



Faculty of Graduate Studies

**The Impact of HR Practices on Innovation Culture
–The Case of Bank of Palestine**

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Supervisor
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Palestine, June 2014



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تأثير ممارسات إدارة الموارد البشرية على ثقافة الابتكار - حالة بنك
فلسطين

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Abstract

Certain Human Resource Management (HRM) practices stimulate the innovation culture, which is required to safeguard the competitive advantage of a business enterprise, thus contributing to its survival and potential expansion. The primary purpose of this study is to determine the degree of correlation between HRM practices and innovation culture, identify the HRM practices that most impact the innovation culture, and the degree of the impact of each HRM practice on the innovation culture.

Data for this study are obtained from Bank of Palestine (BOP); triangulation mixed method is used in this study, by bringing together quantitative and qualitative analysis, in order to get three viewpoints upon the factors being studied through surveys, an interview, and a focus group. A professional and neutral moderator facilitated the focus group, while the researcher carried out the interview to allow her to validate results from the focus group.

On the basis of the results of this study, it is concluded that there is a correlation between HRM practices and innovation culture. Practices that most impact innovation culture are staffing, Human Resource Development (HRD), and participation and communication. The HRM practice that provides the highest impact on innovation culture is HRD. The data also supports the view that all the studied HRM practices, which include staffing, HRD, compensation, safety and health, employee and labor relation, and communication and participation should be

implemented in a holistic system and not in isolation, in order to best stimulate innovation culture.

Lastly, this study provided recommendations that serve as a road map for enhancing the current HRM practices at BOP in order to reach the required innovation culture.

ملخص

بعض ممارسات إدارة الموارد البشرية تعمل على تحفيز ثقافة الابتكار المطلوبة للحفاظ على الميزة التنافسية للشركات، مما يساهم في بقائها والتوسع في السوق. الهدف الرئيسي من هذه الدراسة هو تحديد درجة الارتباط بين ممارسات إدارة الموارد البشرية وثقافة الابتكار، التعرف على ممارسات إدارة الموارد البشرية التي تؤثر على ثقافة الابتكار، ودرجة تأثير كل ممارسة من تلك الممارسات على ثقافة الابتكار.

تم الحصول على بيانات هذه الدراسة من بنك فلسطين، باستخدام أسلوب التثليث المختلط، من خلال الجمع بين التحليل الكمي والنوعي من أجل الحصول على ثلاث وجهات نظر مختلفة عن العوامل التي تجري دراستها، من خلال الاستبيانات، مقابلة، ومجموعة مركزة مع موظفي دائرة الموارد البشرية. تم إدارة المجموعة المركزة من قبل شخص مهني ومحايدي، بينما قامت الباحثة بإجراء المقابلة للتحقق من صحة النتائج من الجلسة مع موظفي دائرة الموارد البشرية.

أوضحت نتائج هذه الدراسة أن هناك علاقة بين ممارسات إدارة الموارد البشرية وثقافة الابتكار. أكثر الممارسات تأثيراً على ثقافة الابتكار هم التوظيف، تنمية الموارد البشرية، والتواصل والمشاركة. ممارسة إدارة الموارد البشرية التي توفر أعلى تأثير على ثقافة الابتكار هي تنمية الموارد البشرية. كما وتدعم بيانات الدراسة أن جميع الممارسات التي تم دراستها والتي تشمل التوظيف، تنمية الموارد البشرية، التعويضات، الصحة والسلامة، علاقة الموظف والعمل، والتواصل والمشاركة، يجب أن تنفذ من خلال نظام شمولي يضم جميع الممارسات وعدم فصل كل ممارسة على حدة، من أجل الحصول على ثقافة ابتكار.

أخيراً، قدمت هذه الدراسة توصيات لتكون بمثابة خارطة طريق لتعزيز ممارسات إدارة الموارد البشرية الحالية في بنك فلسطين، من أجل الوصول إلى ثقافة الابتكار المطلوبة.

Chapter One

Introduction

1.1 Overview

In his famous book entitled *The Wealth of Nations* (1776) British economist Adam Smith touched upon such broad topics including specialization, the division of labor, and productivity. The division of labor is the specialization of cooperating individuals who perform specific tasks and roles. Because of the large amount of labor saved by attributing specialized tasks to workers in Industrial Revolution-era factories, the classical economist foresaw the essence of industrialism by determining that division of labor represents a qualitative increase in productivity. He asserted that the specialization and concentration of the workers on their single subtasks often leads to greater skill and greater productivity on their particular subtasks than would be achieved by the same number of workers each carrying out the original broad task. That is, Smith contended that a production line administered by specialized laborers could endow a factory with a competitive advantage whereby the factory would be able to outstrip its competitors.

While it could be argued that Smith's observation was well ascribed to eighteenth and nineteenth century industrialization, his case for specialization would not suffice for the twenty-first century business environment. In today's world, an effective division of labor alone would not guarantee a competitive advantage to a business. In a highly globalized and interdependent world, a competitive advantage occurs when an organization acquires or develops a combination of attributes that allows it to outperform its competitors. These attributes can include access to natural resources, such as high-grade ores or inexpensive power, or access to well-

trained and skilled personnel human resources. New technologies such as robotics and information technology can provide a competitive advantage, whether as a part of the product itself, as an advantage to the making of the product, or as a competitive aid in the business process. As such, an entire innovation culture is required nowadays to provide and safeguard a business's competitive advantage.

Many renowned scholars have attempted to define the key components of the innovation culture required for a business to achieve a competitive advantage. Dobni (2008), for example, characterizes innovation culture as "a multi-dimensional context, which includes the intention to be innovative, the infrastructure to support innovation, operational level behaviors necessary to influence a market and value orientation, and the environment to implement innovation." Similar to Dobni, Hepburn (2013) describes innovation culture as an environment that encourages creative thinking and enhances efforts to gain economic and social value from the available knowledge and therefore generate new or improved products, services, or processes. As for Rao and Weintraub (2013), they both emphasize six building blocks of innovation culture that include: natural and human capital, processes, the model utilized to measure and reward successes, values, behaviors, and the workplace climate. If a business succeeds to establish these building blocks to create an environment that encourages critical thinking, then it would potentially be able to achieve the sought competitive advantage.

Central to Rao and Weintraub's six building blocks of innovation culture are the human resources. Through a simple investigation of the building blocks, one is able

to notice that all attribute measurements of qualities and aptitudes required by the employees of any business if that business were to acquire a competitive advantage. Accordingly, as Decenzo and Robbins (2009) assert, the human capital is the main innovative engine in any business; it is an essential asset for a business to spur the required innovation in order to achieve and maintain a competitive advantage. After all, as multiple cases prove, a competitor will always have the potential to copy technology, purchase capital and obtain the necessary raw materials to ensure a successful production process. However, a competitor will find it difficult to imitate the human resources of other businesses.

In order for a business to ensure a powerful cadre, an effective human resources department is vital. An ideal HR department is one that adds value to the company by serving the needs of its managers and employees in an encompassing manner that would have tasks successfully and efficiently achieved. Therefore, the HR department should assume a leadership role in any organization and focus on executing predetermined point-specific practices that enhance efficiency and innovation at the workplace. While each business should take on the task of identifying and prioritizing its own Human Resources Management (HRM) practices to realize that goal, there are core practices that any HR department should adhere to. An HR department in any institution or business enterprise should establish a merit-based recruitment and selection process, maintain solid employer-employee relations, conduct effective training and development workshops, ensure a fluid knowledge-transfer process, lay an efficient performance-management framework and setup a transparent recognition-and-rewards system.

To best investigate the link between HRM practices and innovation culture, this study focuses on Palestine's banking sector. Specifically, the case of Bank of Palestine (BOP) is thoroughly examined. Not only is BOP the largest local bank in Palestine in terms of total assets, total deposits and total credit facilities, but it is also the second largest private-sector employer in the country with a well diversified branch network. The HR department at Bank of Palestine oversees more than 1,230 employees who serve over 650,000 customers of 50 banking branches in rural and urban Palestine (as of April, 2014). Accordingly, the overarching jurisdiction that includes a multitude of tasks and responsibilities of this HR department offers BOP as an excellent case study for this thesis.

1.2 Research Problem

As manifested in the above *Overview*, the adoption of certain HRM practices is crucial for the maintenance of an efficient workplace. When adhered effectively, those practices are known to spur the innovation culture that is required to safeguard the competitive advantage of a business enterprise, thus contributing to its survival and potential expansion.

The researcher, as an employee in the quality assurance department at BOP for 3 years, observed the lack of innovation in the banking sector and that HR practices in the Palestinian banking sector are not playing a major role in contributing to innovation. In a number of Palestinian banks, the HR department is playing an operational role not strategic, which could be described as a personnel

department or fall under the administration tasks of the bank, so it is expected to have limited contribution to innovation. It seems that there is lack of awareness to the link between HRM and innovation culture, HRM should play an active role in building the bank's culture.

Although BOP is a leading bank and very competitive but still needs innovation, as innovation helps banks survive, increase customer satisfaction, gain competitive advantage, sustain market share, raise market profile, lead the market, and open new opportunities. Accordingly, in order to preserve their efficiency and stability, the Palestinian banking sector should be encouraged to uphold certain HRM practices that will be identified through this research.

1.3 Research Purpose

The overall purpose of this research is to determine the degree of correlation that exists between HRM practices and innovation culture. That is, the study aims to identify the degree to which HRM practices have an impact on innovation culture. To achieve this endeavor, the case of BOP is illustrated and examined.

The researcher evaluates the effectiveness of the HRM practices currently applied at BOP in inducing the innovation culture required to sustain an efficient workplace. Specifically, the study investigates the perceptions of BOP's employees and management towards the current HRM practices adopted at BOP and measures their role in contributing to BOP's innovation culture. This research also identifies

the degree of innovation culture that exists at BOP. It then pinpoints the role of innovation in maintaining BOP's competitive advantage, which has allowed BOP to outperform its competitors in the Palestinian banking sector.

Finally, the study explores the means through which certain HRM practices could further enhance innovation culture at BOP. These practices would eventually focus on elevating the productivity and motivation of BOP employees, encourage staff to partake in product development, and improve the efficiency of general workplace processes. If BOP's current HRM practices do not spur the necessary level of innovation culture, the researcher then offers recommendations that could enhance the effectiveness of the HRM practices under investigation so as to boost BOP's innovation culture.

1.4 Research questions

The specific study objectives are answered through the following research questions:

1. What is the current level of innovation culture at BOP?
2. How effective are the current HRM practices that are adopted at BOP?
3. Do the adherence to HRM practices contribute to and influence the existing level of innovation culture at BOP? If yes, to what degree does each HRM practice affects innovation?
4. Do demographic variables, such as age of employees and years of experience, influence the relationship between innovation culture and HRM practices?

1.5 Hypotheses

This study tests the following hypothesis:

Null hypothesis (H0):

- Innovation culture is not affected by the type of HRM practices implemented and the degree of adherence to these practices at the workplace.

Alternative hypothesis (H1):

- Innovation culture is directly affected by the type of HRM practices implemented and the degree of adherence to these practices at the workplace.

If a relationship between HRM practices and innovation culture exists, then the study intends to investigate the impact of each HRM practice on innovation culture, in order to know which practices have the highest influence.

1.6 Structure of the study

The above hypothesis presents the study's dependent and independent variables. While the dependent variable is innovation culture, the independent variables are the adopted HRM practices at the workplace. In order to best test the hypothesis and present the study's findings, the following structure is followed: A thorough literature review is presented and focuses on theories pertaining to HRM practices, innovation culture and the link between the two. From this thorough review, a theoretical framework is outlined to pinpoint the main variables to be

tested throughout the rest of the study. A methodology expressing the process required to test the variables follows, which is then utilized to generate necessary data. Finally, the data is discussed and analyzed to answer the research questions before final recommendations are offered.

Chapter Two

Literature Review and Theoretical Framework

Introduction

This chapter opens with a discussion on the importance, roles and practices of HRM. The chapter continues by outlining methods to measuring the effectiveness of HRM. A thorough explanation of innovation, its types and ways to induce it at the work place follows. Afterwards, the links between HRM practices and innovation culture are highlighted before the chapter concludes with a theoretical framework that is inspired by the previous discussion.

2.1 HRM

2.1.1 Importance and Roles of HRM Practices

The roles and functions of the HR department of any organization have changed over time. Traditionally, the role of the HR department was more associated with personnel management and administration, which was more associated with the processing of paper work that mostly served as the organizing and policing arm of the executive management (Heathfield, 2004). However, as the business environment transformed due to vast technological progress and rapid globalization, many scholars pushed for functional changes in the typical HR department. Durai (2010), for example, contends that HR managers should think beyond the traditional activities like personnel planning, welfare measures, and industrial relations. Instead, they should be more familiar with the operational aspects of the organization, like strategic planning, competitive pressures, return on investment and cost reduction in addition to their original tasks. Like Durai, Heathfield (2004) contends that today's HR role should transform to better

contribute in leading modern thinking, by following forward thinking practices, where the HR managers consider themselves as strategic partners, by contributing to the accomplishments and development of the business plan and objectives.

The HR objectives should be based on the overall strategic business plan and objectives. This strategic partnership affects the HR roles in designing work positions, hiring, rewarding, recognition, performance development and appraisal systems, career and succession planning, and employee development. The personnel should also be considered as strategic contributors to business success (Durai, 2010; Heathfield, 2004). The HRM should be prepared to work from higher levels in coordination with the top management in designing and implementing the HR plans and strategies (Durai, 2010). Therefore, in order to improve performance, organizations should link human resource functions with the organization's strategic objective through what is called Strategic Human Resource management (SHRM). SHRM enhances the business' productivity and effectiveness, as well as helps in achieving their mission (Jayasuriya, 2012).

Several point-specific reasons have induced the aforementioned transformation in the roles and function of HRM, including the change in the nature of work. For instance, the technological developments currently taking place require more skilled and educated employees to provide the needed knowledge in performing the work. This requires higher efforts from the HR managers to meet the new generation's needs and expectations as they now expect world-class HRM practices and systems. Therefore, HR managers should have plans and strategies to meet those expectations. Also the rapid social transformation improved access to

education and increased labor mobility, which changes the profile of workforce in the country, and provides heterogeneous groups in organizations. This is another aspect that requires the HR managers to change their role, as they now have to deal with workforce from different cultures and backgrounds; this requires new HRM practices that match the interests of different types of employees (Durai, 2010).

Globalization is yet another contributing factor for the change in HRM roles. The globalization of world markets has required organizations to change their traditional HRM practices to expand and include more functions that suite their companies and employees in different countries, enable them to coordinate and control their employees, and have integration between their global HR operations. In order to face global competition, HR managers should adapt HRM practices that enhance and increase employees' productivity through bundling different HRM practices that produce excellent employee performance through enhancing employees' commitment, competency, and skill set (Durai, 2010); and should apply what is called High Performance Work Systems (HPWS) emphasizing on high quality work, job security, careful selection process, comprehensive training, decentralized decision making, information sharing, pay for performance, dynamic leadership, inspirational motivation, and measurement of management practices (Alsaghir, 2010; Durai, 2010).

Due to the current changes and the increased size of organizations, the HR department should use an integrated human resource information system (HRIS) that enables it to computerize operations (like recruitment, training, appraising, and pay roll preparations) and better coordinate their execution. This system actually resembles interconnected components working together to collect, process, store,

and distribute information to support decision-making, coordination, control, analysis, and visualization of the organization's HRM practices. This system eliminates the routine tasks for the HR department, and facilitates the update of employees' data, and reduces the time needed to produce reports (Durai, 2010).

The skills, knowledge, and abilities of people within the organization are the key success factors that differentiate the organization from its competitors (Decenzo & Robbins, 2007). This brings the importance of HRM in matching employees' goals with business' goals and reducing the gap between both, and forming good harmony that utilizes organizational resources effectively and efficiently (Decenzo & Robbins, 2007; Pomoni, 2009; Poudel, 2013). As well to matching the unique competencies of employees with the business' mission through efficient recruitment, performance evaluation, compensation, and discipline, handling the laws of protecting the human resources within the organization, as equal employment, compensation, safety, and labor relations, maintaining consistency and equity within the organization especially when it comes to promotions and rewards (Decenzo & Robbins, 2007), and providing a favorable culture for employees to work creatively and enhance their creativity skills, ability and knowledge (Poudel, 2013).

The main role of HRM is to attract good people to the organization, help them perform their work through matching their skills and competencies to the related area in the business, provide the needed training courses and select effective training methods and tools (Decenzo & Robbins, 2007; Pomoni, 2009; Poudel, 2013), then provide the needed motivation tools to direct their efforts to the desirable

objectives, besides compensating them, and solving any problems that might arise. People are usually interested in joining a workplace that provides them with the opportunity to develop, train, and excel on a personal level in the future, in addition to receiving attractive benefits.

Lastly HRM practices help in utilizing the organization's resources in the best efficient way that reduces and avoids common personnel mistakes, like hiring the wrong person, experiencing high turnover, unfair labor practices and many others, in order to achieve the organizational objectives and goals (Decenzo & Robbins, 2007; Poudel, 2013). This is done by reducing employees' turnover rate by increasing employees' loyalty and commitment through letting them perceive their jobs as part of their personal life and not as a routine obligation (Pomoni, 2009).

It could be argued from the above that the definition of HRM is continuously revitalized. Many scholars have attempted to define HRM that is ascribed to today's business environment. According to Leede and Looise (2005), HRM is "all management decisions and activities that affect the nature of the relationship between the organization and its employees – the human resources" (P. 109). Decenzo and Robbins' (2009) definition is more specific as it states that HRM is "the staffing functions of the management process, or the policies and practices needed to carry out the "people" or human resource aspects of a management position, including recruiting, screening, training, rewarding, and appraising"(p. 6). Jorgensen, Becker, and Matthews (2009) combine between the two previously mentioned definitions and state that HRM is "all management activities impacting relationships between organization and employee or more specifically as a system of operational

functions such as staffing, selection, job design, training and career development, performance appraisal, and compensation” (p. 452). Consistent with Decenzo and Robbins (2009), Durai (2010) states that HRM is concerned with policies and practices that ensure the best use of employees in achieving the organizational and individual goals. However Tan and Nasurdin (2011) conclude that “HRM practices relate to specific practices, formal policies, and philosophies that are designed to attract, develop, motivate, and retain employees who ensure the effective functioning and survival of the organization” (p. 157). Jayasuriya (2012) summarizes the definition of HRM as managing resources that are human as it focuses on recruiting, managing, and providing direction for employees, HRM deals with compensation, hiring, performance management, organization development, safety, wellness, benefits, employee motivation, communication, administration, and training.

While scholars have defined HRM differently, all agree that certain core practices are required from the typical HR department. Every HRM department regardless of the size of the organization has specific roles and functions to perform, but these functions may vary from organization to another depending on its nature, size, and objectives (Durai, 2010). The core HR roles include staffing (HR planning, recruitment and selection), HR development, compensation and benefits, safety and health, employee and labor relation, and HR research (Decenzo & Robbins, 2007; Mondy, 2010).

2.1.2 Measuring the Effectiveness of HRM Practices

HR department should be able to measure the effectiveness of the execution of its roles. Top management expects from their HR managers to present measurable results about their practices and how they affect organization's strategic objectives (Rao, 2009). Effectiveness measures how well the established strategic goals are met (Gibson, 2006).

While Durai (2010) finds difficulties in measuring the effectiveness of HRM practices and their impact on the overall performance of the business, and suggests that the HR' department's concentration in the future should be on finding and developing reliable and accurate HR tools to measure the efficiency of HR practices (Durai, 2010). Many previous scholars discussed several ways to measure the HRM practices' effectiveness, summarized below in table 2.1, and discussed further afterwards.

Table 2.1: Measurements of HRM practices

Scholar (Year)	Measurement tool
Belcourt (2001)	<ul style="list-style-type: none"> • 5 Cs of HR effectiveness model, which includes the compliance, client satisfaction, culture management, cost control and contribution • The company's survival • Rate of Return (ROI), Return on Equity (ROE), expenses relative to sales, and other financial ratios • HRM practices should be measured based on each unit's goals not general measures like growth or profit
Gibson (2006)	HR audits, ROI, Cost – Benefit Analysis, and Break- even analysis
Bhatia (2008)	Designed an electronic tool that helps CEOs and HR managers to test the HRM functions effectiveness. Divided into three main groups: strategically aligned HR, decision

	enablers and processes, and employee development empowerment
Cascio and Boudreau (2008)	Input output ratios, such as the time to fill vacancies, turnover rates, turnover costs, and compensation budgets compared to total expenses
Jayasuriya (2012)	<ul style="list-style-type: none"> • Employee survey • HR scorecard

Data Source: previous studies

Belcourt (2001) has developed a model called the 5 Cs of HR effectiveness (including compliance, client satisfaction, culture management, cost control and contribution), which measures HR's contribution to the organization's strategic objectives. The model combines the judgment of senior managers, investors, customers, and HR executives about HR practices effectiveness, in five different groups.

Compliance; the role of the HR department in this function is to make sure the organizational practices follow the laws and legislations, by ensuring that employees and managers understand and obey the law, therefore saving legal costs, fines, and bad publicity (Belcourt, 2001).

Client satisfaction; here the company measures the satisfaction of the stakeholders to determine the effectiveness of HR practices; satisfied employees increase customers' satisfaction. Total Quality Management (TQM) tries to resolve the gap between clients' expectations and levels of satisfaction, the bigger the gap the less effective the HR department. Surveying stakeholders before, during, and after a certain change in HRM practices makes it easier for the HR department to know clients' perceptions, and prove that the change program meets its goals (Belcourt, 2001).

Culture management; organizations seek to provide the culture that enhances employees' performance. Managers monitor the organizational culture through employees' attitude surveys, believing that employees' attitude has an impact on their behavior, for example absenteeism, tardiness, work performance, and strikes. The results of these surveys can be linked to the department's objectives (Belcourt, 2001).

Cost control; as mentioned earlier the labor cost is considered the largest expense in the organization, HR practices can reduce this cost by reducing the number of staff and keeping the same productivity with less employees therefore increasing efficiency, or by reducing the costs associated to employees' behavior such as absenteeism (Belcourt, 2001).

Contribution; researches proved that integrated HRM practices have positive effect on employees' performance through increasing knowledge, skills and abilities, enhancing motivation, and increasing the retention of competent employees. These practices have direct positive influence on the organization's financial performance (Belcourt, 2001).

Also Belcourt (2001) sees that the first measure for HRM practices effectiveness is the company's survival, as long as the company is not bankrupt then the organization is a success, but this measure alone is not satisfactory for most organizations because it doesn't give relative measure of success, thus other measures should be used, like Rate of Return (ROI), Return on Equity (ROE), expenses relative to sales, and other financial ratios. Then the HRM practices can be related to these measures, like measuring the impact of investment in training or performance appraisal.

However, at the end, many measuring challenges stand; there are no best HRM practices for all the situations, each company has its unique characteristics. Within the single organization each section has its strategic goals, which means the impact of HRM practices should be measured based on each unit's goals not general measures like growth or profit (Belcourt, 2001).

Gibson (2006) demonstrates many HR measurement tools that HR managers should apply, which include: HR audits, ROI, Cost – Benefit Analysis, and Break- even analysis. More emphasis was put on the HR audits measurement; which is a tool that measures the efficiency and effectiveness of the HR department through testing how the HR functions are used to accomplish the organization's strategic objectives. Precisely the HR audit examines the degree to which the organization fulfills the legal requirements, extent to which HR services are user friendly, employees' complaints and objections and their causes and their impact, degree to which core competencies are identified and defined, the extent to which recruiting, selection, and retention practices reflect the organization's core competencies, the degree to which the organization positions itself in the marketplace in terms of compensation and benefits, the extent to which the training program meets the current and potential employees' needs, the level to which the organization's safety program complies with public rules and regulations, and the degree to which it supports the company's objectives.

Bhatia (2008) designed an electronic tool that helps CEOs and HR managers to test the HRM functions effectiveness, it consists of a checklist that includes

twenty important criteria that form the framework of modern HR. These criteria are divided into three main groups: strategically aligned HR, decision enablers and processes, and employee development empowerment. Each criterion has a specific weight determined by size of the organization. For more information see (<http://emptrack.com/hr-effectiveness-survey>).

Cascio and Boudreau (2008) show how to measure the efficiency of HR as well to the effectiveness of their practices. To measure HR efficiency, companies could use input output ratios, such as the time to fill vacancies, turnover rates, turnover costs, and compensation budgets compared to total expenses. These measures combine between HR processes and accounting outcomes, therefore it could determine if the HR practices are lowering the costs or not. The drawback of these ratios is that they concentrate only on cost reduction ignoring the value of employees' talents.

While the effectiveness of HR practices can be measured through linking the HRM practices to the financial outcomes through using human capital index or human capital benchmarks. Some practices directly affect the financial performance, but many scholars couldn't prove that more investment in HR activities enhances the financial outcomes, another problem of this measure is using one description of the implemented HR practice for the whole organization, where actually HR practices vary significantly across divisions, geographical locations and so forth. Another limitation is that this system only measures the existence of HR practices but not their effects (Cascio and Boudreau, 2008).

Jayasuriya (2012) demonstrates that the best way to measure the effectiveness of HRM practices is through the use of metrics in addition to linking them with balanced scorecards that measure the impact of HR practices through major stakeholders. Employee survey is one of the useful tools that measure the impact of employees' management if appropriately focused on strategic issues. Another way is the HR scorecard, which includes the following elements: workforce success (did the employees accomplish the key strategic objectives for the business?), right HR costs (is the investment in the workforce appropriate?), right types of HR alignment (are the HR practices aligned with the business strategy, and differentiated across positions?), right HR practices (is the business following world class HRM policies and practices?), and finally right HR professionals (do the available HR professionals have the needed skills and qualifications to implement the world class HRM system).

