



**CORPORATES' ABILITIES TO REALIZE EARLY WARNING SIGNALS OF
MARKET DISRUPTIONS, EMERGING NEEDS AND TRENDS:
A CASE OF THE SAUDI WATER BOTTLE MARKET**

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Doctor of Business Administration

by
Amr Hani Habis

University of Liverpool
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DECLARATION

I, Amr Hani Habis, confirm that the work for this thesis “Corporates’ Abilities to Realizing Early Warning Signals of Market Disruptions, New Emerging Needs and Trends” is my own work, based on original research and data collected throughout my studies. I also acknowledge that all external sources, such as journals, articles, books, and interviews, have been referenced. Therefore, I have solely undertaken this work.

ABSTRACT

Commodity market resembles one of the most challenging competitive spaces across the globe, where some studies suggest that the nature of such competitiveness is driven from aspects such as low profitable margin, volatility, market size, and large capital inflows into such a space in the past two decades (Ding, 2021).

The water bottle industry is considered one of the largest commodity spaces, since according to a recent study carried out by M2 Presswire (2021), the market is expected to grow from \$217 billion in 2020, with 11% Compound Annual Growth Rate “CAGR” to reach \$505 billions by 2028. In which, proper management is highly needed to maintain corporates’ competitive advantage, or even surviving the competition.

In Saudi Arabia, the water bottle market is not less attractive nor less challenging. Likewise global market, the market is subject to potential disruption, emerging consumers’ needs, new trends and entrants. In which, corporates’ abilities to strategizing and acting may play a significant role in deciding corporates’ future. The importance of studying such market dynamic is not in isolation to studying interlinked managerial, corporate’s culture, and decision makers aspects, in which, understanding the dynamics and the nature of both -market and market players- may play a significant role in re-arranging the competitive forces within the competition spectrum.

With such complexity in the Saudi water bottle market, AVON, stood out as a major incumbent with even more additional set of complexities. Hence the external environment poses additional layer of challenges to almost all the competitors in the sense of new entrants, regulations, products, and customers’ needs, AVON has its own internal challenges that are driven from its immediate corporate dynamics, in addition to even a unique set of challenges that are driven from being owned by a parent company called OG. Nevertheless, OG has its own dynamics that directly and indirectly impact AVON. Therefore, AVON management had to deal with these multiple challenging forces, unlike other competitors.

In 2016 AVON started to experience a poor performance, as the employees’ turnover rate grew and sales started to decline, in addition to losing market share to a new entrant called Bryan. In which, OG, tried to address these sets of issues in the past, but failure was the motto. Consequently, OG decided to investigate the holistic situation to thoroughly understand the reasons behind such a performance before attempting to approach the issue again. In which, the researcher, also the insider, had seen an opportunity to conduct a study using an Action

Research “AR” methodology in a unique complex-system and to help the company unfolding the hidden realities, therefore, to help addressing the solutions.

Thus, through the lens of the mentioned realities, this study primarily aims to explore a Saudi Arabian company’s ability to realize the early warning signals of market disruptions, emerging needs, and trends, and most importantly, the company’s ability to understand and observe itself in relation to the external context. Consequently, to explore the impact of such realization on company’s performance. The study also aims to add to the knowledge in this field by exploring the applicability of several theories to the Saudi market. Finally, it was an opportunity for the researcher and the corporate they worked with to conduct multiple AR’s for a real practice-based problem, in which, this thesis aims to examine workplace-based issues through the lens of the theories discussed.

The context had drawn the researcher to critically think of the most appropriate research question that would help uncovering the realities and aspects intended about observing and decrypt early warning signals of market disruptions. Additionally, the researcher had chosen to capitalize on their presence, knowledge, access to certain information, inability to access certain information, available data, and relationship with key actors within the systems. Consequently, the researcher had mainly conducted the research using observation and questionnaires within a research framework inspired by ethnographical qualitative methodology. Therefore, the study could be expanded using more lengthy and comprehensive research approaches. Nevertheless, the study was conducted in the Saudi Arabian market in the commodities sector and focused on a particular company operating under a conglomerate parent company. The same study could therefore be extended to cover a broader scope.

This study examines the reasons behind the inability of a market incumbent in the water bottle industry to decrypt an early warning signal of market disruption. By contrast, a new entrant was able to recognize the emerging need and fulfil it faster than the incumbent.

As a result, this study reveals several findings and actionable knowledge -that had been conducted already and proven high level of success-, such as the dynamic capability of the company in question and how much of the available resources were being used. Also, the study reveals that disruption innovation might not necessarily take place at the lower end of the market. Additionally, the disruption process may take place in paradigms other than those of a technological nature. For example, action and inaction by management and Boards of Directors “BoD” can lead to disruption. The study also examines the company in question from the perspective of system actors and aims to understand why it lost market share to the new entrant.

The findings of this study also suggest a potential framework that can be used with daughter companies to enhance parent companies' value-add. It also suggests a potential dynamic capabilities framework that may help daughter companies to craft disruptive strategies, and that in the sense of activating unused resources, enhancing bottom-up and cross-functional communications, and observing organizational behaviours.

Additionally, companies need to observe the entire space they operate in, in which they may need to adopt new mindsets including re-engineering their Resources, Values, and Processes "RVP", and conducting back-casting that may help them redefining their responsive tactics to certain dynamics.

Keywords: JTBD, Disruptive Innovations, Disruptive Strategies, Dynamics Capabilities, CPR, Parent Companies, Daughter Companies, Water Bottle Industry, Back-casting, VRP

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LIST OF ABBREVIATIONS AND DESCRIPTIONS

#	Abbreviation	Description
1	AAR	A made-up name for a current director of AVON's BoD who participated in this study
2	ALK	A made-up name for a former director of AVON's BoD who participated in this study
3	AMA	A made-up name for a former director of AVON's BoD who participated in this study
4	AMH	A made-up name for a former Bryan employee who participated in this study
5	AVON	A made-up name for the operating company studied in the research
6	B2B	Business to Business
7	BD	Business Development
8	BNJ	A made-up name for a current OG employee participated in this study
9	BoD	Board of Directors
10	Bryan	A made-up name for the rival company studied in the research
11	BST	A made-up name for a current OG employee who participated in this study
12	CapEx	Capital Expenditure
13	CEO	Chief Executive Officer
14	CFO	Chief Finance Officer
15	CPR	Corporate Parenting Role
16	DBA	Doctor of Business Administration
17	DoA	Delegation of Authorities
18	DRL	A made-up name for a current director of AVON's BoD who participated in this study
19	DX	A made-up name for a shareholder of AVON

20	EBITDA	Earnings before interest, tax, depreciation and amortization. This is a tool to measure financial operating performance
21	EF	Experience Feedback
22	ExCom	Executive Committee
23	FAIH	A made-up name for one known water-bottle competitor in Saudi Arabia
24	FASA	A made-up name for one known water-bottle competitor in Saudi Arabia
25	FMCG	Fast Moving Consumer Goods
21	FOX	Any OG OpCo's that runs through joint ventures with a normal board of directors' "BoD" structure, where decision-making and influence are less controlled by the OG compared to those fully owned by the OG. Decisions are driven directly from the BoD. AVON is one of those OpCo's
22	FSB	A made-up name for a current director of AVON's BoD who participated in this study
23	GCC	Gulf Cooperation Council
24	GM	General Manager
25	HAMAD Group	A made-up name for one known water-bottle competitor in Saudi Arabia
26	HKR	A made-up name for a current AVON employee participated in this study
27	HR	Human Resources
28	IMH	A made-up name for a former director of AVON's BoD who participated in this study
29	JAH	A made-up name for a former director of AVON's BoD who participated in this study
30	JBR	A made-up name for a former AVON employee who participated in this study
31	JDB	A made-up name for a current AVON employee who participated in this study
32	JNB	A made-up name for a former director of AVON's BoD who participated in this study

33	JRK	A made-up name for a current employee of OG who participated in this study
34	JTBD	Job-To-Be-Done
35	LKA	A made-up name for a former employee of AVON who participated in this study
36	MAA	A made-up name for a current employee of AVON who participated in this study
37	MAM	A made-up name for a former director of AVON's BoD who participated in this study
38	MAS	A made-up name for a former director of AVON's BoD who participated in this study
39	MKD	A made-up name for a former employee of AVON who participated in this study
40	MoM	Minutes of Meeting
41	MOR	A made-up name for a current AVON employee who participated in this study
42	NRL	A made-up name for a current AVON employee who participated in this study
43	NVIVO	Qualitative Data Analysis "QDA" software
44	OG	A made-up name for the parent company studied in the research
45	OpCo	Operating Company
46	OpEx	Operating Expenditure
47	P&L	Profit and Loss Statement
48	PET	Polyethylene Terephthalate – this thermoplastic polymer belongs to the polyester group and can used for water bottles
49	QRR	A made-up name for a former AVON employee who participated in this study
50	RACI	Responsible, Accountable, Consulted, and Informed
51	RAK	A made-up name for a former OG employee who participated in this study
52	RAS	A made-up name for a former OG employee who participated in this study
53	RPV	Resources, Processes and Values

54	SAH	A made-up name for a former director of AVON's BoD who participated in this study
55	SAK	A made-up name for a current director of AVON's BoD who participated in this study
56	SAR	Saudi Arabia Riyal - currency of Saudi Arabia, SAR3.75 = \$1-
57	SHEETA	An OG OpCo's fully owned by the OG, where the OG has the ultimate influence and decision-making power over the OpCo's
58	SKB	A made-up name for a current AVON employee who participated in this study
59	SKU	Stock Keeping Unit
60	SNA	A made-up name for a former director of AVON's BoD who participated in this study
61	SNL	A made-up name for a former AVON employee who participated in this study
62	SPV	Special Purpose Vehicle
63	TIGRA	An OG OpCo's that over which the OG has no management influence. In this type of OpCo's, the OG is considered only to be a silent shareholder
64	TSA	A made-up name for a former OG employee who participated in this study
65	TSS	A made-up name for a current director of AVON's BoD who participated in this study
66	VP	Vice President
67	VUCA	Volatility, Uncertainty, Complexity and Ambiguity
68	XBB	A made-up name for a current director of AVON's BoD who participated in this study

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Chapter 1. Introduction

1.1. Introduction

Because of the low barrier to entry, the water bottle industry is a highly competitive sector (Ichoroh, 2021). To remain competitive and profitable, water bottle companies need to have a deep understanding of their strengths, in order, to remain competitive and operational amidst the high level of competition within the industry (Ichoroh, 2021). This means that both internal and external factors need to be constantly monitored to determine threats and opportunities (Ichoroh, 2021).

The water bottle company AVON in Saudi Arabia was a prime example of an organization that was not able to sustain its competitive advantage because of inadequate management. The management of AVON can be traced to the large corporation OG, which is a 70-year-old conglomerate parent corporate that owns over 45 operating companies (OpCo's) including AVON. As the parent company, OG plays a role in supporting, mentoring, structuring, and providing shared services or other contributions to help the OpCo's operate progressively and excel (Goold & Campbell, 2002). However, the managerial structure of the OG and AVON is characterized by a joint venture, with OG playing a lesser direct informal role in making decisions and implementing plans. Yet, OG has its indirect influential role, while the dynamic complexity within the system of OG itself and its subsystems in the form of the OpCo's and their functions may have created a barrier for OG to fully exercise its role towards its OpCo's.

Therefore, AVON had faced an exceptional set of challenges driven from external evolving-market dynamics, AVON's own internal challenges and dynamics, and OG's culture, in addition to hidden-indirect influence that OG exercises on AVON'S actions/ inactions (see Figure 1.1). From external dynamics perspective, the water bottle market is subject to new entrants, new emerging consumers' needs, new disruptive strategies that increases the need for coepititors' actions to cope with the new form of dynamics. On the other hand, OG, as a parent company, has its own set of dynamics that might as well directly or indirectly affect AVON's performance, for example, OG has many seats in AVON's BoD, thus it has its own voice and influence over many decisions, its parenting role towards AVON, its RVP, culture, and political unseen framework. Finally, AVON, itself, has its own internal competencies, operational challenges, back-casting, risk appetite for market growth, and other resource-related

challenges. These dynamics all together had formed a unique situation that might hinder or enable the company's growth but based on how they tackle these challenges.

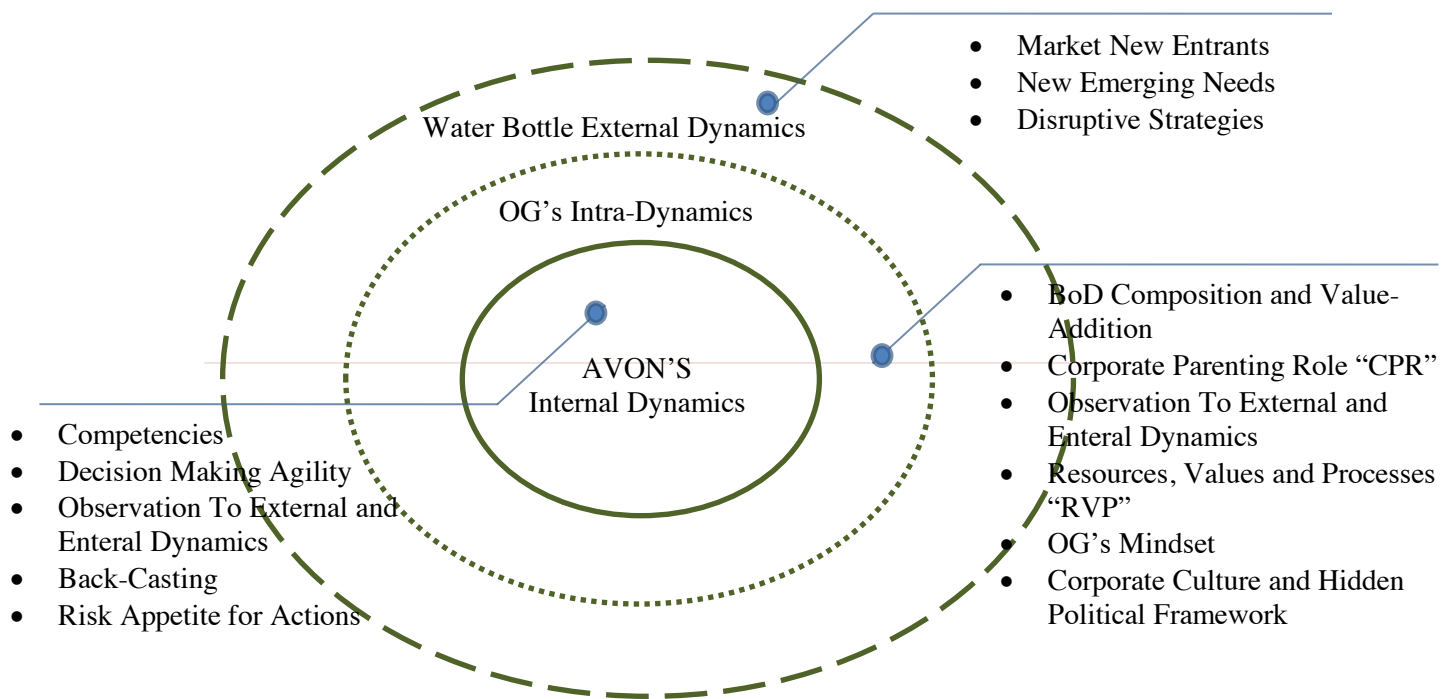


Figure 1.1. AVON High-level Dynamics

By zooming-in, and through the lens of the mentioned varied facets together, several issues have evolved because of OG management's actions and inactions, negatively impacting the financial performance of OG's vulnerable OpCo's particularly the water bottle company AVON.

Among OG's OpCo's, AVON was top ranked in terms of its growth and financial performance until 2016 when AVON lost significant market share to a new entrant called Bryan. This resulted in reduced profitability, lower product quality, and increased customer complaints.

Apparently, certain internal and external dynamics had posed a unique set of challenges to AVON, in which the company had to be responsively agile to such dynamics for the sake of maintaining its position as a market leader. Obviously, AVON had to adapt to new radical associated capabilities ranging from developing new corporate mindset, developing new set of competencies, re-structuring the company, and even introducing back-casting strategies to keep the momentum of its existence. On the other hand, AVON had to deal with its own internal dimensions since the company is owned by a parent conglomerate, OG, where most the

directors of the Board come from, and OG seemed was not in favour of the idea of disrupting the status que, the corporate culture, and its RVP's. Additionally, the decision-making process is quite lengthy since OG has a sort of indirect control and influence over such processes. In which, AVON seemed incapable or unable to bring those varied facets together to develop the desired responsive capabilities. Therefore, OG had seen a necessity to warrant this study.

Thus, the nature of the mentioned situation facades, a need for a specific-designed practice-based problem research is needed to understand the hidden aspects behind developing the situation in the first place. Consequently. this thesis is designed to explore and discusses an organization's ability to realize early warning signals of market disruptions, emerging trends, and customer needs, as well as the impact of this ability on its performance. Many companies fail due to their inability to predict the future or respond promptly to changing market dynamics.

This section will further discuss the situation, including the preceding market factors, as well as the research question and propositions to address and, hopefully, solve this problem throughout this thesis. The research will contribute to the body of knowledge on this topic by examining three Saudi corporates' abilities to identify and adapt to warning signals of market change.

1.2. OG and the researcher's role at OG

As stated earlier, OG is the parent company of 45 operating companies (OpCo's), including AVON. Before explaining the role of the researcher at OG, its organizational structure will be described, as illustrated in Figure 1.2.

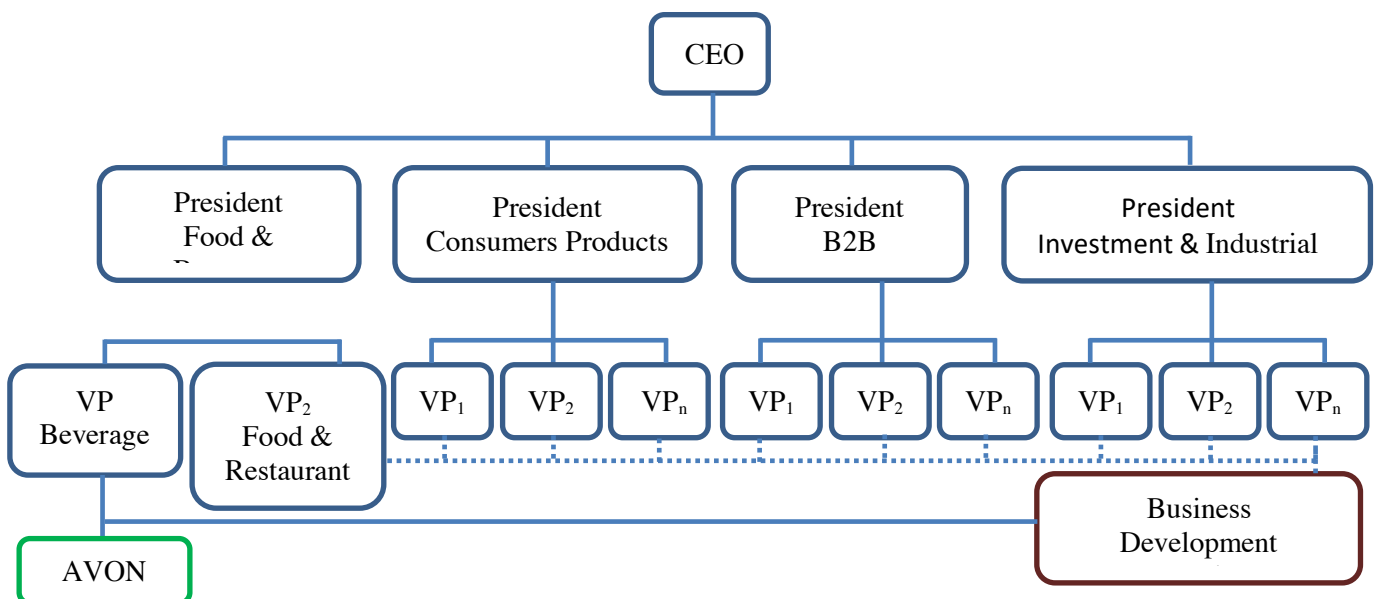


Figure 1.2. OG Organizational Structure

At the top of the organizational structure is the CEO, which oversees the entire operations of the conglomerate parent company. OG operates in many industries through its OpCo's, which include Food and Beverage, Consumers Products, B2B, and Investment/Industrial. Each OpCo is managed by a General Manager (GM) or the President. Under each President are several vice presidents, who is responsible for a portfolio of several OpCo's, in which the VP's responsibilities include evaluating the risks and macro/micro dynamics of the assigned sectors, as well as monitoring P&L performance.

In terms of the type of the structure between OG and the individual OpCo's, each belongs in any of these three management structures:

1. SHEETA: OpCo's that are fully owned by OG, over which OG has the ultimate influence and decision-making power.
2. FOX: OpCo's that operate through joint ventures, with a normal board of directors (BoD); decision-making is influenced less by OG compared to those fully owned by OG, and decisions are driven directly from the BoD. AVON is one of these OpCo's.
3. TIGRA: OpCo's over which OG has no management influence; with this type of OpCo, OG is only considered a silent shareholder.

The researcher is a Group Business Development Manager. This role gives the researcher an insider's perspective in bridging the gap between the OpCo's who operate in the same/adjacent sectors as well as to assist GMs in conducting market research, planning negotiation strategies with current and new clients, positioning the OpCo's, and increasing our market footprint. The researcher's role is also expected to drive increases in the sales, profitability, and market share of the OpCo's by identifying and pitching new revenue streams to the VPs and to OG's BoD.

The researcher oversees the business development of three portfolios, in which AVON has recently become an issue, and the senior management team have decided to rely on an insider to conduct the action research (Björkman & Sundgren, 2005). OG has dedicated resources to address the situation, regain its lost market share, grow sales, and improve profitability. Over the course of five years of employment with OG, the researcher has had the opportunity to conduct actionable studies to determine the most appropriate mechanisms and approaches for certain unique operating mechanism, culture, and political frameworks (Grey, 2010; Livingston, 2014; Stacey, 2011).

The researcher had conducted an inquiry-based search to observe the situation, understand the contexts, and develop emerging questions to validate the case's comprehensiveness. Therefore, the process of inquiry started by me, the researcher, as an actor of OG system -the parent company of AVON-. Consequently, I -the researcher and the insider- was involved in making decisions and taking actions as an actor in both systems, OG and AVON, in which this study had allowed me to periodically reflect on many actions taken either by me or by other systems' actors who were primarily involved in the situation. Additionally, the reflection cycle had allowed me to observe hidden realities about the system and, therefore, develop new questions that ensure proper evaluation of the system (see Figure 1.3).

After a series of wrong decisions committed at several management layers, OG had envisioned that the rigorous solution might lay within the systems' actors' actions. Thus, I was assigned to lead up this project to realize and then conduct the needful reflexivity that may help the systems' actors refine their actions and, ultimately, their decisions.

