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The Effect of Innovation Culture on competitive advantage and Organizational Performance: Evidence from large food industry in Kuwait

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Abstract

To examine the effect of innovation culture (IC) on organizational performance (OP) in the food sector in Kuwait City. To assess the mediating role of via the competitive advantage (CA) in the relationship between innovation culture and organizational performance. Approach: Innovation culture is multidimensional concept measured by risk-taking, transformational leadership, organizational learning, organizational structure, motivation & relations, and rewards system. Differentiation strategy was used as a key indicator for competitive advantage while organizational performance was measured by production, market, innovative, and financial performance. The data was collected from 153 respondents in the top management and analyzed by structural equation modeling (SEM). The SEM technique was used to examine both measurement and structural models. Results: Results revealed that financial, non-financial, organizational learning, and risk-taking have the most significant effects on the differentiation strategy, whereas financial, non-financial, and organizational learning, as well as risk-taking have an indirect effect on organizational performance via the differentiation strategy. In addition, Organizational performance and financial rewards are closely related. Surprisingly, other factors such as motivation and relation, transformational leadership, and organizational structure have no significant effect on organizational performance either directly or indirectly. Practical implications: Managers of the food industry can manipulate the dimension of innovation culture to differentiate their products and leverage their organizational performance. Originality: The addition of differentiation strategy as a mediating variable broadens the scope of literature on innovation culture and provides a new perspective on how to boost organizational performance by focusing on specific aspects of innovation culture

Keywords: Innovation culture, Competitive advantage, Organizational performance, Food sector in the state of Kuwait

1. Introduction

Every innovation begins with a new idea to improve or modify something already existing. Innovation culture is a complex and multidimensional concept. It is commonly used in the context of (business culture). The innovation culture structure, according to Martins and Terblanche (2003), is made up of five determinants: strategy, behavior, structure, support mechanisms, and communication. The voluntary affiliation of productive assets, including human, physical, and capital resources, for the purpose of accomplishing a shared goal is known as organizational performance (Alchian and Demsetz, 1972, Jensen and Meckling, 1976, Simon, 1976, Barney, 2002,). Although innovation is essential for enterprises to gain a competitive advantage, it is the culture of innovation that is responsible for inspiring innovative thinking, improving products, services, or processes, and increasing economic value. Brendle (2002) examines the role of owner-manager personality traits in promoting innovation culture (IC) at the managerial level. The study exposed that proactive personality qualities, openness to actions, openness to ideas, and a willingness to take risks, are critical for fostering an innovation culture. Traditionally, financial indicators have been used to assess the success of an organization. Traditional indicators, on the other hand, have a common flaw in that they do not provide a clear picture of the organization's true performance. To meet this challenge, we believe that production performance, financial performance, innovative performance, and market performance should all be measured. Transformational leadership, rewards system, organizational structure, motivation and relations, risk-taking, and organizational learning are all elements of innovation culture. Therefore, in order to form the structure of this research by identifying and solving these problems, many studies have been conducted. The drawing of the studies influences organization performance, the frame of the study (Birley formed the frame for this study and found the weakest area that other researchers did not examine). Several studies have shown that aligning incentives and recruiting talent is not enough to foster an innovative culture; controlled encouragement to take initiative is essential (Simons, 2008). To be competitive today, leaders must trust and encourage coworkers to take the initiative to seek out possibilities with the aid of the organization's directors.

Therefore, in this paper, the innovation culture variable was selected as an independent variable, and the direct effect on competitive advantage and the indirect effect on organizational performance were discovered through competitive advantage (differentiation). The degree of effect ranged from weak to high. Each company’s aim in today's highly competitive climate is to

