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ORGANIZATION LEADERSHIP & DEVELOPMENT QUARTERLY

Centre for Organization Leadership & Development

2020

Financial Reward Management

Creativity & Innovation

Corporate Governance & Strategy

Purpose of the Corporation

Welcome to the 2020 OLDQ Edition!

The Organization Leadership & Development Quarterly (OLDQ) adheres to its Editorial Mission and strives to publish scholar-practitioner articles with deep philosophical orientation and transformative value. – *Dr. Justine Chinoperekweyi*

Advancing OD Theory, Practices, and Values

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Advancing the OD field

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EDITOR'S NOTE

Welcome to the year 2020 Editions of *Organization Leadership and Development Quarterly (OLDQ.)* Our Volume 1 publications received greater attention from different researchers, scholar-practitioners and academic institutions. As the Volume 2 Editions begin, we maintain our Editorial Mission and continue striving to advance the science, theory, practices, and values of organization leadership and development. Having concluded the 2019 Editions of the OLDQ with great achievements, we seek to attract insightful contributions from various scholar-practitioners across the globe during the year 2020.

We are looking forward to have our articles refined in terms of philosophical orientation and transformative value embedded in the OD field's dual identity. We also seek to continually strengthen our Editorial Board and peer-review process in order to accurately bridge the academe-practice aspects of the field. The OLDQ also seeks to leverage on its strategic partners in order to share the field's emerging concepts and success stories from different scholar-practitioners. During the year 2020, we believe the Editorial Mission can only be broadened through network embeddedness and the focus on transformative value. We continue to ensure a multi-sectorial coverage of OD, leadership and corporate governance concepts. To buttress our evolution as one of the prime global scholar-practitioner journals, we have embarked on the appointment of additional members to our Advisory and Peer-Review board. The appointments are aimed at ensuring improved focus on our Editorial Mission and bringing diverse perspectives to our publications. We sincerely welcome on board our new advisory members and look forward to immense contributions to the OLDQ Editorial Mission.

This *Issue* covers three fundamental topics in the contemporary scholarship and practice which are creativity & innovation, corporate governance & strategy, and remuneration. The need for organization development and leadership interventions in these areas cannot be overemphasized. Thank you so much for taking time to read this *Issue*. The world is no better place without engaging into insightful and transformation-focused conversations. Hence, we welcome your feedback and OD success stories as we advance the field of Organization Leadership and Development.

Be part of our transformative agenda. Share your insights.

Managing Editor

Dr. Justine Chinoperekweyi

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Our mission is to share and ignite insightful conversations that enhance knowledge, skills, and application; and strengthen synergies among OD professionals and organizations.

Editorial Contributions:

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Financial Reward Management as an OD Intervention to Drive Employee Satisfaction

Tabani Ndebele

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Abstract

The present study focused on analyzing the relationship between financial reward management and employee job satisfaction. Empirical literature indicates that reward systems form part of the mostly researched subjects in management and organizational behavior. Organization development scholars and practitioners emphasize the need for effective reward management in order to improve employee productivity. Reward management encompasses the development, implementation, and communication of organizational reward processes. Reward processes in organizations can be divided into financial and non-financial. This study was informed by the Expectancy Theory view that money is the significant motivator for most people and extrinsic motivation is closely connected to the link between effort and reward. The study reviewed empirical, theoretical, and related literature covering remuneration and employee satisfaction. The study adopted the interpretivist epistemology and subjectivist ontological position using a mixed method design. An abductive research strategy was adopted to support the exploratory, explanatory and descriptive nature of the study.

Keywords: *rewards, reward management, OD intervention, remuneration*

Introduction

According to numerous academicians, theorists, managers, and practitioners, reward systems are regarded as a key determinant of employee satisfaction and productivity. This has led to considerable amount of literature being developed in order to understand the relationship between reward systems and employee satisfaction. Empirical literature indicates that reward systems forms part of the mostly researched subjects in management and organizational behavior. Armstrong and Murlis (1998) emphasized the need for effective reward management in order to improve employee productivity. Reward management encompasses the development, implementation, and communication of organizational reward processes. Reward processes in organizations can be divided into financial and non-financial. This study is informed by the Expectancy Theory view that money is the significant motivator for most people and extrinsic motivation is closely connected to the link between effort and reward (Thorpe and Homan, 2002). According to Al-Shaiba and Habtoor (2015) designing an effective rewards system is fundamental to business enterprises as it increases employee job satisfaction and fulfills employees' needs that also increase the interaction between the employee and the organization. In line with Maslow's Hierarchy of Needs, people join the organization for certain motives such as income, job security and satisfaction of social and psychological needs.

The concept of job satisfaction is regarded as difficult to measure, yet it is a major determinant of organizational performance (Laschinger, 2001). Job satisfaction refers to the employees' feelings for the job (Riketta, 2002). The central concern of this study is to analyze the correlation between financial reward systems and employee performance. The main objective is to show whether the financial reward systems influences employee satisfaction and eventually organizational effectiveness.

The increase in the rate of employees' turnover and absenteeism alarmed most industry players to develop schemes to overcome employee-related issues. Organizations design and develop a scheme of reward systems and compensation as way of reducing employee turnover among other objectives. This scheme is targeted at attracting the right people in the right position. The rewards and compensation system are implemented to ensure the retention of employees. Compensation is one technique for talent management such as attraction and retention. On the other hand, organizations need the tools on mapping the potential talents of the employees; professional and technical. Compensation develops satisfaction or dissatisfaction being part of the team, creativity and productive workforce.

In the number of employees, more workers expect to get high salary, benefits and bonuses and recognition that they think will satisfy them. According to Mishra (2013), job satisfaction is a result of attitudes in many areas such as specific job factors, individual characteristics and group relationships outside the job. This study shows the impact of financial rewards on employee job satisfaction. According to Robbins and Judge (2013) job satisfaction is described as positive feelings about the job which is a result from the evaluation of its characteristics. The person with high level job satisfaction level has the highest positive feeling about his job while the person with low level holds the negative feelings.

Based on qualitative research, this study will address the impact of financial reward systems on employee job satisfaction in order to ensure employees perform their duties according to the standards and human resource policies of an organization. Theoretical and conceptual issues regarding financial rewards and employee satisfaction will be reviewed.

Research Objectives

The general objective of the present study is to critically analyze the impact of financial reward systems on employee job satisfaction. To achieve this broad objective the research will further address the following specific objectives:

- To analyze the different forms of financial rewards in relation to OD outcomes.
- To explore the role of reward management as an OD intervention.
- To assess the strengths and weaknesses of financial rewards in relation to employee job satisfaction.

Literature Review

According to Taylor (2016), literature review discusses the systematic analysis and critical understanding of someone else's research or study pertaining, and or relevant to your own particular study case or topic. It deals with how the current researcher interprets the previously given research which he or she could incorporate within her own research.

Reward management is a quickly developing field in the field of management and organizational behaviour. According to Al-Shaiba and Habtoor (2015) one of the most important factors to increase the job satisfaction is based on the rewards systems. This is a belief since the interests of the employees are met when rewards are given to them. Designing the company's rewards needs a proper and strategic planning as it results to the resistance of the employees whenever they feel bias and not justified well. The 'Soft Variant Model' as developed by the Harvard Business School emphasizes the human aspect of human resource management based on four policies: rewards systems, designed to attract, retain and motivate; human resource flow; employee participation in decision making processes; and work systems aimed at producing the best outcomes (Sparrow and Hiltrop, 1994; Beer *et al.,* 1984). Reward systems are a fundamental aspect of human resource management and employee motivation.

Rewards systems consists of the integrated policies, process and practices for rewarding the employees according to the contribution and performance. Their skills and competences are worth rewarding. Reward is defined as anything that can be given to the employees extrinsically or intrinsically that improves and develops the behaviour of the employees toward work and the organization (Goodale *et al.,* 1997). Reward systems should be designed with a consideration of the organization's strategic intent (goals, objectives, mission, and vision) (Armstrong and Murlis, 1998). The authors further emphasized the role of reward systems in shaping organizational culture.

Every company needs reward system for the employees to address the areas where they need most such as salaries, benefits, recognition and appreciation (Jones, 2013). However, Lin (2007) said that the problem with the system in many businesses is doubled wherein a winning system should recognize and reward the employees based on performance and behavior. Ajila and Abiola (2004) added that performance is the easiest way to address due to the direct link of the goals and final outcomes set and created by the employees.

Financial Rewards

Remuneration is defined as pay or reward given to an individual as compensation of their work effort. Financial rewards include salary, bonuses, transportation allowances, housing allowances, medical allowances, and pay meal facilities. These are a form of extrinsic rewards. Extrinsic rewards cover the basic needs of the employees in order to survive. A feeling of stability and job security is also part of these rewards. Hellriegel (1999) said that extrinsic rewards are outcomes by the organization such as the salary, status, benefits and job security. Employees are not satisfied when they have not accomplished something worth in work and when they accomplished it without any recognition by the organization (Nawab, Ahmad and Shafi, 2011). Deci (1971) stated that extrinsic rewards are those which have physical existence and are cash-based rewards. Examples are performance pay, salaries, bonuses and indirect forms of payment. Lazear (2000) supported the statement and argued that social climate of organization, job security, increments and overtime payments are also included under the domain of extrinsic rewards. Compensation, according to Caminiti (2005), would include rewards when the business offer money as payment for various incentives; bonuses and other performance pay.