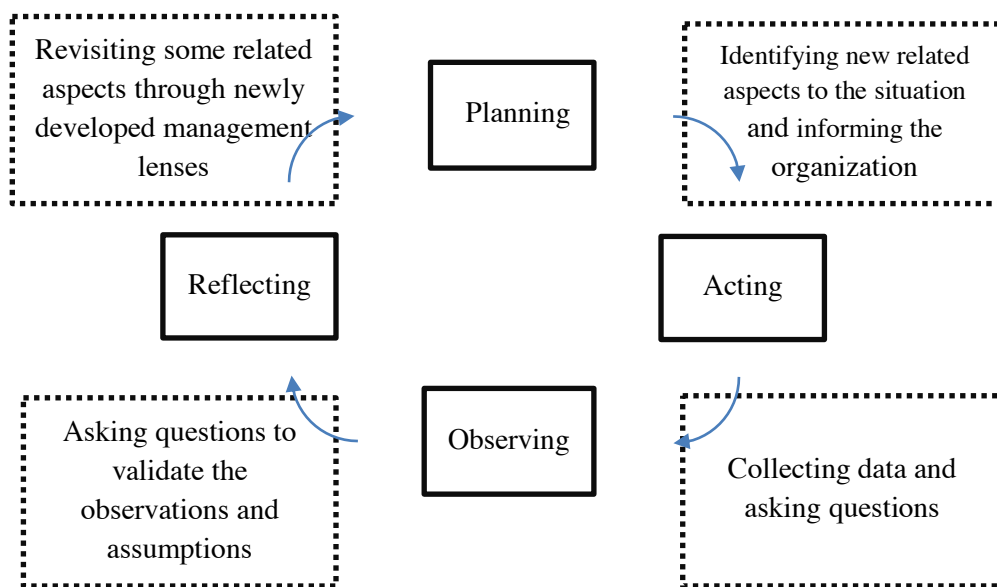


Figure 1.3. Action Research

1.3. Research question

Using a qualitative methodology, this research focused on examining how AVON's sales and profitability had declined, and consequently its market share, by focusing on the management decisions and practices of the leaders of OG (parent company) and AVON. Most importantly, this thesis aimed to determine why AVON's management team and OG's

leaders were unable to detect the market potential that another small entrant, Bryan, was able to. The primary research question for this study was the following:

What are AVON's abilities to realize early warning signals of market disruptions, new emerging needs and trends, and their impact on AVON's survival?

The sub-questions are the following:

- a. How does OG exercise corporate parenting roles (CPR) that impact AVON's performance?
- b. How does OG's organizational structure influence strategies and decision-making regarding reading and addressing market needs?
- c. How does the BoD exercise its role and impact AVON's performance?

1.4. Rationale for project

Several of OG's OpCo's have struggled in the past in terms of expansion, sales, and financial performance; some failed entirely, as a result, of an inability to adapt to market dynamics or address new customer needs. This project aims to understand OG's unique operating mechanism and culture from which such cases emerge, identify the actions that OG and AVON management should have taken, and determine how OG's organizational structure influenced AVON's slight disengagement with the market need, which resulted in its poor financial performance.

Additionally, another aim of this study is to contribute to creating a comprehensive understanding of how new market needs emerge, and how disruptions may take place. Ultimately, the intention is to investigate the possibility of having a generic rule of how companies' actions may help them to decrypt early warning signals of change.

1.5. Background on the bottled water industry, the bottled water sector in Saudi Arabia, the company AVON, and the research problem

The water bottle industry is a highly competitive sector because of the relatively low barrier to entry, which means that companies need to have a deep understanding of their strengths in order to remain competitive and operational amidst the competition (Ichoroh, 2021). Both internal and external factors need to be monitored by water bottle companies for threats and opportunities (Ichoroh, 2021).

Cost that companies focus on is primarily centred on ensuring that the water is safe for drinking. The standards of the World Health Organization and the Food and Drug

Administration are followed as the benchmark for this process. Overall, the global bottled water industry is worth billions, with an estimated yearly revenue of \$215–\$260 billion (Pacheco-Vega, 2019).

Saudi Arabia, together with other Arabian Gulf countries, is one of the driest countries in the world, making water a particularly valuable commodity (Tarawneh & Chowdhury, 2018). The consumption of bottled water is increasing in Saudi Arabia (Sajid & Shahzaib, 2018). This industry is continuing to expand despite the quality issues associated with many water bottle manufacturers in Saudi Arabia (Al-Omran, 2013). In 2019, Saudi Arabia was listed as the 12th highest consumer of bottled water, which can be attributed to the perception among the consumers that the quality of tap water is low (Rodwan, 2019).

AVON was once the incumbent water bottle producer in Saudi Arabia and the Arabian Gulf region, generating annual revenue of over SAR450m at its peak, in addition to an annual market growth rate of between 6-9%. In 2016, however, AVON lost some of its market share to a new entrant called Bryan and began experiencing issues across many organizational functions, including higher employee turnover, increased customer complaints, and decreased product quality. This situation may have resulted from a combination of issues, and it is important for OG to understand these reasons in order to address the root causes.

The research problem is centred on the gap in the existing research regarding the features of bottled water in Saudi Arabia that could enable companies such as AVON to remain market leaders in their industry. Upcoming initiatives such as edible water bottles are expected to disrupt the market share of companies in geographic territories such as Saudi Arabia. This is due to two factors: (a) awareness of the importance of sustainability; and (b) a traditional/cultural dislike of waste. The current exploration of this workplace-based problem revealed the organizational abilities needed to identify, interpret, and adapt to early warning signals of change within complex market systems (Stacey, 2011). This study also represented an opportunity to contribute to the knowledge-creation process in the Saudi business domain (Morgan, 1980).

1.6. Structure of the thesis

Chapter 2 affords the opportunity to think about ideas that relate to the research questions. It incorporates an intensive literature review of four key topics: the corporate parenting role (CPR), disruptive strategies and innovation, operating in a volatile, uncertain, changing, and ambiguous (VUCA) business environment, and finally, managing corporates

alongside the emergence of new market needs. The literature review chapter tackles different opinions, theories, concepts, and previous works in relation to this topic. At the end of this chapter, some possible reasons for the issue at OG are highlighted.

Chapter 3 provides an in-depth explanation of the research philosophy and methodology applied in this study, in addition to the research techniques used to examine corporates' abilities to realize early warning signals of change, emerging needs and market disruption. In the summary of this chapter, a set of propositions are presented which the researcher believes created the OG situation.

Chapter 4 presents the story of cycles of action, reflection, and sense-making related to the research outcomes of the study. It aims to address the findings from the interviews and the observation elements of the study.

Chapter 5 evaluates the research outcomes through the lens of the theories discussed in the literature review, where 40 participants were interviewed in addition to the observations that were conducted.

Chapter 6 presents the conclusions of the study and answers the research questions. It provides a reflection on the experience and knowledge gained from the practical perspective, as viewed through the lens of the theoretical perspectives.

Chapter 2. Literature Review

2.1. Introduction

This thesis was inspired by an issue faced by AVON. In this study, the phenomenon is explored using the rich-picture method and data obtained from participants who had experienced this workplace-based issue (Monk & Howards, 1998; Roth, Rami, & Leary, 2007). It was determined at an early stage that investigating this business case would require contributions from various research and business perspectives.

Before deciding on the various topics, business perspectives and knowledge-areas through which this research will investigate the issue, the researcher followed a scientific method to first approach the problem (Luse, Mennecke and Townsend, 2012). As an insider, the researcher knows that AVON and OG tried, in the past, to solve this problem but without constructive results. Thus, it was beneficial for the researcher to bear in mind the possibility of the existence of a hidden reality – which had not yet been considered – which may have contributed to this issue arising in the first place.

To magnify the problem, the researcher considered the complexity of the workplace problem; thus, he was able to understand the importance of investigating the context of the problem before approaching the literature review and ultimately knew the direction to be taken. The researcher relied on observations that enlightened their thinking outside the disciplines - sales, market share and growth - and explored knowledge-areas that relate to the context of the workplace and the problem itself. Nevertheless, the researcher focused on zooming out the issue and asking multiple questions to try to understand the possible knowledge paradigms that relate to the workplace problem. As part of this process, the researcher - as an insider - was able to reflect multiple times on the issue, then was able to reframe the workplace-based problem in the form of a main question and sub-questions as follows:

Main question:

What are AVON's abilities to realize early warning signals of market disruptions, new emerging needs and trends, and their impact on AVON's survival?

Sub-questions:

- a. How does OG exercise corporate parenting roles (CPR) that impact AVON's performance?

- b. How does OG's organizational structure/ dynamics capabilities influence strategies and decision-making regarding observing and addressing market needs?
- c. How does the Board of Directors (BoD) exercise its role and impact AVON's performance?

Therefore, as the first step of deciding which knowledge areas are to be explored in this literature review – whilst considering the unique nature of the workplace and the problem at hand - the researcher observed the direct relationship between the problem and the dynamic capabilities of AVON and OG. The researcher reflected - as part of the action research - on what had worked in the past, and the sustainability of the strategic choices and dynamics of both AVON and OG and their fit with current market dynamics. Additionally, the researcher observed an absence of experience feedback, which may have slowed down management's realization of new market needs, which competitors were able to fulfil – as it will be seen in coming chapters -.

Such a reflection led the researcher to consider the management team's actions in relation to the adaptability of the market needs, which requires a corporate's reflection on the rich picture as well as the different dynamics spectrum mentioned earlier (see Figure 1.2). Yet, considering the unique legal setup of AVON with respect to OG, the parent company, led the researcher to consider the effect of the Corporate Parenting Role (CPR) and such a legal setup on the workplace-based problem. Additionally, the researcher observed a certain control of OG over AVON, which led him to explore the possibility and effects of the existence of levers of control, and how these may have prevented the systems' actors from realizing how the market had evolved and what new features customers were now demanding.

The research was able to identify the main four areas to be explored during the literature review, resulting in the development of a literature review strategy (See Figure 2.1).

This chapter reviews the findings of previous researchers regarding the main and subconstructs of the study, illustrated in Figure 2.1 below. Disruptive strategy, more commonly termed disruptive innovation, was first studied by Christensen and Raynor (2003). Disruptive innovation and disruptive strategy are both rooted in the term disruptive technology, introduced by Christensen in 1997. Changing the term from technology to innovation/strategy led to the inclusion of the services sector, including manufacturing (Kelly & Senchak, 2013). Christensen and Raynor formulated the theory of disruptive innovation, identifying two types of disruption: new market disruptions and low-end disruptions. New market disruptions involve the process

of penetrating the market to meet a previously unmet demand. Low-end disruptions involve the use of technologies to meet if not exceed the demands of the current business model (Christensen & Raynor, 2003). The concept of disruptive strategy is an emerging science that varies in definition and application, as will be discussed later in this chapter.

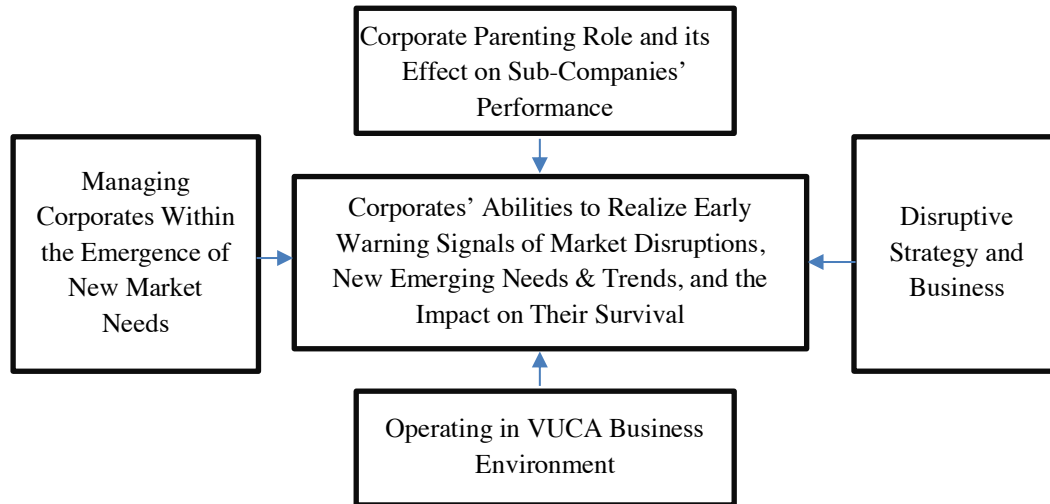


Figure 2.1. Literature Search Strategy

The researcher in this way developed a keywords list including terms such as disruption, dynamic capabilities, corporate parenting role, VUCA, etc. to gain a better understanding of the concepts, which led the researcher to explore adjacent concepts such as deliberate and emerging strategies, identifying the Job-To-Be-Done (JTBD), tailoring organisational design to suit current market needs, etc. The researcher then used the following search databases: Directory of Open Access Journals (DOAJ), JSTOR, ScienceDirect, Education Resources Information Centre “ERIC” and Scopus to explore the concepts in more detail as well as to explore what other researchers had contributed to these areas.

The search was conducted in the English language only due to the lack of literature in Arabic on the mentioned knowledge paradigms. Additionally, the literature review involved exploring both academic and practitioner works of literature and exposed other areas of debate.

Nevertheless, as will be mentioned in the methodology chapter, it was difficult for the researcher to find similar cases related directly to the researched workplace, thus the researcher ought to develop the current strategy relating to the workplace-based problem. This will be discussed in Chapter 5 ‘Evaluation of Outcomes and Discussion of Findings’ to evaluate the findings through the lens of the explored business concepts and theories.

2.2 Market Disruptions

Managers develop mental models of competition based on their corporate competitive environment (Yrjölä, Kuusela, Neilimo, & Saarijärvi, 2018). This aligns with both Williams's (2007) and Clermont and Kamsu-Foguem's (2018) claims that defining customers' needs is the first step towards achieving competitive advantages; this action is followed by responding to customers' needs (Fisher, Gallino, & Li, 2018; Giaglis & Fouskas, 2011). There is a lack of information, however, regarding how management's actions or reactions are structured. There have been recent studies on global market competition, including e-commerce, evaluating the influence of different functions, meetings, taskforces, or departments (Abou-Shouk, Lim, & Megicks, 2016; Li, Konuş, Langerak, & Weggeman, 2017).

The competitive environment consists of existing entities, new entrants, substitutes, buyers, and suppliers. Organizational capabilities are based on internal technical capabilities and leaders' ability to sense market dynamics. Innovative action is recommended to seize any detected opportunities in the market, be it a new opportunity, a non-tackled JTBD, or a response to the actions of competitors (Chernev, 2018; Christensen & Roth, 2004; Giaglis & Fouskas, 2011). Such arguments indicate that responding to market dynamics requires a certain level of agility and adaptation. Stieglitz, Knudsen, and Becker (2016) questioned whether adapting to market dynamics was more rewarding than restricting earlier choices in the market space. Stieglitz et al. (2016) reiterated that certain corporates could benefit from responding and adapting to market dynamics at the same time. For example, the introduction of GPS-based electronic maps was linked to the disruption of the paper-based map industry (Matke, 2012).

Corporates in certain industries tend to resist adapting their operations to market dynamics – yet seem to outperform those that do modify their strategies and product/service offerings (Stieglitz et al., 2016). Researchers have proposed a model in which the dynamic nature of environments such as corporates tend to be impacted by either adaptation or inertia. Corporates in industries where market disruption “[is characterized by] notable trends, occurs infrequently, or has a large effect on action-outcome links” (p. 1862) tend to benefit from adaptation rather than being inert. On the contrary, corporates in industries with trends that are fleeting, rapidly changing, or that have a small impact on performance tend to benefit from inertia rather than adaptation (Stieglitz et al., 2016). Successful corporates often exercise proper reflection on their performance (Konradt, 2019). There is a gap in the literature regarding which aspects companies tend to change when adapting to market demands.

Disruptive market entrants' trajectories start at the low end of the market (Hopp, Antons, Kaminski, & Oliver Salge, 2018), and product performance is not the key performance objective. For example, Bryan did not introduce glass water bottles—at the higher end of the market—and instead targeted the over-served segment who prefer sustainable designs. AVON and many other companies have an opportunity to focus on alternative energy solutions (Kandachar & Halme, 2017). Parent and daughter companies are also prone to disruptive innovations that may negatively affect their strategies; customers may look elsewhere at more innovative services or products and the companies are not able to respond rapidly. They are currently operating in a volatile, uncertain, complex, and ambiguous (VUCA) business environment.

2.3 Dynamic Capabilities

Market dynamics is a trait that both influences and is influenced by customers' needs (Williams, 2007). According to Williams (2007), companies tend to implement strategic actions or initiatives to gain more power in the market, and consequently, to increase certain returns. Williams discussed a competitive dynamics model that could lead to better corporate positioning, explaining the model as a race between actors and rivals. The leader in the race could be predicted based on “awareness, motivation and capability components” (Chen & Miller, 2012, p.44). The first predictor of competitive dynamics is awareness, which refers to the recognition of different aspects in the competitive environment. Aspects that could impact awareness of an organization could be both internal and external. Internal factors include the length of time that an organization has been operating, the communication within an organization, and the diversity of its board/top management. External factors include the organization's network of stakeholders. Actors tend to have existed in the market longer than rivals, and, therefore, tend to have more experience, leading to more awareness. Actors within conglomerates may also receive more benefits in information sharing than rivals that are usually standalone organizations (Uhlenbruck, Hughes-Morgan, Hitt, Ferrier, & Brymer, 2016). In terms of board composition, it is unclear whether actors have more diverse members than their rivals; however, the actors' board members tend to have a wider network of stakeholders than the rivals' board members (Chen & Miller, 2012; Uhlenbruck et al., 2016). The second predictor of competitive dynamics is motivation, which refers to the drivers of actions (Chen & Miller, 2012). Motivation can also be influenced by internal and external factors. Internal factors may be individual characteristics of top managers, such as

management's risk aversion or reputation, or group characteristics of the organization, such as the organization's status or capital (Chen & Miller, 2012). The competitor that has more to lose – usually the actor – tends to be less motivated to carry out competitive actions or risks than the competitor with less to lose – usually the rival (Logvinova, Rubin, & Sherstiuk, 2018). The last predictor of competitive dynamics is capability, which refers to a market actor's skill or ability to respond to their competitor's action. Capability includes having resources and knowing how to best utilize them. The actor's usually wider network than the rival could be advantageous in this way and provide them with greater access to resources, information, and support than their rivals (Miller & Chen, 2012).

Chen (2016) reported that the idea of competitive dynamics originated in the Far East but is most often applied in the Western world. One critique of the competitive dynamic's framework is its emphasis on duality, in which competitors could only either be transactional or relational, cooperative, or competitive, or working towards long-term or short-term goals, which may not be the case in today's globalized marketplace (Luo & Rui, 2009). Contradictory to the competitive dynamic's framework, Luo, and Rui (2009) introduced the theory of ambidexterity in which organizations could have 'co-competence' or the ability to compete and collaborate with competitors simultaneously. However, Chen (2016) argued that today's global market tends to be more like yin and yang wherein two dominant opposites (duality) could potentially reconcile and integrate – for instance, a competitor's capability to be cost-effective and modernized. Modernizing assets tends to be costly, yet when considered over the long term, it becomes cost-effective. Hence, the two seemingly polar-opposite characteristics integrate to allow an organization to remain competitive. The competitor is aware of its action to modernize and be cost-effective, its motivation to act, and its capability to carry out the act (Fang, Tung, Berg, & Nematshahi, 2017). Actors enjoy better awareness of market dynamics and have a unique ability to act on issues prior to their rivals. Moreover, actors enjoy better decision-making capabilities (Miller & Chen, 2012; Uhlenbruck et al., 2016). The company under investigation in the current study, AVON, is considered an actor that enjoys maximum financial capabilities compared to its competitors, yet AVON does not exercise actions that reflect better awareness of the market.

On the other hand, rivals respond to actors' actions. In Saudi Arabia, one of the newest entrants – Bryan – disrupted the bottled water industry due to its comparatively higher awareness of market needs in comparison to incumbents such as AVON (Christensen & Roth, 2004). Christensen and Roth suggested that new entrants may perform better than long-time

incumbents in terms of analysing market needs. Williams (2007) added that this ability of new entrants might lead to the realization of a new hybrid model that incorporates the traits of both actors and rivals.

Incumbents' responses to new entrants' actions may vary based on actors' relatively quicker responses to market dynamics (Vaniala, Davcik, & Priem, 2018). The dynamic capabilities theory posits that companies' adaptive capabilities are based on maximizing their competitive advantages (Buell-Armstrong, 2015). Companies may be established to satisfy certain market demands that current players have not observed (Pehrsson, 2016). According to Cameron and Green (2019), an organization should be able to adapt its mission, strategic decision-making processes, team-building exercises, management attention to details, leadership style, employee investment, and corporate learning environment. Buell-Armstrong's (2015) claim aligns with the suggestion that predictive ability comes from an understanding of and desire to meet customers' needs (Kapetaniou, Rieple, Pilkington, Frandsen, & Pisano, 2018). Organizational adaptability is related to other competencies, such as corporates' flexibility, analytical thinking, innovation, pricing capabilities, and ability to identify organizational fit (Kapetaniou et al., 2018; Ngamsutti & Ussahawanitchakit, 2016).

The sustainability of dynamic capabilities may vary based on employee performance (Kumar, Subramanian, & Arputham, 2018). Dynamic capabilities may also be impacted by organizational structure (Felin & Powell, 2016). AVON, for example, experienced a high turnover of sales personnel, which may explain its subsequent sales decline. This suggestion is related to Teece, Pisano, and Shen's (1997) definition of corporates' dynamic capabilities as their abilities to integrate, configure, or reconfigure their relevant competencies to address changing environmental needs. In a more recent study, researchers revealed that dynamic capability may be sustained through marketing analytics and recommended that the decision-making processes related to sensing, seizing, and reconfiguring capabilities be data-driven (Cao, Duan, & El Bana, 2019).

No researchers have yet identified a complementary set of competencies based on available data. Different companies experience more competitive advantages than others while hiring similar resources, which means that talent alone does not ensure better dynamic capabilities. One example would be the continued success of Amazon (Birkinshaw, Zimmermann, & Raisch, 2016). Amazon's market analytics showed a decrease of sales of traditional print books and a rise of digital innovation. Thus, in 2006, Amazon introduced its first Kindle e-book e-reader. Kump, Engelmann, Kessler, and Schweiger (2019) identified that

introducing new products in this way can help companies address opportunities (or threats) or market disruptions. However, some studies have shown that not all industries benefit from new product innovations (Gozgor, Lau, & Bilgin, 2016; Teece, 2016; Torres, Sidorova, & Jones, 2018). Industries operating in the commodities market – for instance, crude oil, sugar, and grains – are more likely to benefit from offering competitive prices or addressing consumers’ needs (Gozgor et al., 2016). Competitive actions rather than innovation could have more benefits for industries in the commodity market (Day & Schoemaker, 2016). In their paper, Huang, and Chang (2019) discussed the importance of competitive actions to optimally allocate resources. Their findings, however, were limited by the amount of data gathered and their specific study context. Nonetheless, some studies have also shown that industries operating in the commodity market could use innovation as a competitive advantage (Mirzaei, Micheels, & Boecker, 2016). The latter researchers found that innovation could help commodity industries when orientation strategies are applied successfully. Orientation strategies generally involve market-orientation, entrepreneurial-orientation, and learning orientation (Mirzaei et al., 2016).

Highly competitive environments with low market disruption, such as commodity markets, could benefit from being market-oriented over entrepreneurial-orientation and learning-orientation (Wang, LaPlaca, Guo, & Hao, 2017). Market-orientation refers to understanding the needs of the market and using that understanding to address those needs. Bryan was established to be market oriented as it identified and addressed consumer needs when they penetrated the market. Entrepreneurial orientation generally involves sales and marketing strategies to boost performance. AVON has been applying entrepreneurial orientation since 2016, as evidenced by reports obtained from the company. Learning-orientation generally involves a focus on financial performance.

Market-orientation tends to be more applicable in the commodity market as the competitive advantage most likely lies in pricing. Consumers in the commodity market often prioritize cost and product effectiveness over innovative product features, unless the features address their needs (Hansen & Nybakk, 2016). The consumers’ priority may contrast with Christensen and Roth’s (2004) suggestion that incumbents needed to produce innovation to stay competitive in the market. More recent studies, however, reported that Christensen and Roth may not be referring to product innovation but to different types of innovation such as technology innovations, sustaining innovations, and efficiency innovations (Denning, 2016; Christensen, Barman & Bever, 2016). In 2017, Christensen articulated that the term disruptive innovation may have been misused, but also reiterated that disruptive innovation may take on

a new meaning to include disruptions, or the need to establish new, efficient, and competitive business models (Christensen, 2017).

