.713	.704	.54883
9	.852 ⁱ	.727	.718	.53623
10	.858 ^j	.737	.727	.52728
11	.866 ^k	.750	.740	.51524

a. Predictors: (Constant), Leaders provide feedback

b. Predictors: (Constant), Leaders provide feedback, Organizational members possess a spirit of community

c. Predictors: (Constant), Leaders provide feedback, Organizational members possess a spirit of community , Good individual relationships are established

d. Predictors: (Constant), Leaders provide feedback, Organizational members possess a spirit of community , Good individual relationships are established, Knowledge, experience, and learning are shared at all levels

e. Predictors: (Constant), Leaders provide feedback, Organizational members possess a spirit of community , Good individual relationships are established, Knowledge, experience, and learning are shared at all levels, Attention is focused on the goals the company serves to help take ownership of goals

f. Predictors: (Constant), Leaders provide feedback, Organizational members possess a spirit of community , Good individual relationships are established, Knowledge, experience, and learning are shared at all levels, Attention is focused on the goals the company serves to help take ownership of goals, Low level employees are given the opportunity to challenge the status quo

g. Predictors: (Constant), Leaders provide feedback, Organizational members possess a spirit of community , Good individual relationships are established, Knowledge, experience, and learning are shared at all levels, Attention is focused on the goals the company serves to help take ownership of goals, Low level employees are given the opportunity to challenge the status quo, Employees are trained to be innovative

h. Predictors: (Constant), Leaders provide feedback, Organizational members possess a spirit of community , Good individual relationships are established, Knowledge, experience, and learning are shared at all levels, Attention is focused on the goals the company serves to help take ownership of goals, Low level employees are given the opportunity to challenge the status quo, Employees are trained to be innovative, Management approach exists that emphasized in learning from failure

i. Predictors: (Constant), Leaders provide feedback, Organizational members possess a spirit of community , Good individual relationships are established, Knowledge, experience, and learning are shared at all levels, Attention is focused on the goals the company serves to help take ownership of goals, Low level employees are given the opportunity to challenge the status quo, Employees are trained to be innovative, Management approach exists that emphasized in learning from failure, Culture nurtures openness and transparency

j. Predictors: (Constant), Leaders provide feedback, Organizational members possess a spirit of community , Good individual relationships are established, Knowledge, experience, and learning are shared at all levels, Attention is focused on the goals the company serves to help take ownership of goals, Low level employees are given the opportunity to challenge the status quo, Employees are trained to be innovative, Management approach exists that emphasized in learning from failure, Culture nurtures openness and transparency, Continuous learning and improvement

k. Predictors: (Constant), Leaders provide feedback, Organizational members possess a spirit of community , Good individual relationships are established, Knowledge, experience, and learning are shared at all levels, Attention is focused on the goals the company serves to help take ownership of goals, Low level employees are given the opportunity to challenge the status quo, Employees are trained to be innovative, Management approach exists that emphasized in learning from failure, Culture nurtures openness and transparency, Continuous learning and improvement, organizational structure is built on a flat hierarchy

l. Dependent Variable: Reactive or crisis-lead decisions are limited

Model 11: 75 % of the total variance in Limiting reactive or crisis-lead decisions (IM29) is explained by the variable: Organizational structure is built on a flat hierarchy (IM21).

The last regression model 11 includes the best subset of independent variables explaining 75 % of the total variance in Reactive or crisis-lead decisions are limited (IM29).

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
4	Regression	164.195	4	41.049	90.956	.000 ^e
	Residual	127.268	282	.451		
	Total	291.463	286			
5	Regression	177.933	5	35.587	88.080	.000 ^f
	Residual	113.531	281	.404		
	Total	291.463	286			
6	Regression	184.133	6	30.689	80.060	.000 ^g
	Residual	107.330	280	.383		
	Total	291.463	286			
7	Regression	199.995	7	28.571	87.148	.000 ^h
	Residual	91.468	279	.328		
	Total	291.463	286			
8	Regression	207.725	8	25.966	86.202	.000 ⁱ
	Residual	83.738	278	.301		
	Total	291.463	286			
9	Regression	211.813	9	23.535	81.846	.000 ^j
	Residual	79.651	277	.288		
	Total	291.463	286			
10	Regression	214.729	10	21.473	77.234	.000 ^k
	Residual	76.735	276	.278		
	Total	291.463	286			
11	Regression	218.459	11	19.860	74.810	.000 ^l
	Residual	73.004	275	.265		
	Total	291.463	286			