outperform the competition and gain new customers. If an organization is unable to innovate on a consistent basis, it risks lagging behind, and other organizations may step in to take the lead. Clients' requirements and preferences vary on a regular basis. Client requirements and desires are changing, and they are becoming more diverse, both in terms of delivery process design and quality. The food industry is striving hard globally to compete in the tough market, particularly in their struggle towards optimizing organizational performance. Henceforth, the need and importance for food companies to compete in new ways through innovation culture, and outcomes that can be principally enhanced is becoming indispensable. Therein, innovation culture wellbeing has received much attention and scholarly appreciation over recent times, much of which is principally, because of its acute role in harnessing organizational performance. Notably, this trend has also inspired other sector enthusiasts to underline how organizations state their position among the competitors, and could be potentially enhanced for better employee behaviors and outcomes. Maria (2000) investigates the relationship between organizational members' perceptions of learning the culture, and their concerns about the innovation culture in the Malaysian public sector. The study emphasizes the importance of leadership in organizational learning and innovation culture. Also, innovation culture (IC) and organizational learning have a significant impact on organizational performance, Rehman et al., (2019). Furthermore, marketing innovation performance is boosted by innovation culture (Aksoy, 2017).

Thus, the current study will try to answer the following questions: 1. Does innovation culture influence organizational performance? 2. Does innovation culture foster a differentiation strategy? 3. Does differentiation strategy influence organizational performance? 4. Does differentiation strategy mediate the relationship between innovation culture and organizational performance? The current study adopted the quantitative approach by using a questionnaire to collect relevant data from the target population, and applied it to large food companies listed in PAI (Public Authority for Industry), in order to investigate the effect of innovation culture on organizations' performance directly and indirectly through differentiation.

2. Literature Review

2.1. Innovation culture and organizational performance

According to Ismail and Abdmajid (2007), innovation culture is described as the result of a prior interaction between the essential characteristics and values embedded within the organizational culture. Organizational performance can be

evaluated by many constituencies, resulting in numerous interpretations of "successful performance". Each of these perspectives on organizational performance can be argued to be different (Carton, 2004). According to Barney (1997), organizational performance is a good indicator of business success. Organizational performance is the most critical issue for every business, either profitability or non-profit organization. Historically, organizational performance has been measured by financial indicators. On the other hand, a common flaw is that they do not provide a clear picture of the actual performance of the organization. To confront this problem, we believe that performance should be measured by production performance, financial performance, market performance, and innovative performance.

The six elements of innovation culture examined in this paper are risk-taking, transformational leadership, rewards systems, motivation and relations, organizational structure, and organizational learning. Understanding the relationship between innovation culture and organizational performance may help organizations generate better performance, as performance is a key priority for all organizations. A variety of studies have been conducted to investigate the relationship between innovation culture and organizational performance. The results of Aksoy, 2017 pointed to a strong positive effect on marketing innovation performance. Back and Landberg (2014) found the significant effect of risk-taking on innovation performance in the research of ASSA ABLOY Group. Claver-Cortés et al., (2012) also noted that a flattened structure, or what is called an organic (factor of innovation culture), has a positive relationship with firm performance. Nandakumar et al., (2010) contradict their findings that proved the role of mechanistic structure in improving financial performance, which implements either a value leadership, or a strategy of differentiation. Learning orientation has an indirect impact on organizational performance through organizational innovation Hongming et al., (2007).

2.2. Innovation culture and competitive advantage

The literature on innovation culture and competitive advantage was reviewed in this section. Every innovation begins with an idea to improve or change something. Back and Landberg (2014) described innovation culture as a culture that encourages and fosters innovation. Porter (1985) outlines two types of competitive advantage: low cost and differentiation; generic strategies develop when these two types of competitive advantage are combined with actions, to achieve them (cost leadership, focus, and differentiation). Let's throw light on some of the related literature in this field. There is widespread consensus that

