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## Abstract

This study investigates the relationship between Management Innovation and Organisational Performance with the High Performance Organisation (HPO) factors of Continuous Improvement and Renewal, Workforce Quality and Long-term Orientation as mediators. From a survey among 186 managers of the insurance industry in Ghana and with the use of PLS-SEM, the results show that Management Innovation appears to have a direct influence on Organisational Performance but when Management Innovation is combined with the HPO factors, it generates a synergy to increase Organisations to become HPOs in an emerging market context.

**Key words:** High Performance Organisations, HPO Framework, Management Innovation, Organisational Performance

### 1. Introduction

The job of the management team in a turbulent business environment is to improve the organisational performance level despite all complexities involved. This is where the generation and implementation of specific novel ideas with respect to organisational processes and procedures are adopted to ensure that the organisation is on top of its competitors.

What makes organisations high performing appears to be a daunting task as organisations no longer have monopoly of resources that are enshrined in the Resources Based View (Barney, 1991) due to the transformations of the Business landscape, especially as a result of Information Communication Technology (Prahalad & Kinshman, 2008). The resources that may be difficult to imitate (Eisenhardt & Martin, 2000; Barney, 1991) may be management resources that exist in the minds of those who govern the organisations. The application of creative management resources may power managers to make critical difference that is expected of them. This is where the issue of Management Innovation (Hamel, 2006, 2009) becomes critical to the success of organisations.

Research and academic publications on Management Innovations have been relatively scarce (Damanpour, 2014, p.1265), particularly studies relating management innovations to performance outcomes. Management Innovation studies encompass multidisciplinary and multilevel approaches as the concept itself is considered complex, ambiguous and difficult to measure (Damanpour, (2014). Nevertheless, in an attempt to describe this type of innovation, Hamel (2006) and Mol & Birkinshaw (2009) postulate Management Innovation as the generation and implementation of a management practice, process, structure or technique that is new to the state of the art and is intended to further organisational goals. We adhere to this definition.

Management Innovation is different from routine decisions of managers such as following standard procedures, signing documents and resolving employee conflicts (Rahin, 2014). It is of crucial importance to firms in so far as firms aim at upgrading their productivity, improve quality and to remain competitive (Hamel, 2006; Mol & Birkinshaw, 2009). It has to do with changes in structure, management systems and management skills. Its importance lies in the shifting of firms from products to services which is more likely to provide competitive advantage through innovation in management styles than technological prowess (Mol & Birkinshaw, 2009). Specifically, and in line with the findings of Mol & Birkinshaw (2009) and Sapprasert & Clausen (2012), we would like to test if the “pro-innovation bias” also

applies to the relationship between management innovations and organisational performance in the case of an emerging market like Ghana.

Ghanaian organisations may be described as highly bureaucratic and Management Innovation may be needed to permeate the perched structures. To illustrate, Kuada (1994, 2010) argues that children born and brought up in 'familism' structures which are common in Africa hardly take initiatives and therefore are required to conform to existing structures. Theimann, April & Blass (2006) also observed that management and leadership in Africa is characterised by resistance to change, reactive, short-term, context dependent and risk avoidance among others. The observation of Kuada (2010) and Theimann, April & Blass, (2006) appear to make a stronger case for the study and application of Management Innovation in an emerging African market. Perhaps that is why Hamel (2006) notes that the only way to change a manager's work especially in large organisations is to reinvent the processes that govern that work.

The motivation for the current research is based on the scarce empirical evidence in the literature regarding the relationship between Management Innovation and Organisational Performance (Mol & Birkinshaw, 2009) as theories of innovation appear mostly to focus on Technology based ones (Damanpour & Aravind, 2011). In addition, there seems to be a gap in the literature of Management Innovation and how it contributes to High Performance Organisation (HPOs) in an emerging market context. Previous research (see Honyenuga, Tuninga & Ghijzen, 2014) established a positive direct influence between the HPO dimensions (ie Continuous Improvement and Renewal, Workforce Quality, Long-term Orientation) and Organisational Performance. This gap provides an opportunity that juxtapositions Management Innovation, Organisational Performance and HPO dimensions in an emerging market context.

Looking at the conditions within which businesses have to operate in emerging markets then Management Innovation seems important to be included in the model for analysing HPOs in these markets. In Ghana, it is said that 'the fish rots from the head' to emphasise the importance of the management team because success or failure of organisations depends on the managers who are in-charge. Coupled with this is the fact that Ghanaian organisations tend to be highly bureaucratic (Kuada, 2010). Thus, whilst agreeing with de Waal that Continuous Improvement and Renewal is important, Management Innovation is, also, of importance and could be a force to ensure high performance hence, the inclusion of Management Innovation in the model of HPOs for Ghana, an emerging market.

It is, therefore posited that Continuous Improvement and Renewal together with the other HPO factors put forward by de Waal may be important in the HPO model but might be much more enhanced if Management Innovation is adopted and applied. This is because at the apex of organisations is located the strategic level where the management team is expected to use its innovative and conceptual skills to make a difference for goal attainment. For this reason, the current empirical study could be important to unearth how Management Innovation contributes to Organisational Performance via the HPO framework in an emerging market context.

## **2. Theoretical Background**

This research takes its bearing from the Resource Based View (RBV) of the firm and Innovation. The Resource Based View (RBV) has become crucial and dominant in the strategic development and thinking of firms (Wu, 2007). The assumption of the Resource

Based View of the firm is that firm resources are heterogeneous and immobile and that performance is based on resources and capabilities that are distinct, valuable, rare, inimitable and non-substitutable (Eisenhardt & Martin, 2000; Barney, 1991).

