

Chapter 2: Entrepreneurial Innovation as Strategy for Change

Business change and renewal are the focal points in the business environment. Environmental forces and impacts are dynamic and moving customer preferences and demands are always shifting. Existing competitors are always fine-tuning their challenge and new rivals are arriving. Contemporary business faces a turbulent environment that makes change and renewal a necessity of business operations. (Richard Pascal, 1998)

Therefore, innovation and change are hallmarks of successful business. In the rapid world of business; innovation for change is required for survival. If a business does not change over time, it will slip, lose its competitive edge and eventually struggle to keep from dying. It does not matter who you are, how good successful you have been, you will have to innovate for change; because the reliance of the past success is shortsighted and dangerous.

Thus, entrepreneurs would get the intentional movement from the present state towards some future.

2.1 SCANNING THE MARKET

A business undertaken is not only focuses on innovation, but also it has to look at the impacts of environmental forces and get oriented towards the actions. The business must take to compete in a dynamic market place. (Michael E. Porter, 1990).

Environmental sensitivity is important for two reasons: First, entrepreneurs must understand what is happening in the environment, they must recognize changes that are occurring or are likely in the future. They must anticipate how environmental events and anticipated changes that are likely to affect their businesses.

Second, a firm's environment can hold both opportunities and threats. An entrepreneur's task is to identify those opportunities that can be exploited and counter those threats that do damage.

Entrepreneurs must take an objective by looking at the venture internal operations and determine how it is positioned to address both environmental opportunities and threats. Assessments of firms' strengths and weaknesses are paramount in this aspect given that strength may be excellent facilities and technology it has to avail, its customer orientation and the consumer focused reputation it has built and people who are highly qualified and dedicated to work. Therefore; businesses are bound for this reality check so as to sort out their deficiencies in advance.

2.2 Sources of innovative opportunity

Peter Drucker (1999), a business philosopher has identified sources for innovation opportunity, which are external sources and internal sources.

Under external sources of opportunities he highlighted the following:

- a) Demographics: this the basic change in population i.e. population ageing, educational levels and income rises. All these facts make new opportunities for new innovation to be possible due to the new demographic realities.
- b) Change in perception: Drucker says that when a change in perception takes place new things occur; some of it is due to change in customer perception, attitudes and perhaps even values.
- c) New knowledge or new awareness and techniques that allows entrepreneurs to do things they would not do before.

New technology is a common example here where innovation is derived from. For example:

URWIBUTSO Enterprise battle to be leaders in exploiting emerging technology in adding value to local products, to bring newness/transformed product to consumers.

In addition to these three outside sources, Drucker identified other internal sources of innovation within the organization which he called “the unexpected successes” that are exploited to build competitive strength or “unexpected failures” that help the business understand its customer more fully. The internal source of innovation is “incongruities”. This occurs when there is a gap between what the business expected or was hoping for and what occurred. Hence, with the unexpected, this gap is an invitation to innovate.

An example of URWIBUTSO as it was producing cakes; it realized that cakes causes thirsty, it gained the creativity idea of introducing juices production to bridge the gap at the same time responding to customer needs. Further, internal sources of innovation are based on “process needs”. As the business operates, people become aware of the processes that need improvement. These needs are the profits of innovation. Process needs related innovations are part of successful companies’ focus on quality and continuous improvement.

Drucker’s final internal source of innovation is change in industry or market structure. This is the search for new approaches or new niches that will give competitive edge for existing enterprises and emerging ones. With these sources of innovation, businesses get potentials and managers are enlighten to improve rather than resistance to change. All these changes vested with entrepreneurship

foster innovation.

2.2.1 Actions for building innovation

R. Herbert & Peterson as cited by Paul Burns (2001), asserted that creativity and innovation are the benchmark for change and successful business in the changing environment. Creativity is a pattern of thinking and behaving that emphasizes new different ideas, whereas innovation is the results of what is produced through these creative activities. Creativity is a process; innovation is an outcome.