maintaining a competitive advantage requires a strong innovation culture. According to Sveiby (1997), innovation and competitive advantage are rooted in the creation of something unique and cooperative. According to Al-Ansari (2014), innovation is increasingly being recognized as a key driver of improved business performance, growth, and competitive advantage. The term "competitive advantage" refers to the benefit that one organization has over its competitors. Porter (1985) distinguishes two categories of competitive advantage: differentiation and low cost. When these two types of competitive advantage are combined with activities to obtain them, generic strategies emerge (cost leadership, focus, and differentiation). A differentiation strategy is more significant than a low-cost approach in achieving competitive advantage (Kotha and Orne, 1989; Baines and Langfield-Smith, 2003). According to Moses (2010), a differentiation strategy is normally built around a variety of attributes such as brand image, customer service, product quality, organization reputation, technology and innovativeness, durability and reliability, and is necessary to be difficult to imitate by competitors. He comes to the conclusion that employing a differentiation strategy allows a company to get a competitive advantage over its competitors. Porter (1985) outlines two categories of competitive advantage: low cost and differentiation; generic strategies develop when these two types of competitive advantage are combined with actions to achieve them (cost leadership, focus, and differentiation). Generic methods based on Porter's (1980) model are shown in Table 1.

Table 1

The Generic strategies based on Porter's (1980) model.

Low-cost	The low-cost strategy involves providing consumer value at a lower cost comparable to that of other products (Porter, 1986). This strategy yields above-average returns as its adherents can lower prices to match their most efficient competitor's and still earn higher profits (Miller and Friesen, 1986).
Differentiation	The differentiation strategy requires the company either to create a product or to provide a service recognized as unique, allowing the company to order higher than average prices. Demand is price-inelastic due to brand loyalty, resulting in higher profit margins for the manufacturer (Aulakh et al., 2000).
Focus (Low-cost focus and/or	The focus strategy includes serving a specialized segment more effectively or efficiently than rivals, who compete more widely in terms of a restricted geographic market, a particular type of client, or a narrow variety of products. The focus strategy can be achieved through low-cost

Differentiation focus)	("low-cost focus strategy"), differentiation ("differentiation focus strategy"), or both (Karnani, 1984)

Source: Salavou and Sergaki (2013)

2.3. Innovation culture, differentiation strategy, and organizational performance.

According to Barney (1991), a company gains a competitive advantage when it adopts a value creation strategy, that no other company has implemented within the same time frame. Furthermore, competitive advantage is defined as a company's advantage over its competitors. Selecting the most effective variables from the literature, is the most effective technique to find new results in many aspects of innovation culture. The six dimensions of innovation culture studied in this study are risk-taking, transformational leadership, organizational structure, motivation and relations, rewards system, and organizational learning. According to some scholars, the ability to constantly innovate is a source of competitive advantage (Zahra et al., 1999 and Mone et al., 1998). According to (Al-Mahdawiy, 2016), many organizations have recently understood that in order to maintain their competitive advantage and even survive in the market in which they operate, they need creative individuals with innovative talents. An organizational structure, according to Mathur and Nair (2016), is a framework that functions within an organization. Employees will surely create better results that can contribute to a competitive advantage, if the company regards them as resources, and provides them with an environment that encourages them to grow and develop, as well as open discussion teams and a high-performance work structure. The innovation culture was identified by Halim et al., (2015) as a mediating element in the relationship between organizational learning and innovative performance.

3. Hypotheses Tested

The current study was designed to evaluate the following model based on a comprehensive evaluation of the literature. Figure (1) depicts the research framework and hypotheses.

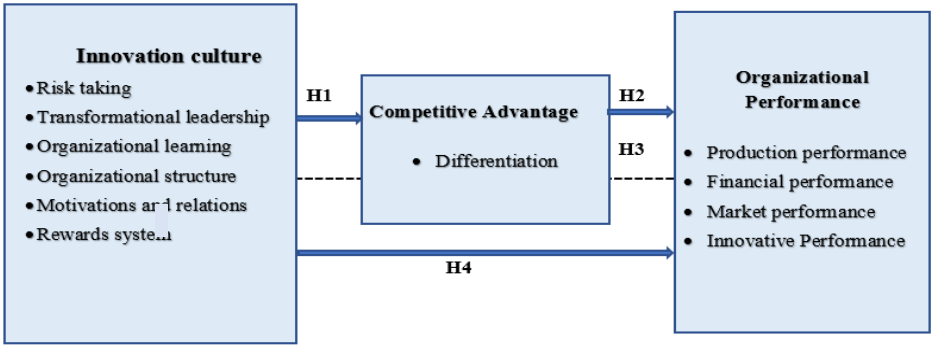

Figure 1. Research framework and hypotheses

3.1. Hypotheses Testing

The current paper sought to investigate the following correlations using the hypothesized framework:

H1: Innovation culture (IC) positively influences organizational performance (OP).

