



# Strategic Innovation and Organizational Sustainability in the context of External Changes in Government Plans

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## Abstract

Contemporary studies are now documenting that strategic innovation is crucial for increased organizational sustainability, however, few studies have been done on the effect of strategic innovation practices and organizational sustainability on the framework of fundamental changes in government development plans or economic diversity. A quantitative exploratory study design and analysis was carried out through a survey of 350 plus Saudi employees to explore and study the correlation of strategic innovation practices on organizational sustainability, during the implementation of the Kingdom of Saudi Vision 2030. Findings of this study indicate that strategic innovation is impressively being practiced in the Kingdom of Saudi Arabia during the 2030 vision. The results also ascertained that strategic innovation practices tested in this study are found to be positively related to organizational sustainability during this phase. The research importantly adds to the organizational sustainability and strategic innovation extant literature by clarifying their relationship in an emerging economy during a government structural plan change. This paper offers a first comprehensive and exhaustive review on the link of strategic innovation and organizational sustainability frameworks in an emerging economy. The paper builds as research on progress, of an empirical study on the synergy between strategic innovative practices and organizational sustainability during an economic diversification process in an emerging economy.

**Keywords:** Strategic Innovation; Organisational Sustainability; Economic Diversification; Development Plan Initiatives; Vision 2030; Saudi Arabia

## Introduction

It is possible to deduce from current empirical data that the strategic use of innovation practices is probably the most significant influence of organizational competitive advantage and survival [1,2]. Apart from the fact that strategic innovation and organisational sustainability have become regular practice in businesses [1,2] they have equally emerged as important academic constructs [3,4]. While a considerable amount of literature has been published separately on strategic innovation and organisational sustainability [3,1,5], recent attention has shifted to the relationship between SI and OS and to the role of external contexts in the relationship [6,7]. By default, strategic innovation is importantly connected with an organization's own long-term goals of competitive advantage and sustainability, and considers opportunities and threats in the external environment, including the changing government policies and national initiatives. Empirical studies have now been exploring and proposing dimensions and frameworks, to practically direct organizations to recognize the essential strategic innovation practices, though still limited and inconclusive [8,2]. Despite the theoretical contention relating SI to OS, empirical evidence in support of such a relationship is limited. The few available results are inconclusive and mostly from the Western contexts. Innovation and sustainability researchers are also yet to conclude on frameworks and models that are structured, clear and validated, yet reflect the intricacies of the dynamic changes of the real business environments both internal and external. As such, this paper is exploring certain aspects of strategic innovation practices and sustainability dimensions in order to advance the discourse of SI and OS in emerging economies.

Hence, firms in Saudi Arabia provide a suitable context for studying this insufficiently researched topic to understand the association of strategic innovation practices and organizational sustainability, as it is currently in the phase of dynamic economic development changes to achieve the Vision 2030 government goals. Furthermore, this study is probably the first to provide vital results index necessary for a useful comparison of future research results on this topic as concluded by the paper.

This paper, as a research-in-progress project, covers the two conceptual frameworks, and the empirical study on the relationship. Based on a quantitative exploratory study design, an analysis was carried out through a survey of 350 plus

Saudi employees to explore and study the correlation of strategic innovation practices on organizational sustainability, during the implementation of the Kingdom of Saudi Vision 2030. Findings of this study indicate that strategic innovation is notably being practiced in the Kingdom of Saudi Arabia during the 2030 vision. The results also ascertained that strategic innovation practices tested in this study are found to be positively related to organizational sustainability during this phase.

The rest of the paper is organized as follows: Section 2 presents the background: the changing Saudi context. Section 3 is the literature review: Theory and Hypothesis. Section 4 discusses the research methodology. The results and discussion of the results are reported in Section 5, and section 6 concludes the paper with implications and limitations.

## Background: The Changing Saudi context

Two decades ago, the Kingdom of Saudi Arabia was a completely oil dependent country with no strategic innovation or industrialization drive [9]. The country faced economic development challenges in many sectors, with a growing young generation and high unemployment [10]. The growth of the GDP was mostly from the oil sector [11]. By 2010, The UNESCO report of 2010 articulated its concern that countries in the Middle East, notably Saudi Arabia, were not investing well in research and development compared to other developing countries regionally. [11] The study equally noted that even though there was an increase in the country's GDP in 2013 due to its oil revenue, capital investment in research and development in the Kingdom of Saudi was quite meagre and this resulted in stagnant economic development in many sectors, other than the energy sector. By 2015, however, to spearhead economic growth, diversification and sustainable development of the country, the Saudi Government developed and announced its 2020 National Transformation Program (NTP) and the Vision 2030 plan. According to the Government of Saudi Arabia, the vital goals and objectives of these new development plans were to diversify the economy and improve international trade with other countries around the world [12].

