Innovation Practices in Saudi Arabian Businesses

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Abstract

In today's business "Innovation" is a buzzword; business people can't live without it. Innovation management as such has recently gained much attention from the academic researchers, industry and the governments of the different countries; because of its functionality in sustaining the organizations, its growth as well to enjoy a competitive edge.

The Kingdom of Saudi Arabia even today is looked upon as a mere crude oil supplier by the outside world. Saudi Arabia made significant changes in its development in all the fields including business. The country now made a mark as one of the emerging and fast developing nations in the world.

The country which has been very popular in mere trade and which is striving to establish its stance in business would be good example for academic interest to investigate empirically as to what type of practices of innovation exists in its all legal forms of business organizations of Saudi Arabia and also to have an over view of innovation scenario in Saudi Arabia businesses.

The Research carried on through an empirical study designed for the purpose. One hundred business organization of all types (Eg: Public, Private, Semi-government, Partnership firms, etc.) were chosen randomly. From each organization two respondents were chosen totaling to the sample size of two hundred.

Since the main objective of the research is to find the practices of innovation in Saudi Arabian business organizations a few practices were asked to the respondents through the structured questionnaire to know the level of perceptions of the respondents on a Likert's five point scale. At the outset the results are promising in Saudi Arabia, the business organizations are paving the way for innovation in their businesses. Within the study when compared with the practices it is found that practices touching upon teams and team work are measuring low. Regarding the types of innovation there is mixed results.

Probably this is the first empirical study in Saudi Arabia which has made an attempt to enquire into innovation practices through an exhaustive but a simple study.

Keywords: innovation, practices, Saudi Arabia, business, organizations

1. Introduction

The turbulent economies of countries, the never compromising and more demanding nature of customers, and the changing trend in workforce from brass work to brain work leads, or rather force's an organizations to adapt to changes; from time to time. The sentence "Change Changes the Change if you do not adapt Change" has an affirmative stand in these days where the world is going global, digital, herbal and spiritual.

Innovation is a buzzword, business people can't live without it; Innovation management has recently received much attention from research scholars, industry and the respective governments of the countries because of its functionality in sustaining the organizations and to provide a competitive edge. The more sustainable and competitive firms are those which are packed with innovation practices. The innovative firms are more flexible and have a greater capacity to adapt to changes. This means that they can save themselves, when the environment is unbalanced, therefore, can respond faster to changes, can create new opportunities as well exploit existing opportunities to a greater extent than the competitors (Valencia, Valle, & Jimenez, 2010).

Innovation is a key capability for a long-term sustainability of companies (Schumpeter; 1934). The ability to innovate has been widely considered as one of the key success factor of business survival and performance (Schumpeter, 1934; Burns & Stalker, 1961; Porter, 1990). Porter (1980) proposed that the competitiveness of

nations depended on the ability of an industry to innovate and improve, and that companies achieve competitive advantage through innovation (Alba Sánchez, Alejandro Lago, Xavier Ferràs, & Jaume Ribera, 2011).

Innovation is recognized to play a central role in creating value and sustaining competitive advantage (Rowley, Baregheh, & Sambrook, 2011). The innovation contains two activities. The first is creativity which refers to the development of ideas that are both novel and useful, either in the short or the long term (Amabile, 1996; Oldham & Cummings, 1996). The second activity is idea implementation which describes the process of converting these ideas into new and improved products, services, or ways of doing things (Kanter, 1988; West, 2002; Woodman, Sawyer, & Criffin, 1993). Thus, innovation can be conceptualized as encompassing two different activities: the development of novel, useful ideas and their implementation. (Markus Baer, 2012).

The term innovation has been used in the literature to describe both the process that uses new knowledge, technologies and the processes to generate new products as well as new or improved products themselves (Porter, 1990). The difference from invention is that innovation also involves the factor of commercialization, determining the company success or failure. This appears to be the crucial point over the last few decades, as innovation has been identified by several nations or intra-nation organizations as the major factor of economic growth and wealth (EU, 1995; OECD, 1997a, b). Organizations which operate in today markets, where global competition, rapid technological advances and resource insufficiency are pressing issues, must innovate in order to grow, to be effective and even to survive (Cagnazzo, 2008).

For the survival of organizations the organizations need to invest in different types of innovations, because the different types of innovation have different impacts on their outcomes (Siguaw, Simpson, & Enz, 2006).

Innovation is a multidisciplinary topic, this research attempted to identify the areas which might be considered innovation practices antecedents. There is no single model for innovation management and some of the models are derived from or follow the logic of "Stage Gate" (Cooper, 1990) and "Funnel" (Wheelwright & Clark, 1992) models. Henceforth, this study investigates the practices surfacing the human involvement in innovation practices in Saudi Arabian business organizations.

The research and research methodology used by the authors from the various studies reveals that innovation does not have a consolidated or unique model. Since innovation is highly dependent on the environment, company´s objectives, strategy and culture. There were many studies have been carried out in order to try to understand and find some ways that can help in identifying the innovation management models that better suit for each context. (Ana Lopes, Kumiko Kissimoto, Mário Salerno, Fernando Laurindo, & Marly Carvalho, 2012).

This paper does not provide a doctrinaire method for organization's to follow but it does identify what factors are important in practicing for an organization to improve its innovation practices in Saudi Arabian context. It is important to emphasize that the purpose of the paper is neither to argue for one best model of innovation practices nor to engross in a full methodological validation of a measurement scale (Hinkin, 2005). The aim is rather limited to exploring certain aspects of innovation practices and advancing an academic discussion on their measurement in the process of measuring good innovation practices which exists in Saudi Arabia.

1.1 Background

The Kingdom of Saudi Arabia even today is looked upon as a mere crude oil supplier by the outside world. Two decades ago, Saudi Arabia appeared an unlikely location for a major industrialization drives (Ramady, 2010). Saudi Arabia made significant changes in its development in all the fields including business. The country now made a mark as one of the emerging and fast developing nations in the world. The positive economic results of 2010 reflect the efforts of the Saudi government to encourage private business activity and investment in the country. The country is trying hard to become one of the best business friendly nations in the world with its policies and procedures.

The Saudi Arabian government has been encouraging innovation by building strategic partnerships with universities and corporates; besides establishing King Abdul Aziz City for Science and Technology (KACST). Recently General Electric started working with the Kingdom by establishing an innovation center by nurturing local innovation through the GE Innovation Center. Besides GE, SABIC (Saudi's biggest petrochemical industry), 3M and others also started the innovation centers in the Kingdom.

In 2013 Saudi gross domestic product (GDP) registered a record level of $745 billion, by far the largest GCC and Arab economy, making it the 19th economy in the world in GDP size, ahead of Switzerland, Sweden, Norway and Iran. However, it is notable that due to the drop in oil revenues in 2013, there was only a modest growth in GDP of around two percent, compared to double-digit growth rates in previous years (Arab News, 2013).

