

Innovative Environment Within Organization's Structure- Case of Oman

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ABSTRACT

In today's age of modernization, the concept of innovation is considered as one of the key factors for organizational growth. At the same time, organizations are expected to adapt culture and environment where innovation can continue to develop. It requires a coordinated efforts by different actors in organization in making sure that the activities and integration process meets the conditions for an effective application. In order to put together the various moving parts of an innovation integration, the organization also needs to evaluate its structure in order to ensure that the activities entailed in the innovation process are not interrupted by organizational bureaucracy. In the case of Oman, the conception of an innovative environment is challenged by a prevailing organizational structure that constitutes hierarchical attributes. The problem with hierarchical structure is that innovation and development are slow. In addition, there is not enough room for creative inputs to be recognized because the decision points rely on the center of authority within the organization. This empirical research highlights the concept of innovative environment within the organizational structures in Oman.

Keywords: Organizational Structure, Culture, Innovation, Innovative Environment, Process, Improvement

INTRODUCTION

An organization can be defined as an organized body of people that functions for a specific purpose or objective such as business. Like any other groups, every member upholds different values and belief be it personal or professional. However, in an organizational setting, the collective values of each individual make up a culture, which in return represent an organization's character. Organizational culture is an important factor that directly impact an organization's perspectives on innovation and how it applies to the organization's structure and innovation. According to Amiri et al. (2017), an organization's view on culture influences its behavior and how the organization approach it mission and vision. Innovation on the other hand enable organizations to continuously increase their capabilities by exploring more cost-effective and cost-efficient strategies bet it in the form of technology or process improvements. This in return creates a competitive advantage and adds value to the organization, it's products, services and brand. The key here is in the way organizations adapt to innovation and how the organization integrate innovative environment in its organizational structure.

In the case of Oman, the concept of innovative environment within an organizational structure is considered as one of the major points of Vision 2020. At the same time, the strategies in the

upcoming Vision 2040 also puts emphasis on the importance of developing an innovative environment in the organizational structure and culture in the country (UNCTAD, 2004). On the other hand, UNCTAD also pointed out that the current hierarchical organizational structure of domestic institutions in Oman creates a barrier in creating the highest level of policymaking. Developing an innovation system in an organizational level requires improvement in its inter-institutional communication and institutional leadership. In addition, the current macroeconomic conditions in Oman presents a challenge for innovation primarily because of the long economic domination of the petrochemical industry and its revenue. Even with a significant number of SMEs in Oman, the larger economic contributors in the country are large firms. The UNCTAD (2014) reports shows that only 100 of 91,000 SMEs in Oman file tax returns, which indicates insufficient development within the middle-intermediary layer of firms in the country in terms of having innovative environment.

ORGANIZATIONAL STRUCTURE IN OMAN

Understanding innovative environment within the organization's structure in Oman brings the discussion towards a closer look at how organizations are structured in the country. The common structural component of organizations in Oman includes a board of directors who are responsible for overseeing and advising management of the firm. The directors' focus is to represent the corporate governance mechanism of the firm and provides management directions that aligns with the interest of all stakeholders. According to Younas and Kassim (2020), the ideal board structure as suggested by The Cadbury Committee is between 8 to 10 members with equal balance of executive and non-executive positions. On the other hand, smaller firms consisting of sole proprietors follow a simplified structure in which the proprietor has the sole control of the business from decision-making to tax filing and financial direction. In terms of general partnership, the business structure is consisting of at least three shareholders in which one should be an Oman citizen with a minimum share of 30%. For limited partnership businesses, the owners represent the management with joint responsibility in imparting their expertise and in making important business decisions. The organizational structure of businesses in Oman determines how the business will operate based on the prevailing policies and the structure also varies on the type of organization.

The structure of the business organizations in Oman also determines the flow of communication both above and below. This means that executive communication is kept within the executive level and any matters concerning the members of the organization at the lower tier of the structure are coursed through the leadership in each level. The same can be said about communications within the lower tier of the organizational structure, where matters that do not have a direct impact towards the business' overall. This can be defined as interdepartmental communications where the departmental leadership can mitigate without needing guidance from an executive decision (Saadoulia and Al-Khanbashi, 2020). In an everyday business operation of small and medium sized organizations, communications particularly involving innovation and implementation follows a linear downward path considering that there is not much structure to observe a chain of command. On contrast to larger firms with a broad organizational structure, communications pertaining to innovation follows a systematic path where the leadership provide their own perspective on the subject and deliberated thereto by the higher executives.