- a. Dependent Variable: Reactive or crisis-lead decisions are limited
- e. Predictors: (Constant), Leaders provide feedback, Organizational members possess a spirit of community , Good individual relationships are established, Knowledge, experience, and learning are shared at all levels
- f. Predictors: (Constant), Leaders provide feedback, Organizational members possess a spirit of community , Good individual relationships are established, Knowledge, experience, and learning are shared at all levels, Attention is focused on the goals the company serves to help take ownership of goals
- g. Predictors: (Constant), Leaders provide feedback, Organizational members possess a spirit of community , Good individual relationships are established, Knowledge, experience, and learning are shared at all levels, Attention is focused on the goals the company serves to help take ownership of goals, Lowe level employees are given the opportunity to challenge the status quo
- h. Predictors: (Constant), Leaders provide feedback, Organizational members possess a spirit of community , Good individual relationships are established, Knowledge, experience, and learning are shared at all levels, Attention is focused on the goals the company serves to help take ownership of goals, Lowe level employees are given the opportunity to challenge the status quo, Employees are trained to be innovative
- i. Predictors: (Constant), Leaders provide feedback, Organizational members possess a spirit of community , Good individual relationships are established, Knowledge, experience, and learning are shared at all levels, Attention is focused on the goals the company serves to help take ownership of goals, Lowe level employees are given the opportunity to challenge the status quo, Employees are trained to be innovative, Management approach exists that emphasized in learning from failure
- j. Predictors: (Constant), Leaders provide feedback, Organizational members possess a spirit of community , Good individual relationships are established, Knowledge, experience, and learning are shared at all levels, Attention is focused on the goals the company serves to help take ownership of goals, Lowe level employees are given the opportunity to challenge the status quo, Employees are trained to be innovative, Management approach exists that emphasized in learning from failure, Culture nurtures openness and transparency
- k. Predictors: (Constant), Leaders provide feedback, Organizational members possess a spirit of community , Good individual relationships are established, Knowledge, experience, and learning are shared at all levels, Attention is focused on the goals the company serves to help take ownership of goals, Lowe level employees are given the opportunity to challenge the status quo, Employees are trained to be innovative, Management approach exists that emphasized in learning from failure, Culture nurtures openness and transparency, Continuous learning and improvement

I. Predictors: (Constant), Leaders provide feedback, Organizational members possess a spirit of community, Good individual relationships are established, Knowledge, experience, and learning are shared at all levels, Attention is focused on the goals the company serves to help take ownership of goals, Lower level employees are given the opportunity to challenge the status quo, Employees are trained to be innovative, Management approach exists that emphasized on learning from failure, Culture nurtures openness and transparency, Continuous learning and improvement, organizational structure is built on a flat hierarchy

This shows that limiting reactive or crisis-lead decisions depends having leaders who provide constructive feedback, Organizational members possess a spirit of community, Good individual relationships are established, Knowledge experience and learning are shared at all levels, Attention is focused on the goals the company serves, Lower-level employees are given the opportunity to challenge the status quo, Employees are trained to be innovative, Management approach exists that emphasizes on learning from failure, Culture nurtures openness and transparency Continuous learning and improvement, and the Organizational structure is built on a flat hierarchy.

The probability of the F statistics (74) for regression model 11 is 0.000 which is less than 0.05 hence we accept the alternative hypothesis that there is a statistically significant relationship between the best subset of independent variables and the dependent variable, that is, the regression model 11 is statistically significant in predicting the dependent variable.

Coefficients^a

Model 11	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Attention is focused on the goals the company serves to help take ownership of goals (IM23)	-.579	.074	-.612	-7.821	.000
Lower level employees are given the opportunity to challenge the status quo (IM13)	.555	.062	.619	8.971	.000
Employees are trained to be innovative (IM14)	-.757	.076	-.926	-10.019	.000
Management approach exists that emphasized in learning from failure (IM24)	.258	.044	.276	5.829	.000
Culture nurtures openness and transparency (IM08)	.288	.069	.314	4.149	.000
Continuous learning and improvement (IM19)	.521	.106	.547	4.919	.000
organizational structure is built on a flat hierarchy (IM21)	.225	.060	.268	3.749	.000

a. Dependent Variable: Reactive or crisis-lead decisions are limited (IM29)

Where IM29 represents the dependent variable: Reactive or crisis-lead decisions are limited. IM23 represents Attention is focused on the goals the company serves to help take ownership of goals, IM13 represents Lower level employees are given the opportunity to challenge the status quo, IM14 represents Employees are trained to be innovative, IM24 represents Management

approach exists that emphasized in learning from failure, IM08 represents Culture nurtures openness and transparency, IM19 represents Continuous learning and improvement, and IM21 represents organizational structure is built on a flat hierarchy.