Innovation has been put forward in the literature as a leading means of competitive advantage and firm performance (Meyer & Subramanian, 2012; Rahin, 2014). Sinkovics and Lew (2013) argue that innovation- oriented firms may use their capability to achieve competitive advantage. In this regard, firm resources are referred to as capabilities which may hinder innovation in the same way as they promote innovation (Leonard- Barton, 1992). The RBV, therefore, appears to clarify the relationship between innovation and organisational performance since it focuses on internal strengths of organisations, especially at the strategic level. For this reason, firms have been enjoined to implement strategies that are distinct, valuable, inimitable and non-substitutable in order to remain competitive and outperform their counterparts (Barney, 2002).

What constitutes firm resources appears to be complex and has a diverse application in the literature. Prahalad & Hamel (1990) refer to firm resources as core competences; Leonard-Barton (1992) describes them as core capabilities; whilst Wade & Hulland (2004) refer to these resources as assets and capabilities that are useful and capable of responding to threats and opportunities in the market. Hence Helfat & Peteraf (2003) suggest that it is possible to have a dynamic RBV. In this case, RBV responds to the volatility and the dynamics of the business environment (Wilden et al, 2013). This is where Management Innovation which aims at providing competitive advantage through the successful generation, adoption and the application of new ideas, becomes critical and fits into the assertion of Saunila (2017) that the development of innovation capability is vital to gaining competitive advantage

### **3. Literature Review**

This section presents an overview of literature on Management Innovation, Performance Management and High Performance Organisations.

#### **3.1. Management Innovation**

Innovation, a multi disciplinary concept, is of interest to a host of management scholars and have defined it from multiple perspectives (Mol & Brinkinshaw, 2009; Martionez-Sanchez et al, 2009). Though Wolfe (1994) admits that there can be no one theory of innovation, it can broadly be defined as the creation and adoption of new ideas (Martionez-Sanchez et al, 2009) and the adoption of new product, service innovation, process innovation, technology innovation, structure or administrative innovation (Damanpour, & Schneider, 2006).

Since innovation has been established as a leading means of achieving high performance in organisations (Rahin, 2014), other forms of innovation such as Business Model Innovation (Prahalad, 2009; Markides, 1997); Technological Innovation, Product and Service Innovation (Damanpour & Schneider, 2006), and Management Innovation (Hamel, 2006) have been identified and researched by management scholars. Radical or incremental innovations (Cardinal, 2001) however relate to the degree of change that an organisation has to deal with be it low speed or fundamental (Rezazadeh, 2017).

Management Innovation (Hamel, 2006, 2009; Mol & Birkinshaw, 2009) may be perceived to be synonymous with Organisational Innovation (OECD, 2005; Camison & Villar-Lopez, 2014). It is also associated with Administrative Innovation (Daft, 1978, Damanpour, 1991) and Managerial Innovation (Hwang, 2004; Damanpour & Aravind, 2011).

Hamel (2006) and Mol & Birkinshaw (2009) operationalised Management Innovation as the generation and implementation of a management practice, process, structure or technique that is new to the state of the art and is intended to further organisational goals.

Therefore, the Management Innovation approach appears to challenge managers to think out of the box if they want their organisations to be high performing. It appears what really constitute management innovation has not been settled in the debate that characterises the subject matter but one thing which has been asserted by Hamel (2006, 2009) is that innovation of management principles and processes have the capacity to boost the competitive advantage of organisations.

The present study adopts the terminology and perspective of Management Innovation as used by Hamel (2006, 2009); Mol & Birkinshaw (2009) and associates it with the view that Management Innovation involves the introduction of management practices that are new to the firm and intended to enhance firm performance (Mol & Birkinshaw, 2009) and by extension increase the capacity of HPOs.

Flowing from the debate on Management Innovation, then, it is worth studying, at least to understand how it combines with the HPO dimensions to enhance the capacity of organisations to become HPOs.

### 3.2. Performance Management

The emergence of performance management as a scholarly discipline provides academics with the opportunity to debate its theoretical and empirical perspectives (Thorpe, 2004). Though research in the field of performance management is said to be relatively new and began to receive attention as an academic discipline in the 1990s (Kaplan & Norton, 1992), its roots could be traced to the era of the Industrial Revolution, Scientific Management, Bureaucracy and the Human Relations Movement among others (AMA, 2007).

The focus of Organisational Performance during the industrial age was access to financial capital (Fontannaz & Oosthuizen, 2007) which appeared to be an inadequate way of measuring performance. The inadequacy of financial measures led to various perspectives on goal attainment in organisations which created a fertile environment in the management literature for an on-going debate about how to boost organisational performance.

In fact, there appears to be an intense debate in the academic community as to where performance management is to be found in the management literature. Some researchers suggest that performance management should be a discipline on its own while others are of the view that performance management could be examined within the context of various disciplines in the management literature (Neely & Waggoner, 1998; Thorpe, 2004). From a practical and theoretical perspective, the study of performance management is a complex and multidimensional phenomenon (Dess & Robinson, 1984). In this article, the view that performance management is interdisciplinary is adopted. The focus and analysis for this article aims at the organisational level.