The country diversification and economic reform programs initiated economic transformations and government institutional changes that would minimize oil dependency as a source of the only economic activity and revenue and introduce innovative strategies to diversify the other

sectors, like education, health, tourism and recreation sectors. Proactively, to measure the initiative and transformations of the two strategic plans in its institutions and the economic development, the Sustainable Society Index (SSI) was applied to these initiatives. Initiatives were designed in the area of human capital development, eco-friendly milieu, a good balance of quality-of-life society, and sustainable use of resources and processes with embedded measures [13]. By 2019, a measurable improvement in the economic development of the country was noted by the World Bank report of 2020 on business environment reforms in the country, with an economic growth rate of 2.1%.

Diversification of an economy has a weighty impact on the effective strategic innovation of government institutions, organizations and businesses [14]. The Saudi government introduced and supported strategic innovation practices by liaising and joining hands with academic institutions and corporations, as well as investing in research and development. This has resulted in the establishment of innovation centers by government and local institutions (SABIC, etc.) and multinational enterprises, for example GE and 3M. Saudi socio-economic development planners and advisors were forced to design and develop strategic innovative practices in the institutions that would handle the transformations brought by economic diversification, innovation and sustainability initiatives as promulgated in these blueprints. Post-economic diversification era, there has been considerable changes in the external environment for institutions and firms working in the Kingdom of Saudi Arabia [15].

In the above background of literature, there has been a limited number of studies which attempt to explore and confirm the relationship between strategic innovation and organizational sustainability during the external government policy changes and transformations within the emerging economies or the Saudi context in particular [11,16]. In fact, [16] conducted the only research in Saudi Arabia which has tried to explore strategic innovation practices through an in-depth explorative study, before the external government changes. This study aims to add to the light empirical data on the topic, to explore and articulate if applying strategic innovative practices in Saudi firms was associated with organizational sustainability in the post-Vision 2030 environment.

#### **Literature Review: Theory and Hypothesis**

[17, 15] have defined and conceptualised strategic innovation as “the creation of growth strategies, new product categories, services or business models that changes the firm and generate significant new value for consumers, customers and profits and competitive advantage and sustainability for the corporation”. Importantly also, strategic innovation has been equally shown to also efficiently and effectively support and respond to the institutions’ and organizations’ environments and balances other internal firms’ systems and processes to any external changes and eventualities to achieve competitive advantage and long-term survival [18-20]. Where firms’ core competencies and core capabilities are seen to be critical for the firm’s profitability and competitive advantage [21, 22]. The organisations gain this competitive advantage by using all the firm’s resources to beat the competitors, leverage the marketplace and develop a long-term sustainable position for the company in the economy [23]. Crucially also, [24] stressed the use of strategic innovation by firms to increase their competitiveness and profitability due to the always changing, local, and global business environment. In fact, research done by [25] noted that competitive advantage significantly influences our society, the natural environment, and global economic development. Eventually, the concept of strategic innovation is now commonly referred to in business circles as the next level of competitive advantage and the first step in addressing the external changes in any economy [26,27].

Historically, ‘The Theory of Economic Development’ by Joseph Schumpeter (1934), and its discourse on the distinction between external and internal factors of the economic system, is still probably one of the seminal and highly cited and influential books in the field of strategic innovation practices and economic development. His work supported the configurational view of entrepreneurship and innovation as a necessary symbiosis between all the business environment factors and processes for the functioning and development of the free market world of that time [28]. He highlighted innovation as the key driver of firms’ competitive advantage [28]. Fast forward, strategic innovation is now positively associated with performance and long-term organisational sustainability [28, 29, 18]. The current era of globalisation, as seen in many studies, calls for fierce competition and rapid innovation for companies to have an impact in the economy and for its own survival or organisational sustainability [30-32]. Strategic innovation is now recognised as the resolve applied due to external changes in the business

environment, to realize innovative added value for customers and sustainable expansion and development for the organisation, industry, and country's economy [15, 33, 32,34], which is the approach taken by the paper.