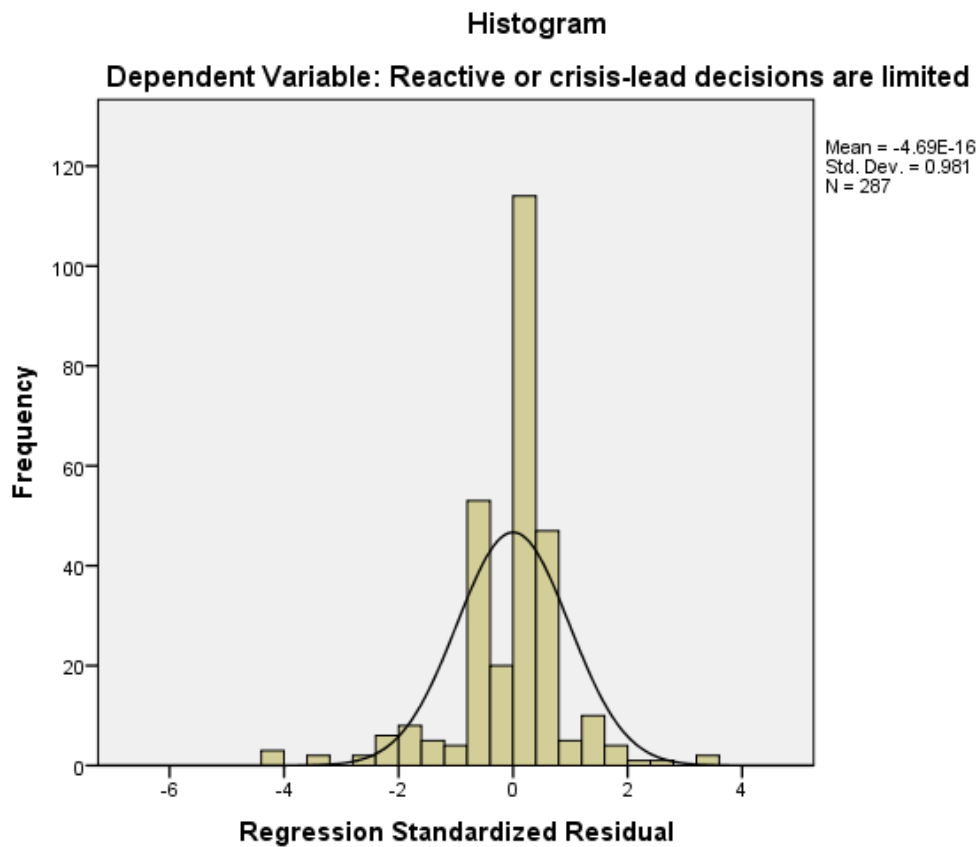
Since the significance of the t-values for all the variables in regression model 11 is lower than 0.05, we conclude that the relationship is statistically significant between IM23 and IM29, IM13 and IM29, IM14 and IM29, IM24 and IM29, IM08 and IM29, IM19 and IM29, and IM21 and IM29 respectively.

The coefficients of IM13, IM24, IM08, IM19, and IM21 have a positive value, therefore, we conclude that there is a statistically significant positive linear relationship between IM13 and IM29, IM24 and IM29, IM08 and IM29, IM19 and IM29, and IM21 and IM29.

The coefficients of IM23 and IM14 have a negative value, therefore, we conclude that there is a statistically significant negative linear equation between IM23 and Im29, and IM14 and IM29.

