

CORPORATE INNOVATION AND ITS ROLE IN CREATING OUTSTANDING PERFORMANCE AND A SUSTAIN COMPETITIVE ADVANTAGE

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ABSTRACT

This study examines the necessity of corporate innovation to achieve sustainable competitive advantage and illustrates the most important problems that organizations may face in regard to implementing corporate innovation successfully. In this study, mixed methods were used to collect data, including situation observation based on experiences, and case study analysis, and use of some secondary data from the Kingdom 2030 documents, as well as conducting direct interviews to identified corporate innovation real situation. The results indicated that there are 90% of the leading Saudi companies that have adopted innovation in either in the form of services, products, or both, or use the innovation in the business process or use it in employee development programs to be innovative, but the results indicate that only 10 % of those companies have followed the innovation as a comprehensive strategy and this result proved the validity of the study assumptions regarding that most organizations have not fully succeeded in integrating the corporate innovation in their strategy in order to achieve high performance and a sustainable competitive advantage.

Keywords: Corporate Innovation, Competitive Advantage, Strategic Planning, Performance Management, Quality Management, Key Performance Indicators

INTRODUCTION

With the evolution of business research, technology, supply-chain logistics, and globalization on business, organizations have to look to achieve a long-term competitive advantage through integrating innovation into their business, the problem is that most of the current companies that run their business in a traditional way have become seriously threatened with contraction or bankruptcy for not keeping pace with the global market changes. Also, that introducing innovation into business is not an easy matter, it poses a great challenge for existing companies as they may fail to build an effective innovation strategy. In addition, there are few of the leading Saudi companies that have successfully pursued an innovation strategy. It's worth mentioning that this study aimed to contribute to enhancing the importance of corporate innovation and its role in creating a long-term competitive advantage. Also, this study contributes to serving as a general framework for strategic change directed towards innovation for existing and modern companies. Among the most important purpose related to this study is to draw the attention of managers of the following departments: strategic management, quality, and project development, human resources, executives in existing companies, entrepreneurs, and also researchers in change management. In companies, it is not easy to create and maintain the ability to innovate. The reason, as mentioned previously is due to the failure to formulate a proper innovation strategy that aligns innovation efforts with an overall business strategy. Without implementing a comprehensive innovation strategy for a whole-organization-oriented strategy, companies will face difficulty weighing the trade-offs of different practices and so may end up with a grab bag of approaches. They will have trouble designing a combined innovation system that fits their competitive needs over time and may be tempted to imitate someone else's system.

To address these problems, many studies have been reviewed, which dealt with various aspects of it as solutions and clarifications such as Rattibah (2007); Mang (2018); Kovač & Basić (2020) research indicates that there are many obstacles in the organizational innovation process, as the most important obstacles are embodied in the organizational culture and its ability to integrate with the innovation strategy, and where it also indicates that there a strong relationship between organizational culture and organizational performance. Neely & Zomer (1998); Tseng & Chi Tseng (2019) also, these researchers indicate the importance of a program design for the formation of innovation policy and identify six innovations that motivating individuals to engage in innovative behavior. Liu, Huang & Wang (2019); Alghanmi (2020); Wang (2020) indicate the importance of innovation in creating a competitive advantage for business, and the equity incentives and vesting periods are significantly and positively related to corporate innovation measured by R&D investment and patent applications, yet requirements on vesting performance impede corporate innovative activities. Also on average, professor directors increase Invention-type patent applications and grants by 11% and 7%, respectively.

There is no doubt that corporation innovation provides the businesses a competitive advantage, but to ensure that the competitive advantage is sustained for the long term the organization should integrate with innovation strategy on effective approach, accordingly, we have proposed that it be introduced through a comprehensive strategic change of the organization within particular stages. First: the analysis stage by studying the organization's internal and external environment in order to determine the appropriate type of innovation. Second, the formation stage, which is the reformulation of the organization's mission, objectives, and main policies, and change business canvas model (determines where the required innovation located in the canvas) and reformulation of the organization's policy and performance indicators. Third: implementation stage focuses on designing innovation programs, determining the budget, and appropriate procedures to implement them, this stage also focuses on instilling an innovation culture through innovation teams, learning, training, and incentives system, and transforming the organization into a learning organization. Below is a review of some of the theoretical approaches that provide an entry for building a successful innovation strategy:

In light of the existing literature, it cannot be said that the problem of corporate innovation challenges is fully addressed. Because the majority of the studies just checked the importance of corporate innovation for competitive advantage. However, no study can explain how the innovation strategy can be incorporated in different stages of the business. Based on these arguments the contributions of current research can be divided into these parts.