Economic review of 2014, done by the US-Saudi Arabian Business Council asserts that "preliminary macroeconomic data for 2014 indicate that the Saudi economy continued its strong performance from prior years. For 2014, the Ministry of Finance estimates that real GDP is expected to reach 3.59 percent compared to 2.67 percent in 2013. Over the same period, inflation remained low at 2.7 percent for 2014. In current prices, nominal GDP is anticipated to reach $752.5 billion (SR2.822 trillion), a 1.09 percent increase compared to 2013. Meanwhile, non-oil GDP is expected to grow by 8.21 percent, the non-oil public sector is expected to increase by 6.06 percent, the non-oil private sector is expected to increase by 9.11 percent and the oil sector is estimated to decline by 7.17 percent (US-Saudi Arabian Business Council, 2015).

The matter of concern was that the UNESCO report of 2010 where in which it stated that oil rich countries like Saudi Arabia need to invest more in R&D compared to other countries. The same was discussed in a research paper by Abdel-Razek, Refaat, and Alsanad, Duha (2014). Further, the paper points out that "during the five years there is a change in revenue generation but the fact is that investment on R&D in Saudi Arabia is not that encouraging."

Table 1. R&D expenditure as percentage of GDP in selected countries (The World Bank, 2012)

Country	2007	2008	2009
Egypt, Arab Rep.	0.26	0.27	0.21
Finland	3.47	3.72	3.96
France	2.08	2.12	2.23
Israel	4.80	4.66	4.27
Saudi Arabia	0.05	0.05	0.08
Sweden	3.40	3.70	3.62

Note. This table shows R&D expenditure as percentage of GDP in some selected countries.

So, under these circumstances the country which has been very popular in mere trade and which is striving to establish its stance in business would be good example for academic interest to investigate empirically as to what sort of practices of innovation exists in all legal forms of business organizations of Saudi Arabia so as to have an over view of innovation scenario in Saudi Arabia. Further this study can help in investors that the entire platform is ready to start the business and can be an encouragement to both private and public sectors.

In this paper the authors have made an attempt to examine the innovation practices existing in Saudi Arabian business organizations; because good innovation practices help enhance a firm's competitive advantage and sustainability. The competitive, sustainable organization helps in building countries' economies much stronger.

1.2 Objectives of the Study

1.   To examine the existence of innovation practices in Saudi Arabian business organizations or not.

2.   To study the existence of different types of popular innovations in Saudi Arabian business organizations

3.   To provide literature on innovation concerning practices touching upon the human resources

2. Literature Review

Innovation has long been cited as essential for organizational competitiveness and success (McAdam & Keogh, 2004; Edwards et al., 2005). This awareness of innovation has generated a great deal of literature on the subject of innovation. As a result innovation has become an extensive concept that can be perceived in a number of different ways. The general management literature often prescribes that organizations should increase their organizational innovativeness to remain competitive (Porter, 1990; Lengnick-Hall, 1992; Roberts, 1998), but most of the literature often neglects to address how organizations can impact on their ability to manage innovation.(Marisa, Marco, Peter, & Robert, 2008).

The word innovation itself means something unique. Despite the fact that there is a great need for innovation, after forty seven years of innovation studies, managerial best practices related to innovation are still very vague, as confirmed by Rothwell (1992). This statement highlights the lack of precise prescription for successful innovation even to this day.

According to Coombs, Narandren, and Richards, (1996) the innovation process is still poorly understood. The current state of the literature contributes little to improve the understanding of the phenomenon (Becheich, Landry, & Amara, 2006) mainly because the factors contributing to the success of an organization differs from

organization to organization.

The literature on innovation is vast. Researchers have made a differentiation between diffusion and adoption of innovation, as well as between innovation and innovativeness (Damanpour, 1991). On the one hand, diffusion of innovation describes how new ideas are communicated through the members of a social system, whereas adoption of innovation concerns the actual process of implementation or rejection of new ideas (Frambach, 1993). On the other hand, innovation and innovativeness represent two important aspects of the innovation process (Hurley & Hult, 1998; Menguc & Auh, 2006; Santos-Vijande & Alvarez-Gonzalez, 2007). While innovativeness reflects the attitude of a firm towards exploring new opportunities rather than current strengths (Menguc & Auh, 2006), innovation concerns the adoption of a new and internally generated or purchased device, production process, technology, policy, organization structure, or a new plan by an organization (Damanpour, 1991).

The literature on innovation is diverse and complex, and covers many different subject areas and research fields. This can make it difficult for academics and practitioners alike to understand the wide-ranging organizational factors that can influence an organization's ability to become more innovative. There is an agreement in the literature that due to the complexities concomitant with innovation research, we will never generate one true theory or best practice of innovation (Tidd, 2001).

A variety of factors have been identified as important antecedents to innovation; an umbrella concept, including climate and culture (e.g., Miron, Erez, & Naveh, 2004; Scott & Bruce, 1994), leadership (e.g., Janssen, 2005; Janssen & Van Yperen, 2004; Yuan & Woodman, 2010), group characteristics (e.g., Hülsheger et al., 2009), job requirements (e.g., Bunce & West, 1994; Janssen, 2000: 2001), and personal attributes (e.g., Bunce & West, 1995; Ng, Feldman, & Lam, 2010).

Despite the fact that the research has made important progresses toward providing a comprehensive understanding of the contextual and individual factors that shape innovation in organizations, in treating innovation as a unitary concept research has revealed a little about the link between creativity and implementation and the conditions affecting innovation (Markus Baer, 2012).

In the above background of literature there was only one study which was presented for a research conference found in Saudi Arabian context which makes an attempt to map the innovation space available in the Saudi Arabian Basic Industries Corporation (SABIC), one of the largest petrochemical companies in the Middle East, suggests modifications to an innovation mapping tool and apply the modified tool to the same company (Refaat Abdel-Razek et al., 2013)

In the gulf region one Iranian study "investigates the practices of innovation in Iranian Organizations" (Changiz Valmohammadi, 2012) and indicates that there are good practices of innovation in Iranian organizations and are adopting different types of innovation.

Many studies which span across several countries and industries have particularly addressed the concept of innovation in relation to product, process and administrative innovation (Salim & Sulaiman, 2011). So in the process of review of literature on innovation in the Saudi Arabian no single study is found, which deals with the innovation practices. Thus, this paper attempts to examine innovation practices in Saudi Arabian business organizations.

It is noted that the government of Saudi Arabia and the young corporate world of Saudi Arabia in collaboration with academic institutes are making efforts to practice the innovation practices in their organizations. Henceforth an attempt is made to explore the innovation practices in Saudi Arabian businesses to fill the gap both in academics and practice.

In the following sections this paper will discuss various innovation practices deem to be important in the innovation phenomenon.

2.1 Vision and Strategy

In organizational innovation process shared vision has very much importance (Calantone, Cavusgil, & Zhao, 2002; García-Morales, Llorens-Montes, & Verdú-Jover, 2006). Damanpour & Evan, (1984), Read, (2000), Martins and Terblanche (2003) in their research papers not only discussed about strategy but also discussed about the importance of shared vision. The organizational strategy is also indicated in the literature as an influencing factor for innovation. Tidd (2001) analyzes as to how the complexity and uncertainty influence the decision regarding different strategies and principles that companies can choose to manage innovation. Miles and Snow (1978) developed what they call adaptive cycle, consistent with three strategic types of organization: defenders, analyzers and prospectors. Each type has its own strategy and configuration of technology, structure

and process that will shape the way organizations solve the entrepreneurial, engineering and administrative problems when leading with innovation (Ana P. Lopes et al., 2012).