2.2 Innovation

2.2.1 The importance of innovation in the workplace

There's no unique definition for innovation, the literature review revealed that different researchers have different definitions; Leede and Looise (2005) define innovation as "a deliberate and radical change in existing products, processes, or the organization in order to achieve a competitive advantage over competitors" (P. 108). Whereas Becker and Matthews (2008) define innovation in their study as "the creation of novelty which when effectively exploited and implemented generates sustainable value" (p. 4,5); in this definition novelty refers to something new to the

organization (incremental innovation), not necessarily new to the industry (radical innovation). The sustainable value they are talking about does not only include economic return, but also financial, social, environmental, and other outcomes beneficial to the organization. Dobni (2008) states “innovation is often expressed through behaviors or activities that are ultimately linked to a tangible action or outcome. Examples of this include the implementation of ideas surrounding new product/services or modifications to existing ones (product or market focus), restructuring or cost savings initiatives, enhanced communications, personnel plans (process related), new technologies (technology/ research and development based), unique employee behaviors (behavioral based), or organizational responses to opportunities (strategic) and unscripted situations” (p. 540). While Sastry (2012) considers innovation as anything that provides additional value to customers or to the company. And lastly Kerpen (2013) believes that innovation is the implementation of new solutions that meet new requirements, inarticulate needs, or market needs.

In this dynamic and competitive world, the importance of creativity and innovation is increasing every day and organizational innovation is considered an essential weapon to compete (Griffin, 2011; Sastry, 2012; Sharifirad & Ataei, 2012; Tan & Nasurdin, 2011), accordingly organizations are moving toward more innovation oriented strategies and are frequently making changes in their processes, products and services or even organizational structure in order to meet customers’ fast changing needs and wants, increase the firm’s productivity and use human capital as a competitive advantage that cannot be copied (Alsaghir, 2010).

Innovation creates value and sustains competitive advantage in this rapidly changing environment, and allows firms to react to the changing environment and achieve better performance (Chen & Huang, 2009). Moreover, Becker and Matthews (2008) confirm that in the current fast competitive globalized marketplace, innovation has become a prerequisite for any business.

Many firms have restructured their employment relations in response to changing their HRM practices to adapt to the dynamic, information-rich environments. The new practices are adopted in a system-like manner rather than individual components, which lead to high innovative performance (Laursen & Foss, 2003).

Mobbs (2010) studies the importance of innovation for the nation as a whole and for firms. For firms, there are many reasons why innovation is important; some of them are reflected on the market (survive, increase customer satisfaction by making their lives easier, gain competitive advantage, sustain market share, raise market profile, lead the market, and open new opportunities) others affect external forces (comply with legislation, and reduce the impact of competition). Factors affecting staff and organization include employees' motivation with interesting and challenging environment, ability to retain more talented employees and encourage those with great ideas to approach the company, provide stability for their employees, and attract alliance partners. The author finally identifies innovation's impact on the financial side, which include: attracting extra funding, raising profits, and driving total shareholders return. Recently, almost every study of business leaders proved that the key to corporate growth, competing others in the industry,

and keeping countries out-front in this increasingly flat, complex and highly competitive world, is innovation (Cahn, 2013).

The importance of innovation is rising in this age of technological advancement. This is obvious by multinational companies like Google; which sets a new policy called “the 20 percent program” where employees can spend 20% of their working time (which is equal to one day per week) to work on external projects, accordingly this would provide them with the time and space to think innovatively, the policy worked well and generated new products like Google news (Gammerlgard, 2012; Kaplan, 2013).

Griffin (2011) and Sastry (2012) state that the availability of innovative workplace is critical in this competitive market that requires flexibility in work. Adding to this its effect on the overall economic growth. In order to guarantee sustainable business success, the organization should pay more attention to employees’ creativity and nurture this creativity, as well to involve employees in strategic initiatives (Sastry, 2012).

Innovation culture improves staff motivation and working conditions, which eventually enhance employees’ productivity, organizational performance, and innovation capabilities that enable the company to respond faster to market changes and have a competitive advantage (European Commission, 2013). In addition to being the preferred employer everyone wishes to join (Griffin, 2011). In fact, many businesses care about the final results and returns, which makes it difficult to create

a culture that focuses on new ideas and long term gains. To innovate, companies must create a culture that encourages innovation among employees and facilitates the generation and development of new ideas (Newenham, 2013).

Oeij, Dhondt, Kraan, Vergeer, and Pot (2012) conducted a survey among companies in Netherlands that proved a strong positive relationship between innovative workplace and employees' commitment and qualitative and quantitative organizational performance. Their study emphasizes Alsaghir (2010) conclusion of the importance of High Performance Workplace (HPWP) as a non-technical factor that fosters economic growth through providing organizational innovation (or what is also called workplace innovation or social innovation in the workplace), as well to efficient outcomes such as employee productivity, manufacturing quality, customer service, financial performance and profitability, and performance outcomes. The study also illustrates the importance of innovative workplace at three levels, which include the society level, the company level, and the employee level.

At the society level, it was proved that increased investment in organizational change increases economic growth. While the needed investment in organizational change is still undetermined, it depends on the country, but what has been proved is that no investment leads to lower economic growth.

At the company's level, it was proved that workplace innovation increases quality of work and it is the only type of innovation that generates higher Total Factor Productivity (TFP) levels through implementing innovative practices such as performance based pay, flexible job design and employee involvement, and developing employee skills and labor management cooperation. Higher productivity

is directly related to better communication, which leads to lower absenteeism and higher social and vocational competences.

As for the worker level, innovative workplace increases employees' autonomy to control their work responsibilities in addition to unrestricted capacity for learning and problem solving.

Therefore, attaining a world-class performance level requires capital investment, investment in and introduction of new technologies, as well the implementation of high performance workplace practices.

Almquist, Leiman, Rigby, and Roth (2013) surveyed 450 executives around the world for companies with around \$100 million in revenue. The study revealed that innovation increases the annual growth rate of companies by 13% compared to 5% of other companies that lack innovation culture. Increases employees' loyalty, this was measured through using employee Net Promoter scores (eNPS) a well-known indicator of employees' loyalty and enthusiasm. In addition to their better ability in making and executing decisions, this was measured by assessing the corporate decision effectiveness, which included the quality, speed and yield of decisions, and the effort involved.

2.2.2 Types of Innovation

The main two types of innovation are process and product innovation. The following table (table 2.2) summarizes the different types of innovation, followed by more details and a definition of each type.

Table 2.2: Types of Innovation

Scholar (Year)	Types of Innovation		
	Product Innovation	Process Innovation	Other Types
Sastry (2012)	✓	✓	<ul style="list-style-type: none"> • Incremental • Radical • Systemic
Tan and Nasurdin (2011)	✓	✓	Administrative innovation
Dobni (2008)	✓	✓	Technology/ research and development
Laursen and Foss (2003, 2013)	✓	✓	
Oeij et al.(2012)	✓	✓	
Ramalingam, Scriven and Foley (2009)	✓	✓	<ul style="list-style-type: none"> • Position innovation • Paradigm innovation
Keeley, Pikkal, Quinn, and Walters (2013)	✓	✓	<ul style="list-style-type: none"> • Profit model • Network • Structure • Channel • Brand • Customer engagement

Data Source: Previous Studies

Tan and Nasurdin (2011) define product innovation as the development of new products based on previous knowledge, research and practical experience to meet customers and market need. Dobni (2008) added to this definition the improvements to existing products or services. Laursen and Foss (2003, 2013) define product innovation as innovations of physical products and services. Oeij et al.(2012) perceive product innovation as an outcome where the company concentrates on the final product, new product features, and production methods. According to Ramalingam, Scriven and Foley (2009) product innovation is the change in the

products/ services the organization offers to the end user.

Tan and Nasurdin (2011) define process innovation as the creation of new process or improvement to existing process, which involves the implementation of improved production or delivery method that includes changes in techniques, equipment, and/ or software. Laursen and Foss (2003, 2013) define process innovation as innovation in the basic production process itself and also in the administrative structure of the firm. While Oeij et al. (2012) claim that process innovation indicates that the organization has the capabilities to innovate where they adapt the changing conditions. And according to Ramalingam et al. (2009) process innovation is the change in the way of creating and delivering products/ services. Process innovation leads to cost saving initiative and enhanced communications (Dobni, 2008).

Tan and Nasurdin (2011) define administrative innovation as performance derived from changing organizational structure and administrative process, reward and information system and it includes basic work activities within the organization, which are directly related to management.

Sastry (2012) classifies innovation into five types based on their impact whether incrementally (new to the firm), radically (new to the industry) or systemically, which include: product innovation, service innovation, organizational (procedural or process) innovation, market-led/ market-push innovation, and technology-led innovation.

Adding to this technology/ research and development (R&D) based innovation where new technologies are introduced, strategic innovation, which occurs when organizations respond to opportunities (Dobni, 2008).

Ramalingam et al. (2009) added another two types of innovation, including: position innovation that demonstrates change in the context in which the product/ service are framed and communicated, therefore repositioning the perception of an existing product and how it is used, and paradigm innovation, which includes changes in the underlying mental models which shape what the organization does.

In their book “ten types of innovation” Keeley, Pikkell, Quinn, and Walters (2013) demonstrate different types of innovation that include the following: profit model (how companies make money, includes innovative ways to convert the company’s sources of value into cash), network (how companies connect with others to create value, how to take advantage of other companies’ processes, technology, offerings, channels and brands), structure (how the company organizes its talents and assets in unique ways to create value), process (how they use superior methods to deliver their products/ services), product performance (how companies develop differentiated features and functionality), product system (how they create complementary products and services), service (how they support and enhance the utility, performance and value of their offerings), channel (how products/ services are delivered to customers), brand (how products/ services are presented), and customer engagement (how companies foster distinctive interactions with their customers through understanding their deep aspirations).

2.2.3 Creating an Innovative Culture

Dobni (2008) define innovation culture as “a multi-dimensional context, which includes the intention to be innovative, the infrastructure to support innovation, operational level behaviors necessary to influence a market and value orientation, and the environment to implement innovation” (p. 540). Hepburn (2013) define innovation culture as an environment that encourages creative thinking and enhances efforts to gain economic and social value from the available knowledge and therefore generate new or improved products, services, or processes. In this context Rao and Weintraub (2013) emphasize six building blocks of innovation culture, including resources, processes, how success is measured and rewarded, values, behaviors, and workplace climate. Each one of these building blocks is divided to other factors and elements that can be measured to find the degree of the company’s innovation culture; more details will be discussed in subsequent sections.

To transform an organization into an innovative workplace, the definition of what is considered innovative should be stated. Then the business will require various types of teamwork, continuous skill developments and learning plans, employee empowerment, transparent communication practices, flexible organization arrangements, and innovation councils which consist of group of people whose main goal is to enhance and encourage innovation in the workplace and help in implementing the new ideas. Keeping in mind that changing an organization’s philosophy takes time, and requires the involvement of all the stakeholders from the beginning of the process. Information sharing and communication is mandatory at

this stage, as well as to the agreement on the new strategic direction, all the stakeholders should be aware that the change is for their interest. Finally the process and its results should be monitored, although it might be hard to measure the advantages of the new work system in financial terms, other parameters could be used to evaluate the progress (Sastry, 2012).

May (2013) clarifies that enhancing employees' creativity to be more innovative requires a framework to operate effectively as well as to enable the management evaluate the profitability of the results. Those approaches include: creating a stimulating environment that increases communication between employees by removing the physical barriers in the work area, and by adding inspirational objects that might not be directly related to their job. Rewarding employees for their creative efforts, encouraging them to take risks, and avoiding punishments when things go wrong, this way employees will be motivated to give suggestions and take more responsibilities. The last approach is providing different perspectives from outside the organization for example customers view on the way of using their products, this might open new paths for improving the product, as well knowing the key success factors that can be used against competitors.

Workplace innovation requires changes in work organizations, HRM and supportive technologies, and a strategy that enhances the organization's performance and quality, in addition to further investment in IT and IT applications which are important components for organizational innovation, and enhances employees' skills and company's productivity and performance (Oeij et al., 2012).

To change the organizational culture into a more innovative one, executives should understand the current culture in their company; this could be done through using the six building blocks survey (discussed in the following section), and from the results of this survey managers should identify the strengths and weakness of the culture, and take them as a starting point for their intervention in the new innovative culture (Rao and Weintraub, 2013).

Organizations become innovative when employees have the freedom to be creative and come up with new ideas, products, services, and ways of doing work. And also when employees are aware of the company's vision and have the autonomy to take the needed decisions that help in achieving this vision. Therefore, in order to provide an innovation culture, leaders should reduce the available policies and rules, as they constrain employees' creativity and offer little room for innovation, this could be done through revising the rules and making sure that they are consistent with the new innovation culture, as many policies and rules expire by time and become helpless and leaders don't change them frequently; the less the available policies and rules the more flexible the organization. Innovative organizations focus more on their vision than their rules. The leaders' decisions for flexible working conditions should be reflected on their policies; when the CEO decides to offer the right work/life balance through flexible workplace, this should be accompanied with changing the HR policy of working hours. Same thing when managers decide to enhance employees' creativity they become aware of the

importance and chance of making mistakes, this should be accompanied with changing the related policy.

Also, the hierarchal organizational structure should be changed, the more levels in the workplace the more time required to take approvals on new ideas which irritates employees and discourage them from giving new suggestions. For an innovative culture, a flat structure is recommended, where employees are free to talk to each other and exchange ideas (Halls, 2010).

Kaplan (2013) states six steps for creating an innovation culture. The first thing is that companies should have accurate and specific mission and visions, not generic goals, with clear guidance. Then give employees enough time to explore and try new ideas by creating a structure for unstructured time for example, Intuit company uses time as a reward for employees because they know that it is the biggest motivator for entrepreneurs, this is done by giving their innovators three months of unstructured time, they can use this time either at one shot or divided between six months, to explore new opportunities. For this to succeed the company should provide employees with guides and tools to better enhance their innovation skills. In this regard companies can find free available toolkits, one of them is called Boot Camp Bootleg done by Stanford design School; many new products and enhancements in internal processes were done through using these toolkits. The availability of these toolkits in the organization motivates employees by recognizing that the leaders care about improving, empowering them, and developing their skills. The fourth step is measuring; the company should start measuring after figuring out

what to measure according to the company's priorities, what can't be measured can't be managed or improved. The fifth step is rewarding success; rewards should not only be in a formal way, sure formal rewards get employees motivated but for short period of time, other ways should be found to increase the engagement of employees. Colgate for example gives its employees who make a remarkable contribution in the projects wooden nickels, then those employees pass these nickels to their colleagues in the same project, and it's common for employees to come to their desks after lunch and find some nickels from anonymous on their desks. This fun way encourages and motivates employees to stay engaged, adding to this promoting the free flow of ideas. And finally, the company should get symbolic; symbols could be in the form of values, statements, awards, posters in the hallways, success stories and others. As an example, Netflix names its conference rooms after blockbuster movies (one of them King Kong) as a reminder of the continuous breakthroughs its employees are creating and promoting. Kaplan (2013) concludes by clarifying that each organization culture is unique, each company has its values and goals, and therefore the new culture should take into consideration the company's approach and align it with those values and goals.

Kerpen (2013) declares that the bigger the company gets, the harder it becomes to have or sustain an innovation culture. But still there are seven steps that can be followed to create a culture of innovation. The first step is evaluating the current culture by knowing the current level of the following: desire to be innovative, know-how to be innovative, and support to be innovative. Mainly by knowing how the company is ready and prepared for the innovation culture will help in knowing

how easy or difficult it will be. The second step is determining the importance and role of innovation in the company's future. Then an innovation mission and vision that align innovation with the company's strategy should be announced. The fourth step is specifying measuring tools to track innovation; like percent of sales, percent of profit, and percent of company's desire, know how, and empowerment to be innovative. Afterwards, the company should organize to support innovation, they should distinguish between what is urgent and what is essential. The sixth step is creating a roadmap of cultural interventions (which includes creativity, risk taking, collaboration, and customer focus) to shift the culture, and the company should make sure that these interventions are measurable and align them with the innovation mission. And the final step is intervening, measuring, repeating, and wining.

To have an innovative culture, there should be integration between creative people and business executives both inside and outside the organization. Pixar is an example of an organization that encourages innovation, where the development department of this company has incubation teams who are encouraged to give their feedback to help directors develop their ideas. There should be a structure, roles, and decision processes that foster innovation, and a culture that values, supports, and rewards innovation (Almquist et al., 2013).

2.2.4 Measuring Innovation Culture

Measuring innovation enables organizations to understand their current innovation practices and capabilities, points the company's weaknesses and where it

should focus to maximize innovation success, identifies the company's strengths to capitalize on and identifies opportunities to increase innovation, assists in identifying and controlling the barriers that restrain creativity and innovation and spreading the awareness of the importance of innovation concepts and enhancing the innovation culture in the organization (Gamal, 2011). Table 2.3 summarizes the different ways previous scholars discussed about measuring the innovation culture, and discussed further afterwards.

Table 2.3: Measurements of innovation culture

Scholar (Year)	Measurement Tool
Oeij et al. (2012)	A survey that contains questions about four categories: autonomy, self-directed teamwork, internal flexibility, and innovation.
Rao and Weintraub (2013)	Assessment tool called InnoQuotient survey, which consists of six building blocks of firm culture, including resources, processes, and how success is measured and rewarded, values, behaviors, and workplace climate
Doss (2013)	Declares that companies should focus on measuring features of the innovation ecosystem rather than measuring the outputs of this ecosystem
Dobni (2008)	Seven factors to measure innovation culture, which include: innovation propensity, organizational constituency, organizational learning, creativity and empowerment, market orientation, value orientation, and implementation context
Gamal, 2011	<ul style="list-style-type: none"> • Eight categories, which include: knowledge, intangibles, networks, demand, clusters, management techniques, risk/return, and system dynamics • Diamond model

Data Source: previous studies

Oeij et al. (2012) measure the innovation workplace in their study through a survey that contains questions about four categories: autonomy, self-directed teamwork, internal flexibility, and innovation.

Autonomy was measured by asking about the degree to which employees can decide on: determining the working method, determining the division of work, determining working times and breaks, and solving operational disturbances in the work process.

The items were measured on 5-point Likert response scales.

The second dimension about the availability of self directed teamwork measured by a question whether teamwork is an important issue to the work organization, and, if confirmed by the respondent, another question is asked to test whether the supervisor or the team members decide on the division of tasks and how the tasks are performed.

Internal flexibility consists of five items; the first two measure the supervisors' flexibility with employees in terms of working time and work performance of employees. The remaining three measure the flexibility of work such as multi functional use of personnel, flexible working hours, and self-development.

The final dimension, innovation, measured by a subscale of five items, two of them concern innovation policy of an organization, and the remaining three refer to the innovations implemented in the last two years.

Rao and Weintraub (2013) assessment tool called InnoQuotient survey, which consists of six building blocks of firm culture; the first three contain resources, processes, and how success is measured and rewarded. These blocks are considered tools oriented, quantifiable, and generally understood innovation building blocks,

that is why they get most of the managers' attention. While the other three blocks, values, behaviors, and workplace climate, are people oriented, less tangible, and more difficult to measure, therefore managers give them less attention, although the impact of these right brained blocks on innovation is much higher. Each one of the building blocks has three factors and each factor has three elements totaling 54 elements (6 blocks * 3 factors* 3 elements), each element of these 54 is evaluated using a scale from 1 to 5, as how closely each statement responds to reality in the workplace, 1 being the lowest and 5 the highest. Then averages are calculated to each block, factor, and element. And the final average shows the score of the company's innovation culture.

Doss (2013) declares that companies should focus on measuring features of the innovation ecosystem rather than measuring the outputs of this ecosystem, as what Edward Deming said about working on the process not on the outcome of these processes. Leaders could measure these features through inspiring, relying on leadership judgment, being a vocal advocate for innovation values, and measure what they are trying to create, in a way that everyone in the organization understands and knows their role.

Dobni (2008) states seven factors to measure innovation culture, which include: innovation propensity, organizational constituency, organizational learning, creativity and empowerment, market orientation, value orientation, and implementation context. Those factors could be used descriptively and diagnostically.

After the 2000s innovation has been measured through eight categories, which include: knowledge (indicates knowledge that motivates innovation creation and the way it is developed and shared, it could be measured in terms of knowledge investment indicators and performance indicators), intangibles, networks, demand, clusters, management techniques, risk/ return, and system dynamics (Gamal, 2011).

Gamal (2011) also discusses the diamond model that is used to measure innovation in an organization, which considers five dimensions for assessing innovation; first one is the strategy (in this dimension three areas are measured; whether the company has a well managed strategic planning process, whether innovation is appreciated by the entire company and therefore included in the company's culture, and whether the company has mechanisms that will help in effectively implementing the corporate strategy), process (measures the company's flexibility in the process of developing new products, and managing the internal processes of the company), organization (measures whether the organizational structure encourages innovation, through effective top-down, bottom-up, and lateral communication and coordination within the firm, as well to the availability of a system that encourages employees to come up with new ideas), linkages (this measures the relationships between the company and its external parties like suppliers, customers, firms from other industries, specialists, and competitors), and learning (here four dimensions are measured, which include: the company's commitment to training and development of employees, the organization's ability to gather information from its linkages, the firm's ability to learn from its successes and failures, and the firm's ability to share this learning with the entire organization).

2.3 HRM and Innovation culture

2.3.1 The Relationship Between HRM and Innovation Culture

If innovation is the connection between two flows; the flow of knowledge and the flow of people, then HRM will play a serious role in determining and supporting these two flows (Becker & Matthews, 2008). Effective HRM practices and effective knowledge management enhance the organizational innovation (Tan & Nasuridin, 2011). The organization's HRM practices matter to the contribution of human capital to innovation performance (Laursen & Foss, 2013). Firms can apply a set of strategic HR practices that discover and utilize knowledge and expertise in the organization, encourage and motivate employees to achieve business objectives like innovation performance (Chen & Huang, 2009).

Encouraging employees to become more curious thinkers could be a first step toward an innovative culture. Human inquisitiveness, when cherished correctly, is what leads people to find new solutions and improve the current situation. Companies don't need to hire masterminds to achieve innovation, but providing the right culture by giving employees the confidence and incentives to solve the problems around them is all what is needed (Gammerlgard, 2012). Creativity is not an inborn skill; it can be nurtured and enhanced by providing the right environment that encourages creativity and supports innovation (Poh, 2011).

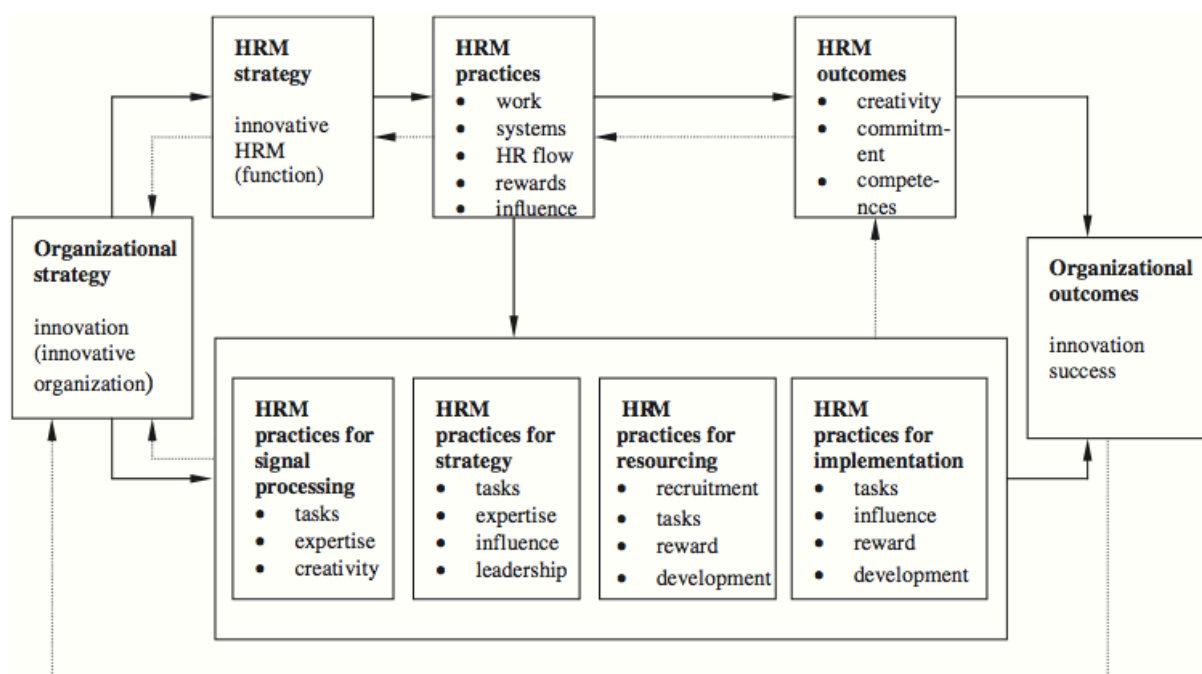
Leede and Looise (2005) developed an integrated model, that is illustrated in figure 2.1, that connects HRM and innovation, mainly technical innovation (product/service and process innovation). The model combines two levels of innovation; the

level of creating an innovative organization, and the level of specific innovation stages, activities or projects, with HRM policies and practices.

To have an innovative culture, the organization should have a strategy aiming for innovation not just quality and cost cutting. To achieve this innovation culture, modifications should be made to the existing HRM practices as well as adoption to new ones, in order to attain HRM practices that achieve the organization's aim of having an innovative culture.

The drawback of this study is that it didn't mention the HRM practices that should be used to create an innovative culture in the organization, therefore Leede and Loise (2005) indicate the need for further research in this area, particularly in relation to the most appropriate HRM practices in the various innovation stages. And this is the gap that this study will try to fill.

Figure 2.1: An Integrated Model for Innovation and HRM



Source: Based on J. Leede and J. Loise, "Innovation and HRM: Towards an Integrated Framework" *Journal of creativity and Innovation Management*, 2005, p. 114.

Opportunities for innovation are provided by the impact of HRM practices on employees' participation (Jorgensen et al., 2009). Effective management of HR requires sound human resource management systems. Those practices might differ from one organization to another and from one country to another.

HRM is affected by external and internal factors and in turn directly or indirectly affects other variables such as employees' attitude, employee employer relations, financial performance, employee productivity, and eventually influences the overall performance of the organization (Tiwari & Saxena, 2012).

Beugelsdijk (2009) studies why some firms are more innovative than others by examining the internal organization structure, more specifically their strategic HR practices. The study used creativity theory to theorize on the relationship between HR practices and innovation, because the HRM that enhances employees' creativity increases the innovative capabilities of the firm.

Through taking a sample of 988 Dutch firms, Beugelsdijk (2009) explores the relationship between twelve HR practices and the fraction of radically (new for the industry) and incrementally (new for the firm) changed products in a firm's total sales.

