Innovation Culture, Competitive Advantage, And Organizational Performance: A Theoretical Perspective

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Abstract

Purpose: This paper aims to develop a theoretical framework to understand how innovation culture (IC) fosters organization performance through competitive advantage (CA). Thus, the current research paper proposes innovation culture theory (ICT) as the key to fostering and sustaining competitive advantage. The rationale behind this theory is that an IC can be unique, rare, and imitable, as well as non-substitutable. **Method:** Five preconceived theories for accessing CA were used. These theories are Resource based view (RBV), Market based view (MBV), Knowledge based view (KBV), Capability based view (CBV), and Relational View (RV). These theories focused on the importance of internal resources in fostering CA, by responding to changes in the external business environment, apart from the RV theory, which extends the dominant arguments by combining KBV and CBV. In addition, accessing theories related to innovation from Schumpeter pre-1950 to the National Innovation System and many other concepts that were addressed in another study with extensive methods. **Results:** The current paper proposes innovation culture theory (ICT) as the key to fostering and sustaining competitive advantage. The rationale behind this theory is that an innovation culture can be unique, rare, and imitable, as well as non-substitutable. Filling the gaps presented in both innovation theories, and competitive advantage theories contributes to a better understanding of innovation culture as a new source of CA. It also provides a new model that will be tested in a novel setting and culture. It is expected that it will help other researchers add new economic elements to improve competitiveness, by integrating them into the IC. **Conclusion:** Decision makers and organization managers should use a practical theory aimed at achieving competitive advantage without being affected mainly by the company's resources or external conditions as a primary obstacle, but using the resources available to the organization related to an IC, to achieve a sustainable CA. However, in the twenty-first century, it seems none of these theories are suitable to help organizations achieve and maintain their competitive advantage in the current business environment.

Keywords: Innovation Culture, Competitive Advantage, Organization Performance, Theoretical Perspective.

1. Introduction

Kuwait's industrial sector is playing a key role in the economic growth of Kuwait. The public authority for industry (PAI, 2016) assures us that the industrial sector is one of the key sectors of the Kuwaiti economy and receives the support of the Kuwaiti government. This means if they want to compete in the global markets, they have to be innovative.

Innovation is rapidly becoming a critical success factor for organizations in their pursuit to improve performance and maintain a competitive advantage. To launch, and maintain innovation, a conducive environment must be established first-what is called an "innovation culture". Since the early seventies, there have been significant changes in the composition of primary energy produced globally. Crude oil production has decreased since and it is expected to decline further by 2035. This fluctuation affects the revenues, which also affects the government spending on providing jobs and optimizing the performance of organizations. Having this in mind, Kuwait must foster an innovation culture as a new paradigm shift to improve and maintain the economy and enhance organizations' performance through a distinctive competitive advantage.

Although the previous studies enrich our knowledge about innovation culture dimensions such as, risk taking, organizational learning, leadership, resources, relationships, and tools that help to position organizations and improve organizational performance, none of the previous studies make a clear link between innovation culture, competitive advantage, and organizational performance. In other words, prior studies ignored the role of innovation culture in facilitating and maintaining competitive advantage and improving organizational performance in the Arab world.

This study aims to fill this gap in the shortcomings of innovation culture in the Arab world and the Gulf countries by assessing the effects of six dimensions of innovation culture, namely leadership, rewards, structure, risk-taking, motivation & relation and organizational learning on competitive advantage (differentiation), and four dimensions of organizational performance (financial, market, production, and innovative) performance. This is integral not only to the Kuwaiti organizations, but also to all organizations located in oil-based countries, because establishing an innovation culture drives the transformation of the oil-based economy into a knowledge-based economy. This research tries to answer the lingering questions in the literature: what is the current state of innovation culture in the state of Kuwait? Is there a link between innovation culture, competitive advantage, and organizational performance? What are the barriers to developing an innovation culture in the state of Kuwait? And what are the drivers of innovation in the organizations in the state of Kuwait? This paper is part of a large research project and will focus on theoretical gaps in the related literature to create a strong basis for the empirical part. Following the introduction, a thorough literature review was conducted to identify the unfilled gaps in the literature, and highlight the dominant theories in it.

