

Measuring the Impact of Organization Structure Variables on Various Facets of Innovation Capability: An Empirical Study in Pakistan

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This study investigates the impact of various organizational variables on innovation capability. Three organizational variables (employee competency, leadership, and organizational structure) and five innovation capabilities (product, process, marketing, administrative, and service) have been included. One-to-one direct relationships between the variables have been developed and tested. The data is collected conveniently from 265 managerial-level bankers working in Pakistan's various public and private banks. The findings reveal that competent employees can enhance multiple forms of innovation capability of an organization. Moreover, leadership also has a significant impact on the innovation capability of the organization. And finally, the organizational structure plays a crucial role in bringing advancement in various aspects of organizational innovation. The study contributes to the existing knowledge as it investigates the one-to-one link between variables of interest. The findings suggest that managers have to understand and employ organizational factors for devising innovative products & strategies to serve their customers better and stay ahead in the competition.

Keywords: *Organizational variables, innovation capability, product innovation, process innovation, service innovation, marketing innovation*

“Innovation distinguishes between a leader and a follower.” Steve Jobs

In recent years, consumer demands are constantly shaping and becoming diversified, especially in the service sector. In response to this, business practices are also changing. One of the strongest facilitators of these practices is ‘technology’ which enables the creation of new ideas, services, products, and more sophisticated business processes (Jimenez-Jimenez et

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al., 2019; Liao & Cheung, 2002). The new entrants and new products are forcing companies to continue adjustments in their processes and operations to remain competitive and on the verge of dynamic changes. Contrary to the past, nowadays brands are becoming more responsiveness and market-driven to ensure customer satisfaction and preference (Brege & Kindström, 2021). The key to this competitiveness requires close consumer-company relationships by keeping appropriate knowledge of consumer requirements through market intelligence units to effectively deal with anticipated challenges of competition, specifically, retaining customers.

Therefore, customer relationship management (CRM) has been introduced which has become an essential marketing concept in the business world (Migdadi, 2020). CRM component is efficiently accessing and connecting customers when the market is saturated with multiple products, advertisements, and promotions. Researchers classify CRM mechanisms into two types; external (e.g., information sharing, customer involvement, Lin et al., 2010) and internal (e.g., knowledge management, organizational factors, Garrido-Moreno & Padilla-Melendez, 2011). CRM and innovation are widely considered to be associated with gaining a competitive advantage (Battor & Battor, 2010).

Prior investigations have mainly focused on studying external CRM practices with one or two forms of innovation capability (Battor & Battor, 2010; Hassan & AL-Hakim, 2011) and with some other variables, e.g., organizational performance, customer engagement, positive word of mouth (Dewnarain et al., 2019; Manhart & Thalmann, 2015). So, the question here arises whether internal CRM practices affect the innovation capability of the organization? Also, which types of innovation capability can be influenced based on these practices? This study responds to this gap and specifically considers organizational factors (i.e., employee competency, leadership & organizational structure) from the internal CRM practices in investigating the innovation capability of organizations.

Organizational variables play an essential role in developing a consumer-centric environment where consumer needs and wants are utilized for designing appropriate solutions (Branzei & Vertinsky, 2006). These solutions are new and can be in any form; it may be a unique new development by integrating multiple ideas (Manhart & Thalmann, 2015). Or a new method of doing the entire manufacturing tasks or a new way of doing marketing tasks such as segmentation, promotion, retailing, and pricing (Weerawardena, 2003). Many businesses are working to bring some innovation in administrative procedures to minimize administrative costs (Jalali & Sardari, 2015). While some are working for service innovation, indicating a new way of servicing consumers in terms of after-sale services, warranty, and guarantee for enhanced satisfaction level. The ultimate goal of any business is to find the most suitable fit between the consumer need and the possibility of developing that need into reality (Westland, 2008).

