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Research paper



Integrating Business Improvement and Innovation Models: a Step Change Approach for Organisational Performance Improvement

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Abstract

The purpose of this paper is to propose an alternative approach to guide public sector organisations, in the developing world, to quickly create an effective work environment to attract Multinational Corporation (MNCs) to foster Foreign Direct Investment (FDI) inflows to deliver their large and strategic investment Projects. The paper provides extensive literature review to discuss the need for public sector performance improvement, in the developing world, and its impact on attracting MNCs and fostering Foreign Direct Investment (FDI) as well as understanding the existing performance methodologies that can help such organisations improvement their performance. The paper, then proposes an alternative to the existing performance improvement methodologies that is capable of introducing a step change to the performance of public sector organisations in a relatively shorter period of time to enable developing world countries to attract MNCs to deliver their strategic projects. A multiple case study research strategy was selected to validate the proposed approach. The findings have confirmed the effectiveness and appropriateness of the proposed approach for overcoming existing weaknesses in the performance of public sector organisations in a relatively shorter period of time. The proposed approach addresses the weakness of the existing performance improvement methodologies to overcome the time factor required for public sector originations to introduce significant performance improvement to attract FDI projects. It can serve as an alternative management structure that is specifically developed to emulate world-class performance in a short period of time without the need to get into the complications of using existing performance improvement methodologies for such organisations, which is rather complicated, lengthy and highly risky.

Keywords: *Alternative Approach; Disruptive Innovation; Performance Improvement Methodologies; Step Change; Separate Organisation.*

1. Introduction

Despite most developing countries are working to align their performance and practices with international standards, yet the majority of which are seen by the international community as highly corrupt and hard to do business with (TransparencyInternational, 2016b; TheWorldBank, 2016). This is reflected by the poor quality of their public-sector performance which is responsible for executing these standards and policies. The considerable lack of infrastructure (Fay and Toman, 2010) along with lack of financial and technical capabilities make it difficult to address their infrastructure needs.

One of the key solutions to address this, is for governments in the developing world to attract Multinational Corporations (MNCs) to foster Foreign Direct Investment (FDI) to help them to address their infrastructure investment needs. Yet, attracting MNCs is not an easy task for such governments as it requires tremendous commitment to fight non-transparency, bureaucracy and corruption, as well as creating an organisational environment attractive to MNCs and FDI (Al-Tameemi, Alshawi and Ahmed, 2015)

Al-Tameemi et al. (2015) have investigated and discussed the factors that affect MNCs' decision to work/invest in various countries. They argued that there are many factors that contribute to the formation of a favourable investment environment. These can be classified in two levels: the government/country level and the organisation level.

In terms of the Government/Country Level Factors, these include:

- Political and social stability, labour costs, utilities costs, labour availability, availability of infrastructure and utilities reliability;
- Real estate, business conditions, infrastructure, market access, e-taxes, government incentives;
- Living conditions, market size and real income levels, skill levels in the host country.

Whilst in terms of organisation level factors, Al-Tameemi et al. (2015) highlighted a number of other interrelated factors concerning the organisational environment of the host country: non-transparency, bureaucratic red tape and corruption of government organisations which reflect the institutional quality of the host country. Accordingly, they argued that the quality of government organisations in the developing world has a significant impact on the flow of FDI.

Thus, to create an environment favourable for MNCs to foster FDI, governments in the developing world must not only legislate

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appropriate policies, incentives, regulations and procedures. They also need to improve the performance of the government organisations responsible for executing them. What is required is an urgent and a valuable solution to create an organisational environment attractive for MNCs in a step change fashion.

Yet, there is scarce research that has discussed a concept, an approach or a framework that can guide governments in the developing world on how to overcome their organisational performance weaknesses and create an organisational environment attractive to MNCs in a step change fashion. Consequently, this paper aims to expand the base of knowledge by developing such an approach. Therefore, the next subsections will attempt to answer the following question: *What can decision makers in government organisations in the developing world do to deliver effective and efficient organisational performance to MNCs in a step-change fashion?*

2. Current Approaches to Business Improvement

There is a universal agreement in the literature that a fundamental approach for organisations to survive in any market is by continually improving the track record of their organisational performance. In the quest for achieving performance excellence, Total Quality Management (TQM) and Business Process Reengineering (BPR) can provide a holistic solution and help organisations adopt best practices to address their performance weaknesses (Ahmad, Zakuan, Jusoh, Yusof and Takala (2014); Valmohammadi (2011) and Baird, Jia Hu and Reeve (2011)). A number of tools and methodologies are available to help organisations to adopt the core concepts or values of TQM, including the Malcolm Baldrige National Quality Award (MBNQA), the European Foundation for Quality Management (EFQM) Excellence Model, Six Sigma, Diagnostic Benchmarking, ISO 9000, Kaizen, the Theory of Constraints (TOC) (Klefsjö, Wiklund and Edgeman, 2001; Gershon, 2010; Olofsson, 2015) and diagnostic benchmarking tools such as PROmoting Business Excellence (PROBE) (Yarrow, 2006).

According to Radnor (2010), the tools within these methodologies are used for three main reasons: ***Assessment, Improvement and Monitoring***. The assessment process itself takes normally a short length of time, about a day, where a certified facilitator assesses the organisation's overall practice and performance against the concepts and standards embedded in the tool, using a self-assessment questionnaire. The generated data from the questionnaire will then be processed using data analysis software and a final result showing the position of the organisation compared with best practice will be revealed, highlighting the organisation's key weaknesses and strengths. Based on the findings from the assessment process, the organisation can then move ahead to actually set action plans to address its weaknesses by adopting the best practice set by the model during the improvement process. Afterwards, during the monitoring process, the organisation will set a monitoring plan to make sure that it is properly addressing its weaknesses in accordance with the adopted improvement model and that the desired benefits are being achieved.