So an enunciated innovation strategy is considered as one of the success factors. The authors like Lester (1998); Rothwell (1992); Cottam, Ensor, and Band (2001); Johne and Snelson (1988); Gobeli and Brown (1987) discussed the importance of strategy in innovation process in their works.

2.2 Tolerance of Risk, Mistakes and Failures

In 2010, online retailer Zappos.com took an advantage of $1.6 million due to a pricing error on its sister site, 6pm.com. The company's reaction to the pricing error created brand awareness and loyalty. That particular act boosted sales well beyond what was lost during those six hours. Aaron Magness, director of brand marketing and business development wrote on the Zappos.com blog "We will be honoring purchases that took place on 6pm.com during our mess up". Indeed, mistakes are an inevitable and unavoidable part of work.

Stephen Balzac (2014) the author of Organizational Development and Organizational Psychology for Managers emphasizes that making more mistakes is the key to innovation.

Holmstrom (1989) suggests an explanation for why incentive schemes that motivate innovation must exhibit tolerance for failures. Motivating innovation is important in many incentive problems. Gustavo Manso (2011) in his paper maintains that an ideal innovation-motivating incentive scheme should exhibit substantial tolerance (or even reward) for early failure and reward for long-term success.

In most of the cases in the organizations the innovation will be missing; because an employee never like to expresses his/her idea or shares his/her insight. This may be caused by perceived or actual penalties associated with a failure (Townsend, 2010).

2.3 Leadership and Managerial Leadership

The leadership style and managers practices gained a paramount importance in organizational innovation process. Authors like Pearson, Pearson, and Ball (1989), Hyland and Beckett (2005) have discussed management style within the organization. Whereas Roffe (1999), Rivas and Gobeli, (2005), Hamel (2006) have discussed how management can motivate employees to become more innovative. According to Prather (2010) the working climate that leaders create in an organization is the single biggest factor contributing for the success of the organization's total innovation effort. Hamel (2006) agrees that leadership is vitally important in the process of innovation.

2.4 Teams

Literature on innovation suggests that both individual qualities and environmental factors impact the level of creativity in teams (e.g., Amabile, 1988; Amabile, Conti, Coon, & Herron, 1996; Hargadon & Sutton, 1997; Oldham & Cummings, 1996).

In innovation process teams play a vital role in the organization. Team management is crucial for innovation success (Hülsheger, Anderson, & Salgado, 2009). To effectively innovate and to overcome the difficulty of new technologies and information, organizations increasingly rely on teams whose members have complementary knowledge, skills, and perspectives (Lovelace, Shapiro, & Weingart, 2001), dedicated teams play a key role in innovation process (Barczak, Griffin, & Kahn, 2009). West's (1990, 2002) model emphasizes team climates that support innovation (Burningham & West, 1995; West & Anderson, 1996).

Though teams play an important role in generating creative ideas regarding product innovation process, research on creativity at the team level remains limited (Amabile, 1983; 1988; Amabile et al., 1996). Amabile (1998) stated that creativity is dependent upon organizational conditions such as freedom of ideas, features of the team and supervisory support and encouragement.

Research indicates that when team members have high levels of interactive communication, support, and clarity of thought process of the purpose, team members incline to be very creative and innovative (Jaskyte, 2008). Creative teams are known for their ability to identify and exploit inimitable opportunities by using imaginative strategies to procure and orchestrate resources across functional groups (Chen, 2007).

In addition, both trust and collaborative culture enables better communication, information sharing, focus and greater co-operation among the team members (Larson & LaFasto, 1989; Strutton, Pelton & Lumpkin, 1993; Calton & Lad, 1995; Littler, Leverick, & Bruce, 1995; Ellen M Whitener; Susan Brodt; Audrey Korsgaard & Jon Werner, 1998), thereby leading to greater creative efforts. In specific, collaboration itself will pave the way for creative outcomes (DeCusatis, 2008).

However, recent research has found that repeated collaboration may negatively affect a team's creativity (Skilton & Dooley, 2010). Despite this recent finding, it is argued that team members with higher levels of trust are better able to focus, communicate and support each other leading to increased team creativity. Likewise, a collaborative culture fosters employee and team motivation to be more creative (Barczak, Felicia Lassk, & Jay Mulki, 2010)

2.5 Empowerment

An important contributing pathway by which employee empowerment influences performance is; through innovative behavior on the part of frontline employees (Bowen & Lawler, 1992, 1995; Gore, 1993; Kanter, 1983; Thomas & Velthouse, 1990). Empowered employees learn quickly from failures and improve performance. The employees learning from those recoveries generate innovative proposals for redesigning processes and products. Failure to encourage such behavior can seriously undermine the effectiveness of empowerment programs (Sergio Fernandez, 2012). Empowerment encourages team members to be self-regulating, self-monitoring, and self-sanctioning so as to ensure high performance (Seibert et al., 2004).

During the 1980s and 1990s, many American organizations adopted employee empowerment programs to help maintain their competitive advantage in the dawn of rising global competition (Bowen & Lawler 1992, 1995; Conger & Kanungo, 1988; Lawler, Mohrman, and Ledford 1995; Potterfield, 1999; Spreitzer, 1995; 1996; Thomas & Velthouse, 1990). In the private sector, empowerment has been linked to higher levels of performance (Kirkman & Rosen, 1999; Lawler, Mohrman, & Ledford, 1992; 1995; Nielsen & Pedersen, 2003; Spreitzer 1995), In Public Sectors also employee empowerment programs have been widely adopted as a way to improve organizational performance (Sergio Fernandez, 2012).

2.6 Decision Making

Innovation consistently results from a series of events and a set of decisions made by members in the innovation process (Glenn Brophey, AnahitaBaregheh, & David Hemsworth Hemsworth, 2013). Perceived risk taking has long been accepted as a key factor underlying in decision-making process (Haimes, 2009) most of the innovative organizations experienced the same. Despite of the presence of research, yet there are alibis to find a well-accepted solution for innovation management problems (Storey, 2000; Janssen, Van de Vliert, & West, 2000; Lawson & Samson, 2001; Keupp, Palmie, & Gassmann, 2011) because innovation adoption refers to the decisions to use for an innovation that leads to implementation, the phenomena constitutes an intermediate process between adoption and routinization of the innovation (Choi & Chang, 2009).

2.7 New Ideas Encouragement

Generally innovation efforts are risky, a few that is; 1 out of 60 new ideas ever see daylight, from concept to commercialization (Ettlie, 2000). Normally in most of the organizations they will have R&D departments or specifically formed teams or/and committees cater to this needs. So the business organizations need to consider this aspect as one of the important aspect in the process of innovation and should pave the way for new idea generation to successful implementation and evaluation.