The search for holistic approaches to Organisational Performance stimulated researchers to rethink and develop new ways of measuring performance, which has led to differentiation between financial and non-financial measures of performance in the literature (Nilsson & Kald, 2002; Abdel-Maksoud, Dugdale & Luther, 2005). Since financial measures alone are considered to be insufficient, the need for broader measures arose (Abdel-Maksoud, Dugdale & Luther, 2005). It was therefore argued that managers need to create managerial processes, incentive systems and strategic decision making tools to achieve superior sustainable performance that will allocate resources, build competences for the overall development of the organisation (Gelhard & von Delft, 2016). As a result, there has been a shift in the paradigm from narrow performance measures to strategic performance measures, which has sparked a debate in the performance management literature as to what framework should be used to measure and predict high performance in organisations.

As a consequence to the search for holistic performance measures, the Balanced Score Card (BSC) was introduced and applied in organisations (Kaplan & Norton, 1992). The BSC relates to the application and measurement of elements relevant to organisational success and has metrics which attempt to assess organisational performance using a balanced set of four measures focusing on financial perspective, customer perspective, internal processes and organisational learning perspective (Thompson & Mathys, 2008). The emphasis on a set of balanced measures to be used in measuring organisational performance is perceived as the reason for its adoption by a number of organisations. The interest generated among management scholars led to other models developed out of the BSC such as the Aligned Balanced Score Card (Thompson & Mathys, 2008).

The BSC model has been criticised and deemed inadequate to measure high performance. Thompson & Mathys, (2008) for example criticised the BSC for its lack of understanding of the importance of processes within organisations, lack of understanding of the alignment between items on the score card, and the need for an understanding of how organisational strategy relates to the score card. Sartorius, Trollip & Eitzen, (2010) were of the view that the BSC is too simplistic and could not meet the demands of especially public sector organisations. The gaps in the BSC created an opportunity for a search for divergent and sustainable approaches to organisational performance (Fontannaz & Oosthuizen, 2007), and seems to provide the motivation for scholars like de Waal (2007, 2010) to put forward his HPO framework.

Though de Waal, (2010) acknowledges the contribution of the BSC to the research on High Performance Organisations, he unleashed criticism against the BSC as not scientifically based, it does not form an HPO framework, is limited to improving structural aspects of an organization, and was initially only intended as an improved reporting tool. In view of this, de Waal (2010) developed an HPO framework which is part of this study aimed at assessing the influence of Management Innovation and Organisational Performance via the HPO framework in an emerging market context.

### 3.3 High Performance Organisations (HPOs)

HPOs are perceived by The American Management Association (AMA) as companies that are role models of the organisational world to the extent that they become the reality of the world versions of a modern management ideal (AMA, 2007). Though the definition of HPOs by the AMA appears to be an apt description, the performance measures of organisations can also be viewed in terms of managerial processes and incentive systems (Gelhard & von Delft

2016), strong financial management (Brown & Eisenhardt, 1998), satisfied customers and employees (O'reilley & Pfeffer, 2000), high levels of individual initiative (Hobeche, 2005; Foster & Kaplan, 2001), productivity and innovation as well as human resource performance measurement systems (Becker & Gerhart, 1996; Delany & Huseilid, 1996).

De Waal (2010) defines HPOs as 'organisations that achieve financial and non- financial results that are better than those of their peers over a period of time of at least five to ten years' (de Waal, Duong & Ton 2009 p182; de Waal, 2010 p10 ). For the purposes of this study, the definition of HPOs by de Waal (2010) has been adopted because it appears to take care of the various dimensions of HPOs and provides a holistic view for examining organisational performance. In addition, this study focuses on the insurance industry in Ghana which has been described as a star performer over the last five years (Oxford Business Group, 2014). The next session distinguishes Management Innovation from the HPO dimensions.

### 3.2.1 Management Innovation (MI) and HPO Continuous Improvement and Renewal (CIR)

De Waal (2010) includes Continuous Improvement and Renewal in his HPO model and explains it among other things as the ability of the organisation to master its core competencies and outsourcing the non-core competencies. Continuous Improvement and Renewal stresses new alternative strategies to compensate for dying ones and, above all, it focuses on innovation of products, processes and services (de Waal, Duong & Ton, 2009; de Waal, 2010).

Management Innovation on the other hand, focuses on the innovation in management processes that influences organisation participants for goal attainment. It may be said to be that critical factor that the leadership of the organisation brings to bear on the performance of the organisation. That is why Management Innovation may have the capacity to change how managers do their job (Hamel, 2006) and the way the job is done in organisations (Mol & Birkinshaw, 2009)

Though Management Innovation and Continuous Improvement and Renewal appear to be innovation centred, Management Innovation may be much more applicable to the innovation of the management team of the organisation and, therefore, attempts to measure the difference that management makes to the performance of the organisation.

### 3.2.2. Management Innovation and Long- Term Orientation

This factor emphasises a good and long- term relationship with all stakeholders, be they employees, suppliers, clients/customers and the society at large. There is, thus, the need to network broadly, create mutual and beneficial opportunities to all stakeholders by ensuring a win-win relationship and to be generous to society (de Waal, Duong, & Ton, 2009; de Waal, 2010). In addition, if organisations want to be high performing they need to think beyond the traditional approach of doing things and must among other things, focus on customer experiences, and collaborative networks (Prahalad & Krishman, 2008).

Management innovation may, also, be said to focus on long-term because innovation is about new processes and procedures which aim at giving a competitive urge to Organisations (Hamel, 2006). However, Management Innovation focuses on the innovative ways of the Management Team, hence, it is useful to study the differences that exist between Management Innovation and Long-term Orientation so as to ascertain the contribution to the HPO model in an emerging market context.