This new definition is relevant to the current study as OG has exceptional financial capability but appears to lack the organizational structures or actions required for innovation and change. Thus, effective resource utilization could be of great value in defining the roles of actors and rivals in this market, as explained by Williams (2007) and Cao et al. (2019). Organizational capabilities to implement and embrace change should be considered as important as those related to revenue generation. The findings of this study may extend the body of literature on the sustainability of dynamic capabilities.

2.3.1. Learning

In the dynamic's capabilities model, learning pertains to the requirement to reorganize their routines in order to generate solutions to problems, to recognize activities that are dysfunctional, and to utilize the appropriate strategic action using existing and new sources (Teece et al., 1997). Strategic learning highlights the importance of continuously engaging in learning opportunities in order to address existing and potential problems that could comprise the organization's sustainability and competitive advantage. The concept of learning will be used in this study as one of the necessary tasks of effective leaders who are aiming for long-term sustainability and competitive advantage.

AVON's struggle to digest, understand, and adapt to the VUCA environment had resulted in lost market share, decreased customer satisfaction, reduced sales and profitability, and higher employee turnover. The acronym VUCA is believed to have been coined by Bennis and Nanus (1985) and was then used in military education to describe leadership theories. Currently, VUCA is often used to describe organizational learning environments (Cousins, 2018). Millar, Groth, and Mahon (2018) describe the VUCA environment as a potential 'disruptor' and 'driver' of 'innovation'. Volatility refers to the nature and dynamics of change, particularly referring to speed and liability to change. Uncertainty refers to a lack of predictability of change. Complexity refers to multiple, possibly confounding, factors of change. Ambiguity refers to unknown or unclear situations related to change (Anuradha & Sujatha, 2019).

Some readers may be confused by uncertainty and ambiguity. Millar et al. (2018) clarified that uncertainty refers to having known variables or situations related to change but

being unsure what to do with the variables to facilitate change, while ambiguity refers to having unclear variables or unclear decisions about variables to facilitate change. The researchers emphasized the benefits of understanding each VUCA element, while also exploring the elements together to understand how advantageous and strategic decisions are made. Integration of the VUCA elements was deemed relevant in the current times due to the increasing use of technology, globalization, migration, and trading practices. The VUCA environment is often associated with the modern technology industry due to the speed of change in the field (Kaivo-oja & Lauraeus, 2018); however, Anuradha and Sujatha (2018) argued that any leader faced with change could benefit from exploring VUCA elements to become strategic leaders. The authors emphasized that being a strategic leader meant processing challenges in a VUCA environment and turning those challenges into opportunities. Furthermore, the authors reiterated that organizations could create reliable, strategic leaders who can “not only drive the crisis toward resolution, but also do so in a way that preserves or enhances the firm’s functional capabilities, financial and other resources, employee morale and commitment” (p.72) when they have competencies in the VUCA elements. Companies should consider the VUCA elements when their previous competitive advantages become ineffective. It was important to examine AVON’s current business model in relation to the market’s volatility, uncertainty, complexity, and ambiguity. This examination helped to identify whether AVON has strategic responses in dealing with disruptions, and whether AVON had the potential to be the ‘driver’ of change.

Haier is a Chinese company that employed a new internal practice called “Rendanheyi”, which helped transform the company from a traditional manufacturing firm into a “highly responsive online-based entrepreneurial company” (Frynas, Mol, & Mellahi, 2018). The latter researchers showed how this new internal system involved several factors that were integrated to operate in a VUCA environment to respond to the constantly changing customer context, leading to the company’s success. The term Rendanheyi used to describe Haier’s business model is a Mandarin phrase that could be loosely translated as “integration of people and goals” or “the win-win model of individual-goal combination”.

Haier was founded in the 1920s and introduced Rendanheyi in 2005. Since the introduction of the new business model, Haier worked to establish independent operating unit micro-divisions working in virtual teams over 2005 to 2009 also established new strategic business units and IT solutions using performance-based feedback to connect with their customers. In 2010, the independent operating unit micro-division leaders were given absolute

autonomy on making decisions for their units. In 2014, Haier was transformed into a “conglomerate of independent micro-enterprises” with each unit having the autonomy to operate as “independent companies with ownership stakes from outsiders and responsible for all contracting, budgeting, and recruitment decisions.” The micro-enterprises could be considered as Haier’s OpCos.

The 2014 movement was labelled Rendanheyi 2.0 (Frynas et al., 2018). The Rendanheyi model was deemed as contextual, operating in the VUCA environment, and puts value in leadership, particularly management innovation. Frynas et al. (2018) proposed that Haier has seen the value of strengthening the autonomy of their OpCos to yield better leadership and performance but also keeping a parenting role to ensure that the OpCo did not “disengage” from the Haier Group.

It is crucial to understand the level of complexity in both OG and AVON compared to other competitors as well as the impact of such complexity on the overall performance of AVON. When utilizing a business model with a heavy emphasis on a customer-centric approach (Star, 2019), it is logical to secure communication channels to ensure that customers’ voices are heard at all levels of management (Argyris, 1994), enabling leadership to make informed decisions (Bazerman & Moore, 2008). Such companies should employ management and leadership styles that are flexible enough to cater to market trends and customer needs (Copeland & Keenan, 1998; Drummond, 2001).

In conclusion, learning is an important process in dynamic capabilities because it enhances an organization’s long-term sustainability and competitive advantage. This process is critical in understanding why companies succeed or fail in terms of maintaining their position as leaders in the industries. Hence, this process will frame the exploration of why AVON failed in terms of maintaining its leading role in the water bottle industry in Saudi Arabia.

2.3.2. New Assets

Within the framework of dynamic capabilities, new assets refer to the ability to effectively and efficiently use of external resources that could play a role in maintaining competitive advantage (Teece et al., 1997). New assets can also include new partnerships and alliances, whether internal or external. For this study, the process of developing and honing new assets will be regarded as one of the necessary tasks of effective leaders who are aiming for long-term sustainability and competitive advantage.

Another important consideration for both parent and daughter companies is how to address business environmental needs through intended strategies (Talpova, 2017) and how to adjust to eco-control needs through a realized strategy (Journeault, De Rongé, & Henri, 2016). This is considered a defining differentiator between prospering companies and those where performance is declining.

Within the management framework of a parent company that manages a diversified portfolio, the parent company may assist the daughter companies in evaluating and selecting businesses based on their projected value (Campbell, 2017; Dziurski & Mierzejewska, 2019). This concept emerged from theories of competitive strategies and the role of the centre theory where the central stakeholder (parent company) exercises control over the operations of its downline/s (daughter company/companies). According to Kruehler, Pidun, and Rubner (2012), there are four direct ways to create value for daughter companies:

1. Stand-alone influence
2. Linkage influence
3. Central function and services
4. Corporate development activities

Tao, Liu, Gao, and Xia (2018) supported these ways of creating value but acknowledged that these strategies could be exercised inefficiently in a way that could reduce value (See Table 2.1. Value Addition of Parent Companies). Kruehler et al. (2012) introduced a three-dimensional framework for assessing corporate parenting strategies:

1. A framework that aims to distinguish the origin of the corporate parenting activities (direct vs compositional)
2. The impact of such activities (value-adding vs value-destroying)
3. The type of activities (strategic/vertical vs operational/horizontal)

In this framework, (See Table 2.1. Value Addition of Parent Companies) the dimensional activities either add value to or detract value from the daughter companies. Dynamic capabilities tend to add value to the corporation by facilitating system change, improving operations, and increasing the alignment between parent and daughter (Fainshmidt, Pezeshkan, Lance Frazier, Nair, & Markowski, 2016).

Table 2.1. Value Addition of Parent Companies

Value-Added Activities	Value-Destroying Activities
Vertical Involvement	Vertical Involvement
<i>Generic Support and Strategic Guidance</i> , which involves strategic direction, strategic expertise, growing business and business development, allocation of resources, protecting daughter companies and subunits from capital markets, improving performance, and finally fostering synergies among daughter companies and business units in general	<i>Negative involvement or influence</i> , which involves managing or supervising with insufficient expertise, resources and skills, managerial entrenchment, risk aversion, lack of performance monitoring and motivation in general
<i>Central Resources and Services</i> , which involves providing access to parent company's assets, capitalizing on management capabilities, using central functions, and providing external funding and short-term financing	<i>High overhead cost</i> , which involves incurring cost of resources, inward focus, complex processes (especially related to decision-making when relating this aspect to OG and AVON relationship), and finally oversized scope
Horizontal Involvement	Horizontal Involvement
<i>Synergy of Sales and Managerial</i> , which involves cross-selling, sharing services and expertise, and joint development	<i>Shortage of resources</i> , insufficient corporate attention towards daughter companies, unclarity of portfolio role, and finally cross-subsidizing
<i>Synergy of Operations and Investment</i> , economy of scale, economy of scope, utilizing facilities and capitalizing on purchase power	<i>Cost generated from complexity</i> , which involves internal coordination among parent and daughter companies and struggles arising from internal power dynamics

In conclusion, new assets are one of the necessary processes needed for the long-term sustainability and competitive advantage of organizations. This process is critical in understanding why companies succeed or fail in terms of maintaining their position as leaders in the industries. Hence, this process will frame the exploration of why AVON failed in terms of maintaining its leading role in the water bottle industry in Saudi Arabia.

2.3.3. Transformation of Existing Assets

Within the framework of dynamic capabilities, the transformation of existing assets entails the ability to adapt and make the necessary changes in order to address needs (Teece et al., 1997). This transformation could be internal or external assets, which are critical in the overall competitive advantage of an organization. For this study, the process of transforming existing assets will be regarded as one of the necessary tasks of effective leaders who are aiming for long-term sustainability and competitive advantage.

According to O'Loughlin (2015), the external business environment requires agile leaders and organizational structures that can transform in line with the demands of a dynamic system (Kaivo-oja & Lauraeus, 2018). Such transformations begin with evaluations of how these leaders and organizations think, consult, and act in order to ensure alignment with VUCA realities.

O'Loughlin (2015) posited that business development requires the reconsideration and reengineering of two factors: (a) organizational structures; and (b) leadership models. The redevelopment of these factors would facilitate new ways of thinking and roadmaps to business success. This is a potential area for future research as the third proposition of the current study suggested that AVON's struggle to adapt to the VUCA environment had caused lost market share, declines in customer satisfaction, reduced sales and profitability, and increased employee turnover. The adaptation of an organization's structure and leadership styles may provide an opportunity for companies to cope with a VUCA environment (Bernstein, 2014).

Kok and Heuvel (2019) emphasized the importance of developing an agile structure and a collaborative framework for organizations seeking to survive in the current VUCA business environment. The development of such a collaborative framework would begin with investing in the acquisition of new skills alongside attracting process experts (Nandram & Bindlish, 2017). This represented another area to examine within the structure of OG and AVON in comparison to Bryan. Additionally, Kok and Heuvel (2019) asserted that transformational endeavours require an abundance of previously tested logics and historical experience (Drummond, 2001). One suggested way to achieve this is to redesign the decision-making processes to integrate employee contributions (Copeland & Keenan, 1998).

In conclusion, the transformation of existing assets is related to the current study because it provides framework for the arguments, that, for organizations to remain competitive, existing assets need to be transformed based on needs and changes in the market (Teece et al., 1997). This process is critical in understanding why companies succeed or fail in terms of

maintaining their position as leaders in the industries. Hence, this process will frame the exploration of why AVON failed in terms of maintaining its leading role in the water bottle industry in Saudi Arabia.

2.3.4 Key Theoretical Debate Related to Dynamic Capabilities

Through the lens of corporates' sustainable competitive advantage and performance, it became evident to many scholars that corporates' performance may interlink, directly or indirectly, with corporates' dynamics capabilities. Nevertheless, those scholars had perceived dynamic capabilities, differently, from different perspectives. From definition perspective, Barney (1991) defined dynamic capabilities as corporates' abilities or capabilities to identify and deploy strategic resources across organizations, where such resources should enjoy heterogeneity, stability, and longevities features. Barney (1991) also claimed that such dynamic capabilities may help corporates to enhance their abilities -and opportunities- to respond to external environment dynamics by exploiting their internal strength. Peteraf (1993) had also stressed on the importance of relying on heterogenous resources as a main definer of dynamic capabilities and agreed, as well, on the benefit of exploiting corporates' dynamic capabilities.

On the other hand, Teece et al. (1997) highlighted the importance of dynamic capabilities to help corporate's sustaining their competitive advantages, but Teece et al. (1997) defined the dynamic capabilities as firm's abilities to integrate, build, and reconfigure internal and external competences to address changing environment. in which, Teece et al. (1997) had seen a necessity of reconfiguring resources, unlike longevity feature of dynamic capabilities that Barney (1991) stressed on.

Thus, one puzzling -yet critical- inquiry had hovered around the definition of the dynamic capabilities in the sense of the necessity of either stabilizing the resources! Or, reconfiguring them! In which, Easterby-Smith et al. (2009) highlighted a critical and theoretical debate around this aspect. Later, Teece et al. (2016) had pinpointed the necessity for corporates to be more agile, in the sense of living in a constant transformative mode. Thus, even though Teece et al. (2016) agreed partially on the definition of the dynamic capabilities, but they added an additional dimension to the debate, where they suggested that retaining the resources, but reconfiguring them, could be an essential component of the dynamic capabilities, for the sake of developing agility, that can be secured -most likely- by retaining resources.

Despite the fact of different views about using the resources, as a main definer of dynamic capabilities, it seemed that factors such as time, context, industries, economic, and cultural dimensions may play a significant role in defining the dynamic capabilities in the sense of utilizing, or dealing with, resources (Maritan and Peteraf, 2011).

Notwithstanding, Shuen and Sieber (2009) highlighted that since 1997 dynamic capabilities had been defined as a company's strategic ability to combine inside and outside competencies to address possible VUCA. In which, this definition seemed more inclusive in the sense of occupying multiple possibilities in pertinence to the definition. Nevertheless, according to Birkinshaw, Zimmermann, and Raisch (2016) Teece's definition became more vivid and inclusive as dynamic capabilities can be broken down into; 1) Sensing, 2) Seizing, and 3) Reconfiguring. Yet, this definition may have sealed the debate about the definition itself, but it opened another dimensional debate for the scope of dynamic capabilities.

Teece et al. (1997) highlighted another debate in pertinence to the scope of dynamic capabilities, for example, Zollo and Winter (2002) had seen the scope of dynamic capabilities more into a learning mechanism that can help organizations to create, and then enhance processes. Differently, Bruni and Verona (2009) saw dynamic capabilities as means that can enrich marketing for new products and product knowledge dispersion. Birkinshaw, Zimmermann, and Raisch (2016) perceived dynamic capabilities scope as a tool or method to enforce contentious change! Shuen and Sieber (2009) also agreed on the scope of dynamic capabilities and the importance of such concept to help companies getting ahead in times of rapid change, where dynamic capabilities can help companies to orchestrate, recombine, and collaborate. And back to proposition of Maritan and Peteraf (2011) even the scope or applicability of dynamic capability can range and disperse based on the context itself.

A critical addition to the dynamic capabilities scope was proposed by Schoemaker, Heaton, and Teece (2018), in which, the authors emphasized the importance of relying on dynamic capabilities for those companies seek development of new products and processes. Thus, Schoemaker, Heaton, and Teece (2018) had also broaden the scope of dynamic capabilities to include **multiple** contexts, corporates' intentions to innovate, and endeavor to change.

This suggestion opens an area for investigation in the Saudi Arabian market and within a unique corporates and market contexts.

2.4 Market Disruptions and Dynamic Capabilities in Saudi Arabia and the Gulf Region

Saudi Arabia, together with other Arabian Gulf countries, is one of the driest countries in the world, making water a particularly valuable commodity (Tarawneh & Chowdhury, 2018). The consumption of bottled water is increasing in Saudi Arabia (Sajid & Shahzaib, 2018). This industry is continuing to expand despite the quality issues associated with many water bottle manufacturers in Saudi Arabia (Al-Omran, 2013). In 2019, Saudi Arabia was listed as the 12th highest consumer of bottled water, which can be attributed to the perception among the consumers that the quality of tap water is low (Rodwan, 2019).

AVON was once the incumbent water bottle producer in Saudi Arabia and the Arabian Gulf region, generating annual revenue of over SAR450m at its peak, in addition to an annual market growth rate of between 6-9%. In 2016, however, AVON lost some of its market share to a new entrant called Bryan and began experiencing issues across many organizational functions, including higher employee turnover, increased customer complaints (See Figure 2.2), and decreased product quality. This situation may have resulted from a combination of issues, and it is important for OG to understand these reasons in order to address the root causes.

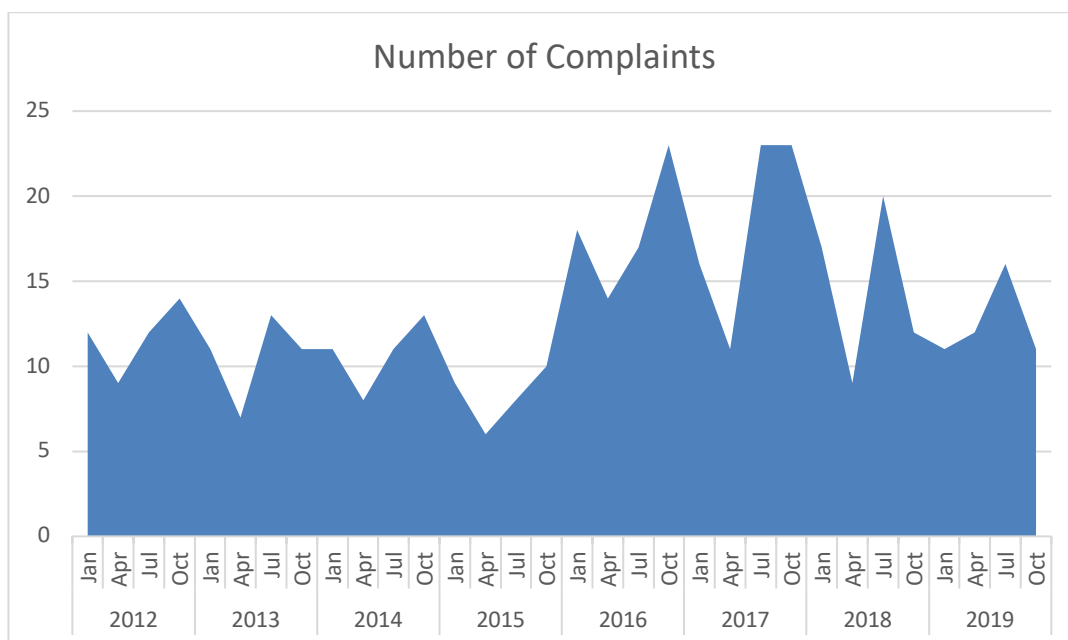


Figure 2.2. Number of complaints (2012-2019)

Saudi Arabians tend to score low on long-term orientation, meaning that they pay less attention to potential future consequences when making decisions (Clearly Cultural, 2018); therefore, they may not consider such quality issues when consuming bottled water. Recently, Bryan, a Saudi Arabian company, introduced a 200ml water bottle, which was reported to be

cheaper and more convenient for consumers to carry around (Construction Week, 2019). However, plastic bottles tend to be difficult to recycle and are often only used once; hence, these single-use plastics may not be environmentally sustainable in the long run – an issue that consumers may be ignoring.

In the case of the Saudi Arabian water bottle industry, there is a possibility that certain needs had been ignored by many existing players, including AVON. This enabled a new entrant to successfully identify current customer needs, identify the JTBD (Christensen et al., 2016), and devise new offerings to close the gaps in the JTBD. Many companies should revisit their long-term strategies and act accordingly to modify the organizational structures of both the parent and daughter companies (Campbell, 2017; Martyn, Sweeney & Curtis, 2016). This is a particularly relevant suggestion for Saudi Arabian companies due to the country’s low long-term orientation index score as per Hofstede’s cultural dimensions framework (Clearly Cultural, 2018).

The water bottle market in Saudi Arabia represented around 65% of the Gulf Cooperation Council’s (GCC) consumption of 19 billion litres in 2019 (see Figure 2.3). Considering the Saudi population of 34.26m people, average consumption is around 0.99 lt/person/day ($19b\text{ lt} \times 65\% / 34.26/365$), which is a strong indication of Saudis’ reliance on water bottles.

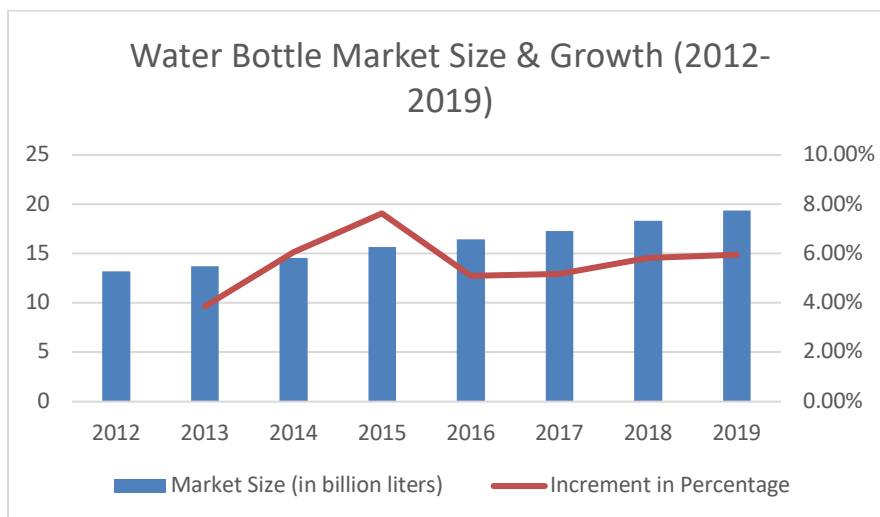


Figure 2.3. Water Bottle Market Size and Growth in GCC (2012-2019)

Figure 2.3 suggests that this market is growing annually, with a compound average growth rate (CAGR) of 5.6%. Yet, the market still grew by an average of 5.11%. The Mayo Clinic suggests that a person should drink 2.5-3 litres per day (Mayo Clinic, 2017). Thus, almost half of the

water consumption in Saudi Arabia (0.99 lt/person/day) is from water bottles. This could indicate that there is a preference for consuming bottled water. As SNA suggested earlier, there could have been a hidden preference that none of the existing market players detected.