Compensation is given to the individual as payment for the exerted effort in the business. Parks (2013) argued that staff must also subject for rewards whenever they attain the objectives which is set with them. Performance pay and salaries are factors that influence job satisfaction. Money is said to be the frame of reference that examines everyday lives of beholder. However, it is possible as well to pay higher wages and lower benefits to satisfy the needs of the employees. These benefits do not suit for all the employees. Workers differ in giving values to different benefits. Managers of human resources need to determine the components of compensation that satisfy the employees. The survey of Eurofound revealed that workers who are less - paid were most unhappy in earnings with comparison to the workload. Retail and distribution sector has the highest number of unhappy workers (Eurofound, 2013).

Benefits of Financial Rewards

Higher pay attracts people

Offering an above average pay helps in luring good employees who can influence the business bottom line. It is one of the most effective ways to attract current employees and the incoming ones. Employees are essentially saying that they are above average at work that increases their esteem and personality (Al-Shaiba and Habtoor, 2015). High salaries incentivize culture of high performance of employees. When people perceive that they are getting more salaries it compels them to exert more effort at work. These people will work harder to show that they deserve the money they receive.

Easy and Straightforward

Financial rewards are easy to implement and known to be very straightforward way of rewarding the employees who deliver the highest level of performance. Employer usually adopts the financial reward scheme whenever they wish to reward their hardworking employees (Chaudhry, *et al.,* 2016).

Boost Employees Morale

Employees work hard to be recognized and be rewarded for their high performance. The practice of financial rewards helps in boosting the productivity of the company and an easy way of offering extra compensations to the employees. This boosts employee's morale or how happy the workers are in their job and their hard work to gain more financial benefits which can influence job satisfaction of employees (Wisestep, 2018). As a result, employees won't want to leave. A well compensated and good culture will more likely for the employees to stay in their job in a long term. The longer employees are in the company, the more they understand the system and the more they build confidence.

Improves Work Atmosphere

A financial reward scheme provides a feeling that the work is getting noticed and expects that they will always be paid in every accomplishment (Chaudhry *et al.,* 2016). Employees feel satisfied in such situation and they even think of innovative ways that will push them to meet and accomplish their target. This builds positive approach towards their work and improves the entire working environment.

Fair Judgmental Tool

Employee is focusing at work can produce more time period and employees who works hard can achieve the company's goal. Hence, financial reward is a fair tool to judge the employees performance. In case there are more employees who performed well, employers must offer each one of them with monetary rewards based on the performance percentage. Financial rewards therefore act as fair tool to judge the performance of the employees. When employees feel that rewards are well distributed according to performance, satisfaction starts.

Ideal Alternative to Promotion

Promotions can be replaced by possible financial rewards. Employers offer types of rewards as greet for employees performance (Al-Shaiba and Habtoor, 2015). Financial reward is offered for immediate satisfaction to the employees, and then some businesses award their employees in the event that they cannot give promotions while avoiding losing high performer employees (Chaudhry *et al.,* 2016).

Disadvantages of Financial Rewards

Financial rewards can lead to few disadvantages even though it boosts productivity and satisfaction of employees

Financial Rewards may seem an entitlement

One main disadvantage of financial rewards is that other rewards or non-financial rewards seem just entitlement to the employer. In most cases employees end up getting more interested only in financial rewards other than intrinsic ones. Employees are not satisfied on their job when they do not receive any monetary rewards (Chaudhry *et al.,* 2016).

Financial Rewards can sometimes become de-motivating

There are chances that the company is sometimes not capable of giving rewards to the employees in the specified time. Also, some organizations cannot provide rewards to all employees. This de-motivates employees who do not get and the rewards while those who get feels satisfied of the job they did. Thus, create dissatisfaction to other employees. In another way, there are chances that employees who strive more to achieve their target but are not able to achieve due to market related factors may end up dissatisfied and work less hard.

Most of the, Financial based rewards plan is created by the organization which help them rewarding the best employees in the company. Employees who not get or less get the financial rewards may compare themselves to others and may overlook to the performance factor hence develop sense of inequality. Employees who less get rewards will never achieve his desire and level of satisfaction which according to Mahaney and Lederer (2006) "*satisfaction is the contentment* *of a desire which is come true or to achieve sacred fulfillment from a wish"*.

One reason of job dissatisfaction is due to unfair distribution. Cadsby (2007) aimed to indicate solutions for job dissatisfaction were financial incentives and system of distribution to employees. His study concluded that there is a positive impact of distribution of financial rewards to employee's job satisfaction thus, increase performance at work. When reward is unfairly distributed, there is a high percentage of employees not interested in this kind of incentives. According to Mahaney and Lederer (2006) "*Fair distribution of extrinsic rewards develops trust and enhances employees' satisfaction and organizational goodwill which motivates employees towards productivity".*

Employee Satisfaction

Job satisfaction is regarded as a theoretical construct that is closely related to employee motivation (Smith *et al.,* 1969). This theoretical construct is supported by such behavioral theorists as Maslow (1954), McGregor (1985), Herzberg (1986), and the Hawthorne Experiments. These theories emphasize the importance of understanding the sources of employee satisfaction and dissatisfaction. Robbins (1998) pointed out six work related factors influencing employee job satisfaction: 1) mentally challenging work, 2) equitable rewards, 3) supportive working conditions, 4) supportive colleagues, 5) personality, and the 6) individual's genetic disposition.

Job satisfaction is derived from either extrinsic or intrinsic motivation. Based on Expectancy Theory, money is the most significant motivator of most employees. There are two reasons to support this view: 1) the instrumental role of money to cover pressing human needs, and 2) money being the tangible instrument for recognizing people's effort and contribution (Thorpe and Homan; Armstrong and Murlis, 1998). Financial rewards therefore help to improve employees' self-esteem. Herzberg Theory indicates that money is a "hygiene factor" which can cause dissatisfaction.

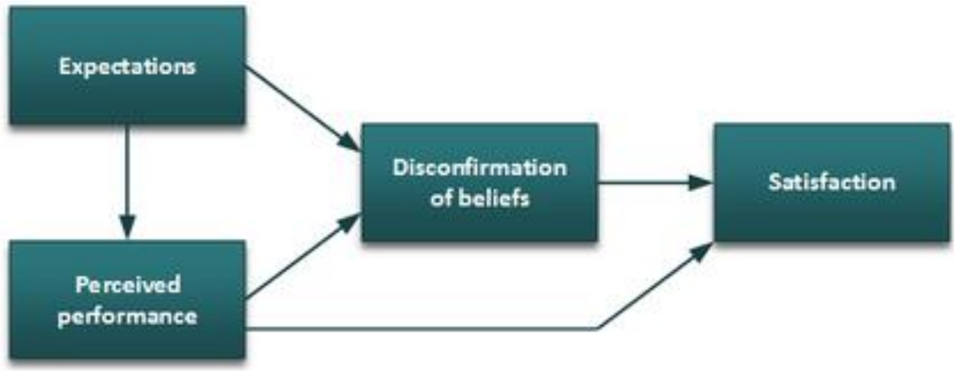
Debates between financial reward management and job satisfaction

According to Beer *et al.,* (1984) designing rewards management system is fundamental to organizational effectiveness. However, the process is most challenging for managers. The issue of rewards management has the greatest contradiction with respect to the promise of theory and implementation reality. The need for high performance work systems has been introduced under the New Pay Philosophy (Whitfield and Poole, 1997). This pointed out to the relationship between rewards and overall corporate strategy. Armstrong and Murlis (1998) reinforced the need for organizations to be strategic in terms of payments and rewards under the "new pay philosophy". This requires a clear definition or organization's goals and objectives in order to ensure consistency when designing the rewards systems.

Another debate area falls within best-practice versus best-fit. Best-practice emphasizes the reliance of specified or predefined practices that are globally applicable and have universal value. The best-fit (contingency school) deals with context or organizational specifics. The best-fit view stresses strategic alignment of reward systems and other human resource policies (Thorpe and Homan, 2002).

The Expectancy Theory also introduces debates between reward systems and employee job satisfaction. The theory emphasizes that money is a significant motivator for most employees, and financial rewards guide people to specific directions (Thorpe and Homan, 2002). The Expectancy Theory focuses on the extrinsic motivation. However, it also explains that intrinsic motivation can be more powerful than extrinsic motivation.

This type of model predicts the employees' behaviour and would deploy the necessary strategies which are based on the employee-satisfaction level (Iraj, 2014). The model is normally used in consumer behaviour but in this case it is reviewed in context of employee satisfaction.