When provided with relevant and timely knowledge (Roberts, 2000), competent and trained employees are a source of competitive edge to the organization, and their mutual sharing results in coming up with something new to the world (Lin et al., 2010). This competency also results in developing the entire strategy in a new way to manage consumer relationships with innovative aspects better. On the same side, organizational leadership is another critical element in motivating individuals to share and work for organizational accomplishment (Yang, 2007); sharing inflates the learning process, affecting innovation (Hassan & Al-Hakim, 2011). Also, the way in which the organizational structure is designed provides support to the innovation culture through an interactive environment that helps the process of novelty and organizational growth (Claver-Cortes et al., 2007).

Keeping in view the research questions, the objectives of the study are a) to measure the impact of employee competency on five dimensions of innovation capability, i.e., product innovation, process innovation, marketing innovation, administrative innovation & service

innovation b) to study the effect of leadership on the above mentioned five dimensions of innovation capability c) to investigate the effect of organizational structure on the above mentioned five dimensions of innovation capability. The main contribution of this study is that it measures the one-to-one relationship between organizational factors and various dimensions of innovation capability. The current study has important implications for managers. Organizations need to maintain pace with the competitive environment and changing consumer needs. Our findings will help managers understand the importance of an organization's internal factors and utilize them to serve their customers in innovative ways better.

Literature Review

Organizational Variables

Organizations develop their capability of understanding consumer needs & demands and use this consumer knowledge in shaping products according to their preferences (Frank et al., 2020). Three organizational variables have been included in the study, i.e., employee competency, leadership, and organizational structure. Competent employees play a strong role in this regard, and this competency is achieved by how timely the organization receives and further delivers information to the employees (Badir et al., 2020). It will lead to the company's edge over competitors in better management of customer relations. Employees differ in terms of their team behavior, risk-taking ability, and individual work patterns. No matter how advanced your business technology or processes; human resource in any organization is most important because how much they are knowledgeable and what kind of inter-relationships they have is crucial for executing strategic moves (Gunawan et al., 2019). Within the employees, leaders motivate them to move forward and perform by utilizing their full potential. Managers' motivation of their subordinates for utilizing their skills in creating and applying relevant knowledge is a must for organizational success (Yang, 2007). The organizational structure indicates how authority, responsibility & tasks are assigned and coordinated in an organization (Daft, 2004). It has many sub-dimensions, including variables like centralization, horizontal/vertical differentiation, formalization, specialization, and culture (Damanpour, 1991). A well-integrated organizational structure is one that facilitates consumer-company interaction through employee participation (Lin et al., 2012), thus leading to organizational success.

Innovation Capability

Innovation is any discovery, invention, or newness in a product or service which creates a different satisfaction level than mere product improvement (Drucker, 2001; Truong et al., 2020). Innovation capability in terms of mental ability refers to innovation in creating and integrating new ideas (Manhart & Thalmann, 2015); this range also includes a collection of innovative accomplishments by the manufacturer. Innovation capability is also observed in technical and administrative innovation (Damanpour, 1991). Innovation is an alteration of products, services, processes, organizational and marketing systems for delivering superior customer value (Damanpour, 2017). Five dimensions of innovation capability have been included in the investigation, including product, process, marketing, administrative and service innovation. Product innovation is producing any differentiated product for better consumer contentment (Tsai et al., 2001) by combining need with technology. Although technology has limits in market possibilities, the best possible combination of design possibility and consumer want makes a company successful (Westland, 2008). Process innovation is differentiated servicing or manufacturing (Tsai et al., 2001). Also, it includes all

the inter-related tasks starting from innovative idea generation to product commercialization, i.e., transferring product knowledge to the consumer through these doings (Trott, 2005). Marketing innovation relates to a new understanding of consumer needs, segmentation, markets, retailing, pricing, and business strategies for fulfilling those needs (Weerawardena, 2003). Researchers focus on developing new products rather than searching for better ways to market those products (Ngo & O’Cass, 2013), which is crucial to company performance. Administrative innovation refers to such innovative decisions by managers in which the administrative costs can be reduced, and at the same time, the work environment and overall satisfaction can be improved (Yang, 2007). Service innovation is company activities such as warranty, guarantee, after-sale services, maintenance, and order-placing systems designed for enhanced consumer satisfaction (Gopalakrishnan & Damanpour, 1997). Success opportunities are inbuilt into the service specifications of any company (Jalali & Sardari, 2015).