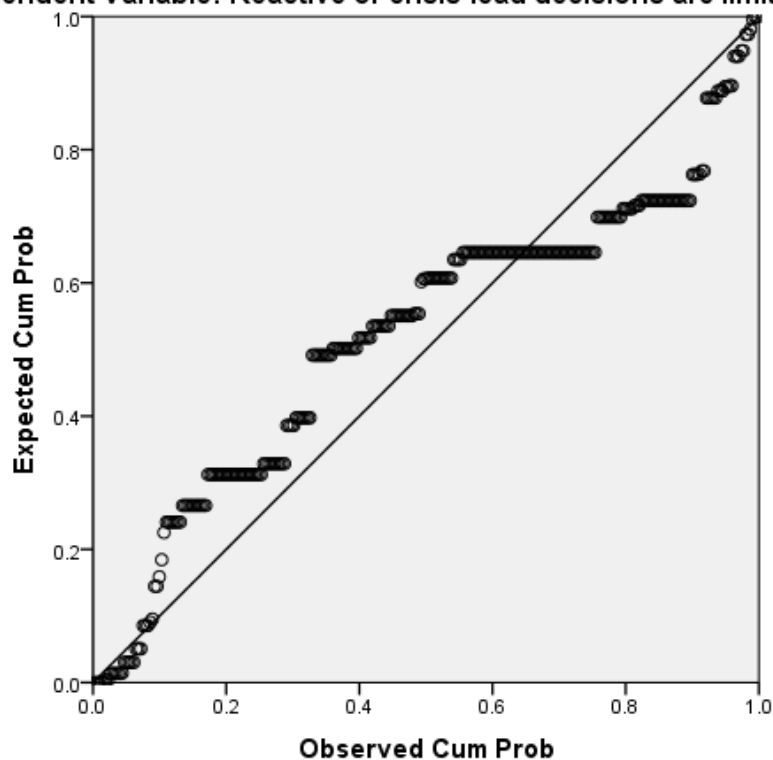
The more Lower level employees are given the opportunity to challenge the status quo, the more Management approach exists that emphasized in learning from failure, the more Culture nurtures openness and transparency, the more Continuous learning and improvement exists, and the more organizational structure is built on a flat hierarchy, the more reactive or crisis-lead decision would be limited.

The more Attention is focused on the goals the company serves to help take ownership of goals, and the more Employees are trained to be innovative, the more reactive or crisis-lead decisions would not be limited (reactive decision making will increase).



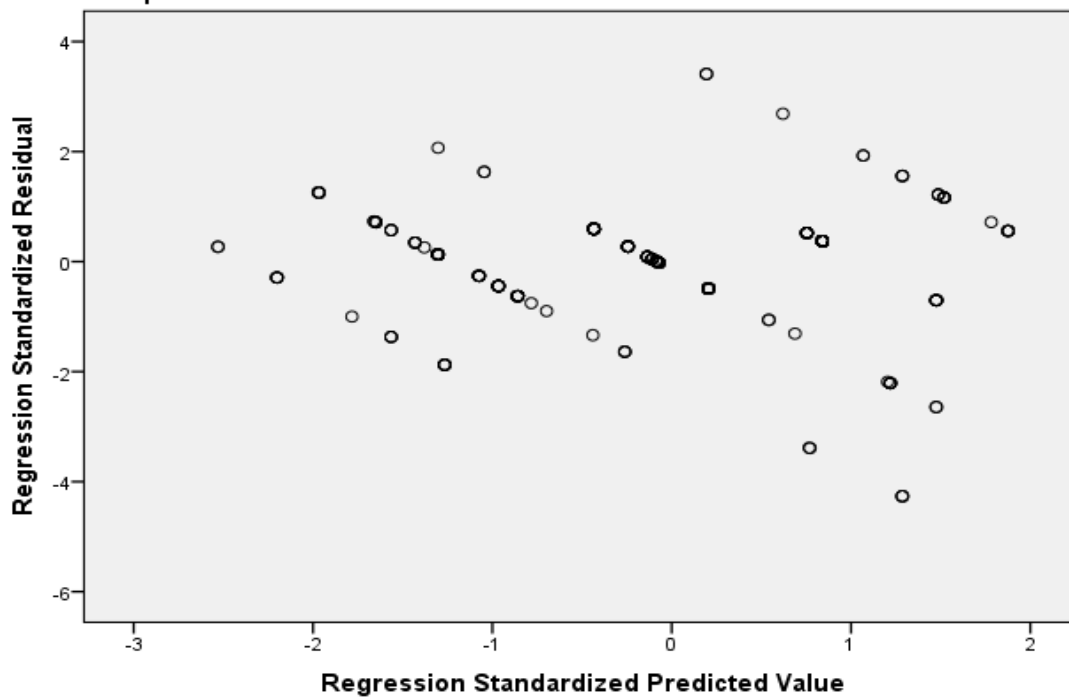
The histogram shows a bell-shaped curve and the normal plot of the residuals shows the points close to the diagonal line.