Business encourages creativity in order to achieve innovation. These creativity and innovative actions are the building block for existing and emerging ventures and encompasses the following:

a. Encouraging risk and experimentation

Organization with innovation and change must gain creative ideas. Entrepreneurs must be receptive to these new ideas, encourage people to take risks, experiment with new ideas and break the established pattern.

b. Tolerating and learning from mistakes

With the encouragement of risk-taking mistakes and missteps that undoubtedly will occur when people are trying new things. Entrepreneurs should realize that the only way to avoid mistakes is to never take a chance. They must view mistakes as a natural part of the creative process and as learning opportunities.

Note that mistakes are part of learning and development that occurs in an innovative organization.

c. Embracing diversity and differences

One way to foster a climate of creativity and innovation is to encourage diversity within the business by bringing people of different genders, races and cultural background.

Indeed, diversity of talents can often provide the information, perspective and sense that businesses need as they consider changes and innovation. People with differing views and outlooks must be with accepted ideas given a fair hearing when decisions are being made. Furthermore, diversity theme deals with the use of teams, given that teams bring people from different background and different areas of the business together to solve problems which are often more creative.

d. Promoting boundaryless behavior

Organizations have boundaries. As people specialize in different tasks boundaries exist between various functions of the business. Therefore, if creativity is going to flow, the business must be

structured in such a way that people are free to share ideas across boundaries or call on one another for assistance.

This approach of open communication and exchange is known as boundaryless behavior which seeks to eliminate unnecessary barriers that limit the flow of information and ideas. It also helps business stakeholders to develop new and unique responses to business issues and concerns that involve a close contact with suppliers and customers.

e. Maintaining close contact with customers

One key way for a business to stay on creative edge in the market place is to maintain close contact with its customers. Customer sensitivity is essential for competitive success. He highlighted that a healthy business that tend and address the shifting preferences of their customers sustain the competitive advantage; since customers are also excellent sources for new areas of innovation. Customers point to the need of innovation through complaints and dissatisfaction with existing products. Hence this calls for substitution effect to new product which suits the new customer preferences.

f. Investing in learning

Peter Senge as quoted by Peter Drucker (1999), advanced the importance of human capital in an organization where it is considered as the building block of all undertaking for business success. Employees are the engines of creativity. The ongoing learning is a fuel that needs to generate innovation. Businesses, which invest in employees' learning, realize sustaining creativity and innovation. The fact of investing in learning is a search for new and better ways of operating and meeting the needs of their customers. The key to learning is that it encourages change and renewal as part of its philosophy, its value and culture.

Broadly, creativity and innovation are more than developing a new product or technology; it encompasses any new way of doing things. Therefore, it needs carefulness and understanding of the worldviews; whereby innovators are bound to be proactive to future situations by taking-risk, learning from mistakes, understands customer present tastes.

The key point is to satisfy customers and at the same time gaining profitability from all your endeavors.

2.3 Identification of market opportunity

An opportunity is a gap in a market place where the potential exists to do something better and create value. According to Newman & Bennett (2002), an opportunity is gaps left in the market by those currently serve it. J. Timmons (1990), states that an opportunity has the qualities of being attractive, durable and timely as well as anchored in product or service, which create or add value to its purchaser.

New opportunities exist all the time, but they do not present themselves. If they are to be exploited, they must be actively sought out. The identification is one of the key tasks of entrepreneurs. They must constantly scan the business landscape watching for the gaps left by existing players in the market place. As with innovation no matter how important identifying opportunity is to the entrepreneurial process; the entrepreneurs cannot stop at only identifying opportunities. It is in this regard that an opportunity is simply the “mould” against which the market tests new ideas and the real value is created with something new which fills the market gap.

2.4 Identifying opportunities demands knowledge

Entrepreneurs are special persons; they identify opportunities before others have introduced it. They have unusual foresight to recognize potential demands for goods and services thereby creating new economic enterprises.