The tested HR practices are presence of training policies, cooperation with schools, internal training, external training, procedures for quality maintenance, procedures for recruitment, procedures for education of employees, task rotation, job autonomy, percentage of flexible working hours, percentage of standby contracts and performance based pay. The researcher used several methods to test these practices' impact and found that some of them are complementary; the first seven practices (training policies, cooperation with schools, internal training,

external training, procedures for quality maintenance, procedures for recruitment, and procedures for education of employees) cluster together. Therefore only six practices entered the regression analysis; one practice related to training and schooling practices, three dummy variables including task rotation, job autonomy, and performance based pay systems, and two continuous measures of the fraction of employees with flexible working hours and standby contracts.

Different models were used to test the impact of HR practices on firm's innovativeness; regression model that included only the control variables, an equation including the HR practices, model including both control variables and HR practices, a model in which each HR practice is regressed on innovative output including all control variables, and full model for incremental and radical innovation.

Alsaghir (2010) studies the importance of innovative HR practices, HR policies and HR specialists' role to making change in the organization, especially in developing Business Process Reengineering (BPR) by taking two Lebanese banks that had recently implemented BPR projects as case studies.

The study showed that in order for the HR department to play an effective role during innovation it has first to be innovative itself, which will lead to two positive outcomes in a company; increase the company's performance and enhance its capacity to innovate.

Alsgair differentiates between High Control Workplace (HCWP, traditional HRM Practices) and High Performance Workplace (HPWP, innovative HRM practices); for compensation HCWP has low base pay, individual incentives, few

rewards, and high differentials across employees, while HPWP has high base pay, group incentives, back loaded pay, and lower differentials. As for training, HCWP has low levels of trainings only when necessary, while HPWP has high levels of training in a pro-active way. The staffing in HCWP is extensive low cost part-time workforce, hire fire at will and they only have staff for immediate needs, in HPWP there's full time workforce, part timers included in benefits, there's commitment to employment security, and looser staffing. The hiring and selection in HCWP is based on the market, while for HPWP spend high investment in screening. There's little employee involvement in workplace governance for HCWP, while extensive employee involvement in HPWP. And finally according to the job design there is relatively narrow jobs, an emphasis on monitoring, and a steep hierarchy in HCWP, while at the same time in HPWP there is broader jobs- flat hierarchy, and the organization may include self managing teams, formal job rotation, and total quality management.

Therefore, HPWP enhances the ability to adopt change, and increases its capacity to innovate, since they provide flexibility unlike HCWP that deals with stable routine tasks, and is less able to adapt to an uncertain and dynamic environment. In order to implement innovative HR practices, first of all, the HR policies should be oriented towards innovation.

Laursen and Foss (2003) study the relationship between HRM practices and innovation performance in 1900 Danish business firms in both manufacturing and non-manufacturing industries. They show the importance of implementing the HRM practices in a complementary way not in isolation to be more effective, as the

complex interaction between these practices is hard to be copied by imitators. The authors also study the impact of HRM practices on innovation performance. They examine nine HRM practices which include: interdisciplinary workgroups, quality circles, systems for collection of employee proposals, planned job rotation, delegation of responsibility, integration of functions, performance-related pay, firm-internal training, and firm external training. The results reveal that seven out of the nine practices (all but firm external and firm internal training) appear to be complimentary, since they jointly increase innovation performance. The isolation of the training variables is because they are the most traditional practices among the nine; even very traditional hierarchical industrial firms are likely to make use of some training. Laursen and Foss (2003) call for more research into theorizing the links between HRM practices and innovation performance more comprehensively.

Becker and Matthews (2008) confirm the link between HRM and the capability to innovate, how providing innovation culture requires reshaping the HRM system, and explore the HRM factors that encourage and sustain innovation, which are: HR planning (including job design, organizational structure, and the use of teams), attraction and selection, performance management, recognition and reward systems, learning and development (including career development). And as Laursen and Foss (2003) mention, also Becker and Matthews (2008) agree upon the idea that HR practices should act as a bundle and not in isolation to provide a competitive advantage. But unfortunately they didn't explore the exact role of each of these practices in facilitating innovation success therefore further research is required. As

deciding which HR practices should be bundled together to form HRM system that enhances innovation appears unsolved yet (Alsaghir, 2010).

Laursen and Foss (2013) put an emphasis on the new or modern HRM practices; also called high performance work practices (Alsaghir, 2010; Laursen & Foss, 2003) and its relation to innovation performance, which include high levels of delegation of decisions, extensive lateral and vertical communication channels encouraged by practices related to knowledge sharing or job rotation, the use of reward systems and knowledge incentives such as profit sharing, individual incentives, and incentives for knowledge sharing, adding two traditional practices including training both internal and external, and recruitment and retention such as internal promotion policies. They have highlighted the importance of clustering some HRM practices, while drawing attention to the complementarities between practices, in addition to discussing the link between HRM practices and innovation. And they still argue that the fundamental instruments underlying the HRM/innovation links are still not understood and needs additional research.

Tan and Nasurdin (2011) examine the direct relationship between HRM practices and organizational innovation and also examine the mediating role of knowledge management effectiveness on this relationship. The studied HRM practices include: performance appraisal, career management, training, reward system, and recruitment. While the types of organizational innovation include: product innovation, process innovation, and administrative innovation. The data was collected from a sample of 171 manufacturing firms in Malaysia, and analyzed by

using the regression method. The results revealed that HRM practices generally have a positive effect on organizational innovation, and that knowledge management effectiveness mediates the relationship between training and process and administrative innovation, and performance appraisal and administrative innovation.

Chen and Huang (2009) examine the role of knowledge management capacity (knowledge acquisition, knowledge sharing and knowledge use) in the relationship between HRM practices and innovation performance (measured as both technical and administrative innovation). The authors use regression analysis to test the hypotheses in a sample of 146 Taiwanese firms. The experimental findings indicate that HRM practices are positively related to knowledge management capacity, which in turn, has a positive effect on innovation performance. In other words, the results suggest that knowledge management capacity plays a mediating role between HRM practices and innovation performance. HRM practices perform better within knowledge intensive industries than other industries (Laursen & Foss, 2013).

Innovation would be encouraged and sustained when HRM practices promote organizational learning, which represents a capacity to create, transfer, and implement knowledge, especially learning for exploration (requiring employees to take risks, experiment and be flexible in their mission) rather than learning for exploitation (requiring employees to follow prescribed rules to enhance efficiency) (Alsaghir, 2010; Shipton, West, Dawson, Birdi, & Patterson, 2006).

Firms that are able to effectively manage and obtain the knowledge and expertise of their employees gain more value and have superior competitive advantage. At the same time, employees are often unwilling and not motivated to share their knowledge either because of self-interest or because they lack trust of other employees. Here comes the role of the firm and HR practices to provide the right environment of involvement and participation through knowledge management (Chen & Huang, 2009).

And there is also significant interaction between HRM practices and firm size (Beugelsdijk, 2009; Chen & Huang, 2009). The larger the firm, the more formalized its HR practices become (Al-Jabari, 2012; Kotey & Sheridan, 2004). The recruitment process in small firms occurs informally by word of mouth from family, friends, and trusted employees, while the selection procedures depend heavily on the owners' personal judgment. At the same time, training in small firms is informal and on the job, with little or no management development (Kotey & Sheridan, 2004). This is attributed to the fact that large firms need more decentralization and communication between its employees and departments, which in turn requires certain level of standardization, specialization, and formalization of its HRM practices (Al-Jabari, 2012). The move from small (less than 20 employees) to large firms brings hierarchical structures, and increases documentation and administrative processes (Kotey & Sheridan, 2004).

2.3.2 HRM practices that influence innovation culture

For Griffin (2011) creating an innovative environment requires identifiable recruitment and selection process (which identifies whom to hire to be innovative, and how to hire them), clear job planning and job design (which illustrates what is required from employees and the room they have to show initiatives), performance appraisal system (which shows how the company guides and reinforce its employees and help them achieve innovative performance), training and development system (which helps employees identify their innovation potential and develop the skills needed to best exploit those potentials), and compensation and reward system (which demonstrates how the company encourages employees to be more innovative, take ownership, and stay with the organization)

This study will consider the following HRM practices as contributors to innovation culture, which combine most of the previously mentioned practices from existing studies:

Staffing

Staffing is the process of ensuring that the company has the right number of employees, with the needed skills for the right jobs at the right time, to achieve organizational objectives. Which include: job analysis, human resource planning, recruitment, and selection (Mondy, 2010).

- *Job analysis*

Job analysis is the process of determining the needed skills, abilities, responsibilities, and knowledge for the jobs in the organization (Durai, 2010; Mondy, 2010).

- *Human resource planning*

Human resource planning is the process of matching internal and external supply of people with job openings in the organization. The data elicited for this process is used for the recruitment and next processes (Mondy, 2010). It involves choosing the right person for the right job at the right time (Durai, 2010). This process assures that the company's objectives are achieved through the development and implementation of an HR strategy. It doesn't focus on numbers (like number of employees, labor turnover...etc.) instead it concentrates on the skills and abilities of employees, with the HR policies and practices that are needed to achieve the strategic goals. The HR planning process consists of the following steps: investigation and analysis, forecasting to determine HR talent gap or imbalance, planning and resources, and implementation and control (Pilbeam & Corbridge, 2010).

- *Recruitment*

Recruitment is the process of compiling a pool of qualified candidates for an available vacancy, to be the base for selection, where the required employees will be chosen from this pool. This step should take into consideration the organizational goals and strategic objectives (Durai, 2010; Foot & Hook, 2002).

Pilbeam and Corbridge (2010) defined recruitment as "a process which aims to attract appropriately qualified candidates for a particular position from which it is possible and practical to select and appoint a competent person or persons" (p.156). Recruitment involves employing and attaining suitable and competent candidates through external sources. Organizations should hire members who

share the same vision as the company's vision and align them with the company's culture, which is necessary to run the company smoothly and increases organizational innovation (Tan & Nasurdin, 2011). However this doesn't mean not hiring people with different perspectives; on the contrary those people play a main role in increasing innovation.

It is very rewarding to hire people who are passionate about the company, who are excited to come to work every day because they believe in the company's products, and who are able and want to improve the current products/ services (Springub, 2012). Ideas flourish when different perspectives meet; employees with different backgrounds and knowledge should be hired by the organization and get them to intermingle around in projects and company events to increase creativity and innovation (Poh, 2011).

Higher capacity to innovate requires high investment in screening (Alsaghir, 2010). There are many ways of screening that recruits innovative employees. Some companies like Marriott hotel and Mitre Corp. made video games to recruit employees; this way the company identifies qualified candidates by testing the needed skills for the job by their ability in facing challenges during the game. A similar method was followed by an engineering company that needed talented engineers; once a month they make a game that gives the winners who solve a computer programming problem within one minute \$100, from this game they could hire the innovative employees even if they don't have an engineering degree. Another way of recruiting innovative employees is testing their skills in their current workplace to go behind the skills that are usually written in their

CVs; like visiting their different organizations and monitoring the best customer service employees and observe how they offer the products and deal with returns. Companies can also make innovative ads for their vacancies that only recruit innovative employees (DeMarco & Rossini, 2014).

Merrell (2013) suggests other ways in screening for innovative candidates, like asking the candidates to submit a business proposal that solves certain challenges offered by the company. This, in turn, shows the candidates' business skills, abilities in solving problems, and their innovative skills in presenting the solution. Within this approach employer can evaluate candidates in a way different than interviews and tests. Donnelly (2011) mentioned a similar approach, which is giving candidates homework that consists of open-ended scenarios, to test the candidates' creativity in solving the problems by evaluating their technical abilities and communication skills.

- *Selection*

In this process the best person for the available vacancy will be chosen (Foot & Hook, 2002; Mondy, 2010) by gathering as much information as possible and organizing and evaluating them; evaluate each candidate in terms of their ability to perform the needed job (Foot & Hook, 2002) through screening, testing, and interviewing (Durai, 2010), in order to forecast their performance, and then provide the needed information to the candidates to see whether they accept the offer or not (Foot & Hook, 2002).

Pilbeam and Corbridge (2010) define selection as “a process which involves the application of appropriate techniques and methods with the aim of selecting, appointing and inducting a competent person or persons” (p. 156)

Recruitment and selection are not just about filling vacancies, it is the process of forecasting HR requirements and ensuring that recruitment and selection lead to finding the right people, in the right place, at the right time, with the right skills and abilities to achieve the organizational goals and objectives (Pilbeam & Corbridge, 2010).

Innovation activities require greater uncertainty therefore, while staffing, the firms should recruit creative employees, who are flexible, risk takers, and tolerant for uncertainty and ambiguity. When firms consider these characteristics while hiring, employees will more likely generate diverse ideas, have innovation behavior, and become an important source for new ideas (Chen& Huang, 2009).

Human Resource Development (HRD)

Development means conducting training and development programs for employees to improve their skills, abilities and knowledge, which in turn improves organizational performance, enhances employees morale, and achieves business growth and success (Durai, 2010).

HRD includes the following (Mondy, 2010):

- *Training*

Training is the process of enhancing employees' knowledge and skills needed for their job (Mondy, 2010). Organizations should know the ways in which people learn and what people need to learn, in order to have training techniques that enable employees to learn more effectively. People who are responsible for the training should follow the training cycle with the following steps: assess training needs, plan the training (whether internal or external training, training technique (e-learning, lecturing, group discussion, video or film and many others)), carry out the training, and evaluate the training (Foot & Hook, 2002).

In regards to training, it could either affect process innovation (includes innovation in the basic production process itself and also in the administrative structure of the firm) or product innovation (Innovations of physical products and of services) depending on the type, amount and the quality of training (Laursen & Foss, 2003, 2013). According to Beugelsdijk (2009) training and schooling increase incremental innovation. High levels and pro-active training increase the company's performance and enhance its capacity to innovate (Alsaghir, 2010). Training develops employees' knowledge, skills and ability to contribute to innovation in their organizations. Training is positively related to the three types of organizational innovation, which include: product innovation, process innovation, and administrative innovation (Tan & Nasurdin, 2011)

Internal and external training provide exposure for employees to new knowledge, expertise, broaden their insights, and equip them with innovative minds and skills, which, in turn, improve their capabilities to innovate and become infinite source of ideas for further innovation. This then will be used in their work and shared with other employees (Chen & Huang, 2009). For Laursen

and Foss (2013) internal training contributes more to process innovation while external training is more conducive to product innovation because external training gives employees exposure to larger networks with more varied backgrounds and knowledge. At the same time Jorgensen et al. (2009) found that innovative firms provide less traditional and off the job training, and instead are more likely to involve employees in development activities such as experimentation, networking, mentoring, or assignment to challenging projects.

- *Development*

For Mondy (2010) development involves learning with long-term focus that goes beyond today's needs. It is different from the previous process (training) in which development cares also, in addition to its employees, about the development of illegal employees in the organization, people who directly influence and have essential contribution to the company's performance, like volunteers, contract workers, and suppliers (Foot and Hook, 2002).

- *Organizational Development (OD)*

OD is a process of planned and systematic attempts to change the organization to a more behavioral environment (Mondy, 2010).

- *Career Planning*

Career planning is when employees set career goals and identify the ways to achieve them (Mondy, 2010).

- *Performance Appraisal*

Performance appraisal is a system of evaluating employees and identifying their strengths, where they can capitalize on, and their faults to avoid, this increases employees' productivity and satisfaction (Mondy, 2010). It is a way to

give employees feedback about their work and when applied properly it becomes a motivating technique for employees to encourage them do their work and enhance their performance. This is done by assessing employees' performance, potential, and development needs, by looking back to what the employee has achieved during the past period, and set objectives for the coming period (Foot & Hook, 2002).

If firms are willing to have certain behavior from employees, feedback and incentives should be provided to reinforce the desired behavior. Firms should have a formal appraisal mechanism that measures innovation behaviors and outputs. The availability of this mechanism motivates employees to be more innovative, creates challenges and feelings of achievements, which in turn provides favorable results for the firm (Chen & Huang, 2009). Performance appraisal increases employees' satisfaction and loyalty since their efforts are appreciated, which in turn increases their participation in innovative activities. There is a positive relationship between performance appraisal and administrative innovation but not on product and process innovation, the reason behind this is that administrative innovation is usually done within shorter period of time than process or product innovation, which sometimes needs more than one year, while administrative processes and systems can be adjusted according to the organization's needs (Tan & Nasurdin, 2011).

- *Performance Management*

Performance management goes a little bit further than performance appraisal, in aiming to get the best performance not only from employees, but also from teams and the organization as a whole (Foot & Hook, 2002; Mondy, 2010). Performance management is about a process of sharing what needs to be achieved, then managing and developing employees in order to achieve the needed organizational objectives (Foot & Hook, 2002).

Compensation

Compensations are rewards employees might receive as a result of their employment and for their contribution to achieving the organizational goals including all or combination of the following: direct financial compensation (the payment employees receive either as wages, salaries, commissions, and bonuses), indirect financial compensation (financial rewards that are indirectly financed, such as paid vacations, sick leaves, holidays, and medical insurance), and nonfinancial compensation (including the satisfaction the employee receives from the working environment and/or the job itself) (Mondy, 2010).

Compensation includes the determination of the pay scale and benefits for employees. The HR role is to ensure fairness and equality in payments. In addition to evaluating performance and linking it to a reward system such as incentive plans, bonuses, and flexible work schedules (Durai, 2010). At the same time Foot and Hook (2002) define compensation as a payment for a loss or injury caused by work.

As a result of the performance appraisal, rewards are determined. After evaluating employees and assessing their performance, certain rewards are given to encourage them and appreciate their efforts, either monetary or non-monetary, in addition to encouraging other employees to work harder (Foot & Hook, 2002)

Maintenance aims at retaining efficient and experienced employees in the organization; this requires the HRM to offer a wide variety of benefits to encourage employees to stay in the organization, like occupational safety, health promotion and physical fitness, canteen facilities, recreation activities, transportation programs, employee suggestion systems, and clear career path (Durai, 2010).

The best way to keep employees motivated and working hard is to reward them. Rewards don't have to be huge bonuses, a simple recognition sometimes works very well as offering flexible working hours or a chance to develop their ideas and head up the project (Newenham, 2013). Both extrinsic and intrinsic rewards and incentives are essential to encourage employees to take the challenging work, generate new ideas, and develop successful new products (Chen & Huang, 2009; Tan & Nasurdin, 2011).

High base pay, group incentives, back-loaded pay and lower differentials enhance the ability to adopt change, and increase the company's capacity to innovate (Alsaghir, 2010). In addition, performance based pay increases incremental innovation (Beugelsdijk, 2009).

Companies can motivate employees by setting goals for them and giving them the freedom to choose the most efficient processes to follow, and ask them to give one suggestion at the end of each week, for example, and reward the best suggestion, and most importantly implement it. Rewards can be either tangible like monetary incentives or intangible like giving them recognition in the organization (Poh, 2011).

Firms should give opportunities for employees to try new and fun things in the workplace and also reward them for innovative activities outside their workplace. If employees see innovation in a positive and fun way, and are rewarded for their personal innovation they are more likely to imitate that behavior in their workplace (Gammerlgard, 2012).

Each single HRM practice could affect innovation performance, but if combined with rewarding employees who give suggestions for improvements, such as a share of the cost savings, increases incremental innovation activities (Laursen & Foss, 2013).

Health and Safety

Safety is the absence of danger and avoidance of injury in the workplace (Foot and Hook, 2002; Mondy, 2010). Organizations should not only care about increasing productivity without taking into consideration employees' safety and keeping them away from risks. As a result, much legislation has been developed to protect employees (Foot & Hook, 2002).

Health means being mentally, emotionally and physically well (Foot & Hook, 2002; Mondy, 2010), with body and mind in excellent working order. Employers should seek activities that protect and enhance employees' health (Foot & Hook, 2002).

Health and safety are important aspects, since employees who are healthy and who feel safe are more productive, which leads to long-term benefit for the organization (Mondy, 2010).

One of the HR practices that is highly appreciated by employees are the ones related to their families' health and safety. Accordingly companies are providing life insurance and accident coverage that increases their employees' sense of safety and security (Durai, 2010). But very few previous studies examined the relationship between health and safety and innovation culture, and here comes the importance of this study.

Flexible workplace increases the flow of ideas, employees' productivity and innovation. Not all employees are morning people, firms should provide the possibility for employees to come to work when they are rested and at their best, to show up to work fresh and ready to work.

Sometimes working in a remote location surrounded by nature far from any disruptions (e-mails, phone calls, meetings...) is required to take a project from start to finish (Springub, 2012). Creativity is enhanced in a relaxed positive environment, having fun during work inspires employees with wonderful ideas, while a stressful depressing atmosphere doesn't give employees the mood to do things differently,

employees would only look forward to the end of the day (Poh, 2011).

Companies should provide secured jobs, when employees feel the possibility of losing their job they would avoid taking the necessary risks to develop an idea. Companies should expect the failure of certain ideas and accept them, as not all the suggestions will succeed. Companies should create an atmosphere that encourages challenge, staff shouldn't be afraid of failure; innovation doesn't accept instructions, and therefore management should be open-minded and less judgmental to employees' suggestions and ideas (Newenham, 2013; Poh, 2011).

Employee and Labor Relations

Employment relationship is a "mix of individual and collective agreements, implicit and explicit understandings, rights and obligations preserved in legal statutes, and that other influences such as culture and the balance of power apply to it too" (Foot & Hook, 2002, p. 151). Employees have the right to have a union that represents them, as organizations are required by the law to provide one. This was more useful in the past, but these days most organizations don't need unions (Mondy, 2010); because integration aims to maintain good relations between management and employees, where HR managers should implement relations' programs that ensure ethical and fair treatment within the organization, and to prevent and, when necessary, resolve labor disagreements (Durai, 2010).

Participation and communication:

Firms should provide a convenient channel that encourages all employees,

the shy and the outgoing, to share their suggestions and ideas, this could be done by having a suggestion box that protects the ownership of ideas, unlike the brainstorm sessions, although they are considered a good tool to generate new ideas, but the problem is that it might be difficult to identify who provided the effective ideas, therefore there should be balance between all the mediums for employees to give suggestions (Poh, 2011).

Conversations between different departments and across different levels improves innovation; this is done by removing private offices, partitions and meeting rooms. This improves teamwork, productivity and brings the brand closer to customers (Newenham, 2013).

The increase of knowledge diffusion (which could be through job rotation) and information dissemination, will positively affect the innovation performance of the organization (Laursen & Foss, 2003, 2013).

Firms can stimulate employees' participation and involvement by delegating them to solve problems and take decisions that affect their work. High levels of participation motivate employees to provide new ideas and exchange knowledge, which in turn enhances the innovation performance.

Employees with wider skills, knowledge, expertise and work responsibilities, should be given greater autonomy and self regulations to do their work; providing more opportunities for employees to participate in decision making, enhances their commitment, awareness and involvement (Chen and Huang, 2009). Extensive employee involvement increases the potential to innovate (Alsaghir, 2010).

Firms should create a team with different backgrounds, passions, and capabilities, this kind of group with diverse perspectives, set of ideas and problem solving techniques helps pushing the company's products forward. It is crucial to embrace and celebrate team members' uniqueness and motivate them (Springub, 2012).

The use of teams, which is a significant element in the bundle of the HRM practices, where ideas from different perspectives are combined together for a better use of local knowledge leads to both process and product innovation (Laursen & Foss, 2003, 2013).

Enabling employees to solve their own problems; empowering them to find the right solutions for their problems, giving them the needed confidence to bring up new ideas, giving employees ownership of their problems and the freedom to find and implement solutions and making problem solving one of their daily work responsibilities, all this makes solving larger organizational issues much less daunting (Gammerlgard, 2012).

Companies should give employees time to work on ideas; employees usually don't have spare time after doing their required tasks and innovation entails time. Therefore, some companies are finding other ways like holding innovation days, hackathon sessions, and giving employees extra time to work on projects of their interest (Kaplan, 2013; Newenham, 2013).

As for the job design, In order to increase process innovation, HRM practices should increase decentralization in a sense that problem-solving rights are delegated to the front line, accompanied with relevant knowledge and incentives for employees, which, in turn, leads to discovery and better use of local knowledge in the organization (Laursen & Foss, 2003). Broader jobs-flat hierarchy organization that includes self-managing teams, formal job rotation, and total quality management increases the capacity to innovate (Alsaghir, 2010).

Job autonomy and a limited use of standby contracts increase incremental innovation. While standby contracts (negatively) job autonomy (positively), and flexible working hours (positively), affect radical innovation (Beugelsdijk, 2009). Full time workforce, part timers included in benefits, commitment to employment security, and looser staffing increases the company's capacity to innovate (Alsaghir, 2010).

In the end, HRM practices may be anticipated to affect innovation performance positively if implemented in separation, but if complemented with each other as a system of mutually reinforcing practices, this will significantly be more conducive to innovation. For example if front-line employees are delegated to take decisions and given more problem solving rights, more training for these employees is required. And at the same time employees will be more willing to upgrade and improve their skills if they are given more responsibilities and problem solving rights, especially if they are given intrinsic and extrinsic motivational encouragement. Based on an agency theory perspective, HRM practices are expected to work well, in both

profits and innovation performance, only if accompanied with new, typically more incentive- based, payment schemes (Laursen & Foss, 2003, 2013).

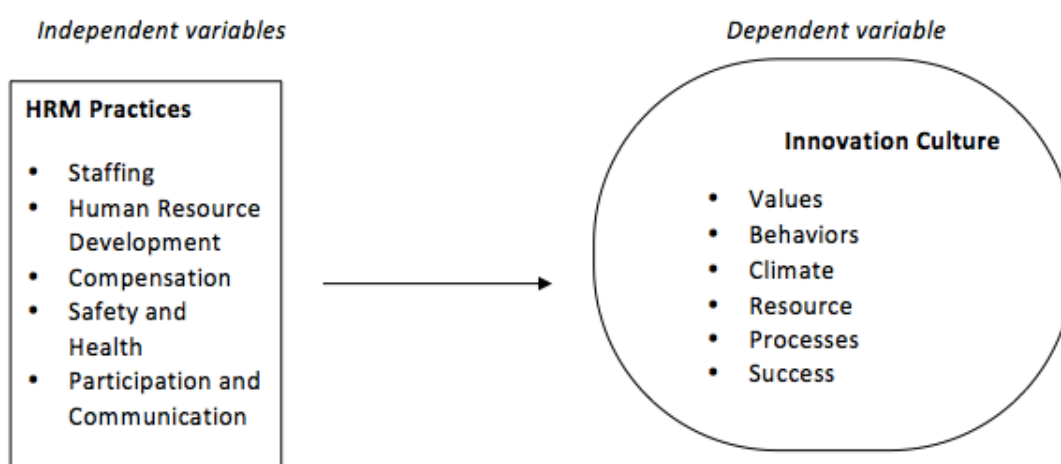
There is still little theorizing that predicts exactly which HRM practices bundle to provide innovation culture, and why (Laursen & Foss, 2013).