As depicted in the Figure above, the first step is to let the employee form an initial expectation about the reward. The next step is after a period of employment, the employee would form a perception about the expected reward versus performance. This stage needs to be effectively managed to minimize negative cognitive distortions. The third step is that the employee assesses the perceived fairness of the reward. Then the last step, the employee will form a level of satisfaction to the reward.

The Equity Theory covers principles that determine job satisfaction, such as executive remuneration, comparable worth, and equal value. The theory addresses the issue of fairness or unfairness in the distribution of rewards and the resulting cognitive distortions that result in response to employees perceiving elements of unfairness. Organizations should strive to achieve equity in rewards (Thorpe and Homan, 2002). Pfeffer (1998) found out that organizations with better rewards systems are more productive.

Research Philosophy

Research philosophy enables the researcher to find and decide the proper approach to be used in research deriving from the questions, and to analyze and use the data gathered. Analyzing of the impact of financial reward systems on employee job satisfaction used interpretivist approach in which ideas and opinions of the respondents will be collected. According to Hatch (2002), interpretivist approach is a research that understands the perception, belief, and the characteristics of the person towards the study. The variables under study, that is financial rewards and employee satisfaction, are behavioral issues which the researcher adopts a subjectivist ontological position in order to interpret the responses. This view is supported by behavioral theorists: Maslow (1954), McGregor (1985), Herzberg (1986), and the Hawthorne Experiments.

Findings & Discussions

Financial rewards are not significant to job satisfaction of an employee. According to the study, employees being paid well feel that they are appreciated for the job they did whereas employees who receive lesser amount feels lack of appreciation in their part. The importance of pay and bonuses in satisfaction of employees towards work could never over emphasis since employee works for his salary and once he did not get it the tendency of frequent absences and dissatisfaction arises. However, the study also indicated that once financial rewards such as bonus is given for the job well done, employees tend to do more and as a result there are chances of increase of salaries that also satisfies the employees. This implies that the employees are not being fairly paid for the work they did. Hence, there is no significant impact of financial rewards to the employees as they are not satisfied with the amount of salaries they receive but relative to some circumstances.

Fair Distribution of financial reward is significant to the job satisfaction of employees

Fair distribution of financial rewards is not significant to the job satisfaction of the employees as they do not receive fair bonuses. Financial rewards such as bonuses and pay are not significant to job satisfaction of employees as these are not fairly distributed. Dissatisfaction on job starts when bonuses and other benefits are not fairly distributed to all employees however once the employees receive fair amount of what others receive, they tend to do more and even becoming productive at work. The study says that financial rewards boosts performance of the employees and increases level of satisfaction when they feel that they their works are paid equally and fairly.

Pay and bonuses have significant impact to job satisfaction of employees

Pay and bonuses have no significant impact to job satisfaction of employees as employees are not satisfied with the system. Pay and bonuses impact job satisfaction of employees. Bonuses are not consistent and unfairly distributed, and thus, it decreases morale of an employee and allows himself not to do work and continue working. Study said that employees are dissatisfied when there are no consistent financial rewards where some employees receive bonuses not every year. In addition, an employee who receives annual bonus feels important on the job hence the tendency is to work harder and show satisfaction at work. It can be observed that the work atmosphere also improved when the employees receive the right pay that also boosts them to do their job well. Better work atmosphere also increases the morale of an employee to do things better. In addition to, the study says that financial rewards like pay and bonus are not excellent alternative for promotion. Promotion satisfies also employees as it also comprises of increase of salaries. Rather, promotion is also a motivational factor to satisfy the employees at work. Bonuses can decelerate teamwork. This is when it is given to selected employees only and when there is unfair distribution. Employee who does not receive will be de-motivated and as a result their work will be less productive, they might start absences and lack of support to their colleagues that destroys the unity of the team. Some employees might think that they are weak compare to others and that starts of questioning their performance at work. Therefore, employees are encouraged to perform even better when they receive good salary, increase the salary of receive fair bonuses.

Strategies to enhance Employee Satisfaction

Performance Management System – The financial rewards need to be complimented with a robust performance management system that treats all employees equitably. The development of a performance management system within an organization will increase employee motivation through ensuring the employees are rewarded for their efforts and contribution. This will also ensure employees get career development and training opportunities. Performance appraisal systems help employees to feel part of the organization and motivating employees by rewarding high performers (Tami and Alizera, 2000).

Career Development Opportunities – organizations need to provide all employees with career development opportunities. Lack of career development opportunities affects employees' motivation. Career development ensures employees adapt their skills, technologies, and competencies thereby feeling valued by the organization. Career development ensures employees get motivated if their expectations are linked with specific actions. In complimenting financial rewards, the provision of learning and growth opportunities help to improve employee motivation (Armstrong, 2001).

Empowerment and Participation – Employees need to be involved in the decision-making processes of an organization. This will help to facilitate effectiveness and motivation. Empowerment, especially of the lower level employees helps them to take responsibility for their work. The adoption of participative reward management allows employees to share their thoughts.

Conclusions & Recommendations

Literature indicates that financial rewards are instrumental in fulfilling employees' basic necessities. Financial rewards are a symbol of triumph and accomplishment. The research has provided a very significant input to the literature on the relationship of financial rewards to employees' job satisfaction. The study concluded that salaries have no significant impact to job satisfaction of employees. There is no significant impact of financial rewards to the employees as they are not satisfied with the amount of salaries they receive but relative to some circumstances. Employees being paid well feel the appreciation that increases their morale at work while those who are not feel dissatisfied.

It is also concluded that distribution of financial reward is not significant to job satisfaction of employees. Bonuses and pay are not fairly distributed amongst the employees that create dissatisfaction towards their job.
Pay and bonus were not distributed fairly that impacts performance of an employee at work. Employees cannot even provide planning finances since salaries are not same for everyone. Employees look for increment in wages rather than bonus however, both were not given according to their interest. Employees are not satisfied with this system therefore pay and bonuses have no significant impact to job satisfaction of employees.

Generally, financial rewards are pivotal to employee satisfaction, and salary is the most motivating factor because it enables employees to fulfill all other needs with dignity and stability. Salary is considered a symbol of status and enables employees to develop a sense of belongingness.
Organizations need to provide training and career development opportunities to employees in order to enhance motivation. There are currently no training programs offered by employees in line with reward management and motivation.

It is evident that employees are motivated by fair and transparent performance management system. Employees should be appraised fairly and the reward system should be aligned to employee performance and contributions,

Empowerment and employee participation in decision-making is pivotal to enhancing employee motivation. The company should encourage all employees to participate in decision making processes. Employee ideas should be welcomed and encouraged.

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Creativity and Innovation: Pathways to Organizational Effectiveness

Andrew Chinoperekwei

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Abstract

To many organizations and developing economies the process of innovation and creativity is still foreign but some organizations have already embraced the significance of these two and the organizations have succeeded. Many organizations fail to develop and grow their operations because of lack of innovativeness and creativity within their operations, which then results in less economic success. Many large corporations like Facebook and Tesla have expanded their capacity and succeeded because they have comprehended the significance of creativity and innovation in their day to day activities. Empirical literature shows that most organization in developed economies have used innovativeness and creativity as paths to sustainable growth and development. This article submits that some organizations who are still struggling need to create a working environment that promotes creativity and innovation. Less developed economies need to encourage and foster policies that promotes innovation and creativity. Contemporary organizations need to realize that innovation and creativity work hand in glove since creativity is the ability to produce new and unique ideas, then innovation is the ability to implement that creativity. Creativity and innovation within a well-run company have always been recognized as a sure path of success. Most large corporations have also established environments where the employees are filled with the desire to create, innovate and maximize their full potential, or fully utilize their expertise for the betterment of the company. If organizations encourage the management team and its workers to think outside the box and provide time and resources for the workers to explore new areas for innovative ideas, cost effective business solutions are brought to the firm. Organizations need to understand that the application of creativity and innovation to every aspect of their operations will enable them to stay ahead of an ever-changing marketplace and competition. For both established and new firms, innovation and creativity is important in a dynamic, changing environment and failure to innovate by firms will cause customers, employees and community at large to suffer. The business environment is volatile so organizations need to be innovative which means that the working team should be capable of identifying useful ideas and convert them into useful products, services or processes or methods of operation.

Keywords: Creativity, Innovation, Organizational Effectiveness

Introduction

Innovation must be at the heart of every economy and organization operating in the twenty-first century. Innovation is a process of converting opportunities (ideas) into marketable solutions (Kuratko, 2009). This means that with innovation one has the ability to either create new wealth producing resources or endows existing resources with enhanced potential for creative wealth. Innovation is the pathway for companies and economies to accelerate their pace of change in the global environment. Corporate innovation means developing the entrepreneurial spirit within the organization boundaries, thus allowing the atmosphere of innovation to prosper. Creativity is the ability to come up with new and different viewpoints on a subject. Organizations need to encourage workforce creative thinking since creative thinking motivates the workers to be sensitive to problems, deficiencies, gaps and missing elements at work, searching for solutions, formulating hypotheses about the deficiencies, testing and retesting them and communicating results. For any organization to be more effective and efficient there is need to motivate workers to be creative thinkers and other researches states that two aspects are involved with creativity which is people (workers) and process; the process is designed to attain a solution from a problem, and people (workers) are the resources that determine the solutions. For economic transformation to be experienced through innovation there is need to organize resources so as to create, diffuse and sustain this system and know how to leverage investments made in science and technology, research and development with the ultimate goal of reaping rewards in-terms of wealth creation and improved standards of living (Gerguri and Ramadani, 2010). In new organizations and the developing economies there is need to promote technological innovation and its diffusion so as to attain both organizational and economic prosperity.