Philip A. Wickham (1998), pointed out the abilities that entrepreneurs are to be vested with:

- Knowledge about technology behind the product and service to be supplied
- Knowledge as to how the product or service is produced
- Knowledge of customer's needs and buying behavior they adopt
- Knowledge of distributors and distribution channels
- Knowledge of human skills utilized within the industry
- Knowledge of how the product and service might be promoted to the customer
- Knowledge of competitors, who they are, the way they act and reaction

2.5 Opportunity awareness a priority over innovation

It is better to be excited over a new idea. However, no matter how good it is, it has to be geared to market opportunity that aims to exploit. The best ideas are those which are inspired by a clear need in the market place rather than those that result from unformed invention.

Many innovators which have been pushed by new products or service possibilities rather than pulled

by unsatisfied customer needs have gone unsuccessful. J.Katz, (1990). Therefore, carefulness must be taken because mistakes are punished quickly and they can be expensive not to rush idea straight into the market.

2.6 Innovation and exploitation of opportunity

A business opportunity is the change to do something different and better. An innovation is a way of doing something different; this innovation is a tool of exploiting a business opportunity. It involves new ways of production, distribution and marketing. Peter Drucker,(1999)

a) New products:

The most common form of innovation is the creation of new product. The new product may exploit an established technology or it may be an outcome of a whole new technology .the new product may offer a radically new way of doing something or improvement. This plays a role of customer advantage, if it is to be successful; it also satisfies emotional needs; branding is an important aspect here.

b) New services:

Services are delivered by operating practices which are routinized. Innovation in service delivery must address customer needs and offer a high quality service, more consistent and less disruptive service.

c) New ways of distribution

Customers can only use product or services they can access. Consequently getting distribution right is an essential element on business success. It is also something, which offer a great deal of potential for innovation as it involves the path the product takes from the producer to the user more efficiently.

d) New way of informing the customer about the product or service (Marketing)

People will only use a product or service if they know about it. Demand will not exist if the offering is not properly promoted to them. Promotion consists of delivery messages that will act as a means of product awareness.

Communication with customers can be expensive especially when their ventures are at early stages, rarely do they have the resources to invest in high profile advertising and public relations campaign. Therefore, they are encouraged to develop new means of promoting their products.

2.7 BRINGING INNOVATION TO MARKET

Innovation is a crucial part of the entrepreneurial process. Peter Drucker (1999), proposed that innovation is the central task for the entrepreneur-manager in his book of innovation and entrepreneurship. Entrepreneurs must do something new or there would be no point in their entry in market.

He asserted that innovation is not straightforward to plan and implement. It requires some characteristics:

- A propensity for risk-taking
- A tolerance for ambiguity
- A customer and market orientation
- A high degree of employee motivation and commitment
- Use of flexible team –based with structures
- Effective horizontal communication mechanisms
- Decision-making authority vested with entrepreneurs
- Emphasis on technical skills development
- Emphasis and intensive organizational collaboration and cooperation

Having an innovation sense can be a lot more than just developing a new product or technology. It encompasses any new way of doing something so that value can be created Innovation is also a new way of delivering an existing product and service. It is therefore, a new method of informing the consumer about a product and promoting it to them, new ways of organizing the company or even new approaches to managing relationship with other organization.

Innovation requires that organizational issues needs to be addressed in new technology adoption and implementation. People need to be managed in the sense that they want to be informed and to participate in change rather than feel helpless about its onset.

Change will be naturally embraced by some people but interpreted as a threat by others if they are not adequately briefed and prepared. In the best of all words , a mix of opinion leaders from senior managers through the shop floor would not only be informed about the decision to adopt new technology, but also be involved early enough to have the organization prepared and even looking forward for its introduction. Prior consideration of these factors often leads to good practices and outcomes in technology management. Similarly, new technology implementation usually fails when

key organizational issues are overlooked namely: internal and external oriented management issues. (J.Bailey 1992). Internal issues include management, technical areas, personnel and organization itself.