H2: Innovation culture (IC) positively influences competitive advantage (CA).

H3: Competitive advantage (CA) positively influences organizational performance (OP).

H4: Competitive advantage (CA) mediates the relationship between innovation culture (IC) and

organizational performance (OP).

3.2. Methodology

3.2. 1. Sampling

A total of 167 questionnaires were distributed to senior managers at organizations related to the study subject. Top management roles such as production manager and financial manager were among those who responded to the survey. In December 2018, the questionnaire was distributed by hand. For individuals who did not answer, follow-up action was carried out in two ways: directly face-to-face and by direct phone calls until the end of August 2019. A total of 153 questionnaires were received, with a response rate of 91.6 percent.

3.2.2 Measures

Six elements related to innovation culture were measured and presented in the research to identify their impact on competitive advantage and organizational performance. 7 risk-taking questions were prepared, such as transformational leadership, 17 questions for organizational learning, 6 questions for organizational structure, 5 questions for motivation and relations, 9 questions for financial rewards, 11 for non-financial rewards, 14 questions for differentiation strategy, and 18 questions for organizational performance in its four elements (production, market, innovative and financial). The Likert five-scale was used, and 153 senior management members participated. Managers were asked to respond on a 5-point scale, indicating 1- "I strongly disagree" and 5 as "I strongly agree". Based to Ismael, 2012 the score interval ranging from very low, to very high as shown in table 2.

Table 2.

Interoperative means scores of the measured statements

1.0 to less than 1.8	Very low
1.8- less than 2.6	low
2.6- less than 3.4	Moderate
3.4 to less than 4.2	High
4.2 - 5	Very high

4. Questionnaire Data Analysis

4.1. Demographics profile of the research respondents

4.1.1. Job Title

153 respondents participated in this survey. Figure 2 shows the distribution of respondents by job title. 36% of the respondents were from other jobs, meaning jobs not mentioned in the previous figure (ex: factory manager), followed by the production manager with 16%, followed by the financial manager, human resource manager, marketing manager, purchasing manager, research and

development manager, and maintenance manager at 12%, 11%, 9%, 7%, 5%, 4%, respectively.

4.1.2. Number of years of experience in the current position

In Figure 3, we find that 30% of the respondents have experience of 5 to less than 10 years, and they are the dominant group, followed by the category of workers with experience of 1 to less than 5 years at 24%, the third arrangement, we find the group that has years of experience of 10 to less than 15 years at 18%, whereas individuals with experience of 15 to less than 20 years and more than 20 attained the same percentage at 14%.

4.2. Demographics profile of the target organizations

4.2.1. The number of employees in the organization for this year

Figure 4 demonstrates the number of employees in the year. 118 organizations have more than 100 employees. The organizations that have employees between 51-75 and 26-50 have a number of 13% and 11%, respectively, while six organizations have a number of 76-100 employees.