The first contribution is regarding the identification of the number of firms and then dividing them in terms of the number of innovations are adopted in Saudi Arabia. It is important to know how many innovations are essential for the firm's performance outcomes as well as making it competitive (Prajogo, 2006). However, no research is done in Saudi Arabia and current research is an effort to fill this gap.

The second contribution is the identification of the problems in Saudi Arabia firms in terms of identification of the importance of project management office for integration of innovation and performance. According to (Sergeeva & Ali, 2020), the opportunities in innovative capabilities are not only built but also enhanced by project management teams which are essential for the achievement of better performance outcomes. It is noted that there is very limited research conducted in this context and there is no research that explored the role of the project management office in terms of innovative capabilities of Saudi Firms.

The third contribution of this research is to explore the role of innovation teams in the successful implementation of the innovation process and its success. The performance of firms is compared by dividing them according to the presence of innovation teams. Innovations are only then proving effective when the shared vision is matched with the vision of innovation teams (Hecht & Allen, 2009). Also, they suggested that the impact of innovation on internal business processes should be investigated and current research is an attempt to check how innovation can play role in terms of internal business processes of Saudi firms.

The structure of this research is as follows. First of all, a complete review of previous literature is conducted to check what are the areas explored by researchers already. After that methodology of the research is presented to show how the data is collected and analyzed. The next section is about the results of the analysis which shows the main findings. In the last section implications of the research are identified and the overall conclusion is presented.

LITERATURE REVIEW

Neely & Zomer (1998) study the relationship between innovativeness, business performance, and innovative capacity of firms. The findings suggest a program design for the formation of innovation policy for the Eastern Region. Hall & Vredenburg (2004) investigate about sustainable development innovation (SDI) trends and its internal and external challenges. They further confirmed that the SDI is hard and important and it can be a core factor to build a competitive advantage.

Byukusenge & Munene (2017) conducted a study on SMEs operating in Rwanda and explored that how the relationship among knowledge management as well as business performance is mediated by innovation and results of the study suggested that this relationship is fully mediated by innovation. Alongside, Gürlek & Tuna (2017) explored if any association exists between competitive advantage and green organizational culture as well as green innovation in Turkey's Antalya region. They gathered data of those employees as well as managers of hotels which are full time and this data collection is done through structural equation modeling. On the basis of results, it is concluded that green innovation as well as a competitive advantage are both positively influenced by green organizational culture in Antalya.

It is also confirmed by the analysis done by Chemmanur (2018) that corporate innovation can be effectively built through the quality of top management. Also, Mang (2018) found that organizational culture is strongly related to organizational performance in Austria. They used private sector data by using 171 questionnaires to reach this conclusion. Tseng & Chi Tseng (2019) This paper identifies the link between entrepreneurship and some strategic models and finding the most proper strategic approach that improves organizational performance. The findings identify six innovative that motivating individuals to engage in innovative behavior. Lupşa (2019) searched about business communication strategy through the channel of social media and summarized the used approaches to developing a communication strategy for small businesses and reviews the experiences in this field. In order to check if there exists any relationship between corporate innovation and equity incentives as well as vesting periods Liu, Huang & Wang (2019) used data from listed firms of China from the year 2006-2014 and found that corporate innovation, which is measured by R & D investment as well as patent applications, is positively and significantly related to equity incentives along with the vesting periods. However, it is also noted that innovative performance is hindered by vesting performance requirements.