2.8 Enthusiasm

The diffusion of enthusiasm seems to have increased market success for an organization. This fact suggests that enthusiasm related issues should not be neglected or taken for granted. It is not only the star performers but also the core team who spread enthusiasm throughout the organizations. Furthermore, it is observed in some cases that enthusiasm also spread outside to its customers (Sandberg, 2007). Nayak and Ketteringham (1986), for instance, argued that spirit and emotion within individuals fuels the creation of radical innovations. Mackuen (1993) also acknowledges that the behavioral aspect of enthusiasm throw themselves into the cause'. A final word in this regard in the words of Henry Ford is "enthusiasm is at the bottom of success with it we can accomplish it without it there are only alibis". So enthusiasm is one of the important factor to be considered for the innovation process.

2.9 Innovation Implementation

The conception of creative ideas does not necessarily assure their implementation. Creativity can be viewed as the first stage of an innovation process. Creativity refers to the development of new ideas that are both novel and useful, either in the short or the long term (e.g., Amabile, 1996; Oldham & Cummings, 1996), whereas idea implementation describes the process of converting these ideas into new and improved products, services, or ways of doing things (e.g., Kanter, 1988; West, 2002; Woodman, Sawyer, & Criffin, 1993). Thus, innovation can be conceptualized as encompassing two different activities: the development of novel, useful ideas and their implementation. (Markus Baer, 2012).

Idea generation was strongly influenced by individual factors whereas idea implementation was strongly influenced by group and organizational level factors. According to Birdi (2007) as well Katherine, Klein and Joann Speer Sorra, (1996) "implementation is the process of preparing the targeted members' of the organization to be appropriate and committed to the use of an innovation. This aspect is a key aspect from the HR perspective.

2.10 Customer Focus

The genesis of business is to satisfy the society with its products or services for profit, innovation is holistic in nature; it covers the entire range of activities necessary to provide value to customers and a satisfactory return to the business. Buckler (1997), Danneels and Kleinschmidt (2001) emphasizes that in the light of changing consumers' needs in a continually changing environment, the ability to innovate is important and should not be ignored. As per Kotler (2002) customers often assess various kinds of products or services to see if their values can be maximized. Henceforth, enterprises in modern times should not only improve their products or/and services to attain competitive edge, but also should work actively to satisfy their targeted customers and provide them with products and services of high value. Kotler (2002) also notes that the ability of enterprises to meet customer value will affect customer satisfaction and the likelihood of repurchase and that customer satisfaction will be the greatest factor an enterprise should consider in pursuit of its business survival and prosperity (Ming-Horng Weng, Jih-Lian Ha, Yi-Chou Wang, & Chung-Lin Tsai, 2012). The awareness of the business organizations regarding customer satisfaction is very much required even in the innovation process.

2.11 Employee

It's a well-established fact that human resources definitely play a key role in the success of the business. Prather (2010) suggests that human factor is important in the innovation process; provided they be given a right working environment. The innovation process requires an extraordinary level of input from employees, the organization should consider the ways and means by which employees can have greater input into decision making, which affects their work. A high level of participation at work place encourages employees to bring new ideas and sharing of the knowledge in an ongoing innovation process that boosts innovative outcomes (Chen & Huang, 2009). Nistor Răzvan Stegerean Roxana and Petre Anamaria (2010) relate the effects of human resource management on innovation, from the perspectives of both employees and managers in the hotel area in their work.

Julian Birkinshaw and Lisa Duke (2013) also recognize that innovation will not happen just like that; despite of proper investment in research and development unit of the organization, it does involve people across the company in identifying and acting on opportunities, and it manifests itself in a wide variety of outcomes, from new products and services to new business models and new ways of working. So employees considered to be the key factor in driving the success of an innovation process.

3. Methodology

3.1 Sample

A sample of hundred business entities were randomly chosen from all the legal forms of business (Eg., public, private, semi government, family business, partnership firms etc.). The reason for choosing a sample from all forms of business is to gain a wide picture of factors that affect organizational innovation.

The Study basically relied on visiting the sample organizations in Riyadh the capital city of Saudi Arabia, to examine their innovation practices. In Riyadh because of its status many companies head or/and regional offices are present.

- Data for this study was collected based on the 'stratified random sampling' technique.

- One hundred organizations located in Riyadh, Saudi Arabia constitute the total sample for the study.

- For employee opinion two respondents, from each company were chosen. Assurance was made to choose only a supervisor or a Manager or above level personnel. The total number of employees' chosen from each sample organization was two only. Therefore the total sample size for this study is 200 employees.

3.2 Questionnaire

- A questionnaire is structured to cover all the innovation practices examined in this study.

- The questionnaire is divided into three parts; Part A is again divided into 11 sections measuring the innovation practices with questions reflecting Liker's five point scales. Part B aging divided into two sections with an option to the respondent to check the practices present. Part C made of seven questions to solicit the personal information of the respondents with an assurance of confidentiality of the information collected.

3.3 Data Processing

Various appropriate statistical techniques were used for analyzing the data. The collected data was processed using SPSS package.

3.4 Limitations of the Study

The organizations for data collection are chosen from Riyadh the capital of Saudi Arabia only; despite the presence of respondent companies across Saudi Arabia and thousands of employees are working. So, there may be deviation in generalizing the opinions of employees. As there were only three female respondents out of 200 respondents the gender comparison could not be taken. As well all the limitation which are inherent with empirical study and the tools and techniques of the statistics were used in the present study are the limitations too. Since the survey was exploratory, ranking scales were preferred over the development of more precise scales. For the same reason, rigor in analysis was not seen as an important criterion at this stage (Ahlstom & Westbrook, 1999; Changiz Valmohammadi, 2012).

4. Analysis

A reliability test done by administering the Cronbach Alfa test; the Cronbach Alfa value is found to be 0.84 which means the data are reliable because if Alfa value is equal to or more than 0.70 it testifies strong scale reliability (Cronbach, 1951). Though there are several methods of testing reliability are present the authors preferred the most commonly used method in academic research (Nunnally, 1988).

Table 2. Reliability statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.842	.862	70

For validating the construct; face validity and content validity techniques were used. Face validity is the mere appearance that a measure is valid (Kaplan & Sacuzzo, 1993). Content validity is the degree to which the instrument provides an adequate representation of the conceptual domain that it is designed to cover. Content validity is one of the validity tests wherein the evidence is subjective and logical rather than statistical (Kaplan & Sacuzzo, 1993).