Organizational Variables and Innovation Capability

The concept of innovation capability in the current investigation is carried out by following findings of previous studies that consider different forms of innovations such as radical, incremental, administrative, and technological, as a crucial source of organizational existence and growth (Blazevic et al., 2003; Jaspers et al., 2007; Oke, 2007). Organizational variables facilitate obtaining knowledge about consumer needs, wants & preferences, and then applying that knowledge for improved products and services will make the company superior (Battor & Battor, 2010; Branzei & Vertinsky, 2006; Joshi & Sharma, 2004).

Competency is a skill; when an individual is motivated along with a social willingness and inbuilt potential for solving problems in a focused and responsible manner (HRK, 2012), it reaps beneficial results. Individual competency can be seen as one of the most crucial support combined with organizational competency to deliver long-term organizational success (Eberl, 2009). Human resource management practices that aim at developing employee competency and innovation-supportive structure not only contribute to individual factors such as high motivation, retention, and better performance but also facilitate efficient achievement of organizational objectives and financial outcomes (Gunawan et al., 2019; Riana et al., 2020). Regular and close interaction between important organizational actors helps develop ideas (Lin et al., 2010). Employees share their knowledge & experiences within and across groups for developing new ideas and carrying out innovative activities in the organization (Darroch & McNaughton, 2002). Employees who are skilled in responding to market demands ultimately end up coming up with something different and more viable than competitors (Setyowati et al., 2020). Capable employees support managing their organizational resources effectively; they focus on gaining knowledge from both internal and external perspectives to boost their innovative work production and customer acquisition (Badir et al., 2020). Keeping the above discussion in view, it would be interesting to understand how competent employees are likely to play a role in affecting various dimensions of innovation capability; hence, the following hypotheses are formulated:

Hypothesis 1: Employee competency has a significant positive effect on (a) product innovation, (b) process innovation, (c) marketing innovation, (d) administrative innovation, and (e) service innovation.

Existing literature states that organizational and transformational learning impact two types of innovation; product and process (Hassan & Al-Hakim, 2011). Effective leadership develops vision and mission in an organization; decisions that involve top management and are crucial in the suitable use of resources and maintaining a conducive work environment

(Lin, 2006). Organizational leadership is critical in developing an organization's infrastructure that encourages the innovation process (Donate & Guadamillas, 2011). An effective leader who explicitly holds authority at the top of the hierarchical structure can influence the entire organizational climate and positively affect organizational innovation (Zuraik & Kelly, 2019). For supporting innovation, leaders do role modeling and impact innovation culture with an appropriate strategy, evaluation benchmarks, and respective rewards (Villaluz & Hechanova, 2019).

Previous research has found that when organizations focus on employees' leadership training, improve the quality of mutual relationships between subordinates & leaders, and strengthen personal initiatives, this will result in employee innovative behavior (Laguna et al., 2019). Moreover, when an organizational employee is empowered, it helps flourish autonomy and competency among employees (Gagne, 2009) who can further play their role in innovative tasks. We can assume that leadership can affect the various innovation capability of an organization, for which empirical investigation is required. Thus, the following hypotheses are proposed:

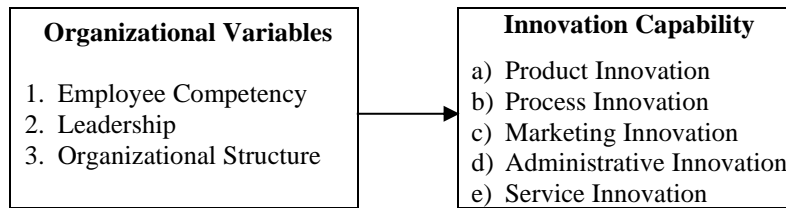
Hypothesis 2: Leadership has a significant positive effect on (a) product innovation, (b) process innovation, (c) marketing innovation, (d) administrative innovation, and (e) service innovation.