2. Material and Methods

A systematic review was used as a research method, using a systematic method through reviewing articles and all available evidence. In this paper, the material used was reviewed literature, to find out the role of innovation culture in fostering competitive advantage, and to determine the gaps and overarching questions, that have not been answered yet. The new theory was designed and constructed based on the previous competitive advantage theories.

No one has yet proposed a definition that could effectively replace the theory of competitive advantages. Vinayan et al., (2012) confirmed that there is no sustainable long-term advantage, because the product will inevitably be imitated by rival organizations. Even if there is no attempt at emulation, the rapid technological innovation shift continues to shorten the lifetime of technical resources and know-how. Building an innovation culture will create a sustainable competitive advantage. Our aim is to provide prospective researchers, and reviewers with a brief description of how a new theory, or other theories can be created.

Prior studies ignored the role of innovation culture in facilitating and maintaining competitive advantage, and improving organizational performance in the Arab world. This theory seeks to fill the gap left by previous competitive advantage theories by focusing on six different dimensions of innovation culture, namely leadership, rewards, structure, risk-taking, motivation, relationships, and organizational learning, on competitive advantage (differentiation).

3. Literature Review

This section reviewed the related literature on innovation culture, competitive advantage, and organizational performance to find the gaps, and build a solid theoretical framework that showed how innovation culture fosters and maintains competitive advantage, and organizational performance as follows:

3.1 Innovation Culture (IC) and Competitive Advantage (CA)

Tylor (1871) and Geertz (1973) defined culture as the values and behaviors that one obtains as an individual from a social group. Every innovation starts with an idea to change something or make it better. Back and Landberg (2014) noted that innovation culture is defined as a culture supporting innovation. Martins and Terblanche (2003) stress that the innovation culture structure consists of five determinants: Strategy, structure, support mechanisms, behavior and communication. Sveiby (1997) declares that innovation and competitive advantage have deep roots in the creation of something different and collaboratively. According to Al-Ansari (2014), innovation is progressively seen as an important factor in higher business performance, growth, and competitive advantage, for companies in the industrial sector. As a result, there is a general agreement that innovation culture plays a key role in maintaining a competitive advantage. Porter (1985) mentions two types of competitive advantage, differentiation and low cost. These two types combine with other activities to achieve them, which lead to the achievement of generic strategies (cost leadership, focus, and differentiation). In manufacturing organizations, differentiation strategy is more critical and important to achieving competitive advantage than low cost strategy (Kotha and Orne, 1989; Baines and Langfield-Smith, 2003). Acquaah (2011) noted that a differentiation strategy is usually developed around numerous attributes such as brand image, customer service, organization reputation, product quality, technology and innovativeness, durability and reliability, which are essential but difficult for competitors to imitate. He concludes that implementing a differentiation strategy enables an organization to achieve a competitive advantage over its competitors. For these reasons, we believe that differentiation can mediate the relationship between innovation culture and organizational performance. Table.1 summarizes the innovation culture literature review.