2.4 Theoretical Framework and Conclusion

The literature review indicates that very few contributions determined the HRM practices that should be bundled together to impact the innovation culture at workplaces. Here comes the importance of this study that tries to fill this gap by determining the bundle of complementary HRM practices that enhance innovation culture in the organizations, this is done by taking the case of Bank of Palestine.

The study introduces the following theoretical framework highlighted in figure 2.2

Figure2.2: The theoretical framework



Data source: developed by the researcher based on previous literature

The study defines HRM as all the management policies and practices that affect the relationship between the organization and its employees in order to

achieve the organizational and individual objectives and goals. Figure 2.2 shows that the independent variables are the HRM practices, which include the categories defined by Decenzo and Robbins (2009), and Mondy (2010), and contain staffing (including job analysis, HR planning, recruitment, and selection), human resource development (counting training, development, organizational development, career planning, performance appraisal, and performance management), compensation (containing both financial and non financial compensation), safety and health, besides employee and labor relations. While this study adds participation and communication to their model to its significant importance in transforming an organizational culture into an innovative workplace (Sastry, 2012), also based on the review of many previous scholars such as Jayasuriya (2012), May (2013), Gamal (2011), (Poh, 2011), Newenham (2013), Laursen & Foss (2003, 2013), Alsaghir (2010), and Chen & Huang (2009), who all talked about the importance of participation and communication in the workplace to improve innovation performance.

The innovation culture is the dependent variable that includes the building blocks defined by Rao and Weintraub (2013), which are the banks' values, behaviors, climate, resources, processes, and success. The values elements are the ones that drive priorities and decision; they reflect how the company spends its time and money, and how leaders and employees behave more than how they speak. Behaviors reflect how employees act in the cause of innovation. Climate, is the theme of workplace life. Resources contain three main factors innovative champions, systems, and projects success. Processes are the route that innovation follows at the

company. And lastly success is captured through how the bank is perceived from its customers and competitors.

This study links the HRM practices with the innovation culture in order to determine whether a relationship exists between the dependents and the independent variables, further it will investigate the degree to which each HRM practice affects the innovation culture.

Chapter Three: Research Design and Methodology

3.1 Research Design

3.1.1 Purpose of the study

The purpose of any study may either be exploratory (when not much information is available about the situation), descriptive (when the phenomena is known to exist and further description about the characteristics of the variables is required), or hypothesis testing (studies that explain the nature of certain relationships) (Sekaran, 2003). This study is hypothesis testing since it aims to offer an enhanced understanding of the relationship that exists among the innovation culture and HRM practices.

3.1.2 Type of Investigation

There are two types of investigations either casual or correlational; casual study is when the researcher seeks to describe the cause of one or more problems. While the correlational study is when the researcher is interested in defining the important variables associated with the problem (Sekaran, 2003). Therefore this study is considered a correlational study because the researcher intends to test if certain relationships exist between HRM practices and innovation culture and wants to delineate the exact bundle of HRM practices that directly affect the innovation culture.

3.1.3 Researcher Interference with the study

There could be varying degrees of interference by the researchers in the way they manipulate and control the research variables either in natural settings or in

artificial lab settings. Usually correlational studies have minimum interference with tested environment, while the causal studies try to manipulate certain variables to study the effects of such manipulations on the dependent variable (Marczyk, DeMatteo, & Festinger, 2005; Sekaran, 2003). The researcher in this study had no interference at all on the current situation in BOP, therefore it is considered correlational study with minimum interference; conducted in the natural environment of the organization without affecting the natural flow of work.

3.1.4 Study Settings

There are two types of study settings; either contrived or non contrived. Usually correlational studies are placed in non-contrived settings, which is the natural environment where work proceeds normally. And causal studies are usually conducted in contrived lab settings where the environment is manipulated (Sekaran, 2003). Consequently the current study is conducted in non-contrived settings and called field study.

3.1.5 Unit of Analysis

The study's unit of analysis could either be individuals, dyads, groups, organizations, or cultures. All depends on the level of combination of the data collected during the data analysis stage (Sekaran, 2003). The unit of analysis for this study is organization, as the researcher is examining the culture and HRM practices implemented at the bank as a whole not for specific individuals, dyads, or groups.

3.1.6 Time Horizon

The time consumed while collecting the data reflects the time horizon of the study, it is either cross sectional or longitudinal. A study is considered cross sectional when data is collected just once, perhaps over a period of days, weeks, or months. At the same time some researches require studying people at two or more different periods of time, for example before and after certain change, this is called longitudinal studies (Marczyk et al., 2005; Sekaran, 2003). Thus this study is cross sectional as the researcher is gathering the information only once.

3.1.7 About Case Studies

Case studies are considered detailed accounts about certain company, industry, people, and project. The content of the case studies allows in depth examination of company objectives, strategies, results, challenges, recommendations, and other observations within real life context for purposes of investigation, theory development and testing, or simply as a tool for learning (Schweitzer, 2014). The researcher chose to use case study as a research method, because it offers insights that will not be achieved with other approaches. Case studies can be used for exploratory, descriptive, or explanatory research. The case study method is suitable for this study based on the mentioned research questions. Case studies support deeper and more detailed investigations, through accessing different sources such as documents, interviews, and observations (Rowley, 2002).

3.2 Research Methodology

Triangulation mixed method is used in this study, by bringing together quantitative and qualitative analysis, in order to get three viewpoints upon the things being studied through surveys, interview, and focus group (Olsen, 2004). Which increases the validity of the study by analyzing the research questions from multiple perspectives. Data triangulation is used, as different sources (BOP HR manager, BOP HR team, and BOP employees) are accessed to gain the needed data. In depth interview has been conducted with the HR manager, focus group with the HR team, and questionnaires are distributed to a sample of employees. At the analysis stage feedback from the different groups is compared to determine areas of agreement as well as areas of difference (Guion, Diehl, & McDonald, 2013)

3.3 Sources of Data and Data Collection Methods

The collected data for the study could either be primary or secondary. The data is considered primary when it is obtained firsthand from the researcher, while secondary data is the information gathered from sources already exist (Sekaran, 2003).

In this study, primary and secondary data are gathered; the primary data is collected through conducting semi- structured face to face interview with the HR manager, focus groups with the HR department staff who are directly involved in implementing and planning for HRM, to identify the HRM practices used at the bank and also test whether the HR department has a strategic or operational role. Both personally and electronic questionnaire were administered to employees to test the

level of innovation culture and explore how the implemented HRM practices are perceived and the impact of these practices on building innovative culture.

Secondary data is collected from BOP's records and documents, books, websites, journals and publications, research papers, and published reports.

The HRM practices that are currently applied at the bank are determined by the interview conducted with HR manager. It contains seven main questions and several other unstructured questions written by the researcher based on the previous literature review considering HRM metrics for each function. As well a focus group has been conducted with the HR department staff.

3.3.1 Questionnaire as a Main Instrument

The questionnaire consists of two main parts; the first part measures employees' perception about the implemented HRM practices at BOP, and the second part measures the innovation culture level at BOP.

The HRM practices questions are divided into six key aspects of HRM that include staffing, HR development, compensation, safety and health, employee and labor relations, and participation and communication. Staffing is measured through nine questions regarding job analysis, HR planning, recruitment, and selection. HR development contains nineteen questions indicating the availability of training, development, career planning, and performance management. The type of rewards and compensations, the situations in which these rewards are given, and the availability of profit sharing, incentive pay and link between performance and reward is determined to test the compensation practice through seven questions.

Safety and health is measured through nine questions including the availability of health insurance for employees and their families. Three items, including the availability of a union for employees and an internal bylaw, are used to measure employee and labor relations practice. Participation and communication is measured by five questions that examine the availability of suggestions channel, participation and communication among different departments, job rotation, design of the offices, and the degree to which employees are allowed to take decisions.

The other part of the questionnaire designed for employees to measure the innovation culture level is adapted from Rao and Weintraub assessment tool that till October 2013 was applied to over two dozen companies around the world in several industries (five in financial services). This instrument is considered a practical 360-degree assessment tool that can be used to evaluate how conducive the organization's culture is to innovation. It contains elements that will measure the level of the current innovation culture at BOP divided into six main categories including: values, behaviors, climate, resources, processes, and success, each of these blocks is divided into three factors and each factor has three elements totaling 54 elements, these elements are measured by asking 54 questions, one for each. The main six categories of the model are dynamically linked together, for example the company's values have an impact on employees' behavior, on the climate of the workplace, and on how success is defined and measured.

3.4 Sampling

The population of the study is from the banking sector taking BOP as a case study, employees in the head quarter, as well from different branches and sub branches in Palestine (the West Bank and Gaza Strip) at different levels, which include office boys, secretaries, officers, senior officers, head of sections, and managers. As the value of the survey increases by the increase of sample size, when there is variation in respondents' levels in the corporate hierarchy, and when they work in different units of the company (Rao & Weintraub, 2013; Sekaran, 2003).

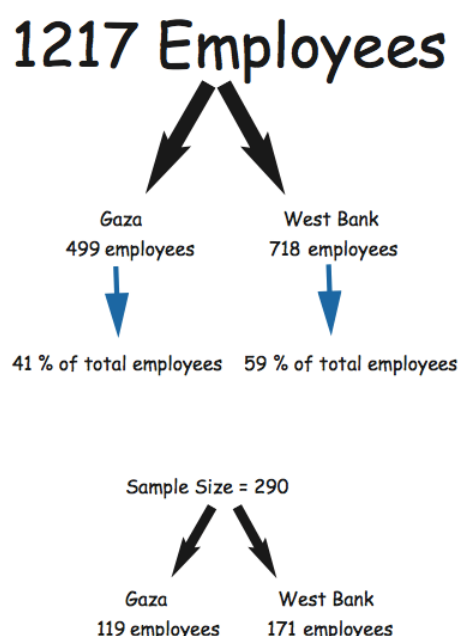
The restricted (complex) probability design offers a viable and more efficient alternative than the unrestricted design. One of the restricted probability designs is the stratified random sampling that occurs when the researcher chooses to subgroup the population based on certain parameters, this process is followed by random selection of subjects from each stratum. Once the population is stratified in a meaningful way, a sample of employees from each stratum will be drawn using simple random sampling in a proportionate way, where a certain percentage is chosen from each stratum based on certain criteria (Sekaran, 2003).

The bank has 1230 employees, 13 of them have contracts (as of April, 2014) whom the researcher excluded since she is interested in permanent employees; the questionnaire is distributed to a sample of 290 employees, from different departments and branches in Palestine (both West Bank and Gaza Strip) and different levels, the sample size is chosen based on a formula with confidence

interval of $\pm 5\%$ and confidence level of 95%, to test the impact of HRM practices on innovation culture.

As the number of BOP employees in the West Bank and Gaza and the different levels of employees are not divided equally, the chosen sample is restricted probability stratified random proportionate sample. As the researcher first divided BOP employees into two groups WB and Gaza, WB has 718 employees (59% of total employees), while Gaza has 499 employees (41% of total employees), then according to the percentages of each group the researcher chose the number of employees from Gaza and West Bank that will be tested according to the sample size; which equals 119 employees from Gaza and 171 employees from the WB, as shown in figure 3.1.

Figure 3.1: Distribution of the sample size



Data Source: Bank of Palestine, 2014

Afterwards the researcher divided BOP employees into five different levels based on their job titles, separately in Gaza and WB, and calculated the percentages of the

available employees in each level, and consequently divided the sample size into these different groups, as shown in table 3.1. Successively the researcher has chosen 10 different branches and sub-branches based on their locations in order to cover most of the West Bank's and Gaza's areas, in addition to the two head quarters in Gaza and WB. Subsequently the number of employees from each branch has been chosen proportionally by dividing the number of employees in each branch to the total number of the sample either in WB or Gaza each on its area. Then depending on the rates of each level the number of employees from each level at each branch has been part of the sample, and employees who represent the needed sample criteria were randomly selected. The researcher with the help of the HR manager has given an equal chance for employees at each level to be selected.

Table 3.1: Sample distribution

Level	Gaza			West Bank		
	Number of Employees	Percentage of total employees	Sample	Number of Employees	Percentage of total employees	Sample
1 st – from 1-4 degrees	72	14%	17	105	15%	26
2 nd – from 5-10 degrees	331	66%	79	517	72%	123
3 rd - from 11-12 degrees	42	8%	10	43	6%	10
4 th – from 13-16 degrees	46	9%	11	48	7%	12
5 th - from 17-24 degrees	8	2%	2	5	0.7%	1
Total	499		119	718		172

Data Source: Bank of Palestine, 2014

The researcher got 69% response rate to her questionnaire; 200 employees filled the questionnaire, while 250 started filling it but did not complete it, where the uncompleted questionnaires were excluded from the analysis.

3.5 Data Analysis

The results of the interview and focus group with the HR team are analyzed qualitatively and analytically by comparing them with the best practices that are mentioned in previous studies, which influence the innovation culture.

The questionnaire results are analyzed quantitatively, to test whether the bank's HRM practices as perceived by employees enhance the innovation culture or not, to more specifically determine which practices hinder this impact and stand as an obstacle to enhancing the innovation culture.

Averages are calculated for each element of the innovation culture part in the questionnaire containing the 54 statements. In addition to averages of factors and building blocks using SPSS to enter the data of all the questionnaires. The final average of the six building blocks represents the bank's overall score, which is its innovation quotient. This tool also identifies the strengths and weaknesses available at the bank, which helps in determining the starting points of the needed improvements by focusing on the strengths instead of the weaknesses to leverage these strength elements while working on the weaknesses (Rao & Weintraub, 2013).

The same method is used to test the weaknesses and strengths of the HRM practices based on employees' perception. Afterwards the relationship between

innovation culture and HRM practices is measured by using multiple regression method to test how multiple HRM practices as independent variables affect innovation culture as a dependent variable.

3.6 Validity and reliability

Validity ensures that the measure includes an adequate and representative set of items that tap the concept (Sekaran, 2003).

To assure validity the researcher relied on multiple sources of data and multiple methods to gather this data (triangulation method). The researcher's supervisor and the committee defense members reviewed the questionnaire, in order to receive experts' approvals on the content and construction. In addition to the fact that a big part of the questionnaire (which measures the innovation culture) is adapted from Rao and Weintraub assessment tool that has already been tested and implemented with high validity and reliability in over two dozen companies. While most of the other part that measures employees' perception about the implemented HRM practices, agreed with Nakhleh's (2013) instrument that included most major HRM issues. As for the focus group and interview questions are adapted from the questionnaire to test the same variables but from different perspectives.

The questionnaire was translated to Arabic to accommodate with the respondents first language, then back translation to English occurred to increase the validity of the questionnaire. Before distributing the questionnaire, the researcher did pilot testing to assure that it is obtaining the results she seeks to have and to

amend and simplify any complicated questions. Piloting the questionnaire was done through asking ten different employees to read it and fill it carefully in order to eliminate any ambiguities that exist, and to take their feedback about the length, structure, and wording of the questionnaire. The employees who tested the questionnaire were excluded from the sample to increase the result's reliability.

Reliability tests both the consistency and stability of the results; consistency shows how well the items measuring a concept hang together as a set (Sekaran, 2003). For this study Cronbach's alpha coefficient is used to test the reliability of the results. The closer the Cronbach's alpha gets to 1.0, the best and the higher the internal consistency of a dimension. In general, values between 0.7 and 0.8 are considered accepted, while less than 0.7 are considered poor, and values higher than 0.8 are considered satisfactory (Creswell, 2012). The study's Cronbach's alpha value for the HRM practices is 0.75 and for the innovation culture is 0.96 which is considered good.

3.7 Limitations of the Study

The main limitation of this study is the difficulty in generalizing the results to the banking sector or other industries as they only reflect and depend on one bank, which is considered one of the main limitations behind using case study method. What the case study gains in internal validity, it losses in external validity. Case studies may be suggestive of what may be found in similar organizations, and general observations and recommendations could be shared, but additional research would be needed to verify whether findings from one study would generalize

elsewhere.

Another limitation of the study is caused by the distributed questionnaire. Although interviews were conducted with the HR manager, questionnaire was distributed to get the employees input. Fifty questionnaires were found uncompleted, therefore they were excluded from the analysis, this has lowered the response rate from 86% to 69%, a higher response rate would have given more accurate measurement. Adding to this, the fact that employees knew that the researcher is a BOP employee, which may have led to providing a more positive perception to the evaluation of HRM practices and innovation culture.

The questionnaire was an electronic self-administered one according to the request of the HR department at BOP, which limited the ability of the researcher to clarify any ambiguity in the questionnaire to respondents.

The study did not try to study the influence of any mediating factors such as knowledge management or size of organization and just focused on studying the correlation between the independent and dependent variables, future research can do that.

Finally, being a new and unfamiliar topic, innovation is still not getting the full awareness of the employees and the management. In order to have a valuable input that can result in better findings, the organization should be more aware of the topic and its implications.

3.8 Conclusion

This chapter discussed the research design and methodology implemented in this study, in addition to the sources of data and data collection methods, sampling, data analysis, validity and reliability, and the limitations of the study. The following chapter will highlight the findings from the semi- structured interview and focus group, and compare them with the findings revealed from the survey questionnaire.

Chapter Four- Findings and Discussions

Introduction

The analysis of the data gathered through the questionnaires, focus group, and semi- structured interviews answer the research questions posed in the first chapter of this research. The following chapter reveals how effective are the implemented HRM practices at BOP, the current level of innovation culture at BOP, whether the current HRM practices contribute to and influence the existing level of innovation culture, the degree to which each HRM practice affects innovation, and finally the impact of certain demographic variables like age of employees and years of experience on this relationship.

4.1 Sample Characteristics

As shown in table 4.1, 68% of employees who responded to the questionnaire are males and the rest are females. 59% of them range in age between 26-35, 27% range in age between 20-25, 10% range in age between 36-45, and the rest are more than 46 years old. 39% of the respondents have between 4-8 years of experience, 31% have 3 years or less, 24% have 9-14 years of experience, and the rest have more than 15 years of experience. The majority of respondents have career level between 5-10 according to BOP's scale.

Table 4.1: Sample Characteristics

Category	Options	Percentage
Gender	Male	68%
	Female	32%
Age	20-25	27%
	26-35	59%
	36-45	10%
	46 or more	4%
Years of Experience	3 years or less	31%
	4-8 years	39%
	9-14 years	24%
	15 years or more	6%
Career Level	1-4	8%
	5-10	72%
	11-12	10%
	13-16	7%
	17-24	3%

Data Source: data analysis

4.2 Effectiveness of HRM Practices in BOP

The implemented HRM practices and the HR department role were measured through the semi-structured interview with the HR manager and the focus group with the HR department team. At the same time employees' perception about the implemented HRM practices was measured through the questionnaire.

4.2.1 HR department role

Based on the interview with the HR manager it is clear that the HR department does not play a strategic role at the bank. But at the same time recently the HR department has played a major role in many changes occurring at BOP, like the annual well-defined training plan, enhancement in the recruitment policy, and availability of health insurance to employees. Consistent with the interview, the

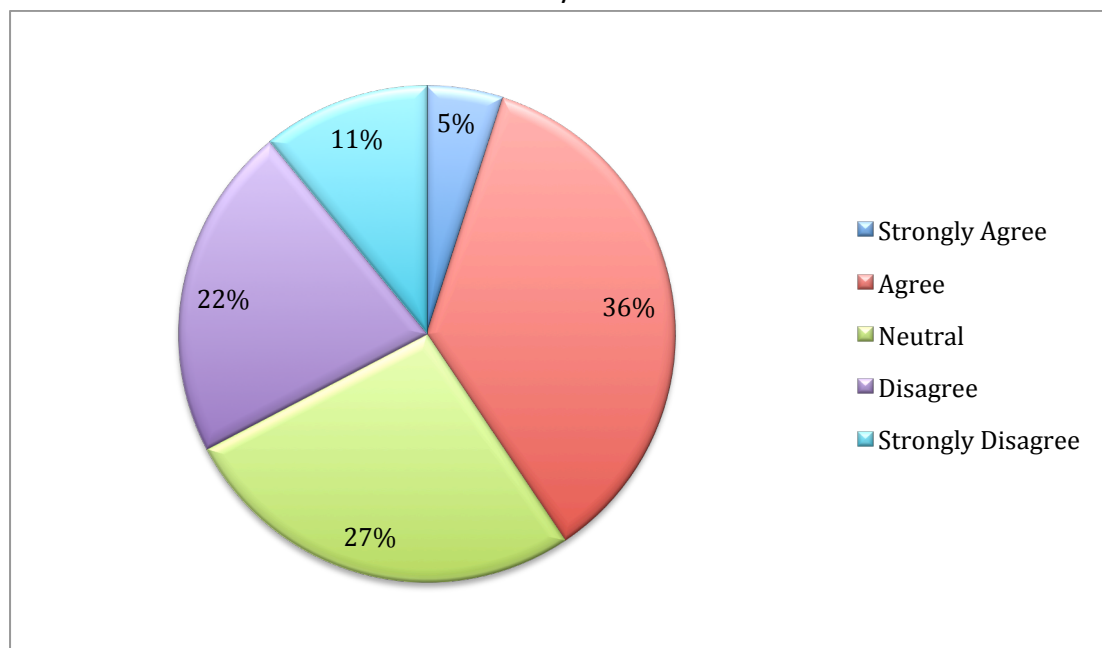
seven focus group attendees who are the HR department staff, approved that currently the HR department plays mainly an operational role, 70% operational and 30% strategic, but within the coming two to three years it is expected to reverse these percentages to 70% strategic and 30% operational, as the awareness to the importance of this department has increased recently.

The HR manager declared that there are no specific key performance indicators to measure the effectiveness of the implemented HRM practices, but certain signs can do the job like turnover, employees' complaints, performance, and others.

It is noticed that there is no clear innovative institutional culture at BOP; the HR department seeks to build a culture after enhancing employees' loyalty in order to facilitate the change. Currently at BOP there is nothing specific to enhance the innovation culture, it is believed that only certain departments require innovation. But at the same time brainstorming sessions are held from time to time, and there is no restrictions for any employee to participate in these sessions. The focus group attendees see that the HR department could play a strategic role and participate more in achieving the banks' objectives, and in encouraging the innovation culture by specifying the degree of employees' satisfaction, as well by determining their strengths and weaknesses, in addition to providing financial and physical support and encouraging employees to give suggestions and implement these suggestions.

According to employees' perception that was measured through the questionnaire, only 41% of respondents agree that they are satisfied with the HRM's role in enhancing innovation and creativity at BOP, as shown in figure 4.1.

Figure 4.1: Employees' satisfaction of the HR's role in enhancing innovation and creativity at BOP



Data Source: data analysis

Using cross tabs analysis method, illustrated in table 4.2, it is clear that females are more satisfied about the HR's role in enhancing innovation and creativity at BOP than males, as well to employees who have three years of experience or less, aging between 20-25 years old, adding to this employees with career level between 5-10 (according to BOP's scale, starting from 1 as entry level).

Table 4.2: Cross tab analysis for the HR's role in enhancing innovation and creativity at BOP

		I am satisfied about the HR's role in enhancing innovation and creativity at BOP		
		Agree	Average	Disagree
Gender	Male	33.9%	27.5%	38.5%
	Female	55.8%	25.0%	19.2%
Age in years	20 - 25	47.7%	27.3%	25.0%
	26 - 35	41.1%	24.2%	34.7%
	36 - 45	31.3%	37.5%	31.3%
	46 +	16.7%	33.3%	50.0%

		I am satisfied about the HR's role in enhancing innovation and creativity at BOP		
Years of working at BOP	3 years or less	55.1%	24.5%	20.4%
	4 - 8 years	41.3%	27.0%	31.7%
	9 -14	23.7%	28.9%	47.4%
	15 +	40.0%	20.0%	40.0%
What is your career level	1 - 4	23.1%	38.5%	38.5%
	5 -10	46.1%	25.2%	28.7%
	11 - 12	31.3%	25.0%	43.8%
	3 - 16	27.3%	36.4%	36.4%
	15 years or more	40.0%	.0%	60.0%

Data Source: data analysis

4.2.2 Staffing

Starting with the staffing practice, the HR manager mentioned that each year they compile the employment needs and share it with related managers in order to determine the budget for that year. Each job has its tasks and functional description, the needed skills, abilities, responsibilities, the needed knowledge, and required tasks.

Three steps are followed in the recruitment process; the first one is interviewing the candidate by the HR manager and the manager who needs to fill the vacancy. Then if the candidate passes this step he/she will be directed to do an evaluation test, which examines the candidate's English skills, general banking and non-banking information, and basic knowledge. The final step is another interview with the Deputy General Manager and Assistant General Manager.

As shown in table 4.3 according to employees' perception, 71% of the questionnaire respondents agree that the applicant is subject to pre-employment screening test, which reveals the level of his/her skills and competencies. 59% of the respondents agree that the recruitment committees who interview the applicants are professional and have the required knowledge related to this task.

The HR manager declared that selecting the right candidate depends on certain standards and huge emphasis is given to the personality, whether the candidate is representable, talkative, and confident or not, as well to the education background. Consistent with the interview, 66% of the questionnaire respondents agree that the job interviews contain a variety of questions that reveal the behavior and competencies of each applicant.

And lastly, the HR manager stated that if there is a vacancy that can be filled internally by finding the suitable candidate, they announce it to all employees so they get the chance to apply. But most of the time vacancies are given to external candidates, referring to the fact that the majority of managers refuse to allow their employees apply for other vacancies, as they see it as a loss for their departments/branches because they will need to hire new employees to replace those promoted or transferred and bear the new investment in employees training. This attitude of managers may affect current employees' morale and satisfaction because it prevents their development and promotion (Pilbeam & Corbridge, 2010).

Which is consistent with employees' perception, as only 42% agree that there is an opportunity for current employees to apply for available vacancies at different departments or higher levels. This element got the lowest ranking among all the

elements that measure the staffing practice, which means it is the element that has the lowest satisfaction.