Organizational innovation is related to the changes in organizational infrastructure, culture, strategic plan, and skill set for adopting innovative methods (Maheshwari et al., 2006). Most organizations choose appropriate options such as flexible infrastructure, which allows decentralizing decision-making and transparent communication channels across all levels; this helps the innovation process (Claver-Cortes et al., 2007; Hassan & Al-Hakim, 2011). On the other hand, research also states that many organizations opt for formal and centralized authority and research & development structure intending to improve collaboration of the internal inventor network, which ultimately expands the breadth of innovation and technical search (Argyres et al., 2020).

Further, the size of an organization and its environment plays a role in forming a culture in which innovation is appreciated (Saleh & Wang, 1993). Organizations with an innovation-supportive structure are more likely to undergo incremental innovation because of democratic power (Hage, 1980) than an organization with a mechanistic structure that may facilitate radical change (Nord & Tucker, 1987). Various elements of organizational structure at the strategic, institutional, and operational levels directly impact the diversified organizational capabilities needed for sustainable business model innovation (Bocken & Geradts, 2020), which is a key driver of competitive advantage and corporate sustainability. Organizational processes and structure impact administrative tasks, including hiring, promotion, authority, responsibility, task management, and rewards (Lin et al., 2010). The above discussion leads to testing the following hypotheses:

Hypothesis 3: Organizational structure has a significant positive effect on (a) product innovation, (b) process innovation, (c) marketing innovation, (d) administrative innovation, and (e) service innovation.

Figure 1
Conceptual Framework



Methodology

Sample and Data Collection

The banking industry is selected for studying the relationship between organizational factors and innovation capability. The reason behind choosing the banking sector is that in most cases, consumers' decisions for choosing a bank involve their life savings, so innovation in the banking sector is significant. Moreover, innovation is a part of this sector, and being receptive to changing technology is crucial to the success of the financial service sector (Ozdemir et al., 2008), so this sector provides a proper platform for investigating the relationship between variables of interest. According to the regulation assessment, 2019 by the State Bank of Pakistan, 35 banks are operating in Pakistan, including public, private, specialized, Islamic, and foreign banks. A survey questionnaire was sent to 265 conveniently available managerial-level bankers of various banks. For improving the response rate, follow-up calls were done to those who did not return the filled questionnaire within four weeks time span. Approximately 209 filled questionnaires were returned, out of which 23 were incomplete, which gave us a final sample of 186 responses. There were not any significant differences between the early and late responses (Armstrong & Overtson, 1977). Also, using Harman's one-factor test, no significant variance was found (Podsakoff et al., 2003) because all the measures were obtained in one survey; hence there was no indication of common method bias. Before executing the survey, the questionnaire was pre-tested by ten managers from the banking sector to ensure appropriate understanding and content validity of the measures.

Measures

The variable items have been adopted from previous literature. The items for organizational variables, i.e., employee competency (4 items), leadership (3 items), and organizational structure (3 items), are adopted from Garrido-Moreno & Padilla-Melendez (2011). A sample item for employee competency includes "firm has qualified (expert) employees and resources needed to succeed in CRM strategy." A sample item for leadership includes, "top management is strongly involved in the implementation of CRM strategy." A sample item for the organizational structure includes "Organizational structure is designed by following customer-centric approach".

Product innovation is measured by 5 items adopted from Damanpour (1992); a sample item includes "Our company launches new products." Process innovation has 6 items adopted from Damanpour (1992); a sample item includes "Our company imports new process technology." Five adopted items (Hammer, 2004; Ibarra, 1993) were used to measure marketing innovation, a sample item includes "Our company leads innovative pricing methods

in markets.” Five adopted items (Elenkoy & Maney 2005) were used to measure administrative innovation; a sample item includes “Our company adopts innovative reward systems.” Finally, service innovation has 4 items adopted from Mathe & Shapiro (1993); a sample item includes “Our company adopts innovative order management and follow-up systems.” All scale items are measured on a 7-point Likert scale (1=strongly disagree, 7 = strongly agree).