Business environment plays a crucial role in the strategy formulation of a firm. Essentially, it comprises of the internal capabilities, and its resources and the wider external environment of the industry of the firm, the domestic economy, as well as that of the global business environment [35]. The wider external environment includes national ambitions and development plans and public policies. Hence, the external environmental of a business is crucially analysed in order to formulate the right strategies to achieve and sustain competitive advantage [36,37]. Hence, configuring and aligning the corporate strategies with the external environment is therefore the first most important step in the firms achieving competitive advantage and long-term survival. [38] noted that external business environment is the driving force and the most crucial circumstantial factor that influences firms' strategic innovation. The economic developmental transitions around the globe have called for countries and governments to change their institutions to promulgate the strategic innovation of doing businesses to add value to firms' processes, products and services for their long-term survival and achieving competitive advantage [10].

Conclusions of a very recent bibliometrics research on strategic innovation (SI) and organisational sustainability (OS) started with the discussion on the limited correlation of the two concepts [39]. According to the study, strategic innovation has been famously and thoroughly studied in the last three decades with extraordinary elucidations from many scholars, with models validated across different sectors [40,41]. However, that's not the case with organisational sustainability, still in its formative years with a myriad of questions in its conception and implementations [39]. [42] advocated organizational sustainability as seeking balancing economic, environmental, and social performance and simultaneous business performance and competitive advantage. [43] argued that when sustainability is built into the organization, the firm's strategy is driven by a rational approach to higher economic profits and competitive approach. Current studies are now appreciating the comprehensive interdisciplinary nature of organisational sustainability concept. Theoretical models elucidating the cultural context, functional areas,

and best practices are being explored however unclear [44].

In looking at the relationship between SI and OS, studies done have documented relatively robust positive correlations between the firm's innovative strategies and organizational sustainability [45]. In fact, the majority of other literature in the study associated organizational sustainability as being the driver and built in conception of strategic innovation [46]. [47] study over 650 organizations in the US on innovation practices and their impact. The study reported that the top quartile companies with high strategic innovation obtained a 13% higher profit margin than the average performers. A study done by the Boston Consulting Group [48] reports that 75% of the 1500 senior managers surveyed viewed innovation as one of their crucial pillars in trying to achieve competitive advantage.

In another study, [49] found that innovation practices were consistent with a firm's strong engaging innovation strategy, which was positively linked to the capacity for sustainable innovation. In other words, any incorporation of innovation must be integrated into the strategy, structure and culture of the organisation [27]. [50] study on strategic innovation found that the use of business intelligence and analytics supports innovative capabilities and adds to the competitive advantage and long-term survival of the company. Business analytics integrated information resources of the firm, producing innovative breakthroughs which provide new feasible ways of doing things for the firm for value creation. The study by [39] concludes with the popular observation from the bibliometric analysis that strategic innovation precedes and is built from the competitive advantage and the need for long term sustainability which links to the general organizational sustainability.

Both SI and OS concepts are underpinned by several management theories, such as the theory of resources and capabilities and the stakeholder theory, as they both relate to the obligations of the internal and external stakeholders. Table 1. shows studies done on what extent the theories of resources and capabilities and the stakeholder theories account and contribute for the most critical dimensions of strategic innovation and organisational sustainability.

Most of the work on strategic innovation and organisational sustainability has been undertaken in Europe and America. As well as being valid and workable in their contexts, the question that arises is whether any of these

models hold ground in other contexts. Other researchers in emerging economies have now added to the literature from their contexts. [68] The study of innovation and business strategy in government owned organisations concluded that there was a positive relationship between innovation strategies, practices and organisational sustainability from their survey of Indonesian firms. The results in general reveal that innovation has a positive and significant effect on business strategy. Strategic innovation was articulated in terms of processes, structures, cultures, and resources.

A study in Somalia, in Sub-Saharan Africa, [69] found that the country's economic development and success depended highly on the strategic innovation of the country's institutions and its implementation by the organizations in the

different industries. [70] examined how firms in the strong emerging and challenging context in China were designing and formulating green innovation and organizational sustainability practices. Case studies and qualitative data were analyzed to explore and ascertain the correlation in a new dynamic developing and transforming space. Chinese government institutions and regulations played a major role in institutional sustainability development. A study by [71] in diversified Pakistan industries tested a contextual model in an emerging country of corporate environmentalism practices and its influence on strategic management. The findings showed that, externally, the government's regulatory institutions had a huge influence on environmental sustainability, while, internally, the higher management commitment and assurance were identified as a vital factor.