Table (1). Summarizes the innovation culture literature review

Author (s)	Region/ country	Variables /Methodology	Finding	Gaps
Martins and Terblanche (2003)	both of authors from university in south Africa *but* again, because systematic paper the authors stated on various studies	Strategic vision and mission, Customer focus (external environment) Means to achieve objectives, Management processes, Employee needs and objectives, Interpersonal, relationships Leaderships, Strategy Structure, Support mechanisms Behaviour that encourages innovation Communication **Methodology** Descriptive	The authors found that creating a culture that promotes creativity is one of the best ways to describe organizational culture. Creativity and innovation will flourish under the right circumstance in the organization Ex: interaction between people, technology and roles	Need empirical research to support the finding Also relocate the leadership factor in the framework from dimensions measured to describe organizational culture *to* determinant of organizational culture that influence creativity and innovation may enriches research result
O'Cass and Viet Ngo (2007)	Australia	***IV (independent variable)*** -Market orientation -Innovative culture ***DV (dependent variable)*** -Brand performance **Methodology** Cross-sectional survey Variance-based structural equation modelling	Organisations with a strong innovative culture seem to understand that building a successful brand is not always based on interpreting the input obtained from current customers and competitors, but rather the willingness of companies to create new ways to deliver superior value to customers • Market orientation and innovative culture have positive impacts on brand performance • Market orientation is a partial response resulting from the innovation culture of the company. • In terms of organizational performance, organizational culture was comparatively more critical than market orientation. Cultivating an innovative culture helps an organization to perform well, and this culture often plays an important role in deciding the level of market orientation. • The research sheds light on the impact of innovative culture and market orientation on brand performance that has been overlooked in previous research	Using single and senior-level informant in the study Future research should strive for multiple and non-management informants, to increase the reliability and minimise any bias in the data Using cross-sectional data does not enable us to interpret the time sequence of the relationships among market orientation, innovative culture, and brand performance
Miller and Brankovic (2010)	-	Conceptual framework: Values, Assumption, Symbols, Artifact, Practical framework: + Creativity (outside wheel), Improvisation (inside wheel) **Methodology** They offer a conceptual and practical framework for building an IC in an organization	Evolving an organization-wide innovation culture is significant for the organizations to foster sustainable innovation, They concretize the idea of such a culture and recommend how an organization can approach building a culture of innovation.	They use very old model Hatch's (1993) Cultural dynamics model, while the research in 2010 Hatch's extension of Schein's model but they didn't illustrate Schein's model to clarify the concept
Gursoy, & Guven (2016)	Ankara / turkey	***IV (independent variable)*** Innovation culture ***IV (dependent variable)*** Entrepreneurship, Innovation, Risk-taking Proactivity, Self-determination, Individual network **Methodology** Survey	Positive relations between IC and the dimensions of entrepreneurship, Innovative culture is a strong determinant of entrepreneurship IC is required to be created to activate entrepreneurship, which covers creativity and innovativeness, Risk taking, innovation, proactivity, autonomy, and connectivity are improved by means of an innovative culture.	Many variables not covered. the author mentioned that other researchers are test other organizational behaviors such as: leadership style conflict, management organizational , justice, job satisfaction

Table. 1 shows there is noticeable progress in thinking outside the box in dealing with the concept of innovation culture. In the 1990s, the literature was mainly theoretical and focused on innovation culture without linkage with others. Until today, many researchers tried to find a linkage between a competitive advantage and economic growth with clear variables, strong outcomes based on the survey results. Most of the previous studies have been conducted in western-based culture which is not necessary to be applicable to eastern and Muslim's culture. Thus, further research is needed to examine and validate western-based observations in a region like the GCC countries. In addition, the literature uses cross-sectional or qualitative descriptive approaches extensively, but rarely utilizes a mixed methods approach and triangulates the results of more than one method. Thus, the current study will use this type of triangulation to add more insights and develop the arguments further. Furthermore, previous studies build on previous theoretical models bound to the researcher's aim and context, but there is no agreed model or theory that guides innovation culture studies, especially in eastern culture. To conclude, despite the great developments in the literature, there is a lack of studies that link innovation culture with competitive advantage, neither in GCC countries nor in Kuwait state.

3.2 Innovation Culture and Organization performance

Organizational performance can be judged by many constituencies, resulting in many interpretations of "successful performance". Carton (2004) argues that each of these perspectives on organizational performance can be argued to be distinct and unique by itself. Traditionally, organizational performance is measured by financial indicators only. To overcome this shortcoming, researchers suggested other alternative and complementary measures of performance, including (financial, innovative, market, and production performance. According to Barney (1997), organizational performance is a good indicator of business success. Organizational performance is the most important issue for every organization, whether it is a profitable or non-profitable one. Chien (2004) suggests five key factors to determine organizational performance as: leadership styles and environment, job design, organizational culture, model of motive, and human resource policies. Table. 2 shows that previous studies focused on one dimension of the performance phenomenon. Taking either the financial dimension or the innovation dimension of performance is insufficient and leads to misreading the actual performance. Utilizing one or more performance dimensions depends on the research objects. In this research, we believe that measuring performance (financial and non-financial) is a function of innovation culture, and competitive advantage. Recently, the literature alternates between financial and non-financial measures of organizational performance without any real explanation of when each should be used. Table.2 shows the review of organizational performance literature.