Alghanmi (2020) conducted research on Saudi Arabian SMEs to check if competitive advantage is influenced through the implementation of innovative strategies. The sample size of this study is 147 and results revealed that Saudi SMEs gained a competitive advantage through the implementation of innovative strategies because a positive association exists between these two. Kovač & Basić (2020) analyze the effects of innovation implementation in pharmaceutical companies in Croatia regarding the ability of acceptance and adaptation in introducing a new approach in the company. The findings show that the main factors that make some companies have a high competitive advantage in the market more than others are to have a successful integration with the innovation strategy. Wang (2020) used Chinese data to check if corporate innovation can be enhanced if the company's board consists of academic independent directors and found that these directors actually enhance the innovativeness in the firm. However, the effect of professor directors on invention-type patents is 11% whereas on grants this effect is 7%.

In the previous research papers they went deep into each factor separately, in my point of view and experience we need to engage all the above factors in one system to help the enterprises of all sizes to compete and continuity, through implementing the corporate innovation to maintain the competitive advantage through implement the innovation as an organizational culture and add the innovation to the organizational KPIs so that will lead to high organizational performance which, in turn, turns the company's high performance and internal innovation into a competitive advantage.

Exploration in terms of internationalization various factors can affect it and to address this (Ndubisi & Nair, 2009) have researched data from four European countries. Their findings prove that the personal preference, as well as mind-set of the entrepreneur, is a significant factor for international market entry mode. Alongside, product type and the preference of the entrepreneur in terms of direct contact or at least close to the customers also play important role in this regard. Alongside, innovation also plays a vital role when it comes to the competitiveness of any business, and to explore this connection (Vujičić et al., 2013) used data from Serbia. Their analysis shows that the major reason behind the lower place in terms of competitiveness is the lack of innovation activities in the country. They concluded that improvement in terms of competitiveness as well as efficiency of Serbia's economic system, innovative activities should be given priority. Furthermore, to investigate the importance of technological innovations in service sector, (Domazet et al., 2016) explored how customer relationship management can be enhanced by integrating new technologies in the service sector. According to them, new technologies enhance communication by matching the customer needs as well as satisfaction due to making communication more efficient. Although, it is believed that globalization is advantageous only for big businesses, however, a study done by (Radović-Marković et al., 2019) proved that size doesn't matter when it comes to success in global markets. They found that the main role played in the success of any business in the international market is its innovation capacity which is necessary for competitive advantage and through innovation, a small business can also succeed in international markets. Another research is done by (Koev et al., 2020) to check if resource strategy can also play any role in the creation of competitiveness. They assert that it is necessary to develop an algorithm in terms of resource strategy formation. Also, systemization, as well as generalization of resource strategy portfolio, is essential. It is recommended that a balanced indicator system should be used to improve the methodology in terms of resource potential for competitiveness. Also, (Tajpour et al., 2020) used province data from Gholston to check if innovation can impact organizational performance. They found that organizational performance is significantly enhanced through different types of innovations including services, administration, and process innovation. Also, it is noted that technological innovations are also essential for the improvement of organizational performance. Additionally, (Moghadamzadeh et al., 2020) tried to check if co-creation activities of social media users can impact innovative services of any firm or not. They found the innovative services provided by then firms are significantly and positively influenced by customer citizenship as well as participation behavior. However, they found that co-creation activities play the role of mediator in this relationship. Another research by (Amassoma & Odeniyi, 2016) explored the nexus between exchange rate volatility and economic growth in the Nigerian context. They found that the economy of the country grows with variations in the exchange rate. Likewise, the role of startup boom is explored by (Salamzadeh, 2018) as a beneficial factor for emerging markets. They found that startup ecosystem is essential for the growth and development of emerging economies like Iran.

DATA AND METHODOLOGY

This study has been conducted on many large and important organizations in Saudi Arabia, where the aim of personal interviews is:

- Identified the percentage of innovation adoption in the organizations and what are the implications of this percentage on reality.
- Identifying organizations according to their integration with the innovation strategy.
- About the indicators, we report the findings in figure 1:
- 33% means adopted one type of innovation which are one of these (product or process or innovation programs).
- 66% adopted two types of innovation.
- 100% adopted the three type of innovation which impact the strategy overall.