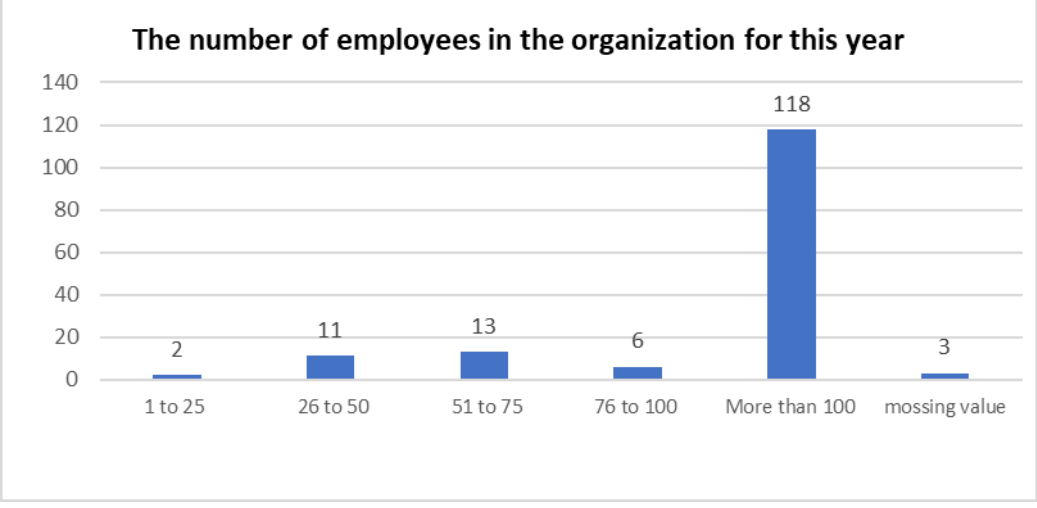

Figure 4. The Number of Employees in the organization for this year

5. PLS-Structural Equation Modeling

The purpose of this study is to predict the mediating effect of competitive advantage on the relationship between innovation culture and organizational performance. Drawing on the work of Hair et al., (2016) and Ringle et al., (2012), the Partial Least Squares Structural Equation Modeling (PLS-SEM) method was chosen, and SmartPLS 3 (Hair et al., 2012; Henseler et al., 2009; Ringle et al., 2012) was used to analyze the data.

5.1. Data Analysis and Findings

The data was collected from large food industry listed in PAI in Kuwait. The data was entered into SPSS. The properly filled out 153 questionnaires were entered into SPSS. Reliability and validity tests SmartPLS 3 provides an excellent choice for performing reliability and validity assessments by determining the measurement model. We achieved inter-item reliability through standardized loadings by keeping items with loadings of 0.5 or higher, internal consistency reliability through composite reliability (0.7 or higher), and convergent validity through average variance extracted, as described by Hair et al., (2013). (0.5 or above). The discriminant validity was determined using the criteria proposed by Fornell and Larker (1981). Table 3 and 4 show the results of these tests.

Factor loadings, according to Hulland (1999), should be used to measure inter-item reliability. The item loadings in this investigation were determined to be within the permissible range, ranging from 0.50 to 0.70, as recommended by (Hair et al., 2013). Secondly, as shown in Table 3, the composite reliability scores are greater than 0.70 (Bagozzi, 1998), and the average variance extraction scores for each latent variable are likewise greater than 0.50 (Bagozzi, 1998) (Hair et al., 2013). As a result, the current study satisfies the criteria for reliability and validity. Following Fornell and Larker, Table 4 shows numerical proof of proven discriminant validity (1981).

Table 4.

Discriminant Validity using Fornell-Larcker Criterion

	Differentiation strategy	Financial rewards	Motivation and Relation	Non-financial rewards	Organizational Structure	Organizational learning	Risk taking	Organizational performance	Transformational leadership
Differentiation strategy	**0.784**								
Financial rewards	0.340	**0.821**							
Motivation and Relation	0.503	0.660	**0.798**						
Non-financial rewards	0.594	0.732	0.747	**0.753**					
Organizational Structure	0.427	0.316	0.544	0.498	**0.880**				
Organizational learning	0.597	0.499	0.612	0.663	0.440	**0.706**			
Risk taking	0.550	0.354	0.518	0.602	0.438	0.588	**0.68**		

Table 3.