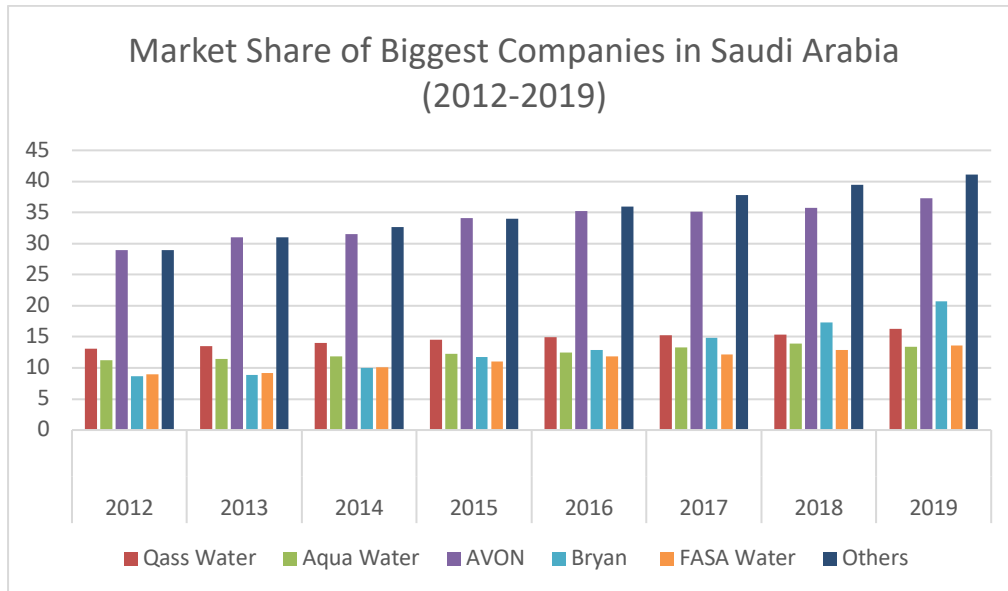


Figure 2.4. Market Share of Biggest Companies in Saudi Arabia (2012-2019)

Figure 2.4 illustrates the market dynamics and growth in Saudi Arabia from 2012 to 2019. In 2012, AVON's market share (29%) had grown around 7% compared to 2012. Meanwhile, Bryan's share market (8.7%) had grown only 2% compared to 2012. In 2014, however, AVON only grew 2% while Bryan grew by around 12%. This trend was abnormal and merits investigation because no other competitors experienced such growth, except FASA Water. This observation is discussed further in the next section.

2.5 Key Debates in Sustainability, and Competitive Advantage, and Role of Dynamic Capabilities

There are several perspectives on how organizations can remain sustainable and continue to have competitive advantage over other companies. These different strategies intend to address potential market disruptions in a timely manner so that the appropriate action can be undertaken. Some of these strategies will be discussed, concluding with the why dynamics capabilities model is the most optimal model for this study.

Any business, product, or service has the potential to be replaced (Hacklin, Björkdahl, & Wallin, 2018). Monk and Howards (1998) recommended that companies examine a higher-

level rich picture of the different aspects of their systems, including business models and strategies, in order to pinpoint potential growth areas in their current market space. A specific business model and a deliberate strategy could hinder such a company's ability to adjust to changing market dynamics and new offerings from market entrants (Yang & Meyer, 2019). Using the rich picture method, management can identify untapped opportunities regarding the supply chain or the efficiency of the system -as a whole-. By performing high-level analyses such as SWOT assessments, the leaders of AVON may re-evaluate the company's supply chain, customer experience, quality management, product range, product variety, scaling, current competencies, organizational structure, functional structure, and vulnerability to market disruptions.

Businesses establish deliberate strategies to transfer value to and from customers (Soliman, Anchor, & Taylor, 2019), and entire business models are built around such deliberate—and eventually, emergent—strategies. With this proposition, incumbents, with more experience in the market, should perform better than new entrants to the market; however, strategies applied by new entrants such as more competitive pricing could disrupt the market (Du, Li, & Wu, 2019). Therefore, incumbents are often forced to reposition their approach, which may not always be beneficial to them. Repositioning may come at a cost (Menon & Yao, 2017), potentially involving reviewing the current structure of the organization.

The high, medium, or low target market, along with the performance of offered products or services, must be clear to management. The primary focus of new businesses is usually revenue generation, with most of the focus marshalled towards profit margins and fewer resources devoted to customer satisfaction (Knight, 2005). Christensen (2018) explained that businesses move towards the high end of the market by offering better products or service attributes that increase their profit margins, for instance. With the introduction of new products, such deliberate strategies, however, may cause incumbent companies to ignore the possibility of disruptive forces emerging in their market space (Christensen, Hall, Dillon & Duncan, 2016; Knight, 2005).

Previous researchers have suggested the importance of organizations' capability to embrace change and introduced several techniques to bridge such gaps. One such technique is the implementation of experience feedback (EF) into product lifecycle management (Clermont & Kamsu-Foguem, 2018). The lifecycle of products usually involves evolving, growing, and declining as part of its birth and maturity (Davies & Brady, 2016). This process enables leaders to better predict emerging customer needs (Buell-Armstrong, 2015; Christensen & Roth, 2004).

According to Clermont and Kamsu-Foguem (2018), experience feedback is considered a gateway to improving product and service quality. This suggestion was empirically tested through a case study in which the authors proved that implementing the EF concept may bridge the gap between customers' expectations and current corporate offerings. Despite the technological examination of the concept, these authors presented no limitations on using the concept outside of technological innovations. By applying this concept on a larger scale, corporates may better determine customer needs and promote products that address the same. This process is also known as job-to-be-done (JTBD) (Christensen & Roth, 2004).

It may be that technological competitive advantages start and end with management capabilities. Management capabilities, followed by management decisions, play a significant role in determining organizational success. In this study, AVON and OG have been examined through the lens of their management team's capabilities to cope with emerging customer needs. There may be a proportional relationship between managerial capabilities and the competitive advantage of corporates (Kwak, Seo, & Mason, 2018). Another paradigm explored in this study was managerial perceptions of the competitive advantages that either AVON or OG had experienced.

The findings of this study may confirm or disprove Christensen and Roth's (2004) emphasis on the importance of identifying JTBD and its relation to market disruption. In addition, the findings may support or detract from Williams's (2007) focus on the need for management to identify and materialize successful changes. Empirical evidence has revealed a relationship between internal managerial perceptions and an awareness of external market dynamics, in which managerial perceptions included corporate/brand identity management, customer relationship, social media/communication, design/innovation management, and performance management (Brown, Foroudi, & Hafeez, 2019). The identification of JTBD (Christensen & Roth, 2004) partially relies on managerial perceptions.

Nevertheless, and as per the findings of Williams's (2007) and the suggestions of Christensen & Roth (2004) managing the change would start firstly by identifying the need for change. In which, identifying the emerged JTBD is the first step towards managing the change. Yet, managing the change may have much to do with corporates' strategies, corporate positioning and internal capabilities. Which is related to managerial actions and corporate setup or structures.

Another important aspect to consider is the number of staff in an organization and the number of functions required to operate efficiently as a parent company. For example, a

treasury function could be of great help to daughter companies by leveraging the wealth of the parent company to obtain lower lending rates. Parent companies could also streamline the operations of their daughter companies by ensuring that financial transactions—and the benefits thereof—remain within the business group. In another example, the human resource functions of parent companies may ease the hiring process and provide a talent pool/guideline for their daughter companies (Goold & Campbell, 2002). The design of the functions themselves varies depending on factors such as the nature of the company and the health of the organization (Pla-Barber et al., 2018). The objective is not to mimic the function design that another parent company has used to achieve success but instead to design functions based on the organization's desired outcomes. For example, when a parent company notices a systemic lack of innovation or high-quality problem solving, establishing a centre of excellence might be a partial solution.

For this study, the model dynamics capabilities will serve as the basis for examining how AVON's sales and profitability had declined, and consequently its market share, by focusing on the management decisions and practices of the leaders of OG (parent company) and AVON. Most importantly, the dynamic capabilities framework will be used as the basis for determining why AVON's management team and OG's leaders were unable to detect the market potential that another small entrant, Bryan, was able to.

2.6 The Role of Leadership in Parent Companies

The main purpose of having a parent company or a conglomerate corporate is to add values to the daughter companies (Loo & Chu, 2018). Such corporates are at a valuation disadvantage, however, in comparison to focused companies that operate in limited business spaces (Boguth, Duchin, & Simutin, 2018). According to D'Aveni (2017), this difference in valuation is not due to the nature of focus companies versus diversified businesses but is a result of corporate parenting strategies and roles (Galpin, 2019). It is unknown whether universal models are used in corporates or parenting companies, and effective corporate strategy frameworks have not yet been identified.

In order to provide the best possible support to their daughter companies and business owners in general, parent companies should develop a clear set of compatible characteristics with critical success factors tailored to their daughter companies' needs and nature (Klein, Chen, & Wuebker, 2017). Parent companies should pay attention to the levers of control that

may hinder the growth and advancement of their daughter companies (Heinicke, Guenther, & Widener, 2016; Klein et al., 2017; Kruis, Speklé, & Widener, 2016).

According to Goold and Campbell (2002), there are two main obligations of parent corporates: (a) to manage the corporate level; and (b) to add value to the daughter companies. It is logical, therefore, that such roles include maintaining legal and regulatory requirements, providing well-structured governance practices, enforcing health, safety, and environmental requirements, and transferring knowledge and skills to the daughter company (Garg & Zhao, 2018). The appointment of senior executives and managers is also expected.

The most important role of parenting companies might be to provide a clear corporate strategy that considers daughter companies' needs, collectively, (Pla-Barber, Villar, & Madhok, 2018). This proposition is aligned with the emphasis that Kruehler et al. (2012) placed on the importance of having a clear strategy that defines what is expected from the parent company in terms of help, as well as what is expected from daughter companies in return in terms of performance and contribution to the shareholders' or founding team's desired goals. These objectives can be achieved through diversified companies or M-form firms, as Grewal, Iyer, Kamakura, Mehrotra, and Sharma (2016) suggested. Goold and Campbell (2002) referred to this as the parenting proposition.

Goold and Campbell (2002) cited a few examples that can be used to assess the parenting strategy and role of parent companies. For example, Dow Co. enhanced its manufacturing excellence through establishing a corporate manufacturing function focused on driving business units towards excellence. Goold and Campbell suggested that parenting companies add value through actions including, but not limited to:

1. Sharing responsibilities with other units, be it subunits or daughter companies.
2. Being explicitly involved in providing the guidance and guiding proper coordination among units and daughter companies.
3. Paying more attention to the design and engineering of the corporate structures; and
4. Defining the level of control, which is a crucial trait.

Dessein, Garicano, and Gertner (2008) found that large companies tend to generally fragment their business into smaller business units, which may lead to excessive standardizations, which in turn could limit the authorities of the business units' managers.

This part of the literature review had enlightened the researcher to develop the first proposition (P1): OG's corporate parenting role could be significantly impacting on AVON's performance (parenting proposition from Goold & Campbell, 2002). Additionally, this

investigation led the researcher to develop more questions that would strengthen the investigation of the case of OG and AVON. This also led to reflection on the contingency theory, as suggested by Nystrom (1976), where no universal organizational structure guarantees organizational performance. In which, this is another area that led to develop more questions the researcher would ask through the interviews.

Parent companies should be aware that their daughter companies' performance is associated with the level of control exercised over them. This control may reflect either negatively or positively on four dimensions: beliefs, boundaries to excel and grow, diagnosing the causes of certain performance-related elements, and interactive actions to notice issues or opportunities (Pešalj, Pavlov, & Micheli, 2018). The four dimensions of the levers of control could be traced back to the concept of notion of balance (Simon, 1995). Simon posited that balance in organizations could be achieved through simultaneous use of the four dimensions such that they are treated independently yet as complements to each other.

Beliefs include systems related to establishing the mission and vision of an organization, its core values, and its guiding principles. Belief systems help control the expected behaviour of the stakeholders within an organization. The boundaries set to excel and grow would ideally be used to communicate those said expectations to stakeholders. The boundaries system could be verbally communicated through the employee manual, handbook, or code of conduct. Diagnostic systems control the achievement of an organization's goals. Sales quotas and performance measures could be used as tools to diagnose the progress of the organization, and whether the stakeholders are performing according to the beliefs and boundaries of the organization.

The interactive systems are then used to open the line of communication between top management and employees so that management can provide feedback and motivation to their employees based on diagnostics. However, a focus on sales and performance could hinder creative innovation. Hence, the interactive system also aims to establish control through giving employees opportunities to present their own ideas and make decisions (Pešalj et al., 2018). Similar concepts could be transferred to parent and daughter companies. Theoretically, parent companies need to practice the four dimensions of the levers of control in order to foster a trusting relationship with their daughter companies (Massaro, 2019). This trust-related aspect develops over time and facilitates knowledge transfer from the parent company to the daughter company and vice-versa (Massaro, 2019). The relationship between transparency and

performance may contribute to the development of this trust (Schaerer, Kern, Berger, Medvec, & Swaab, 2018).

Daughter companies may be in a better position to read market uncertainty and to identify actions needed to grow better than their parent companies, who are less directly involved in certain business spaces (Song, 2017). Necas (2018) suggested that corporates' innovations are associated with the type of management—either bottom-up or top-down processes of innovation—within multidivisional companies such as OG. In addition, overcoming challenges may result in the best possible structure to promote the growth of subcompanies within multidivisional firms (Rankov & Escobar, 2019; Zhijun & Li, 2016).

2.6.1 VUCA and leadership action-framework

According to Codreanu (2016), the VUCA action framework should offset the effect of VUCA traits that may negatively affect businesses in general. The whole framework should be structured around the leadership style. Leaders require an understanding of their business' position and competition status; this understanding is associated with sub traits such as openness, willingness to tackle difficult issues, listening, and communication. The researcher had realized the importance to examine these traits for both OG as the parent company and AVON as the OpCo in this study (see Table 2.2: Four-frame Model Leadership Style). In order to offset the negative VUCA effects, leaders should seek to be agile and responsive to market dynamics (Kaivo-oja & Lauraeus, 2018; Millar, Groth, & Mahon, 2018). This suggestion aligns with Bolman and Deal's (2015) assertion that contemporary leaders employ mental models to make sense of the VUCA, as an awareness of the system's internal synergy and sub systems is crucially important (Novikov, Sapun, & Shipilina, 2013). Leaders must quickly develop an evaluation process of current corporate issues and significant trends (Antonacopoulou & Bento, 2004).

The leadership styles that would offset the negative effects of VUCA can be summarized in the four-frame model suggested by Bolman and Deal (2015) (see Table 2.2: Four-frame Model Leadership Style). In this model, the leadership styles define the organization's vision and ability to observe the VUCA environment. Both OG and AVON's leadership styles could be aligned with the leadership styles suggested by Bolman and Deal.

Table 2.2. Four-frame Model Leadership Style

	Suggested Frames			
	Structural	Human Resources	Political	Symbolic
Metaphor for organizations	Factory	Family	Jungle	Temple or theatre
Central concepts	Roles, goals, and environment	Relationships, skills and needs	Organizational politics, competition and conflict	Stories, heroes and culture
Leadership image	Social Architecture	Empowerment	Political savvy	Inspiration
Basic challenge of leadership	Attuning the structure to suit the tasks, technology, and environment	To align the organization structure with the talents and the human needs	Develop the power base along with the agenda	Create the meaning and belief

This suggestion revolves around the development of a leadership style or mindset that enables an organization to observe hidden realities (ProtoView, 2017). Additionally, Millar et al. (2018) reported that the VUCA environment did not just affect the organization but may also negatively impact the well-being of the organization’s leaders. As leaders were generally exposed to the elements within the VUCA environment, their stress level could be detrimental to their physical and mental health, which could cycle back to negatively impact the organization. The researchers stated that more research was needed on how leaders respond to the VUCA environment other than dealing with innovation or change. Millar et al. (2018) reported that such unknown elements could impact the organization’s uncertainty and/or ambiguity. Therefore, VUCA elements were integrated into this study while understanding the OG’s involvement.

2.7 Rationale for the Current Study’s Framework and Model

The current study’s framework hinged on the need for companies to have an assessment of their future needs in order to maintain sustainability and competitive advantage. Thorén and Vendel (2018) posited that companies may reduce the employee contributions needed through effective situational assessment. The suggested framework to achieve this is Backcasting – a tool to explore near-future requirements in order to achieve long-term sustainability (Robinson

et al., 2011). The Backcasting framework is structured around information-exchange and stakeholder buy-in. This was another area of examination in the context of OG and AVON. It is possible to implement a Backcasting framework through the assertion of the following (Thorén & Vendel, 2018):

1. Providing directions through agreeing on common futuristic views.
2. Providing guidance by exploring multiple views and agreeing on options.
3. Acting despite volatility by mentally preparing the system's actors and creating contingency plans.
4. Managing and dealing with uncertainty by substituting certainty with vision as the base for decisions and actions.
5. Reducing perceiving complexity by simplification and complexity framing (focusing on relevant paths); and
6. Resolving ambiguity by clarifying and agreeing on intentions.

According to Koch (2010), one way to develop corporate agility is to focus on two streams: firstly, hiring operational employees with a dedicated focus on market dynamics to ensure customer agility; and secondly, developing a culture of entrepreneurial alertness and acceptance of trial-and-error attempts to develop the business.

Yet, according to Cohen (2010), leadership styles might affect the working context in the sense of how leaders perceive reality and the extent to which they allow other system actors to participate in the decision-making process. Heroic leaders might make decisions from their own perspectives by including certain elements in the process. Here, the possibility of missing the inclusion of certain actors is valid. Thus, the researcher had considered this aspect to be investigated through the interviews and observations as well.

This is related to the proposition that AVON's struggle to adapt to the VUCA environment had caused lost market share, decreased customer satisfaction, reduced sales and profitability, and higher employee turnover. Most of AVON's strategic decisions were based on those of OG; the centralized, bureaucratic process of decision-making resulted in AVON being unable to cope with changing market dynamics. In addition, the slow decision-making process may have impacted the decline of AVON, as the speed of adoption in response to disruptive innovation tends to determine the increased market value of the products and services offered by incumbents (Zach, Nicolau, & Sharma, 2020). This study evaluated whether OG failed to adapt its leadership style to reflect the current market dynamics (Liu, Luo, & Yue, 2018).

AVON had previously been the sole incumbent in the market, with an unmatched market share; however, AVON is no longer the biggest market share leader. These facts pose the question of how the market has dynamically changed. According to Solomon and Ertel (2014), VUCA has become the new normal, and incumbent business models no longer have a competitive advantage due to the emergence of disruptive technologies. Thus, there is a need for new strategic conversations and leadership frameworks (Bernstein, 2014). Translating the results of such conversations into corporate practice involves the following five stages.

1. *Corporate purpose definition*: this includes understanding current issues, making critical decisions, avoiding making decisions without a thorough understanding of the issue and the involvement of key people, and evaluating strategic options.
2. *Multiple perspectives engagement*: this involves the inclusion of multiple views, ideas, options, feedback, and experiences from both inside and outside the organization.
3. *Framing the issues*: this requires asking the right questions of the people on the ground, and/or those directly involved with customers.
4. *Setting the scene*: in this step, companies focus on extracting the right ideas by boosting engagement.
5. *Making it an experience*: this involves documenting the company's progress against strategic challenges.

Another suggestion for leadership to deal with the VUCA is to adopt cloud leadership. Rodriguez and Rodriguez (2015) suggested that modern leaders should make use of tools that enable them to observe and respond to customer needs. This aligns with Anita's (2016) suggestion that leaders need to objectively process others' perspectives during the decision-making process; instant cloud access to up-to-date information would decrease the leaders' dependence on in-person meetings, reports, and other traditional methods of data collection (Millar et al., 2018). The researcher concluded that leadership styles might have affected AVON and OG's workplace issues and that this aspect should be explored during the data collection stage.

2.8 Summary

In this section, the propositions derived from the related literature will be summarized. The key points of this literature review were specific to OG's parenting proposition, AVON's

JTBD, AVON's operations in the VUCA environment, and Bryan's market disruption. The subsections below summarize the propositions.

First proposition (P1): OG's corporate parenting role could be significantly impacting on AVON's performance (parenting proposition from Goold & Campbell, 2002). Parenting roles can have value-adding effects to sub-units, but parent companies can also have value-destroying impacts depending on the activities in question (Kruehler et al., 2012). Based on Kruehler et al.'s definition of value-adding and value-destroying activities, OG appears to conduct value-destroying activities through negative involvement or influence, and costs generated from complexities, while value-adding activities include abundant resources and synergies between sales and managerial personnel. This study explored how the abovementioned activities impacted the value placed by OG on AVON.

Second proposition (P2): AVON's decline in sales could be a result of missed opportunities in identifying and responding to customers' JTBD. AVON's deliberate approach to its business model may be resulting in some hidden realities or unseen/unnoticed opportunities as they focus on certain niches and certain product ranges. In contrast, Bryan used customer feedback to tap into formerly untapped markets with the introduction of the 200ml water bottle.

Third proposition (P3): AVON's struggles to adapt to the VUCA environment caused the company to lose market share, its customers' satisfaction to fall, its sales and profitability to decline, and its employee turnover to increase. A daughter company's ability to adapt may be linked with the parent company's organizational structure and leadership style (O'Loughlin, 2015). Organizations need an agile structure and collaborative framework to succeed in a VUCA environment (Kok & Heuvel, 2019), which requires the acquisition of new skills, as well as process expertise (Nandram & Bindlish, 2017). The concept of Backcasting shows that OG's parenting role may be a barrier to AVON's development since most strategic decisions flow from OG and, given the length and centralized nature of this process, may have led AVON to become unable to react to market dynamics.

Fourth proposition (p4): Bryan, the growing and expected new future-incumbent, has a completely different approach to the market through its management structure and specific functions, in which market warning signals of new emerging needs are captured, analysed, and responded to. This proposition may be traced back to Bryan's possible market-orientation strategy rather than an entrepreneurial- or learning-orientation strategy. Bryan's entire business

model was designed specifically to meet the untapped market and the untapped needs of consumers.

Each sub-section of this literature review contributed to the development of the research question. The sub-section on CPR and its effect on subcompanies' survival included the roles and strategies, levers of control, value-creating activities, and roles of parent companies, and looked at the strategies and organizational structures that could impact a daughter company. This sub-section highlighted the processes that could determine the successful performance of a daughter company. As a result, RQa. – How does OG exercise corporate parenting roles (CPR) impact AVON's performance? – was developed to address the problem of OG's OpCos, particularly AVON's, struggles in the past in terms of expansion, sales, and financial performance.

The sub-sections on disruptive strategies and business, and operating in a VUCA business environment, set out the factors that might influence the strategies and decision-making processes of parent companies, especially ones operating in the commodity market. RQb. – How do OG's and AVON's organizational structures influence strategies and decision-making regarding reading and addressing market needs? – was developed, in an attempt, to understand OG's processes in relation to its OpCo's.

Managing corporates alongside the emergence of new market needs encompasses the topics of dynamic capabilities, sustainability, experience feedback, management action, and rich picture. Researchers suggest that identifying market needs was related to the identification of the job-to-be-done (JTBD), which partially relies upon managerial perceptions (Christensen & Roth, 2004). As such, OG's role as a parent company, as well as the BoD's role in the decision-making process involving OG and its daughter companies, could have influenced AVON and its performance. This body of literature contributed to the development of RQc. How does BoD exercise its role impact AVON's performance? This study examined and compared Bryan's and AVON's business models and reviewed how Bryan caused market disruption despite being a new entrant.

In this chapter, the researcher tried to explore the existence of similar workplace-based problems. However, the uniqueness of this case – a specific context (Saudi Arabia), a company managed by a parent company, the water-bottle industry, and the scarcity of data available for this region, in addition to the unique cultural dimensions of Saudi Arabia compared to other countries – meant that the researcher encountered difficulties finding similar cases. The researcher, therefore, broke down the workplace problem into more manageable components

to explore and investigate it through different lenses that relate to it. Additionally, the literature review helped the researcher to perceive the workplace problem at different managerial layers, in which, based on the findings of the literature review, the researcher was able to digest some managerial concepts that relate to the workplace, which lead to assume the type of the problem is not a tamed problem (Weick,1993) as trying to solve it without analysing it may complicate the problem more

As mentioned earlier, the scarcity of literature relating to AVON and OG in this region made it difficult for the researcher to rely on tried analysis and solutions, thus they had to examine the workplace-based problem through qualitative methodological research as well as by capitalizing on their presence inside both companies. The researcher viewed such difficulties as opportunities to examine the reviewed literature and concepts in this part of the world and this unique context.