Most innovation efforts are failing and in turn cost money to the organizations therefore the article suggest that innovation and creativity should be planned and properly managed so as to have an innovation process which is dependable and less risky. It is essential for every organization that desires to grow to clearly articulate its innovation tactics, build a creative team that generate and evaluate meaningful novel and practical ides. To fully comprehend the benefits of innovation and creativity the organization should have an innovation culture (the culture that promotes generation and implementation of ideas), which is effective right from the top management down to the peripheral working team thus both creative leaders and workers. Every organization needs to understand that failure to have creative leaders in an organization will lead to organization failure and competitors will take advantage of the organization. According to Alla Tkachuk, creative leaders drive innovation and are the champions of change to whom companies look for creative solutions. Lack of these leaders will lead to the development of weak and lazy workers who are motivated to create and innovate. Companies also need a creative workforce this means that companies must know how to train, recruit, and retain creative employees. The article notes that because of corruption in many countries like Zimbabwe, organizations no-longer understand the significance of recruiting creative working team rather the human resource managers employ their relatives, who are only after income. Researchers suggest that the governmental policies of an economy should be able to stimulate institutional research and creativity of the future workforce so as to ensure effectiveness and sustainability of innovation.

Organizations in the 21st century need to exploit both creativity and innovation so as to boost performance of the workers. The working environment needs to be creative friendly so as to support the talents of the workers and allow the organization as a whole to flourish. Many workers leave the offices the time they are expected to, but organizations should have a team which is dedicated to be at work to an extent that they leave the workplace when they feel ready to. James Brian Quinn suggest that organizations need innovative teams (I-teams) among its workers, these workers have the potential for producing innovative results which leads to organizations productivity breakthrough. Make sure the staff is positive and motivated to be at work because great ideas don't come from people (workers) who are bored and stressed. Such an environment (with positive minded workers) will enable the workers to assist in depicting the inner culture of the firm in a way which is appealing to customers. If the staff is motivated always they will find ways to maintain a better goodwill (good image) for the company, which means they create a business image which is likeable to the customers. A research published by Fleximize.com states that allowing the employees to be more creative can inspire them to come up with more interesting ideas as well as improve their overall output. Many of the world's leading companies have started to adopt unorthodox methods of encouraging maximum creativity from their employees.

There seems to be a relationship between innovation and the rate of economic growth but many understand this relationship to a lesser extent. Innovation is about thinking new and better ways of doing business in an economy and try to put them out in practice or taking the risk to actually put the ideas in practice. Other researchers describe innovation as the essential driver of economic progress that benefits consumers, businesses and the economy as a whole. Through innovation new technologies and new products are brought and they assist in addressing the global challenges. New technologies will enable the companies to produce quality and durable goods and services at the least minimum cost. Alla Tkachuk points out that the rate of technological innovation in 21st century is 1000 times more than in the 20th century, therefore companies have to continuously adapt so as to satisfy consumers with better goods, quality and prices. Since better and more advanced technology is introduced by innovation therefore the value of the goods and services produced by a country's economy will improve or the Gross Domestic Product will improve. This results in improved quality of life to the citizens of the country.

According to the World Economic Forum around 85% of productivity gains are related to investments in innovation. Feldman, (2004) puts it this way, "innovation is reducing that concept (invention) to practice, and making it a commercial success, innovation is about bringing ideas to life. Innovation is the conversion of knowledge into money". To increase the productive capacity of a company both novel and practical ideas must be generated from the company. An organization that promotes innovation and creativity will automatically have new ways of producing goods and delivering services which boost productivity of a company. The action of being productive entails the ability to produce products or services in large quantities at the least minimum cost. Organizations should stimulate creativity and allow employees to explore new and unknown methods of doing business so as to improve productivity. Many studies make the compelling case that in-order to survive and to be productive corporations should innovate.

Innovation leads to productivity in the sense that new ideas and technologies (as highlighted before) are developed and applied, generating greater output with the same input this results in the production of more goods and services which then stimulate business profitability and the wages of the employees. The benefits of productivity as a result of innovation will benefit both the consumers and the business. It is believed that "as productivity rises, the wages of workers rise." This means that more income is generated and automatically the spending patterns will change thus more goods and services are purchased (as assumed by economists). At the same time, businesses become more profitable, which enables them to invest and hire more employees. This shows that investment in innovation will lead to a decrease in the employment rate of an economy and some problems brought by unemployment are dealt with for example poverty in some of the developing continents like African.

Many organizations are striving to achieve a competitive edge (staying ahead of the competition in the industry) therefore there is need to master creativity in an organization so as to improve the process of problem solving. The only way to be successful in an industry is staying ahead of the competition and this can be made possible by developing new innovative strategies that makes the firm an industry innovator. Creativity at the workplace enables the workers to identify the real problems affecting their productivity levels as an organization and redefine the problems to come up with more competitive solutions in the market. Because of advanced technology and changing customer needs and wants, the markets are always changing after every second and this shows that the problems are arising because different and new situations are presenting themselves in the market, so novel solutions are required to address them. The continuous development in technology will need companies who are flexible so as to be competitive enough in the market and to be always up to date with any changes. Because of social media and other new better ways of marketing coming into play, it's now high time to be creative as a company. Creative problem solving is a vital asset for every organization thus organizations must have a team of employees who are motivated to be creative, like how to improve the products appeal to customers. In 2018 Netflix's stock rise 60% because the company had pinpointed the Netflix shows which consumers would want to watch). Before this people were used to see rows of posters when they opened Netflix but now they can just cycle through and watch trailers every day.

Scholarly and practitioner literature suggests that a combination of innovation and creativity offers solutions to critical socio-political challenges such as security, energy and poverty. Due to domestic and international competition, changing government regulations and rapidly shifting market conditions, it's a requirement for every organization to formulate a constant creative innovation strategy so as to stay afloat. Bitange Ndemo and Dennis Aiko clearly stated that "innovation and creativity are the backbone of enterprise development…" Some organizations particularly in developing economies still lacks dedication in promoting innovation and creativity in their operations, they mainly focus in market research and sales and market development. A step should then be taken to invest more in research and development units. Looking at the innovation climates in Zimbabwe for example, the climate is characterized by poor business and governance conditions, and mediocre infrastructure. This has resulted in less innovativeness and creativity among the struggling organizations still operating. Therefore, both private and public sectors need to understand that, innovation and creativity are now becoming important just like infrastructure. So if a country lacks these keys (innovation and creativity) even in its companies it might take time to unlock its prosperity and transformation.

Many organizations are working so hard on issues like, how to improve a product's appeal to customers? How to appeal to customers' needs and wants? Therefore, to differentiate the products and services from those of competitors companies should be industry innovators and through innovativeness the company can have strategies that present their products to customers in a unique and pleasing way. Innovation enables the companies to have products which are distinctive and valuable and customers will automatically prefer them. As an organization let it be your ambition to be a leading innovator in the industry you are operating in, and don't wait for others to invent so that you can copy. Every organization needs to tie innovation and creativity in its vision. To be innovative it's not only about changing a company's product or service but rather to innovate new processes of creating or producing the existing products in a more efficient way without compromising the quality of the products. Companies like Bakers Inn in Zimbabwe for instance, can come up with new and better ways of distribution and this enables the company to stand out of competition by offering fastest delivery services to the retail shops and its customers.

The government of an economy can also play an important role in supporting the rate of innovation and creativity. The government of Mauritius put a lot of focus on innovation by investing in research into job and wealth creation and it was recorded as one of the most innovative countries in African, and it is also said "…the country's economy was developed by that investment in innovation…". Joshua Bleiberg and Darrell M. West describe innovation as a key driver for growth in an economy. They further articulated that innovative firms develop improved manufacturing processes and create new and less expensive products for the consumers. The federal government of the United States of America has continued and will continue to support the growth of innovation because they understand the transformation which is brought to the economy by innovation, for decades the federal government has supported the growth of innovation through its regulations and tax policies. Governments across the globe must provide funds that enable corporate innovation or that are meant for supporting the research and development programs. It was recorded that from 1949 to 2013 the spending by the federal government of United States of America on R&D increased from $940 million to $132 billion.