Cronbach's alpha, Composite reliability, AVE, of the Assessment of Measurement Model

Construct	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (A
Differentiation strategy	0.942	0.944	0.950	0.614
Financial rewards	0.932	0.945	0.943	0.675
Motivation and Relations	0.858	0.871	0.897	0.637
Non-financial rewards	0.923	0.926	0.935	0.567
Organizational Structure	0.942	0.950	0.954	0.774
Organizational learning	0.915	0.918	0.928	0.498
Risk taking	0.778	0.794	0.842	0.473
organizational performance	0.936	0.942	0.943	0.493
transformational leadership	0.937	0.941	0.948	0.724

							7		
Organizational performance	0.618	0.443	0.484	0.550	0.229	0.428	0.459	**0.702**	
Transformational leadership	0.513	0.467	0.581	0.635	0.326	0.610	0.507	0.359	**0.851**

5.2. Structural Model Assessment

After reliability and validity have been proven, the structural model may be examined. The structural model was evaluated using beta (β) or path coefficient, T value, P value, and R^2. Both direct and indirect effects have been investigated in order to achieve this goal. The finding was validated by looking at the path coefficient and "t" value. R-Squared (R^2) and predictive relevance (Q^2) were also examined. As shown in Table 3, there are seven sub hypotheses (H1;a, b, c, d, e, f, and g). Because the t-value was higher than the tabulated T value=1.96 as stated in table 3, five direct hypotheses from (H1 and H2) were accepted. Table 5 shows the indirect effects of hypotheses.

As a result, organization structure, motivation & relations, and transformational leadership have no direct effect on differentiation strategy in the food industry, despite the insignificant influence and competition of food markets, PLS (SEM) bootstrapping was used to detect the mediation effect. Bootstrapping using PLS (SEM) was chosen. Hair et al., (2014) emphasized that this is one of the appropriate techniques when testing on small samples. In addition, the procedure of Preacher and Hayes (2004, 2008) was used to analyze the mediation effect, and the indirect effect was studied, as recommended by Hair et al., (2014).

Table 5.

Path Coefficients, Mean, STDEV, T-Values, P-Values, Total Direct Effects (H1, H2), Results of Structural path coefficients

Hypo	**Relationship**	**Original Sample (O) = β**	**Standard Deviation (STDEV)**	**T Value**	**P Values**	**Decision**
H2	**Differentiation strategy -> organizational performance**	0.6179	0.066	9.352	**0.0000**	**Supported**
H1a	**Financial rewards -> Differentiation strategy**	-0.1830	0.093	1.977	**0.0486**	**Supported**
H1b	**Motivation and Relation -> Differentiation strategy**	0.0300	0.110	0.273	**0.7852**	**Rejected**
H1c	**Non-financial rewards -> Differentiation strategy**	0.3310	0.126	2.620	**0.0091**	**Supported**
H1d	**Organizational Structure -> Differentiation strategy**	0.0875	0.078	1.123	**0.2619**	**Rejected**

H1e	**Organizational learning -> Differentiation strategy**	0.2552	0.129	1.982	**0.0481**	**Supported**
H1f	**Risk taking -> Differentiation strategy**	0.1569	0.071	2.201	**0.0282**	**Supported**
H1g	**transformational leadership -> Differentiation strategy**	0.1069	0.108	0.988	**0.3235**	**Rejected**

The proposed structural model is depicted in table 6, It includes hypotheses for direct innovation culture -> organizational performance testing.

Table 6.

Path Coefficients, Mean, STDEV, T-Values, P-Values, Total Direct Effects

	Relationship	**Original Sample (O)= ß**	**Standard Deviation**	**T Value**	**P Values**	**Decision**
H4	Innovation culture -> Organizational Performance	0,5758	0,0529	10,835	0,0000	Supported

Results of Structural path coefficients

Table 7 reveals how each factor of innovation culture directly affects organizational performance. Only non-financial rewards and taking risks appear to have an effect on organizational performance, whereas the other factors appear to have no effect (OP).

Table 7.