Table (2). Organizational performance literature

Author (s)	Variables	Methodology	Finding	Gaps
Rehman, et al., (2019)	***IV (independent variables)*** Leadership styles ***Mediator variables*** Organizational learning, IC ***D (dependent variables)*** OP	survey	Innovative culture (IC) and organizational learning (OL) have a significant influence on organizational performance (OP)	Future studies needed with other concepts such as market orientation, entrepreneurial orientation
Games and Rendi (2019)	***IV (independent variables)*** Knowledge management, Risk taking ***Mediator variables*** Negative innovation outcomes ***D (dependent variables)*** Financial performance	Quantitative method Partial least squares (PLS)	Risk taking represents a strong growth to enhance SME financial performance	Respondents are new to the business and may find business innovation to be necessary for creative industries.
Nandakumar et al., (2010)	***IV (independent variables)*** Business level strategy: Cost leadership Differentiation ***Moderating variables*** Organizational structure: Organic mechanistic ***D (dependent variable)*** Organizational performance	survey	Mechanistic structure helps to improve financial performance which implement either a value leadership or a strategy of differentiation	The author noted in the recommendation to more focus on the role of the structure and further explored using a different sample and a different measure
Aksoy (2017)	***IV (independent variables)*** Innovation culture ***Moderating variables*** Marketing Innovation, Product Innovation ***D (dependent variables)*** Market Performance	Online survey	Innovation culture has a positive effect on the marketing innovation performance	Future research must check the model with different markets or with different sizes of companies
Kocoglu, et al,. (2011)	***IV (independent variable)*** innovation ***Moderating variable*** Organizational Learning Capability ***D (dependent variable)*** firm performance	Systematic review	Organizational learning capability has a positive affect to innovation and company performance.	Data collection has not yet proved the model. To prove the model, some empirical studies are needed
Abatari and Kar (2016)	***IV (independent variables)*** Market orientation (Creation of intelligence, Intelligent distribution of Market, Respond to market intelligence) ***Moderating variables*** Innovation (Innovation in management, Innovation in process, Innovation in product) ***D (dependent variables)*** Financial performance (Return on investment, Remaining interest, return on sales, economic value added, Market Value Added)	Survey Tools analysis: structural equation modelling and LISREL software.	Market orientation has significant positive impact on the innovation and financial performance of small manufacturing firms. Innovation had a significant positive impact on the financial performance	Complex research framework

Table 2. Analysis captured a configuration variable based on innovation culture, and organizational performance on the knowledge of domain experts. Hepburn (2013) defined innovation culture as "an environment that encourages creative thinking and strengthens the efforts to attain a set of values, such as social and economic value and value of knowledge, to improve services, products, or processes." Having said that, it is critical to embrace an innovation culture that promotes creativity and innovation within the organization boundaries, especially when resources are limited, or the prices of natural resources fluctuate unexpectedly. Organizational performance has suffered from many problems of conceptual clarity in many areas. There are a number of issues surrounding the application. First, the theoretical models provide a concrete way to measure the innovation culture of an organization, but few researchers relate it to organizational performance, and then the analysis focuses on one or two or three innovation culture (IC) variables such as organizational structure, organizational learning, or leadership style. They link it with a specific type of performance, such as marketing performance or innovative performance. While some studies take innovation culture terminology without illustrating what variables should be included, this generalization in the subtraction makes the image blurry, and restricts the researcher to guessing which factors may be used by the researcher, and may mislead the result of scientific research by the premise of the participation of elements that may not be effective. In contrast, Dobni (2010)'s findings open the door to further analysis, including the benchmarking of innovation culture to performance as per his recommendations. Innovation is a prerequisite to being successful in a competitive environment. Innovation culture is an important building block that can support the growth of companies and foster competitiveness. Therefore, recognizing the culture of creativity would help promote organizational performance, and market success. The suggestion, therefore, is a new model of innovation culture and the effect on organizational performance offers a great insight. This insight is beneficial for managing many perspectives within the organization and promoting the organization's performance.