Data Analysis and Results

For checking the internal consistency of variables, Cronbach’s Alpha test is applied. Table 1 summarizes the descriptive statistics and the alpha values for all the variables under investigation. It is observed that all the variables have alpha values greater than 0.7, which indicates the internal consistency of the measures (Loewenthal, 2001). Table 1 also exhibits the correlation among study variables. It has been found that there is a significant positive correlation among all the study variables per the hypothesized direction. The hypotheses are tested by regression analysis, and the results are displayed in Table 2.

Table 1
Descriptive Statistics, Reliability, and Bivariate Correlations among Study Variables

Variables	Mean	SD	Alpha	1	2	3	4	5	6
1. Employee competency	5.51	0.78	0.75	1					
2. Leadership	5.55	0.89	0.80	.48**	1				
3. Organizational Structure	5.48	0.86	0.77	.35**	.39**	1			
4. Product innovation	5.77	1.03	0.76	.27**	.36**	.30**	1		
5. Process innovation	5.65	0.79	0.83	.33**	.36**	.54**	.45**	1	
6. Marketing innovation	5.47	0.81	0.80	.29**	.31**	.43**	.25**	.45**	1
7. Administrative innovation	5.45	0.80	0.76	.40**	.38**	.44**	.30**	.59**	.63**
8. Service innovation	5.48	0.86	0.81	.41**	.35**	.37**	.27**	.44**	.58**

$n = 186$, ** Significance at $p < 0.01$

Employee Competency and Innovation Capability

Employee competency has a significant positive impact on product innovation ($\beta = 0.27$, $p < 0.01$, $t = 3.82$). The model is statistically significant ($F = 14.59$, $p < 0.01$) therefore *H1a is supported*. Employee competency has a positive impact on process innovation ($\beta = 0.33$, $p < 0.01$, $t = 4.78$) and the model is significant ($F = 22.88$, $p < 0.01$), *supporting H1b*. Employee competency has a significant impact on marketing innovation ($\beta = 0.29$, $p < 0.01$, $t = 4.15$) and the model is statistically significant ($F = 17.88$, $p < 0.01$), thus *supporting H1c*. Similarly, employee competency positively impacts on administrative innovation ($\beta = 0.40$, $p < 0.01$, $t = 5.97$) and service innovation ($\beta = 0.41$, $p < 0.01$, $t = 6.01$). Both the models are statistically significant ($F = 35.65$, $F = 36.07$, $p < 0.01$ respectively), thus *H1d and H1e are supported*.

Leadership and Innovation Capability

Leadership has a significant positive impact on product innovation ($\beta = 0.36$, $p < 0.01$, $t = 5.22$) and the F value (27.23, $p < 0.01$) indicates that the response variable is better predicted by the regression model rather than the mean of response so there is *support for*

H2a. Leadership positively impacts process innovation ($\beta = 0.36, p < 0.01, t = 5.19$) with a statistically significant model ($F = 26.98, p < 0.01$) hence *supporting H2b*. Leadership has a significant positive association with marketing innovation ($\beta = 0.31, p < 0.01, t = 4.46$) and the F value ($19.89, p < 0.01$) shows that the model is significant therefore, *H2c is supported*. Leadership has a positive impact on administrative innovation ($\beta = 0.38, p < 0.01, t = 5.63$) with a statistically significant F value ($31.71, p < 0.01$) hence *H2d is supported*. Finally, leadership significantly affects service innovation ($\beta = 0.35, p < 0.01, t = 5.09$) and the model is statistically significant ($F = 25.91, p < 0.01$), *supporting H2e*.

Organizational Structure and Innovation Capability

Organizational structure is positively and significantly associated with product innovation ($\beta = 0.30, p < 0.01, t = 4.18$) and the F value ($17.94, p < 0.01$) indicates the statistical significance of the model, hence *supporting H3a*. Next, organizational structure significantly impacts process innovation ($\beta = 0.54, p < 0.01, t = 8.66$) with a significant F value ($75.02, p < 0.01$) indicating *support for H3b*. Organizational structure is associated positively with marketing innovation ($\beta = 0.43, p < 0.01, t = 6.52$), having a significant F value ($42.45, p < 0.01$), so *H3c is supported*. Organizational structure has positive impact on administrative innovation ($\beta = 0.44, p < 0.01, t = 6.71$) with statistically significant model ($F = 45.08, p < 0.01$), thus *supporting H3d*. Finally, organizational structure significantly predicts service innovation ($\beta = 0.37, p < 0.01, t = 5.39$) and the F value is statistically significant ($29.08, p < 0.01$) therefore *H3e is supported*.