Table 4.3: Staffing practice

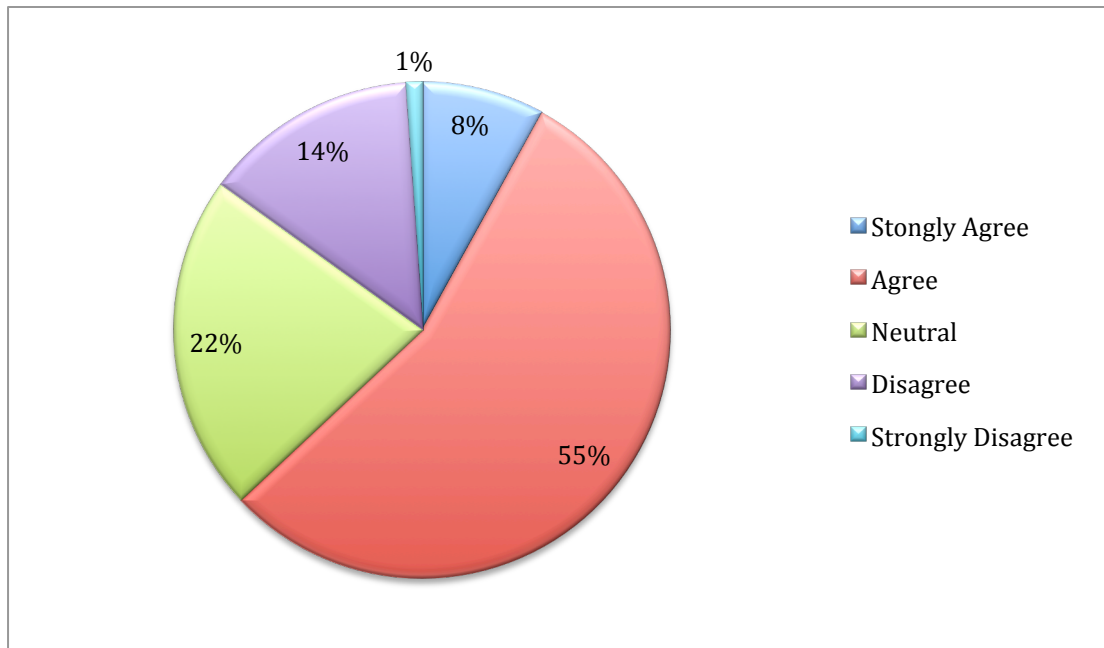
Question	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The applicant is subject to pre-employment screening test, which reveals the level of his/her skills and competencies	14%	57%	18%	11%	0%
The recruitment committees who interview the applicants are professional and have the required knowledge related to this task	13%	46%	24%	14%	3%
Job interview contains a variety of questions that reveal the behavior and competencies of each applicant	13%	53%	20%	12%	3%
There is an opportunity for current employees to apply for available vacancies at different departments or higher levels	4%	38%	28%	15%	15%

Data Source: data analysis

According to employees' perception, the staffing practice got the highest ranking among the other practices, with an average of 2.5 (taking into consideration that 1 represents "strongly agree" and 5 represents "strongly disagree"). Figure 4.2 illustrates that 63% of respondents agree that the recruitment and selection process is effective at BOP.

Same as the focus group attendees, who agreed that the current staffing practice is effective to a certain degree, as it was improved recently, and there is always a chance to enhance and improve the current practices to make them more effective.

Figure 4.2: Effectiveness of the recruitment and selection process at BOP



Data Source: data analysis

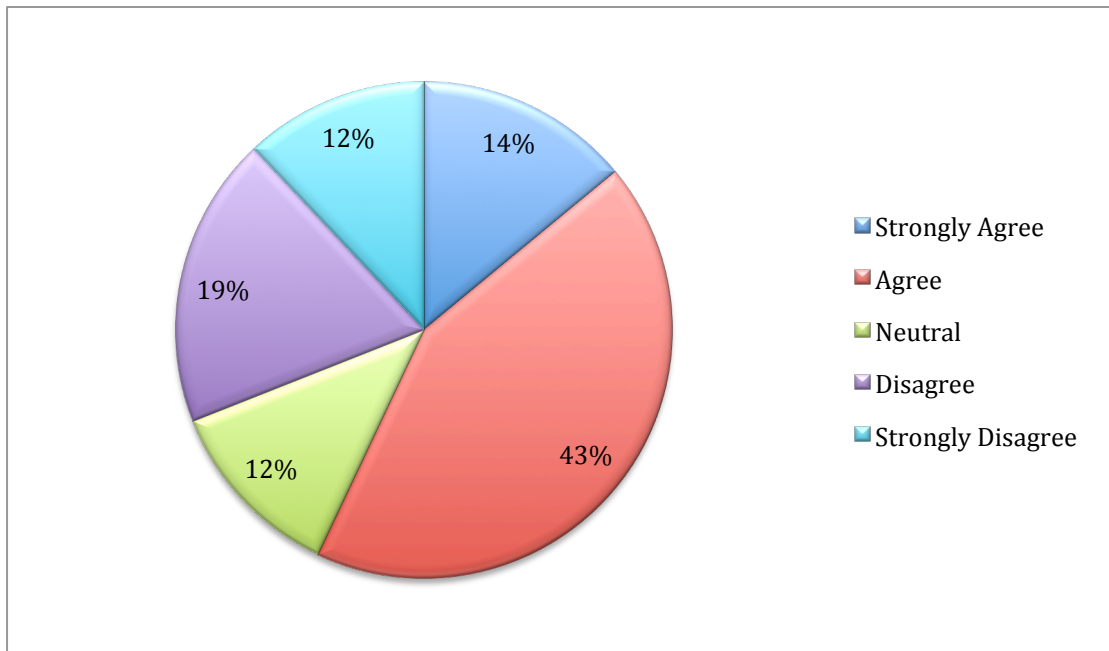
4.2.3 HR Development

The HR manager confirmed the availability of a training plan that they follow during the year, which includes different topics and subjects for different fields and specializations. This plan is conducted after compiling employees' needs through asking them to fill certain form and list the training courses they need, where the HR manager believes that the employees are the only ones who know what they want and the weaknesses they have and want to develop. Afterwards the selected training courses are sent to their managers for discussion before approving and sending them back to the HR department. Each employee takes from two to three training courses each year. In addition, if there is a potential employee who might be promoted soon, the HR starts developing him/her to be suitable for the proposed position.

The focus group attendees showed satisfaction with the current training practices, as they involve employees in choosing the training courses they need, external professional trainers are recruited to conduct the training courses, in addition to providing all the needed logistics during the course. But at the same time the HR staff still receives complaints from employees that do not receive enough training claiming that the training should be improved to cover all employees' needs.

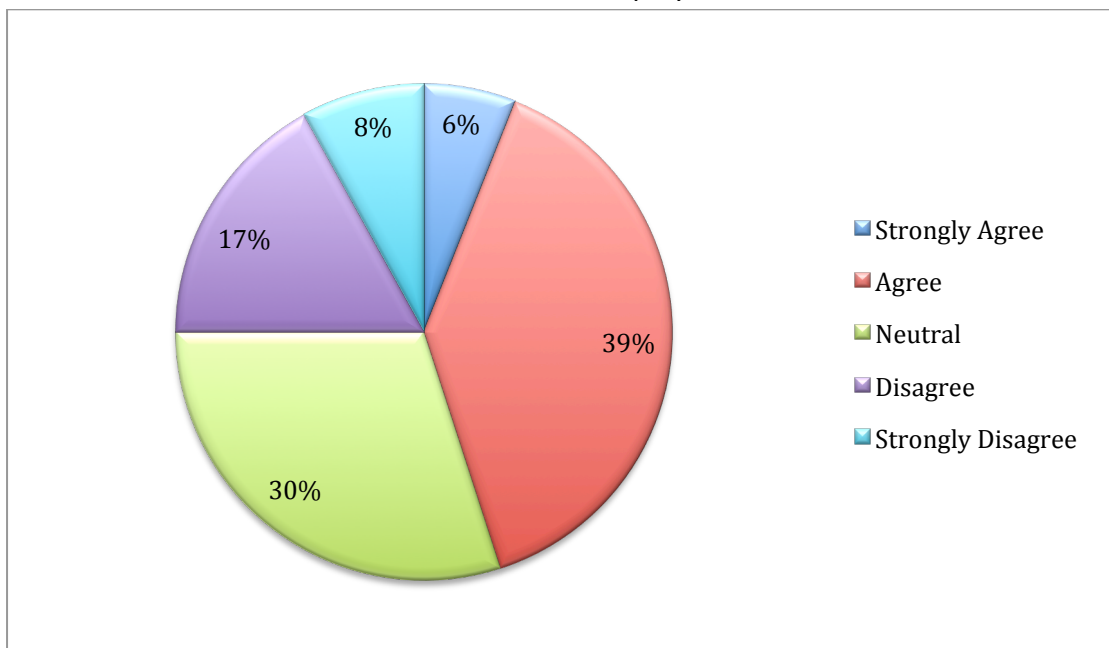
Consistent with the HR manager interview 57% of the respondents agree that they give their suggestions about the training courses they need, as shown in figure 4.3. At the same time, figure 4.4 demonstrates that only 45% of respondents agree that BOP responds to managers' recommendations about the needed training courses to their employees. While 63% agree that they get at least two training courses each year, as shown in figure 4.5.

Figure 4.3: Giving suggestions about the training courses employees need



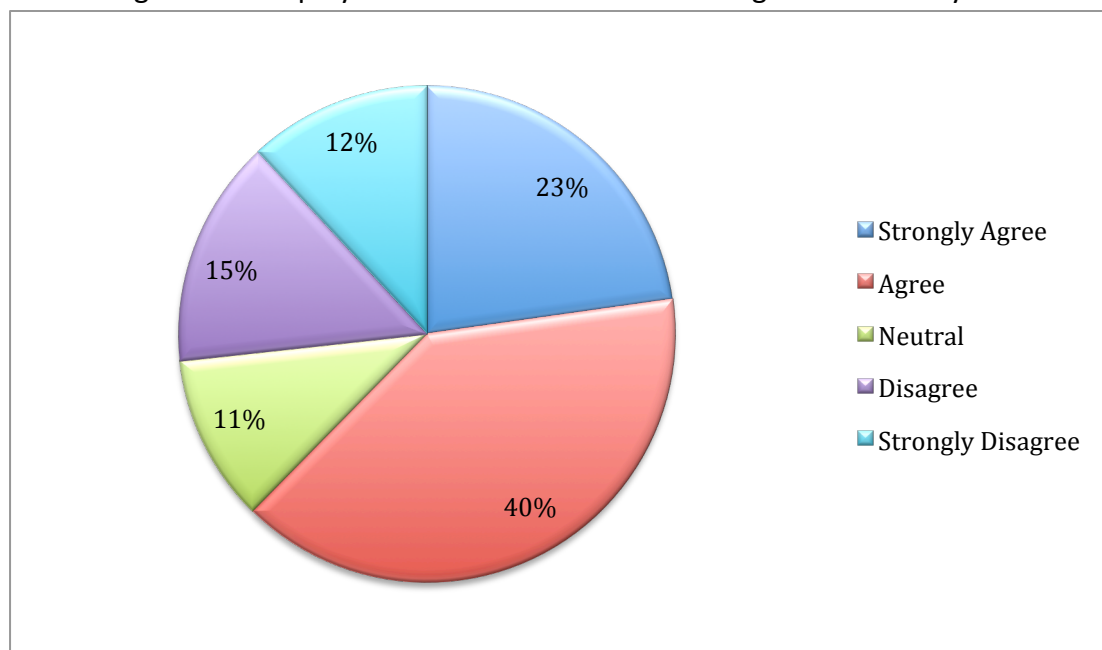
Data Source: data analysis

Figure 4.4: BOP response to managers' recommendations about the needed training courses to their employees



Data Source: data analysis

Figure 4.5: Employees receive at least two training courses each year

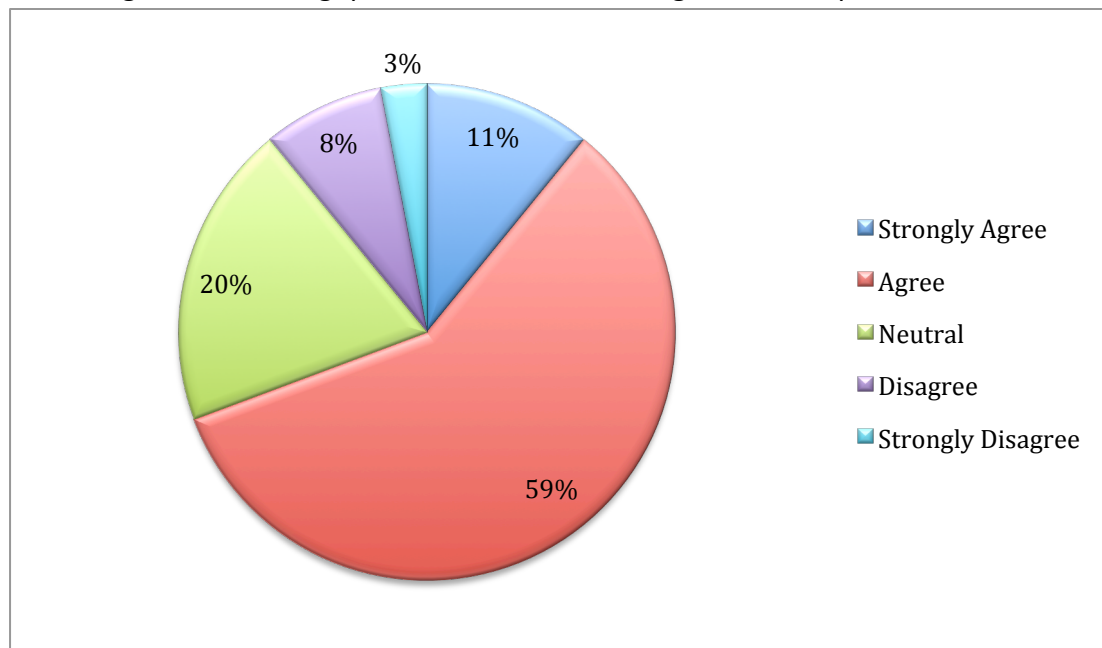


Data Source: data analysis

Most of the training courses are held locally, the HR department finds a suitable trainer (either local trainers, regional, or international), they agree upon the training material and outline, and since almost all BOP branches have training halls, the selected external trainers do the sessions inside the bank. Very low percentage of the planned training courses are held either regionally or internationally; only higher-level employees (Deputies and Assistants General Managers and sometimes Heads of Departments) take such courses for the very high cost they require.

70% of the questionnaire respondents agree that there is a qualified cadre for training and development at BOP, as shown in figure 4.6.

Figure 4.6: Having qualified cadre for training and development at BOP



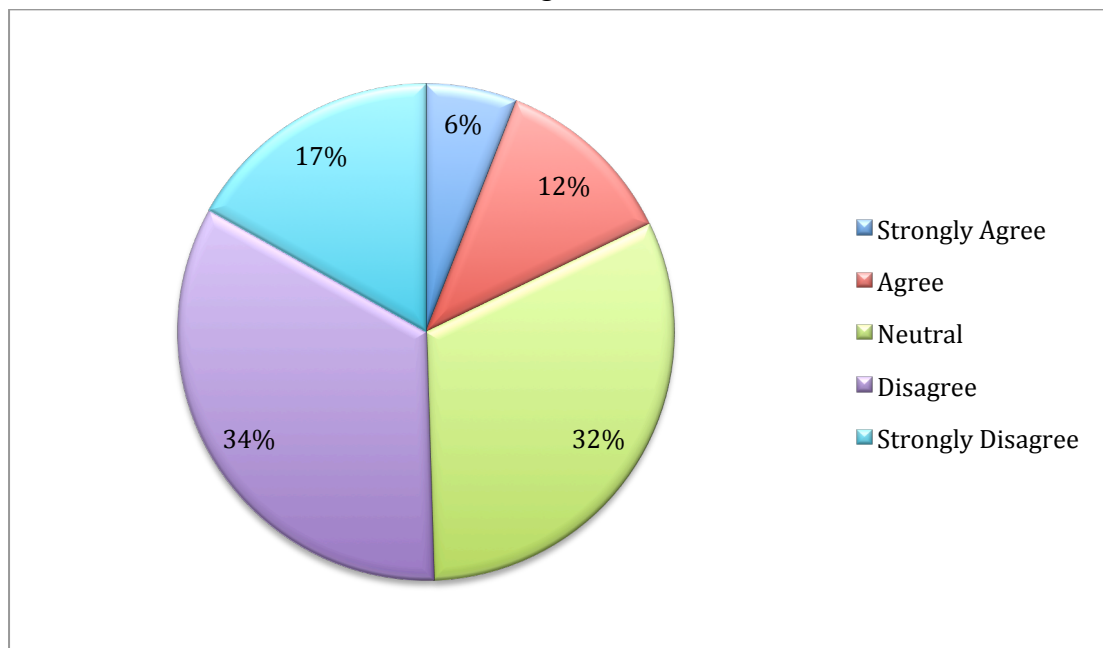
Data Source: data analysis

The researcher has discussed with the HR manager whether BOP provides training courses to individuals who are not employees but rather affect the bank's performance, like trainees, volunteers, and suppliers. The answer was that they do not do this frequently; they provided once a training course where external lawyers that BOP works with were allowed to attend. But the HR manager mentioned that in the future they might give such courses, the idea is applicable.

The HR manager sees that BOP's management supports and cares about training so much physically and financially, but the problem is that they do not show employees that they care about taking their feedback, and they do not attend the courses to communicate with employees and show them the importance of the course in improving their skills and capabilities, which is considered very essential. Consistent with the HR manager, figure 4.7 displays that 51% of respondents disagree that the training and development process suffers from a lack of funding. At

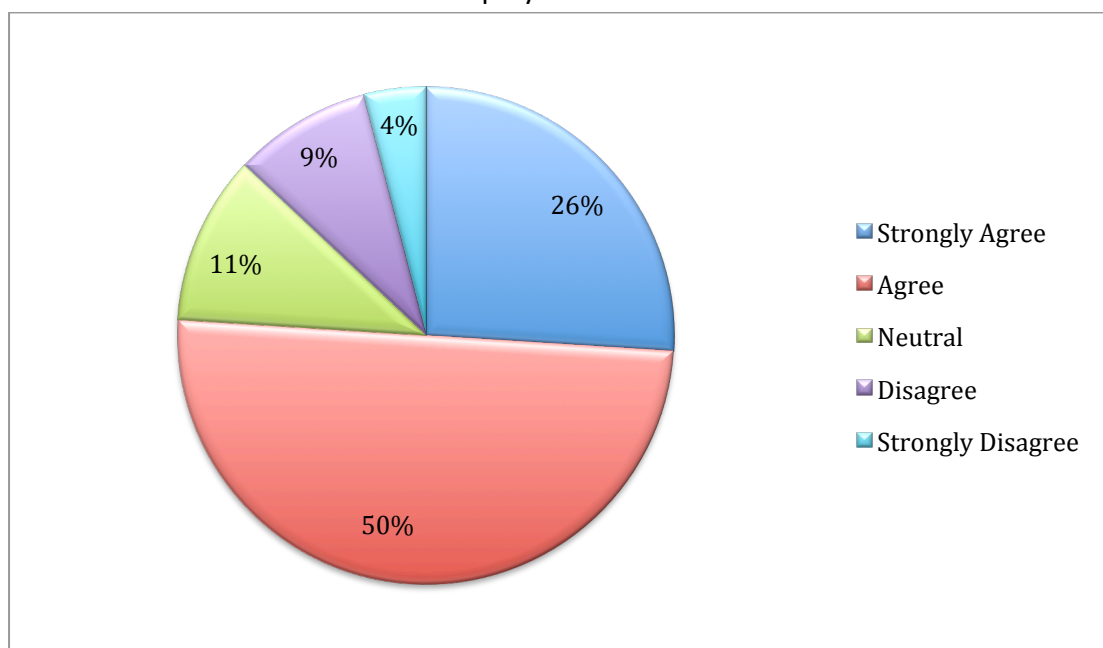
the same time 76% of respondents agree that there is an interest in the training and development processes for employees at BOP, as shown in figure 4.8.

Figure 4.7: The training and development process suffers from a lack of needed funding sources



Data Source: data analysis

Figure 4.8: Having an interest in the training and development processes for employees at BOP



Data Source: data analysis

The HR manager clarified that there is a performance evaluation policy at BOP. The main goal behind the performance evaluation is to improve performance through knowing the weaknesses, and linking the results with the training plan. The performance evaluation form depends on the objectives that are determined by the employee and his/ her manager at the beginning of the year, and employees know that at the end of the year they will be evaluated based on these objectives. Certain actions are taken based on the results of the evaluations, for example recently a new policy was written for those employees who receive weak evaluations for two years respectively. As well there are promotions, annual salary increments, and bonuses that depend on the evaluation of performance, but are not written in formal policies.

According to employees' perception, as shown in table 4.4 below, 37% agree that the performance appraisal process at BOP is effective, 39% agree that the direct manager clarifies the performance evaluation criteria. At the same time, 69% of respondents agree that sometimes the employee is evaluated on a job description that does not include all his/her duties. And 59% of respondents agree that the performance evaluation results are linked to rewards, compensations, training, promotion, demotion or other consequences.

The attendees of focus group mentioned that they receive complaints from employees about their dissatisfaction with the performance evaluation. At the same time, all the attendees approved that these complaints are not from the performance appraisal practice itself, but rather from employees' managers evaluating them based on personal relationships and not on professional criteria. This is consistent with employees' perception that was perceived through the

questionnaire, as 66% of respondents agree that the current performance appraisal process is prone to bias because of personal relationships between the managers and employees.

When the HR department receives objections from employees about their performance evaluation, they form committees to solve these problems, and when the managers do not have strong evidence about the reason behind such evaluation, it becomes clear that the problem is not from the practice itself.

Table 4.4: HRD- Performance Evaluation Practice

Question	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Performance appraisal process at BOP is effective	7%	30%	23%	18%	21%
The direct manager clarifies the performance evaluation criteria	7%	32%	26%	23%	13%
Sometimes the employee is evaluated on a job description that does not include all his/her duties	17%	52%	16%	14%	2%
The performance evaluation results are linked to rewards, compensations, training, promotion, demotion or other consequences	16%	43%	24%	9%	8%
The current performance appraisal process is prone to bias because of personal relationships between the managers and employees	26%	40%	19%	12%	4%

Data Source: data analysis

4.2.4 Compensation

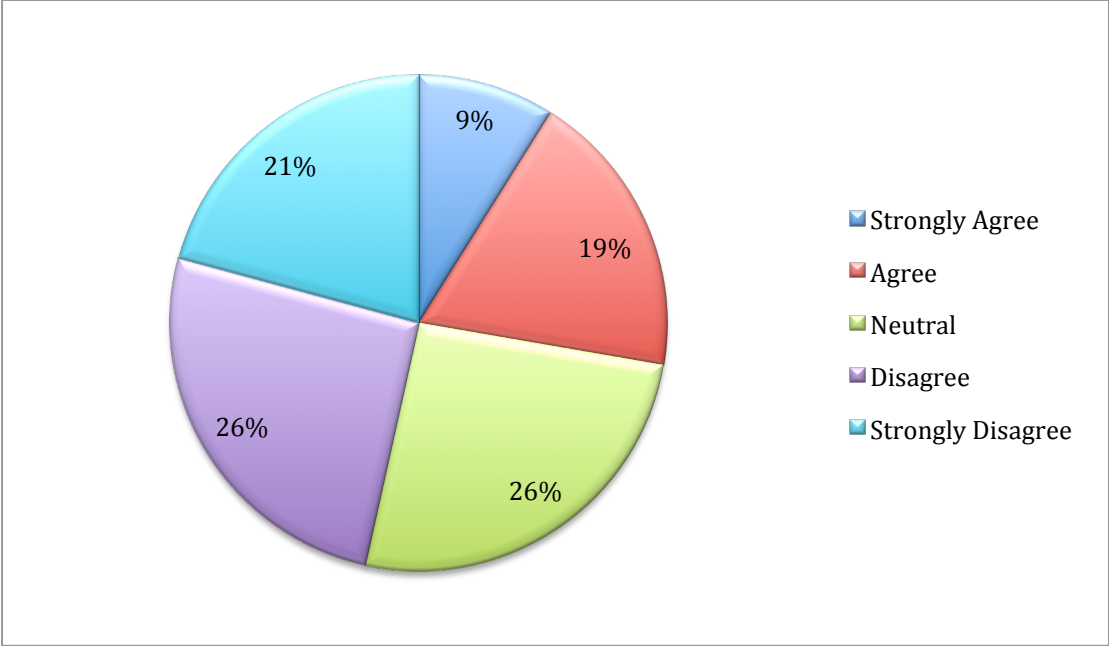
The HR manager stated that there is a clear policy for compensation, we can say that BOP offers average compensations compared to other banks in the country.

The types of compensations that BOP employees receive are salary increments, annual bonuses depending on BOP's performance at the end of year (not to all employees only to those with exceptional performance), allowances during the year, end of service benefits, and savings fund. Employees' compensation and rewarding depend on their productivity, performance, abilities, and experience. At BOP compensations are given based on the career level regardless to the nature of the jobs and differences.

Based on employees' perception 47% of respondents disagree that BOP has satisfactory payroll, compensations, and benefits, as well 26% are neutral, as shown in figure 4.9. 53% of respondents disagree that there is justice in payroll, compensations, and benefits among BOP employees, as shown in figure 4.10. At the same time, figure 4.11 reveals that 49% of respondents agree that employees' salaries and incentives at BOP are the best compared to other banks.