### 3.2.3. Management Innovation and Workforce Quality

Workforce Quality focuses on the recruitment of a diverse and creative workforce which should continuously be developed and trained to accomplish extra-ordinary results. (de Waal, Duong, & Ton, 2009; de Waal, 2010). Workforce Quality appears to be innovation based because the workforce possess skills and abilities in their minds that managers of Organisations may tap to enhance Organisational Performance. However, it takes an Innovative Management team to harness the skills of the workforce to increase organisations capacity as HPOs. Hence, it is worth to studying how Management Innovation influences Organisational Performance via Workforce Quality.

## 4. Conceptual framework and hypothesis

The strategic management literature acknowledges the role of competitive advantage in High Performance Organisations but how Management Innovation is, also, related to the HPO framework has to be explored even though assumptions in the literature suggest that Organisations that implement Management Innovation may, also, gain competitive advantage (Hamel, 2006) and become HPOs. This study is of the view that organisations that are high performing, also, gain competitive advantage. This is because HPOs are expected to be excellent organisations which achieve better performance than their peers over a longer period (Jamrog et al, 2008; de Waal, 2010). In this regard, there is the need to establish the relationship that exists between Management Innovation and HPO factors under study. Hence, we derive the under listed hypotheses:

*H1: Management Innovation is positively related to HPO Continuous Improvement and Renewal.*

*H2: Management Innovation is positively related to HPO Long-term Orientation.*

*H3: Management Innovation is positively related to HPO Workforce Quality*

Drawing on the nature of Management Innovation which includes management processes and systems that enhance organisational effectiveness (Hamel, 2006; Mol & Birkinshaw, 2009) and performance it is further hypothesised that:

*H4: HPO Continuous Improvement and Renewal is positively related to Organisational Performance*

*H5: HPO Long-term Orientation is positively related to Organisational Performance.*

*H6: HPO Workforce Quality is positively related to Organisational Performance.*

*H7: Management Innovation is positively related to Organisational Performance.*

The relationships between Management Innovation and Organisational Performance via the HPO framework have been presented in Figure 1.

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Figure 1 here

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## 5. Method

### 5.1. Sample Population

To test the conceptual model presented in Figure 1 in an emerging market context, an invitation for a self-administered questionnaire was sent to insurance companies in Ghana. This research focuses on managers working in the insurance industry in Ghana. The insurance industry in Ghana is an important part of the Services Sector of the economy. The Services Sector contribution to GDP is 49.5 per cent (Ghana, Statistical Service, 2014). Though the contribution of insurance to GDP itself remains relatively low (and stands at 1 per cent) compared to South Africa's 14.8 per cent; it is higher than that of Nigeria which stands at 0.6 per cent (NIC, 2011).

Ghana has discovered and became an exporter of Oil since 2010. The emerging Oil Industry has wider implications for Ghana as an emerging market. Therefore, the insurance industry has to position itself in the management of the risks associated with the Oil Industry. In addition, a preliminary analysis reveals that out of the 42 insurance companies, the majority (constituting 88 per cent) are Ghanaian owned. Since the study aims at developing an HPO framework for Ghana, the insurance industry is preferred over for example the banking industry. The banking industry has over 80 per cent foreign ownership and is not well suited to test the HPO model in a Ghanaian context. Furthermore, research on the insurance industry is important because insurance affects aspects of other industries especially when it comes to the management of risk-related factors (Honyenuga, Tuninga & Ghijsen 2014). The industry consists of 42 companies in 2012 (NIC, 2011). Given the number of insurance companies is relatively small, the study used the whole population for the study which is bound to provide more accurate information than a sample (Singleton Jr. & Straights, 2010). Of those 42 companies, managers of 31 companies participated in the research. After six weeks of data collection, 186 managers from 31 companies responded to the questionnaires representing 74 per cent of companies in the industry. After applying inclusion criteria, 162 questionnaires were found to be valid and included in the analysis.

### 5.2. Measures

The questionnaire consisted of the HPO items of Continuous Improvement and Renewal (CIR), Openness and Action Orientation (OAO), Management Quality (MQ), Workforce Quality (WQ) as well as Long-term Orientation (LTO) (de Waal, 2010; de Waal, Duong & Ton 2009). However, the HPO factors of Management Quality and Openness and Action Orientation were excluded in the further analysis because they were not significant in the preliminary analysis (see Honyenuga, Tuninga & Ghijsen, 2014). The questionnaire also measured Management Innovation adapting the scales developed by Mol & Birkinshaw, (2009). This is a one factor measure of Management Innovation which appears to address specific issues concerning implementation of Management Innovation and distinguishes it from other forms of innovation such as; product and process innovation (Mol & Birkinshaw, 2009; Hamel, 2006). The final part of the questionnaire referred to the Organisational Performance items, which relate to industry average, market share, meeting of organisational objectives, among others (Delany & Huselid, 1996).

The study adopts existing and validated instruments to avoid the inconsistency and criticism associated with newly developed scales but, also, to cumulate findings required for theory

testing (Becker & Gerhart, 1996). A summary list of the survey items used to measure the above constructs is included in Appendix B.