Additionally, the researcher explored many managerial, strategical, leadership and business-related aspects that should be considered during the data collection stage. The researcher will need to widen the scope of the areas to be observed and design interview questions; these are vital elements to help answer the research question and reflecting on personal and corporate development as part of the action research. It was evident during the literature review that disruption and dynamic capabilities are associated with change, thus the researcher considered these concepts and some other concepts to strengthen the examination and readiness of the workplace to embrace change.

Finally, the researcher reflected critically on both a personal and corporate level through the lenses of the learnings captured throughout this stage. These learnings were incorporated into the research methodological stage - after considering their actionability – and helped with designing the research strategy. This will be discussed next.

Chapter 3. Methodology

3.1. Research Method and Design Justification

Multiple methodologies and research philosophies were considered to guide this investigation. The selection of the most appropriate approach was made based on its likelihood to contribute valuable information related to the research topic. The ontology philosophy provides the most appropriate branch to study systems (de Kock, 2015), such as the interaction of many factors and realities in the workplace. The use of subjectivism, constructionism, and interpretivism as thematic aspects for this research was important because the observed phenomena may have resulted from the behaviours and actions of the system's actors. For example, the use of subjectivism was important for this research to realise that the situation was not necessarily subjective to the researcher's understanding and perceptions. Thus, there are possibilities of the existence of different realities that both the researcher, as an insider, and the key systems' actors are not aware of. Therefore, the iterative action inquiry helped the researcher to realize an overall better understanding of the context, leading to enhanced knowledge creation.

Consequently, this led the researcher to consider whether constructivism as a possible corporate mental model had prevented OG and AVON from realizing the new reality and recognizing that doing what had worked before might not necessarily guarantee the same historical success again. The AVON situation was investigated by another team, as mentioned earlier, yet their results and findings focused on sales. Thus, when the researcher had considered the constructivism as an approach, the management became in acceptance mode to enable this research as the constructivism may enable the search to explore different and hidden realities, for instance, how Bryan, the new entrant, was able to achieve unrealistic results while AVON lost market share. Thus, the search had been decided to be conducted through observations and open-ended questions, and the researcher must be part of the context, which can be achieved using constructivism.

Finally, considering interpretivism was the most critical part of the study design as the researcher is already part of the desired context to be researched. This approach does not require a bigger sample size - which neither OG nor AVON enjoy - and requires in-depth investigation through qualitative investigation.

This provides the specific nature of the workplace-based problem and the nature of the ontological philosophy research through the observation research methodology. Also, the

current study was conducted using a qualitative framework and an inductive strategy. Additionally, as the researcher was an insider of this system for more than five years, therefore, ethnography was the most appropriate qualitative research branch through which to inspire conducting this study, that would help with understanding the social phenomena of the workplace (Tedlock, 2000). The Hawthorne effect was overcome by observing the systems' actor' behaviours for a long time (actors cannot fake true behaviours over a protracted period), which helped avoiding researcher's bias along with the system actors' bias.

Other research possibilities were also considered during this stage, yet the nature of the workplace-based problem and the availability and consistency of the quantitative data were not paramount. For example, quantitative research requires a large sample population, which is not available at OG or AVON. Additionally, the researcher needed to capitalize on understanding the workplace, where the research inspired by ethnographical approach can enrich understanding of many social behaviours in the workplace as well as capitalize on action inquiry that yields better understanding due to the nature of the iterations associated with this type of research, and the ability to conduct those iterations using research inspired by ethnographical approach.

Pragmatism could have been used in the research but from an ontological perspective, it is concerned with symbolic realism - facts and realities - while this case is concerned with exploring hidden realities that management were not aware of. Additionally, the data planned to be collected in this case were more the result of interpretations, while pragmatism is concerned about collecting data through intervention, operational role for example, which was not part of the researcher's role in this study as a researcher and insider who was engaged to understand the situation firstly, and secondly being engaged to change something about it. Thus, the situation was more related to relativism than realism. Finally, from an epistemological perspective, interpretivism is more subjective by nature, which may help the researcher and the organization to explore any knowledge emerging from this interaction, unlike pragmatism which requires a series of actions that may require a longer period.

The research design that was selected for this study is inspired by ethnography. Ethnographic research is characterized by the deep immersion of the researcher by conversing and observing the people involved in the phenomenon of interest in their natural environment (Gobo & Marciniak, 2011). Because of the deep access that researchers have when adopting an ethnographic research, a deeper and more complex understanding of the research problem can be achieved.

The selection of ethnographic research is appropriate because understanding early warning signals of market disruptions, new emerging needs and trends, and their impact on the survival of AVON would require deep immersion into the practices and policies of the company. Ethnography will afford the researcher the opportunity to interact, interview, and observe the dynamics within the organization. As part of the company, the researcher also acts as both the researcher and the observer.

This study was also action research in approach because the current study aims to give other companies insights that could be helpful in improving practice and the society at large. Action research is participatory in nature, which means that a particular point of view or argument are proposed based on empirical findings (Somekh, 2005). One of the key-desired deliverables of this project is OG's shareholders' emphasis on the importance of communicating the research's findings to the concerned systems' actors -OG and AVON- to ease the decision-making process. Therefore, as this study will demonstrate, it was proven that enabling an insider to become the action researcher was crucial in facilitating the goals of the study.

3.2. Role of the Researcher

The researcher is a Group Business Development Manager, which gives the researcher an insider's perspective in bridging the gap between the OpCo's who operate in the same/adjacent sectors as well as to assist GMs in conducting market research, planning negotiation strategies with current and new clients, positioning the OpCo's, and increasing OpCos' market footprint. The researcher oversees the business development of three portfolios, in which AVON has recently become an issue, and the senior management team have decided to rely on an insider to conduct the action research (Björkman & Sundgren, 2005). Over the course of five years of employment with OG, the researcher has had the opportunity to conduct actionable studies to determine the most appropriate mechanisms and approaches for certain unique operating mechanism, culture, and political frameworks.

The researcher had conducted an inquiry-based search to observe the situation, understand the contexts, and develop emerging questions to validate the case's comprehensiveness. Therefore, the process of inquiry started by me, the researcher, as an actor of OG system -the parent company of AVON-. Consequently, I -the researcher and the insider- was involved in making decisions and taking actions as an actor in both systems, OG and AVON, in which this study had allowed the researcher to periodically reflect on many actions

taken either by them or by other systems' actors who were primarily involved in the situation. Additionally, the reflection cycle had allowed the researcher to observe hidden realities about the system and, therefore, develop new research questions that ensure proper evaluation of the system.

Because of the internal access and personal relationships of the researcher with AVON, potential bias can interfere with the objectivity of the study. To minimize bias, the researcher practiced bracketing, which involved the conscious effort of setting aside preconceived opinions and notions about the topic in order to focus on the true meaning of the data (Tufford & Newman, 2012). Memos were created by documenting the decision-making process and impression of the researcher in different stages of the study in order to have notes to review during the analysis and verification of the data. Thus, to minimize, then eliminate the existence of bias throughout the process of the data collection and analysis of the search.

3.3. Sample Size and Selection

One of the main goals of this study is ultimately to address the workplace-based problem and to try addressing potential solutions as well. Therefore, it was imperative to frame the scope of the search to avoid any possible scope-creep and most importantly to decide on the most appropriate search methodology and, accordingly, the sample size. Also, due to the nature and scarcity of data in this study, it was decided to conduct the entire study based on the qualitative research method. Consequently, it was imperative to consider critiques associated with qualitative research in terms of level of rigour, reliability, and validation. According to Boddy (2016) both the rigour and reliability of the data and findings can be improved by selecting the right sample size.

OG has over 20,000 employees across over 40 Operating Companies (OpCo's). OG itself operates with around 200 employees in its headquarters, and AVON has around 325 employees in total. Therefore, only AVON and OG are primarily involved in this study, while Bryan was secondarily involved in the study. Also, as this study was conducted using an inspired ethnographical approach, the sample size was very important. Bernard (2013) recommends inviting an average of 15 knowledgeable participants to take part in ethnographic, qualitative research.

Additionally, since this study has very little to do with positivist quantitative research (Lincoln and Guba, 2000), it was justifiable to select a relatively small sample size that could still represent the entire stakeholder population of both OG and AVON. Sandelowski (1995)

recommended selecting a sample of at least ten participants. Blaikie (2018) recommended increasing the sample size as the process of the sample selection is iterative once the research themes are developed. Instead, the researcher decided to select 40 participants to interview, hence, the entire selected sample represents a mix for former, current, executive, board members, managerial and staff with great insights about both AVON and OG. Such a sample size is relatively large, and the diversification of participants might have played a significant role in minimizing the bias, hence participants come from different age groups, relationships, and personal influence. Thus, this large sample may have contributed to increasing the validity of the research (Blaikie, 2018; van Rijnssoever, 2017). Additionally, care was taken to ensure that the sample would represent every layer of the management structure involved.

Finally, interviewees who chose to participate in the study were recruited based on their expected contribution to the study. Important criteria were taken into consideration during the sample selection process (Bernard, 2013):

- 1- How close the participant is to the customer/end-user
- 2- Level of involvement/influence pertaining to decision-making
- 3- Understanding of OG and AVON's RPV and culture
- 4- Understanding of Bryan's RPV and culture.
- 5- Knowledge of water bottle market in Saudi Arabia

Therefore, the 40 participants selected from the different management layers consisted of: nine former board directors; nine current board directors; four former AVON management employees; six current AVON management employees; three former Bryan employees; six current OG employees; and three former OG employees. The sample size for this study was 40 and all the participants met the selection criteria. Additionally, the researcher had an inside-insight that the participants enjoy the mentioned-criteria. Inside discussions took place prior to all the participants being formally invited to take part. The researcher had decided to disclose some relevant information about the participants which may expose their real identities, unless the participants choose otherwise.

3.4. Sources of Data

Conducting axiology was the starting point of this research. Understanding the primary aim of the study was required before commencing any further steps. Axiology, by nature, is a tool that explains social-business phenomena relating to social entities - OG and AVON in this

case. This enables such entities to predict the actions that are needed – the basis for research such as this (Guha, 2018).

The second cornerstone was the importance of evaluating the possible research approaches that this study could use. As mentioned earlier, interpretivism through an inductive approach was selected. Ethnography approach had inspired conducting observations and developing questionnaires to be used during interviews.

As the aim was to understand the situation and the reasons behind the development of the current situation through the lens of the systems’ actors, many participants had to be interviewed for the research, and the researcher was able to capitalize on their presence within the AVON and OG systems and their relationships with almost all key system actors; this helped with conducting the research. The following table shows the first trial interview plan, in which formal messages were sent to all participants, both current and former OG and AVON employees:

Table 3.1. Initial Interviews Plan

Participant Name	Date	Location	Scheduled Time
MKD	11-15-2019	Riyadh	10:00
AMH	11-15-2019	Riyadh	14:00
SNL	11-15-2019	Riyadh	19:00
BST	11-16-2019	Riyadh	10:00
RAK	11-16-2019	Riyadh	14:00
MOR	11-16-2019	Riyadh	19:00
JBR	11-17-2019	Riyadh	09:00
BNJ	11-17-2019	Riyadh	12:00
SAK	11-17-2019	Riyadh	15:00
RAS	11-17-2019	Riyadh	19:00
SKB	11-18-2019	Jeddah	09:00
ALK	11-18-2019	Jeddah	12:00
QRR	11-18-2019	Jeddah	15:00

The questionnaires were designed to examine the situation in the four mentioned knowledge areas: 1) Corporate Parenting Role (CPR); 2) Operating in a VUCA business

environment; 3) Operating within disruptive businesses and strategies; and 4) Managing corporates alongside the emergence of market needs (see Figure 2.1). This was accomplished through two phases:

1) Initial questionnaire development: A semi-structured questionnaire were designed in which open-ended questions were used, focusing on the four knowledge areas mentioned earlier (see Figure 2.1). The questions development process had started around answering what the researcher wanted to find out. Specifically, the main research questions and sub questions. Thus, after the researcher had chosen the broader topics (see Figure 2.1), the researcher had conducted intensive research during the Literature Review stage to relate some topics to the researched workplace-based problem in the form of questions (see Table 3.2). Consequently, the researcher was able to narrow down specific focus towards what needed to be asked, in the form of questions, to reveal comprehensive understanding of the workplace-based problem. Additionally, the process of designing the questions was enlightened by the observations noted by the researcher throughout the search lifespan and before commencing the final interviews. Nevertheless, none of the data generated by the initial interviews were used in the data analysis process; instead, the initial data were used to measure the consistency of the participants' responses, which confirmed the context but with different wordings. One of the main purposes of the pilot interviews was to explore questions that might have emerged during the discussions.

For example, disruptive strategy was perceived as a main element that is directly relates to the workplace-based-problem, thus after extensive research, it was evident that overshooting customers' needs may help in creating customers' emerging needs, and therefore, the creation of potential new market/products is a possible response to the emerged customers' needs (Christensen & Roth, 2004). Thus, this had led the researcher to ask the following question:

1- In relation to overshooting customers' needs, how the market preference shifted towards the newly introduced 200ml water-bottle?

Such a question helped understanding how the stakeholders had perceived many concepts that relate to disruptive strategies, overshooting customers' needs, understanding Job-To-Be-Done, where these concepts do ultimately relate to the workplace-based problem and the researcher's propositions. Additionally, it ultimately helped in answering the research main question.

The questionnaire development process had also involved responding to action inquiries such as what important aspects the literature review raised in relation to the workplace-based problem? what potential questions the researched sources may raise? What

potential sub-topics the literature review may lead to “in relation to the workplace-based problem”?

Also, the researcher had considered the importance of providing clear, focused and even appropriately complex questions, and these considerations were important to help the participants revealing the entire reality about the workplace-based problem.

Given the open-ended nature of the semi-structured questionnaires (see Appendix B: Initial Questionnaires), it was presumed that some participants’ responses may differ in length and information richness or conservativeness. Additionally, it was important to discuss, examine and reflect on the reliability and validity of the data collection instrument prior to the final interviews. As there was a high probability of building additional questions based on the participants’ responses or any necessary modification, as a result, of enhancing the questions “bias-free, clear questions, etc”, thus the initial questionnaire (see Appendix B: Initial Semi Structured Questionnaires Template) was used to test the responses involving only 13 participants.

Table 3.2. Sample of The Questions Developed from the Literature Review

Literature Review Article/ Journal	How it Relates to the Research Question	Developed Question
(Christensen & Roth, 2004)	During the literature review, it was evident that overshooting customers’ needs may help in creating customers’ emerging needs, and therefore, the creation of potential new markets/products is a possible response to emergent customer needs.	How did market preferences shift towards 200ml?
(Campbell, 2017)	During the observations, it was apparent that OG and AVON, with the other shareholders, faced an issue in defining the roles of each actor, in which it was important to get an insight through the lens of the actors’ perceptions.	How do you evaluate and perceive the role of OG? And how do you evaluate the performance of the OG in relation to AVON’s performance?

2) *Develop the finale questionnaire design:* The initial questionnaire was then enhanced by examining any possible bias or unclarity about any question, providing the importance of asking questions that are precise and feasible to answer. Then, by incorporating the questions

that emerged from the participants' responses. A final semi-structured questionnaire was then developed (see Appendix C: Final Semi-Structured Questionnaire Template).

3.5. Instrument

As mentioned earlier, data collection and measurement were both conducted in this study using qualitative research techniques through interviewing the participants using semi-structure open-ended questionnaire method (see Appendix C: Final Semi Structured Questionnaire Template). All the interviews were conducted in English, and the data collected were then analysed using Qualitative Data Analysis (QDA) tools.

Because the problem that the study was trying to address is unique, it was expected that few, if any, validated questionnaires would be available. Thus, the researcher decided to self-develop the questionnaires and have them validated prior to conducting the final interviews. The following steps were followed to develop the questionnaires.

Stage 1. Questionnaire availability: Similar questionnaires were sought that could help answer the research questions either directly or indirectly. OG and AVON's previous studies and market analytics research were examined. No relevant questionnaires were found. Academic research was then searched for similar cases, but again, the uniqueness of this case (Saudi Arabia context, commodity market space, investigating the effect of parent companies' actions on daughter companies' performance, and finally investigating the actions of such a company when a new entrant comes into the market) rendered this search fruitless. As a result, the decision was made to self-develop the necessary questionnaires.

Stage 2. Questionnaire development: To construct and develop an entire new set of questionnaires, it was imperative to consider some items that previous researchers had considered and then yield better validated and reliable questionnaires myself (Tsang, Royse and Terkawi, 2017):

- i. Identifying dimensionality construct: All the related aspects proposed to cause/relate to the search question were collected.
- ii. Determining the questionnaire format: It was fundamentally important to understand the participants' behaviours and personalities. Working closely with most of the participants for five years had given the researcher insights to develop questions that would be comfortable for them to share their experiences and views sincerely. Semi-structured questionnaires were chosen due to the nature of the answers expected to be shared and to lessen the likelihood of

receiving biased answers. For example, the participant was asked to give their opinion without trying to lead them towards any direction, i.e. “How do you see the composition of the board in terms of experience and expertise? Most importantly their value addition to AVON? Or, what about the Resources, Values and Processes (RVP)?” This technique was explained to all the participants. Their immediate feedback was then gathered, on how such questions were constructive to the search. Additionally, this technique helped the researcher to gain insights about possible emergent questions, which were incorporated into the second round of interviews.

- iii. Item format determination: As mentioned earlier, the focus was to get more elaborate answers, which was facilitated by semi-structured, open-ended questions.
- iv. Pilot tests: The questionnaires were developed in two phases. The first were focused on testing the response, time needed, depth of answers, comfort sharing information, and accuracy/relevance of information gathered. The second phase focused on gathering data that would be used in the theme development stage to help answer the research question.

All the interviews were conducted based on one-on-one sessions for all the participants.

The semi-constructed questionnaires were developed in three stages, as follows:

- 1- Attending BoD meetings and reviewing past Minutes of Meeting (MoM) to develop initial ideas of needed questions.
- 2- Finishing the literature review to ensure that important aspects were covered throughout the interviews.
- 3- Conducting initial interviews to develop better positioning pertaining to the follow-up questions that emerged from the initial interviews.

The fully fledged semi-constructed questionnaire was developed after finalizing all the mentioned stages (see Appendix C: Final Semi Structured Questionnaire Template). The questionnaire covered the questions needed for this study to understand the situation pertaining to the four pre-defined knowledge areas (see Figure 2.1).

Finally, although the researcher explored the possibility of using a validated questionnaire during the literature review stage, the uniqueness of the research question, the workplace, the realities of the system actors, Saudi Arabia’s cultural dimensions and the

context of the workplace problem all prevented the researcher from relying on a validated questionnaire.

3.6. Data Collection Process

In this research, only qualitative research methods were applied using both observations and interviews through semi-structured questionnaires to collect primary data. Secondary data and research methodologies were drawn from the literature review conducted and discussed in Chapter 2.

Data were captured through observations and interviews.

1) *Interviews*: All participants were introduced to the exercise and the deliverables expected from them. The interviewees were scheduled for two sessions: 1) an initial interview that lasted for an average of 110 minutes with a variance of 10 minutes and invited 13 participants; then 2) a final interview that lasted for an average of 120 minutes with a variance of 10 minutes. Some of the interviews occurred outside the workplace (see Appendix A: Interview Design and Instruction).

2) *Observations*: The observations findings worked side to side with the interview results. Mostly, the two approaches verified the findings of the two frameworks. The observations were focused mainly on Board of Directors (BoD) meetings and agendas, top management actions and resolutions, and AVON's functional daily tasks/meetings and the company's ability to react to customer needs. Also, the observations were extended to cover the performance evaluation of AVON functions such as sales, marketing, and corporate communications. Based on such findings, the researcher was able to provide recommendations for future researchers seeking to expand this study or to explore similar paradigms, and most importantly, to validate the findings of the interviews.

Using the combined data collection methods, the goal was to define the factors that led to AVON's success based on its social system, environment, and organizational phenomena. Also, it was important to observe AVON's management team's actions, organizational structure, decision-making processes, and OG's CPR effect on AVON's performance, and to compare such data to the best practices of a key market player in the industry such as Bryan. AVON's current status was also compared to its past performance.

As mentioned earlier, all the participants were either current or former employees of AVON and/or OG, and all of them were recruited for this research by formal invitation. None of the invitees declined to participate or withdrew at any stage during the study. Almost all the

participants needed to know what went wrong, and that was reflected in their willingness to participate in studying the issue.

The private discussions went smoothly. The researcher capitalized on his relationships with most of the participants as an insider and the good reputation that he has in the organization.

The researcher adapted to the more relaxed style of discussion that the participants preferred. Some discussions were very casual while others were relatively more formal depending on the participants' approach. The participants expressed their gratitude that the research was being conducted on both AVON and OG and have emphasized that similar studies would benefit both workplaces. One participant said, "I can observe multiple blind-spots now pertaining to my actions in the past. I wish I were able to observe them back then, and I wish more, this sort of honesty and support is provided to all".

Having more than one interview - a pilot and a final - helped with refining the research questions (removing bias for example), ensuring their reliability and validity, ensuring that the questions could be understood by all participants, explaining the reasons why certain questions were asked, and ensuring that all possible emerging-constructive questions were incorporated into the final questionnaire. The findings were verified using a concurring mechanism between the results of the observations and the results of the interviews, and the main themes were developed. For example, when the researcher had observed that there was a sort of dismissal of the possibility of market disruption - as part of the corporate's mental model - and since this information may have contributed to the development of the current situation, then this information was verified during the interviews in the form of a question. The same strategy was conducted with another observed aspect, which is the absence of maximizing the available data for awareness of the market dynamics.

The researcher then examined this situation through an interpretivist-lens rather than a positivist-lens, as this research question was more related in exploring a hidden reality, in which, AVON had missed an opportunity that Bryan was able to explore. Whether AVON's management team's actions were helping or hindering the company's success was determined through the lens of the theories discussed earlier in the proposal and the literature review. Through this investigation, actions needed to improve the company's financial success and market share were identified (Khazanchi & Munkvold, 2003). Thus, previous theories and research paradigms were utilized to help interpret the current situation and answer the research questions.

3.7. Data Analysis

The findings from the questionnaires were transformed into manuscripts as an initial step for thematic decoding. They were then typed and logged into the NVivo application and decoded. The partial collected qualitative data were decoded again using both NVIVO and QCAmap (see Appendix D: Sample of Themes and Sub-Themes Generated from QDA-NVivo) in preparation for data analysis (Bryda, 2019).

Using two programs for data analysis ensured that the findings were accurate by comparing the results. In addition to interviews with key personnel at AVON, the management team's daily actions were observed, including their interpretation of market dynamics and their definition of customer needs. This approach provided a concrete foundation for answering the primary and secondary research questions.

Themes related to managing corporates alongside the emergence of new market needs emerged from an analysis of the observation and interview data. The data were imported into a computer-assisted qualitative data analysis software program (CAQDAS), NVivo 12 (QSR International, 2017).

Thematic analysis was the strategy that was used to analyse the data. Thematic analysis is the systematic coding of qualitative data in order to generate codes and themes that reflect patterns from the data (Braun & Clarke, 2012). The six-step thematic analysis is described below:

The first step was data familiarization (Braun & Clarke, 2012). For the initial analysis of the data, the researcher first read the transcript to get a general idea of the data -as a whole-. The transcripts were then re-read line-by-line. In each line, phrases or sentences were highlighted that were relevant to the study – for instance, the sentence, “Through OG, AVON has access to many valuable resources,” shared by current employees of OG, JRK. This sentence was considered relevant to the study, as based on the literature review, daughter companies tend to be more financially able due to their ability to access the resources of the parent.