3.3 Innovation Culture (IC), Competitive Advantage and Organization Performance

According to Barney (1991), a competitive advantage is achieved when the organization implements a value-creating strategy that is not simultaneously being implemented by any other organization. A competitive advantage is described as an advantage that one organization has over competing organizations. Whittington (2001) argues that the prominent role of competitive advantage may originate from both military, and economic origins. Organizational culture plays an important role in creating competitive advantages and enhancing organizational success (Cameron and Quinn, 2003). With the help of the organization’s directors, to be competitive today, leaders must trust and encourage co-workers to take initiatives to seek out opportunities, and respond to customers’ needs (Simons, 1995). Zairi and Al□Mashari (2005) argued that senior management plays a key role in building an effective and sustainable culture of innovation. In Spain, AECA (1995) defines an innovative culture as a "way of thinking and behaving that creates, develops, and establishes values and attitudes within a firm, even though such changes may mean a conflict with conventional and traditional behaviour". This definition suggests four attributes to be met, in order to create a successful innovation culture: corporate managers’ willingness to take risks, widespread participation amongst members of the firm, stimulating creativity, and shared responsibility. It is clear that risk taking, and leadership styles are effective ways to have a highly motivated employee.

Moreover, Deshpandé et al., (1993) proposed that long-term competitiveness requires a unified culture that values innovation. Some authors emphasize that a source of competitive advantage is the ability to innovate continuously (Zahra et al., 1999; Mone et al., 1998). Organizations should therefore consider how best to prepare, for the production of innovative products and/or strategies. Companies should focus on arranging or transforming their organizational culture into one that facilitates continuous innovation, as organizational culture emerges as a determinant of the ability of a company to innovate successfully (Muffatto, 1998). Organizations have increasingly used strategy-based innovation and new product development to provide their customers with greater value and thus make them more competitive (Wheelwright & Clark, 1992; Rozenfeld et al., 2006; Lafley & Charan, 2008). This means innovation culture is a prerequisite to achieving competitive advantage. Organizational leaders are one key dimension of innovation culture, and they are the central point of any change that happens within organizations. It is the leaders' responsibility to disseminate the change to the lower levels of the organization, by enhancing the workers' ability to be innovative. Recently, (Al-Mahdawiy, 2016) noted that many organizations have realized the importance of having creative employees with innovative skills to maintain their competitive advantages, or even their existence in the markets where they do business. Some empirical studies present mixed results in this area of study. Some of them found that innovation doesn't influence organization performance (Birley and Westhead, 1990, Heunks, 1998). McGee et al., 1995) and Vermeulen, et al. (2005) agreed with this point of view, arguing and finding a negative performance implication of innovation. In contrast, other research line found a positive effect for innovation on firm performance (DeCarolis and Deeds, 1999, Guo et al., 2005. At managerial behavior level, Brendle (2002) explores the impact of owner - managers ' personality traits in supporting innovation culture at the managerial behaviour level. He found that proactive personality traits, openness to ideas, openness to actions, and a propensity for risk-taking are key requirements for creating an innovation culture. Within the same period of time. Maria (2000) studies the relationship between organizational members' perceptions of learning culture, and their concerns about the innovation culture in the Malaysian public sector. The study stresses the role of leadership in organizational learning, and innovation culture. Haifa (2014) confirmed a positive correlation between human resource management (HRM) practices and innovation culture. Supporting this view, (Urbancova, 2013) has shown that the majority of large and small organizations place emphasis on innovations, and the establishment of a suitable innovative culture. In addition, her results suggest that innovation is a key source of a competitive advantage that determines the economic success of each organization. According to Back and Landberg (2014), just a few specific cultural factors of the innovation culture have a higher impact on innovation performance than others. For example, risk-taking appears to be crucial for innovation performance across all other dimensions. Another crucial factor of innovation culture is organization structure. Mathur and Nair (2016) defined the organizational structure as a framework that operates within the organization. If the organization believes in a resource-based view perspective, it provides employees with an environment where they are encouraged to learn and develop, has open discussion teams, a high-performance work system, and this allows employees to absolutely contribute to higher results that can lead to competitive advantages. The structural has been discussed by the authors are: line organization, line and staff organization, functional organization

