

The internal success factors of innovation in petroleum industry: the link between innovation experience and firm survival

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PURPOSE

This extended abstract is based on submitted abstract should be published in the British Academy of Management conference this year. The objective of this paper is to explore the innovation experience in petroleum organisations by identifying the internal critical success factors for innovation in these high-technology service firms and investigate the perceived link between the innovation and the survival of these firms. A conceptual model from literature is adjusted and used to draw up several propositions to explain that relationship between innovation experience and firm survival. Many studies have addressed the link between innovation and firm survival but there are only limited researches on linking the success and experience factors of innovation to the firm's survival, particularly in the petroleum industry.

DESIGN/METHODOLOGY/APPROACH

A research question will ask *to what extent petroleum firms in the UAE have succeeded in addressing internal innovation success factors, and whether there is any evidence from the petroleum industry, supported the literature, that innovation increases the chances of a firm's survival.* The data are collected from two main sources: the firm's documentary resources and a questionnaire distributed to the firms under study. For now, a pilot survey is planned to be held in some petroleum firms. The data will be analyzed using the SPSS package software.

A conceptual model from literature is adopted to draw out the factors affecting the success of innovation. Accordingly several hypotheses are proposed, and finally a grand hypothesis will be

empirically tested to explore the possible link between firm survival and success factors of innovation. The adjustment of the model appears in two parts:

Part one: The success factors of innovation in high-technology service firms form part one of the model. The model suggested that the likelihood for innovation success in a high-technology firm can be achieved by considering some internal success factors related to the knowledge management concept such as information-gathering, diffusion, and usage.

Part two: The link between innovation and firm survival. The combination of both models generates our preliminary framework for this study to address the objectives and to try to draw conclusions, and to answer the question of whether petroleum firms do have innovation experience and – if they do - the possible effect of this on their long-term survival.

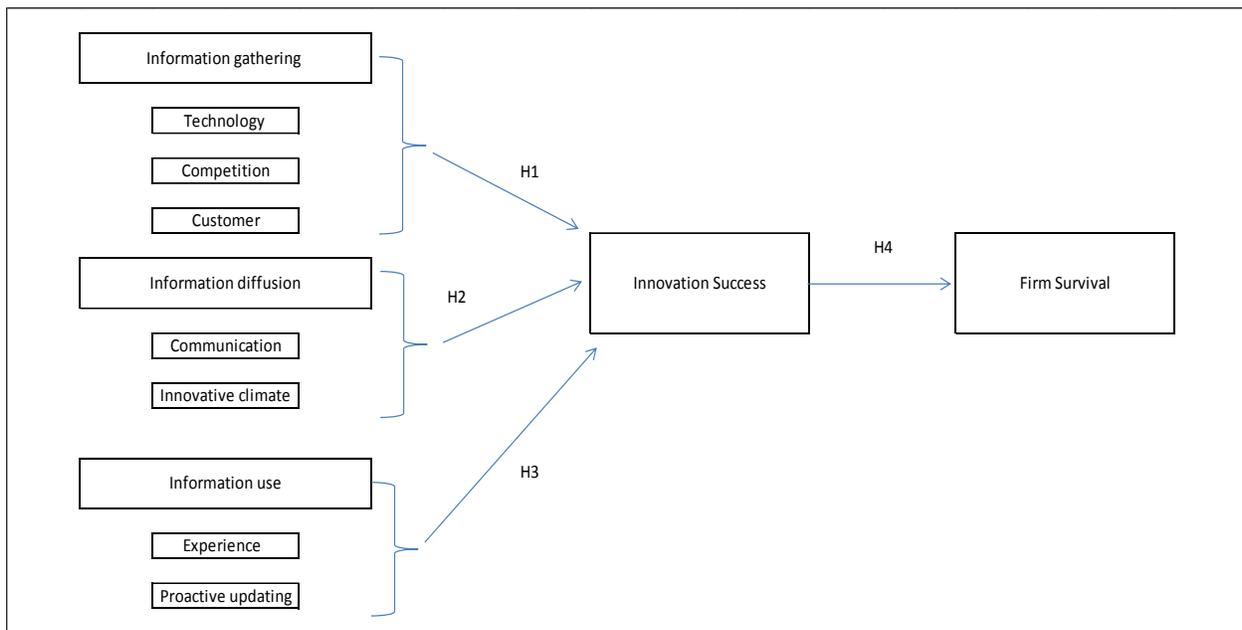


Figure 1 Preliminary adopted framework of the study

The context of the study is the petroleum industry in the United Arab Emirates (UAE). The UAE's oil reserves are the fourth-largest in the world, while its natural gas reserves are the world's seventeenth-largest. For decades, and in the face of increasing globalization, oil and gas companies have realized that they are operating in a knowledge-based business environment, in which success can be achieved by how quickly opportunities are identified and how fast the exploitation of these opportunities takes place. The main reasons for that are to have continuous

improvement; to communicate and share important knowledge; to apply the best practices; to respond quickly to clients, and finally to develop new products and services.

FINDINGS

The possible findings of the study are, first identifying the available internal success factors in petroleum industry by testing the theoretical framework proposed. The framework is based on literature finding related to such topic. In addition other finding is to test the possible link between the innovation experience success and the survival of the firm.

RESEARCH LIMITATIONS

The limitation on this research can be divided into two main areas. First the methodology part of the study. Although many studies uses quantitative survey to establish finding for similar topics; but the use of qualitative approach could add more exploratory advantage. Accordingly it is recommended for future research to address part two of the framework using qualitative approach. More specifically cases studies using semi-structured interviews. The second part of the study limitation is the relationship between innovation success and firm survival. The study assumes a board relationship between both. In literature there are many factors associated with innovation success and those should be tested separately for their relation to firm survival. Some innovation success factors may not have any effect on firm survival but in contrast they influence innovation success. A more detailed factor analysis is required in future studies.

PRACTICAL IMPLICATIONS

In practice this study light the shed on what petroleum organization need to focus on to create an innovative environment. The petroleum organization senior management will have to decide the importance of innovation for their organization. Accordingly their organization strategy should reflect and address innovation as a factor for firm survival. At project level project managers should align with that strategy and address the factors that lead to their project success in term of innovation. Implementing innovative ideas proved to be cost effective and accordingly the

economic impact is available. Although organization should spend money to articulate innovation but the long run results are expected to be cost saving.

SOCIAL IMPLICATIONS

Safety first is a code that most of the petroleum organizations address as the most important issue at all time and any location. Accordingly many previous studies on innovation at petroleum sector focus on the safety part of human being and other creature. Innovation implementation on petroleum organization focus on finding new ways to reduce the unwanted gases and oil spill and at the same time increase the likelihood of better surrounding life at rig site locations. Although such focus is already available; more innovative ideas are needed for better results. It is recommended to have innovation success factors as part of the organization code of contact for example. From CSR perspective; such organizations should enhance their employees for more innovative environment through brainstorming, training and competition.

ORIGINALITY/VALUE

The research is adding to literature an empirical study which will help the petroleum firms' senior management to include success factors of innovation in their strategy and upcoming work operations for better competitive advantage and overall performance. At project level, this study guide project managers to align their work to address the success factors of innovation in their daily activities for better chance of project success and performance.