The second step was the coding of data (Braun & Clarke, 2012). Codes were assigned to the highlighted sentences. In the sample excerpted from participant JRK, the sentence was assigned the code *access of resources*. As the researcher continued to closely read each transcript, more codes emerged. Phrases or sentences that refer to similar phenomena were assigned the same code.

The third step is the identification of themes based on the patterns from the codes that were generated and organized into categories (Braun & Clarke, 2012). Next, the codes were read and reviewed in order to identify patterns. Codes with similar patterns were assigned to the same node hierarchy – a feature in NVivo used to cluster small units of meaning. Each node hierarchy referred to an initial theme.

The fourth step is the review of themes in order to finalize the findings (Braun & Clarke, 2012). The transcripts were then used to review the node hierarchies to ensure that the initial themes represented the data. The transcripts were also used to review relationships between themes. For instance, the codes *access to resources* and *no issues with resources* had similar patterns in the data referring to the abundance of resources experienced by AVON through OG. After reviewing the cluster of codes against the transcripts, the theme *abundance in resources* emerged from the data. The findings were then reviewed to finalize the themes. Further review of the themes revealed that *abundance in resources* was a theme that occurred due to the organizational restructuring of AVON. Along with the initial theme, *missed opportunities*, the initial themes became sub-themes to the theme *AVON organizational restructuring*.

The fifth step was defining each theme (Braun & Clarke, 2012). Each theme that was created was expanded so that more details were provided that highlighted the uniqueness of each theme. The description for each theme was brief but captured the essence of the meaning of each theme, particularly within the framework of the study purpose and the research questions.

The final step was the generation of a thick description of the research phenomenon based on the themes (Braun & Clarke, 2012). Each theme was used as the basis to answer the research question and the corresponding sub-questions of the study. To strengthen the composite description that was generated, coding summaries were presented and direct quotes from the participants were included.

3.8. Credibility, Dependability, and Transferability

Academic researchers face challenges validating workplace data. However, Venkatesh, Brown, and Bala (2013) explained that data validation is not necessary in qualitative workplace-based studies. According to Creswell (2012), however, data validation could be achieved through observation. According to De Kock (2015), management leadership related research is considered soft-science as it relates to work-world research. Thus, selecting a methodology that may increase the likelihood of uncovering a unique system-social-reality

could prevent the study being suitably rigorous. Therefore, the researcher tried to resolve the workplace-based issue in the field of management and leadership as well as to create a rigorous study that can be relied on in future studies. Consequently, credibility, dependability and transferability of this study were achieved through multiple stages in addition to other techniques such as a pilot study and face validity (Frantz and Holmgren, 2019).

The credibility, dependability and transferability of the questionnaires was considered throughout this search in multiple stages.

1- Credibility: The first stage was considered through a preliminary face validity establishment (Frantz and Holmgren, 2019), in which the researcher relied on both internal and external opinions about the questions' ability to answer the research questions (Kim, Chen and Hwang, 2011). As for internal face validity, an internal committee of three experts from the marketing, strategy and communication departments were invited to give their opinions on the questions intended to be asked, and if the questions would yield better answers to the research questions. And as for external face validity, the questions were presented to two PhD-level professionals in Saudi Arabia: Doctor. Fawzi Bohkari and Doctor. Thamir Ba Atheem, both of whom confirmed it, which is part of audit trial conducted for this study. According to Nowell, Norris, White & Moules (2017) a research credibility can be achieved through the confrontation of the researcher with the experience, in which, the researcher was part of the experience as an insider. The researcher's engagement in this study was prolonged, which is a technique proposed by Nowell, Norris, White & Moules (2017) to ensure research's creditability, in addition to observations and triangulations -where the researcher had relied on multiple of sources in the data collection. Nevertheless, a pilot test was then conducted in which thirteen participants were interviewed and their responses gathered. The following attributes were discussed with the participants individually along with developing the questions themselves:

- a. Do the questions reveal the desired truth and reality about the situation?
- b. Are the questions clear? (This was also an opportunity to cross-check whether the questions were not misleading and that the participants understood the rationale behind them.)

- c. Measuring the variations among the answers produced clarity and confidence regarding the structure of the questionnaires. Additionally, it was a good opportunity to expect different answers and opinions within the scope of each question.
- d. Refining questions and eliminating possible researcher bias and participant bias. For example, one of the questions was modified to eliminate possible bias. The question was: But does this strategy cost the company market share to Bryan? The question was directing the participant towards a certain answer and so was modified: What about AVON's strategy? Do you think that this strategy costs the company to lose market share to Bryan? The entire questionnaire was examined more than once and feedback from the participants was incorporated into a new version of the questionnaire (Appendix C).

2- *Transferability*: The entire process was designed to take into consideration the consistency of both the answers and responses achieved. Thus, the questionnaires were explained and the rationale behind each of the questions discussed with each participant separately to help achieve a high level of transferability.

Thus, a transferability test was conducted where 13 participants were invited for additional similar rounds of interviews. Three random questions were asked again from the same questionnaire used during the pilot stage, and the selected 13 participants were given the same explanations and preparations that were provided earlier. It was decided that the questionnaire would be considered reliable once at least 90% of the responses obtained from the pilot interviews were confirmed with the responses obtained from the final interviews. The research's transferability was proven successful as the answers were almost identical with nine participants "different terms and words during their answers may have been used" and the remaining four participants providing almost the same answers.

The findings of this study were communicated as part of the action research, in which descriptions of the study – at all stages - were provided to the targeted systems' actors.

3- *Dependability*: As explained above, the study can be easily traced back, and the logic behind selecting the research methodology was explained thoroughly.

4- Confirmability: Part of the confirmability was achieved by explaining the theoretical scaffold and the methodological choices made for this study. Answers to questions about the rationale behind certain managerial decisions will be discussed in the coming chapters. Additionally, the researcher ensured that all the findings and interpretations were derived from the analysis of the data collected (Nowell, Norris, White & Moules, 2017).

3.8. Ethics

The approval of the DBA Research Ethics Committee was secured to facilitate the collection of data. Data collection did not commence until the DBA Research Ethics Committee approval was secured.

Participant Information Sheet (PIS) covers the research purpose, procedure, and how the study will be conducted was used to give participants sufficient information. Participants were asked to read the document in order to orient themselves from the purpose of the research, the process for withdrawal, confidentiality and ethical procedure, and other information that could help in their decision to be part of the study. Then, all participants were introduced to Participant Consent Form (PCF), and they were required to sign it in order to be part of the study.

All participants were volunteers. No one was coerced or forced to be part of the study. In addition, participants who initially agreed to be part of the study could still withdraw without being penalized for their decision.

DBA Research Ethics Committee had ensured that Ethics Response Form (ERF) covering researcher's ethics self-check, ethics reviewer's assessment and researcher's response to ethics reviewer is completed and agreed upon prior to commencing the data collection stage.

Confidentiality measures were utilized to protect the participants. The names of the participants in the transcripts and notes were not included to protect their identities. All data and materials relevant to the study were kept in a locked cabinet for the paper-based documents. Electronic data, on the other hand, were kept in a password-protected computer. All data will be destroyed five years after the dissertation has been approved.

3.9. Summary

This chapter was critically important for the study in terms of deciding the most appropriate research philosophy, approach, methodological choice, strategy, time horizon and data collection technique. Consequently, the impact of the research design on the study's findings. Additionally, all the choices were critically considered as a result of reflecting on the nature of the workplace, Saudi cultural dimensions, OG and AVON's RPVs, and the nature of the workplace-based problem itself (See Figure 3.1). This had a positive impact on the researcher's knowledge and a better understanding of AVON and OG.

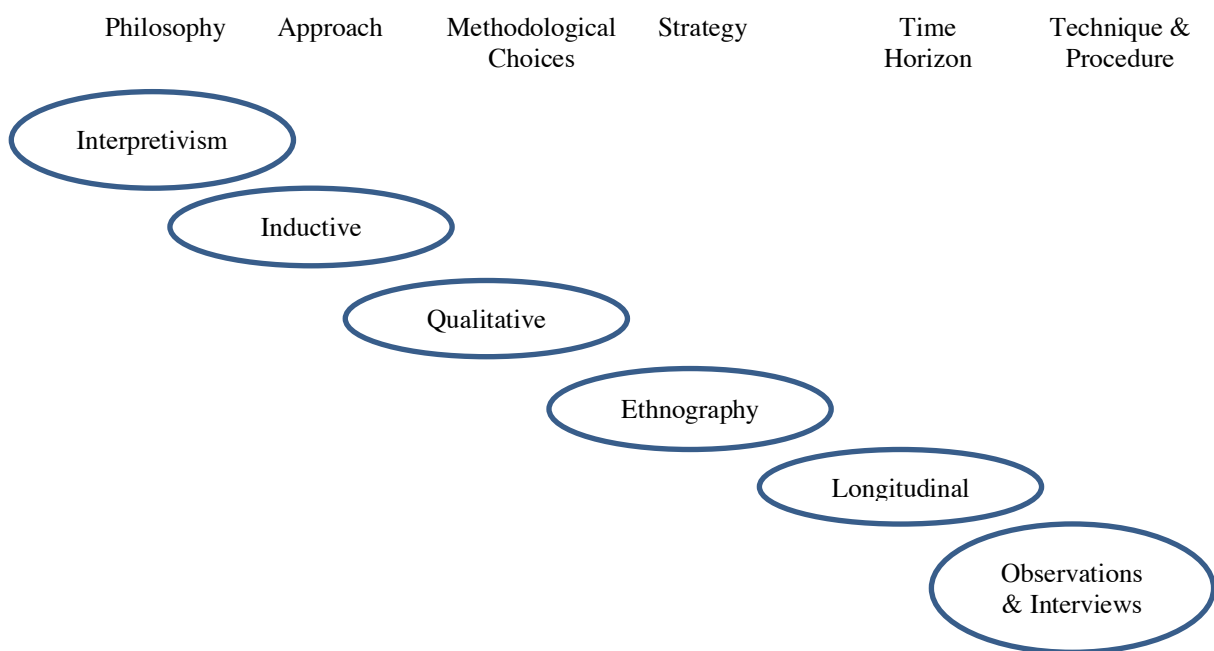


Figure 3.1 Research Design

The research design phase took three months from 1 July 2019. It helped the researcher to conduct the cycle of action research in terms of observing the workplace and its problem and conducting a reflexivity on both personal and contextual levels, then to plan and act on next moves, and repeat the cycle until the research design was finalized. The researcher had to massively reflect on the learning from the DBA journey as well as learn from the literature review to design this research. The literature review did not answer specific questions of what needed to be done – in the sense of actionable strategy to solve the issue; instead, the researcher reflected on what occurred in the past – in workplaces mentioned in the cases discussed during the literature review – and what could be learned to frame the problem correctly.

AVON's workplace-based problem is unique as it happened in the Saudi market, in the water-bottle industry, within a unique legal corporate structure (parent and daughter companies) and a unique context. This context had helped to create a unique corporate mental model that had unique perceptions and consequently resulted in a unique set of actions.

As mentioned earlier, this problem had been investigated earlier, but with no positive impact on either solving the problem or addressing its true cause, and the researcher had learned that reframing such a problem can be achieved by considering the context beyond the problem itself and thereby distinguish a tamed problem from a wicked one (Weick, 1993). Thus, this study helped the researcher to conduct multiple different inquiries to understand the problem before reframing it.

Different types of inquiries had helped the researcher during this phase, in which they had developed a new ability to explore different facades and aspects of AVON's workplace-based problems (Pedler, 2008). The next learning captured during this phase was understanding the learning loops and its impact on the workplace -the ability to reflect on the research behind having the problem and the problem itself. According to Torbert (1999), assessing, performing, strategizing, and visioning processes start by asking the right questions that help to enhance the reflective exercise (Williams & Brown, 2018). The single, double, and triple loop of learning was a great technique that helped the researcher to better understand the reason behind certain actions at the workplace and ways of perceiving facts specifically.

Therefore, the researcher had used learning loop techniques to reflect on why and how the systems' actors behave in certain ways rather than another; this technique also helped the researcher to develop both corporate and personal learnings. Revans explained this in the leaning equation $L = P$ 'programmed knowledge' + Q 'questions', as demonstrated by Smith (1997), in which the learning is based on asking the right questions.

Reflecting on the situation and the elements associated with it led the researcher to explore more in the sense of sense-making and cycles of actions, which will be discussed next.

Chapter 4. Cycles of Action, Reflection, Sense-Making and Findings

In this chapter, the discussion will focus on drawing findings from the data gained from the participants and through observation, and to interpret the data through the lens of the theories and concepts discussed in the literature review chapter. In this chapter, the researcher will discuss the cycles of actions and the system actors' actions, their sense-making when those actions were taken and what sort of reflection they perceive, and the findings that the researcher had achieved.

The search strategy was decided to be carried out based on observations and interviews. Thus, the researcher decided to present this chapter in the sequence of the major events that took place. Consequently, this chapter would start by shedding light on the water-bottle industry in Saudi Arabia, its market size and the market growth since 2012 up to 2019. The researcher realized that a tipping point occurred with AVON's competitor, Bryan, and the researcher decided to investigate the exploration of new market needs and the product range that each company offered.

The discussion then would be shifted towards AVON and Bryan being structured in a way that might help or have helped them to explore market needs, and how each company is structured to actively listen to customers' voices and turn the learning into actionable initiatives. To make a proper comparison, the researcher focused on incorporating OG's parenting role and how that would affect the company's advancement. This led the researcher to consider the decision-making process through the lens of the organizational structure, and the parenting role influence in the case of AVON, and its effect on the agility of decision-making.

The researcher had examined AVON's Board of Directors (BoD), and the effect of its composition on the overall performance of the company. The discussion then shifted to how Resources, Values and Processes "RPV" may have influenced the change and evolution of AVON in comparison to the market and in comparison, to Bryan. Next, the researcher investigated the speed of realizing market needs through the lenses of giant companies and more agile ones.

The researcher conducted an action learning workshop to investigate how the systems' actors were able to perceive some of the findings in relation to disruptive strategies. The

researcher tried to present the findings and action cycles in sequence, therefore both observations and interviews were demonstrated as they contribute to the sense-making of all the decisions made throughout the lifespan of this case. Finally, the researcher tried to synchronize the findings with some quotes from the interviewees; this will be discussed later in Chapter 5 with reference to the themes developed.

Finally, as part of the confidentiality of all the participants, the researcher made sure that only encrypted names of participants are shared. Some participants requested that their titles and designations not be shared, which the researcher ensured. The themes that emerged from the data analysis are presented in this chapter.

Findings: Realization of Early warning signals of market disruptions

This section presents the theme regarding the perceptions of AVON participants on the early warning signals of market disruption. The observations and interviews discussed in this section are different from those in the other sections. Interviews were initially conducted asking about the possibility of AVON being disrupted, which were followed by four workshops explaining disruption strategies. As part of the action research – whereby the researcher was looking for evidence of learning in the workplace to be discussed with the research sponsor, OG – a second round of interviews were then conducted asking the same question, to reflect interviewees’ changes in understanding. AAR commented:

Uber is a good example of the disruption that has occurred in the taxi business space... a new technology was used to disrupt the taxi industry, in which a new solution was introduced and met consumers expectations... [The] water bottle industry can’t be disrupted, because of the nature of the business, where people will always need water to drink. I can’t think of a disruptive replacement... I don’t think the water bottle industry can be disrupted soon.

The results of the interviews are summarized in Table 4.1.

Table 4.1. Participants’ Perceptions Before the First Workshop (40-partipants)

#	Participants Perception	Agreeing (%)
1	Disruption is a result of innovation only	100
2	AVON cannot be disrupted for the coming five years	100
3	Water bottle industry cannot be disrupted in the coming five years	92

- 4 Recommend not to invest in AVON to enable it to 80
predict and adapt to possible disruptions (providing the
investment would surpass SAR3m per year)
-

The participants were introduced to the example of Uber as a potential disruptor to the supply chain industry. Instead of relying on logistics and transposing expensive service providers such as DHL, there is the potential to have such services offered by other cheaper logistics solutions. JRK commented:

If the supply chain industry were disrupted, then absolutely the water bottle industry will be disrupted as well. Since AVON spends 35-45% of its revenue on the supply chain, this would open new horizons to integrate the value chain throughout the whole production processes [...] the birth of 200ml water bottle was not a result of innovation. It was a result of observation, in which we are setting here today to discuss a missing opportunity that resulted from our lack of observation.”

As the situation became clearer in the sense of the corporate mental model in place and the managerial perceptions of the real reasons behind the current situation, and as a part of the action research, the key system actors were involved in the workshop to help the researcher to explore different possibilities and realities that might also help AVON. Thus, the learning was extended to another three workshops, and interviews were conducted again after their completion. AAR commented again, “Disruption is not necessarily a direct result of innovation; it could be a result of witnessing access to better services.” The following results were found after completing the four disruption strategy workshops.

Table 4.2 Participants’ Perceptions After First Workshop

#	Participants’ Perception	Agreeing (%)
1	Disruption is a result of innovation only	70
2	AVON cannot be disrupted for the coming five years	50
3	Water bottle industry can’t be disrupted in the coming five years	20
4	Recommend not to invest in AVON to enable it to predict and adapt to possible disruptions (providing the investment would surpass SAR3m per year)	40

Note: The lens of the value chain, or the value chain evolution, will be discussed in the next section.

Findings: Realization of New Emerging Needs and Trends

This section presents the theme regarding the perceptions of the participants regarding the realization of new emerging needs and trends. After reviewing the minutes of BoD meetings spanning from 2012 to January 2020, it was identified that the company's performance during 2014 was discussed at the June 2015 BoD meeting. During the interview with current director of AVON's BoD, XBB, the exercise that took place as a result of that year's performance was discussed. XBB recalled, "We started the discussion in the second BoD meeting by directing the management to hire a local intelligence firm to study the market and specifically the results of the competitors' visible actions and initiatives, if there were any in the year 2014." By December 2015, the report was forwarded to the BoD, revealing that both Bryan and FASA Water had invested heavily in marketing campaigns, yet Bryan's marketing campaign was quite different, as the company had introduced a new 200ml water bottle that no other market player sold at the time.

According to current director of AVON's BoD, DRL, "When we heard of the new 200ml water bottle, it was nonsense to most of us, we didn't even pay attention to the initiative, and we didn't discuss it for more than 5 minutes." The MoM for the following two BoD meetings confirmed DRL's comments. SAK added,

Almost always the discussion was around business as usual, in which we do understand that we are selling commodities, and no innovation - at least in the foreseeable future - can replace such a commodity as the water bottle. Also, and logically speaking, why would people pay SAR0.5 for a 200ml water bottle? When they can pay the same amount and get a 330ml water bottle instead!

The interviews and observations at this stage showed AVON's commitment to the initial strategy adopted when the company was established.

Since 2013, the Saudi government has created many awareness campaigns, articles, and public initiatives to educate people about water scarcity and to caution against extravagant water consumption. According to an article written in the Riyadh Newspaper (n.d.), water consumption in Saudi Arabia is double the annual flow of the Furat river in Iraq, which is 18 billion cubic meters. In relation to this observation, SAK commented, "Bryan just thought of a way to penetrate the market. We knew that all competitors know how AVON is conquering many segments of the market through our 250ml glass bottle and polyethylene terephthalate (PET) 330ml water bottle, yet I think we missed one part."

As Figure 2.2 illustrates, the market grew by around 7.6% in 2015 and had become a green field for any ready-to-compete company. SAK added, "It was evident for us that we had

to run a few marketing campaigns as FASA Water and Bryan did, since their market grew fivefold, and that for us was evidence that we needed to arrange for such campaigns.” After reviewing the minutes of the BoD meetings in 2015, it was apparent that the BoD did not consider the possibility of launching a new product. Instead, the BoD’s discussions revolved around having lost market share to Bryan due to the latter’s massive marketing campaigns targeting the young people in the Saudi Arabia.

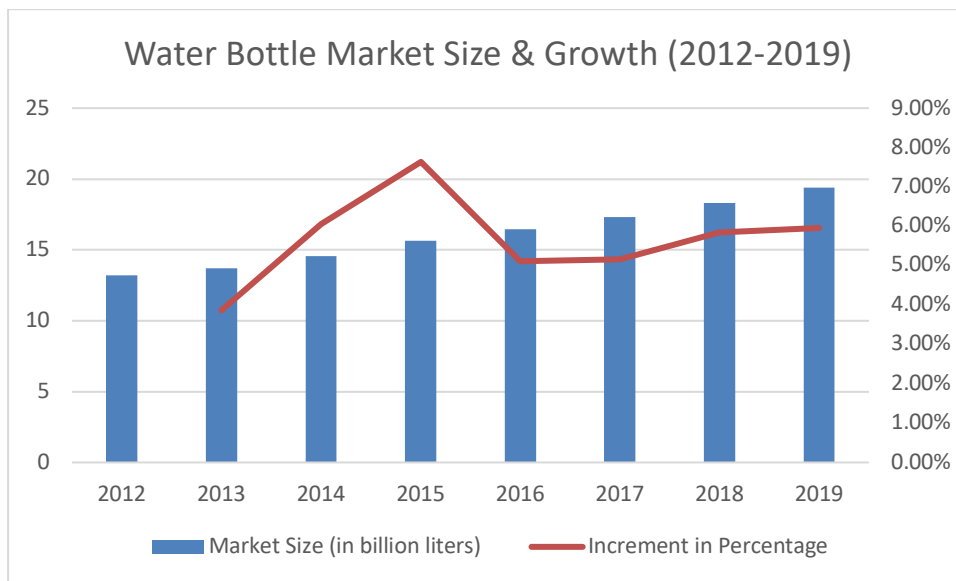


Figure 2.2. Water Bottle Market Size and Growth in GCC (2012-2019)

Figure 2.2 showed that in 2015, Avon was able to grow again by 8% as a result of marketing campaigns, which consumed the company’s entire marketing budget of around SAR9m. FASA Water had reduced its spending on marketing campaigns, yet still grew by 9%. At the same time, Bryan grew by 17%. Current director of AVON’s BoD, AAR recalled that this was received as bad news by the BoD.

In 2016, AVON had grown by only 3%, while FASA Water had grown by 7% after implementing a multi-platform social media marketing campaign, and Bryan had grown by 10%. By 2017, AVON’s growth had slowed to almost 0% while FASA Water had grown by 3% and Bryan had grown by 15%. Regarding this performance, AAR explained, “Well, we were wrong! It was not about marketing campaigns. We had insufficient information about the market, and we were not in the ground to witness what is going on.” On the same topic, a former director of AVON’s BoD, JNB, stated, “All the board directors were thinking about having the solution as an increase of sales efforts with the support of marketing teams. We even

blamed management for the performance.” The relationship between the BoD and AVON’s management team began to change. In 2016, the BoD’s intention was to secure the required sales by addressing managerial deficiencies.

In response to the market-share loss, current employee of AVON, HKR, commented, “We are competing in a commodity market; it was almost impossible to disrupt a commodity without a new innovation.” SAK recalled, “We were ahead of our game, we thought we had management issues, like quality issues, customers complaints or even technical issues in the plant itself.” XBB commented, “We had once discussed the possibility of having a 200ml water bottle as the preference of our customers, but it took us quite a long time to validate this idea.” By 2016, the BoD had admitted that they lacked a solid understanding of the market-share loss, which led to their re-evaluation of the product range the company offered.

From the observations, it was apparent that Bryan entered the water bottle market by successfully identifying an emerging need. OG and AVON’s BoD, however, were persistent in their production of the 330ml water bottle. IMH commented,

Our thinking was toward making money. We didn’t pay attention to the possibility of new emerging needs, as you said! The commodity market is different from any other market. Our 250ml glass bottle is very profitable as well as the 330ml was... It was not logical to decrease the size of the water bottle to make it more profitable; logically speaking, consumers would look for a larger amount of water for the same price. Not the opposite.