**Table 1. Contributions of the theories of resources and capabilities and the stakeholder theories on SI and OS**

<b>Theory</b>	<b>SI and OS Theory Contribution to the Organisation</b>	<b>Sources</b>	<b>Dimensions of SI and OS to which they add value</b>
<b>Stakeholders</b>	Identifies a structured innovation strategy with organisational alignment, goals and metrics.	[51], [52], [53],[46], [54]	Social, Economic, Environmental
	Improves understanding of stakeholder engagement and partnership foresight	[55]	
	Directly involves all stakeholders, and external changes and trends in strategic innovation.	[51]	
	Builds and maintains relationship between all stakeholders and processes involved, in order to achieve the organisation's sustainability goals.	[56]	
<b>Resource and Capacity Theory</b>	Suitable effective procedures, philosophy and practical arrangements, resources and support for the innovative processes	[57- 61]	Social and temporal dimensions, through the management and development of these resources and capabilities over time
	Maintains the sustainability of the corporation using leadership styles, structures, human capital and change management	[61] [62]	
	Using human capital and dynamic capabilities significantly affect strategic innovation and	[63] [53-55] [62][64-66]	

	henceforth competitive advantage and organisational sustainability.		
	For the sustainability of the organisation, establishing innovation-focused capabilities	[67]	

There are few studies which have been done on the topic in the Middle East or Saudi Arabia in particular. A study by [72] before the implementation of the Vision 2030, on a study on the sustainability in supply chain management practices in Saudi Arabia, documented that the drivers for sustainable practices are mainly related to internal factors around corporate governance, namely culture, values and ethical integrity. Strategic innovation was not factored in at that time. Using a large and comprehensive survey [73] with over 100 respondents from the firm’s different sectors in the Kingdom of Arabia Saudi, Nalband et al., (2016) study analysed the innovative practices of Saudi Arabia before Vision 2030. The simple but exhaustive study concluded that innovation was very crucial for company survival. Innovation strategies supports and enhances organisational sustainability, growth and competitive advantage A recent study by [74] in Saudi manufacturing and service companies on CSR reported that sustainability approach, considering the social, economic and environmental aspects of their business, improved their brand reputation and enhanced their innovation. Direct government exogenous factors and strategic innovation was not tested. Based on the above literature, we hypothesized that:

Hypothesis One H1:

Strategic innovation is practiced by firms in the Kingdom of Saudi Arabia during the Vision 2030 implementation.

Hypothesis Two H2:

Strategic innovation practices have significant effect on the organizational sustainability of firms in Saudi Arabia during the vision 2030 implementation.

**Methodology**

**Data collection**

The hypotheses of this study were developed based on existing theories and solid literature. The data were collected through cross-sectional self-reported questionnaires. The questionnaires were distributed to employees from both private and public sectors in Saudi Arabia. It was indicated to the participants in the first page of the survey that their participation is totally voluntary and confidential. The survey contains three parts, the first part contains the control demographic variables, whereas the second and the third parts cover the items that measure strategic innovation, and organizational sustainability respectively. A total of 341 surveys were collected within 1 month using google forms.

**Measurement**

The measurement items of both the independent and dependent variables of this study, which are strategic innovation, and Organizational Sustainability, were adopted based on previously tested scales by a reputable journal in the same field with slight modifications during the validity. And Five-point Likert-type measurement scale was used. Table 2 displays the independent and dependent variables of this study, the items that were used to measure each one, and the sources.

The study also includes the sector (public, private), industry (manufacturing, service), firm size (based on the number of the employees), and the age of the organization as control variables in the data analysis [75-77]. Age of the firm in years was included as a control to capture any founding values and maturation effects due to the implementation of the 2030 Vision. Firms with more experience in the previous government plans and environment will adopt strategic innovation and organisational sustainability practices better and differently in the new diversification plans phase than organizations which were relatively new.