Nonetheless, there is a number of barriers to the successful implementation of the above methodologies especially within the public sector (Al-Tameemi et al. (2015); Radnor and Walley (2008); Radnor and Bucci (2007) and Radnor (2010)). This is mainly because that such methodologies require a long-term implementation and improvement programmes and cannot provide a short-term solution. Depending on the maturity of an organisation, there may be a need for more complex and demanding methodologies and therefore need more time and resources for their proper implementation (Sokovic, Pavletic and Pipan, 2010). For example, taking a holistic approach, as was done within Her Majesty's Revenue and Customs (HMRC), Department for Work and Pensions (DWP) and Royal Bolton Hospital (UK), means that such methodologies can become embedded only over a long period of time (up to seven years)(Radnor, 2010). In another study of management practices and performance conducted by Prabhu, Robson, Yarrow, Appleby and Mitchell (2001) examined 450 service organisations in the North East of England, (including the public services sector). When asked how soon their organisation would be competing with the best in class, a greater than expected number of those identified as contenders/world class felt that they had already reached that stage or would do so within the next three years. However, a greater than expected number of those identified as "could do better" organisations (i.e. those organisations that have poor overall practices) believed it would take five to ten years.

Moreover, it is well known that people are resistant to any sort of change. This is especially true in the case of transformational change. Many factors contribute to this, including fear of the unknown, habit, the possibility of job insecurity, threats to social relationships, and failure to recognise the need for change (Nadler, 1993; Longo, 1997).

Therefore, holistic organisational improvement is not an easy task, and number of studies have discussed various obstacles to the achievement of a fruitful organisational improvement initiative. For example, Radnor and Walley (2008) and Radnor and Bucci (2007) have discussed a number of barriers to the successful implementation of organisational improvement methodologies in the public sector, including: Public sector culture, a lack of clear customer focus, too many procedures, employees working in silos, too many targets, a lack of awareness of strategic direction, the general belief that staff are overworked and underpaid, a lack of understanding of the effect of variation, systems thinking and process flow.

3. Innovation and its Impact on Organisations

At large, innovation has become more critical for performance, and a focus on organisational change. At the same time approaches to innovation are changing (Katsigiannis et al., 2014) depending on the types of innovation (Trott, 2011).

A number of studies have classified innovation according to how managers respond to the various organisational challenges and the impact of their response on the existing organisational framework. For example, Christensen articulated the basic theory of disruptive technology, characterising two broad types of innovation, namely sustaining and disruptive innovation depending on the organisation's existing capability to implement the innovation (Christensen, 2012; Christensen, 1997; Bower and Christensen, 1995).

When an organisation faces a business challenge to develop a new product or service, managers' action plan to address this challenge will either have a sustaining or disruptive impact on the organisation's values and priorities. For example, when the development or improvement of a product or service requires managers to adopt new values and priorities, such as following a new supply chain, procurement, marketing and/or profit system(s), this type of innovation is considered as disruptive because it disrupts not only the market with the new or improved product or service, but also disrupts the organisational culture and the current way of doing things within the organisation. On the other hand, when the organisation's existing values and priorities fit well with the requirements of implementing the innovation, and new processes to successfully execute the innovation may or may not be required, this is considered as sustaining innovation.

In addition, Davila, Epstein and Shelton (2006), (2012) also classified the types of innovation according to the change the innovation will cause to the organisation's current use of technology and its business model. Their approach is similar to Christensen's, classifying innovations based on the impact they will have on the organisation's existing capabilities, see figure 1.

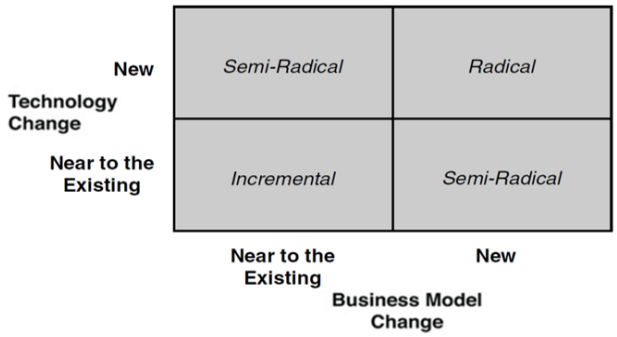


Fig. 1: Innovation Matrix, (Davila et al., 2006)

This paper adopts Christensen's classification of innovation:

1. Disruptive innovation: is an innovation that requires managers to adopt a different business model, disrupt the organisation existing values and priorities and might require managers to develop new management processes.
2. Sustaining innovation: is an innovation that fits well with an organisation's existing business model and encourage managers to build upon and improve their existing management processes.

3.1. The Impact of the Implementation of Innovation

Number of studies agree that applying innovation is not an easy task (O'Sullivan and Dooley, 2008; Klein and Knight, 2005), whether it is applying a new managerial system or adopting a new processes or technology to deliver a new product or service, innovation will face a similar organisational response to any change initiative within an organisation. Its success is significantly correlated to implementation effectiveness which are related to management support, financial resource availability, policies and practices, and implementation climate.

The degree of impact of innovation implementation on an organisation will determine the level of resistance it receives. This is because "antibodies" are an organisation's natural response to change. Incremental changes are usually tolerated well, as they are small and not very threatening. However, breakthroughs/semi-radical and radical innovations are rightfully perceived as disruptive to the way things usually work. This type of change evokes a strong antibody response from the existing business (Davila et al., 2012). However, number of studies suggest that an effective approach to solving this dilemma is for managers to treat innovations as separate units, with dedicated teams to work on their implementation (Christensen, 1997; Christensen and Overdorf, 2000; Christensen, Raynor and Anthony, 2003; Christensen and Kaufman, 2006; Christensen, 2013; HBR, 2013).

According to Christensen and Overdorf (2000) a 'new physical location is not always necessary, the primary requirement being that the project not be forced to compete for resources with projects in the mainstream organisation. Projects that are inconsistent with a company's mainstream values will naturally be accorded lowest priority, and whether the independent unit is physically separate is less important than its independence from the normal decision-making criteria in the resource allocation process'. They proposed a matrix to help managers understand what kind of team should work on the project and what organisational structure that team needs to work within, see Figure 2.