Normal P-P Plot of Regression Standardized Residual
Dependent Variable: Reactive or crisis-lead decisions are limited



Scatterplot

Dependent Variable: Reactive or crisis-lead decisions are limited



This Scatter plot above shows there is no heteroscedasticity.

Additional Statistics:

The independent variables are divided into 4 categories as explained in the literature review summary and indicated in the hypothesis, therefore, reliability and regression tests were conducted on the average of each category, ie: Leaders, Culture, Employees, and Structure.

The Cronbach's alfa for each category also indicated a high level of consistency.

Reliability test for Leaders' Category which includes IM1 to IM6:

Reliability Statistics

Cronbach's Alpha	N of Items
.901	6

Reliability test for Culture Category which includes IM7 to IM13:

Reliability Statistics

Cronbach's Alpha	N of Items
.904	7

Reliability test for Employees' category which includes IM14 to IM20:

Reliability Statistics

Cronbach's Alpha	N of Items
.879	7

Reliability test for Structure's category which includes IM21 to IM26:

Reliability Statistics

Cronbach's Alpha	N of Items
.828	6

Regression analysis was then conducted on taking into consideration the averages of the independent variable categories.

First, regression was conducted using the averages of the 4 categories (AvCat1, AvCat2, AvCat3, AvCat4, representing the average categories of Leaders, Culture, Employees, and Structure respectively) against the dependent variable IM27 (Employees' morale and satisfaction is constantly improved).

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	441.145	4	110.286	291.132	.000 ^b
	Residual	106.827	282	.379		
	Total	547.972	286			

a. Dependent Variable: IM27

b. Predictors: (Constant), AVCat4, AvCat2, AvCat1, AvCat3

Coefficients

Model		Unstandardized Coefficients	
		B	Std. Error
1	(Constant)	-1.734	.155
	AvCat1	.134	.135
	AvCat2	.515	.110
	AvCat3	.694	.176
	AVCat4	.158	.129

a. Dependent Variable: IM27

Anova shows a Sig. value of 0.00 which is less than 0.05, and the coefficients' table shows positive B-values for the Average Categories, hence, there is a statistically significant positive relation with the dependent variable Employees' morale and satisfaction.

Second, regression was conducted using the averages of the 4 categories against the dependent variable IM28 (sustainable competitive advantage exists).

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	344.921	4	86.230	296.727	.000 ^b
Residual	81.950	282	.291		
Total	426.871	286			

a. Dependent Variable: IM28

b. Predictors: (Constant), AVCat4, AvCat2, AvCat1, AvCat3

Coefficients

Model	Unstandardized Coefficients	
	B	Std. Error
1 (Constant)	-.674	.136
AvCat1	.493	.118
AvCat2	1.009	.097
AvCat3	.504	.154
AVCat4	-.882	.113

a. Dependent Variable: IM28

Anova shows a Sig. value of 0.00 which is less than 0.05, and the coefficients' table shows positive B-values for the Average Categories 1, 2, 3 and a negative value for the average category 4, hence, inconsistencies explained in the stepwise regression earlier do exist.

Third, regression was conducted using the averages of the 4 categories against the dependent variable IM29 (Reactive or Crisis-lead decisions are limited).

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	129.246	4	32.312	56.171	.000 ^b
	Residual	162.217	282	.575		
	Total	291.463	286			

a. Dependent Variable: IM29

b. Predictors: (Constant), AVCat4, AvCat2, AvCat1, AvCat3

Coefficients

Model		Unstandardized Coefficients	
		B	Std. Error
1	(Constant)	.536	.191
	AvCat1	-.153	.166
	AvCat2	.550	.136
	AvCat3	-.129	.217
	AVCat4	.560	.160

a. Dependent Variable: IM29

Anova shows a Sig. value of 0.00 which is less than 0.05, and the coefficients' table shows positive B-values for the Average Categories 2 & 4 and negative value for the average categories 1 & 3, hence, inconsistencies explained in the stepwise regression earlier do exist.