Table 2
Regression Analysis: Innovation Capability

	Predictor	Innovation Capability (DV)	B	R2	T	F
H1a-H1e	Employee Competency	Product	0.27**	0.73	3.82**	14.59**
		Process	0.33**	0.11	4.78**	22.88**
		Marketing	0.29**	0.09	4.15**	17.88**
		Administrative	0.40**	0.16	5.97**	35.65**
		Service	0.41**	0.16	6.01**	36.07**
H2a-H2e	Leadership	Product	0.36**	0.13	5.22**	27.23**
		Process	0.36**	0.13	5.19**	26.98**
		Marketing	0.31**	0.10	4.46**	19.89**
		Administrative	0.38**	0.15	5.63**	31.71**
		Service	0.35**	0.12	5.09**	25.91**
H3a-H3e	Organizational Structure	Product	0.30**	0.09	4.18**	17.94**
		Process	0.54**	0.29	8.66**	75.02**
		Marketing	0.43**	0.19	6.52**	42.45**
		Administrative	0.44**	0.20	6.71**	45.08**
		Service	0.37**	0.136	5.39**	29.08**

$n = 186$, *Significance at $p < 0.05$, **Significance at $p < 0.01$

DISCUSSION

The results are discussed below. There is a significant positive association of employee competency with all five dimensions of innovation capability, i.e., product, process, marketing, administrative, and service innovation. This finding corroborates the previous

findings. Globalization has given consumers exposure to exchange information with other consumers, and they are more informed about alternatives. Hence they are a dynamic consumer. How keenly companies observe/listen and respond to these diversified consumers is the art (Battor & Battor, 2010). Capable employees who are proficient enough to sense the market changes, identify small loopholes for improvement, and respond first to consumer demand help their organizations to stay ahead of the competition (Satyowati et al., 2020). Their goals are straight, i.e., customer retention. Their methodology of staying updated and knowledgeable is through internal and external information, which supports them in coming up with innovative solutions for their company and customers (Badir et al., 2020). They make the best use of the organization's available physical and intellectual resources and utilize them in the right direction in a progressive manner. Hence, it can be understood that those organizations which have competent employees are ahead of the competition. Because their employee competency enables them to develop innovative products, smart business processes, relevant direct or supportive services, and creative decision-making for other elements of the product's marketing mix, i.e., price, placement, and promotion. Such employees can tap consumer emotions at a 'delight' level rather than mere satisfaction.

There is also a significant positive impact of leadership on various dimensions of innovation capability, i.e., product, process, marketing, administrative, and service innovation. The current findings substantiate the previous findings. Effective leaders set the ground for an innovative organizational climate by role-playing and using appropriate strategic and tactical decisions such as innovation-supportive business strategy, performance evaluation, and reward systems (Villaluz & Hechanova, 2019). Organizations now take required measures for employee leadership training and improving leader-subordinate relationships so that all are motivated for innovative initiatives (Laguna et al., 2019). Good leaders inculcate self-sufficiency in their subordinates so that collective efforts can be reaped into visible market positions and shares. They focus on team building, cross-discussions, collaborative sharing, a delegation of authority, and efficient sharing of resources, and play a strong part in developing innovation-centric organizational infrastructure (Zuraik & Kelly, 2019). Hence, effective leadership in an organization will be ultimately reflected in its innovative product, services, business models, administrative infrastructure, and marketing practices. All employees will consider themselves a crucial part of the bigger picture with an equally important role to play in bringing innovative solutions to the company and consumer demands.

Organizational structure is found to have a significant positive effect on various forms of innovation capability, i.e., product, process, marketing, administrative, and service innovation, in an organization. This is consistent with previous findings.