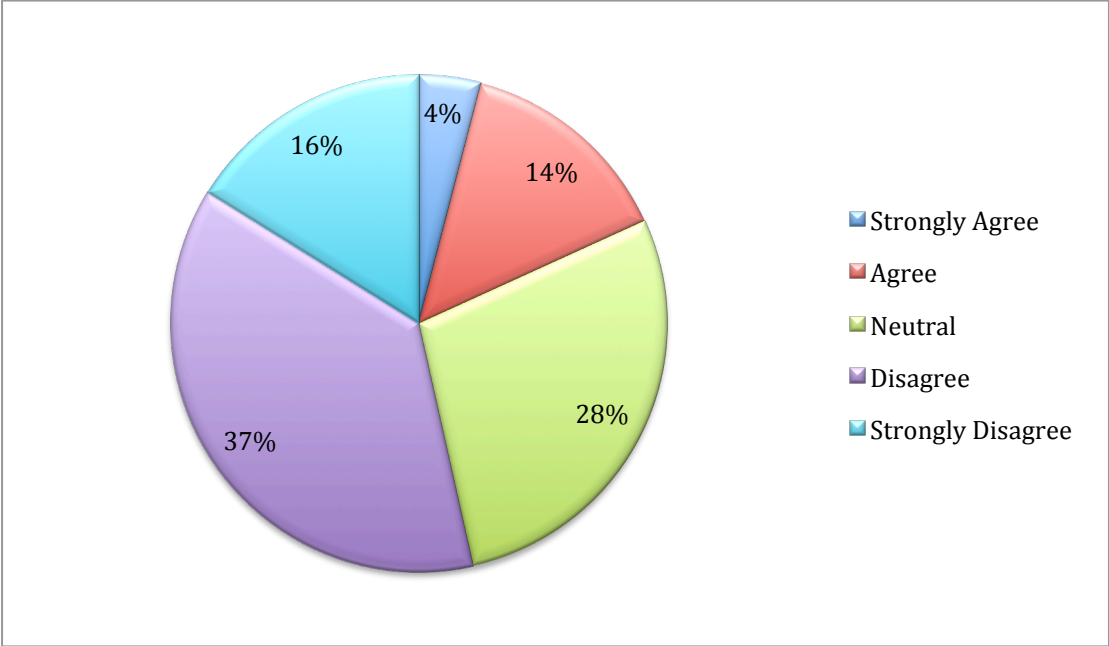
Focus group attendees mentioned that employees' salaries are based on their job title, and education background. While the annual increments and bonuses are based on their annual performance evaluation and BOP's overall performance and profits.

Figure 4.9: Having satisfactory payroll, compensations, and benefits



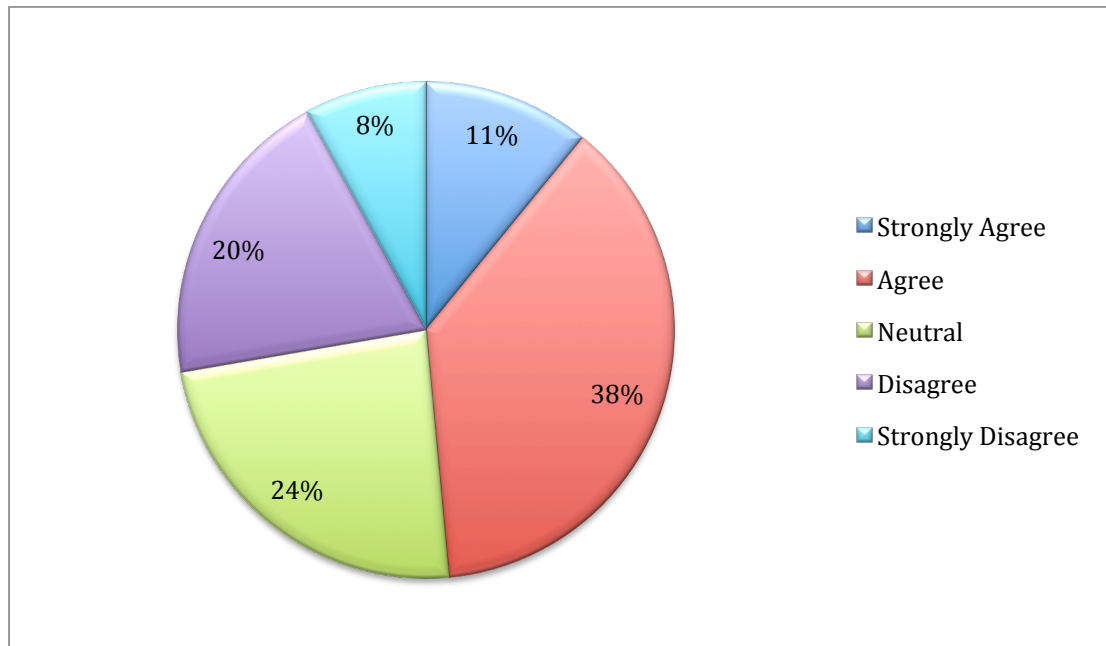
Data Source: data analysis

Figure 4.10: The existence of justice in payroll, compensations, and benefits among BOP employees



Data Source: data analysis

Figure 4.11: Employees' perceptions of salaries and incentives at BOP as the best compared to other banks



Data Source: data analysis

4.2.5 Safety and Health

The HR manager declared that BOP has health insurance for all the employees and their families, also there is insurance against work-related injuries. At the same time almost 100% of employees take all their sick leaves during the year even if they are not sick.

BOP cares about the physical environment for employees, like offices, chairs, lightening, equipment and others, and if the HR department receives any complaints, change occurs immediately. For the HR manager, she does not see that BOP plays an effective role in increasing employees' awareness for having good health conditions.

Table 4.5 shows the consistency between the real implemented practice and employees' perception, as 59% of respondents agree that the available health insurance at BOP meets all employees' needs. 65% of respondents agree that the

working conditions, desk chairs, offices, and equipment used take into account employees' health and comfort. Also the consistency remains as 64% of respondents disagree that the HR department frequently develops health awareness workshops and special bulletins about current and chronic diseases.

Table 4.5: Safety and Health Practice

Question	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The available health insurance at BOP meets all employees' needs	12%	47%	12%	23%	7%
Working conditions, desk chairs, offices, and equipment used take into account employees' health and comfort	14%	51%	13%	18%	4%
The HR department frequently develops health awareness workshops and special bulletins about current and chronic diseases	4%	16%	16%	37%	27%

Data Source: data analysis

From the focus group it was mentioned that BOP cares about its employees' health; it has an internal campaign to encourage employees quit smoking by rewarding them, after quitting for a year they win a trip for two to Turkey. In addition to providing health insurance for employees and their families, and an appropriate physical environment that includes all the equipment and material that employees need to do their job efficiently. And the attendees declared that in general the direct managers have a big impact on employees' comfort and security.

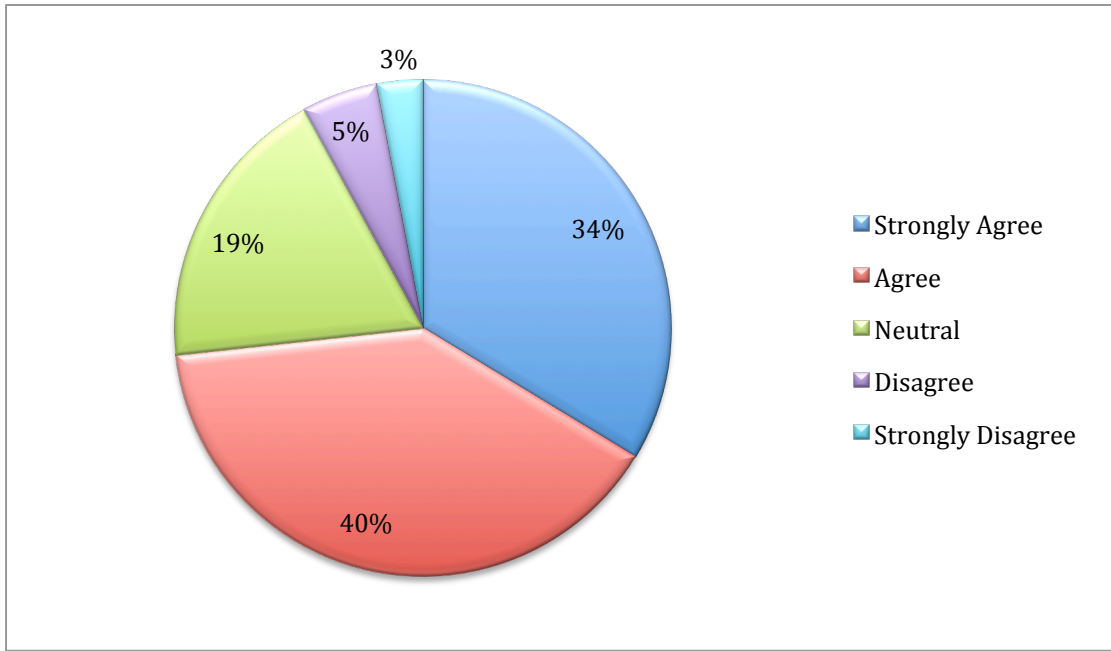
4.2.6 Employee and Labor Relations

The HR manager stated that there is no employees union at BOP and it is prohibited in the internal bylaw. The internal bylaw clarifies the procedures for promotions, upgrade, and discipline. Moreover, the focus group participants believe that currently there is no need for employees' union, as the HR department studies all employees' needs and implement them. They confirmed the clearness of the followed procedures in promotions, upgrade, and discipline, as it is available in internal bylaw, but could not determine whether it is fair or not, as fairness differs from one point of view to another.

Lastly the HR manager mentioned that there is very limited communication between the upper management and employees. At the same time the attendees in the focus group see that employees are highly connected to each other. But the connection between the management and employees is very weak, as BOP concentrates on following the administrative hierarchy through communication.

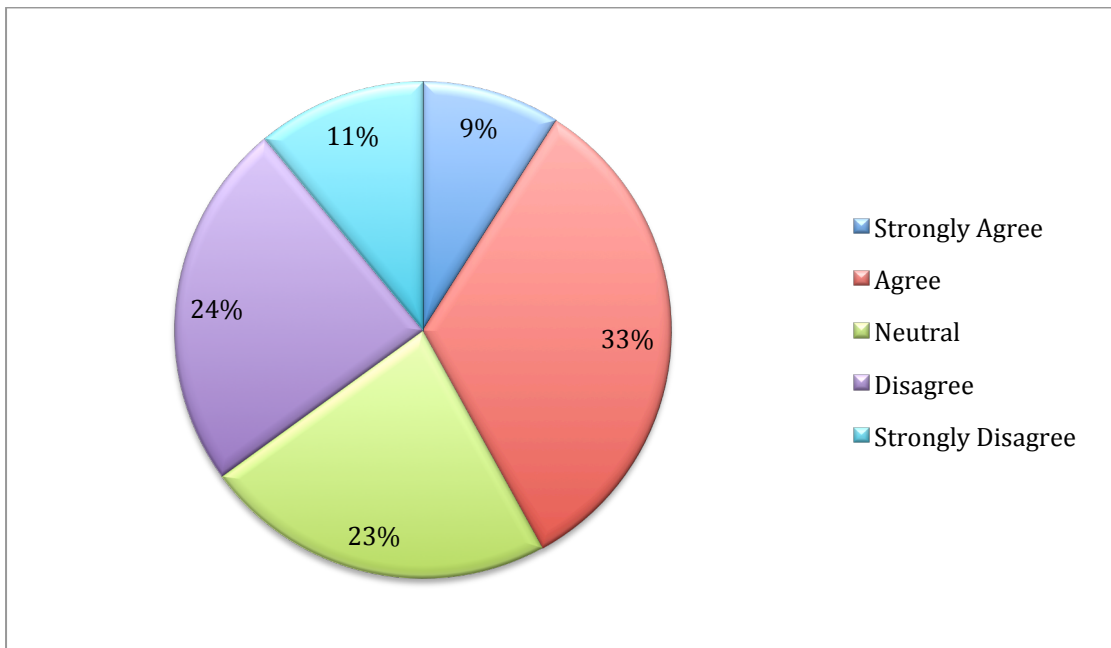
Figure 4.12 shows that 74% of respondents agree that there is a need for employees' union. And consistent with the HR manager and the focus group 42% of respondents agree that the basis of promotion, upgrade or punishment is clear, as shown in figure 4.13, but at the same time 41% of respondents disagree that the promotion process is fair, as shown in figure 4.14.

Figure 4.12: The need for employees' union



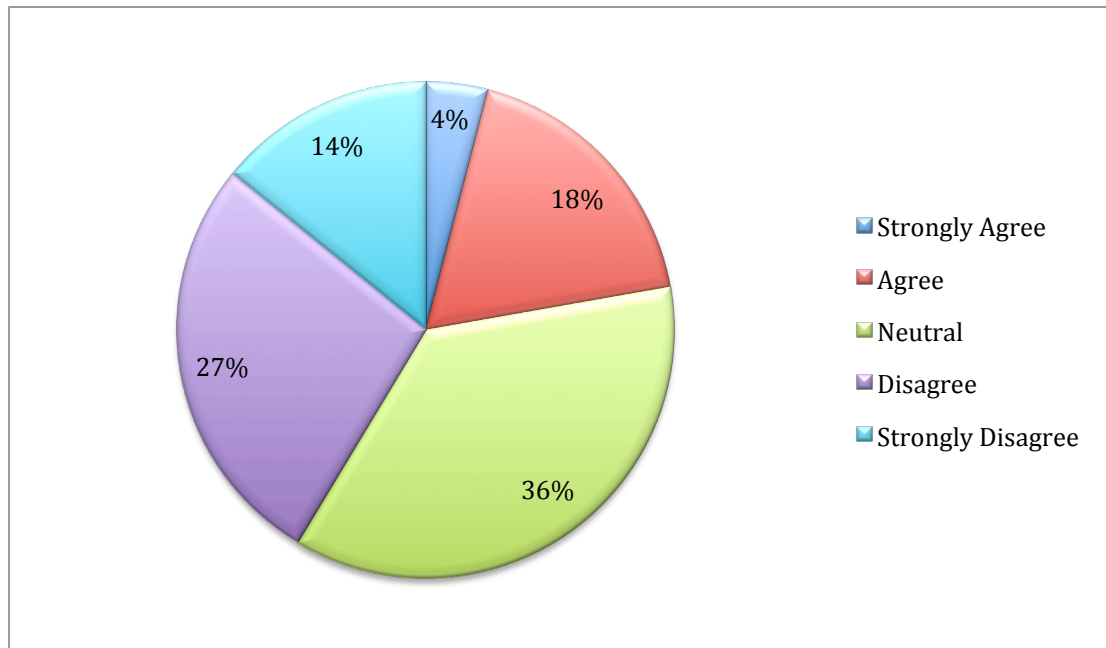
Data Source: data analysis

Figure 4.13: Clearness of promotion, upgrade, or punishment basis



Data Source: data analysis

Figure 4.14: Fairness of the promotion process



Data Source: data analysis

4.2.7 Communication and Participation

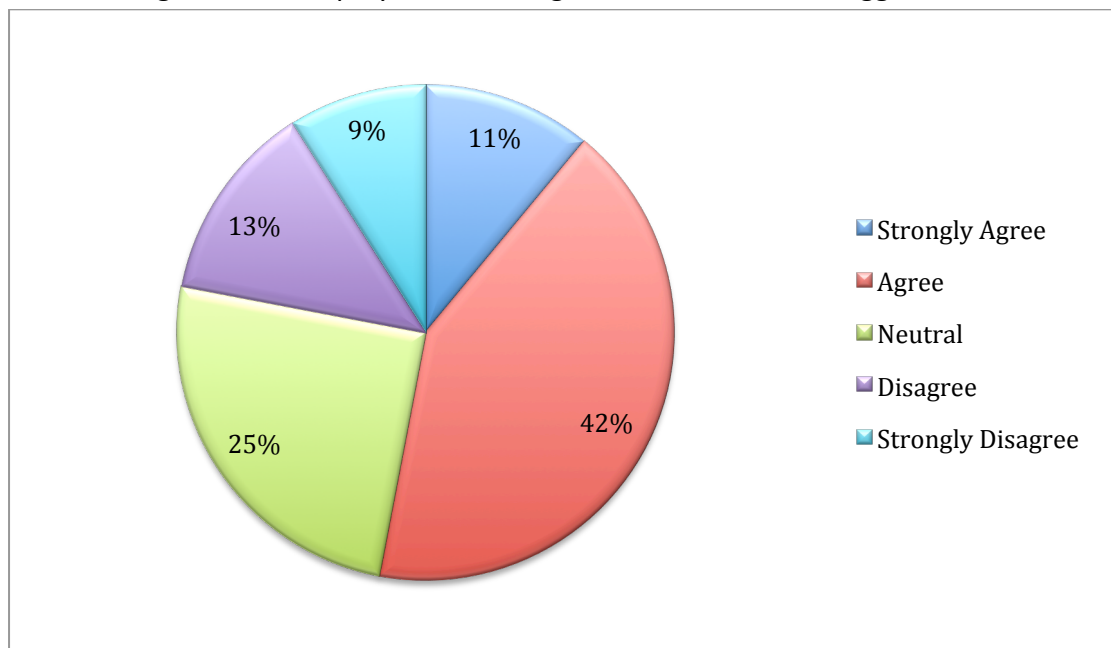
For this practice the researcher wants to know from the HR manager whether employees are encouraged to send their suggestions? Do different departments work together on certain projects? Whether there is partitions between the offices or it is an open area? Is there job rotation from time to time? And finally whether employees are qualified to take decisions?

From the interview it was known that BOP encourages employees to send their suggestions, as there is an e-mail known to all employees where they can send all their suggestions, and at the same time there is a committee which reviews employees' suggestions and implement the applicable ones. Most of the time certain projects require different departments to work together, and the nature of BOP's work does not allow single departments to work alone, as all the departments compliment each other. However, partitions do exist between offices and it is not an open working area. There is no job rotation at BOP. Lastly, the HR manager could not

determine whether employees are qualified to take decisions or not, as on one hand most of them were never given the opportunity to take decisions, and on the other hand the majority do not like to take decisions and bear the responsibilities.

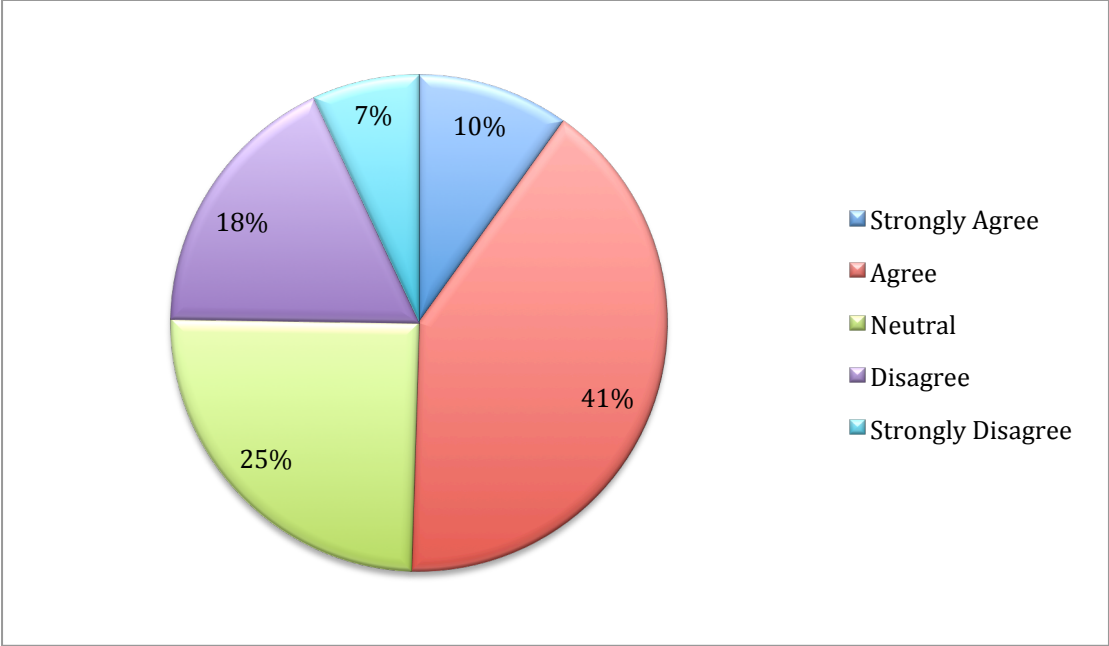
Figure 4.15 shows that 53% of respondents agree that employees are encouraged to send their suggestions. 51% of respondents agree that there is frequent communication between different departments, as shown in figure 4.16. And lastly, 88% of respondents agree and strongly agree that they are qualified to make decisions, as shown in figure 4.17.

Figure 4.15: Employees encouragement to send their suggestions



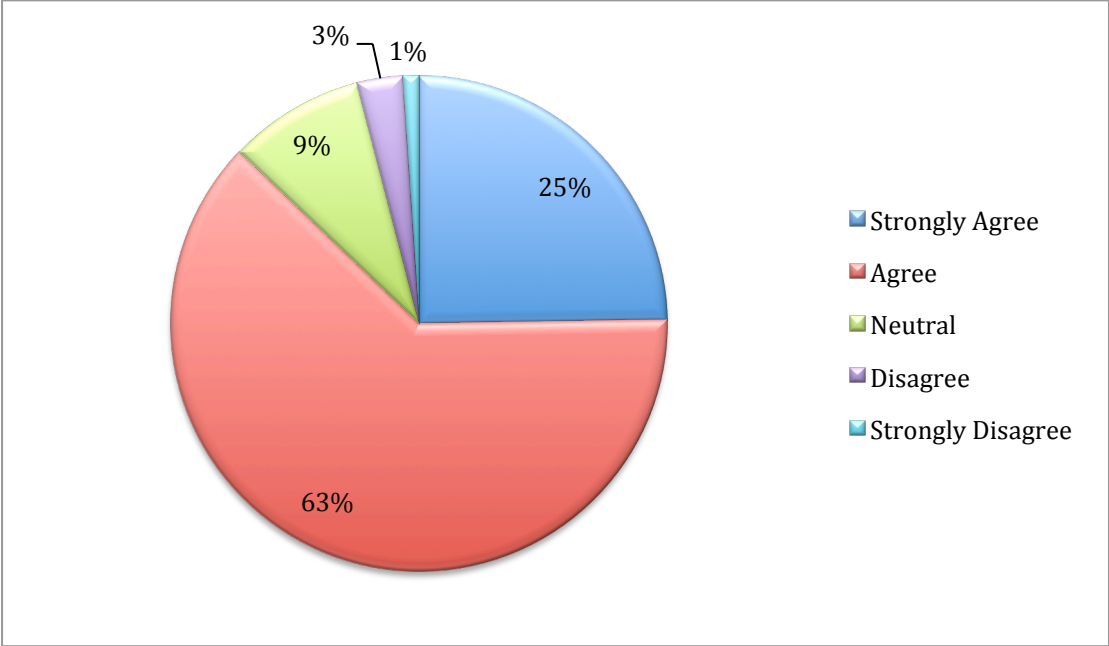
Data Source: data analysis

Figure 4.16: Having frequent communication between different departments



Data Source: data analysis

Figure 4.17: Employees qualifications to take decisions



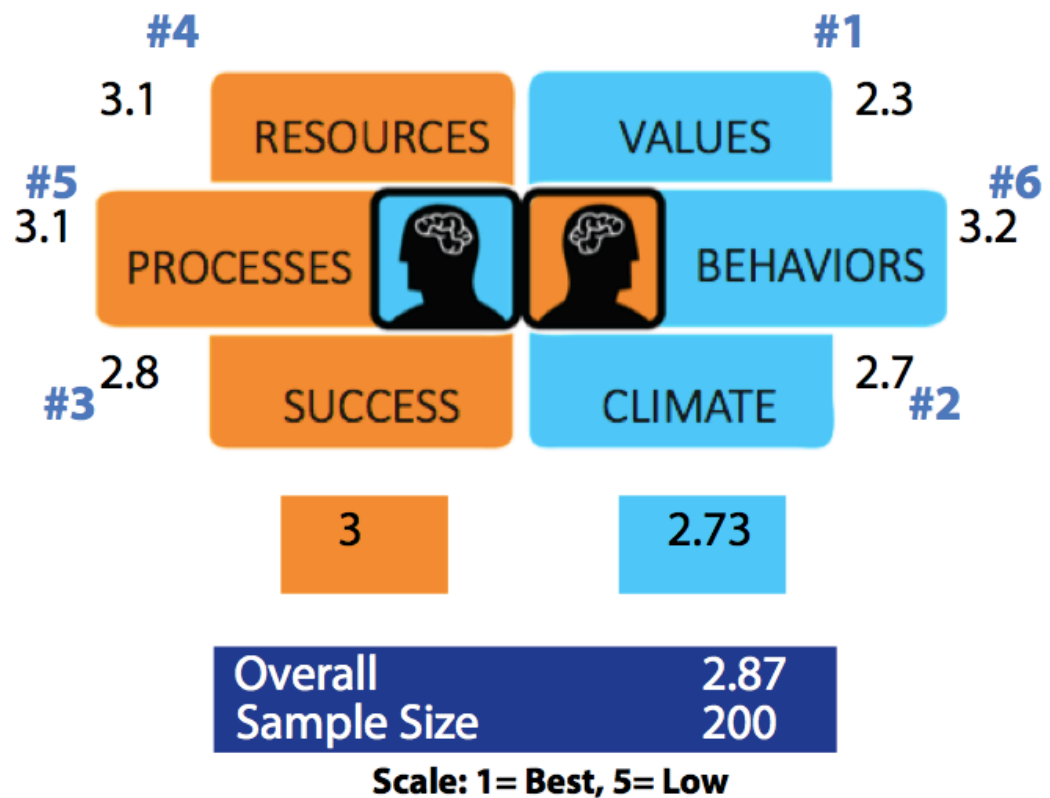
Data Source: data analysis

4.3 Innovation Culture Extent at BOP

According to Rao and Weintraub's assessment tool that the researcher used to measure the innovation culture at BOP, any score less than 3 is considered pretty good for large firms, where the scale 1 is the best and 5 is poor. The researcher (as shown in appendix V) calculated the average for each question (element), the average for each factor (average of the three elements related to the factor), and the average of each building block (the average for the three factors related to the building block). Afterwards the researcher found the overall score for BOP's current innovation culture, then provided ranking for all the 6 blocks, 18 factors, and 54 elements (as shown in figure 4.20) to identify BOP's strengths and weaknesses. The final average of the six building blocks, which represent BOP's overall score, is called "innovation quotient", the innovation quotient for BOP equals 2.87, which is considered good.

Based on the six building blocks ranking shown in the figure 4.18, it is clear that there are strengths in the values, which reflects how BOP spends its time and money, and how employees behave more than how they speak. Climate, which is the tenor of workplace life. Success, which is captured through how the bank is perceived from its customers and competitors. At the same time there are weaknesses in the resources, which contain three main factors people especially innovative champions, systems, and projects. Processes, which are the route that innovation follows at BOP. And behaviors, which describe how employees act in the cause of innovation.