For example, when a manager faces a disruptive change such as the one in region C or D, this suggests the need for a change of business model, and a spin-off or spinout organisation should be created, with a heavyweight development team. The spinout will allow the project to be governed by a business model with different values and priorities from those of the parent organisation. The spinout is an 'independent organisation with other values and skills, not threatened by new ways of doing things, and not seeing the possible market in the same way as the threatened parent organisation.

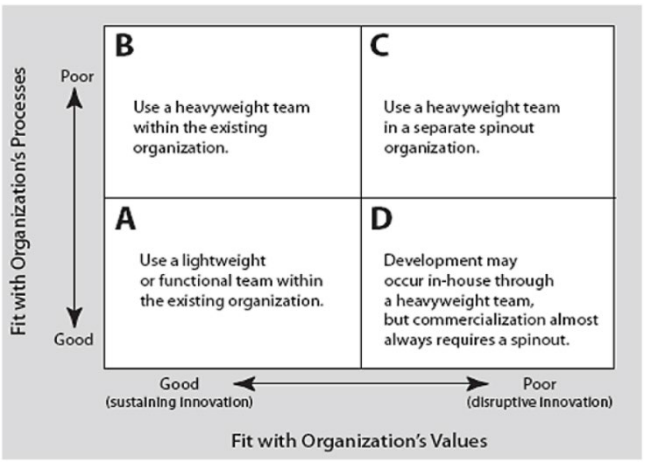


Fig.2: Fitting the Tool to the Task, (Christensen and Overdorf, 2000)

It does not keep anything from its parent. At the highest level, it may have contacts that facilitate the use of existing resources, but the new organisation "forgets" how the original one did things and how it saw its customers', including MNCs. 'Otherwise, there is a risk that the new organisation will remain immersed in the assumptions, values and decisions of the parent organisation' (Barahona and Elizondo, 2012).

'In region A, the project is a good fit with the company's processes and values, so no new capabilities are called for. A functional or lightweight team can tackle the project within the existing organisational structure. A functional team works on function-specific issues, then passes the project on to the next team. A lightweight team is cross-functional, but team members stay under the control of their respective functional managers. In region B, the project is a good fit with the company's values but not with its processes. It presents the organisation with new types of problem and therefore requires new types of interaction and coordination among groups and individuals. The team, like the team in region A, is working on a sustaining rather than a disruptive innovation. In this case, a heavyweight team has advantages, although the project could be executed within the mainstream company. The members of the heavyweight team work solely on the project and are expected to behave like general managers, shouldering responsibility for the project's success; new processes and new ways of working together can then emerge' (Christensen and Overdorf, 2000).
This discussion shows that managers can step change the implementation of innovation by dedicating a separate team to implement the innovation. Depending on how "mature" is the organisation's existing culture, the dedicated team can work either within the existing organisation or as a spinout. This can ensure that the process of implementation will not disrupt the organisation's existing systems. If the implementation of the innovation was successful and did achieve the desired outcome, then managers can start gradually expanding the use of such innovation implementation approach or practices so that it covers the rest of the organisation. In summary, the approach of dedicating separate teams, either in house or as spinouts, to implement innovation has two key benefits. First it can help managers to overcome the barriers caused by the company's existing culture and processes and thus implement innovations quickly. Second, it can give managers the opportunity to examine the outcome of the innovation to decide on whether it is worthy of further investment.
Yet, for an organisation to adopt such an implementation approach, it requires the support of top management. According to number of studies, achieving top management support and commitment is a very important step toward the successful implementation and institutionalisation of change within the public as well as the private sector (Kotter, 2007; Durant and Durant, 2012; Burke, 2013; Sirkin, Keenan and Jackson, 2005). Also, this is in line with number of studies that encourage managers to institutionalise successful change to their organisation (Fernandez and Rainey, 2006; Armenakis, Harris and Feild, 2000; Kotter, 2007).

4. The Alternative Approach

Based on the aforementioned discussion, the essence of the holistic organisational performance improvement methodologies is based on: Assessment, Improvement and Monitoring. Such approach to organisational performance improvement is a long-term approach, not a short-term fix and it is as disruptive to an organisation culture and processes as can innovation implementation to private sector organisations. Thus, it cannot be the answer to those decision makers seeking to deliver effective and efficient organisational performance to their customers in a short period of time, and certainly not an answer to the question raised in section 1. Yet, one can take lessons from the disruptive and sustaining approach to innovation implementation and the use of separate spinout organisation (team) as a tool to avoiding organisational resistance to innovation implementation. Organisations' decision makers can avoid the need to force best practices on the entire organisation which can potentially disrupt the existing organisational framework, consume a lot of resources and lead to the inevitable challenge of resistance to change thereby delaying the improvement process.

Thus, an answer to the earlier question can be obtained by introducing an alternative approach for organisational performance improvement that consider:

First: Assessment - assessing the existing overall practice and performance.

Second: Step-Change Improvement - the provision of a step-change improvement to performance using separate organisation, unit or team as a spinout or within the parent organisation.

Third: Monitoring – monitoring the performance of the step-change performance improvement programme and make sure it has achieved its objectives.

Fourth: Institutionalise Change – start a Holistic (long-term on a large scale) and gradual improvement to organisational performance, ensuring as minimal disruption as possible.

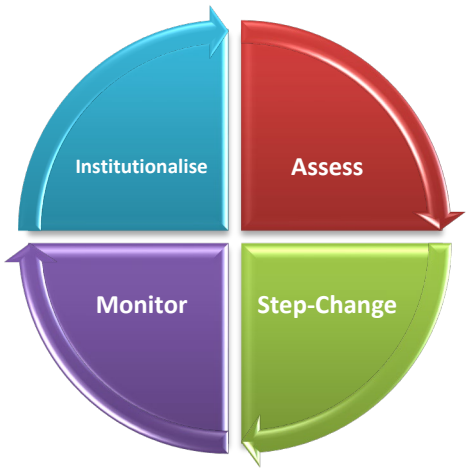


Fig. 3: Alternative Approach for Organisational Performance Improvement

According to the step change approach discussed earlier, decision makers of government organisations can create a "change-team" and assign it the responsibility to work in line with best practices. This team should work within a specifically created management structure and should be dedicated to meet specific objectives, such as working with MNCs to deliver infrastructure projects. To minimise the resistance to the work of this team, the management structure could either be established within the existing government organisations or as a spinout unit depending on the gap between best practices and the government organisation's existing practices. This gap can be easily identified and assessed using practice and performance assessment tools such as EFQM or PROBE. The outcome of the assessment can help decision makers to understand how close their practices from those of world-class organisations.