and committee organization. Prior studies highlighted the importance of organization structure in gaining a competitive advantage. The majority of these studies confirmed the importance of an organization's flexible structure in achieving a competitive advantage. There are several theories that guide the current research: Resource-based theory, Market-based theory, capability theory, Knowledge-capability based theory, Rational view of strategy and recently Innovation theory. It started in the late sixties with the contingency theories or what is called market perspective, and carried on into innovation theories, up to the present moment. Figure 1 depicts the evolution of these theories in terms of how each theory was dominant at different points in time.While the strategy MBV implies that the primary source of high returns is a company's bargaining power in the market, and the RBV suggests that this is an organization's unique set of resources, skills, and knowledge, the relational view suggests that these are the networks to share knowledge and balance the resources of the network. According to Porter (1985), there are five forces that derive that determine competitive advantage-buyers bargaining power, suppliers bargaining power, the threat of new entry, the threat of substitutions, and rivalry among existing competitors. The Resource Based View (RVB) is an inward-looking strategy. RBV focuses on how the company can leverage its strengths and reduce its weaknesses in order to achieve a competitive advantage (Barney, 1991).

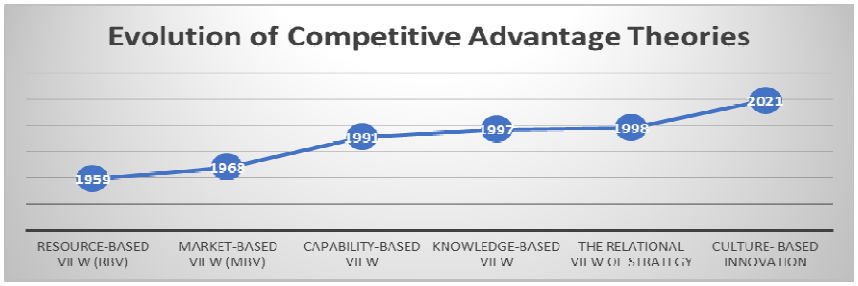

Figure (1). Evolution of competitive advantage theories

An addition to the RBV came the Dynamic Capabilities Approach (DCA), which emphasizes mobilizing the organization's capabilities to achieve superior performance, which originally emerged from integrating resources and competencies. Since its inception, organizational learning has long been portrayed as the main milestone for an organization's sustainability (Cyert and March 1963). Organizational learning main assumption is that when knowledge and experience flow reciprocally between all an organization's members, and business partners outside the traditional boundaries, the learning process exists, and knowledge leverages the internal resources to have the features of Barny's (1991) theory be a source of competitive advantage. In other words, the OL theory is an extension of MRV and RBV. Levitt and March (1988), Senge (1990), and others indicated that building and sustaining "learning organizations" might be a key element in recognizing the creation of those key knowledge-based resources that lead to competitive advantage. Because the world is shifting from being resource-based to knowledge-based, Teece et al., (1997) extended the theory of Argyris & Schon (1978), the fifth phase (NBV), considered as an extension and support to OL theory through transferring knowledge, and skills across organizational boundaries.

As previous theories deal with static environments and focus mainly on available resources, whether internal or external, or a combination of them, as the source of competitive advantage, the beginning of the twentieth century brought harsh competition, globalization, and the digital revolution, where the rules of competition changed. This raises the critical question of what resources an organization should have to remain competitive? Tecee (2007) invented the Dynamic Capability (DC) theory to be the right solution to deal with this type of environment, but the result was partially satisfactory, and most of the achieved competitive advantage was temporary, and easily imitated. Teece's dynamic capability refers to a "firm's ability to integrate, build, and reconfigure external and internal capabilities to address swiftly changing environments. Since there are different types of dynamic capabilities, the theory does not give a clear guideline on how to develop these capabilities, whether internal or external capabilities. In addition, the theory does not show when the organization has developed internal or external, or both, capabilities, and under what circumstances. To overcome these drawbacks, other researchers recommend future studies be more specific in characterizing dynamic capabilities (Helfat et al., 2009). Given that a new theory has started to emerge to overcome these pitfalls. Innovation culture theory begins to take place, and it is to be the key source of competitive advantage. It takes into account developing a new product or service on a continuous basis, which helps an organization gaining and maintain a competitive advantage. It focuses on renewing resources, restructuring processes, and encouraging employees to develop new ideas over time, which can be a source of competitive advantage. To conclude, although previous theories help understand how competitive advantage can be achieved and maintained during a specific period of time, where the environment is static or semi-static. However, these theories are unable to explain how competitive advantage can be achieved and maintained when the business environment is volatile, uncertain, when imitating is cheaper than innovating, and when there is a lack of regulations and laws that prevent duplication around the globe.