External issues includes interface with market, the market integration with technology, Customer – supplier and producer-user relationship, support for innovative activities from external sources such as government and stakeholders. Under internal oriented management issues, the innovative enterprises are bound to take into account the following:

2.7.1 Championing for New Technology:MANAGERIAL TASK

This is under management issues and it should be at the most senior level possible. It needs to be visible and vocal supporter of change and provide a constant emphasis on the direction that the organization needs to take.

According to R.Noori and W.Radford (1990), if an innovation is to succeed, the organization needs a sponsor , a champion and a project manager . The roles can be shared or duplicated, but the key is that the sponsor ought to have organizational power to mobilize the necessary resources and workers ought to be encouraged to exhibit their potentials in bringing new ideas for a worthy innovation in line with current customer preferences.

2.7.2 Funding new technology

It is necessary to emphasize on future scenarios or market situations, where strategic issues are more important than financial considerations.

Company policy in funding new technology also has to be well thought out so that competing request is achieved .Decision criteria for investing in new technology generally should not be purely financial and based on marginal without analysis.

It should go beyond financial projections and consider changes in market conditions, competitors and technological advances. Under technical areas, the innovative company is viewed to follow some steps which enable the introduction to be successful such as:

2.7.2.1 .Phased Introduction:

With any new technology, the transfer of knowledge from old operation to the new process has to be planned carefully. Phasing introduction especially when multiple installations are involved assists in keeping more familiar with the new technology and reducing the possibility of alienating the workers

from new technology and work practices rather than strive for change.

2.7.2.2. Operational Experience

One of the best ways to introduce new technology is to build on a successful history of older technology. A successful history of technology introduction also gives an organization and its employees the confidence to embark on new technology projects. Experience with the introduction of new technology assists in the subsequent introduction of further technology upgrades as the organization learns.

New technology that is beneficial to the organization as a whole can be introduced.

2.7.3. Personnel issues:

This entails communication and employees' involvement, the use of selection of personnel for new technology, employee evaluation, remuneration and training development for more successful innovation. R.Noori, (1999).

2.7.3.1 Communication and employee involvement:

An innovative firm to be successful constant communication at all levels of the organization and employee involvement is necessary ingredients in successful new technology implementation, since employees need to understand the reasons for the new technology introduction, its expected benefits and the impact that it will have on them. The effective use of this process assists in anticipating problems before they arise.

2.7.3.2 Personnel selection for new technology

To give the new technology the best chance of being implemented successfully; it is important to select personnel with the necessary attributes and skills. With the introduction of new technology personnel who will enhance its success should be selected to work on its introduction. However, the introduction of new technology is essentially continuous, and then all personnel are eventually involved in the new technology introduction and become crucial for its success. This requires a very careful selection over a long period of time or intensive training so that employees strive on change and the challenges that it provides.

2.7.3.3. Employee evaluation and remuneration

The evaluation and remuneration of employees has to be directed toward supporting the ongoing introduction of technology. Hence, workers will recognize that the new technology is their best option

and will be supportive. It must reward creativity, intelligent risk-taking, intrapreneurship and preparedness to work with change and the necessary external values such as customer service. The introduction of new technology is a team effort and the evaluation and remuneration system should be structured to recognize this.

2.7.3.4. Training

Social and technical training before the actual introduction of new technology is important to ensure its smooth implementation. If hard technology is being implemented, then familiarization with equipment at the vendor's premises or at another installation is important.

Continual technology introduction requires a highly trained workforce with training on the social aspects of change to understand its impact on both the organization and the workforce. Training in the technology itself is also required for both working directly with it or for those who have to explain it to other employees, customers or suppliers.