Bryan, however, had based this product on the Islamic directive to use only the minimal amount of water that one needs. JDB explained,

As mentioned earlier, on average consumers leave around 140ml of a bottle of water unused. Based on our analysis, the reasons for this are: (a) a PET water-bottle loses its coldness faster due to the hot climate in Saudi Arabia, and consumers don’t like drinking water that isn’t cold. For example, when a consumer drinks water, based on our research back in 2013, they prefer cold water, and the amount in the 330ml bottle is usually drinkable in two shots. Thus, the second time the consumers tend to finish the remaining water, it becomes warm. And (b) when I was with Bryan back then, we learned that consumers consume around 190ml during meetings. Thus, the remaining 140ml will be considered a waste and would be thrown [away].

JDB recalled, “The second aspect was related to the governmental campaign, which supposedly had a network effect to encourage people to drink and use the right amount of water, whereas producers should have also reacted to the campaigns.” He continued, “Having the 200ml water bottle was a challenge. Consumers pay SAR0.5 for the 330ml, and consumers never pay less than SAR0.5 for any fast-selling good such as water. Thus, the challenge was to

promote a more quality water bottle with the required average consumption, and to sell it for SAR0.5 also.”

The identification of the commodity overshoot revealed aspects where producers should have refined their goods. MSA commented:

Enhancing the water bottle was an option that AVON had missed. What happened with Bryan was simple marketing. They promoted the high level of PH in their water, which gave consumers a reason to buy their goods. Another option was the improvement of the PET water bottle by making it lighter. It became handier compared to AVON’s PET water bottle. The bottles designs were improved in terms of their logo and brand identity, which consumers liked. Finally, they gave consumers what they needed in terms of bottle size.

In response to the same question, SAK added, “They simply just found reasons for consumers to pay for a far less costly commodity.”

This discussion led the researcher to ask another question about why AVON was unable to achieve the same commodity improvement as Bryan. IAN explained:

There was a blurring of responsibilities between OG and AVON in terms of what strategic role AVON’s management was playing, and what strategic role OG was playing as a parent company. When AVON was established, it relied on OG for market analysis, financial support, securing business with other OpCo’s that OG is parent to, and finally leveraging OG’s relationship with countless prospective clients in the market. Over a certain period, OG limited its annual support to providing market reports such as the Nielsen Retail Audit report.

XBB recalled:

When we were updated of the real reasons behind Bryan’s success, we had to admit that we were in denial mode. Just imagine if we wanted to try decreasing the volume of water bottles of our most profitable product, how the shareholders would have perceived us? The impact would be great if we invested in a profitable and promising project. But the impact would be disastrous if such an investment turned out to be losing. Simply, there was no logic behind what happened!

When asked a follow-up question about what they would do if they had the opportunity to review their 2014 decision again, XBB replied, “I personally like the idea of having the business development function. The issue wasn’t with making the decision, but the system and relationship of AVON and OG wasn’t helping. We lacked clarity!”

AMA shared almost the same opinion as XBB, adding:

The approach of AVON’s management team wasn’t fully convincing. It was like they were not sure what they wanted. Or even their approach and the 200ml project pitching strategy wasn’t quite clear! The AVON management team themselves asked for extra marketing budget, then they proposed replacing the 330ml with 200ml. Then they proposed establishing a new production line at the expense of reducing the capacity of the 330ml! You felt as if they had doubts and were directionless.

SAK similarly commented:

The reason behind our inability to do what Bryan do was AVON's whole structure and its relationship with OG. The organizational structure of the company hadn't been challenged by the BoD for 30 years. We can't blame one party; the business environment we created wasn't supportive enough to read the market uncertainty.

Another question asked the participants about how the market could be disrupted. OG arranged a series of workshops that ran from 2018 through 2020 for all nine board directors, the management team, and the BD manager, which partially occurred during the empirical research as formal observation took place by 17 November 2019. These workshops were arranged by OG and were partially beyond the scope of this research, yet it was informed by part of the action research from December 2019. The participants developed the following initiatives for inclusion in the five-year strategic plan:

1. Increasing the quality of the products through identifying any new technology that could help, either directly or indirectly.
2. Studying the possibility of expansion through two new water production plants in two strategic Saudi regions.
3. Launching the sports PET water bottle (750ml).
4. Restructuring the organizational structure in two phases: (a) 2019/2020 to establish a new business development function and then to establish a new R&D function that focuses on improving the commodity quality; and (b) considering modifying the organizational structure furthermore in 2020/2021.
5. Promoting AVON's GM to become a CEO with more authorities and responsibilities.

The founder said once; our true asset is the people. Therefore, the main value of OG is to believe in the people, we used to experience exceptional retention rate." He continued, "What about processes! OG is the main engine, almost all OpCo's benefit from OG. Look at treasury and how helpful it is when it comes to providing the financial facilities." The average age of OG employees is 38, and there are many people who stay with the company for over 40 years. Observations of this group, who represent 13% of employees, revealed that 85% were performing better operationally over strategic tasks, yet were appointed for strategic roles. One hundred percent, however, were risk averse. As current director of AVON's BoD, TSS, mentioned, "We don't change any plans till we need to, we get the risk report (calculated by probabilities * impact) and once the risk is beyond 30%, we disregard it immediately." This has hindered OG's OpCo's ability to approve risky decisions. MKD recalled, "Many times we

approached the board to substitute the 300ml production line with 200ml water bottles, we had the first rejection after one year. I heard it was approved in 2017 after I left the company.”

The processes of obtaining approval from the BoD of OpCo’s that are fully owned by OG had only been updated twice: once in 1993, and again in 2010. Over time, however, the complexity and the dynamics in the market had changed, and more streamlined decision-making mechanisms are required.

Regarding the evolution of OG’s processes, JMB commented,

I’ve been with OG for more than 30 years. I know exactly what happened pertaining to the approval processes. We had a new company, where we wanted to ensure that we had full control to avoid derailing from our goals. Then we started experiencing growth and profit. It became difficult and nonsense to change the status quo.

In response to the same, JRK posited,

What worked in the past would not necessarily work today. We needed to change, and this is a great lesson and experience... We started the discussion about the need to change back in 2008. Resistance was too high. Also, there was no need to financially lose; we had no justifications to change. The business was growing, and profits were unmatched.

According to MAS, “Absolutely, we will look into any opportunity that would increase our profits, even if that would require some changes!” The directors of the board have witnessed the impact of a small emergent company entering the market, and desired to add new units enabling them to observe new market trends. XBB commented, “AVON will come back stronger, now we are launching many new products as a result of observing the market. For example, the new 750ml sports bottle – we are expecting this product to make an impact on the market.”

OG has established more than five steering committees to facilitate an evaluation and restructuring of its OpCo’s organizational structures. MAM commented, “Even if we were to operationally be controlling AVON and others, and if the time proved we need to change, then we will. We believe endeavours such as this would enlighten the company towards hidden facts.” Discussing how AVON’s competitors had pushed them to make improvements, NRL explained, “We are focusing now on winning back our customers. To do so, we need to change from being giant to become agile.” This statement was critical to the BoD of AVON, who had not revisited their strategies since the year 2000.

Findings: Impact of corporate parenting roles (CPR) on AVON’s performance

OG is operated by four presidents, each of whom manages an investment portfolio. Participant JRK is responsible for managing the private equity and public equity functions; two

VPs manage each function separately. In addition to real estate management, where the function's job is to collect revenue generated from lease/rent from 35 real estate properties, the rest of the presidents only manage VPs who are responsible for the OpCo's operations.

During the interview with JRK, he commented on the purpose of OG, stating,

OG is a parent company that supervises and liaises with the OG's OpCo's so we can capitalize on our presence in the market; for example, we partnered with DHL 12 years ago to operate the supply chain activities internally instead of having an external supplier provide this service... When it comes to financial facilitations, our treasury was established 20 years ago to support all the OpCo's with a lower rate compared to local banks; additionally, we don't require bank guarantees and complicated processes. This is a service that many operating companies in the market would like to enjoy.

In another interview, JMB commented on the purpose of OG, stating,

We want to ease our partners' way of doing business; we support them with financial audit, advise on the performance, and even challenge them in doing so. We are trying to link all the OpCo's together; we believe we are doing a better job compared to our performance 10 years ago.

SAK answered the same question as follows:

We think we are doing fine! I don't believe so! We lost many franchises to local groups; we just monitor OpCos' financial performance. I personally believe that we need to change our structure and focus on the implementation of our vision. By the way, our vision was agreed upon just a few years ago, while this company is already 70 years old.

According to MSA,

I believe we need to focus on bridging the gap among OpCo's. If you ask any employee today what our core strength is, nobody could give you a solid answer. Based on the survey we conducted in 2014, we had 30% of our employees think we are monitoring the performance of OpCo's, while another 30% of the employees believe that we are a financial support to all OpCo's, 10% of the employees believe OG is a prestigious entity that fulfils the ego of the shareholders and even it is not needed as it slows down the growth of the OpCo's. In AVON, it took us more than two years to approve a clear opportunity – a 200ml water bottle. You know why? We were collectively afraid of making the decision.

MAM described the role of OG towards its OpCo's as, "We review their annual financial performance, on a quarterly basis; we ensure that they are following our procedures and reporting template. Sometimes we are required to provide help in selecting or recommending their external auditors." Based on this round of interviews, it appeared that the core values and strengths of OG were not clear. The responsibility of OG towards its OpCo's was also unclear on both sides.

Observing AVON managements' actions revealed pertinent insights related to market dynamics and AVON's awareness thereof. Regarding management's actions, MKD explained,

As you have attended the BoD meetings, we raise our requests for approval to the board through the VP, who communicates it to the BoD, then sometimes they direct us to contact new vendors or service providers. For example, we replaced one of our transporters whose annual contract was more than SAR6m, in which we had to raise the request to the VP who contacted the BoD through request circulation, then upon their approval, which is always the case, we get their official approval in either writing or through email. Upon completing the task, then we report the performance through the same procedure.

In relation to AVON's management role and the interference of BoD, NRL commented "Our actions should not be executive as they are, the BoD had realized the necessity to change the whole structure and procedures, we are working on this since 2016, we are noticing progress in shifting our focus from being operational-focus to becoming strategic-focus."

Findings: Impact of OG's Organizational Structure on Strategies and Decision-making

This theme pertains to the Impact of OG's organizational structure on strategies and decision-making. One of the former employees of OG said: "The company was founded on the basis that management would focus on and take care of the operational tasks only. And the BoD would be responsible for the strategic initiatives such as expansions and projects that require equities or debts... We were selling and still selling water bottles. If I may ask you what has changed in the past 30 years in the water bottle industry? Nothing! except logos and design. The real fight is how to increase quality and decrease costs, and of course how to win new customers and retain old ones."

The discussion with current and former directors of the board resulted in the following conclusions:

1. 50% of the current board believe that AVON should explore strategic initiatives.
2. 100% of the current board believe that AVON's strategy is fully controlled by OG.
3. 100% of the former directors believe that AVON's organizational structure and arrangement with OG should remain the same.
4. 80% of the current directors believe that the relationship between AVON and OG should be revisited.

5. 50% of the current directors believe that the organizational structure should be visited or changed.
6. 100% of AVON's management team members believe that the current relationship with OG should be revisited, and that AVON's organizational structure should be changed.

It was important to explore the differences in the organizational structures of AVON and Bryan. AVON's organizational structure had remained unchanged since 1988. In 2000, the quality assurance and control functions were established, and in 2009, the supply chain function was restructured. More recently, the BoD approved the addition of a business development function in 2018. Figure 4.1 illustrates the hierarchy of the company's operations, in which the GM has no executive authority.

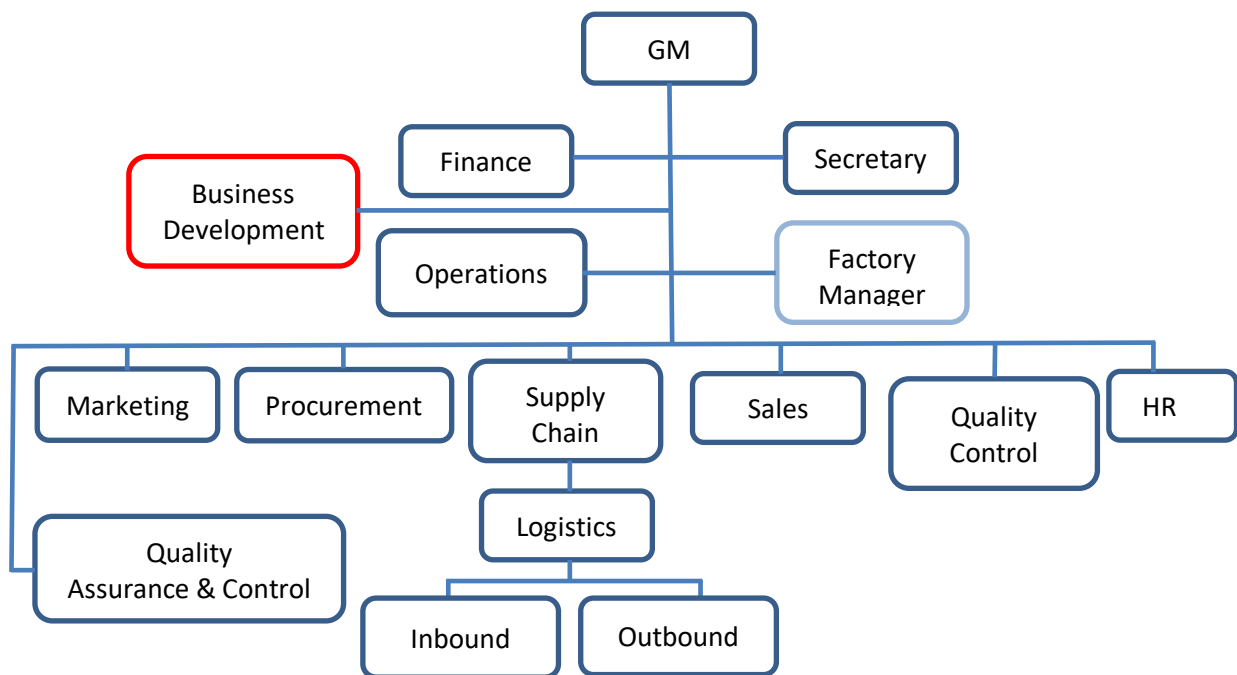


Figure 4.1. AVON Organizational Structure (2019)

The manager responsible for factory operations is solely responsible for operational decisions at the factory level. Former director of the board, SAH, stated:

In 1988, the idea behind having AVON's organizational structure was to enable the factory manager to arrange all production-related matters. And the other functions such as the supply chain, sales, quality to be handled by the GM. Thus, the company will be ready to host other operations in the FMCG space, precisely, the beverage segment. Therefore, AVON would turn into a corporate by itself, and be ready to get spun off and operate separately.

According to former director of AVON's BoD, MAS:

We had no issue since I joined the board in 1999, till I left the board in 2005, the operations, sales, growth, and even the quality were above our expectations. Most importantly, we are a company that sells water, we found the right business formula and we don't need to lose that by trying to do unnecessary actions or trying to do initiatives that would cost the company unnecessary budget... OG was the parent company of AVON, we would ultimately rely on their expertise, especially the market research and financial capabilities.

The interviews provided insights into how the board wished the company to operate, as well as their acceptance of the levers of control established by OG in 1988.

On the same topic, former director of the board, MAM, commented, "We had the quality assurance and control function reports directly to the GM, this way we avoid the conflict of interests that the GM may encounter. As sometimes a trade-off between quality and sales may appear." Board director SAK explained why the BoD decided to establish a new function as follows:

Why we recently established the business development function! That is a good question. We realized how mistaken we were, and you know the political framework we live in, this was an eyes-open opportunity that we will never miss. The business development function is the function that would allow us to read the market needs, or even creating new product lines, and without exaggeration we need this function to ease acquiring new clients and ease retaining current clients by being closely next to them.

Over 80% of the board directors board from current and previous cycles (18 directors) agreed on the necessity of revisiting the strategy. JRK commented, "A deliberate strategy for over 30 years! No comment!" When asked about the political framework, JRK continued, "I don't personally believe there is that extreme of a political framework. But most of the directors were reluctant to try investing on any initiatives without solid evidence or logics. We were appointed by the shareholders, and we can't make such an investment." Until 2018, many functions reported directly to the GM, but this manager had limited authority regarding expansion, product additions, organizational structure amendments, or the negotiation of current suppliers' terms beyond SAR5m.

Through observations and reviewing both AVON and OG's internal organizational documents, it was obvious to the researcher that no clear role was communicated for both AVON's management, AVON's BoD and OG's actors. Thus, both systems' actors seem to have inherited a certain understanding of how OG should support its daughter companies, yet no clear understanding or direction over the decision-making process.

The researcher observed the inconsistency of Delegation of Authorities (DoA) in which decisions take a long time – sometimes more than six months – to be made. Additionally, the nature of the workplace drove the systems’ actors to be more cautious with proceeding without having clear approval. The focus of the systems’ actors thus shifted from enabling and facilitating the decision-making process to protecting themselves from being questioned.

Regarding organizational decisions, JRK commented:

We don’t have a clear delegation of authority; sometimes OG’s CEO wants to review small investments and then she asks whether her approval is needed; at other times, she asks us to go ahead and proceed with a large amount of money without her approval. This is the nature of this kind of family business.

Pertaining to AVON, SAK commented:

For operational activities, the GM is fully responsible, but for any new initiatives that would need more than SAR5m, the factory manager approaches the GM with the ideas, the GM conducts the research and then approaches OG’s VP. They study the initiative together then they raise it to the BoD for approval. It takes a long time for the BoD to approve it or even disapprove it. The market has become more dynamic and needs immediate response. Currently, the employee turnover rate has risen at AVON, and we haven’t had any new initiatives.

JMB concurred with SAK that the decision-making process is lengthy and ineffective, stating:

We have lost many key clients due to the lengthy decision-making process; many times, our competitors have made offers as part of the new client acquisition exercise. They approach us for counter offers or even to match such offers. We take a long time to respond to these requests. Before, clients used to wait for us and we were dependent on the uniqueness of our offering; for example, we used to sell more than 2,000 stock keeping units (SKUs) of diversified products along with other services through one of OG’s OpCo’s, such as supply chain and office automations. Clients were preferring dealing with one entity/group of companies represented by one or two people. Today, clients have become price-sensitive, and we are struggling to retain them due to the lengthy decision-making process.

In response to the question asked to the GM about the expectations from OG as a parent company, former GM MKD stated:

We expect support from OG as a parent company. For example, we need them to provide help when it comes to hiring new people. Our turnover rate had hit a new record high (31% in 2015), and OG had the opportunity to capitalize on the shared services among all the OpCo’s instead of having services from outside the group as we could easily get all our services from within. Another service is to open our eyes to opportunities in the group. For example, AVON water should be the first option for all OpCo’s, and we are ready to negotiate a price! But the

BoD slowed the initiative and didn't facilitate it, and consequently we lost easy clients to Bryan.

NRL commented:

OG is trying to help, but I believe that the system is complex; it might be that more functions are needed, or more people are needed. When we ask for help, for example, when we needed to contact a decision maker in the Riyadh Metro project as the project was promising and has potential for us to secure a contract of water supply for around SAR1m, I approached the VP who referred me to the group business development manager. We contacted him, and he was too busy to handle any other tasks. It took us three months to get to the person in Riyadh Metro Project.

Commenting on the role of AVON's other shareholders, NRL added:

OG is the dominant shareholder. The other shareholders don't contribute other than injecting money whenever the BoD requests it, which is a rare case. Also, sometimes when we ask for financial facilitation, we approach the board with the justification. The BoD, where the shareholders are represented, endorse it and then the board secretary sends it to OG's treasury for their action.

These finding had motivated the researcher to conduct a further comparison to Bryan in the sense of how Bryan is structured. In which, Bryan's organizational structure was established based on the findings of a market research and intelligence department. Bryan's current organizational structure was determined by interviewing former employees of Bryan who had recently joined AVON's business development function. The objective of this function is to observe market trends, study consumers' purchasing behaviours, identify new entrants, evaluate the possibility of launching new products, and interpret customer feedback on pilot projects.

The sales department operates in isolation from the factory manager, reducing the likelihood that quality could be compromised. By contrast, at AVON, in the January 2016 BoD meeting, they discussed that the number of complaints had risen significantly (see Figure 4.4), with a company-wide record high of 18 complaints. This number revealed the need to address 18 batches through reverse supply-chain management in order to replace the filter system. Based on the rising complaints, SAK commented, "We replaced the GM, and replaced before him the Head of Sales, unfortunately, the board had created multiple problems by trying to solve one."

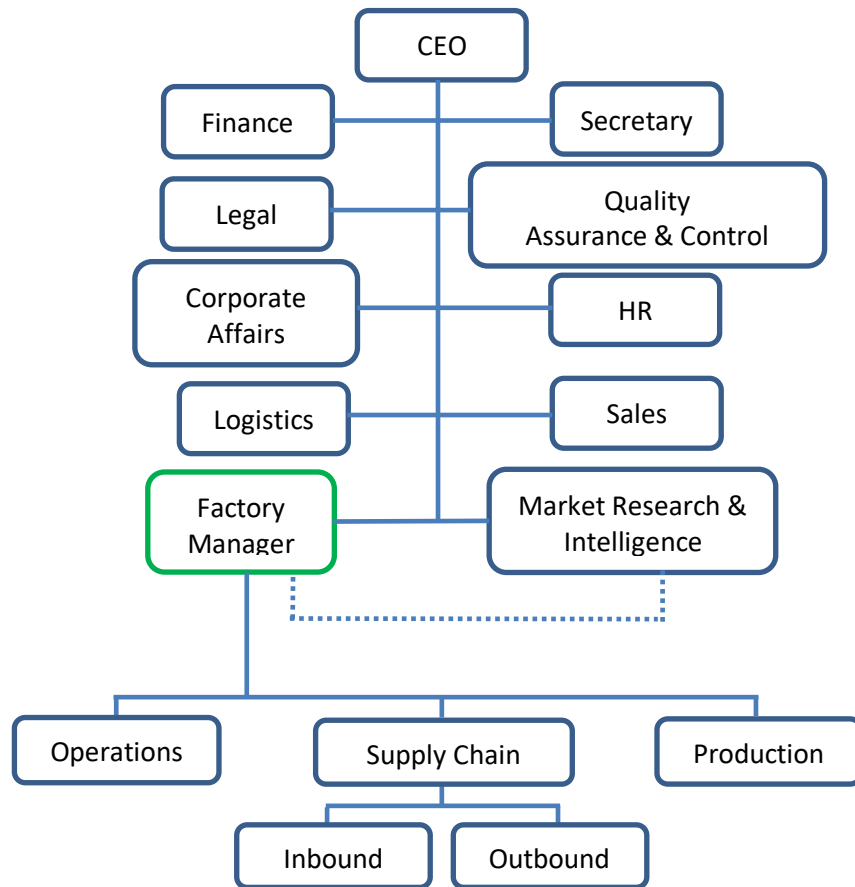


Figure 4.2. Bryan Organizational Structure (2019)

Figure 4.2 illustrates that the market research and intelligence departments have a reporting dotted line, in which the function reports indirectly to the factory manager. Former director of AVON’s BoD, AMA explained, “It was obvious and smart! That Bryan business research & intelligence department reports also to the factory manager. It was clear that they are trying to harmonize the internal process with their endeavour to secure more consumers.” IMH commented, “It is important to link the internal strength and weakness and measure it against the market.” Former director of the AVON board, JAH, recalled:

Was it smart? Of course, it was! They have built a sort of a corporate within a company. I don’t know how they manage the logistics, as logistics needs to be managed from within the factory, but their cost seems to be lower than ours, you can tell so by observing their performance in the market. They are expanding very fast.