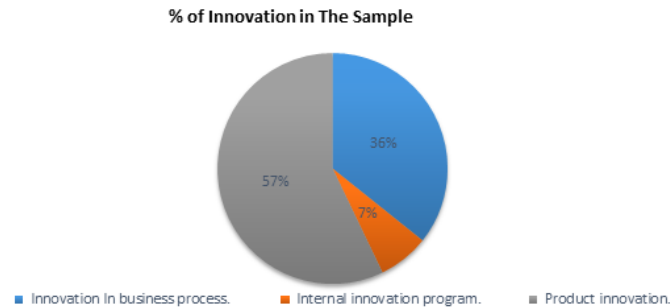


FIGURE 1
PERCENTAGE OF INNOVATION IN SAMPLE

After analyzing the data, it became clear that the percentage of organizations that have adopted innovation in one way or another is 90% from the sample, which is considered a high percentage and a positive initial indicator, but to make sure from the realism of the result we had to reveal the effectiveness and reflection of innovation in these organizations by analyzing and linking other data, the whole picture had appeared. After analyzing and linking the data, it became clear that there are three classifications of organizations with regard to adopting innovation for the first group: Innovation is strategic and its rate 80% of the total sample. And for the second group: innovation uses as a solution to increase sales (using product innovation) and its rate 80%, the third group: do not adopt innovation and its rate 10%. After that, we wanted to reveal whether the organizations that answered that innovation is part of their strategy is they actually applied innovation as standard key performance indicators for the company so we collected the percentages of the type of innovation applied to their organizations and the result are presented in table 1:

Table 1 FINDINGS OF RESEARCH	
Type of Innovation	%
Those who applied innovation as a KPIs of 33% which means only one type of innovation is adopted.	30%
Those who applied innovation as a KPIs of 66% which means two types of innovation are adopted.	40%
Those who applied innovation as a KPIs of 100% which means three types of innovation are adopted.	10%

The result indicates that 90% of the companies are not sufficiently prepared to face the future challenges that align with the Kingdom's Vision 2030, which aims to develop the economic infrastructure, which must be followed by the development of the companies' infrastructure in order to be able to meet the requirements of the upcoming changes as the Kingdom seeks to occupy a more position Advancement by 2030, as this requires utilization of resources and technological and innovative development. Among the most important reasons for dependence on companies are: 1) It is the government's resort to privatizing some sectors, so competition has increased dramatically, and the strongest will stay in them. 2) The government has opened the doors of investments in order to encourage innovation and competition, and the

Kingdom has begun to work to significantly improve the business environment to be aligned with the vision 2030 destination.

RESULTS

The adoption of innovation in an integrated manner with the three types of innovations makes the company achieve a long-term competitive advantage and also increase its performance continuously because simply the dependence on one type of innovation, for example on the product only as a solution to increase sales, does not guarantee the continuity of the company's future innovation for very important reasons many companies are ignoring it because innovation is related to deep factors that come from the company's roots, its culture, its basic performance indicators, and its unique business process, which is embodied in the introduction of human resources development programs to enhance and increase the culture of innovation.

Among the most important observations that have been concluded when we searched more for companies that adopted the innovation strategy but have a weak overall performance, and this is most critical observations regarding the failure of the innovation adoption strategy:

1. We concluded that there are companies that formally enter innovation into their vision and values, but they do not go beyond mere slogans that are placed in the company's profile and are not taken as a serious strategy that has real applications programs connected to performance indicators to be monitored and improved effectively.
2. Ignorance of the real role of PMO project management office inside the company, which is supposed to play an important role in monitoring the major projects and is committed to measuring its performance and alerting it to reach its right destination continuously, and it is one of the important tools to ensure the generalization and comprehensiveness of the strategy so that it reaches all parties of the company with a feedback system to different performance metrics, be it semi-annual or annual. This result is aligned with the findings of Sergeeva & Ali (2020) who assert project management teams are essential to make innovation projects successful, and in absence of these teams, the innovation process fails.
3. Failure to successfully establish innovation teams is what makes the innovation process have a weak pulse compared to companies that have innovation teams, as their tasks include stimulating the innovation process, monitoring innovation, and implanting the innovation culture in the company, and choosing the most appropriate tools for that. Sergeeva & Ali (2020) also found a similar type of results about the impact of innovation teams on the success of the innovation process.

The following are the places where the innovation strategy could be failed most at the level of important departments:

Strategic Management

1. Failed to introduce innovation into corporate strategy and key performance indicators.
2. Neglecting the role and presence of project management offices in the company.
3. Absence of programs to implement innovations in strategy formulation.