### 5.3. Statistical Analysis

The study utilises Partial Least Square (PLS) path modelling with latent variables, as employed by SmartPLS 2.0 M3, to attain the parameter estimates in the measurement and structural models (Chin, 1998; Ringle, 2006; Ringle et al., 2010). PLS is preferred because it achieves high levels of statistical power with complex model structures or with small sample sizes; it is highly robust when missing values are below a reasonable level, maximises R2 values and used for predictive purposes (Hair et al., 2014). In line with Hulland, (1999) the model was analysed and interpreted in two steps: first, the reliability and validity of the measurement model was assessed followed by the assessment of the structural model. SmartPLS is, therefore, used to estimate the measurement model and the structural model (Ringle et al., 2005).

The psychometric properties of the measurement instruments, as assessed by SmartPLS, include reliability, convergent and discriminant validity (Tenenhaus et al., 2005). The standardised loadings are reported in Table 1; all Composite Reliability scores (CR) exceed the threshold of .7 (Gefen et al., 2000). Discriminant validity which denotes the degree to which items from one construct differentiate from items denoting a different construct was measured by comparing the magnitude of the square root of the Average Variance Extracted (AVE) in comparison to the value of the correlations - the former should be higher than the latter (Chin, 1998; Fornell & Larcker, 1981). All AVEs exceed the recommended cut-off value of .5 (Fornell & Larcker, 1981). To assess partial model structures and to evaluate the adequacy of the measurement model and the structural model (Chin, 1998); a two-stage process suggested by Henseler et al. (2009) was relied on to evaluate the model's fit. To assess reliability, the study relied on measures of Cronbach's alpha to check for composite reliability and outer loadings for internal consistency reliability, as well as the AVE as presented in Table 1. The measures of the constructs exceeded the recommended thresholds of .7 for internal consistency for CR and .5 for AVE.

## 6. Results

This section presents results model mediation of three separate HPO factors between Management Innovation and Organisational Performance.

Table 1 shows the reliability results which are all found to be above the cut off point of .7. The high reliability result may be explained from the fact that the scales used in this research have been tested in a number of studies and, therefore, appear to be acceptable measures.

Table 2 presents the convergent and discriminant validity which have been found to be adequate.

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Table 2 here

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Table 3 presents the goodness of fit indicators which are all adequate whilst Table 4 presents the results of the estimated research model and conclusion on hypotheses.

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Table 3 here

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Table 4 here

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### 6.1. Research Model

This section presents the estimated research model which is supported by the analysis as an example of a model of HPOs in Ghana an emerging market.

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Figure 2 here

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## 7. Discussion

The paper investigates the mediating role of HPO factors between Management Innovation and Organisational Performance.

The findings as indicated in Table 4 support a direct relationship between Management Innovation and HPO factors of Continuous Improvement and Renewal (H1), Long-term Orientation (H2) and Workforce Quality (H3). The study also supports a direct relationship between the HPO Continuous Improvement and Renewal and Organisational Performance (H4). Long-term Orientation, also, exhibits a direct relationship with Organisational Performance (H5). The relationship between Workforce Quality and Organisational Performance, also, exhibits a direct relationship (H5).

The main aim of this study is to investigate the mediating role of the HPO factors between Management Innovation and Organisational Performance. In this regard, and in line with Zhao et al. (2010), the study hypothesised a priori a direct positive relationship between Management Innovation and Organisational Performance. The analysis, however, failed to support a direct relationship between Management Innovation and Organisational Performance as indicated by H7 in the research model. This phenomenon rather supports mediation between Management Innovation and Organisational Performance with the HPO factors of Continuous Improvement and Renewal, Workforce Quality and Long-term Orientation (see Zhao et al, 2010).

The influence of Management Innovation and the HPO dimensions of Continuous Improvement and Renewal, Long-term Orientation, and Workforce Quality, could result in high performance. However, a higher performance could be attained when the HPO factors earlier discussed are combined with Management Innovation. The strong relationship between Management Innovation and HPO Long-term Orientation and Organisational Performance especially provides a basis to argue that when managers focus on Management Innovation in Organisations which, also, provides the opportunity to continuously improve and renew management process in organisations (Hamel, 2006), they are likely to achieve the desired performance. Organisations may, therefore, need Management Innovation and Continuous Improvement and Renewal factors to be on top of the game as HPOs. In the case of Workforce Quality and Continuous Improvement and Renewal, one can argue that managers should focus on human capital investments and organisational learning.

## **8. Conclusions, implications, limitations and suggestions for future research.**

This study investigates the relationship between Management Innovation and Organisational Performance via the HPO Framework. The results show that implementation of new and advanced management processes (Hamel, 2006; Mol & Birkinshaw, 2009) by themselves may not guarantee organisational performance as the unsupported direct relationship with Organisational Performance implies. Management Innovation is important because it may be perceived as a necessary condition for organisational performance but may not be sufficient to make organisations HPOs. This is in line with the assertion of Damanpour & Aravind (2011) that management innovation is a means to an end. This study emphasises that Management Innovation transferred through the HPO factors of Continuous Improvement and Renewal, Long-term Orientation and Workforce Quality by their influential and mediating roles provide the synergy to achieve Organisational Performance. This suggests that achieving higher organisational performance is not merely based on a simple introduction of Management Innovation but needs an enhancer and, therefore, could be considered a complex phenomenon.