Path Coefficients, Mean, STDEV, T-Values, P-Values, Total Direct Effects (H4), Results of Structural path coefficients

Hypo	**Relationship**	**Original Sample (O)= ß**	**Standard Deviation**	**T Statistics**	**P Values**	**Decision**
H4a	Financial rewards -> organizational performance	0,0801	0,1050	0,7622	**0,4463**	**Rejected**
H4b	Motivation and Relation -> organizational performance	0,1674	0,1208	13,857	**0,1665**	**Rejected**
H4c	Non-financial rewards -> organizational performance	0,2805	0,1406	19,956	**0,0465**	**Supported**
H4d	Organizational Structure -> organizational performance	-0,1310	0,0888	14,756	**0,1407**	**Rejected**

H4e	Organizational learning -> organizational performance	0,1043	0,1469	0,7100	**0,4780**	**Rejected**
H4f	Risk taking -> organizational performance	0,2323	0,0779	29,828	**0,0030**	**Supported**
H4g	transformational leadership -> organizational performance	-0,0815	0,1206	0,6756	**0,4996**	**Rejected**

The findings of the indirect effect test using SmartPLS3 bootstrapping on the role of differentiation strategy (DS) in mediating the relationship between innovation culture variables (IC), and organizational performance (OP) are shown in Table 8. The t-value of 4 Hs is clearly higher than 1.96. The relation is then mediated by the differentiation strategy, which has a strong mediation effect. H3a, H3c, H3e, and H3f have been approved.

Table 8.

Path Coefficients,Mean, STDEV, T-Values, P-Values, Total indirect Effects, Path coefficient of the research Hypotheses

Hs	**Relationship**	**Standard Deviation (STDEV)**	**T Values**	**P Values**	**Decision**
H3a	Financial rewards -> Differentiation strategy -> organizational performance	0.056	2.034	0.042	**Supported**
H3b	Motivation and Relation -> Differentiation strategy -> organizational performance	0.076	0.245	0.807	**Rejected**
H3c	Non-financial rewards -> Differentiation strategy -> organizational performance	0.086	2.371	0.018	**Supported**
H3d	Organizational Structure -> Differentiation strategy -> organizational performance	0.047	1.155	0.249	**Rejected**
H3e	Organizational learning -> Differentiation strategy -> organizational performance	0.070	2.269	0.024	**Supported**
H3f	Risk taking -> Differentiation strategy -> organizational performance	0.048	2.000	0.046	**Supported**
H3g	transformational leadership -> Differentiation strategy -> organizational performance	0.073	0.904	0.367	**Rejected**

5.3. Predictive Power of the Model

5.3.1. Coefficient determination R^2

The predictive power of the model is moderate. Table 7 indicates that the R^2 for differentiation strategy and organizational performance is 0.481 and 0.382,

respectively. Based on these findings, we can conclude that the effect of innovation culture on differentiation strategy and organizational performance is moderate. The R^2 of the DS score is 0.481, indicating that the innovation culture variable (IC) explains 48.1% of the differentiation strategy (Ds), and the remaining 51.9% is explained by variables not covered in this study. The R^2 of the organizational performance (OP) value of 0.382, on the other hand, indicates that the organizational performance variable may explain the factors of an innovation culture and differentiation strategy by 38.2%, while the other variables not mentioned in this study account for the remaining 61.8 percent. Table 9 shows the R-Squared Assessment.

Table 9.

R- square of endogenous latent variables

Constructs	R Square	Result
Differentiation strategy (DS)	0.481	Moderate
Organizational performance (OP)	0.382	Moderate

5.3.2. The effect size (F^2)

In order to understand the relative influence of every modeled construct on the latent construct of student engagement. Effect size assessment was measured as shown in table 10. We found a large effect between differentiation strategy (DS) → organizational performance, $F^2 = 0.618$.

Table 10.

Effect size

	Differentiation strategy	Financial rewards	Motivation and Relation	Non-financial rewards	Organizational Structure	Organizational learning	Risk taking	Organizational performance	Transformational leadership
Differentiation strategy								**0.618**	
Financial rewards	0.026								
Motivation and Relation	**0.001**								
Non-financial rewards	**0.052**								
Organizational Structure	**0.009**								

Organizational learning	**0.056**								
Risk taking	**0.025**								
organizational performance									
transformational leadership	**0.011**								

In conclusion, for the predictive relevance of the model, we assessed Q-squared. The Blindfolding procedure was used to ascertain the Q-square test in the SmartPLS software. Results provided in the following table are in line with Chin (1998) and Henseler et al., (2009); indicating that the (Q^2) be greater than zero. Predictive relevance (Q^2) is given below in Table 11, which is greater than zero.