Human Resource Management

1. Absence of programs to stimulate innovation for employees.
2. The absence of innovation teams with flexibility of responsibility and authority.
3. The absence of an incentive system related to innovation performance.
4. The absence of an effective recruitment system based on innovation competencies.

Quality Management

1. Formulating effective innovation policies.
2. Introducing the three types of innovations.

Financial Management

1. Not allocating financial resources to innovation programs.

Summary of Proposed Executive Solutions

2. In this section the proposed solutions will be discussed in order to reformulate the current strategy to be innovation-oriented.

By Using Strategic Management Model

The following figure shows the levels of implementation of the proposed strategy, which is the development of the strategic management model.

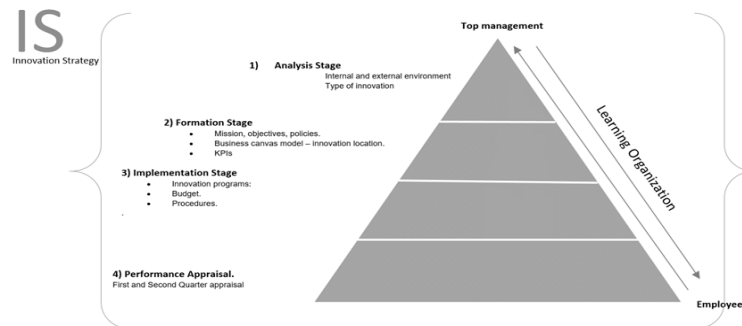


FIGURE 2
INNOVATION STRATEGY MODULE

According to Barney & Hesterly (2019), the strategy of the firm can be defined as its theory regarding the attainment of competitive advantage. External as well as internal environmental scanning, formulation of strategy or long-run planning, implementation of strategy along with evaluation and control are included in strategic management. It is revealed through thorough research that the performance of those firms which implement strategic management gets higher as compared to those firms which neglect strategic management. Also, the performance of the firm gets enhanced if its environment, as well as strategy, is properly matched with the structure and processes of this firm. Alongside, instability regarding the environment increases the importance of strategic planning. Although benefits of strategic management are many however a survey to check these benefits is done on 50 corporations from many countries revealed that three main benefits include: firm's strategic vision gets clear, strategically important elements get focused, and a better understanding regarding the volatility of environment.

Analysis stage is the stage at which information gathered from external as well as internal environments is not only monitored but also evaluated as well as disseminated to the key people of the organization. The main purpose of this stage is to identify those strategic factors or internal as well as external elements that are helpful to the analysis regarding the organization's strategic decisions. However, SWOT analysis is the best and simplest tool to conduct environmental scanning.

During this stage, it is important to focus on the resource-based theory in the strategic planning in order to identify the current resources that enable to achieve a competitive advantage, and the company board must possess the insight to transform the current resources and take advantage of the internal innovations also when analyzing the external environment must be considered on the external element of incremental and disruptive innovation and trying to get proactive insight to see where the company might jump as a type of innovation.

Strategy formulation is the process through which an organization is provided with a criterion to attain a competitive advantage by thoroughly investigating as well as analyzing and then making decisions. The main elements of strategy formulation are defining the business strategy's

competitive advantage along with corporate mission formation, identification of the achievable objectives of the corporation, and establishment of guidelines for the company's policy.

At this stage, the focus is on formulating innovation in an actual way through the company's methodology, vision, and mission, so that all developed programs and policies serve the strategy, which includes innovation as an important component of its orientation. One of the important things on which this stage depends is the mentality and direction of the organization Board, the extent of their insight, and the strength of their understanding of the importance of innovation, especially with regard to the future and continuity through a long-term competitive advantage, at this stage it is important to link all programs and goals to key performance indicators.