Theoretically, the findings are in line with the RBV that firms with distinctive strategic resources that are not easily imitated would achieve higher performance. It is, therefore, suggested that for organisations to be on top of their competitors as HPOs, they should implement Management Innovation together with HPO factors of Continuous Improvement and Renewal, Long-term Orientation and Workforce Quality. This way, the organisation will become excellent and role models to the organisational world as put forward by Jamrog et al. (2008). The study, also, buttresses the argument of Damanpour & Aravind (2011) that organisational performance does not only depend on technological innovations, hence, organisations should focus on management innovation to increase performance and to attain competitive advantage (Hamel, 2006).

Important conclusions may be derived from the results. In the first place, the results of the study highlight the importance of understanding the effect of Management Innovation on Organisational Performance. Secondly, the present study extends the literature that though Management Innovation may be critical for performance of organisations, it needs to be combined with the HPO factors of Continuous Improvement and Renewal, Workforce Quality and Long-term orientation to attain the HPO status and become role models to other organisations in emerging markets.

The study demonstrates that Management Innovation on paper should lead to Organisational Performance, also, in an emerging market context, but when combined with the HPO factors of Continuous Improvement and Renewal, Workforce Quality and Long-term Orientation may increase Organisational Performance. This, therefore, provides managers in emerging African markets the opportunity to adopt and apply this framework so as to become HPOs. After all, if managers are aware of indicators which have the capacity to enhance their organisations to become HPOs, they could implement them.

The study focuses on quantitative data with its limitations. A qualitative approach which has the capacity for an in-depth understanding of the relationships could be considered in future studies. The analysis excluded HPO dimensions- Management Quality and Openness and Action Orientation in the further analysis. The reason for the exclusion of these two dimensions goes to support the view that Western Management Models may apply differently in an emerging market context (see Honyenuga, Tuninga & Ghijsen 2014). Nonetheless, these dimensions are part of the HPO framework and could be analysed in more detail in future studies. Besides Management Innovation and the HPO factors, other management practices could be of importance in increasing the capacity of HPOs.

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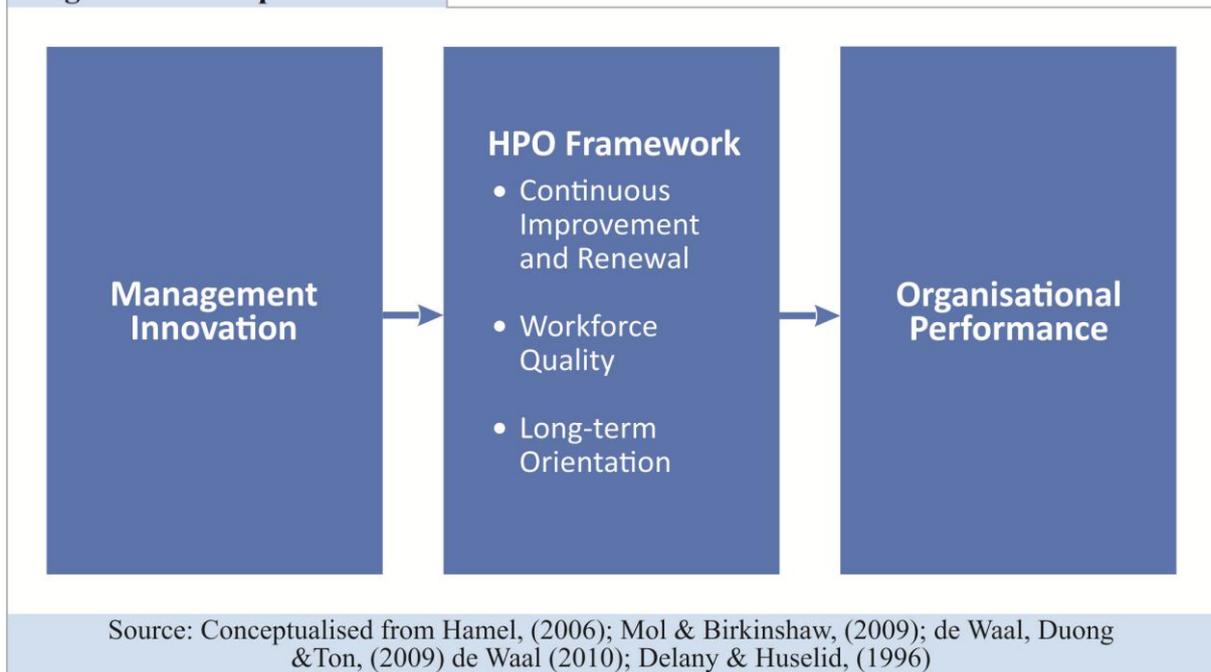
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## FIGURES AND TABLES

**Figure 1: Conceptual Model**



**Table 1. Reliability Results: Cronbach's Alpha, Composite Reliability and Average Variance Extracted (AVE)**

Latent Variable	Cronbach's Alpha (1)	No. of items	CR score (2)	AVE (3)
MI	0.938	15	0.945	0.535
HPO CIR	0.927	8	0.940	0.664
HPO LTO	0.766	6	0.844	0.527
HPO WQ	0.814	4	0.890	0.730
OP	0.921	11	0.933	0.561

1. All Cronbach's alphas are above the cutoff point of .7 hence adequate.
2. All CRs are above .7 (hence adequate).
3. All AVEs are above .5 hence adequate.

**Table 2 Convergent and Discriminant Validity Results**

	HPO CIR	HPO LTO	HPO WQ	MI	OP
HPO CIR	0.815				
HPOLTO	0.607	0.726			
HPO WQ	0.707	0.701	0.855		
MI	0.654	0.527	0.546	0.732	
OP	0.662	0.605	0.622	0.531	0.749

Note: Convergent and discriminant validity could be concluded as adequate.