In order to translate the needs and preferences of the customers in terms of improved products, organizations must respond by adjusting their structure corresponding to a customer-centered approach (Branzei & Vertinsky, 2006). The organization may change the basis of departmentalization, rather than the traditional hierarchical function design to a divisional structure or if suitable matrix design. More horizontal design and improving organizational communication and coordination mechanisms, thereby changing into a flexible design will be considered favorable for a firm for innovation. In the era of fierce competition, companies are structuring in a decentralized manner for more autonomy and empowerment, as well as many are doing centralized processes for better pooling of internal talent, budgets utilization, and collaborative work across various geographies to understand market trends and respond accordingly (Argyres et al., 2020). The key target is to achieve a sustainable business innovation model in various aspects/ activities of the business to survive the competition and become the pioneer in the market (Bocken & Geradts, 2020). Hence, it is evident that the

structure of an organization becomes a strong facilitator of an innovation-supportive climate that ultimately results in various forms of innovation.

In many ways, this research contributes to the existing knowledge. First, rather than focusing on the impact of a few dimensions of innovation (e.g., Hassan & Al-Hakim, 2011; Nkemkiafu et al., 2019; Truong et al., 2020), this paper simultaneously focuses on measuring the impact of organizational features on various dimensions of innovation capabilities, i.e., product, process, marketing, administrative, and service innovation. Second, the study would empirically demonstrate how these strategic components (organizational variables and creation) can be integrated. Third, as the literature states that different elements of an organization have different contributions toward various forms of innovation dimensions. Therefore, after studying one-to-one relationships between organizational factors and innovation capability, the findings would make practitioners understand which innovation capability's dimensions are associated with various internal organizational factors and thus can play a significant role toward sustained competitive advantage.

Limitations and Directions

Certain limitations of this study lead to future directions. First, the cross-sectional and self-report survey limits the scope of determining a sustained impact of investigated variables, especially when we want to explain various types of innovation. Ideally, a longitudinal design may best survey this purpose, therefore, further research should consider longitudinal research to find out how the change in organizational variables (corresponding to CRM) over time can influence an organization's innovation capability. The second limitation is that the study is the banking sector (service sector) specificity of the respondents. Therefore, the generalizability of the findings for the manufacturing industry cannot be claimed. Future research may be conducted in different sectors that include product-oriented firms and other service sectors as well. Maybe the selection of other industries or geographical areas influences the findings. Also, a future study can investigate which dimension of innovation capability is more crucial for a particular sector or which organizational factor is more dominant in influencing particular innovation capability. For example, considering the sensitive nature of the health service sector, i.e., hospitals, some dimensions of innovation may be more important than others, or some innovation dimensions may be less appreciated than others due to the involvement of life risk. The multidimensional outcome variable with comprehensive coverage of various forms of covering innovation capability needs further investigation and is an under-researched area. Future research may be carried out to find the impact of innovation capability on various factors related to firms' performance, such as competitiveness, market growth, and market share.

Implications and Conclusion

The examination of internal facets of CRM practices, i.e., organizational factors (employee competency, leadership, and organizational structure) are few and far between and need more empirical-based investigations from academicians. The prediction role of internal CRM practices side, i.e., organizational factors in predicting various types of innovation capability is established and thus has important managerial implications in equipping the organization with competent employees, the right leadership, and enabling organizational structure for innovation. Consumers usually have several options; they are very likely to switch firms based on their trust, belief, and a close understanding of their innovative needs and wants. These competent employees must be retained for long-term growth and reaping pioneer benefits in innovative products/services, marketing, and administrative capability. Moreover, the findings would guide managers about the important role of leadership in

enabling organizations to adopt various forms of innovation. Leaders are a fruitful source in inculcating mutual sharing and appreciating deviant initiatives that lead to innovative consumer-centric ideas and processes. Also, managers must keep in mind that organizational structure is crucial in developing innovation capability in an organization. The rewards, appraisal, resource management, authority, and responsibility all should be aligned with an innovation-focused environment in the organization. When the structure is innovation-supportive, organizational capability for various dimensions of innovation is ensured, thus enhancing customer retention.

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