CHAPTER FIVE

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FINDINGS

As stated through the research questions, this study aimed mainly to test first whether the leadership, employee, structural, and cultural traits specified in the independent variables, that represent innovative management practices, are practiced in a sample of high performing organizations in Lebanon. Second, whether these practices are positively contributing to the dependent variables; Employees' morale and satisfaction are constantly improved, Sustainable competitive advantage, built on core competencies exists, and Reactive or crisis-lead decisions are limited.

Findings from Descriptive Statistics

287 survey questionnaires were filled out by 287 respondents that are line and middle level managers from 30 companies taken from a list of top 100 high performing companies in Lebanon ranked by the chamber of commerce.

Findings from Factor Analysis

Factor analysis is a process in which values of observed data are expressed in functions of a number of possible causes in order to find out which are the most important. Three factors were concluded which contained variables that can be grouped under the following: Cultural

characteristics, Structural characteristics and setting specific and clear goals, and Continuous learning and improvement.

Findings from Regression Analyses

The hypothesis tested to know whether the leadership, employee, structural, and cultural traits of management, management innovation practices, are positively related to each of the dependent variables.

Finding 1:

The more employees were trained to be innovative, the more organizational members possessed a spirit of community that binds people together, and the more leaders provide regular constructive feedback, the more employees' morale and satisfaction would be constantly improved.

Finding 2:

The more attention is focused on the goals the company serves, the more continuous learning and improvement took place, the more the management approach continuously emphasizes on learning from failure, and the more leaders are trusted, the lower employees' morale and satisfaction would be constantly improved.

Finding 3:

The more Flexible and speedy decision making exists, the more Good individual relationships are established and maintained, the more leaders provide regular constructive feedback, the more Employees have the freedom, time, and resources needed to market their experiments, the

more Resources are flexible, the more Continuous learning and improvement exists, and the more Organizational members possess a spirit of community, the more Sustainable competitive advantage, built on core competencies, will exist.

Finding 4:

The more Work tasks are prioritized according to importance rather than urgency, the more the Culture encourages experimentation and risk taking, and the more the Culture creates a highly engaging work environment, the lower the sustainable competitive advantage would be.

Finding 5:

The more communication Lower level employees are given the opportunity to challenge the status quo, the more Management approach exists that emphasized in learning from failure, the more Culture nurtures openness and transparency, the more Continuous learning and improvement exists, and the more organizational structure is built on a flat hierarchy, the more reactive or crisis-lead decision would be limited.

Finding 6:

The more Attention is focused on the goals the company serves to help take ownership of goals, and the more Employees are trained to be innovative, the more reactive or crisis-lead decisions would not be limited (reactive decision making will increase).

CONTRIBUTION AND LIMITATIONS

Previous research has examined the topic of The Impact of Innovative Management on organizational performance. However, they have not appropriately focused on 'why' performance outcomes are not good. The root of the problem can be traced back to: Organizations and individuals failing to consider that which has changed between centuries before and the 21st century is change itself. The frequency and pace of change have changed. Theories and research from literature review suggest that we need a deeper level of thinking, a new paradigm based on principles that accurately describe the territory of being effective human beings and of effective interactions to solve the deep organizational concerns (Covey, 1989). Management innovation is needed to help individuals and organizations adapt and change as fast as the world is changing. Therefore this study is a contribution to discover whether high performing organizations in Lebanon practice innovative management techniques, and if they do, are these practices contributing to high performance. The statistical interpretations resulted in inconsistency in some of the variables between theory and the Lebanese organizational culture. Therefore, it is significant to emphasize that this study has contributed to finding inconsistencies that can serve as a base for further in-depth research to understand the culture of the Lebanese organizations.

However, we have to be aware of some of the limitations of our research. A narrower study could be done which takes into consideration only one industry in order to relate statistical data and interpretation in a more detailed way. A more in depth study could have been conducted by administering interviews with top management to examine further the relationships between innovative management practices and organizational performance since the interviews could include open-ended questions and address different perspectives beyond the ones specified in the questionnaire.

RECOMMENDATIONS

High performing organizations in Lebanon seem to have leaders with a strong passion for innovation, Leaders who are effective listeners, and who provide regular constructive feedback. It is recommended to increase these characteristics because they will lead to an increase in employees' morale and satisfaction, building sustainable competitive advantage, limiting reactive decision making. I recommend making decisions flexible and quick, establish and maintain good individual relationships between employees and leaders, as well as, amongst coworkers. Managers should work on sharing more information and encouraging transparency into the operational and managerial processes and decision making, ie: give free access to company information (technological advances, resource capabilities, competitive power...) with no discrimination among employees. Line managers should establish a culture that encourages risk taking and experimentation. The gap between compensations of senior management and the rest of the employees is recommended to be limited.