4.1 Results

Table 3. Descriptive statistics

Practices	N	Minimum	Maximum	Mean	Std. Deviation	Cronbach's Alpha value
1. Clarity and Dissemination of Vision, Mission and Strategies of Business	200	1.20	5.00	3.9780	.64902	.797
2. Attitude towards Tolerance to Mistakes and Failures in Business	200	1.25	5.00	3.8125	.44956	.447
3. Encouragement to Managerial Leadership	200	1.75	5.00	3.8388	.45245	.364
4. Teams Empowerment and Cross Functionality Teams	200	2.25	5.00	3.7588	.48687	.559
5. Formation of Special Teams for Innovation	200	2.00	5.00	3.6020	.57555	.457
6. Practices of Ratification of Teams Ideas of Innovation	200	2.67	4.67	3.5817	.37584	.645
7. Practices Regarding Freedom in Decision Making	200	3.00	5.00	3.8883	.44744	.397
8. Supervisors Future Focus Practices	200	1.33	5.00	3.7167	.59380	.549
9. New Ideas Encouragement	200	3.00	5.00	3.9612	.42466	.532

10. Enthusiasm	200	1.78	5.00	3.9161	.45199	.769
5. Teams and Innovation	200	2.00	5.00	3.6020	.57555	.682
6. Ratification of Innovation by teams	200	2.67	4.67	3.5817	.37584	.270
9. New Ideas Encouragement	200	3.00	5.00	3.9612	.42466	.532
10. Enthusiasm	200	1.78	5.00	3.9161	.45199	.881
11. Consideration for Employees	200	1.00	5.00	4.0163	.74982	.877
12. Customer Focus	200	1.00	5.00	4.3267	.76856	.871
13. Innovation Implementation	200	1.00	5.00	3.9325	.53385	.364
Valid N (listwise)	200					

4.1.1 Result Analysis

Since the main objective of the research is to find the practices of innovation in Saudi Arabian business organizations a few practices like consideration of vision, mission, attitude of managers towards tolerance of mistakes, encouragement of leadership qualities, empowerment to teams and team members, teams work, special teams formation for innovation, new ideas encouragement, supervisory vision in the work, freedom for employees in decision making, encouragement of enthusiasm among employees , consideration for human, consideration for customer satisfaction and innovation implementation; which as felt as very important for the effective innovation in a business organization. So these aspects were asked to the respondents with the help of a structured questionnaire to know the level of perceptions of the respondents on a Likert's five point scale.

At the outset the results are promising; as per the Table 3. In Saudi Arabia, the business organizations are paving the way for innovation in their businesses. Despite of the fact that though Saudi Arabia is a young country in the corporate world it has professional managerial practices in all aspects of innovation which were considered for the study. How far the chosen practices of innovation are present in detail are going to be dealt in the following sections.

4.1.1.1 Clarity and Dissemination of Vision, Mission and Strategies of Business

One of the important aspect in business is having a vision, mission and formulating and disseminating the same to all the employees.
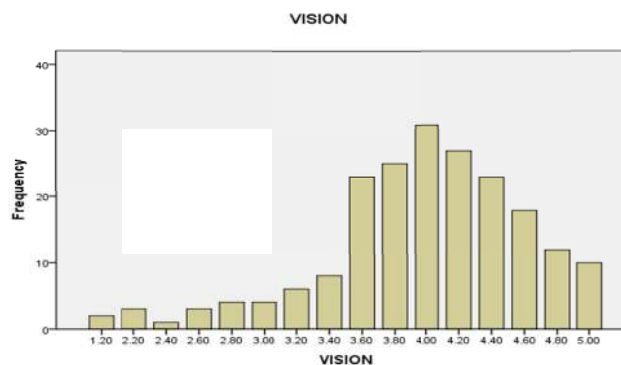

Figure 1. Clarity and dissemination of vision, mission and strategies of business

Figure 1 shows that 73% of the respondents agree that they have a clear and inspiring vision mission and strategy in place which guides and helps them in setting their priorities in their work. The management decisions regarding the business are in accordance with the settled vision, mission and strategy. The calculated mean value in the above aspect is 3.97 on a scale of 5 which is noteworthy.

4.1.1.2 Attitude towards Tolerance to Mistakes and Failures in Business

Tolerance of mistakes at work place should be insulated by the supervisors in the process of innovation;

otherwise the scope for new idea generation and encouragement will be missing in the organizations. The calculated average value in this regard is 3.81i.e. in Saudi Arabian business there is tolerance for mistakes directly and encouragement for new ideas indirectly. The Figure 2 shows that 68.5% of respondents agree that there is a possibility of excusing for the mistakes. There are good chances of learning from the mistakes by seeking guidance from the superiors. Any how it is observed that in Saudi Arabian business context small mistakes are excused at the work place and experimentation of new ideas is encouraged theoretically but not practically.
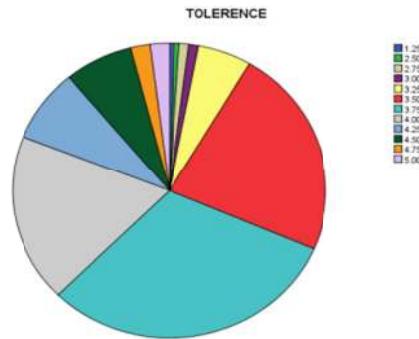
Figure 2. Attitude towards tolerance to mistakes and failures in business

4.1.1.3 Encouragement to Managerial Leadership

A favorable innovation requires allowing its employees to exhibit managerial leadership qualities in the day to day work and encouraging them to be bestowed with those qualities. In the respondent companies 70% of the employees with an average of 3.83 on a scale of 5 agree to the fact that they have encouragement from their supervisors to exhibit the managerial leadership qualities and most of the supervisory positions in their organizations are occupied by the people with these qualities. The employees who took risky decisions at times were not discharged from the services. Do and let do others are the good ways of practice for innovation process; which is significantly present in Saudi Arabia.
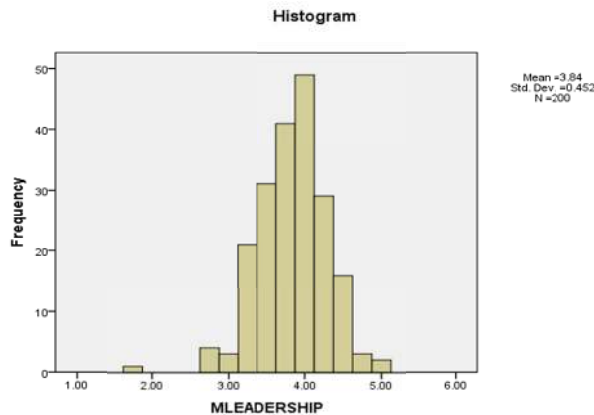
Figure 3. Encouragement to managerial leadership

4.1.1.4 Teams Empowerment and Cross Functionality Teams

Team work is the order of the day in today's business world. For innovation process to be effective teams should be empowered in decision making, in choosing its resources without a scope for subordination in the team. Also when cross functional teams are accommodated in business organizations they should act effectively for that they need empowerment. In the present study 62.5% of the respondents opined positively about the presence of above aspects. So the team empowerment and cross functional team empowerment practices are present in the

businesses of Saudi Arabia but need to be improved significantly.
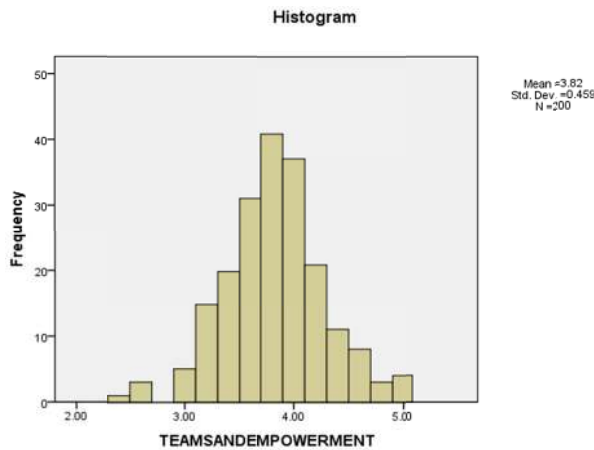