**Table 2. Variables' Measurement items**

Construct	Item	Source
<b>Strategic Innovation</b>	1. A defined innovation strategy with Organisational Alignment, Goals and Metrics 2. Partnership Foresight 3. Core Technologies and Competencies 4. Process, Structural and Cultural Innovation Management 5. Disciplined Implementation of the innovation strategy 6. Capacity for Sustainable Innovation	[70]
<b>Organisational Sustainability</b>	1. Sustainable partnership 2. Sustainable corporate governance 3. Sustainability compliance management 4. Sustainable Assessment and communication 5. Sustainable Organisational systems	[55]

### *Demographic Characteristics of the Respondents*

Table 3 summarizes the respondents' demographic characteristics. The majority of the respondents (84.8 percent) were in the service sector, with more than half of them working in private companies. And around 60% of the respondents were from organizations that have more than 500 employees. And the age of the

organizations for more than 65% of the respondents was above 10 years which indicates that those employees and organizations have witnessed the SI and OS before and after 2030 vision, with more experience in the previous government plans and environment than organizations which were relatively new.

**Table 3.** Demographic Characteristics of the Companies (N = 351)

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Demographic characteristics	Item	Frequency	Percentage
<b>Sector</b>	Manufacturing	52	15.2%
	Service	289	84.8%
	Public	200	41.4%
	Private	141	58.7%
<b>Firm size (Number of employees)</b>	Less than 100	43	12.5%
	100 - Less than 300	39	11.6%
	300 - Less than 500	57	16.6%
	500 - Less than 700	70	20.8%
	More than 700	132	38.6%
<b>Firm Age (years)</b>	0 - 5 years	53	15.1%
	5 - 10 years	65	19.6%
	10 years 15	58	16.3%
	Above 15 years	165	49.1%

Source: Field Survey

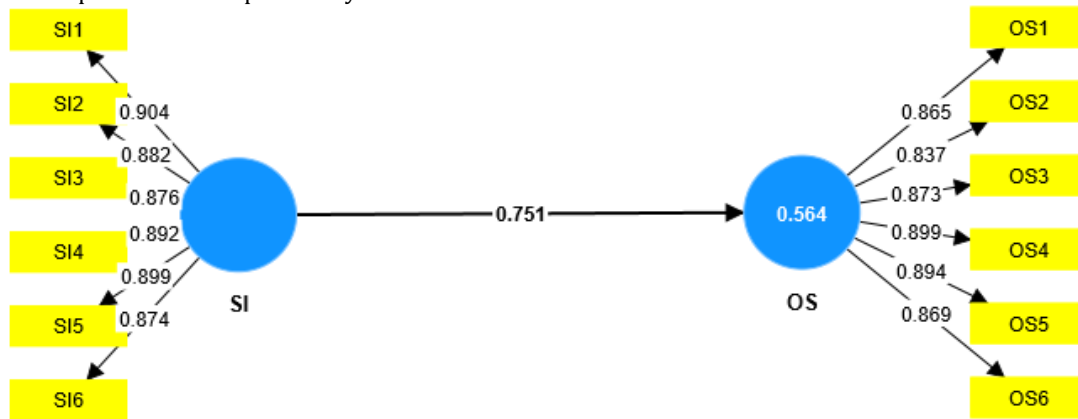
**Analysis**

To test the hypotheses of this study, Partial Least Square (PLS) path modelling software was used. The PLS-SEM is used to check the validity of the variables and measure the structural relationship between them, as it has the ability to test multiple regressions concurrently. As the current paper is concerned with testing the theory not with developing it, particularly it examines a predictive model which is based on existing theories. The PLS algorithm was calculated to evaluate the measurement model, then bootstrapping for the structural model.

**Measurement and Structural model**

The six indicators of the independent variable strategic innovation (SI1-SI6), which were adopted based on previously tested scales

from literature, were connected to Organizational Sustainability, the dependent indicators (OS1-OS6)] in the model to calculate the PLS algorithm, which assess the validity and reliability of the model. The main common criteria of convergent validity were evaluated considering the most widely used cut off criterion. First, the correlation of the study variables and their items were assessed by outer loadings. As Figure 1 shows, outer loadings' values for the independent variable SI and all of its six items and the outer loadings' values for the dependent variable OS and its six items are all greater than 0.70, which means that these items are able to explain more than 50% of the variable's variance. [78]



**Figure 1. Outer loadings**

Furthermore, the evaluation of the intercorrelation between the items using Cronbach's alpha (CA) test was assessed. And as Table 3 shows, CA scores for both variables in the study (SI and OS) are greater than 0.70 which is a commonly used cut-off point [79]. In addition, composite reliability (CR) test provided a good estimate of the variance and measures individual reliability by respective items in the model. The scores of CR in Table 4 were above 0.7 which

according to [80] indicates a satisfactory value for the internal consistency. And to evaluate the level to which both of the study variables (SI and OS) can explain the variance of their item, average variance extracted (AVE) was considered. And results in Table 4 show that the scores for both SI and OS were more than 0.5 [78]. Thus, it can be said that convergent validity and construct reliability for this model are achieved and this satisfies the requirement.