According to Forbes, here are some few ways that an organization can adapt so as to stimulate innovation at the workplace:

1. **Be easygoing**

As an organization make sure that the work environment is relaxed and flexible so as to let ideas flow among the team. Encourage an atmosphere that promotes democracy at the workplace, to have employees contribute ideas they need to feel valued. Let go of the autocratic type of leadership at the workplace so as enable workers to use their full potential at work.

2. **Hire for culture**

Look for team members who understand your vision and align with your culture. Having a team that shares the same value and who are dedicated in achieving the same goal will definitely avoid conflicts for the organization. Encourage different perspective so that the company stays ahead of the curve.

3. **Bring people who love what they do**

Make sure the organization recruits people who are passionate about their work. Recruit or look for new individuals who are interested in developing your products make sure the organization has coaches who are responsible for motivating the workers and make sure they are excited to be at work every day.

4. **Encourage diversity**

Put together a team with different background, passions and capabilities. Have groups who have diverse set of ideas and problem solving approaches so that they push the product forward and put effort to embrace and celebrate the workers individually.

5. **Take ample time off**

To be creative and innovative employees need to be fresh in minds, so communicate how important taking vacation is. Unilever in Zimbabwe do a family fun day for its workers and because some customers will be there too product enhancement methods may be formulated. Because of interactions between all the workers and their managers from all lines of business beaurocracy is eliminated.

Already there are plenty of roadblocks in the industry so make sure that the work environment is not one of them. The environment should be so conducive to an extent that it impacts positively on the workers and definitely instill energy among the workers which then results in creativity.

Creativity also needs to be cultivated at the workplace. Large corporations like Google strongly support creativity in workplace and the company created a 20% program that gives its developers permission to spend 20% of their work hours on a creative project of their own. Many companies around the globe have created programs that encourage innovation and creativity and the programs are totally bringing positive results. Many corporations have embraced creativity and cultivated it from within which then in the long run paved paths for their success.

Many business leaders are weakening the level of creativity for their workers unknowingly and Forbes explained the 15 ways that leaders can use to promote creativity in the workplace, but in the article the research will just articulate a few of them.

Give direction

In-order to obtain productive and innovative solutions, give basic parameters and goals. Creativity and innovation requires balanced hands off approach. Failure to provide direction among your workers will definitely hinder the level of creativity and innovation in the organization.

Let workers test their wing

To learn to fly, there is need to test ones' wings and in business working environment it means giving the employees the chance to be exposed to everything thus an opportunity to test and try new things or methods of doing work. But monitoring is necessary at this level so as to reduce the risk of causing unnecessary losses or intentional mistakes at the workplace. Failure to let the workers be exposed with what they do will definitely kill the desire and drive to be creative at the workers or the desire to contribute ideas.

Take brainstorms offline

The best tool that an organization can use for cultivating creativity is taking brainstorming sessions offline and encourage team members to come up with three or five ideas for a project. This levels the playing field for introverts and extroverts, and having each team member generate a variety of ideas, prevents individuals from lobbying for "their" idea, including leaders themselves.

Build a diverse team

In some of the organizations in Zimbabwe the researcher have noticed that the leaders hire homogeneous teams or even hire in their own image. In this era as a leader you need to develop and master the workers so that they do their work in the best ways. Some of these workers hired in Zimbabwean organization wait for their superiors to tell them what needs to be done and at what time, and when they finish they wait to be assigned other tasks, therefore the business leaders develop weak employees (they have the wheelbarrow syndrome). A better strategy to encourage creativity is to be build a team with a variety of different skills and strengths, and to encourage health debates among workers.

Create an environment where failure is accepted and mistakes or trials should be appreciated, because only in that environment will workers be motivated to keep doing more and experimenting. As a leader avoid the expression "that's not the way we do it here"

Don't lead discussions

When having a meeting business leaders need to know that delegating the workers with some task of being even the facilitators will somehow light the fire of creativity among the working team. Most business leaders are the ones who mostly facilitate the meeting in business seminars and brainstorming sessions. They assume all responsibilities but a leader who is driven with the goal of cultivating creativity among the workers will need to delegate these responsibilities or even hire some outsider experts to facilitate the brainstorming sessions. At meetings for example leaders should speak last and not do much of the contribution, but rather open the ground for the employees because they are the ones who are involved in the day to day operations so they know better, so they need the ground to share their ideas.

Be curious as a leader

Some business leaders are still risk averse, the kind of play it safe kind of leaders and they lower the flames of creativity among the workers to shine bright and provide solutions that the organization is looking for. The business landscape is always changing therefore leaders need to spark creativity and they can do so by being curious and bringing a beginner's mind to problems (not the leaders who have a mindset of "we know everything"). Ask appreciative questions to your team and listen what they have to say and only then can you discover the creative ability of your workers.

Conclusion

In this era where the business environment and the marketplace is ever changing there is need for business leaders to encourage a mindset of continuous learning among the workforce, creative thinking and increase the pace of innovation in the organization so as to create an engaging workforce. Some human resource managers of some organizations are failing or do not have the capacity of retaining and recruiting quality and committed people who can bring change to the organization. Some organizations particularly in developing economies need to set up an environment that is inspirational, and offer better rewards to the workers. The leaders need to support open-mindedness in the organization. All the stakeholders (customers, employees, target groups) can bring fresh perspectives and ideas, so as an organization pay attention to what they say.

Some organizations are failing to make their employees feel valued or to feel like they are part of the organization and this is limiting the potential of employees to create and innovate. Business organizations need to focus on mastering the talents of employees so that they improve their creative ability and they are motivated to fully utilize their talents for the betterment of the firm. Organizations need to start appreciating the efforts of the workers and recognize their strengths as well so that creativity is ignited. The creative abilities of the employees need to be cultivated by the leaders so as to produce prosperous ideas and solutions to business challenges.

In the African continent companies and the governments need to raise funds so as to spend more on the research and development units so that current economic problems are solved. Investments can also be made on the staff of the organization through educating them and set aside funds that enable workers to carry out researches on their own.

The governmental policies should aim at stimulating institutional research and creativity so as to ensure effectiveness and sustainability of innovation.

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Corporate Governance and Strategy in the Retail Sector

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Abstract

The retail industry in UAE is therefore experiencing the growth stage and significant extension strategies should be adopted in line with the changing business environment and technological advancements. The corporate governance and strategy problems within most organizations encompass poor organization climate, structure, culture, and strategies that are misaligned to the ever-changing operating environment. Therefore, the study examines the corporate governance and strategy loopholes within retail firms and proffer sustainable solutions for growth. Based on the analysis of questionnaire and interview responses, the study found out that the retail industry is facing intense competition from international brands. This is mainly fuelled by the low barriers to entry and the flexible regulatory environment in most economies. Retail giants are expected to lead the innovation agenda because most of the industry players are making use of numerous online retail channels. The study recommends significant organization development interventions to support the continuous growth of retail sector firms.

Keywords: *Corporate Governance, Strategy, Retail Sector*

Introduction

Organizational researchers and practitioners posit that the business operating environment has become highly dynamic and uncertain. Organizations can therefore not survive if they adopt pedantic rules-based corporate governance approaches and rely on n-step, non-holistic models of change. It is essential that organizations develop and implement integrative approaches to managing change. The retail sector has witnessed evolutionary and disruptive innovations that have affected systematic progression of individual retail firms globally. Alpen Capital (2019) pointed out that the Arabian Gulf States' retail sector is being negatively affected by the global economic slowdown, high rents, the rise of e-commerce, and muted oil demand and lower than expected prices. The sector is also facing intense competition due to the rising number of international brands and higher operating costs.

Ardent Capital (2018) pointed out that one of the risk factors facing retailers is the industry's changing growth pattern. The risk factors in the retail industry have the potential of decelerating the sector and individual firm's growth momentum. The main challenge that retailers are encountering is stunted growth due to predominant reliance on rules-based and linear change management approaches by the board and management team. In view of the retail industry's intense competition, this problem affects retailer's performance in regard to its corporate systems, structure, staff, and culture. This corporate governance and strategy problem seem to be necessitated by the competence-status quo dilemma of board members and management, lack of diversity in the board and management committees, and belief in the labels attached to n-step, goal-oriented change management methodologies. This problem leads to significant financial, fiscal, and social costs. The corporate governance and strategy problems within most organizations encompass poor organization climate, structure, culture, and strategies that are misaligned to the ever-changing operating environment. Therefore, the study examines the corporate governance and strategy loopholes within retail firms and proffer sustainable solutions for growth.

Aim of the Study

The aim of this report is to explore the corporate governance and strategy deficiencies within retail firms and their impact on organizational performance. This will be supported by a critical analysis of the current corporate governance structure, organizational strategies, and culture within organizations in order to proffer recommendations for improving the corporate strategy and governance structure. The researcher critically explored literature on corporate governance, strategy and change management in the context of the retail sector.