ORGANIZATIONAL PERSPECTIVE ON INNOVATION

Innovation is a form of change that every organization should be able to adopt in order to increase competitiveness and improve operational efficiency. The current course of business growth globally relies heavily on the organization's capability to integrate innovation into the business. On the other hand, not all businesses are able to engage into any form of innovation not because of limitations in knowledge, resources, or finance, but reasons attributed to the lack of initiative to undertake organizational innovative environment development. One of the reasons attributed to low development initiative is because of the existing entry barriers in the entrepreneurial system in the country (Al-Abri et al., 2018). Several studies were published recently that focuses on the relationship between entrepreneurship orientation and growth performance, and how it influences the culture of innovation among SMEs in Oman. According to Alalawi (2020), organizational learning directly impacts innovation performance. At the same time, entrepreneurial orientation also enhances the same attributes by means of encouraging positive behavior of the organization that supports organizational learning practices. In this process, managers and employees to adopt a continuous learning approach, thereby promote an innovation-focused organization structure.

Given that continuous learning is part of the process of developing an innovative environment within an organization's structure and culture, therefore, the learning process can begin in higher education institutions. In a study by Halibas et al. (2017), the Penta Helix model of innovation was introduced with the objective of sustaining and entrepreneurial activity along with innovation. The model encompasses a creation of network channels that allow key players to collaborate and share innovation experience, thus enabling a continuous process of development through information sharing. In addition, the Penta Helix model gathers data on historical attempts at promoting innovation, which provides an evidence-based data for innovators to assess and enhance recent attempts (Halibas et al., 2017). Through the described model, the learning process begins at the higher education institutions enabling future entrepreneurs to be exposed to the learning mechanism that promotes innovation in an organizational setting. In addition, the strategic approach provided by the Penta Helix model is to drive the promotion of innovation in any given organization. This is because the model creates a platform for entrepreneurs to establish their own innovative environment in a collaborative approach where other organizations can share relevant insights to what innovation works best.

The concept of innovative environment within the organizational structure in Oman can be described as a two-faceted coin where one side is where the prevailing wisdom suggesting that business organizations example SMEs are the backbone of the economy; hence, the prevailing attempts to develop the non-petroleum business sector through various innovative strategies. On the other side is the traditional business environment where the concept of innovation was overshadowed by a rationale that fails to account the impediment brought by the heavy reliance to foreign labor and hydrocarbon revenue (Ennis, 2014). This holds true in several countries in the Gulf region including Oman. There is a prevailing obstacle for many organizations to create an innovative environment within the organization because of the perceived structural problems of the economy including socio-political and financial cost that accompanies an organizational innovation initiative. The study by Ennis (2014) presents two prominent issues that holds back organizations in Oman from fully embracing the concept of innovation and the creation of an environment where innovation can be nurtured. First is the heavy import of

foreign workers followed by the reliance on the hydrocarbon revenue as a primary driver of the economy. This leads to Omani citizens to overlook the importance of internally developing strengths in local labor market with Omanis equipped with the skills to uplift innovation at the local organizational level and sustaining an innovative environment.

Creating an innovative environment within an organization can be a challenging endeavor that organizations in Oman strives to undertake. Despite of the present policies and economic barriers, there are still organizations that are able to as demonstrate how an innovative environment can be integrated within the organization's structure. One of the notable examples would be the Al Etijahat for Design based in Muscat. The business is mainly providing communications technology services to other organizations including management of social media accounts. The organizational structure of the business that started in a partnership between Nada Musabah Al Masoudi and Azza Al Kharousi have focused on establishing innovation teams that are responsible for exploring other application of design (Times of Oman, 2016). This approach by the business is an example of creating an innovative environment in the organization in which the primary role is to determine areas of opportunities where graphics design innovations can be applied to communications technology. The same can be said about KI Bros Production, another Muscat based organization that offers innovative video production services that leverage on its innovative environment of talented members of the organization.

INNOVATIVE ENVIRONMENT IN OMAN

Looking deeper into the innovative environment in Oman in an organizational structure, it is important to look back in the previous year particularly during the onset of the Coronavirus Covid-19 outbreak that the world is still enduring at the present. The outbreak has led to several attempts by the Sultanate curb the spread of the virus while keeping the economy afloat. During these times that innovative environment began to emerge as a result of need to adapt to a global crisis. One of the best scenarios in which innovative environment within an organization's structure can be observed is in the way the organization operates during difficult situations. Since March 2020, the ministry has exerted great efforts in ensuring that business will continue to operate as well as government agencies with the help of the Technological Innovation Committee (Omanuna, 2021). Part of the initiatives of the government is to ensure that all employees both public and private would be able to continue working, but remotely or work from home. The concept of work from home for many years has not been known till the time of need to adapt to the crisis emerged. The normal work environment for the majority of organizations involves physically going to the office or the place of work. Because of the outbreak, employees were given the option to stay home and do the work remotely.