Figure 4. Teams empowerment and cross functionality teams

4.1.1.5 Formation of Special Teams for Innovation

In this section an effort is made to check whether the business houses in Saudi Arabia are making emphasis on innovation by specially forming teams for innovation as well to check in case of presence of special teams to enquire in to a few practices related with it. As Figure 5, shows that 50% of the respondent business organizations are forming teams especially for innovation purposes. Besides the practice of setting up teams specifically to bring the innovation in business the respondent organizations while composing teams the team's management is selective in team member's selection as well allow the interested employee to join the teams for innovation. The formation of teams exclusively for innovation is to be encouraged by the Saudi Arabian business houses.
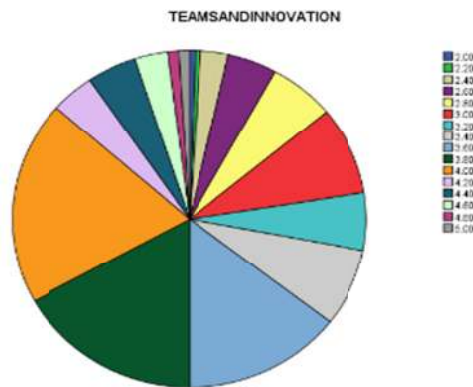
Figure 5. Formation of special teams for innovation

4.1.1.6 Practices of Ratification of Teams Ideas of Innovation

Creating teams for innovation is not only important but also to empower the members is also important. From the analysis of data it is found that 51.5% of respondents agree at the outset that the ideas given by the innovation teams are encouraged and their ideas will be ratified, it is also agreed that the ideas of the teams will be circulated to the relevant employees, concern heads of the department and the top management for comments and consideration. When asked orally 'is it the process for all the ideas' the respondents replied that "depends on the value of the idea". Further the respondents suggested that whenever there is change in employees or team members there is change in task or the process. This is a matter of concern for the innovation process.
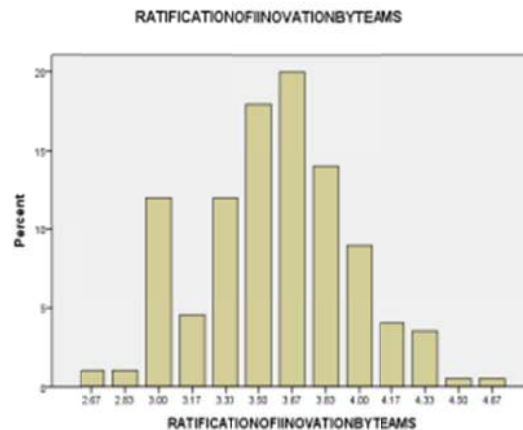
Figure 6. Practices of ratification of teams ideas of innovation

4.1.1.7 Practices Regarding Freedom in Decision Making

The organizations which strive for innovation and which want its employees to be innovative need to give freedom in decision making but in the present study from Figure 7 it is found that 82% of the employees opine that most of the time their boss will take decision and/or most of the times they need to wait for boss direction without taking decisions. A few respondents only opined that they can take decisions on their own. Regarding these variables/ questions some of the respondents were confused with their routine work related decision, for them it was clarified that t the variables/questions are relating to innovation and its process. Freedom in decision making is solicited in the effective innovation process.
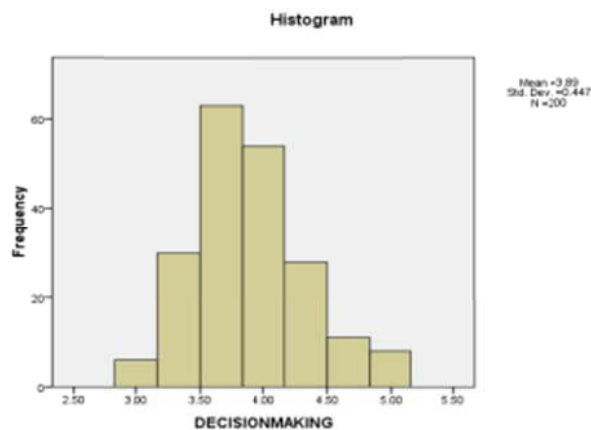
Figure 7. Practices regarding freedom in decision making

4.1.1.8 Supervisors Future Focus Practices

The supervisor will be playing a key role in organizational innovation process. Hence when checked the ability of the supervisor in practicing future perspective in the present work; from the analysis and from the Figure 8 it is found that only 62.5% of the respondents agreed that their boss considers future while interacting with the employees regarding work and work related issues and also opined that their bosses not only forecast future problems but also help them solving problems which arises in day to day business transactions. The supervisory perspective regarding future focus needs to be considered.

4.1.1.9 New Idea Encouragement Practices

The respondents in Saudi Arabian organizations are being encouraged by their supervisors very much as per fig 1.9; 78.5% of the respondents agreed that they get good encouragement whenever they give good ideas for improvement in their work not just by discussing the idea routinely. Further they stated that appreciated ideas

will be rewarded as well they will be implemented. This practice is going to serve as 'life' in future business in general and innovation practices in specific to Saudi Arabia business organizations.
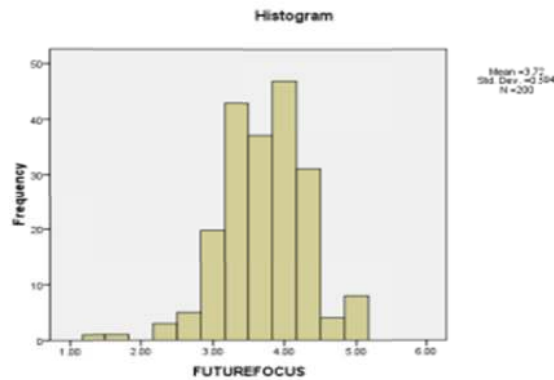

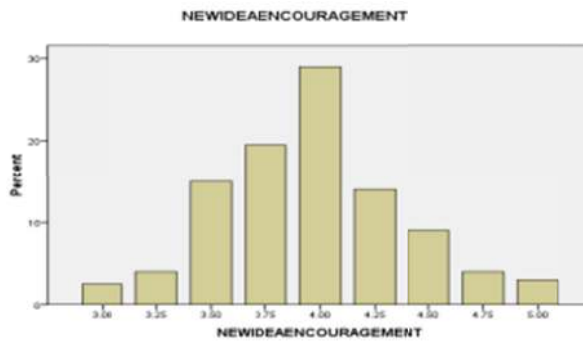Figure 8. Supervisors future focus practices