Review of Literature

Corporate Governance

Corporate governance refers to the manner in which the affairs of an organization are managed and directed. The core aspects of corporate governance are strategic leadership and strategic thinking. It is a widely shared view that effective corporate governance requires integrative approached that takes into consideration the performance and conformance dimensions of corporate governance. "The thinking and incorporation of organization development (OD) skills training for directors, C-suites, managers and other work groups is a strategic imperative for building high performance organizations" (Chinoperekweyi, 2018). Corporate leaders should embrace organization development methodologies as it enhances organizational capability and aligns the firm to the business environment. There are various corporate governance and strategy models that organizations can adopt depending on the organization's philosophy and strategic direction.

Rules-based versus Principles-based Corporate Governance

The turbulent business operating environment demands renewed thinking by corporate players on the approaches to building effective organizations. This view is corroborated by the Complexity Theory and Chaos Theory. These theories posit that organizations are complex adaptive systems (CAS) which are highly disorganized and unordered (Chinoperekweyi, 2018). Organizations need to adopt continual approaches that take into consideration the humanistic values and are premised on the perspective of development. As organizations are non-linear and deterministic systems or social structures, there is need for corporate players to adopt the unified, enterprise-wide corporate governance and strategy framework. In line with the Fitness Landscape Theory, the framework should integrate the rules-based and principles-based approaches.

The Rules-based Approach

The rules-based system was a political response to the effects of the capitalism system of the 19th century. Rules-based governance relies on laws and regulations targeted at limiting the excesses and abuses prevalent in a capitalism system. The main corporate governance and strategy issues under the rules-based system include board composition, board diversity, gender quotas, independence, and so on. This approach is mainly criticized on the basis of creating a mechanical direct democracy among the leadership alliance (Chinoperekweyi and Heimann, 2019). Organizations that follow the rules-based approach prioritize being pristine about the mere corporate governance and strategy issues. The rules-based approach is premised on the belief that only legal reforms can address the technical and adaptive challenges in organization. This negative agency perspective leads to excessive rigidities. In line with the organization development's twin identity, science of change and practice of changing, organizations should adopt a hybrid corporate governance framework premised on third-generation methodologies.

There are different sources of rules in an organization. The main sources are the Corporate Governance Code and panoply of corporate governance frameworks. Examples include the Cadbury Report (1992), Rutterman Report (1994), Greenburry Report (1995), Hampel Report (1998), and Sarbanes-Oxley Act (2002).

The Principles-based Approach

According to Chinoperekweyi (2019), in view of the evolving corporate governance environment, there is urgent need to avoid inflexible criteria of corporate governance and strategy. The principles-based corporate governance approach seeks to crystallize essential corporate governance and strategy aspects by incorporating the elements of complexity and chaos. The principles-based method complements the rules-based approach and gives due consideration to Critical Management Studies (CMS) elements of de-naturalization, reflexivity, and non-performative element. These CMS elements are fundamental to corporate governance and strategy because critical information will reach the executive and management team accurately and timely, thereby facilitating effective decision-making and enhancing control mechanisms for the effective function of the organization. The principles-based approach shirks the adoption of 'box-ticking' corporate strategy methodologies and decision making. It also prevents organizations from using legalistic loopholes to avoid compliance with rules and regulations. Organizations that adopt the principles-based corporate governance and strategy perspective consider an organization as non-linear and non-deterministic. This is mainly because social systems cannot be viewed as one-directional.

The unified corporate governance and strategy approach is therefore essential in ensuring organizations become highly sensitive to change. This approach integrates two main dimensions: conformance and performance. The enterprise governance model integrates the corporate conformance, performance processes and the IT Governance. The conformance dimension focuses on laws, codes of conduct, and corporate governance regulations whilst the performance dimensions consider the approaches to ensure stability and continuity.

Corporate Governance Theories

There are different theories that inform the current and future corporate governance model. These theories include the Agency-Theory, Stakeholder Theory, Stewardship Theory, Shareholder Theory, Managerial-Hegemony Theory, and New Institutional Theory. As indicated under Section 2.1.1, there are diverging views on the approaches to corporate governance and strategy.

Agency-Theory

This theory is founded on the economic theory and considers ownership separation between principal and agents as the main challenge in organizations (Alchian and Demsetz, 1972). The theory states that agents (managers) succumb to self-dealing and opportunistic behaviour that falls short of congruence with the shareholders' aspirations. The theory considers managers as self-serving agents; hence corporate governance is a control and oversight mechanism to minimize agency costs (Jensen and Meckling, 1976). The Agency Theory therefore aligns with the rules-based governance approach targeted at minimizing moral hazards resulting from imperfect information and misaligned incentives between agents and principals (Chinoperekweyi, 2018).

Shareholder Theory

This theory states that businesses have only one social responsibility, which is to optimize shareholders' wealth. The theory is founded on the market economy principle that combines private ownership, profit motive, and intense competition. Shareholdership is therefore mainly driven by rules and regulations hence compliance is prioritized. This theory is mainly criticized on the basis of the exclusion of other stakeholders and the executionary effect resulting from the profit maximization narrative.

Stakeholder Theory

This theory contradicts the economic and market theory, and focuses on a full range of firm's stakeholders. This theory is regarded as the fundamental perspective on corporate performance as it considers the needs and wants of all stakeholders. It views a firm as a nexus of implicit and explicit contracts. The Stakeholder Theory three pillars proposed by Donaldson and Preston (1995) support the principles-based governance approach. These pillars are the normative (optimal guidelines), the instrumental (management results), and the descriptive (interaction between managers and stakeholders). The stakeholder theory brings with it increased levels of complexity and chaos due to the diverging interests of stakeholders.

Stewardship Theory

This theory considers managers as stewards of the corporation. Managers are regarded as responsible agents who behave and act in a way that fulfills the interest of the shareholders. Managers' pro-organizational behaviors have a greater utility than self-serving, individualistic behaviors. This theory therefore aligns with the principles-based approach to corporate governance.

Management-Hegemony Theory

The leadership alliance is regarded as a legal fiction dominated by managers. Those in corporate governance positions are therefore regarded 'rubber-stamps' as all strategic decisions are dominated by managers. The theory asserts that professional managers effectively control organizations and the board approves the management decisions.

New Institutional Theory

This theory reinforces the structure and composition of the operating environment. There is need for organizations to focus on institutional forces that affect corporate performance rather than merely relying on resource dependencies and technical demands. Examples of institutional forces include rational myths, public opinion, legitimized knowledge, and the law. This is a fusion of the principles- and rules - based approaches.

Organization Development Interventions that enhance corporate governance

Organization development interventions refer to the approached that organizations can adopt in order to enhance performance. These interventions need to be supported by dialogic and diagnostic methodologies. Organization development interventions relevant to board members and management include coaching, mentorship, training, brainstorming sessions and so on. These interventions should be premised on such models as Systems Thinking, Action Research, Appreciative Inquiry, Star Model, and McKinsey 7S Model.

Most traditional organization theories assume consistency and symmetry yet modern organizations are characterized by 'disconfirmation, contradiction and nonlinearity' (Cameron and Quinn (1988). The traditional theories views change as a step-by-step process which can be managed through freezing, change, and refreezing. This perspective states that change can be largely choreographed and controlled by transformational leaders. Adopting the traditional rules-based models thus ignore the complexities of organizations. Traditional, rules-based frameworks are mainly criticized on the basis of being overly simplistic and linear thereby leading to one-dimensional thinking (Eisenhardt, 2000). Rules-based and traditional frameworks fail to recognize the nexus between the dual perspectives in the change dilemmas, through giving attention to one perspective at the expense of the other perspectives.

Change Management Philosophies relevant to sound corporate governance

Effective change management demands the adoption of multiple theoretical lenses in order to avoid fragmentation and improve integration of theory and practice by corporate leaders (Lewin and Volberda, 1999). Rather than relying on non-holistic, technical-rational orthodoxy; corporate leaders and managers need to put on multiple theoretical lenses by as the rational philosophy, institutional philosophy, contingency philosophy, psychological philosophy, and the culture philosophy. A review of the change management philosophies in the context of this study is essential in order to determine the influencing factors leading to the adoption of the rules-based approach to corporate governance.

Rational Philosophy

This philosophy focuses on aligning the composition and competencies of an organization to its operating environment (Van de Ven and Poole, 1995). The organization is regarded as purposeful and adaptive, hence organizational change occurs because directors and managers deem it necessary (Kezar, 2000). The change process is regarded as rational and linear with managers as central change instigators (Carnall, 1995). Other scholars supported this view by arguing that events outside the firm are exogenous.

Institutional Philosophy

Change is regarded as a result of the pressure from the institutional environment in which an organization operates rather than the intensity of competition. Examples of institutional pressures include changes in the macro-environmental factors that can be explained through PESTEL Analysis. This philosophy indicates that organizations are coerced to change by the wider environmental factors, that is, there is always an external change stimulus and corporate control is undirected.

Resource Philosophy

Organizations operate on scarce resources and those that are successful are the ones that are good at acquiring resources and developing and deploying the resources and skills. Therefore, organizational change begins with the clear identification of needed resources. In the case of most retailers, collaboration agreements form part of the resource requirements.