The introduction of work from home in a conventional organizational structure has changed the way businesses in Oman perceive workplace innovation. According to Al Asmi (2021), the Covid-19 pandemic has paved the way for the digitalization of the Omani workforce in which companies hastened the adoption of various technological platforms as part of their operational tools to enable remote or part-time work the new reality. Work from home represents an innovation born out of necessity for most organizations in Oman. At the same time, the work from home concept as an innovative environment adapted into the organization's operational structure encompasses several attributes that makes up what an innovative environment should look like. These attributes include ideal time, freedom in both creativity and place of

work, creative climate, trust/openness, and risk taking. In the work from home set up, employees get to experience working in their own time, having the freedom to choose the ideal work environment conducive to productivity, and use of various technologies to enable real time communication. On the other hand, the cost of this change can be staggering for some organizations as there is a need for technological infrastructure to ensure that all employees stay connected to the tools and other resources necessary to conduct business operations.

The onset of work from home trend is recognized as an innovative approach to organizational structure and resets the ideal workplace perspective for many Omanis. This also encouraged HR leaders in the country to rethink the organization's workforce structure, training, and approach to performance measure (Al Asmi, 2021). The presence of evolving cloud technologies also paved the way for organizations in Oman to explore the potentials of human cloud outsourcing. Platforms such as Upwork and Fiverr has enabled organizations in Oman to outsource talents from a global workforce. Online outsourcing of talents has provided several advantages such as access to thousands of in-demand skilled professionals regarded as experts in a specific work area and a cut in the overhead cost. The adaptation of human cloud is a step towards creating an innovative environment, which has a significant impact towards an organization's business model. According to a Times of Oman (2020) report, the Covid-19 pandemic has shifted the business priorities of many organizations in Oman from traditional corporate environment to a cloud-based environment. Several organizations are moving the majority of their workforce to the cloud from 21% before the pandemic to 70% during the pandemic in which 40% of the organizations considering the shift to cloud environment permanently (Times of Oman, 2020).

Along with the shift the work environment is the change in the traditional business model and organizational structure for a majority of organizations using human cloud as its major source of workforce. Organizations with departmental structures and with managers representing leadership in each department has to shift their responsibilities from traditional management of employees in a physical office setting into a digital face to face environment. Utilizing global workforce platforms such as Upwork and Fiverr enabled the organizational leadership to shift their resources to more cost-effective approach. For example, an organization building an IT infrastructure from the ground to host a remote work environment as a strategic move to create an innovative environment are faced with implementation dilemmas. These challenges include procuring, programming, and distributing organization sanctioned devices, building network infrastructures, establishing network security protocols, and external threat mitigation. This is the reason that some organizations are using the global workforce outsourcing platforms considering that the existing platform already has the infrastructure and resources needed to as establish a remote work environment. In addition, the tools for enabling remote work for both the employees and management are readily available and at a fraction of the cost of building one.

CONCLUSIONS

The concept of innovative environment within an organizational structure encompasses a need for organizations to adapt to a culture where the flow of communication and ideas for innovation are coming from multiple direction. This means that an innovative environment needs to have an open exchange in which information, new concepts, and idea generation is turned into a collaborative experience. An innovative environment encompasses a culture that

is far from the usual organizational set up where the leadership is the only source of initiative. An innovative environment includes every member of the organization as a source of input in which the leadership will mitigate and make decision based on the collective inputs. The subject of innovative environment can be also observed in crisis situations at a global scale. The current Covid-19 pandemic is an example of a major event in which organizations are shifting from traditional structure to a business model that accommodates remote work and digital outsourcing. Platforms providing access to global workforce enhanced the capability of organizations in Oman to establish a virtual work environment without the need to build in-house IT infrastructure, which organizations has found to be effective in terms of saving cost and resources. The approach also provides an alternative model for organizations in managing their workforce and at the same time to overcome the operational barriers caused by a crisis.

RECOMMENDATIONS

The discussion briefly covers the subject of innovative environment within an organization's structure. A more in-depth exploration of the topic is needed specifically a more focused examination of the relationship between organizational structure and organizational culture. For future research, it is recommended to focus on the impact of innovative environment on organizational culture. An organization's structure influence culture and how the organization reflect on its mission and vision. In this regard, creating an innovative environment influence culture within the organization and future research can assess the changes brought by an innovative environment towards the organization's culture. Furthermore, the concept of organizational leadership and its influence on organizational culture and innovation in relation to growth also needs further examination. The limitations of this discussion can be supplemented by literatures encompassing similar discussions in organizational structure, organizational innovation, organizational culture and relative strategies.

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