**Table 4. Convergent validity**

Construct	Item	Outer loading	Cronbach's alpha	Composite reliability	AVE
<b>Strategic Innovation (SI)</b>	SI1	0.904	0.946	0.957	0.789
	SI2	0.882			
	SI3	0.876			
	SI4	0.892			
	SI5	0.899			
	SI6	0.874			
<b>Organizational sustainability (OS)</b>	OS1	0.865	0.938	0.951	0.762
	OS2	0.837			
	OS3	0.873			
	OS4	0.899			
	OS5	0.894			
	OS6	0.869			

Discriminant validity for the study variables was assessed by testing both Fornell and Larcker and cross-loadings. In Table 5, Fornell-Larcker results indicated that each of IS and OS is able to describe the variance of its items better than it describes the variance in the other variable [81]. Furthermore, the results of cross loading test in

table 6 show that the outer loadings for the six items of SI and the six items of OS were above 0.78, and that IS's outer loadings are greater than the cross-loadings of OS in the same line, and the same goes for OS outer loading. Which means that the discriminant validity test's criteria have been met [80].

**Table 5. [83] Result**

	OS	SI
OS	0.873	
SI	0.751	0.888

**Table 6. Cross-Loadings' Result**

	OS	SI
OS1	0.865	0.651
OS2	0.837	0.617
OS3	0.873	0.653
OS4	0.899	0.694
OS5	0.894	0.670
OS6	0.869	0.647
SI1	0.684	0.904
SI2	0.653	0.882
SI3	0.662	0.876
SI4	0.667	0.892
SI5	0.670	0.899
SI6	0.665	0.874

After that, the bootstrapping was executed in PLS. To start assessing the structural model, the variance inflation factor (VIF) value of IS was

tested. The result in table 7 was less than 3.3, which ascertains, based on [82], that there is no collinearity concern.

**Table 7. The Inner VIF Value**

	<b>OS</b>	<b>SI</b>
<b>OS</b>		
<b>SI</b>	1.00	

**Hypotheses Test**

**H1:** Strategic innovation is practiced by companies in Saudi Arabia during the Vision 2030 implementation.

Table 8 presents the descriptive statistics of the SI items during the Vision 2030 implementation. The result in the table shows that the mean score of the Strategic Alignment: Goals and Metrics (SI1) was 3.69 out of 5 (73.9%); Partnership

Foresight (SI2) 3.61 out of 5 ( 72%); Core Technologies and Competencies (SI3) 3.64 out of 5 (73%); Process, Structural and Cultural Innovation Readiness and Management (SI4) 3.64 out of 5 (73%); Disciplined Implementation (SI5) and Capacity for Sustainable Innovation (SI6) were 3.58 out of 5 (71.7%). These results reveal that the respondents impressively agreed that SI items are being practiced during vision 2030.

**Table 8: Descriptive Statistics of Strategic Innovation Items**

Measurement Variables	Mean	Standard Deviation
<b>Strategic Alignment, Goals and Metrics (SI1)</b>	3.6979	1.00570
<b>Partnership Foresight (SI2)</b>	3.6129	.99839
<b>Core Technologies and Competencies (SI3)</b>	3.6452	1.00303
<b>Process, Structural and Cultural Innovation Readiness and Management (SI4)</b>	3.6393	.99208
<b>Disciplined Implementation (SI5)</b>	3.5894	.97697
<b>Capacity for Sustainable Innovation (SI6)</b>	3.5894	.94639

Source: Author's Computations

**H2:** There is a positive significant relationship between the different strategic innovation practices and organizational sustainability of companies in the Kingdom of Saudi Arabia during the Vision 2030.

As shown in Table 9, the path coefficient (p) 0.751 indicates that there is a strong positive significant

relationship between SI practices and OS. The R Square of score 0.564 implies that 56.4% of the variations in organizational sustainability are adequately explained by strategic innovation practices in this study. The f2-value 1.294 reports large effects of SI on OS [84].