Figure 9. New idea encouragement practices

4.1.1.10 Practices towards Enthusiasm

For the employees in an organization and especially for those who are in innovation teams/groups complemented with enthusiasm, it will pave the way for a mutual cooperation and discussions among team members without inhibitions. In Saudi Arabian organizations it is found from the Figure 10 that there is a good scope of practices of "win-win" strategies/situation. Almost 80% (79.5%) of the respondents opined that they have no inhibition in discussing their new ideas with their peers, boss and other employees of the organization. Further they opined that they get encouragement from their peers; boss for their ideas. The respondents also expressed positively that they get encouragement and support for their ideas from other departments too. Above all from the study it is found that employees get help in improving their ideas.
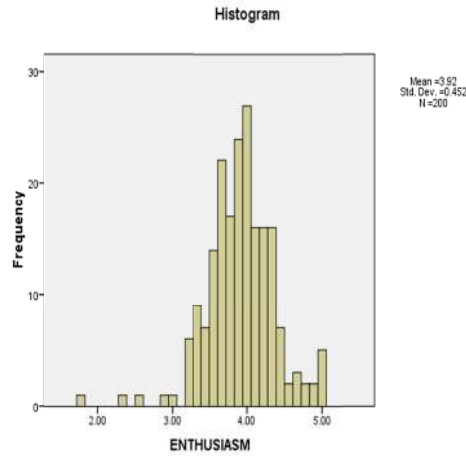
Figure 10. Practices towards enthusiasm

4.1.1.11 Practices towards Humane

The only resource which can show synergy is the human resource. Unless and until you treat them well and trust them they can't produce what you expect in the long run. In the process of innovation good HR practices also important. From Figure 11, 76.5% of the respondents concluded that in Saudi Arabian organizations employees are treated with respect irrespective of the position in the organization. There are policies and procedures also in place for human excellence. Above all the employees are trusted in the Saudi Arabian business organization. These aspects are crucial for the success of innovation process.
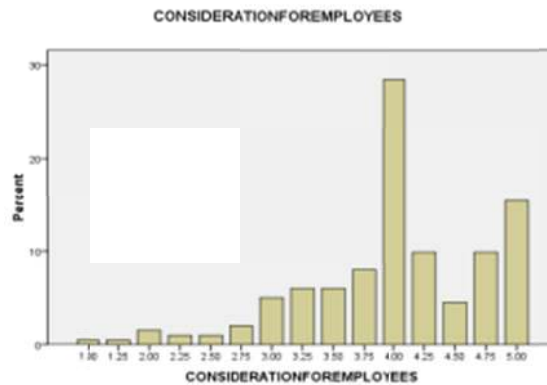

Figure 11. Practices towards humane

4.1.1.12 Practices towards Customer Satisfaction

The ultimate objective of any business is to find and satisfy the needs of the society with profit moto. So in this study the organization's inclination towards customer satisfaction in the process of innovation is measured. As per Figure 12 it is found that 80% of the respondents agreed that customers' needs are considered and addressed accordingly. In addition to that the respondents felt that "while formulating the policies of the organization customers will be considered". This is required for gaining a competitive advantage for an organization, for gaining competitive advantage the organization should keep on innovating to satisfy the needs and wants of the customer.
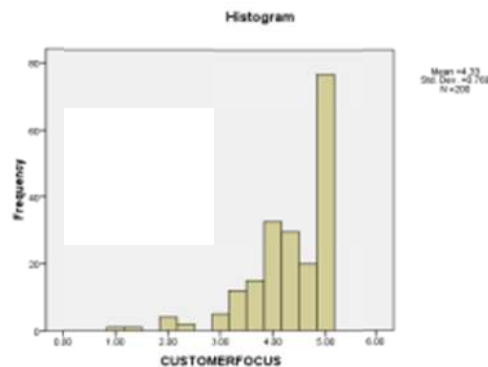
Figure 12. Practices towards customer satisfaction

4.1.1.13 Practices towards Innovation Implementation

Generating new ideas is one valuable effort under innovation whereas implementation of those ideas is the crux of innovation process. As discussed in review of literature in this regard that majority of the ideas will never see the day light. When this aspect examined in Saudi Arabia from Figure 13 it can be deduced that in Saudi Arabian organizations "if employees are sure of success of new idea implementation; then the organization's will implement the idea on a full scale if there are any "if's" and "but's" the Saudi organizations will test the idea by implementing on a small scale and then will decide whether go for implementation on a large scale or on a small scale. Further respondents stated that all their accepted new ideas will be implemented without delay. It is also felt that sometimes to boost the enthusiasm among the employee's new ideas will be implemented despite of the fact that there will be an apprehension of wear and tear among the employees. Out of 200 respondents 79% of the respondents affirmed positively with what stated above.

We can conclude that in Saudi Arabian organizations there are practices which are really present relating to Innovation. When internal comparison is made with regard to different factors contributing for the success of innovation through the calculated mean values it is found that team and team work aspects are recorded low ranging from 3.58 to 3.75 whereas factors regarding "Customer focus" and "consideration for employees" recorded high mean values ranging from 4.01 to 4.32.
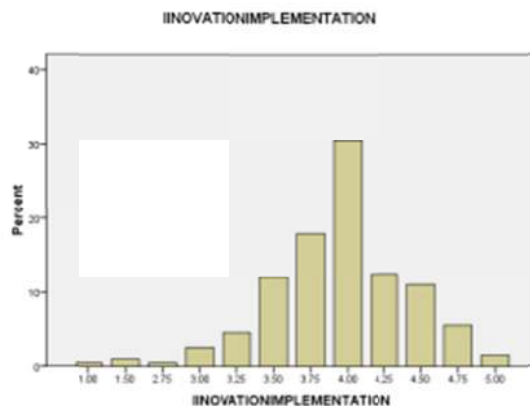

Figure 13. Practices towards innovation implementation

4.1.2 Practices Regarding Types of Innovation

Presence of New Product Innovation

In Saudi Arabian organizations from Figure 14 it is found that in 63.5% of the respondent's organizations there is no new product innovation only in 35.5% the practice exists.
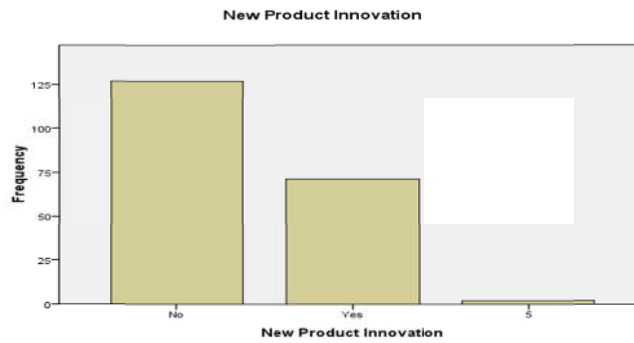
Figure 14. Presence of new product innovation

Presence of Technical Innovation

Figure 15 shows that in 56.5% of the respondent's organizations there is no technical innovation. Only in 43.5% of the respondent's organization the practice exists.
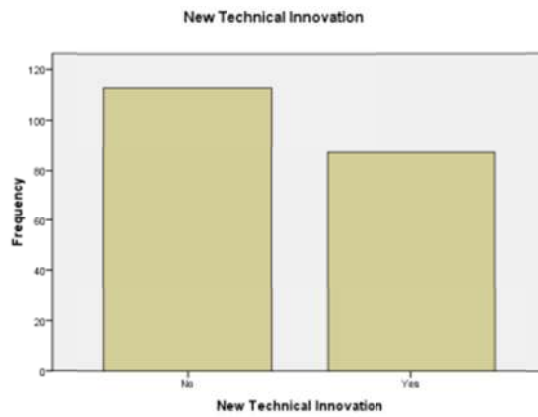

Figure 15. Presence of technical innovation

Presence of New Management Practices

Figure 16 shows that in 38.5% of the respondent's organizations there is no new management practices where as in majority of the organizations i.e., 61.5% it does exists.