Compared to the existing business improvement approaches, this alternative approach will:

1. Avoid introducing large scale improvement throughout the organisation to avoid resistance to change by not disrupting the existing organisational culture
2. Avoid allocating large resources into managing large change which inevitably face high resistance leading to high risk of failure.
3. Quickly establish a small and dynamic team of people which can be trained, in a relatively short period of time and with a significantly lower budget, to achieve world class performance
4. Decision makers in government organisations will have the opportunity to experience the outcome of using world-class practices and their impact on performance. This can then be used as a catalyst to start the process of expanding the use of best practices to the rest of government organisations in an incremental manner, i.e. minimise risk of resistance.

The alternative approach can be adopted by following these steps, see Figure 4:

- **Step One: Assessing the Organisation's Overall Practice and Performance**

The first thing required of decision makers is therefore to assess the overall practices and performance of their organisations and identify where they are standing compared to world-class organisations, using one of the available practices and performance assessment tools such as PROBE (as discussed in section 2).

- **Step Two: Deciding on a Suitable Team and Organisational Structure and Dedicate to Work with MNCs**

Using the results obtained during step one and applying them on figure 2 above, decision makers will be able to know whether applying best practices will be disruptive or sustaining to their organisation. This means that if the gap between their current overall practices and best practices is significant, they are advised to establish a separate spinout organisation (SSO) or unit and dedicate it to work with MNCs. Whereas, if its gap is small, they can commission a team within the organisation to do the job.

- **Step Three: Ensure the Need and Key Stakeholders' Support**

Step Three suggests that decision makers (mainly change champions) need to ensure key stakeholders' support, by considering: 1) setting a vision for change, 2) conducting an awareness training workshop for key stakeholders to clarify the project, ensure the need for change and achieve buy-ins, 3) defining needs, requirements, success criteria and the resources needed to establish the chosen team and organisational structure (identified in step two), and 4) developing an implementation plan and confirming stakeholders' commitment and the allocation of required resources.

- **Step Four: Establish the Chosen Separate Organisational Structure**

When planning to establish the chosen separate organisation, decision makers are advised to:

➢ Use/Establish a strategic planning expert(s) or office to understand citizens' needs, develop a strategic plan to address these needs, and identify which parts of the strategic plan should be addressed by MNCs;

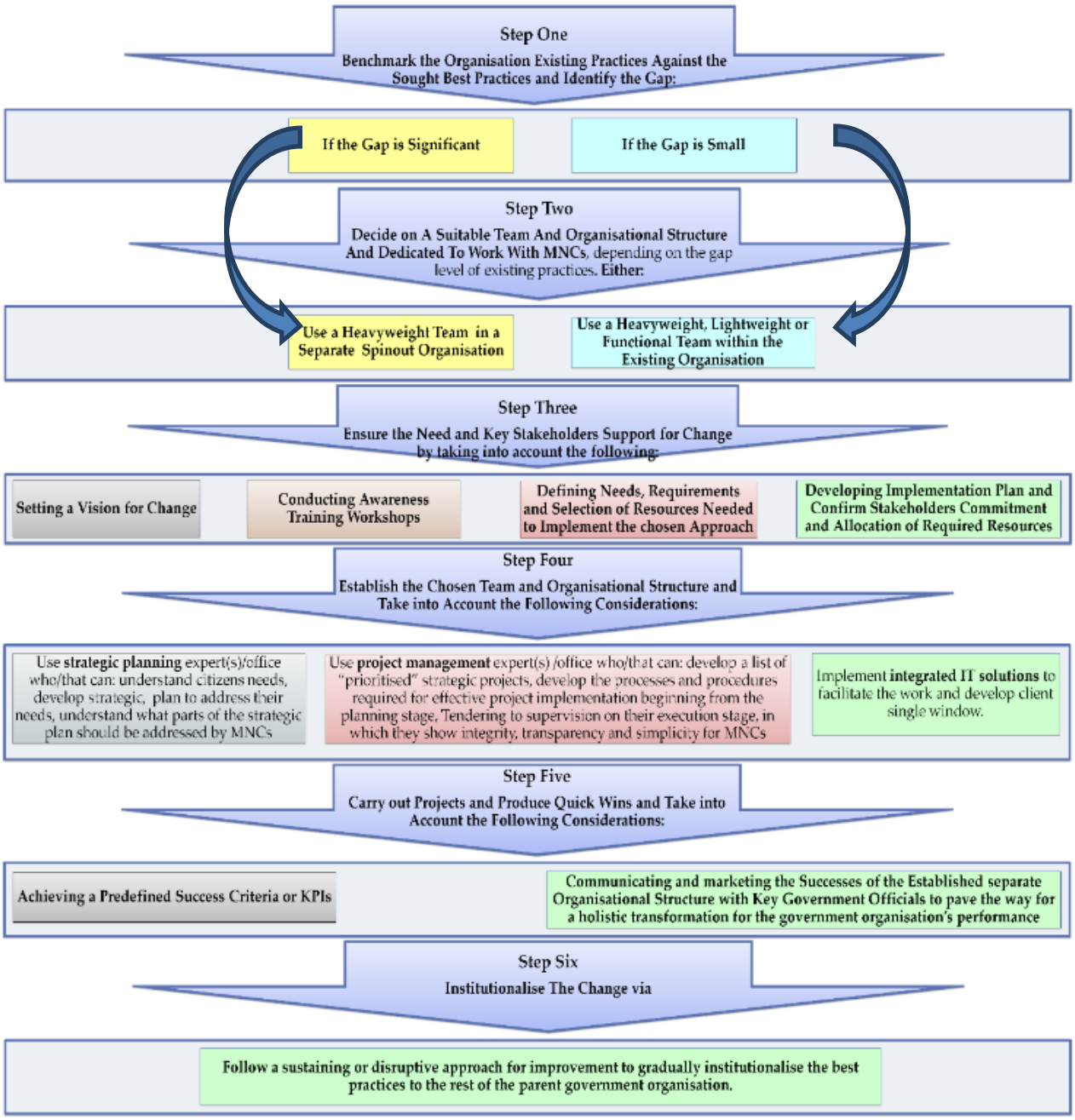


Figure 4: A New Approach for a Step Change Organisational Performance Improvement