Training can never be considered as an afterthought; it should be an integral part of the introduction and delivered at the appropriate time and as professionally as possible (Berton Dickinson 1990). The internal management after identifying the requirement of the above causes whether internal or external it will drive the venture at a successful edge. They cover the bulk of the overall issues, though not exhaustive that should be addressed by any organization contemplating technological change. Technology introduction is therefore, easier when organizations consider the management issues that are uncovered and develop solutions to anticipated problems before they occur.

2.7.4 Technology and market

According to M.Martin (1984) successful companies aims their technology investment at a known or emerging market requirement, they seek to transform the market requirement through their new offerings and the lead to achieve through them.

The company is required to construct and implement a set of technical efforts that will collectively ensure the future competitiveness of company's offerings.

Therefore, firms pursuing competitive advantage strategy learn two principal markets based sources namely customers and competitors.

Competitive advantage can be conceptualized as a superior market place position that captures the provision of superior customer value kind/ achievement of lower relative costs resulting in market

share dominance and superior financial performance (Day and Wensley 1988).

Hence, technology is more emphasized as it is the primary tenet which leads to competitive advantage. Nowadays, for a firm to win the market place, it has to introduce something new to capture customers and divert them from the existing product to the new product.

2.8 INNOVATION MANAGEMENT

2.8.1 Enterprising strategies for competitive advantage

2.8.1.1. Differentiating strategy

In a competitive environment a business must continuously try to develop ways to compete more effectively. Business tries to identify strategies that will give them an edge over the competition. Michael E. Porter (1985) asserted that a business pursuing a product differentiation strategy provides a product or service that has some unique feature. That unique feature can be either in the company's products that are known for being higher quality than those of competitors or the company provides superior service once a purchase has been made, perhaps the business has such friendly knowledgeable workers that customers feel comfortable with the help and support they receive. He further said that the competitive strength of the differentiation strategy comes from what the unique feature allows the business to do. Therefore, the unique feature should enable the business to sell more of its products because customers value the uniqueness provided.

2.8.1.2. Low –Cost leadership strategy

This is finding ways to reduce the costs of producing a product or service and pass the saving on customers. In this aspect the firm may reduce costs in many ways by finding more efficient ways of operating, be able to get supplies or produce at reduced costs.

In an enterprise, the low- cost leadership strategy works if the enterprise can reduce costs to the minimum, while still providing quality products & services (Gareth R. Jones 1998).

2.8.1.3 Focus strategy

In the focus strategy the business positions itself to serve the needs of some unique or distinct customer segment that is not fully served by the competitor. This strategy is in view of serving distinct group of customers, a geographical area or some specific need that have not been fully addressed by any other competitor. Often the focus strategy is the natural and most reasonable approach pursued by small business and entrepreneurs. These creative people look at the business

environment and see areas of consumer needs that are not being tapped. They are convinced that if they offer products and services to meet the market needs, they can be successful. They are searching for a gap between what is currently available in the market and what consumers want and organize their business to serve this niche (Richard Siklos 2000).

2.8.2 Key competitive advantages

T.Peter and R.Brown, (1995) in their research to innovative firms have identified the following:

- Customer driven: the major driving force for an innovative firm for continual processes is customer needs; the company responds to this through product development which conforms to the current customer preferences.
- Technology: this provides a mechanism for adopting and developing new markets to achieve production efficiencies. The company's success and competitive advantage are linked to technological excellence and capability and understanding new product development.

The company aims to maintain its technological capability and to be best at this.

Technology is seen as customer driven both internally and externally and related to market opportunities.

Gary Hemel (1990) further asserted that innovative firm is featured by core competencies and distinctive competencies whereby a firm has a plenty of skills activities or capacities that business is uniquely good at doing in comparison to rival firms. These are features that make the business special and distinguishing it from other firms. Hence, in competitive market, these features are used to convince customers to choose one business over another.