4. Studies for GCC Countries

This part of the research paper was devoted to presenting studies on the subject of the study and linking it to the Gulf countries in general and Kuwait in particular.

One of the most important reasons on which the subject of this paper was based is to find an alternative source of oil to achieve a competitive advantage. According to several studies, innovation is crucial to economic success. Innovation in the Gulf Cooperation Council has a number of challenges, including a lack of economic diversification. While the GCC has begun to focus more on boosting the innovation and entrepreneurial environment through semi-governmental agencies, and the establishment of academic free zones, the overall environment remains afflicted by a number of challenges that inhibit the achievement of this goal. GCC countries must invest more in innovation to close the gap with developed countries. Despite these constraints. Linking the results to the situation of the Gulf states in general and Kuwait in particular is very important, but with a few recent studies that address this issue, especially in the Arab Gulf countries. Linking becomes more difficult and accurate.

Qatar and the UAE have a higher global ranking in innovation and related indexes than the other GCC countries since they have invested more time and effort in this sector (Aljawareen, 2017). Jabeen et al. 2020 pointed out that the United Arab Emirates (UAE), the Kingdom of Saudi Arabia (KSA), and Oman are among the Arab region's fastest growing economies (Global Investment Report, 2018). Alshahy (2016) reported in her study that innovation executives have worked for federal government agencies, including ministries, agencies, and institutions in the UAE. The research showed that federal government institutions focus on training employees in areas related to innovation and innovation culture. Additionally, she cited factors impeding innovation. The lack of support from senior management got the top spot, while routine and bureaucracy got the third spot, Fear of risk and lack of budget for innovation also figured as constraints. Several factors are identified in the proposed study structure, which include leadership style, risk taking, motivation, and rewards. Miniaoui and Schilirò (2017) have stressed that the UAE's economy is rapidly changing and diversifying in the right direction. Taking into account the inherent variances and diverse vocations, all the other GCC countries (Saudi Arabia appears to be the most ready) and their stress that GCC governments and enterprises can and must do more for innovation, particularly in countries like Oman and Kuwait. Returning to the Global Innovation Index 2021, as shown in table 3, we found that Kuwait and Oman's ratings changed dramatically as Kuwait advanced to Oman and Bahrain.

Table (3). Global Innovation Index 2021

United Arab Emirates	33 (th)
Saudi Arabia	66 (th)
Qatar	68 (th)
Kuwait	72 (th)
Oman	76 (th)
Bahrain	78 (th)

Source: www.globalinnovationindex.org, modified by the author

Mohammed Bin Rashid Centre for Government Innovation conducted a study entitled "Ready to Innovate in the Federal Government Entities", which included more than 4000 employees in federal agencies and was aimed at measuring the level of readiness and adoption of innovative practices and initiatives by government agencies. The study concluded that most entities engage in a number of innovative practices, accelerate the pace of work, generate new ideas to overcome challenges, motivate their employees to innovate, and encourage entrepreneurship in leading innovative projects.

SMEs in Kuwait are also being studied to find out the level of innovativeness of small and medium-sized businesses there. A survey of 244 SMEs in Kuwait enabled the study to achieve its objectives. The study shows that SMEs firms in Kuwait are overall innovators.

In Kuwait, the five dimensions of innovativeness (i.e. organizational, process, product, culture and resource) are generally practiced by SMEs. Five types of innovativeness are found in SMEs, namely: organizational, process, product innovativeness, innovation culture, and resource. The results also show that SMEs are generally adopters in their overall innovation practices. These results suggest that SMEs in Kuwait generally adopt of organizational, process, culture and resource innovation in their practices (Alzougool, 2019).

5. Research Framework and Hypotheses

The following framework was developed (Figure.2). After discussing the similarity and contradictory nature of the research's results, this research will present a new framework that aims to assess the effect of innovation culture on competitive advantage, and organizational performance. The current research is guided by innovation culture theory and knowledge-based theory. These theories are well established in the literature and enable us to understand and interpret the competitive advantage phenomenon by using a new lens.