Figure 16. Presence of new management practices

Presence of Breakthrough Innovation

Figure 17 shows that in 81% of the respondent's organizations there is no breakthrough innovation, only in 19% of the organization have it.
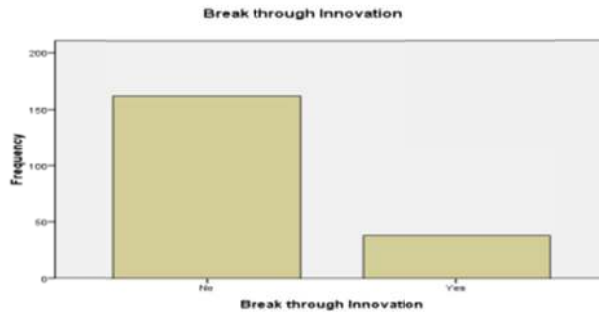

Figure 17. Presence of breakthrough innovation

Presence of Process Innovation

In Saudi Arabian organizations from Figure 18 it is found that in 31.5% of the respondent's organizations only there is no new process innovation but in majority of the organizations i.e., 68% it does exist.
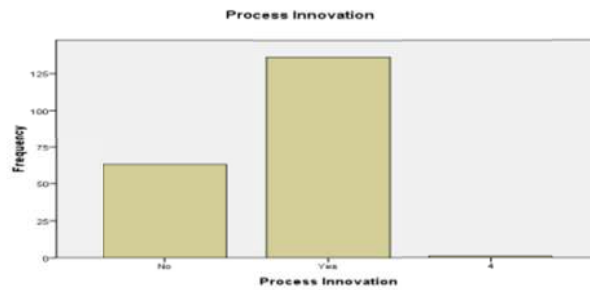

Figure 18. Presence of process innovation

Presence of New Service Innovation

Figure 19 shows that in 41% of the respondent's organizations there is no new service innovation where as in 59% of the organization it exists.
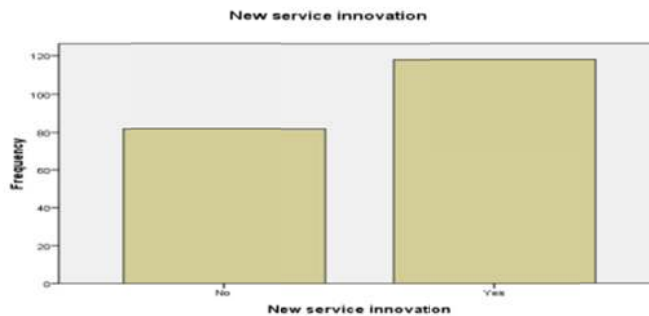

Figure 19. Presence of new service innovation

Presence of New Marketing and Sales Innovation

In Saudi Arabian organizations from Figure 20 it is found that in 41.5% of the respondent's organizations only there is no new marketing and sales innovation but in majority of the organizations i.e., 58% it does exists.

Figure 20. Presence of new marketing and sales innovation

Presence of organization/re- organizations Innovation

Figure 21 shows that only in 34% of the respondent's organizations there is no organization/re-organization innovation where as in majority 65% of the organization it exists.

Figure 21. Presence of organization/re- organizations innovation

4.1.3 Work Group & Team Work

In Saudi Arabian organizations it is found that out of 200 respondents organizations 120 are using teams, only 27 organizations are using work groups. 27 organizations prefer work teams than work groups and 10 organizations prefer work groups than work teams. From the Table 4 we can say that team work is very popular in Saudi Arabian businesses.

Table 4. Do your organization use

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	21	10.5	10.7	10.7
	Work Teams	120	60.0	60.9	71.6
	Work Group	27	13.5	13.7	85.3
	Work Teams than Work Group	19	9.5	9.6	94.9
	Work Groups than Work Team	10	5.0	5.1	100.0
	Total	197	98.5	100.0	
Missing	System	3	1.5		
Total		200	100.0		

4.2 Scope for Further Research

This is the first study in Saudi Arabia to explore practices relating to innovation and implementation as well, taking an exploratory approach has its own limitations. It is required to consider the back ground information of the country as well the research available on the current topic to appreciate the work done. Since the data collected from only 200 organizations of various natures of the business; a thorough study on any sector / industry by including a factor of performance would be an interesting one. The present study could not collect the secondary data at least from the respondents companies to have a comparison of practices and number of innovations made in a year due to non-disclosure attitude of respondent organizations. Also, as organizational size does matter it plays a major role in assessing how successful an organization's innovation efforts will be (Strategic Direction, 2007; Changiz Valmohammadi, 2012). So it would be useful in future research for control variables such as firm size and type of industry to be considered. Also Kaplan and Norton suggests measuring key performance indicators in four areas i.e., financial, customers, internal business process and learning and growth would add value to the research any good research.

5. Conclusions

Innovation is a continuous process it can be had in organizations for its continuous improvement. Definitely with effective innovation management system the organizations can achieve the best. Basically if we observe innovation is a relative term there cannot be a definite definition or there cannot be a definite model, whatever the definitions or models available as of today can be made use of with customization. At most the model available may help us in drawing broader guidelines for implementation of innovation.

Saudi Arabia in the background of its development in to a business friendly nation from mere trade activities; is going to be an example in quickly responding and acting/adopting upon the best practices for its business organizations. Compared to the western world, in Saudi Arabian business houses there are good practices which pave the way for innovation like consideration of vision, mission, attitude of managers towards tolerance of mistakes, encouragement of leadership qualities, empowerment to teams and team members, teams work, special teams formation for innovation, new ideas encouragement, supervisory vision in the work, freedom for employees in decision making, encouragement of enthusiasm among employees, consideration for human, consideration for customer satisfaction and innovation implementation.

The research analysis suggests that there are innovation practices in Saudi Arabia more than 60% organizations suggest that they have different kinds of innovation see Figures 14 to 21.

When verified with the respondents chosen for the study on the practices of innovation choses for the study it is found that no doubt the business organizations of Saudi Arabia do have all the good practices but confirmation is ranging from 55% to 80% requested to refer Table 3 and Figures 14 to 2.

When examined narrowly it is found that 95% of the organizations in Saudi Arabia have teams and team work but the practices relating to team work compared with other factors are not impressive. Teams and team work is the order of the business of these days so team culture and collaborative culture to be imbibed.

Regarding types of innovation present in Saudi Arabia there is a noteworthy point to be considered is there is no innovation in the field of "new product development", "technology innovation" and "break through innovation".

This is a matter of concern. This outcome suggests that the business organizations need to focus on improving their R&D/Innovation departments/teams if any. In case there no such departments or teams it's not too late that

they should invest.

There is little empirical evidence on the way relationships affect innovation, it could be that two or more factors being used together in a coherent way is more effective in stimulating innovation that the factors are on their own. It is this systems view that is missing from current thinking on innovation management in organizations. (Marisa, Marco, Peter, & Robert, 2008).

Acknowledgements

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