Figure 4.18: Ranking of the six building blocks



Data Source: data analysis

Figure 4.19 shows the ranking of the 18 factors, the factors with the ranking from 1 to 9 are considered strengths, while the factors with the ranking from 10 to 18 are considered weaknesses at BOP. It is clear that the strongest factor is learning, which clarifies that employees are curious in asking questions in the pursuit of the unknown, they experiment in their innovation efforts, and they accept failure and treat it as a learning opportunity. While the weakest factor is projects, which explains that employees are not given dedicated time to pursue new opportunities, neither dedicated finances, nor physical and/or virtual space to pursue new opportunities. As well to engagement, which clarifies that managers do not devote time to coach and provide feedback to employees' innovative efforts, employees at

different levels do not take initiatives to innovate, and managers do not provide support to project team members during both successes and failures.

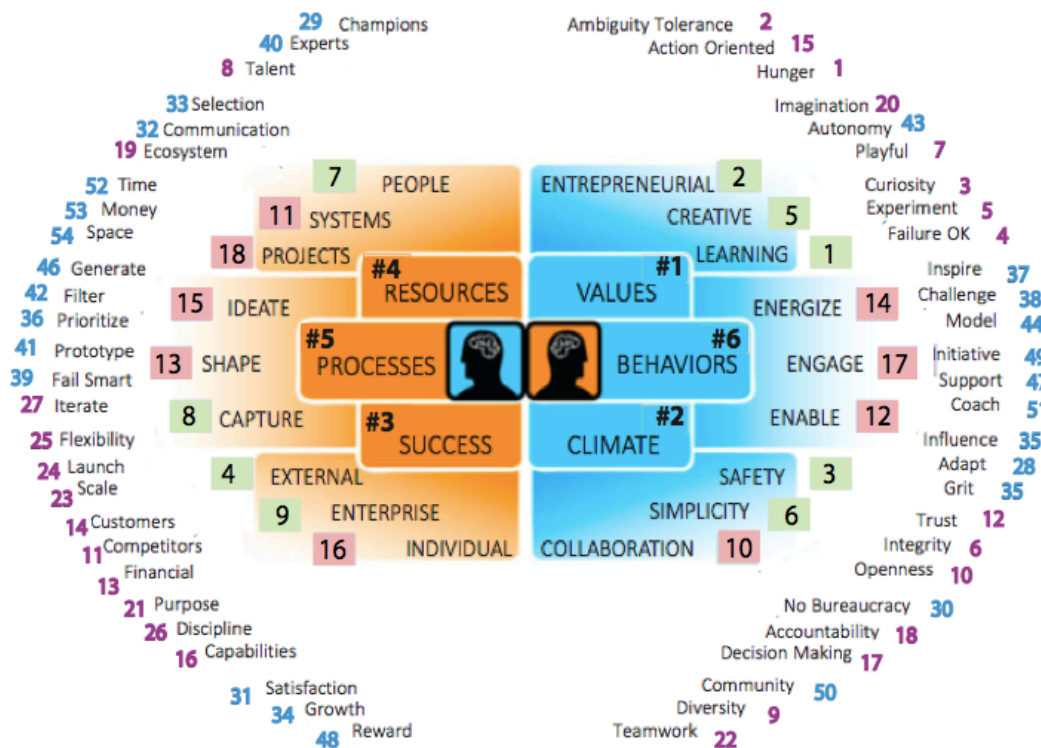
Figure 4.19: Ranking of the 18 factors



Data Source: data analysis

For more details figure 4.20 demonstrates the ranking of the 54 elements that measured the innovation culture at BOP. The elements with the ranking from 1 to 27 are considered strengths at BOP, while the element with the ranking from 28 to 54 are considered weaknesses.

Figure 4.20: Ranking of the 54 elements



Data Source: data analysis

4.4 Correlation Between HRM Practices and Innovation

Culture at BOP

The correlation tests whether a relationship exists between two variables or not, and if it exists whether it is positive or negative, and lastly whether it is strong or weak. The correlation coefficient is a number that shows how closely one variable is related to another variable. Pearson's correlation coefficient (r) shows how strong the relationship is. If the correlation coefficient is negative then there is a negative relationship, while if it is positive then there is a positive relationship. Correlation coefficient always falls between -1 and +1, if the correlation coefficient equals -1 then there is a perfect negative relationship. If it is +1 then there is a perfect positive

relationship. Correlation coefficient of 0.00 means there is no relationship between the two variables. Larger correlation coefficients mean stronger relationships, the closer the coefficient is to 0.00 the weaker the relationship is, while the closer the coefficient to plus or minus 1.0 the stronger the relationship (Higgins, 2005).

The researcher tested the correlation between each separate HRM practice with the innovation culture. Table 4.6 shows that there is positive relationship between the innovation culture and all the tested practices, all of these relationships are strong but the employee and labor relation is the weakest.

Table 4.6: Correlations between each HRM practice and the innovation culture

		Staffing	HRD- Training	HRD- Appraisal	Compensation	Safety & Health	Employee & Labor Relation	Communication & Participation
Innovation Culture	Pearson Correlation	0.625	0.553	0.598	0.435	0.470	0.363	0.524

Data Source: data analysis

After knowing the correlation coefficients the researcher should make sure that the results are real and not formed by accident, to have more reliable results. This can be done by finding the degree of freedom (which equals sample size minus 2), check the critical values of correlation coefficient table, choose the error rate, and then find the critical value of "r". If the correlation coefficient is equal to or bigger than the critical value, then there is a relationship between the two variables, therefore it is statistically significant (Higgins, 2005).

Therefore the researcher checked the critical value of "r" at degree of freedom of 200 and at 0.05 error rate, which equals 0.139. The correlation

coefficients of all the practices in the relationships are bigger than the critical value of “r”, therefore the relationship is statistically significant and the results are reliable.

4.4.1 Multiple regression

Multiple regression is a statistical tool that measures how multiple independent variable affect a single dependent variable.

The “R” value shows how strong the relationship is between dependent variable and all the independent variables. While R square clarifies the variation in the dependent variable accounted for by the independent variables (Higgins, 2005). In this study the “R” value equals 0.716, which means that there is a strong positive relationship between the innovation culture and the HRM practices. And R square equals 0.513, which means that 51.3% of the variation in the dependent variable (innovation culture) is explained by variation in the independent variables (HRM practices).

The practice that has the “T” absolute value equals to one or less is not significant, as it will also have a big “p” value, which means it should not be in the model. Therefore Table 4.7 shows that there is a relationship between innovation culture as a dependent variable and staffing, HRD, and participation and communication as independent variables. While compensation, safety and health, and employee and labor relation do not impact the relationship.

After knowing whether there is relationship or not, it is time to know whether this relationship is positive or negative. Then the size of the effect from each HRM practice on the innovation culture should be noticed through the beta value (B). As a result the researcher came up with the following regression equation:

Innovation Culture= -5.282 + 0.355 (Staffing) + 0.390 (HRD) + 0.166 (Participation and Communication) – 0.13(Compensation) + 0.72 (Safety and Health)+ 0.001 (Employee and Labor Relation)

Therefore HRD has the highest impact on innovation culture, while participation and communication has the lowest impact. The equation says that the innovation culture is predicted to increase by 0.355 when the staffing practice is enhanced by one level, increase by 0.390 when the HRD practice is enhanced by one level, and lastly the innovation culture is predicted to increase by 0.166 when participation and communication practice is enhanced by one level.

Table 4.7: Coefficients of the HRM practices

	B	t	Sig.
Constant	- 5.282	-1.107	0.270
Staffing	0.355	4.280	0.000
HRD	0.390	3.480	0.001
Compensation	-0.013	-0.177	0.860
Safety & Health	0.072	0.856	0.393
Employee & Labor Relation	0.001	0.013	0.990
Participation & Communication	0.166	2.328	0.021

Data Source: data analysis

4.5 Impact of demographic variables and Innovation Culture

The researcher tested whether certain demographic variables like age of employees, years of experience, and career level influence the relationship between innovation culture and HRM practices. Multiple regression method is used for this purpose, by considering innovation culture the dependent variable, and HRM practices plus age, experience, and career level as independent variables.

Table 4.8 demonstrates that the age of employees is not significant as the T value is less than 1, therefore the age does not impact the relationship. While years of experience and career level are significant and do impact the relationship since their T absolute value is more than 1. The career level is negatively related to the relationship, which means the higher the employees' level, negatively affects the innovation culture, the reason behind that might be that employees with high levels become resistant to change and less willing to change.

Table 4.8: Testing demographic variables and innovation culture

	B	t	Sig.
(Constant)	-8.851	-1.499	.136
Staffing	.369	4.262	.000
HRD	.418	3.601	.000
Compensation	-.040	-.513	.609
Safety and Health	.074	.872	.384
Employee and Labor Relation	.010	.169	.866
Participation and Communication	.163	2.110	.037
Age in years	.728	.353	.724
Years of working at BOP	1.758	1.130	.260
What is your career level	-1.441	-1.031	.304

Data Source: data analysis

4.8 Hypothesis Testing and Conclusion

4.8.1 Hypothesis Testing

Based on the above findings, the researcher could accept the research hypothesis, which states that Innovation culture is directly affected by the type of HRM practices implemented and the degree of adherence to these practices at the workplace.

4.8.2 Conclusion

In conclusion, in this chapter the researcher illustrated and discussed the results gained from the three data collection methods adopted in this study; the interview with the HR manager, the focus group with the HR department staff, and the questionnaire to employees. High consistency between the three methods is observed. Major strengths and weaknesses are highlighted in the HRM practices and the current innovation culture at BOP. In the next chapter the results are discussed further, through linking the best practices that are found in previous studies and mentioned in the literature review, with the current situation at BOP. In order to give recommendations which enhance and improve the innovation culture through certain changes in the HRM practices.

Chapter Five- Conclusions and Recommendations

Introduction

This part of the study provides an overview of the research, summarizes the results discussed in previous chapter and compares them with the best practices demonstrated in the literature review, in order to find the current strengths and weaknesses at BOP. Afterwards the researcher recommends the best solutions to eliminate the current weaknesses and enhance the strengths, to reach the sought innovation culture.

5.1 Conclusion

This research is carried to identify the effectiveness of the current HRM practices at BOP, identify the current level of innovation culture at BOP, determine the HRM practices bundle that provide an innovation culture, and provide recommendations to improve the level of innovation culture.

Figure 5.1 shows the ranking of each of the current implemented HRM practices at BOP from employees' perspective, where the strongest and weakest practices could be noticed from the mean of each; the lowest mean refers to highest satisfaction, while the highest mean refers to lowest satisfaction (as 1 indicates strongly agree, and 5 indicates strongly disagree). It is clear that the staffing, participation and communication, and HRD practices received the highest rankings. While compensation, safety and health, and employee and labor relations received the lowest rankings. Staffing practice got the highest ranking with a mean of 2.5. HRD got a mean of 2.7, which shows that employees are neutral with the

implemented HRD. 3.1 is the mean of the compensation and safety and health practices, which concludes that employees disagree with the implemented roles regarding these practices. Employee and labor relation got a mean of 2.8, which confirms that employees are neutral with the implemented practice. Lastly, participation and communication got a mean of 2.6, which illustrates that employees are also neutral with the implementation of this practice.

Figure 5.1: Ranking of HRM practices



Data Source: Data Analysis

Although the staffing practice earned the highest ranking from employees' perspectives, the findings that the researcher obtained through the interview, focus group and questionnaire show that BOP does not take into consideration employees' creativity, tolerance to ambiguity, ability to take risks and flexibility during staffing, which were highlighted in the literature review to be important for the innovation activities (Chen & Huang, 2009). At the same time, Alsaghir (2010) mentions that higher capacity to innovate requires high investment in screening, BOP follows the traditional screening technique through the online application form.

HRD practice at BOP received the third ranking according to employees' perspective, which is acceptable since Tan & Nasurdin (2011) state that training develops employees' knowledge, skills and ability to contribute to innovation in the organization.

Concerning performance appraisal, BOP is following the right path in providing feedback and incentives for its employees. However, the problem lies in the absence of a clear mechanism that measures innovation behavior and output.

According to the compensation practice, it earned the lowest ranking based on employees' perception, which highlights that it is the weakest practice at BOP. The reason behind that is the dissatisfaction with the rewards, whether it is financially or non-financial, as simple recognition sometimes achieves the purpose of rewarding as Newenham (2013) mentioned in the literature review.

As for the current health and safety practice at BOP, it is not highly appreciated by employees. Although BOP provides health insurance for employees and their families, the employees do not feel that BOP cares about their health in terms of increasing the awareness about certain health issues or providing frequent and periodic medical examination to employees.

Lastly, the participation and communication practice is one of the top practices, because BOP provides a convenient channel that encourages employees to share suggestions, feedback and new ideas. Adding to this is the appropriate communication and teamwork among the different departments.

The innovation quotient for BOP equals 2.87, which is acceptable according to Rao and Weintraub's assessment tool, which considers a score below 3 as being acceptable. At the same time, there are some weaknesses in "behaviors" building block, especially, the lack of coaching and support from direct managers, and the fear of taking new initiatives. In "processes" building block, especially the weak generation of ideas, as well as to filtering and refining ideas to identify the most promising opportunities, and the way the opportunities are chosen based on articulated risk portfolio. Finally, there is a shortage in resources, especially the lack of time, money, and space given to employees to pursue new opportunities.

After linking the current HRM practices with the innovation culture at BOP through multiple regression, it was noticed that staffing, HRD, and participation and communication are the most practices, respectively, that affect innovation culture. The results showed that compensation, safety and health, and employee and labor relation do not affect the relationship.

The elimination of the compensation practice from the relationship between HRM practices and innovation culture could be explained by the fact that the questionnaire only measured the financial compensation, ignoring the non-financial part. Employees may consider adopting and implementing their ideas, enjoying an innovation-friendly environment, trainings, earning recognition, finding support and encouragement to think out of the box as other means of compensation. Accordingly, it is not always the financial compensation that matters, especially when innovation is the main consideration. In addition to the fact that the compensation system at

BOP is not active; bonuses are not given to employees based on certain criteria or system, therefore this practice will not have an impact on the relationship.

The exclusion of health and safety practice from this relationship is consistent with the literature review, as very few previous studies examined the relationship between health and safety and innovation culture.

As for employee and labor relation, its availability or absence does not have an impact on the innovation culture. Since it might affect employees' loyalty but that does not necessarily impact their ability and willingness to innovate.

5.2 Recommendations and practical implications

In order to achieve the optimal innovation culture, adjustments should be made to the existing HRM practices. In this section the researcher provides the suggested recommendations for each practice in order to reach the intended innovation culture.

For the staffing practice, the researcher suggests that BOP should change the pre-evaluation tests adopted by recruiters, to better measure employees' creativity, flexibility, ability to take risks, and tolerance to ambiguity which all lead to better innovative culture. This can be done by changing the traditional screening methods into more innovative ones each depending on the available vacancy, which require the recruiters' creativity skills in applying for the job, instead of just filling the traditional application form. For example if BOP has a vacancy for customer service section, the advertisement should be symbolic and can't be read except by

applicants who have the appropriate skills and abilities required from customer service officers, as a sentence showing how important to smile, or customer is always right, and a way to apply for the vacancy, therefore only creative suitable candidates will apply for the job.

Adding to this, modifications in the interviewing process where the interviewers should try to anticipate the recruiters' ability to innovate through the interview questions. Training to interviewers should be given by BOP on the different types and questions that should be contained in a selection interview, such as situational questions, which discover applicants' innovative abilities.

Furthermore BOP should prioritize internal employment when vacancies are available, which in turn increases employees' motivation, loyalty, and satisfaction. This could be done by increasing managers' awareness about the positive impact of internal employment, instead of perceiving it as additional cost to train new employees and invest in them.

The current HRD practice could be improved in order to build an innovative culture, by focusing more on the external training, either be regional or international. As was mentioned by Chen & Huang (2009), external training provides exposure to different cultures, new experience and knowledge, broadens employees' insights, and equips them with innovative minds and skills, which, in turn, improves their capabilities to innovate and become infinite source of ideas for further innovation.

Regarding performance appraisal, the researcher recommends that BOP have a clear criteria and appraisal mechanism that measures innovation behaviors and

outputs, at the same time avoids bias from the evaluator. This mechanism motivates employees to be more innovative, creates challenges and feelings of achievements, which in turn provides favorable results for the firm (Chen & Huang, 2009). Once again training for appraisers should be given to improve the appraisal process, where the end results should be developing innovative performance.

The researcher endorses the importance of employees' recognition as financial and non-financial rewards are essential to boost employees to take challenging tasks, generate new ideas, and develop successful ideas and services (Chen & Huang, 2009; Tan & Nasurdin, 2011). Employees should start seeing innovation in a fun way, and should be motivated to try new different things at the workplace and outside of it. (Gammelgard, 2012)

BOP should increase communication among the different managerial levels and increase knowledge diffusion through job rotation, as this will affect the innovation performance at BOP (according to Laursen & Foss, 2003, 2013). BOP should enable and empower employees to find right solutions for their problems, give them the needed confidence to bring up new ideas, as well ownership of their problems and the freedom to find and implement solutions and make problem solving one of their daily work responsibilities, all this makes solving larger organizational issues much less daunting (Gammerlgard, 2012).

Although employees perceive the health and safety practice with dissatisfaction, and it was found that this practice does not affect the innovation

culture, but the researcher suggests that BOP should pay more attention to this practice as BOP should follow a holistic approach in implementing all the HRM practices; those practices should work as a bundle and not in isolation, in order to have a significant impact on building an innovation culture. Each practice on its own will not affect an entire culture, while bundling them to complement each other will highly impact and improve the current innovation culture at BOP.

After examining the results of the innovation culture elements, it became clear where the culture is strong and where it is weak, while the required improvements were set clear. It is highly important to keep in mind that it is not necessarily the best choice to fix the negatives, as Rao and Weintraub instrument is not meant to look for balance among the main building blocks or among the factors within them. On the contrary, some companies are very low on some factors but very high on others and are still successful (Rao and Weintraub, 2013). Therefore BOP should build on the strengths. The management should focus on few things and leverage their success into a broader transformation over time, instead of doing too much at once while transforming the culture. Small victories at first will trigger a widening circle of improvement.

The building block that got the highest ranking at BOP is the “values” building block, which measures employees’ desire to explore new opportunities, appetite and tolerance for ambiguity while pursuing new challenges, and enthusiasm to learn new things, therefore the management should seize this opportunity to facilitate the development of the innovation culture, by delegating more responsibilities to

employees and providing them the time and support to grab and invest in new projects.

While at the same time the building block that got the lowest rating is the “behavior” building block that measures leaders’ role in encouraging and inspiring employees to take new challenges, and coach them to provide feedback to their innovation efforts. Therefore BOP’s management should balance between employees’ desire and enthusiasm with their managers’ support and coaching to enhance BOP’s innovation culture.

In general without the management support, innovation culture will be limited, thus management and organizational development techniques could be introduced to facilitate the culture transformation into more innovative one. Such as participation in international workshops and benchmarking to know the best practices implemented in other international banks, and copy the most applicable ones. Moreover, receiving regular feedback from bank’s customers and encouraging a system of feedback from employees and all stakeholders will definitely improve innovation.

In order to implement all the above recommendations and to induce the required innovation culture, the HR department should act as a change agent and be considered as a strategic partner, which means it should be involved in the whole project from the phase of decision making until the implementation phase. It should act as a partner to top management in strategy formulation and implementation,

and finally it should operate in close partnership with other departments and line managers to increase effectiveness in change adoption.

5.3 Recommendations for future research

This study provides an insight about the relationship between the HRM practices and innovation culture in the banking sector, taking BOP as a case study. The data gathered in this study and the findings could be expanded through additional research. First, this study mainly focuses on employees' perception; further research might focus on the management point of view, so better understanding of the HRM practices affecting the innovation culture may be achieved. Second, research could also measure innovation culture before and after making certain modifications on the implemented HRM practices, in order to validate the effectiveness of the required HRM practices bundle that affect the innovation culture. Further research can be carried to identify the role of knowledge management, learning organization and other variables on mediating the relationship between HRM practices and innovation culture. Finally future research should study the relationship between HRM practices and innovation culture in different sectors than the banking sector, as findings might be different from sector to sector.

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Appendix I

Semi Structured Interview

1. What is BOP's strategic plan?
2. What is the HR's department role in this strategic plan?
3. Was the HR department involved in building this plan? Or you were only informed about it when it was approved?
4. On what is the department focusing during the next three years? What practices are you planning to develop?
5. How do you evaluate the effectiveness of the implemented practices?
6. What are the values that you are trying to build in BOP through recruitment or training and other practices?
7. What is the HR's role in encouraging innovation culture? What are the practices that need development to enhance innovation in BOP?
8. Please tell me about the staffing practice, what is the recruitment process, how do you choose the suitable candidate....
9. Please tell me about the HR development practice, is there a training plan, how many training courses does each employee take per year, what is the evaluation process...
10. Is there a clear policy for compensations, what are the types of rewards that employees get...
11. Do employees have health insurance?
12. Do you have employees' union?
13. Are there communication channels between employees and the management?

Appendix II

Focus Group

Hello, first of all I would like to thank you for coming today to help me, Nowadays I am working on my master's dissertation that is studying the impact of HRM practices on the innovation culture and taking Bank of Palestine as a case study for my research. The aim behind this research is to find the HRM practices bundle that affect the innovation culture in organizations, and give suggestions that enhance the current implemented HRM practices to better improve the innovation culture.

You were chosen because you are BOP's HR team and you are fully aware of all the practices that are implemented at the bank, therefore I would like to know your point of view in certain issues related to your work, through few questions and discussions.

But before we start I would like to tell your few things about the process that we will follow during the coming hour:

- Please feel free to give your opinion, there is no right and wrong answer for the questions that I will ask. All what I want is to know your personal point of view that might differ from your colleagues' opinion in the same department, and really it won't matter whether your opinion is positive or negative, just say it freely without embarrassment

- Secondly, I would like everybody to participate today, just consider it a hang out with friends, it's informal, but please do not use the phone during the discussion unless it is really urgent
- Thirdly, I would like to take your permission to record the discussion, and I assure you that all what will be said here will only be used for the purpose of the study and no one will be asked about what he said during this focus group

And now we start

1. Do you see that the HR department at BOP plays a strategic role or an operational one?
2. In your opinion, do you think that the implemented staffing and recruitment process is the best?
3. What do you think about the training practice?
4. Do you receive any complaints from employees about the evaluation process?
5. What determines employees' salaries and rewards?
6. What are the implemented practices that offer employees good health, security, and safety?
7. Do you see that there is a need for employees union?
8. To what degree do employees communicate with each other, and with the management?
9. Do you see that the promotion and demotion policies are clear and fair?

10. In your opinion, how do you think the HR department can play a strategic role and participate more in achieving the banks' objectives, and in encouraging the innovation culture?

I would really like to thank you for your cooperation today, hoping that we will reach the best HRM practices in BOP and enhance the innovation culture. And I want to assure you again that all your opinions will remain confidential and will only be used for the purpose of the research.

Appendix III

Questionnaire

I am your colleague Hiba Haifa I work at the Quality Assurance and Customer Service department, at the same time I am gaining my MBA degree specialized in Entrepreneurship, from Birzeit University. And currently I am working on this questionnaire as a complimentary to the requirements of the graduation desertion, under the supervision of Dr. Grace Khoury, entitled “The Impact of HRM Practices on Innovation Culture- The Case of Bank of Palestine”.

Please provide me 15 minutes of your precious time to fill this questionnaire. And I assure you that your answers will remain confidential and will only be used for the research purposed.

Thank you so much

Hiba Haifa

The HR department wants to let you know that BOP is concerned about the results of this research, therefore please answer it accurately and honestly, to take the needed actions and decisions based on the results.

Thank you

HR Department

1. Branch/ sub branch/ department _____

2. Gender

- Male
- Female

3. Age

- 20-25
- 26-35
- 36-45
- 46 or more

4. Years of working at BOP

- 3 years or less
- 4-8 years
- 9-14 years
- 15 years or more

5. What is your career level

- 1-4
- 5-10
- 11-12
- 13-16
- 17-24
- none

6. What is the number of your colleagues at the department/ branch/ sub branch?

- 1-9
- 10- 19
- 20-29
- 30 and more

7. Please select how much you agree with the following points:

#	Item	Totally Agree	Agree	Neutral	Disagree	Totally Disagree
1	The recruitment and selection process is effective at BOP					
2	The recruitment and selection process mainly depends on the					

#	Item	Totally Agree	Agree	Neutral	Disagree	Totally Disagree
	education level					
3	The recruitment committees who interview the applicants are professional and have the required knowledge related to this task					
4	No bias occurs by members of recruitment committee for the benefit of one of the applicants					
5	E- employment application has improved the efficiency of recruitment and selection process					
6	The applicant is subject to pre-employment screening test which reveals the level of his/her skills and competencies					
7	Interview plays a key role in the detection of suitability of the applicant					
8	Job interview contains a variety of questions which reveal the behavior and competencies of each applicant					
9	There is an opportunity for current employees to apply for available vacancies at different					

#	Item	Totally Agree	Agree	Neutral	Disagree	Totally Disagree
	departments or higher levels					
10	I think there is an interest in the training development process for employees at BOP					
11	Administrative staff managers have a clear vision of the type of courses and training to be provided to their employees					
12	I give my suggestion about the training courses that I need					
13	There is a qualified cadre for training and development at BOP					
14	The training and development process suffers from a lack of funding sources needed					
15	BOP responds to managers' recommendations about the needed training courses to their employees					
16	BOP concentrates on developing its employees in its mission and strategic plans					
17	I get at least two training courses each year					
18	Trainees provide feedback about the					

#	Item	Totally Agree	Agree	Neutral	Disagree	Totally Disagree
	efficiency of the training course they attended					
19	Performance appraisal process at BOP is effective					
20	The direct manager clarifies the performance evaluation criteria					
21	There are items in the performance evaluation form focus on the employee's ability to innovate and provide creative new ideas					
22	My direct manager usually gives me feedback about my performance					
23	The period that precedes evaluation process affects the result of appraisal even if the employee's performance during the year is different					
24	Sometimes the employee is evaluated on a job description that does not include all his/her duties					
25	Performance appraisal process considers employees' behaviors, skills, and competencies					
26	Performance appraisal					

#	Item	Totally Agree	Agree	Neutral	Disagree	Totally Disagree
	focuses on job descriptions to evaluate employees					
27	The current performance appraisal process is prone to bias because of personal relationships between the managers and employees					
28	The performance evaluation results are linked to rewards, compensations, training, promotion, demotion or other consequences					
29	BOP has satisfactory payroll, compensations, and benefits					
30	Salaries and incentives are equivalent with the employees' job description					
31	There is justice in payroll, compensations, and benefits among BOP employees					
32	Incentives depend on the personal relationship between managers and employees					
33	BOP has an incentive plan for employees working within the bank's core staff					
34	Employees' salaries and incentives take the					

#	Item	Totally Agree	Agree	Neutral	Disagree	Totally Disagree
	performance level into consideration					
35	Employees' salaries and incentives at BOP are the best compared to other banks					
36	The available health insurance at BOP meets all employees' needs					
37	Working conditions, desk chairs, offices, and equipment used take into account employees' health and comfort					
38	The HR department frequently develops health awareness workshops and special bulletins about current and chronic diseases					
39	BOP pays attention to diseases prevention and health problems					
40	There is monitoring on the safety condition at BOP and verifications on work accidents to prevent them in the future					
41	There is frequent and periodic medical examination to employees					
42	I consider the work pressure is normal and within my abilities					
43	I think there is a need for employees' union					

#	Item	Totally Agree	Agree	Neutral	Disagree	Totally Disagree
44	Basis of promotion, upgrade, or punishment is clear					
45	I think the promotion process is fair					
46	Employees are encouraged to send their suggestions					
47	There is frequent communication between different departments					
48	During my work at BOP I was rotated to more than one job					
49	I think I am qualified to take decisions					
50	I participate in decision making in my field					
51	I am satisfied about the HR's role in enhancing innovation and creativity at BOP					

8. Please answer the following based on your personal perception through working at BOP

* When the term "new opportunity" is mentioned in the following table, the researcher means: either recruiting new clients, taking new tasks, new projects, doing your job in new effective ways, all what is considered new opportunity according to the nature of your job.