I also recommend to constantly share knowledge, experience and learning between all employees.

Lebanese organizations should work on amplifying human imagination, and creating a spirit of community will have a positive impact on Sustainable competitive advantage, will increase employees' morale and satisfaction and limit crisis-lead decision. However, the culture does not give the employees the freedom to practice and experiment on their innovative ideas, lower level employees are also not given the opportunity to challenge the status quo, and employees are not trained to be innovative. In order to facilitate the creative process, it is recommended to

provide employees with part of their staff time free to practice in innovative ideas, give them the power to challenge the long-standing management orthodoxies, beliefs, procedures, and processes, and introduce the idea that innovation is expected to be everyone's job at all levels by training employees to be innovative through mentorships, seminars, courses, etc...

There are low levels of employee empowerment prevailing, and leaders share only moderate levels of information with employees. Hence, it is important for managers to empower employees and provide them with the information and communication they need for decision making to enhance their morale, increase responsibility, so that they feel challenged and motivated, and achieve a stronger management-employee relationships.

Although company-wide goals, as well as, individual goals and objectives are clear and specific, structure is built on a flat hierarchy, and employees with diverse skills are placed to work together to facilitate the creative process, however, the management processes are rigid, the resources are not flexible, and the idea of learning from failure is not abundant. Therefore, management processes reflecting the collective knowledge, experience, and wisdom of the employees should be constantly re-designed based on diverse data and viewpoints, resources should be flexible and reallocated as needed from legacy programs to new initiatives, a management approach that continuously emphasizes on learning from failure should exist.

Interpretations from Regression:

Training employees to be innovative, having leaders who provide regular constructive feedback, and having employees who possess a spirit of community that binds people together will increase employees' morale and satisfaction.

Having flexible and speedy decision making, establishing good individual relationships between employees and managers, as well as, among coworker, having leaders who provide regular constructive feedback, giving employees the freedom, time and resources needed to market their experiments, having resources that are flexible and reallocated as needed, having a cultural theme of continuous learning and improvement, and having organizational members who possess a spirit of community, will lead to a sustainable competitive advantage built on core competencies.

Giving lower level employees the opportunity to challenge the status quo, having a management approach that emphasizes on learning from failure, having a culture that nurtures openness and transparency, having a cultural theme of continuous learning and improvement, and having an organizational structure that is built on a flat hierarchy, will lead to limiting reactive or crisis-lead decision making.

Findings of inconsistencies between theory and cultural characteristics in Lebanese organizations

The more attention is focused on the goals the company serves, the more continuous learning and improvement took place, the more the management approach continuously emphasizes on learning from failure, and the more leaders are trusted, the lower employees' morale and satisfaction would be constantly improved.

The more Work tasks are prioritized according to importance rather than urgency, the more the Culture encourages experimentation and risk taking, and the more the Culture creates a highly engaging work environment, the lower the sustainable competitive advantage would be.

The more Attention is focused on the goals the company serves to help take ownership of goals, and the more Employees are trained to be innovative, the more reactive or crisis-lead decisions would not be limited (reactive decision making will increase).

In interpreting these inconsistencies, we can conclude that there are factors other than the independent variables: (Attention is focused on the goals the company serves, Employees are trained to be innovative, Work tasks are prioritized according to importance, Culture encourages experimentation, Culture creates a highly engaging work environment, Continuous learning and improvement exists, a management approach that continuously emphasizes on learning from failure exists , and leaders are trusted) that lead to Employees' morale and satisfaction, Sustainable competitive advantage, and limiting reactive decision making.

I believe that it would be beneficial for a future research to study, test, and try to understand the culture of the Lebanese organizations and the causes of the inconsistencies.

As a concluding note, it was an ambitious idea to tackle this study about innovative management practices in Lebanon, but I have no regrets, on the contrary, I am proud to discover inconsistencies between theory and reality in Lebanese organizational culture which represented the most significant part of my contribution.

"I have not failed. I've just found 10,000 ways that won't work."

Thomas A. Edison.

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