- Use/Establish a project management expert(s) or office to prepare a list of prioritised strategic projects; develop the processes and procedures required for effective project implementation from the planning stage, through devising the project tender and contracting procedures to supervision of their execution stage; show integrity, transparency and simplicity to MNCs; and ensure that infrastructure projects are successfully implemented on time, on budget, to specification and addressing the strategic aim.
- Implement integrated IT solutions, to facilitate the work and develop a client single window.

- **Step Five: Carry out Projects and Produce Quick Wins**

The newly established separate organisation should strive to achieve the success criteria measured by the key performance indicators (KPIs) developed during Step Three. These include delivering a world-class performance, attract MNCs, developing strategic plans and identifying strategic projects. The chosen separate organisational structure should be in constant communication with key

stakeholders to maintain their continual support and market its successes locally, nationally and internationally, using performance management tools to check that optimal performance is being achieved.

- **Step Six: Institutionalise the Change**

Once the separate organisation achieved its objectives, decision makers are then advised to develop a plan to gradually institutionalise the best practices adopted by the new structure into the parent organisations. To institutionalise change, decision makers can either follow a sustaining or disruptive approach for this.

Details on why these steps are important can be found in Al-Tameemi (2017)

5. Validation: The Case of Iraq

Iraq is a developing country in the Middle East and has a considerable lack of infrastructure. About 60% of Iraqi households are suffering from the lack of at least one of the following: access to improved drinking water source, access to improved sanitation facility, a minimum of 12 hours of electricity from the public networks a day, or food security (JAPU, 2013). Apart from the lack for the necessary financial recourses, the weak overall practices and performance of Iraq government organisations is a key factor that has directly contributed to the underdevelopment of infrastructure in the country. According to TransparencyInternational (2016a) and TheWorldBank (2016) Iraq is internationally recognised as a country whose government organisations are highly corrupted and hard to do business with. Thus, as discussed earlier, FDI can play a significant role in addressing Iraq infrastructure investment needs. However, decision makers should follow an approach that can help them to create an organisational environment attractive for MNCs in a step change fashion.

Thus, the approach proposed in section 4 was tested in Iraq by following a case study approach. It has been presented to decision makers of government organisations to solicit their feedback about the applicability and effectiveness of the proposed approach in creating a step change in the performance of their organisations to attract MNCs to foster FDI inflows.

Case studies approach has been selected as the most suitable research strategy for this particular study as the study focuses on a contemporary phenomenon with considerable existing background knowledge which allows the development of a conceptual approach and a set of research question to guide the research, as indicated by Creswell (2014) and Saunders, Lewis and Thornhill (2007). For this research, the general research questions are:

- How feasible and effective it is to use the proposed approach to create organisational environment attractive for MNCs in a step change fashion? And
- What are the contextual factors that need to be considered to ensure an effective use of this approach

Accordingly, three case studies were selected for this study. In multiple case study design, case selection had to be done purposefully to predict similar results or contrasting results for predictable reasons (Yin, 2003). This 'purposive approach' in case selection enables the researcher to select cases that demonstrate characteristics in which they are interested (Silverman, 2001). The authors acknowledge the importance of theoretical selection of cases rather than the statistical or random selection and argue that for this study on 'a step change organisational performance improvement approach to attract FDI' it is necessary to select case study organisations that have the responsibility to develop the infrastructure in Iraq and is opening the doors for MNCs to contribute in the process of development.

6. Data Collection, Analysis and Discussion

This section will discuss in details the stages of the selected case studies and the semi-structured interviews and their outcomes.

6.1. Stage I: The Selected Case Studies

Three case studies were selected and a brief description for each case is provided below:

Case study A is a city local government in Iraq and is the one responsible for the city's infrastructure development. This includes, but not limited to, construction or refurbishment of roads, bridges, airports, hospitals, water, sewer and power stations and schools. In order to address the infrastructure investment needs within its jurisdiction, the local government normally receives an annual budget from Iraq central government and uses this fund to develop the city's infrastructure. Yet, since the crisis of oil prices, this local government, similar to its other peers, has not been provided with enough fund to address its persistence infrastructure investment needs. With recent regulation allowing government organisations in Iraq to enter into a contract with MNCs similar to PPP or PFI, this local government along with other similar organisations are opening their doors to do business with MNCs in an attempt to address the lack of finance from the central government.

Case study B is a government organisation that is part of the oil and gas sector in Iraq and has the responsibility of developing the required infrastructure for this sector that would help in sustaining and increasing production of the various type of gas. Investment in this sector also comes from the central government and because of the lack of finance, thus working with MNCs was a necessity.

Case study C is also a government organisation that is part of the Iraqi port sector and has the responsibility of managing, developing and maintaining the ports of Iraq. This organisation also depends on the central government fund in order to carry out its port related projects, yet because of the lack of finance, the organisation has also considered working with MNCs on an investment basis.

6.2. Stage II: Semi Structured Interviews

A set of semi-structured interviewed were developed for the aim of soliciting decision maker's opinion about the effectiveness, appropriateness and feasibility of the proposed approach and what needs to be considered to achieve its successful implementation. Given that the proposed approach shows guidelines for decision makers to create a step change in the performance of government organisations, thus, the targeted interviewees where mainly on the strategic level of the case study organisations. Five directors were interviewed during each case study. The case study interviews within the validation stage were terminated when the researcher found no new data regarding the area being discussed.