#	Item	Not at all	To a small extent	To a moderate extent	To a great extent	To a very great extent.
1	I have a burning desire to explore opportunities and to create new things					
2	I have a healthy appetite and tolerance for ambiguity when pursuing new opportunities					
3	Analysis paralysis is avoided when new opportunities are identified by exhibiting a bias towards action					
4	New ways of thinking and solutions from diverse perspectives are encouraged					
5	Our workplace provides us the freedom to pursue new opportunities					
6	I take delight in being spontaneous and am not afraid to laugh at myself					
7	I am good at asking questions in the pursuit of the unknown					
8	I am constantly experimenting in my innovation efforts					
9	I am not afraid to fail, and I treat failure as a learning opportunity					
10	Our leaders inspire us with a vision for the future and articulation of opportunities for the organization					
11	Our leaders frequently challenge us to think and act					

#	Item	Not at all	To a small extent	To a moderate extent	To a great extent	To a very great extent.
	entrepreneurially					
12	Our leaders model the right innovation behaviors for others to follow					
13	Our leaders devote time to coach and provide feedback in our innovation efforts					
14	At BOP, people at all levels proactively take initiative to innovate					
15	Our leaders provide support to project team members during both successes and failures					
16	Our leaders use appropriate influence strategies to help us navigate around organizational obstacles					
17	Our leaders are able to modify and change course of action when needed					
18	Our leaders persist in following opportunities even in the face of adversity					
19	We have a community that speaks a common language about innovation					
20	I appreciate, respect and leverage the differences that exist within our community					

#	Item	Not at all	To a small extent	To a moderate extent	To a great extent	To a very great extent.
21	We work well together in teams to capture opportunities					
22	There is consistency in actually doing the things that I say I value					
23	I question decisions and actions that are inconsistent with my values					
24	I am able to freely voice my opinions, even about unconventional or controversial ideas					
25	Rules, policies, bureaucracy and rigidity are simplified in order to simplify our workplace					
26	People take responsibility for their own actions and avoid blaming others					
27	Our people know exactly how to get started and move initiatives through the organization					
28	We have committed leaders who are willing to be champions of innovation					
29	We have access to innovation experts who can support our projects					
30	We have the internal talent to succeed in our innovation projects					
31	We have the right recruiting and					

#	Item	Not at all	To a small extent	To a moderate extent	To a great extent	To a very great extent.
	hiring systems in place to support a culture of innovation					
32	We have good collaboration tools to support our innovation efforts					
33	We are good at leveraging our relationships with suppliers and vendors to pursue innovation					
34	Employees are given dedicated time to pursue new opportunities					
35	We have dedicated finances to pursue new opportunities					
36	We have dedicated physical and/or virtual space to pursue new opportunities					
37	We systematically generate ideas from a vast and diverse set of sources					
38	We methodically filter and refine ideas to identify the most promising opportunities					
39	Opportunities are selected based on a clearly articulated risk portfolio					
40	We move promising opportunities quickly into prototyping					
41	We have effective feedback loops between our organization and the voice of the customer					

#	Item	Not at all	To a small extent	To a moderate extent	To a great extent	To a very great extent.
42	We quickly stop projects based on predefined failure criteria					
43	Our processes are tailored to be flexible and context-based rather than control and bureaucracy based					
44	We quickly go to market with the most promising opportunities					
45	We rapidly allocate resources to scale initiatives that show market promise					
46	Our customers think of us as an innovative organization					
47	Our innovation performance is much better than other firms in our industry					
48	Our innovation efforts have led us to better financial performance than others in our industry					
49	We treat innovation as a long-term strategy rather than a short-term fix					
50	We have a deliberate, comprehensive and disciplined approach to innovation					
51	Our innovation projects have helped our organization develop new capabilities that we did not have three years ago					
52	I am satisfied with my level of participation in our innovation initiatives					
53	We deliberately stretch and build our people's competencies by their participation in new					

#	Item	Not at all	To a small extent	To a moderate extent	To a great extent	To a very great extent.
	initiatives					
54	We reward people for participating in potentially risky opportunities, irrespective of the outcome					

9. Did you face any work injuries?

Yes No

10. During the last year, how many sick leaves days did you take?

1-3 days 4-7 days 8-13 days

More than 14 days None

11. Do you have any suggestions related to HRM practices to improve BOP's innovation culture?

Appendix IV

Arabic Questionnaire

أنا الموظفة هبة سعيد هيفا أعمل في دائرة خدمة العملاء والجودة الشاملة، وفي نفس الوقت أتابع تحصيلي العلمي لشهادة الماجستير في إدارة الأعمال، تخصص الريادة والابتكار، في جامعة بيرزيت. أقوم حالياً بإعداد هذه الاستمارة استكمالاً لمتطلبات رسالة التخرج تحت إشراف الدكتورة غريس خوري بعنوان " تأثير ممارسات إدارة الموارد البشرية على ثقافة الابتكار - حالة بنك فلسطين ".

يرجى التكرم بمنحي خمسة عشر دقيقة من وقتكم الثمين للإجابة على الاستمارة. ونحيطكم علماً بأن إجاباتكم ستستخدم لأغراض البحث فقط وستعامل بصورة سرية.

ولكم جزيل الشكر

هبة هيفا

دائرة الموارد البشرية تود التنويه أنها معنية بنتائج هذا البحث لذلك يرجى تعبئة الاستمارة بدقة وموضوعية، ليتم أخذ الإجراءات والقرارات اللازمة بناءً على النتائج

مع الشكر

دائرة الموارد البشرية

1. الفرع/ المكتب/ الدائرة _____

2. الجنس

ذكر أنثى

3. العمر

25-20 35 26 45 36 46 أو أكثر

4. مدة العمل في البنك

3 سنوات أو أقل 4_ 8 سنوات 9_ 14 سنة 15 سنة أو أكثر

5. ما هي درجتك الوظيفية

16 13 ○ 12 11 ○ 10 5 ○ 4 1 ○

○ غير ذلك _____ 24 17 ○

6. ما عدد الموظفين معك في نفس الدائرة/ الفرع/ المكتب؟

○ 9_1 19_10 ○ 19_20 ○ 30 وأكثر

7. الرجاء تحديد درجة موافقتك مع كل من النقاط التالية

#	المعيار	أوافق بشدة	أوافق	محايد	لا أوافق	لا أوافق بشدة
1	عملية الاستقطاب والتوظيف في بنك فلسطين تعتبر فعالة					
2	يعتمد نظام التوظيف في البنك على المستوى الأكاديمي بشكل أساسي					
3	لجان التوظيف التي تقوم بمقابلة المتقدمين للوظائف قوية ولديها المعرفة بأمر أساسية تخص هذه المهمة					
4	لا يحدث تحيز من قبل أعضاء لجان التوظيف لصالح أحد المتقدمين للوظيفة					
5	لقد حسن نظام التوظيف الإلكتروني من كفاءة عملية التوظيف في البنك					
6	يخضع المتقدم لوظيفة لفحص جدارة يكشف عن مستوى مهاراته وسلوكياته وكفاءته					
7	تلعب المقابلة الوظيفية في البنك دور أساسي في كشف مدى ملائمة المتقدم للوظيفة					
8	تحتوي المقابلة الوظيفية في البنك على أسئلة متنوعة تكشف سلوكيات وتصرفات المتقدم للوظيفة					
9	يتم منح الفرصة للموظفين الحاليين التقدم لشاغر وظيفي على مستوى أعلى					

#	المعيار	أوافق بشدة	أوافق	محايد	لا أوافق	لا أوافق بشدة
	أو في دائرة أخرى					
10	اعتقد أن هناك اهتمام بعملية تدريب وتطوير الموظف في البنك					
11	يوجد رؤية واضحة لدى مدراء الموظفين بنوعية الدورات التي يجب توفيرها لموظفيهم					
12	يتم استشارتي في موضوع التدريب الذي احتاجه					
13	في عملية التدريب والتطوير في البنك يوجد كادر مؤهل للتدريب					
14	عملية التدريب والتطوير في البنك تعاني من قلة مصادر التمويل اللازمة لذلك					
15	يتم التجاوب مع توصيات المسؤول المباشر بطلب دورات تدريبية معينة لموظفي دائرته/ فرعه/ مكتبه					
16	أرى أن البنك يركز على تطوير الكادر الإداري في رسالته وخطته الإستراتيجية					
17	أحصل على دورتين على الأقل في العام الواحد					
18	يتم أخذ تغذية راجعة من المتدربين حول فعالية التدريب الذي خضعوا له					
19	عملية تقييم الأداء الوظيفي في البنك فعالة					
20	يقوم المسؤول المباشر بتوضيح معايير قياس الأداء					
21	يوجد بنود في نموذج تقييم الأداء تركز على قدرة الموظف على الابتكار وتقديم الأفكار الخلاقة والجديدة					
22	يقوم المسؤول المباشر بتزويدي بتغذية راجعة عن أدائي بين الحين والآخر					
23	تؤثر الفترة التي تسبق التقييم على نتائج					

#	المعيار	أوافق بشدة	أوافق	محايد	لا أوافق	لا أوافق بشدة
	تقييم الموظف بشكل عام حتى لو كان أداء الموظف خلال العام مختلف					
24	أحيانا يتم تقييم الموظف بناء على بنود لا تحتوي جميع المهام التي يقوم بها					
25	تأخذ عملية تقييم الأداء الكثير من السلوكيات والمهارات والكفاءات التي يتمتع بها الموظف بعين الاعتبار					
26	يتم التركيز في عملية تقييم الأداء على تقييم عمل الموظف بمقارنته مع الوصف الوظيفي					
27	عملية التقييم الحالية عرضة للتحيز بسبب العلاقة الشخصية بين المقيم والمقيم					
28	يتم ربط نتائج التقييم بالمكافأة، التدريب، الترقية، أو إنهاء العمل، وغيرها من النتائج التابعة					
29	عملية مكافئات وتعويضات (رواتب) الموظفين في البنك مرضية					
30	تتكافأ الرواتب والحوافز مع الوصف الوظيفي للموظف					
31	يوجد عدالة في عملية رواتب ومكافئات وحوافز وتعويضات الموظفين في البنك					
32	تعتمد الحوافز على العلاقات الشخصية بين المدير والموظف					
33	لدى البنك خطة حوافز للموظفين العاملين على كادر البنك					
34	رواتب وحوافز الموظفين الإداريين تأخذ مستوى أداء الموظف بعين الاعتبار					
35	رواتب الموظفين في البنك والامتيازات هي الأفضل مقارنة بالبنوك الأخرى					
36	التأمين الصحي المتوفر لموظفي البنك					

#	المعيار	أوافق بشدة	أوافق	محايد	لا أوافق	لا أوافق بشدة
	يلاع جميع احتياجات الموظفين					
37	ظروف العمل، مقاعد الجلوس، المكاتب، والأجهزة المستخدمة تراعي صحة الموظفين					
38	تقوم دائرة إدارة الموارد البشرية بعقد دورات توعية صحية ونشرات خاصة حول الأمراض السارية والمزمنة بشكل مستمر					
39	يوجد اهتمام بالوقاية من الأمراض والمشاكل الصحية					
40	يتم المراقبة على وضع السلامة بالعمل والتحقق من حوادث العمل لمنعها في المستقبل					
41	يتم عمل فحوصات طبية دورية للموظفين					
42	اعتقد أن ضغوطات العمل طبيعية وضمن إمكانياتي لتحملها					
43	اعتقد أن هناك حاجة لوجود نقابة للموظفين في البنك					
44	أسس الترقيّة/ النقل أو العقاب واضحة					
45	اعتقد أن هنالك عدالة في أسس النقل والترقية					
46	يتم تشجيع الموظف لإرسال اقتراحاته					
47	يتم التواصل بشكل دائم مع الدوائر المختلفة					
48	خلال فترة عملي تم تدويري لأكثر من وظيفة					
49	أشعر نفسي أنني مؤهل لأخذ القرارات					
50	يتم مشاركتي باتخاذ القرارات في مجال عملي					
51	راضي عن دور دائرة الموارد البشرية في مساهمتها لدعم الإبداع والابتكار					

8. الرجاء الإجابة على التالي حسب انطباعك الشخصي من خلال عمالك فيبنك فلسطين

* عند ذكر مصطلح "فرص جديدة" في الجدول التالي تعني: إما استقطاب عملاء جدد، مهام جديدة،

مشاريع جديدة، القيام بالعمل بطرق جديدة أكثر فعالية، كل ما يعتبر فرصة جديدة بالنسبة لك حسب

طبيعة عمالك

#	السؤال	أبدا	إلى حد صغير	إلى حد معتدل	إلى حد كبير	إلى حد كبير جدا
1	لدي رغبة شديدة في استكشاف الفرص وخلق أشياء جديدة					
2	لدي شغف وتحمل للغموض عند خوض فرص جديدة					
3	عند وجود فرص جديدة يتم تجنب التحليل الشديد الذي يعيق العمل، والتحيز نحو البدء بتطبيق الفرص					
4	يتم تشجيع إتباع طرق جديدة في التفكير وإيجاد الحلول من وجهات نظر متنوعة					
5	بيئة عملنا توفر لنا الحرية في البحث عن فرص جديدة					
6	استمتع بالعفوية ولست خائف/ة من الاعتراف بالخطأ					
7	أقوم بطرح الأسئلة باستمرار لمعرفة المجهول					
8	استخدم قدراتي الإبداعية باستمرار لخوض التجارب					
9	لست خائف/ة من الفشل، وأتعامل مع الفشل كفرصة للتعلم					
10	مداؤنا يشجعونا على رؤية المستقبل كفرصة للتعلم					
11	مداؤنا يتحدونا بشكل مستمر لتشجيعنا على التفكير والتصرف بشكل ريادي					
12	مداؤنا يمثلون النموذج الأمثل لسلوك الإبداع والابتكار ويتم إتباعهم كقدوة					

#	السؤال	أبدا	إلى حد صغير	إلى حد معتدل	إلى حد كبير	إلى حد كبير جدا
13	مداؤنا يكرسون وقتنا لتدريبنا وإعطاءنا تغذية راجعة لجهودنا الابتكارية					
14	في البنك، الموظفون في جميع المستويات الإدارية سباقين في المبادرة للابتكار					
15	مداؤنا يدعمون أعضاء فريق المشروع في كل من حالات النجاح والفشل					
16	مداؤنا يتبعون وسائل تأثير مناسبة لمساعدتنا في استكشاف المعوقات التي حولنا					
17	مداؤنا قادرين على تعديل وتغيير مسار العمل عند الحاجة					
18	مداؤنا يستمرون في ملاحقة الفرص حتى في وجود الشدائد					
19	لدينا مجتمع يتكلم لغة مشتركة عن الابتكار					
20	أقدر، أحترم، واستفيد من الخلافات الموجودة					
21	نعلم معا ضمن فرق لالتقاط الفرص					
22	يوجد توافق بين ما أؤمن به وما أفعل					
23	أستفسر عن القرارات والأفعال التي تتعارض مع قيمي					
24	أنا قادر على التعبير بحرية عن آرائ، حتى في مواقف غير تقليدية ومثيرة للجدل					
25	يتم تخفيف القواعد، السياسات، البيروقراطية، والصلابة لتبسيط العمل					
26	يتحمل الموظفون مسؤولية أفعالهم ولا يتم لوم الآخرين					
27	أعلم جيدا كيفية البدء وتحريك المبادرات داخل البنك					
28	لدينا قادة ملتزمين ولديهم الرغبة في أن يكونوا أبطال للابتكار					
29	يوجد حلقات تواصل مع خبراء الابتكار القادرين على دعم مشاريعنا					

#	السؤال	أبدا	إلى حد صغير	إلى حد معتدل	إلى حد كبير	إلى حد كبير جدا
30	لدينا مواهب ومهارات داخلية تمكننا من تحقيق النجاح في المشاريع الخاصة بالابتكار					
31	آليات وأنظمة التوظيف المتبعة تدعم ثقافة الابتكار					
32	لدينا أدوات تعاون جيدة تدعم جهودنا في الابتكار					
33	نحن جيّدون بالاستفادة من علاقتنا مع الموردين والبايعين لتعزيز الابتكار					
34	يمنح الموظفون وقت مخصص للبحث عن فرص جديدة					
35	يوجد تمويل خاص للبحث عن فرص جديدة					
36	يوجد مكان مخصص (فعلي أو افتراضي) للبحث عن فرص جديدة					
37	بشكل منتظم نقوم باستخراج أفكار من مجموعة واسعة ومتنوعة من المصادر					
38	بشكل منهجي يتم تصفية وتحديد الأفكار للتعرف على الفرص الواعدة					
39	يتم اختيار الفرص على أساس محفظة مخاطر محددة بوضوح					
40	يتم بسرعة تحويل الفرص الواعدة إلى نماذج بسيطة توضح الفكرة للبدء بالعمل عليها					
41	يوجد حلقات فعالة بين البنك والعمل لاستطلاع رأي العميل					
42	يتم بشكل سريع وقف المشاريع بناء على معايير فشل تم تحديدها مسبقا					
43	آليات عملنا مصممة لتكون مرنة					
44	سرعان ما نطبق الفرص الواعدة ونلبي حاجات السوق					
45	نحن نخصص الموارد بسرعة لتقييم المبادرات التي تظهر إمكانية للنجاح في السوق					
46	يرونا عملاؤنا كبنك مبتكر					
47	أداؤنا بالابتكار أفضل بكثير من منافسينا					

#	السؤال	أبدا	إلى حد صغير	إلى حد معتدل	إلى حد كبير	إلى حد كبير جدا
48	جهودنا في الابتكار أدى لأداء مالي أفضل من منافسينا في السوق					
49	نتعامل مع الابتكار كإستراتيجية طويلة الأجل بدل من إصلاح على المدى القصير					
50	لدينا نهج للابتكار مدروس، شامل، ومنضبط					
51	مشاريعنا الإبتكارية ساعدت البنك في تطوير قدرات جديدة لم تتوفر قبل ثلاث سنوات					
52	أنا راضي عن مستوى مشاركتي في المبادرات الإبتكارية في البنك					
53	نقوم بشكل متعمد ببناء كفاءات موظفينا من خلال مشاركتهم بمبادرات جديدة					
54	يتم مكافأة الموظفين لمجازفتهم بالاشتراك في فرص جديدة بغض النظر عن النتيجة					

9. هل تعرضت لإصابات عمل؟

نعم لا

10. خلال العام الماضي، ما عدد أيام الإجازات المرضية التي قمت باستغلالها؟

3 أيام 4-7 أيام 8-13 يوم 14 يوم أو أكثر

11. هل هناك أي اقتراحات تتعلق بممارسات إدارة الموارد البشرية لتحسين ثقافة الابتكار في البنك؟

Appendix V

Innovation culture building blocks, factors, and elements

ELEMENTS	SURVEY QUESTIONS	ELEMENT SCORE	FACTOR AVERAGE	BUILDING BLOCK AVERAGE	
VALUES					
Entrepreneurial					
Hungry	We have a burning desire to explore opportunities and to create new things.	1.8	2.1	2.3	
Ambiguity	We have a healthy appetite and tolerance for ambiguity when pursuing new opportunities.	1.9			
Action-oriented	We avoid analysis paralysis when we identify new opportunities by exhibiting a bias towards action.	2.6			
Creativity					
Imagination	We encourage new ways of thinking and solutions from diverse perspectives.	2.8	2.7		
Autonomy	Our workplace provides us the freedom to pursue new opportunities.	3.3			
Playful	We take delight in being spontaneous and are not afraid to laugh at ourselves.	2.2			
Learning					
Curiosity	We are good at asking questions in the pursuit of the unknown.	2.0	2.0		
Experiment	We are constantly experimenting in our innovation efforts.	2.1			
Failure OK	We are not afraid to fail, and we treat failure as a learning opportunity.	2.0			
BEHAVIOR					
Energize					
Inspire	Our leaders inspire us with a vision for the future as a learning opportunity.	3.1	3.2	3.2	
Challenge	Our leaders frequently challenge us to think and act	3.2			

ELEMENTS	SURVEY QUESTIONS	ELEMENT SCORE	FACTOR AVERAGE	BUILDING BLOCK AVERAGE
	entrepreneurially.			
Model	Our leaders model the right innovation behaviors for others to follow.	3.3		
Engage				
Coach	Our leaders devote time to coach and provide feedback in our innovation efforts.	3.4	3.4	
Initiative	In our organization, people at all levels proactively take initiative to innovate.	3.4		
Support	Our leaders provide support to project team members during both successes and failures.	3.4		
Enable				
Influence	Our leaders use appropriate influence strategies to help us navigate around organizational obstacles.	3.3	3.1	
Adapt	Our leaders are able to modify and change course of action when needed.	2.9		
Grit	Our leaders persist in following opportunities even in the face of adversity.	3.1		
CLIMATE				
Collaboration				
Community	We have a community that speaks a common language about innovation.	3.4	2.9	2.7
Diversity	We appreciate, respect and leverage the differences that exist within our community.	2.3		
Teamwork	We work well together in teams to capture opportunities.	2.8		
Safety				
Trust	We are consistent in actually	2.5	2.4	

ELEMENTS	SURVEY QUESTIONS	ELEMENT SCORE	FACTOR AVERAGE	BUILDING BLOCK AVERAGE
	doing the things that we say we value.			
Integrity	We question decisions and actions that are inconsistent with our values.	2.2		
Openness	We are able to freely voice our opinions, even about unconventional or controversial ideas.	2.5		
Simplicity				
No bureaucracy	We minimize rules, policies, bureaucracy and rigidity to simplify our workplace.	3.0	2.8	
Accountability	People take responsibility for their own actions and avoid blaming others.	2.7		
Decision-making	Our people know exactly how to get started and move initiatives through the organization.	2.7		
RESOURCE				
People				
Champions	We have committed leaders who are willing to be champions of innovation.	3.0	2.8	3.1
Experts	We have access to innovation experts who can support our projects.	3.2		
Talent	We have internal talent to succeed in our innovation projects.	2.3		
Systems				
Selection	We have the right recruiting and hiring systems in place to support a culture of innovation.	3.1	2.9	
Communication	We have good collaboration tools to support our innovation efforts.	3.0		
Ecosystem	We have dedicated physical	2.7		

ELEMENTS	SURVEY QUESTIONS	ELEMENT SCORE	FACTOR AVERAGE	BUILDING BLOCK AVERAGE	
	and/or virtual space to pursue new opportunities.				
Projects					
Time	We give people dedicated time to pursue new opportunities.	3.6	3.6		
Money	We have dedicated finances to pursue new opportunities.	3.6			
Space	We have dedicated physical and/or virtual space to pursue new opportunities.	3.7			
PROCESSES					
Ideate					
Generate	We systematically generate ideas from a vast and diverse set of sources.	3.3	3.2	3.1	
Filter	We methodically filter and refine ideas to identify the most promising opportunities.	3.2			
Prioritize	We select opportunities based on a clearly articulated risk portfolio.	3.1			
Shape					
Prototype	We move promising opportunities quickly into prototyping.	3.2	3.1		
Iterate	We have effective feedback loops between our organization and the voice of the customer.	2.9			
Fail smart	We quickly stop projects based on predefined failure criteria.	3.2			
Capture					
Flexibility	Our processes are tailored to be flexible and context based rather than control-and bureaucracy-based.	2.9	2.8		
Launch	We quickly go to market with the most promising opportunities.	2.8			
Scale	We rapidly allocate resources to scale initiatives that show market	2.8			

ELEMENTS	SURVEY QUESTIONS	ELEMENT SCORE	FACTOR AVERAGE	BUILDING BLOCK AVERAGE
	promise.			
SUCCESS				
External				
Customers	Our customers think of us as an innovative organization.	2.5	2.5	2.8
Competitors	Our innovation performance is much better than other firms in our industry.	2.5		
Financial	Our innovation efforts have led us to better financial performance than others in our industry.	2.5		
Enterprise				
Purpose	We treat innovation as a long-term strategy rather than a short-term fix.	2.8	2.8	
Discipline	We have a deliberate, comprehensive and disciplined approach to innovation.	2.9		
Capabilities	Our innovation projects have helped our organization develop new capabilities that we did not have three years ago.	2.7		
Individual				
Satisfaction	I am satisfied with my level of participation in our innovation initiatives.	3.0	3.2	
Growth	We deliberately stretch and build our people's competencies by their participation in new initiatives.	3.1		
Reward	We reward people for participating in potentially risky opportunities, irrespective of the outcome.	3.4		