Build a New Business Model

During the formulation stage very important to review or to build a new business model. The term "Business Model" is never used in the article "assumptions about what a company gets paid for," written by Peter Drucker defined in 1994 hence, it can be said that people wrongly believe that it is defined by Peter Drucker. However, assumptions about the business in terms of do's and don'ts of the business are included in the business theory of Drucker and these assumptions are closer to the definition of strategy provided by Michel Porter. Assumptions are made by the business regarding their customers as well as competitors along with the technology plus strength and weaknesses. The activities regarding the making as well as selling of something are included in the assumptions of Joan Magretta's idea of business modeling. Alongside, "business model canvas" which is presented by Alex Osterwalder is also built on assumptions provided by Drucker. Alex Osterwalder's business model is based on the idea of the organization about assumptions in a way that could help in making a comparison between different business models. According to Clay Christensen when a new and improved business model is introduced in the existing market, it is called Disruptive innovation. However, Rita McGrath suggests that if smaller improvements are produced by the innovations, then the business model is considered failed. The ways through which a new model can be formed include the alteration of the current product and services mix or by postponing the existing decisions. Alongside, change in incentives regarding the value chain and changing the decision making people are also alternative ways for innovation of model. Additionally, a list is provided by Mark Johnson about nineteen business models along with the organizations which are using these business models. In 1999, when Mark Johnson was at the height of his writing, he made a simple point regarding the dot.com bubble by saying "All it really meant was how you planned to make money." Also, the four key business model aspects as mentioned by Alex Oster include the business offerings, its customers, the infrastructure of the business, and the finances of the business. Hence, it can be said that the characteristics of the business regarding its structure and operations are included in the method through which the company makes money.

In today's competitive world new technologies, as well as updated business models, are used by pioneer and startup companies having new perspectives along with investment to upend whole industries. Kodak's downfall is cited by "Tendayi Viki", which is corporate innovation's proponent, as the inability of the company to add that digital technology into its business model which is developed by company's scientists due to the fear of photographic firm profit's cannibalization.

Innovation starts from identifying its location in the company's business model, and it is a suggested way to facilitate planning for the introduction of innovation. We suggest that the company's board of directors meets with the most important employees and high-performers and the subspecialties and department managers in successive workshops to update the business model of the company at this stage, the company can seek the support of consulting firms to contribute to the initiation of this strategic change it is determined how innovation can be covered in the service or product provided and how innovation can be introduced into channels for example adding innovation connected to the website or applications on the phone and others

that contribute to providing your service and product in a way differs from other competitors also, innovation can be in the way to obtain more revenue through innovative ideas or in relationships with customers, how you can create a system or method that affects branding and distinguishes you from other competitors, or in the main activities. How can you use a specific system that increases performance and reduces time or creating a marketing campaign that differs from the rest of the competitors, Innovation should also be in the vision that is set for human resources and what they will be like in the future due to the innovative organizational culture, It is worth mentioning that the business model can be a platform in which to inspire decision-makers to introduce innovation in different ways and to start making an innovation strategy that contributes to making the company have a competitive advantage and higher performance.

Strategy

The way through which the company's mission, as well as objectives, is achieved is stated in a comprehensive master plan and that plan is called strategy. Three main types of strategy considered by a typical firm include corporate strategy, business strategy, and functional strategy. When one strategy is nested within another strategy for the purpose of their mutual support as well as a compliment, it is called strategy's hierarchy. The hierarchy of these three strategies is in the way that business strategy is supported by functional strategy and corporate strategy is supported by business strategy. The attitude of a company towards its growth along with the way, through which a company manages its product lines, as well as its numerous businesses, is called corporate strategy. However, the strategy through which a company's product or service's competitive position is improved is called business strategy and this strategy happens at one unit of business or at a product level. Alongside, the functional area's approach towards the achievement of objectives of corporate as well as a business unit through maximization of resource productivity is called functional strategy. When formulating a strategy, it is very important, especially in large companies to make integration at every level of the organization in terms of the spread and adoption of the innovation component.

Policy

Is a broad guideline for decision-making that links the formulation of a strategy with its implementation? Policies must be formulated in relation to the innovation and its implementation programs, as it is very important that the company's policies contain innovation programs and its financing, employment selection policies, and internal company environment policies that are commensurate with the company's innovative strategic direction.

Strategy Implementation

Is a process by which strategies and policies are put into action through the development of programs, budgets, and procedures? at this stage the objectives and policies are transformed into implementation programs and set its budget, in this stage many companies retreat at the time of setting and approving the budget for innovation programs, at this point the difference between companies that implement innovative programs and strategies and others that do not prefer spending money on such matters, and in most cases, this type of companies will be exposed to the threat of risks With regard to long-term competitive advantage.