Contingency Philosophy

This philosophy posit that the performance organizations is a consequence of fit between numerous factors, such as structure, strategy, systems, culture, and organizational environment (Pfeffer, 1982). Scholars and practitioners indicate that there are innumerable variables that make the fit between factors much difficult to predict. Examples of these variables include inertia, rigidity, resource immobility and industry pressure.

Political Philosophy

Change is mainly founded on clashing ideologies (Morgan, 1986). The divergence of belief systems is the main driver of change and considers organizations as political systems governed through rules. This philosophy considers the operational activities to be filled with finding ways to make the system work to one's advantage.

Cultural Philosophy

This cultural philosophy views change as a response to changes in the social environment (Morgan, 1986). Change process is regarded as natural and as such organizations should determine firm-specific methods to change management. Change management involves instituting ways to fight well-developed organizational values and beliefs.

Systems Philosophy

This philosophy takes a broader view of organizational life and looks beyond simplistic and the constituent parts of organizations. The systems philosophy gives due importance to holistic analyses of a situation or organization. Organizations are seen as systems made up of the sum of their functions rather than as a collection of reduced units.

Postmodern Philosophy

The postmodern philosophy theorists posit that change is a function of socially constructed views of reality contributed by multiple stakeholders (Buchanan, 2003). This philosophy relies on chaos, ephemerality, and fragmentation, but also seeks rationality toward continuous improvement (White and Jacques, 1995). Under this philosophy, reality is viewed as multiplicitous and contradictory.

In reviewing the theories and concepts of change management, corporate governance & strategy and organization development, it is important to note that change is neither simple nor straightforward. As such change is highly unlikely to conform to predetermined rules or following an n-step formula. To ensure effective corporate governance and strategy, a paradigmatically different philosophy is required in modern organization. Corporate governance and strategy approaches in modern organizations should capture the complexities and dynamics of organizations as complex adaptive systems. The approaches should actively seek to learn from the different communities interacting in them. Though most organizations prefer the rational orthodoxy, the tendency from such myopic perspective is to pursue change with a rules-based resolve that overrides the complexity and fluidity of change (Badham, 2003). As complex adaptive systems, organizations must be continually changing, organizing, strategizing. Corporate governance and strategy should therefore be concerned with organizing and strategizing. According to Dijksterhuis *et al.,* (2003), organizing and strategizing are neither linear nor sequential activities that relies on a set of rules.

Discussion of data sources

The research methodology covers the structure and methods that the researcher used to collect both primary and secondary data relating to the corporate governance and strategy issue. The adopted methods are essential in ensuring transformative value of this study in the retail sector. The methodology of this study is informed by Saunders *et al.,* (2016) research onion.

The research is conducted with an understanding of a multiplicity of diagnosis tools relevant to corporate governance and strategy issues. These include organizational capacity assessment, knowledge management, transformational versus transactional evaluations, creative thinking, brainstorming sessions, sensitivity analysis, Learning Needs Analysis and so on. In order to critically analyze the seemingly excessive reliance on rules-based approaches in corporate governance and strategy within retail sector players, this study adopted the critical realism epistemology. This philosophy is adopted in order to obtain detailed explanations and prediction of the causes of such a phenomenon through the determination of the corporate governance and strategy philosophy. The main focus is to obtain objective realities and agreements regarding the identified problem within retail players.

Review of Research Results

Based on the analysis of questionnaire and interview responses, the study found out that the retail industry is facing intense competition from international brands. This is mainly fuelled by the low barriers to entry and the flexible regulatory environment in most economies. Retail giants are expected to lead the innovation agenda because most of the industry players are making use of numerous online retail channels. The retail industry in most countries is also moving towards saturation. The legal structure of business operations necessitates the adoption of a rules-based approach. The respondents and interview participants confirmed that retailers rely on a rules-based corporate governance and strategy approach. This was mainly a result of the collaboration agreements and the franchisee agreements that characterize the sector.

Policies are fundamental to retail sector activities whilst encouraging innovation. The study also reviewed the operations of the global retailer, Carrefour. According to Carrefour (2018), the policies are the basic reference guide in decision making, and a shared language to communicate corporate strategy. The company indicates that it adopts a decentralized and simple decision making structure. Most respondents pointed out that in practice decision making is centralized and MAF makes the majority of decisions.

Findings on Carrefour corporate governance structure, strategies, and culture

Carrefour has a board of directors which represents all shareholders and acts in the interest of the company at all times. The board is regulated by Carrefour's operating procedures, when setting business strategies and objectives. The Carrefour board also conducts audits and controls of the organization. Carrefour has the following board committees: audit committee; remuneration, appointments and corporate governance committee; and strategy committee. The company uses a two-tier board system comprising Executive Board and Executive Committees.

Carrefour is guided by the MAF management philosophy which focuses on responsibility and mutual respect. The Carrefour documents indicated that the company has a 70% internal promotion strategy. Though Carrefour undertakes a number of training programs respondents indicated that the company's top executive committee is saturated with employees who have been in Carrefour for over a decade.

In terms of the strategic objectives, Carrefour focuses on price and choice through quality, image, choice, and priority strategies. 42% of the respondents agreed to Carrefour's concept of corresponding to the UAE market conditions, and providing optimum customer service. The responses pointed out to the Assortment Matrix, Shelf Displays, Digital Technologies, and price and promotions as areas that the rules-based approach is mainly practiced. The Assortment Matrix of Carrefour is mainly influenced by cultural factors.

Findings on Carrefour Change Interventions

The respondents pointed out to the numerous interventions that Carrefour has been implementing since 2010. These are depicted in Figure 1:

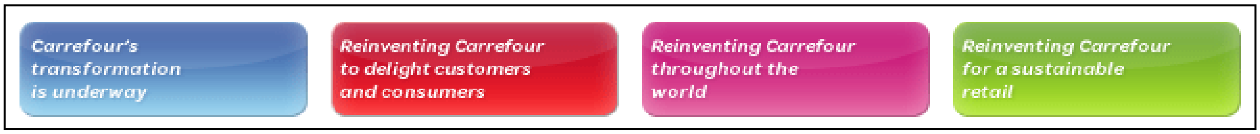

Figure 1: Carrefour Initiatives

The review of existing literature and questionnaire responses indicated that Carrefour Abu Dhabi recognizes that change is inevitable and there is need to institute an all-encompassing corporate strategy. This view was supported by the transformation and reinvention interventions being adopted by Carrefour. However, 76% of the questionnaire respondents indicated that there exist significant barriers to effective implementation of a change-responsive strategy in Carrefour due to decision making structures and the two-tier board structure. Content literature indicates that in line with the MAF Leadership Model, there are four grids that cover key roles in Carrefour:

Grid	Description
Business Leaders	This involves CEOs and other C-suite leaders plus the board members. Other business leaders are those who oversee functional areas or country operations
Team Leaders	This includes supervisors and managers leading single or multiple teams.
Individual Contributors	Encompasses individuals who are part of a larger Carrefour team or work by themselves
Experts	Includes senior level colleagues or those who occupy strategic roles, but are not leading teams.

The complexity of the legal environment in which Carrefour Abu Dhabi operates places significant barriers to its change management initiatives. The rules-based corporate strategy approach being adopted by Carrefour is necessitated by the strict compliance environment in Abu Dhabi. There is need for the adoption of a Systems Philosophy and Contingency Philosophy to corporate governance and strategy. This is mainly supported by the introduction of Web Stores, My CLUB, and Convenient Stores within Carrefour's portfolio of products and services.

Other respondents (28%) pointed out to cultural issues as the main reason why Carrefour Abu Dhabi adopts more of a rules-based corporate strategy approach. To these respondents, the reliance on rules-based approach is not a problem but an opportunity for Carrefour due to its compliance score. This informs the cultural philosophy of corporate governance and strategy in Carrefour. Carrefour's collaboration with Majid Al Futtaim (MAF) led to the need for compliance with Islam. However, the essential values of Carrefour include respect diversity, role models citizenship, and a positive catalyst. The values should strengthen the integration of rules-based and principles-based approach.

Other initiatives adopted by Carrefour in order to stimulate creativity include fostering a transparent relationship, a flexible organization, training, career development, compensation, and internal communication. Carrefour (2019) reported that the management philosophy prioritizes delegation, dialogue, and control. Respondents indicated that there is predominantly control (65%), then dialogue (20%), and delegation (15%).