2.8.3. Consumer behavior awareness

According to Ostrow & Smith's dictionary of marketing (2001), the term consumer behavior refers to the actions of consumers in the marketing place and the underlying motives to the actions. It is an essential part of marketing strategy to know the motives of consumers in buying one product or another in the market place. Customer relationship is the major aspect. So, the basic objective of any business is profit maximization through customer satisfaction. However, the consumer analyst needs to determine the underlying currents and crosscurrent in the consumer's minds. Given that tastes and preferences are conflictual and change over time. There is a focus on the effective marketing strategy and tactics employed by the firm that are successful in the markets. Consumer behavior is a study of

why, how, what, where and how often do consumers buy and consume different products.

Knowledge of consumer behavior is helpful to the marketing manager in understanding the needs of his different consumer segments and developing appropriate marketing strategies for each. This knowledge provides an insight into how consumers arrive at the purchase decision and the variable, which influences their decision.

A consumer decision to purchase a product is influenced by a number of variables namely: psychological, personal, social and cultural and they differ in tastes according to their sex, age, education and income.. With all these, the marketer might endeavor these information for proper marketing strategy.

2.8.4. Development of technology capabilities

In order to accomplish strategic and operational goals, organization must develop and adequate technological base; they must develop the technological know-how to effectively building and deploying that know-how (Alder 1990).

Organization need to be technologically equipped to meet their strategic objectives and to create new opportunities as well as to respond to the threats created by the environment and competition activities (Robert at el 1985).

According to W.Hamilton (1992) an innovative firm is technologically developed by mechanisms that include:

- Introducing and diffusing a new technology
- Upgrading the technical skills and knowledge of employees
- Improving organizational routines, structures, processes and values through which work is performed.
- Enhancing relationship with suppliers, customers, company affiliates and other organizations.

It is in this regard that today's businesses success occur if they excel at something that the market values such as new product development responsiveness to orders, continuous enhancement of product features , marketing and customer services.

M.Meyer and M.Robert(1988) noted that companies that concentrated on internal development of a single or related group of technologies and that focused on related market applications achieved both technological product excellence and a deep understanding of their customers.

K.Clark and T.Fujimoto (1989) stipulated that the key challenges of businesses competitiveness is expressed in terms of cost, quality, flexibility and design through their ability to manage technological innovation.

They further noted the characteristics of these firms' technological success as:

- A focus on the development of a definite set of technological capabilities
- An ability to develop a strategic technology culture through routines that facilitates capabilities development and relates technological capabilities to strategic goals
- The recognition that the contribution of technology and technical functions to competitive advantage derives from superior technological capabilities.
- An ability to institutionalize the learning of design teams in a way that continuously develops essential capabilities
- Adequate levels of technological competencies within executive management.

2.8.5 Positioning the venture product

The aim of positioning is to reduce the extent to which the customer feels that the product and service is substitutable by those of competitors. In effect, this means focusing the offering to the needs of the customer is a unique and effective way.

The positioning need not be solely in its functional core; differentiation can often be achieved very effectively by giving the emotional benefit (D.Aeker 1982).

Positioning is a valuable entrepreneurial tool. it guides the entrepreneur in offering the customer something new and valuable and it avoid the need for head –on competition with established and more powerful players.

2.8.6. Securing competitive advantage

S.Birley (1990) mentioned that competitive advantage resides in product offered and services accompanied to it. The distinguishing feature of entrepreneurs is that they recognize what works and replicate it quickly before competitors can react.

The first thing that a growing firm needs to understand is why it has been successful so far. It needs to revisit the generic marketing strategies and SWOT analysis. In order to be certain it can answer four questions that enable it to understand the basis of its competitive advantage:

- Who are our customers?

- What benefits are they looking for, when they buy our products?
- Why do they buy from us rather than our competitors?
- What strengths do we have and how can they be used to build competitive advantage?

Each of these questions will act as a guide for strategic decision making as they encompass all the factors an innovative firm has to look at in order to sustain its competitive advantage.

2.8.7. Long- term and sustainable competitive advantage

Michael E. Porter (1985) asserted that sustainable competitive advantage provides a successful conceptual approach to recognizing the ways in which the strategies can be taken to give guarantee for long- term success in the market place.