Evaluation and Control

Is a process in which corporate activities and performance results are monitored so that actual performance can be compared with desired performance? At this stage, performance

measures are relied upon as an actual measure of the volume of changes and investment in time, effort and budgets.

Performance

Is the result of activities, it includes the actual outcomes of the strategic management process. As a firm or business unit develops strategies, programs, and the like, it often must go back to revise or correct decisions made earlier in the process (feedback/learning process). One of the most important methodologies used to correct performance and to increase the value of the company over the time is to focus on the experience curve, as it lies in the ability of the company's learning and its consistency with the methodology of the learning organization. and also the more that the organization focuses on its expertise, the more difficult it to be compete with it and some of the policies that can support this is the patent policy in The company increases the innovations such as patents and innovative work methodologies and methods. And at this stage, it is important to focus on the interest in the open-door culture and equality to speed the transfer of knowledge, which becomes rapid with organizational flexibility, and this is related to the organizational structure of the company and it management style.

Implications

As it is noted that the majority of the firms do not integrate innovation in their processes and make it only a part of their vision formally. This is helpful for the firms to know if innovation is playing any role or not. Also, due to the increased benefits of innovation, firms will try to check where they stand in terms of the practical inclusion of innovation. This also helps firms to establish that type of application programs that can be monitored as well as improved to connect innovation with performance. Alongside, as it is noted the role of the project management office is ignored in the majority of the firms which leads to disintegration between the implication of projects and performance by timely altering the projects according to the needs. This helps organizations to know the potential area where lack of coordination is present and also to know what is the actual cause of low performance even after establishing new innovative projects. The role of the project management office can be given importance in light of this research and this will lead to improved performance of the feedback system which ultimately serves as a tool for competitive advantage. Also, as it is noted that innovation teams play a significant role in the successful establishment of innovative ideas and then make these ideas successful. However, failure to have an innovative team can make innovative ideas fail hence, firms can use this information to establish innovative teams and making them in charge in terms of successful implementation of the innovation process. Similarly, as this study identified that areas of firms where innovation strategy could fail, this helps them to check if all areas within the organization are functioning or not. Also, the loopholes can now be identified easily as it is clear from this research that what functions would be missing in every level of different departments.

CONCLUSION

In the era of globalization and development, technological and economic development and the rapid transmission of information and the diversity of innovations, the economic environment is witnessing many developments and rapid changes, including the birth of innovative companies, which means fierce competitors are born every day, which also means the instability of the business environment, which poses a risk to existing companies, and pushes them either to retreat and shrink or to further develop rapidly through the adoption of innovation as an approach to its strategic management by modernizing its infrastructure and investing its resources towards innovation. Where innovation accompanied by an environment of educated and flexible companies increases their continuous competitive advantage and increases their

performance in the long term while many companies do not succeed in adopting innovation as their strategy, many Saudi companies have been studied in terms of the success of their orientation in adopting the strategy of innovation, where the results of the study indicated that only 10% of companies follow innovation as an integrated strategy, and we have this low percentage as a result due to the following reasons of 3 levels : strategic management, Human resources management, and financial management, at the level of strategic management: there is a failure to introduce innovation in the company's strategy and key performance indicators, neglect the role and presence of project management offices in the company, and the absence of innovation implementation programs in the formulation of the strategy. While at the level of human resources management: there is the absence of innovation incentive programs for employees, the absence of the establishment of innovation teams with flexible responsibility and authority, the absence of an incentive system linked to the performance of innovation, and the absence of an effective recruitment system based on innovation competencies. At the level of financial management: not allocating financial budget for innovation programs. Ultimately, this study hopes to increase the importance of institutional innovation and its role in creating a long-term competitive advantage. It also serves as a general framework for strategic change geared towards innovation for existing and new companies. One of the most important objectives related to this study is to draw the attention of the managers of the following departments: strategic management, quality, project development, human resources, and executives in existing companies, entrepreneurs, and researchers in change management.

DECLARATION

Ethical Approval: We confirm that this manuscript describes original work and is not under consideration by any other journal. Please let us know if you need any other information.

Consent to Participate: All the respondents are willing.

Consent to Publish: Not applicable

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