Accordingly, the following subsections will present the findings concerning the feasibility of the proposed approach and the factors that need to be considered to achieve its successful implementation.

6.2.1. Confirming the link between the Existing Organisational Practices and the Appropriate Organisational Structure Needed (the spinout or in house)

The findings obtained from the cross-case analysis have confirmed that Iraq has a considerable lack of infrastructure on various levels, and government of Iraq (GOI) is struggling to address this problem. The validation stage confirmed that lack of finance and poor performance in both government and private organisations were the main contributors to GOI's inability to address the problem. The overall research outcome has highlighted the need to attract MNCs to foster FDI inflows to address Iraq's infrastructure investment needs and to fill the gap in expertise. This finding was confirmed by the views solicited from government organisations' professionals, who agreed that the available financial resources are insufficient to meet the infrastructure needs within their jurisdictions. They emphasised that local contracting companies do not have sufficient capacity or expertise to carry out most of the strategic projects required. For example, Director 2 of Case Study A

confirmed the need to attract MNCs, emphasising the deficiency in the annual budget: *"the annual investment budget allocated for the organisation from the central government is not sufficient to address the city's infrastructure investment needs which makes help from international corporations very urgent".* Director 3 of case study B emphasised the lack of local companies' capacity to carry out projects effectively: "*local companies do not have sufficient capacity to implement strategic infrastructure projects effectively".* Director 4 of case study C referred to the ability of MNCs to fill the gap of expertise in the country "*respected international companies can certainly help in delivering high-quality infrastructure projects better than local contracting companies".*

There was a general consensus among interviewees that their organisation will require some considerable time to compete with the best in class. For example, according to Director 4 Case study A, "*it will take considerable time and efforts to change the organisations' practices and performance base to international standards".* Director 3 of case study B agrees: "*I do think that our organisation will require a considerable time and efforts to be able to reach a position that enables it to change its practices and performance in line with the international standards".* Director 1 of case study C confirms that "*I do believe that given the current organisational environment and the lack of authority and political pressure we will not be able to emulate world-class standards even after twenty-five years".*

These findings along with the literature discussing the status of Iraq organisational environment can reflect a significant gap between best practices and those practices of the case study organisations. Thus, reference to figure 4, it can be proposed that it is better and more effective for decision makers of government organisations in Iraq, which have weak overall practice and performance and are willing to deliver effective performance in a step change fashion to attract MNCs, to establish a separate spinout organisations (SSO), not in house, in line with best practices and dedicate it to work exclusively with MNCs during the lifecycle of those infrastructure projects which decision makers are willing to award to MNCs.

The outcomes from the case studies have supported this proposal by showing that given the difficulty for the Iraqi public-sector organisations to absorb best practices and emulate world-class performance in the short or even the medium term. Thus, it will be difficult for a functional/cross sectional team established within an existing government organisation to carry out its daily work based on best practices and deliver effective performance while the rest of the organisation, of which the team still need to interact with, is still perform under the old system. For instance Director 1 of case study A confirmed this by saying 'I do believe the way we follow to carry out our projects is far behind the international standards and I think this is what make number of international companies to refuse to work with us… establishing a unit based on best practices and let it work independently will have a better chance to deliver effective performance than a team working inside the organisation and takes orders from managers working under the current system'. Director 2 of case study B agrees: "*of course if the approach we currently follow is close in comparison to best practices, which I don't think it is, then definitely, with top management approval, an inside team will have a better chance to succeed in following best practices and delivering better performance during projects implementation… yet currently with this political conflicts and the difficulty to make changes, I think to deliver world-class performance in the short term, establishing a new independent unit for the purpose of working with international companies or to carry out strategic projects is the right thing to do".* Moreover, according to General Director of case study C "*following best practices in our field of work means that the company will have to use a new tendering system, for instance, using new standards for contractors pre-qualification and contract award system, better use of information system such as client single window… having the organisation to adopt such standards will take a long time … and forming a team within the organisation to carry out projects base on best practices will be very difficult… I think creating a separate unit not within the company and works independently on certain projects will be a better approach to enable decision makers to carry out projects in line with best practice, quickly and without the need to disrupt the organisations existing system and avoid confrontation".* Thus, these findings can confirm the link between the organisation existing overall practice level and the appropriate organisational structure that organisations decision makers' can dedicate to work on addressing the confronted organisational challenge, such as attracting MNCs, without disrupting their existing organisational system and face the inevitable challenge of resistance to change. This confirms the argument made in section 4 and the link in Figure 4.

6.2.2. Confirming the Applicability, Suitability and Effectiveness of Establishing a Separate Spinout Organisation (SSO) within Iraqi Public-Sector Context

The findings have shown that the idea of establishing an SSO to work exclusively with MNCs has received a wide acceptance among all those decision makers interviewed. Interviewees believed that establishing separate spinout organisations in line with best practices can help decision makers of government organisations deliver quality performance in a short period of time without disturbing their organisation existing system. They agreed that this approach can help them to reduce the time required for their government organisations to emulate world-class performance that would attract MNCs in a step change fashion. Interviewees also agreed that their overall organisational practice and performance is far behind that of world-class organisations and thus, dedicating a team from within the government organisations to work under the same system and routines will not be able to deliver the intended performance. Director 3 of case study A mentioned that '*I think the proposed approach to improve the organisational performance is very good and it can be a new way to convince international companies to accept to work with us.* Director 2 of case study B also supported this, adding that *"given our current organisational environment and the difficulty in making changes to its current processes, procedures or structure, I think establishing a separate and independent unit to work only with international companies will be a good approach to show them a better performance quickly and without affecting the existing system".* Director 4 of case study C agreed with this, stressing that '*I do believe that creating a new unit base on international standards and assign it to work on those projects that will be funded and executed by international companies is the shortest path towards creating an atmosphere that would satisfy the aspirations of international companies.'*