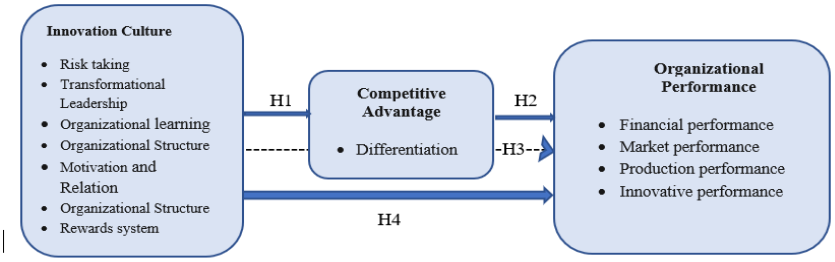

Figure (2). Research framework and hypotheses

Source: Developed by the researcher based on Gundaya et al., (2011), Almutairi, 2012, Maher, 2014, Johansson Alm and Jönsson (2014), Martins and Terblanche (2003)

The research framework was built based on previous models: Gundaya et al., 2011, Almutairi, 2012, Maher, 2014, and Johansson Alm and Jönsson, 2014, and Martins and Terblanche (2003). The model shows that innovation culture is an independent variable influencing competitive advantage, and organizational performance. Competitive advantage is a mediating variable, and organizational performance is a dependent variable.

The study model was built after reviewing many studies that showed that there are many important elements for creating a culture of innovation. The researcher chose the most important elements that were repeated in more than one study, such as risk taking and rewards system. The study model was built after reviewing many studies that showed that there are many important elements for creating a culture of innovation. The researcher chose the most important elements that were repeated in more than one study, such as risk taking and the rewards system. It can be summarized in these points:

1. A general view of the culture of innovation and how to obtain it. Read studies linking innovation culture to both competitive advantage and organizational performance.

2. Limited the studies in which the influence elements related to innovation culture and influencing the dependent and intermediate variables in the research model.

3. Refer to more than one study to verify the sub-variables that fall under the main variable of organizational learning, such as: (commitment to learning, shared vision, open mindedness, intra organizational knowledge sharing.

4. Refer to more than one study to verify the sub-variables that fall under organizational learning. This will limit the sub variables as pointed out in the research frame work to not keep them in general.

5. Finding the impact of the independent variable represented by the innovation culture on each of the competitive advantages directly and directly on organizational performance.

6. Finding the impact of the independent variable represented by the innovation culture on organizational performance through competitive advantage as an intermediate variable.

6. Contributions, limitations, and Future Studies

This paper contributes to a better understanding of innovation culture as a new source of competitive advantage. It develops a novel model to be tested in a novel context and culture. By involving innovation culture, it is expected to help other researchers add a new economic dimension to achieve competitiveness. In addition, the review showed that financial traditional measurers of organizational performance have various limitations, and the results of previous studies were mixed and unsettled. Given that and due to globalization, several countries strive to transform from resource-based economy to knowledge-based economy, innovation culture may play a critical role in this issue. Although various parts of the world are aware of the importance of establishing a dynamic innovation culture within organizations, the case in the Arab world and the GCC region is still in its infancy, despite the fact that rolling out innovation is the only way to survive and compete in the near future. This study is expected to make significant contributions to the three streams of the literature, namely, innovation culture, competitive advantage, and organizational performance. However, it is not free of limitations. It is mainly theoretical. It is considered only one factor of competitive advantage, which is called differentiation, despite this

aspect being the key. In addition to the objective of innovation, other factors like cost reduction and increasing product or service quality are also important. However, these limitations do not downgrade the contributions of the current study by a measure of opening directions for future research. Therefore, future studies can apply the current research model in different cultures. As the proposed current study is a cross sectional study, future studies can observe the phenomenon over a long period of time. And finally, the literature still has not settled on global measures for innovation culture. Future studies should try to develop an acceptable global index to measure innovation culture or develop regional innovation culture as the cultural values, norms, myths, and standards in the Arab world are unique.

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