Table 3 Goodness of Fit indicators

AIC	1642.67
BIC	1750.74
CAIC	1750.95
EN	0.56

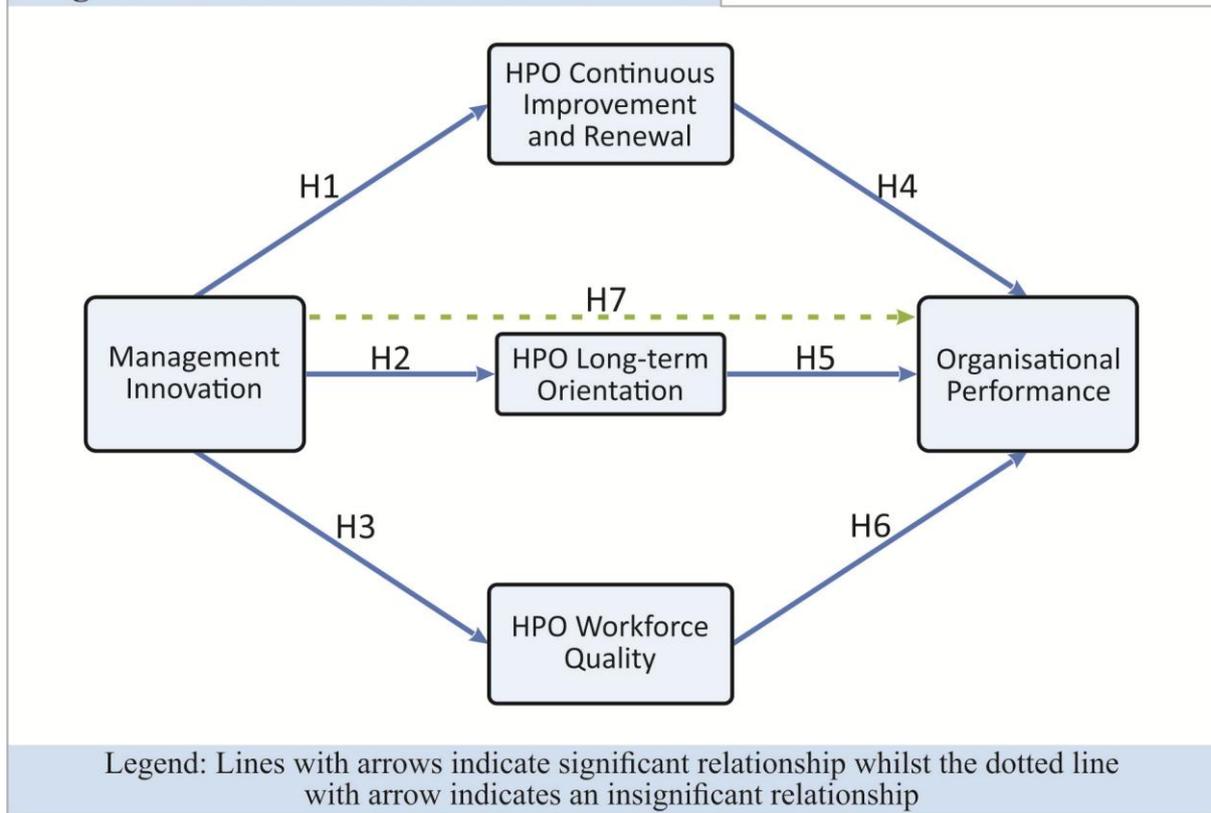
Note: All fit indicators appear adequate

Table 4 Results of estimated Research Model and conclusion on hypotheses

Hypotheses No.	Relationship	Beta-value	T-value	R2	Conclusion
1	MI is positively related to HPO CIR	0.65	13.54**	0.43	Supported
2	MI is positively related to HPO LTO	0.53	8.53**	0.28	Supported
3	MI is positively related to HPO WQ	0.57	8.32**	0.33	Supported
4	HPO CIR is positively related to OP	0.30	2.80*	-	Supported
5	HPO LTO is positively related OP	0.20	2.30*	-	Supported
6	HPO WQ is positively related to OP	0.26	2.41*	-	Supported
7	MI is positively related to OP	0.08	1.00	0.54	Not Supported

Note: (\*p <0.05, \*\* p<0.01) All relationships appear to be significant except the relationship between MI and OP. The R2 of the four endogenous variables seem adequate.