In general, the findings of the cross-case analysis have confirmed that it is highly feasible to establish a SSO to work exclusively with MNCs in the context of a government organisation. However, interviewees agreed that a number of factors need to be taken into account to successfully implement the proposed approach and establish a SSO. These factors include:

- **Achieving top management support and commitment to change:** Attaining key decision makers understanding and support to any change initiative within the context of Iraq public sector in general has been found to be a very important element for achieving a successful implementation of the change, such as establishing a SSO. In order to obtain such support for the proposed approach, the findings showed that, concerned decision makers need to be fully aware about the details related to the proposed spinout organisation and its expected benefits. For instance, Deputy governor of case study A mentioned that *"I do believe that establishing an independent unit under the authority of the governor and designed in line with international standards can certainly be a very good approach for us to deliver better performance quickly without the need to interfere with the existing system. However, in order to establish such a unit, it is imperative for decision makers, such as those members of the council, to have proper understanding of the aim, objectives and key*

characteristics of this unit and how it can impact our organisational performance". Director 2 of case study B supported this, adding that *"without achieving top management support for the proposed change it will be difficult to carry out the proposed solution"*

- **Complying with Regulation**: the findings have shown that it is imperative to discuss with top management any contradictions between the spinout organisation's practices, processes and/or procedures and those of the Iraqi regulations and bylaws, and determining how such contradictions (if any) can be reconciled. According to director 1 of case study A *"with the unit carrying out key procurement and contracting activities with MNCs, it is important to show how the unit's activities or procedures for procurement or contracting differ from those already stated in the Iraqi regulations and bylaws.* Director 4 of case study A supports this, adding that *"understanding how will the unit operates will help us to know if there are any contradictions between the units system and that of the Iraqi system and how such contradictions can be addressed"*. Further, Director 2 of case study B agreed, adding that "*our current organisational system, especially the tendering and contract award stage, is underpinned by a number of government regulations and thus any change that aims to improve the system should take into account that such regulations need to be satisfied…otherwise it will be difficult to implement"*.
- **Developing a detailed business case** for the proposed separate spinout organisation, in which it contains key benefits, ROI, KPIs, success criteria, and associated risks and mitigation plan, and communicate it with key decision makers. According to Director 4 of case study A "*it is imperative that we understand every detail of the proposed improvement programme and the proposed benefits and how they will be achieved"*. Director 1 of case study A also emphasised the need for a detailed description of the proposed approach: *"detailing the benefits, return on investment and other key aspects of the proposed unit and explaining them in simple terms to key decision makers during the training workshops is vital for achieving their understanding and eventually their support to the proposed improvement programme"*.
- **Hiring external consultant:** All interviewees agreed that the organisation lacks the required expertise to carry out the proposed approach. Moreover, the findings revealed that the organisation also lacks the resources and the required expertise to fill the various positions within the SSO. Therefore, all interviewees stressed that focus on training programmes will be necessary if the selected personnel are to carry out their delegated responsibilities effectively. According to director 4 of case study A *"I do believe that the way in which our organisation operates is far behind best practice and thus bringing an expert consultant to establish the proposed unit and do the required training is essential"*. Additionally, director 1 of case study A stressed that, *"our organisation is highly bureaucratic and thus you cannot expect our personnel to follow international best practices without getting proper training from an external expert"*. Director 3 of case study C supported this, adding that "*… I don't believe that we have the necessary expertise to establish the proposed unit in line with best practices, simply because the organisation currently does not follow international best practices…and even though from time to time the staff receive some training that is not specific to what we do; focused training should be considered to enable them to do their job effectively in the proposed unit"*.
- **Obtaining necessary authority**: Providing the SSO with the autonomy and authority it needs to deliver the intended performance. This is because all interviewees highlighted that the organisation has a highly centralised system with little to no empowerment for employees, and as such change champions should discuss this need for authority with key decision makers at the initial stages of implementation. According to director 2 of case study A '*the executive authority resides mainly with key decision makers and every administrative activity requires their approval and signature no matter how small the activities are; therefore, I believe in order for the proposed unit to get the required authority, decision makers will be required to understand how such delegation of authority affects their sovereignty … if the director of the proposed unit do not obtain the authority he needs to freely operate his unit according to best practice then the proposed unit will be nothing but another department within the structure of our organisation'*. Director 5 of case study B agreed, adding that "*…in our organisational culture, and I believe this applies to all other public organisations, the main authority resides with those at the top of the pyramid and delegation of authority to those at the lower level is kept to a minimum…thus if the proposed unit requires certain authority to be able to deliver the planned performance, I think it will be important to discuss and explain its importance with key decision makers at early stage of its implementation"*.

In summary, the contrasted views of Iraqi government professional confirm that establishing a separate spinout organisation (SSO) and dedicating it to work with MNCs would be an effective approach for decision makers of Iraqi government organisations to follow, enabling them to deliver effective performance in a shorter period of time and without disrupting their organisation's existing system. It was greatly welcomed by interviewees as an alternative approach to creating an attractive organisational environment for MNCs. These Iraqi professionals believed that resistance to organisational improvement normally accompanies attempts to introduce changes to the existing organisational system, structure and way of working. However, the SSO is new, independent and under the direct authority of the change champions such as CEOs, governors; it works in parallel with the parent government organisation, making it less prone to resistance. This finding confirms the argument made in section 4 and the link in Figure 4.