The following are the key policies within Carrefour:

Table 1: Carrefour Policies

Policy	**Key Factors**	**Analysis of Implementation**
Merchandise Policy	Assortment Matrix, Competitive Sourcing, Suppliers, Competitive Pricing, Shelf Displays, Quality, Product Safety	Respondents pointed out that these five policies should be adhered to by all stakeholders within Carrefour. Anything outside these policies will not be entertained unless approved by the Board and Senior Management. However, in terms of the merchandise policy and human resource policy a consideration of the changing business environment should be considered.
Assets Policy	Tangible and Intangible assets	
Finance Policy	Tools & Methods, Capital Spending, Distribution Costs, Financial Ratios	
Humans Policy	Organization of Work, Training, Compensation, Career Development, People Safety, Internal Communication	

In terms of the corporate governance and strategy philosophy within Carrefour the questionnaire and responses were as follows:

Table 2: Responses on Carrefour's Corporate Strategy Philosophy

Corporate Strategy Philosophy	**Percentage**	**Analysis of the responses**
Rational Philosophy	4%	Respondents indicated that decisions within Carrefour are made on a rational basis. Carrefour need to be adaptable especially in terms of the assortment to customer needs, synergy of promotions, inventory management, and use of digital technologies.
Contingency Philosophy	2%	Corporate strategy and governance mechanisms are informed by a number of environmental fitness factors (structure, strategy, culture, and climate).
Institutional Philosophy	4%	The internal environment determines Carrefour's transformation and reinvention strategies.

Political Philosophy	12%	Those who supported this view pointed out the power issues resulting from the collaboration of Carrefour and Majid Al Futtaim. The board was therefore described as a ceremonial board.
Resource Philosophy	0%	No respondents selected the resource philosophy.
Systems Philosophy	14%	Questionnaire respondents and interview participants pointed out that corporate strategy is informed by what is happening within the internal and external environment.
Cultural Philosophy	42%	Respondents pointed out to Islam as the main cultural element in UAE. The ownership and decision making structures within Carrefour are guided by the UAE Culture.
Post-modern Philosophy	22%	The respondents indicated that Carrefour integrates a number of methodologies when developing corporate strategy. Some of the recent developments to support the post-modern philosophy include Web Store, My CLUB, and Convenience Stores.

3. Recommendations and Action Plan

Board Crisis Action Plan

The research noted that the perpetuation of the identified problem of predominantly relying on the rules-based corporate governance approach has significant social, financial, and fiscal costs to Carrefour. The cultural, rational, and post-modern philosophies within Carrefour should be addressed.

Overall Objective: To institute a holistic board crisis action plan that addresses stunted growth of Carrefour Abu Dhabi		
Nature of catastrophe: Carrefour corporate governance and strategy fragmentation, stability, and continuity		
Priority Area	**Activities**	**Timelines**
1. *Organization Structure* The organization structure of Carrefour needs to be aligned with the changing environment in order to minimize fragmentation that comes with the collaborative agreements. The structure should facilitate constellations of strengths between Carrefour an MAF.	Organization Reengineering with a focus on the organization structure	Immediate
2. *Decision Making* The board needs to institute interventions that will facilitate effective decision making. The decisions should be aligned with emerging trends. This should be guided by Fitness Landscape Theory. Effective decision making will facilitate stability and	Adopt decision support systems that do not rely on n-step or linear approaches. Business Intelligence Systems to support Carrefour's Web Stores, My CLUB, and Convenient	Immediate

continuity.	Stores.	
3. Risk Governance Fragmentation, continuity and stability cannot be attained through following rules-based methodologies or linear approaches. An enterprise-wide risk governance approach should be implemented. The responsibilities of the board should be clearly defined.	Enterprise-wide risk management Expand the MAF leadership model grid to incorporate all roles	Immediate
4. Management Innovation Rather than relying on rules and ideals, management and executives within Carrefour should innovate approaches to systematic progression. Carrefour already plans to roll-out an ambitious expansion plan.	Strengthen R&D across all work teams Facilitate assortment matrix adaptation and enhance inventory management	Immediate
5. Organizational Learning There are numerous disruptive changes in the retail industry. These changes affect demand, quality, efficiency, and customer value.	Adopt BI tools such as data mining, process mining, and decision engineering. The Majid Al Futtaim Leadership Model should be expanded to all employees.	Immediate

The respondents also pointed to the Majid Al Futtaim Leadership Model as contributing to the seemingly predominant adoption of the rules-based approach in corporate governance and strategy. The model is comprised of four volumes as briefly analyzed in Table 5. The leadership model is guided by six themes: leading the way, driving impact, thinking customer, thinking group, developing talent, and fostering innovation. An analysis of these themes points towards the principles-based approach.

Volume	**Contents**	**Implications on Corporate Governance & Strategy**
Volume 1 – Business Leader Volume 2 – Team Leader Volume 3 – Individual Contributors Volume 4 – Experts	This volume focuses on the demonstration of strategic leadership through understanding the changing trends and value drivers. It also emphasizes developing role models and coaches, effectively anticipating changing customer needs, constructive feedback, and supporting or encouraging innovation.	The MAF Leadership Institute fosters all stakeholders speak the same language on leadership. The model is used as the evaluative and developmental tool. It is also regarded as the prime performance management framework. The model covers four grids of roles: Business Leaders (C-suites), Team Leaders, Individual Contributors, and Experts.

Recommendations to address corporate governance failures in Carrefour

Besides the elements identified in Table 2 above, following are some recommendations to ensure a holistic corporate governance and strategy environment within Carrefour.

- Build organizational congruence in order to ensure Carrefour positions itself as the benchmark for modern retailing in the GC and MENA region.
- Unify people in Carrefour through the Majid Al Futtain Leadership Model and other team building activities
- Increase strategic awareness among all stakeholders, particularly customers, employees, shareholders, and local and national communities.
- Institute holistic performance management system.

In view of the corporate governance model, Carrefour should adopt the stakeholder perspective as it focuses on shared value and embedded sustainability. This corresponds with the August 2019 Business Roundtable Statement on the Purpose of the Corporation. The Majid Al Futtaim Leadership Institute should therefore incorporate the stakeholder perspective into its leadership themes.

Conclusion

The research indicates that Carrefour is predominantly adopting the rules-based approach to corporate strategy. However, significant aspects of principles-based approach are recorded in most of Carrefour's documents. The main policies that influence the operations of Carrefour are merchandise, asset, finance, and human policies. The rules-based approach is necessitated by the legal structure of corporations within UAE which led to the collaboration between Carrefour and Majid Al Futtaim. The study recommends significant organization development interventions to support the continuous growth of Carrefour. The operations of Carrefour are mainly influenced by the cultural, rational, and post-modern philosophies hence the inclination towards rules-based approaches.

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Statement on the Purpose of the Corporation

Adapted from: https://opportunity.businessroundtable.org

Americans deserve an economy that allows each person to succeed through hard work and creativity and to lead a life of meaning and dignity. We believe the free-market system is the best means of generating good jobs, a strong and sustainable economy, innovation, a healthy environment and economic opportunity for all.

Businesses play a vital role in the economy by creating jobs, fostering innovation and providing essential goods and services. Businesses make and sell consumer products; manufacture equipment and vehicles; support the national defense; grow and produce food; provide health care; generate and deliver energy; and offer financial, communications and other services that underpin economic growth.

While each of our individual companies serves its own corporate purpose, we share a fundamental commitment to all of our stakeholders. We commit to:

- Delivering value to our customers. We will further the tradition of American companies leading the way in meeting or exceeding customer expectations.

- Investing in our employees. This starts with compensating them fairly and providing important benefits. It also includes supporting them through training and education that help develop new skills for a rapidly changing world. We foster diversity and inclusion, dignity and respect.

- Dealing fairly and ethically with our suppliers. We are dedicated to serving as good partners to the other companies, large and small, that help us meet our missions.

- Supporting the communities in which we work. We respect the people in our communities and protect the environment by embracing sustainable practices across our businesses.

- Generating long-term value for shareholders, who provide the capital that, allows companies to invest, grow and innovate. We are committed to transparency and effective engagement with shareholders.

Each of our stakeholders is essential. We commit to deliver value to all of them, for the future success of our companies, our communities and our country.

August 2019

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Organization Leadership & Development Quarterly (OLDQ)

Leadership and Organization Development Resource

ISSN (P): 2663-0478

Submission Guidelines

Language: All submissions should be in English

All articles should integrate scholarly and applied concepts. An author bio of not more than 75 words should be provided including the author's affiliation. Articles should be approximately 4,000 words excluding the abstract, author bio and reference list.

Page format: The manuscripts should be prepared as Microsoft-Word documents in Constantia (Font Size 11) on A4 size. The line spacing should be single-spaced including references and tables. Tables and Figures should be in their respective position in manuscript with title of Table/Legends of Figure.

Abstract: It should not exceed 250 words in a single paragraph and not required sub-headings and should be a brief summary of the work carried out including the objectives of the study, the techniques used and what was accomplished in a concise manner.

Keywords: It should contain up to 3-5 key terms related to the work separated by commas.

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Literature Review: A brief review of related, empirical, and theoretical literature should be provided. A conceptual framework should be developed to demonstrate new insights and ignite candid discussions and debates. More emphasis should be given to applied engagement.

Methods: Sufficient information in detail regarding the materials and the methods used to develop the research works (analytical, statistical and experimental procedures) should be mentioned to enable the others to repeat the authors work. The Research Onion as developed by Saunders (2007) should guide the structure of the methodology.

Results and Discussion: It should contain summary of the article, results, interpretations, speculations and assessment of future research or prospects.

Conclusion: It should include outcome of the work, important findings and your view(s).

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