**Figure 2: The Estimated Research Model**



**APPENDIX A: Descriptives of the items**

Variable	Item	Mean	Std. Deviation	Loading	T-Value	Skewness	Kurtosis
<b>HPO CIR</b>	HPO CIR1	7.19	2.26	0.834	34.1	-0.85	-0.00
	HPO CIR2	7.35	1.98	0.845	25.0	-1.01	0.95
	HPO CIR3	7.01	1.92	0.842	22.0	-0.87	0.62
	HPO CIR4	6.88	2.03	0.858	32.5	-0.76	0.14
	HPO CIR5	7.25	2.82	0.783	19.3	-1.19	0.97
	HPO CIR6	7.20	2.56	0.717	15.2	-0.93	0.72
	HPO CIR7	7.38	2.61	0.803	25.5	-0.77	0.30
	HPO CIR8	7.38	2.12	0.828	26.2	-0.83	0.11
<b>HPO WQ</b>	HPOWQ1	7.73	1.73	0.764	18.4	-1.29	2.097
	HPOWQ2	7.41	1.83	0.825	26.6	-0.73	-0.06
	HPOWQ3	7.15	1.98	0.879	39.1	-0.84	0.32
	HPOWQ4	7.43	1.82	0.788	20.0	-0.81	0.64
<b>HPOLTO</b>	HPOLTO	7.65	1.70	0.834	23.3	-0.98	1.35
	HPOLTO	7.83	1.57	0.768	14.4	-1.19	2.42
	HPOLTO	7.99	1.67	0.759	13.5	-1.45	2.75
	HPOLTO	7.41	2.18	0.563	5.4	-1.10	0.81
	HPOLTO	6.96	2.30	0.736	16.5	-0.96	0.33
	HPOLTO	6.94	2.26	0.603	7.4	-0.93	0.39
<b>OP</b>	OP1	7.82	2.13	0.621	10.7	-0.67	-0.03
	OP2	6.45	2.25	0.696	11.4	-0.55	-0.21
	OP3	5.66	2.43	0.716	13.8	-0.29	-0.86
	OP4	5.83	2.42	0.794	19.9	-0.37	-0.7.7

	OP5	5.52	2.61	0.761	14.6	-0.30	-1.06
	OP6	6.63	2.33	0.835	25.9	-0.66	-0.37
	OP7	6.88	2.15	0.838	25.3	-0.82	-0.22
	OP8	6.78	2.10	0.764	19.0	-0.73	-0.03
	OP9	7.48	1.83	0.776	20.6	-1.10	0.94
	OP10	7.28	1.75	0.744	17.6	-0.79	0.32
	OP11	7.44	2.09	0.664	12.6	-1.07	1.10
<b>MI</b>	MI1	7.76	2.14	0.643	9.5	-1.55	1.74
	MI2	7.77	2.04	0.678	8.8	-1.51	2.32
	MI3	7.78	2.07	0.788	14.9	-1.24	1.27
	MI4	7.17	2.25	0.719	13.2	-0.83	0.44
	MI5	6.55	2.12	0.715	13.3	-0.64	0.82
	MI6	6.80	2.31	0.648	10.3	-0.88	0.15
	MI7	6.30	2.30	0.649	11.7	-0.68	-0.27
	MI8	7.56	2.03	0.652	8.4	-1.41	2.39
	MI9	7.33	2.05	0.764	14.6	-1.20	1.53
	MI10	7.17	2.19	0.773	14.8	-1.10	0.67
	MI11	6.59	2.22	0.787	21.8	-0.86	0.13
	MI12	6.29	2.21	0.767	18.7	-0.69	-0.25
	MI13	6.64	2.21	0.745	14.5	-0.74	0.032
	MI14	7.15	2.11	0.800	24.6	-1.10	0.87
	MI15	7.93	2.16	0.112	29.2	-0.94	0.63

## APPENDIX B: Measures

### Continuous Improvement and Renewal

- Our organisation has adopted a strategy that clearly sets it apart from other organisations
- In our organisation processes are continuously improved.
- In our organisation processes are continuously simplified.
- In our organisation processes are continuously aligned.
- In our organisation what matters to the organization's performance is explicitly reported.
- In our organisation both financial and non-financial information is reported to organisational members.
- Our organisation continuously innovates its core competencies.
- Our organisation continuously innovates its products, processes and services.

### Workforce Quality

- The Management of our organisation always holds organisational members responsible for their results.
- The Management of our organisation inspires organisational members to accomplish extraordinary results.
- Organisational members are trained to be resilient and flexible.
- Our organisation has a diverse and complementary workforce.

### **Long Term Orientation**

- Our organisation grows through partnerships with suppliers and/or customers.
- Our organisation maintains good and long-term relationships with all stakeholders.
- Our organisation aims at servicing the customers as best as possible.
- The Management of our organisation has been with the company for a long time.
- New Management is promoted from within the organization.
- Our organisation is a secure workplace for organisational members.

### **Management Innovation**

- Our management made major changes in the business structure over the last 3-5 years
- Our Management introduced new practices into the organisation over the last 3-5 years
- Our management implemented a new corporate strategies over the last 3-5 years
- Our Management significantly changed our corporate strategies over the last 3-5 years
- Our management implemented advanced management techniques within the organisation over the last 3-5 years
- Our Management significantly changed our organisational structure over the last 3-5 years
- Our management implemented diversified organisational structure over the last 3-5 years
- Our management introduced new marketing concepts into the organisation over the last 3-5 years
- Our management implemented new marketing strategies over the last 3-5 years
- Our management focuses the workers to commit to a big picture of the organisation over the last 3-5 years
- Our management reinvented our work processes over the last 3-5 years
- Our management comes out with novel management principles over the last 3-5 years
- Our management redefine our organisation over the last 3-5 years
- Our management improved the business performance of our organisation over the last 3-5 years
- Our organisational success over the last 3-5 years can be traced to the innovation of our management

### **Organisational Performance**

- Compared with the industry average, we are more profitable.
- We have been registering better returns than any other firm in the industry.
- We have the highest portfolio in the industry.
- The firm's outreach is so far the best in the industry.
- Our market share is the highest in the industry.
- We have a high performance culture.
- We have superior capabilities and execution of duty.
- Over the past five years, our organisation met its performance objectives.
- We have high –performing people, in the jobs where they can have the most impact.
- Our front line consistently execute well on activities that are critical to success.
- In general, our organisation is performing better than it did five years ago.