6.2.3. Confirming the Possibility of Institutionalising Best Practices to the Rest of the Government Organisations

The findings show a general consensus among interviewees about the effectiveness and importance of institutionalisations, and the gradual transformation of the overall practice and performance of the whole government organisations towards emulating world-class standard. However, the existing organisational culture, particularly, key decision makers' resistance against any organisational change/improvement has been found as a major hurdle which needs to be overcome to successfully commence this step. For example, according to Director 1 of case study A *"in terms of this step, I do not think it can start directly after getting some quick outcome from the separate unit because you are talking about a major shuffling …this may mean that some individuals within the organisation who have a certain political power and support may have to lose their position or get training on something that they do not have the capacity or desire to work on and this can create problems...technically they will feel threatened…this naturally will lead to creating a battle ground between those advocate to the change and those who are not…thus without having key decision makers among those advocate it will be highly difficult to expand the use of best practice to the rest of the government organisation'*. Director 2 of case study A supports this, adding that: *"some of the positions and individuals in the organisation are politically protected and any change that threatens these positions will definitely receive strong political resistance"*. Director 3 of case study B added that *"… I do believe that spreading the best practices of the proposed unit after they achieve their objectives is very important; however, it requires a common consensus among the organisation's decision makers…otherwise it will be difficult to start such a process"*. Further, Director 1 of case study C stressed that *"…of course it will be very important to*

expand the use of the best practices adopted by the proposed unit to the rest of the organisation; however, with the current organisational environment and the political pressure and financial shortages it will take a long time to conduct such a big step". Moreover, it has been found that in order to successfully commence this step, number of awareness programmes explaining the benefits of utilising best practices to improve the organisational performance need to be delivered to key decision makers. Also, continuous marketing to the successes of the spinout organisation to those key decision makers of the organisation has also been found as an effective way for achieving a green light to start the institutionalisation process. For example, Director 4 of case study A ascertains that "*...I think the idea of using the successes of the new unit and using it as a tool to convince local government officials to give a green light to expand using best practices to the rest of our organisation is theoretically a good idea but I think it will take quite some time for the officials and the staff to be convinced to use them because it is like asking them to change their religion, to change a way of thinking and doing things that they have been doing for more than, say, 50 years or more".*

Thus, based on the findings discussed above, it can be concluded that even after the SSO achieved its aim, approval to institutionalise the system to the rest of the parent government organisations would take a long time. This time might be reduced by the active communication and marketing of the SSO's successes. Accordingly, to initiate a holistic organisational performance improvement programme (institutionalisation of best practice) in Iraqi government organisations, key decision makers need to be firmly introduced to the benefits to organisational performance of adopting best practices. This agrees with the literature reviewed in section 3 and 4, which underlined the importance of top management's acceptance of and support for any proposed change within the context of public sector organisations. This also confirms the argument arose in section 4 that a better approach for decision makers of weakly performing organisations to deliver effective performance in a step-change fashion to attract a new customers segment, such as MNCs, is by establishing a separate spinout organisation and dedicate to work exclusively to address the requirement of the new customers, in line with best practices. This approach helps decision makers (mainly change champions) to avoid confrontation with government organisations staff and it is arguably a cheaper and faster alternative to improvement than a holistic incremental organisational performance improvement approach. Institutionalisation can arguably still happen in the long run to satisfy existing customer requirements, such as Iraqi local contracting companies, after satisfying the new customers, MNCs, requirements.

7. Summary and Conclusion

This paper has explored the literature in the quest for an alternative approach that can serve as a guide for decision makers in the developing world to create organisational environment attractive for Multinational Corporations (MNCs) in a step-change (quick) fashion. Studies have stressed the benefits of using existing organisational performance improvement methodologies, such as EFQM, Baldrige and Six Sigma, to help public sector organisations address their practice weaknesses and deliver excellent performance. However, these studies have shown that, depending on their level of maturity, such organisations can take a long time to emulate the concepts encapsulated in these models, a time that developing countries cannot afford. Nevertheless, the available literature has not attempted to bridge the gap between these existing performance improvement methodologies and the speed with which public sector organisations need to transform their performance so as to overcome their weaknesses and attract FDI. Thus, this paper has attempted to bridge this gap and add to the base of knowledge about new concepts for organisational performance improvement within the public sector.

In order to do this, the paper has first looked at some of the approaches managers in the private sector are using to step change the development and implementation of innovation. The paper then has looked at using the step change innovation implementation approach as a baseline from which to develop a new approach that can help government organisations adopt best practices and deliver effective performance in a step change fashion to attract MNCs. The proposed approach has been confirmed using multiple case studies.

The proposed approach suggests that decision makers should compare their existing practices with best practices and identify the gap. If the gap is fairly close, the approach suggests forming a team in a suitable organisational structure within the existing government organisation and dedicates it to work with MNCs. However, if the gap is significant, the approach suggests establishing a separate spinout organisation and dedicates it to work exclusively with MNCs during the lifecycle of infrastructure development. This can help decision makers (change champions) to address the requirements of new customers segments, such as MNCs, quickly without having to disrupt their existing organisational system and face the inevitable resistance to change.

This approach is mainly targeting those developing countries suffering from corruption, bureaucratic and complicated administrative processes associated with the lack of financial resources necessary to deliver their infrastructure investment needs. Nevertheless, it can also be used as a generic approach for performance improvement for those decision makers, in the public or private sectors, who wish to adopt new/best practices without disrupting their existing organisational system and practices. This paper has only focused on developing and validating the components of the proposed approach and its underlying elements. Detailed guidance for the successful implementation of this approach needs to be further developed with real implementation cases.

In summary, the proposed approach suggests creating a parallel organisational structure, either as a spinout organisation or as in-house team/unit, in line with best practices, that is dedicated for the development and delivery of strategic projects instead of attempting to improve the existing organisational systems and practices, which is rather complicated, lengthy and highly risky.

In both cases and after the successful operation of the new organisational structure (either the in house or the spinout), the approach advises decision makers, in the long run, to market the achievements of the new organisational structure with key stakeholders to ensure their continual support. This can help pave the way for gaining their approval to gradually institutionalise best practices to cover their entire organisation(s).

However, the case study findings have emphasised that to achieve successful implementation for the proposed performance improvement approach, there are number of key factors that champions of the change should take into account. These include achieving top management commitment and support before commencing the change by making sure that a complete business case is developed for any proposed change and conducting number of workshops to clarify the aim and objectives of the change, resources required and its expected benefits and ensure that decision makers are fully aware about the operational details of the separate organisational structure and that any contradictions with existing government regulations and bylaws are highlighted and reconciled.

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