**Table 9. Results of structural model analysis**

Hypothesis	Path coefficient	STD error	t-value	P-value	f <sup>2</sup>	R-square
<b>H1:SI-OS</b>	0.751	0.033	23.069	p < 0.01	1.294	0.564

**Results and Discussions**

The results of this study accepted both hypotheses of the current study. Firstly, they ascertained that organizations in the Kingdom of Saudi Arabia are impressively implementing all SI six practices which are: Goals and Metrics (SI1), Partnership Foresight (SI2), Core Technologies and Competencies (SI3), Process, Structural and Cultural Innovation Readiness and Management (SI4), Disciplined Implementation (SI5), and Capacity for Sustainable Innovation (SI6) during vision 2030. This is consistent with the earlier

mentioned literature which indicated that in the post-economic diversification era there has been considerable changes in the external environment for institutions and firms working in Saudi Arabia, which calls for strategic innovation as it is crucial in creating value for the organizations and sustaining competitive advantage in the new diversified economy [15]. The Saudi government introduced and supported strategic innovation practices [12]. Saudi socio-economic development planners and advisors were forced to design and develop strategic

innovative practices in the institutions that would handle the transformations brought by economic diversification, innovation, and sustainability initiatives as promulgated in these blueprints.

Secondly, the results also indicated that strategic innovation practices tested in this study are found to be positively related to perceptual measures of organizational sustainability in the Kingdom of Saudi Arabia during the 2030 vision. Which is consistent with previous research that explored and built the link of innovation practices with firms' sustainability [3,1,5] in general. Furthermore, the above background of literature attempts to explore and confirm the relationship between strategic innovation and organizational sustainability during an external government's policy changes and transformations within the Saudi context, [11,16] in particular. Overall, the model is supported by data; the results suggest that SI practices positively influence organizational sustainability in the Kingdom of Saudi Arabia . It therefore implies that companies operating in the Kingdom of Saudi Arabia should pay more attention to these SI practices with a view to improving their implementation across the industry.

### Conclusions, Implications and Limitations

The great value of this research was from the beginning to incorporate the theoretical foundations and the contribution of strategic innovation to understanding a sustainable organization. A new aspect of this model is the presentation of the dynamic external environment and strategic innovation practices as being critical elements of organisational sustainability in the transformative era of the economic development of a country. In the case of such economic development changes, researchers agree that if the sustainability is embedded in the organisations, supported by strategic innovation, the organisation will ensure its competitive advantage, and organisational sustainability.

The study equally has industry and government policy implications. Of course, the study findings are crucial in understanding and filling the gap in literature by providing more empirical evidence about the relationship between strategic innovation and organizational sustainability in emerging economies with transformation and diversification in their current development plans. Such a connection is crucial for the formulation and implementation of strategies by government decision-makers, and organizational stakeholders, to change and enhance their

institutions and help organizational strategies for competitive advantage and organizational sustainability. [86] and [87] also note that innovative strategies are one of the best organization capabilities which accentuates sustainable competitive advantage, by aiding swift growth and profitability through improved business practices. Equally observed, countries that adopt developmental improvements through constructive innovative strategies make constructive social, economic, and environmental changes and contributions by shaping the sustainable human capital, sustainable and innovative products and processes, to enhance efficiencies and competitive advantages of government institutions and corporations and subsequently enhance and improve the country's economic development [88].

There are several areas for future studies for consideration. A study could look at the relationship of SI and OS before and after Vision 2030 or what we can term changes in the governmental plans and initiatives. Moreover, if more detailed data on the types of innovation capabilities and clear simplified organizational sustainability framework become available, studies could explore new ways of refining the strategies and defining the correlations. It would also be of particular interest to use quantitative and qualitative surveys. This would enhance the construct validity through the development of survey constructs specific to the qualitative instrument. Context validity can equally be enhanced through case studies research, to appreciate the contextual environment of the organizations as they implement their innovative strategies to diversify the economy and achieve competitive advantage and organizational sustainability. Furthermore, as strategic innovation and organisational sustainability are now trending topics, it is imperative to be clear about the conceptual differentiation of the model, its contextual setting and basic assumptions, to avoid the temptation that anything goes into sustainability issues and that any proposal is viable. This research is perhaps one of the first to incorporate strategic innovation and organisational sustainability in transformative economies in emerging markets, so there are still further inquiries needed to substantiate the findings.

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