Table 11.

Construct Cross-Validated Redundancy

	sum of squares of observations (SSO)	sum of squares of error (SSE)	Q^2 (=1-SSE/SSO)
Differentiation strategy	1824.000	1323.455	0.274
organizational performance	2584.000	2158.976	0.164

6. Discussion and Conclusion

Understanding the relationship between innovation culture and organizational performance may help organizations develop better competitive strategies, because performance is the basic priority of all organizations. The results revealed a significant relationship between organizational performance and innovation culture. Prior research has found a relation between innovation culture and organizational performance (Schneider et al., 1996); (Teutsch, 1999); (Pharaon and Burns, 2010); (Cable, 2010); (Dobni, 2008); (Mitchell, 2007); (McLaughlin et al., 2008); (Angel, 2006); (Al--Zairi and Al-Mashari, 2005); (Steele and Murray, 2004); (Al-Mahdawiy,2016), Calantone et al., (2002), Keskin (2006), (Arzi et al., 2013). Furthermore, it was hypothesized that taking risks and gaining non-financial rewards had a positive effect on organizational performance. The hypothesis of a direct effect of transformational leadership on organizational performance was rejected in this study, as was the hypothesis of an indirect influence via differentiation strategy. We also discovered that

organizational structure has an insignificant effect on competitive advantage, and organizational performance for a variety of reasons, including family businesses and minimizing labor costs, whereas Ambad and Abdul Wahab (2015) discovered that organic structure has a positive relation to organizational performance. Organizational learning is another important factor in achieving organizational performance. Many authors have written about organizational learning. Another important factor in improving organizational success is organizational learning. Organizational learning has been explored by a number of authors. Although Chaston et al., (1999) found no link between organizational learning (OL) and sales development, Panagiotakopoulos (2011) observed that a continual effort to acquire and manipulate knowledge has a significant impact on SME survival and growth, which supports our findings. The hypothesis of a direct effect of transformational leadership on organizational performance was rejected in this study, as was the hypothesis of an indirect effect through differentiation strategy.

7. Contributions of the Study

Some of the main contributions of this research are as follows: The current study has shed light on the GCC scholarly gap on innovation culture and the effect on competitive advantage and organizational performance, and the potential role of an innovation culture to enhance competitive advantage and organizational performance through differentiation strategy. The findings have empirically outlined that implementing an innovation culture with support from top managers will motivate employees to critically use their skills; provide innovative ideas, and give their best effort in work, which can be very helpful to strengthen an organization's competitiveness and performance. Furthermore, the purpose of this paper was to give managerial support to senior management positions; managers must identify the primary problem in order to solve organizational performance problems. In this paper, the major problem is the outcomes of applying innovation culture directly to OP or indirectly through differentiation strategy. This research has made significant advances in the literature on business and innovation culture by demonstrating the link between innovation culture, competitive advantage, and organizational performance.

8. Limitations and Scope for Further Research

This study like other studies is not free of limitations. It focused only one sector the food industry in Kuwait which cannot be generalized to other sectors. The study depends on one source of data collection top management whose opinions may do not reflect other informants in the company which means the results of

the study is not free of common method bias. Although the study used a well-developed measure that have been used be several studies, the innovation culture concept specifically is a complex concept and may be other aspects of it are not measured by the current measures. In addition, the current dimensions of the concept reflect organizational setting or contextual aspects but ignore other individual aspects and the environmental pressures that entail establishing effective innovation culture. The current study also limited measuring competitive advantage to one indicator differentiation while was measured by three indicators namely differentiation, cost leadership, and focus. The sample size did not allow to test the causal relationship between the research constructs. Thus, future studies may take anyone of the above limitation and explored the issue in a larger scale to test its validity and applicability. Finally, how to establish an effective innovation culture is still in its infancy in the practical and theoretical levels.

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