It provides an insight into the decisions that must be made in order to keep the business in a position where it can compete effectively. So, it acts as a critical pillar of strategic thinking.

Competitive advantage is located in what is offered to the marketplace. This occurs if the business consistently offers the customers something, which is different to what competitors are offering, and what difference represents something valuable for the customer. This resides in offering at low price, different features or performance, branding and distribution.

2.8.8. Ingredients of business sustainability

In a turbulent world of business, survival over a long period is a badge of success; often the business start out to do one thing and just a few years later that business can be successful. Patricia Jones and Larry Kahner (1995) pointed out that in order for an emerging firm to succeed and enjoy competitive advantage it has to be based on the following indicators of business success.

2.8.8.1. Achieving financial performance

The single most dramatic measures of organizational health and business success is financial performance. The most direct indicator of financial performance is captured in the concept of profit. Indeed, entrepreneurs and managers constantly strive to make a profit because it is an incentive to set up a business; thereby adding value to the firm. Profit is an incentive for which an individual invests in business. It is a reward for risk one's wealth in a venture. Therefore, the achievement of profit needs other related actions which might be fulfilled to get a long term success.

2.8.8.2. Meeting customer needs

Every business has customers, regardless of whether it provides a product or service. The amount of

profit a business make is ultimately determined by how well it meets its customer's needs over the long run Fred.L. Foy, (1999).

Today, many experts feel that customers are the key indicators of business health and success, before thinking of profit, organizations first think about customers. They recognize that if customers are satisfied the base for financial profitability is in place.

However, without customer preference, the business will not survive; this is why this should be a point of focus for organizations.

Customer relationship is a backbone of business success; managers should not only meet but also exceed customer expectations i.e. to be proactive instead of reactive to customer preferences.

2.8.8.3. Building quality products and services

Today's business must focus on quality and value of their products and services. Customers won't tolerate low quality unless low prices are more important to them than the quality of product, but rational customers emphasize quality even if the cost is higher. In a competitive environment, customers will be ready about any business that meets their quality expectation.

Paul Galvin, (1995) added that quality is a near obsession for companies and quality management is the expected way of operating for most business today which refers to a company's effort to provide steadily higher level of quality throughout all phases of its operations.

2.8.8.4. Encouraging innovation and creativity

In today's volatile business setting, there is change over time, customer's taste and preferences are constantly changing. Employee demand is always shifting; competitors are searching for new ways to edge rivals out of the market. Organizations are always looking for methods of operation that will bring greater efficiency and productivity, new technologies are always being developed. The only way a business can stay on top and compete is to be creative and innovative. Without the ability of change a firm's success will surely to short lived (Kmart 1992).

2.8.8.5. Gaining employee commitment

A successful business is composed of employees who care about the job, they are proud of their work and they feel a sense of commitment to their jobs and to the company, they are dedicated and concerned not simply going through the motions.

In this context, companies have to treat well employees so that they continue to develop their

potentials. A health company invests considerable time and efforts in finding ways to build greater employee commitment.

They have formal programs to provide more opportunity for employee participation and involvement in decision-making and frequent training in the strategy to improve employees' skills. One way to build commitment is to use the talents of workforce to the fullest extent possible. Most employees want to feel needed in their works and managers are bound to meet their needs and expectations so that they feel part of the company (D.Hussey.E 1996).

By and large, the five enumerated indicators of business success are not isolated from one another, they are rather interdependent because what happens in one area affects others in the sense that quality and sensitivity to customers enable a business to foster operations and provides products and services that improve its financial performance.

Innovation keeps the business on the cutting edge, assuring customer responsiveness and enhancing financial outcomes. Utilizing the workforce in conducive condition builds a sense of drive and dedication that may promote quality, customer service and intrapreneurship. A focus on one piece of the success indicators without attention to others would yield an incomplete picture and could endanger the long-term success of the business.