This observation revealed insights on OG’s intention to establish AVON as an independent entity. TSA mentioned that “the strategy of AVON was intended to create a company that works under the OG, and benefit from its well establishment.” What happened next was unpredictable in terms of dominating the market with higher profitability than

expected. The complexity of OG and the performance of AVON had driven the directors of the board to avoid discussing the strategy amendment. JRK explained:

The deliberate strategy was to spin off AVON, but the lucrative market had driven OG and the BoD to adhere to the business as usual (the initial strategy). I believe we should have visited the strategy, and if we did so, we could have created a habit and overcome the fear of changing the strategy in a later stage.

The tension between deliberate strategy and emerging strategy to address market dynamics was a core topic of discussion in the 2017 BoD meetings. This debate emerged as a result of the improper overall setup of identifying customers' needs.

According to current AVON employee, JDB,

Bryan was established and was structured in a way that allows it to spot opportunities. We used to develop strong relationship with clients, set and observe how they consume water. The 200ml water bottle was just recommended by a client during a meeting with the founder. The whole story began in 2013 when people started talking about a citation from Islamic religion on the scarcity of water. And the importance of using exactly what a person needs. For example, in a city like Riyadh, most of the dynamics is around business, thus, during meetings that are conducted in the weekdays, it was noticeable that the only water used to be served is 330ml. This was a great entrance to the market. Why!

He continued:

It was interesting to notice that people don't drink the entire bottle, then they leave the meetings as they get concluded. The remainder is wasted. The only reflection required is to measure the average water waste. Interesting! The average consumption was 190ml, so to drive the consumption towards a more lucrative threshold, the 200ml was suggested... we learnt that 190ml bottles need customized machines, which requires extensive investment. Therefore, the decision was to go for 200ml bottles. Then we ran a pilot project and conducted many workshops to design a good marketing campaign. We examined the consumers' reactions in an experimental group of 500 people. It was a great bottle design, logo, and size. It changed the market where all the competitors just followed Bryan.

AAR posited, "We need to admit, AVON should have requested to explore more opportunities. A pilot project from a marketing budget can be approved by the board. We can't read the market as AVON management is able to do. We are setting in strategic steering positions; our role is directives and guiding." In response to a comment that emerged about the possibility of having more than 15 projects that would require an extensive budget, AAR continued, "They have to rely on their experience to decide which projects to pitch the board with." To explain why the board did not approve it immediately, AAR commented, "Their

request for the approval was not structured properly. Also, we needed to ensure that Bryan's growth was a result of the marketing campaign not due to the 200ml water bottle."

Some 66% of the board directors expressed that AVON's management team did not have a clear understanding of this idea. In the light of that discussion, FSB commented, "It is crucially important to highlight the fact that the bottle design played a significant role in encouraging the consumers to try their products." He added:

As per my knowledge, Bryan management had invested decently in the bottle design. One of the winning criteria is promoting that their water scores more than 8 in PH test [see glossary], it was smart as most of the water bottle brands produced in the market scored similar performance. But they drew consumers' eyes towards such healthy facts.

The previous discussion revolved around AVON and OG's different understandings of their roles and responsibilities. AVON's management had already approached the BoD to obtain approval for a new production line dedicated to the 200ml water bottle. JNB recalled, "It wasn't an easy decision for us to switch a profitable production line into another product line that has no numerical evidence." The board, however, had suspicions about the profitability of the 200ml bottle. The decision between approval or disapproval of the 200ml bottle took a long time to materialize due to the nature of the relationship between AVON and OG and their lack of clarity regarding market trends. Due to the board's perceptions of AVON's status as a player in the commodity business space, the strategic direction of the organization remained stagnant, and there was a lack of customer voice.

SAK commented on the BoD's role and performance, stating, "We cannot say we are managing a company that operates in isolation of studying customers' behaviours. To examine what customers really need, we rely on sales. As long as sales are high, that means we are meeting customers' expectations. It is very difficult to compete in the commodity space." This answer represents the board's perspective. AVON had the opportunity to spot the emerging market need and listen to its customers' voice, but Bryan designed its organizational structure to identify customers' voice and spot opportunities. There is a large difference between companies that are designed to predict or respond to customer needs. According to MSA, "Our structure wasn't helpful enough to respond to consumers' needs. Also, it was not logic to turn the company up-side-down, we believe we start gradually. Then we can adapt to the market needs. Now! We approved the initiation of the business development function, and we hope it will help us change."

These findings had led the researcher to reflect on where the possible causes of the delay in the decision-making process are. Thus, the researcher had planned to explore another sensitive element of the system, which is the BoD composition.

Findings: Role of BoD on AVON's performance

This theme pertained to the role of BoD on Avon's performance. As the researcher had reviewed the organizational documents, and as part of the action research, it was imperative to investigate the BoD composition and its value addition to AVON.

In December 2019, a 360-mystery evaluation was conducted to obtain the board members' opinions on their peers. The evaluation was based on the following criteria: (a) years of experience, (b) importance of the board member, (c) contribution of the board member, (d) expertise of the board member, (e) cooperation of the board member, and (f) the member's value addition to the board. With an even-weight distribution to all the criteria mentioned above, the directors gave themselves an average of 33% in terms of value added to AVON.

The current board is composed of members with the following expertise: (a) real estate, (b) engineering, (c) finance, (d) fast-moving consumer goods, (e) HR, (f), legal, and (g) automation solutions and energy. It is significant to mention that OG represents six seats from a total of nine (66%), while DX Group represents one seat (11%), and the HAMAD Group represents two seats (22%). The previous two cycles of the board experienced the same composition but with different people, as three members were replaced in 2000, two members were replaced in 2005, and finally four members were replaced in 2009. As mentioned, the current board members believe that they can do much better in terms of their value addition to AVON.

SNA commented, "They have to be honest with the shareholders – the current board cannot add value to the company. They lack the industry experience, and that justifies the reason why they are slow in response as you showed me. Apparently, they seek information from outside sources before they give any opinions." Answering another follow-up question on why they performed better in the past, SNA added:

The market was an extremely green field; OG has wealth beyond measure, and they were able to establish the company as there were no competitors at all at the time. Even HAMAD Group and DX Group were invited to become shareholders by OG's founder, almost 30 years ago. The old generation, we admit, lack the experience and expertise to manage the current market dynamics. AVON needs new youth with a new mindset, and they need to be open more to the market. I don't know how this can be accomplished, but this what they need to do.

Observing the first BoD meeting in 2020 was a completely different experience compared to the 2017 and 2018 meetings. The BoD meeting agenda discussed in the past six years had dramatically changed. The following is the BoD agenda for the January 2020 meeting:

1. Financial (P&L)
2. Sales performance 2018
3. Opportunities and market growth
4. Business development report
5. Audit report
6. Approval of sales budget 2020
7. Quality report
8. Business excellence report

The following is another example of a typical BoD meeting from 2012 to 2018:

1. Sales performance
2. Financial report (P&L)
3. Audit report
4. Business plan

HKR exclaimed, “The difference between the two approaches is noticeable... we are moving towards fixing the problem, but that would require sometimes [attending two BoD meetings].”

Reviewing the AVON BoD’s MoM from 2000 to 2019 revealed that AVON’s BoD perceived that changing market dynamics would affect the company negatively. In 2000, the quorum of BoD members voted to retain AVON’s organizational structure and rejected market expansion due to the perceived liabilities. According to SAK, “We thought of possible bad investments if we expanded and then the market size shrunk. That would drive us into bankruptcy. If you look at other OpCo’s that have been liquidated, you will notice how high investment drove them out of the competition.” The BoD members based the organizational strategy and business model around the impossibility of a disruption in the commodity market; thus, the company operated under a “business as usual” model for three decades.

XBB explained, “operating in an uncertain market is tricky and challenging,” and added:

In 2000, we thought of the possibility of expanding by having new plants. In 2017, the market in Riyadh had shrunk because of new regulations that drove many expats out of the country. Riyadh wasn’t a promising city back in 2000;

today, along with Vision 2030, Riyadh is changing positively and rapidly, and the market is becoming a green field for competition. But if we had had the expansion back then, and the investment turned out to be negative, then that would have been an unjustified decision.

TSS commented:

The market was certain based on the population growth rate in 2000. Also, the market was far less complex than what it is today...[But] I would do what we did back then. What happened with Bryan was unexpected and was a result of the complexity we operate in today. Today, we must admit and fix the problem to avoid having the same issue again. We are launching new products and investing in exploring more.

One of the main benefits of the action research was to widen the vision of hidden realities, or at least this is what occurred during this research. The interviews and workshops had informed the participants of the need for double-loop learning (see Figure 4.6), in which the structure of AVON and its business model are revisited. SAK added, “This is a great opportunity to revisit the whole setup. We need to enable the people more. How can we do that? We will challenge the current mindset of why we had the current setup in the first place.” JRK agreed, stating, “Saudi Arabia is connecting three continents: Asia, Africa and Europe. Having more plants would ensure the company becomes a leader again not just in Saudi Arabia but in the entire region.”

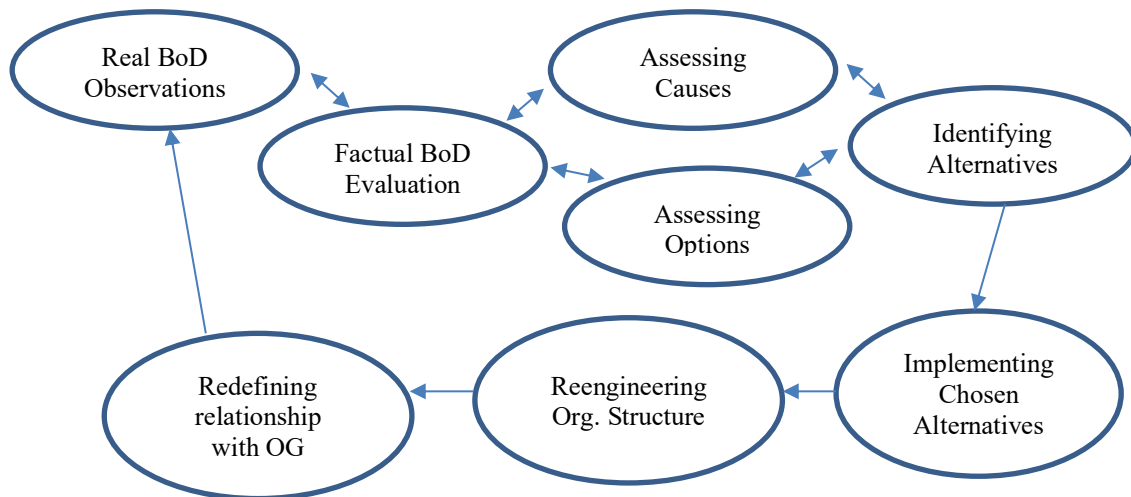


Figure 4.3. Double Loop Learning

The double-loop learning was an opportunity for the BoD to reflect critically on their assumptions and beliefs (see Figure 4.3). The reflection was extended to inform a revisiting of

the strategy of the company and the choices made so far. Additionally, the action research even informed the researcher of events and realities which weren't considered to be the real cause of the current situation. The double-loop learning also informed new critical strategic choices and challenged the status quo.

As of February 2020, the board's strategic initiatives include restructuring the relationship with OG in a way that would free management of the DoA restrictions. JMB commented, "[The] first thing is to approve AVON's management initiatives and allow them to work on that. Our role today is to enable the company by restructuring their organizational structure by changing the authorities given to management. For example, we will soon appoint the GM as CEO of the company with far more responsibilities."

In the BoD meeting held in January 2020, the theme was operating in a VUCA business environment. OG has empowered changes to help AVON operate more effectively and efficiently. The BoD requested an internal reorganization to allocate the board members with appropriate expertise throughout all OG OpCo's. It was evident from the observation that the leadership style is shifting from controlling to embracing VUCA.

The empowerment of AVON's actors is more evident than before. SAK commented on the failure that had occurred and the response of encouraging all OpCo's actors to participate in enhancing the business model, stating:

We will empower our employees and let them contribute to fostering the new strategies. How will we do that? We will decrease the number of management layers in place. We will enforce exchanging information as a new responsibility of the GMs and CEOs, and most importantly, we will enable the employees through restructuring the organizational structure... We have established a business development function in AVON. I can assure you that both OG and AVON's BD teams will work together.

Regarding the enablement, JRK added, "We didn't capitalize on the diversified expertise and portfolios we manage. In 2020, we will start the operational excellence programme in which all OpCo's will share their initiatives and we will encourage, evaluate, and promote operational excellence seriously."

Throughout the data collection stage of this research, the findings obtained between 17 November 2019 and 31 March 2020 were beyond expectations. The action research helped to identify blind spots for all the participating system actors along with their actions and assumptions.

As TSS explained:

The water-bottling industry is split into two different categories: (a) water springs, in which water is filtered then bottled, [and] purified water, in which

water is treated, filtered, then bottled. Each type has its own pros and cons; our water comes from a natural water spring, and just needs filtration and almost no purification before it is ready for bottling. Also, it is important to mention that using the water springs is subject to licensing to exercise this activity [...] we have limited production capacity as we cannot setup as many production lines as we want. Therefore, we focus on the high end of the market and the proven bottle sizes that ensure a profitable return. We produce water bottles in PET [Polyethylene Terephthalate] and glass bottles; from one vendor we get our PET ready to be inflated where we do the labelling and capping in-house, while we get the glasses from another vendor.

This information was helpful in explaining the rigidity of the BoD towards taking the risk to switch the production line from 330ml to 200ml. The value chain of AVON relies on financial assistance from OG. This makes this case more complex and requires the consideration of political aspects. MKD explained,

AVON has a production quota that we couldn't exceed at that time. And that was because of the license allowing us to use a natural water spring; therefore, we were evaluating the most profitable products and had to focus on producing it. Therefore, our value chain, in terms of raw materials, bottles, labelling, customers, retailers and even the machines, were all designed around the 330ml water bottle. Thus, the BoD were reluctant to hear the real cause of losing the share market. The BoD believed that the new bottle size, a 200ml water bottle, could put the company at risk. The researcher even had many side meetings with directors of the board trying to convince him of the fact that 200ml was not a real game-changer.

MKD discussed the fixed-fit value chain that the company was designed around, especially the focus on the 330ml bottle as the most sellable and profitable product. It was noticeable that the board of the directors were biased towards their previous success and experiences.

Another important observation was that the value chain of AVON was designed around the 330ml water bottle. The BoD perceived the suggestion of MKD to replace the 330ml bottle with a 200ml water bottle as an intolerable risk. MKD commented:

It was important to mention that 40% of our clients are business companies. We ran a survey to understand why the 330ml water bottle was the most preferred option, and we found out that people use it during meetings. Even during working hours, people don't like to use the 600ml water bottle because of the climate in Saudi Arabia where the temperature of the water increases faster.

This observation may explain how the market preference had shifted from the 330ml water bottle to the 200ml size. HKR commented:

We understood the importance of studying the market preference, but our sales were relatively high enough, and we had no justification to risk our profitable product on the cost of trying a new product (200ml) that could or couldn't work. JMB commented:

Another dilemma was about another product that we produce, which is the 250ml glass bottle. This product has its own market niche, and it was profitable too. Therefore, another challenge that management faced was trying to push and promote the 250ml glass bottle to replace the need for the 200ml water bottle. Similarly, NRL explained:

The BoD and OG business development teams were both pushing us to push for 250ml glass bottle – it wasn't easy. We tried some campaigns. We also tried to promote the 250ml glass bottle as an elegant choice for business meetings and corporate usage. There was another challenge in that the 250ml glass water bottle is expensive to sell in mini markets. Therefore, this option had its own limit, and it was too expensive costing consumers SAR2/glass bottle compared to a 200ml water bottle that costs SAR0.5/PET bottle.

Based on this observation, it was evident that management realized that the maximum market demand did not yield promising enough growth; however, OG's business development team pushed for the 250ml glass bottle, and the BoD complied. NRL commented:

OG's role should be limited to helping us instead of us getting direction from them pertaining to what works better in the market, which is the job of AVON as AVON is closer to its clients and the market. When I accepted the challenge of becoming AVON's GM, I was promised flexibility over establishing the business development function. OG's role was vague. They should listen to our demands. But instead, they requested that we promote a product that will not guarantee reclaiming the market share that we have lost. We wish we had a market study report from OG, as we don't have the financial capacity to conduct or hire market researchers continuously ourselves. OG's business development team should conduct the research since they are limiting us from doing so.

Restricted natural resources and limited dynamic capabilities had driven the board's discussion toward the reasons behind the slow expansion in the Saudi Arabian market. JAH commented:

We had the discussion about the expansion back in 2000, as I remember. We were enthusiastic about conquering the market. The discussion was forgotten suddenly. We are a partner with a giant group; they are the major shareholder, and they have more seats in the board. OG was positioned from the first day as the parent company of AVON; we agreed on this and need them as their financial and even business aid is unmatched. They think bigger than AVON; we had an internal discussion that being outside OG's umbrella could be of great help to the company.

Regarding this point, TSS commented, "OG has many other ventures, just imagine that we put all of our effort into one company. We believed that being in the commodity market didn't require us to be panic more about the future."

AVON has recognized opportunities for expansion in many other geographic territories in Saudi Arabia over the past 30 years, but the board and executive leaders failed to approve such strategic plans. On light of this observation, SNA commented:

Having another plant in two promising cities in Saudi Arabia was a strategic option; we were approached once by FAIH Water [pseudonym of a known company owned by Bryan water] to buy their plant in the city of Qassim. The

BoD voted not to execute the plan back in 2000 due to the market demand and the supply of the current plant where there was no immediate need for expansion – but it was a strategic move at the time towards blocking potential competitors entering the market.

In addition, TSA explained:

Observing the market from a bird's eye view, the expansion was a great decision not for the revenue in the year 2000, but for now. Just imagine if we had the capacity to cover the whole market, Bryan water wouldn't be in the competition race, and we would be the only incumbent.

AVON missed the opportunity to pilot the 200ml bottle project. On this topic, JRK commented:

Absolutely we needed not to risk the 330ml water bottle production line. If we had the opportunity to pilot this project in a different production line, then we would have done so. Having another rented plant was an option before we decided to increase our capacity, through that would have been a very lengthy process with the government as we must have a license to allow us to increase our capacity. The FAIH water operation was a good strategic option that would have helped us to avoid such a risk... Our value chain was designed around our current capacity back in 2014; we had no option but to continue production of the 330ml... From a technical point of view, all other production lines were new at the time; we placed a large investment in getting those production lines up and running. The news of the need to have the 200ml production line was new and not verified. We couldn't risk the shareholders' interests over a non-solid justification. Such a switch of production lines would have cost us sunk money on the invested capex, in addition to a high risk of opportunity cost over minimizing the 330ml production.

The fear was about losing market share in the 330ml water bottle segment based on the belief that once AVON's 330ml water bottle was removed from the market, consumers would immediately look for a replacement. In response to this, JRK continued:

When operating in a commodity space, it is intolerable to make any mistake that could make us vulnerable to losing market share. We have contracts with many clients over certain production quotas. Stopping that for one day is a huge risk – such an act might be considered a breach of contract. Also, if we stopped the 330ml water bottles, we strongly believe that our competitors would step in immediately to replace the lost AVON supply.

It was evident through the observations and interviews conducted that AVON's value chains were designed to produce with no breaks. Additionally, there was a contractual element embodied through the production, sales, and distribution of the bottles. This business model and organizational structure limited AVON's exploration of customers' needs.

Chapter 5. Evaluation of Outcomes and Discussion of Findings

5.1 Introduction

This chapter contains the researcher's evaluation of the data that was captured through the observations and interviews. This chapter also contains a discussion of the findings through the lens of the Dynamic Capabilities theory (Williams, 2007) and the concept of corporate parenting roles (Goold & Campbell, 2002) in addition to the theories and concepts which were previously explored in the literature review chapter. The purpose of this ethnography study was to examine the composition of the Board of Directors and their actions/contributions to a daughter company (AVON) as an operating company of a parent company (OG), and how such an arrangement would be prone to disruption (Christensen & Roth, 2004). AVON was the top performing water bottle company in Saudi Arabia in terms of growth and financial performance until 2016 when it lost significant market share to another new entrant called Bryan. AVON's profitability and product quality decreased drastically while instances of customer complaints increased.

The findings of this study emphasized the best possible BoD composition for AVON's presence in the water bottle industry, as well as the best possible BoD composition throughout OG's OpCo's. In addition, the study examined how AVON's BoD perceived the best practices of the BoD's of their competitors, such as Bryan, in terms of contributing to the business, challenging the status quo, identifying new ideas, and appointing executive leaders. It is essential to mention that this study's primary purpose is to explore the reason behind AVON's inability to realize early warning signals of market disruptions, emerging needs, and trends. Thus, this study will help OG and AVON to make decisions that will enable the companies to excel and regain their lost market share. Additionally, this study will contribute to the knowledge creation process by exploring a real workplace through the lenses of certain theories and concepts. Therefore, in order to address the research problem, the following research questions were developed:

1. What are AVON's abilities in terms of realizing early warning signals of market disruptions, new emerging needs and trends, and the impact of the same on AVON's survival?
 - a. How does AVON's BoD exercising its corporate parenting roles (CPR) impact upon AVON's performance?

- b. How does OG and AVON's organizational structure influence strategies and decision-making regarding reading and addressing market needs as well as responding to disruptive strategies?

5.2. Managing corporates alongside the emergence of new market needs

As mentioned in Chapter 2, which outlined the methodology of the research, themes related to managing corporates alongside the emergence of new market needs emerged from analysis of the observation and interview data. The data were imported into a computer-assisted qualitative data analysis software (CAQDAS), NVivo 12 (QSR International, 2017). For the initial analysis of the data, the researcher first read the transcript to get the main idea of the big picture, or the general idea of the data -as a whole-. The transcripts were then re-read line-by-line. In each line, phrases or sentences were highlighted that were relevant to the study – for instance, the sentence, “Through OG, AVON has access to many valuable resources,” shared by participant JRK. This sentence was considered relevant to the study, as based on the literature review, daughter companies tend to be more financially able due to their ability to access the resources of their parent company.

Codes were assigned to the highlighted sentences. In the sample excerpt from participant JRK, the sentence was assigned to the code *access of resources*. As the researcher continued to closely read each transcript, more codes emerged. Phrases or sentences that refer to similar phenomena were assigned the same code. Next, the codes were read and reviewed in order to identify patterns. Codes with similar patterns were assigned to the same node hierarchy – a feature in NVivo used to cluster small units of meaning. Each node hierarchy referred to an initial theme. The transcripts were then used to review the node hierarchies to ensure that the initial themes were representing the data.

The transcripts were also used to review relationships among the themes. For instance, the codes *access to resources* and *no issues with resources* had similar patterns in the data referring to the abundance of resources experienced by AVON through OG. After reviewing the cluster of codes against the transcripts, the theme *abundance in resources* emerged from the data. The findings were then reviewed to finalize the themes. Further review of the themes revealed that *abundance in resources* was a theme that occurred due to the organizational restructuring of AVON. Along with the initial theme, *missed opportunities*, the initial themes became sub-themes to the theme *AVON organizational restructuring*.

Table 5.1 summarizes the developed themes, while Table 5.2 provides some examples of the key points and quotations captured from the manuscript, which resulted into the themes.

Table 5.1. Themes and Sub-Themes

Theme #	Theme
1	AVON's dynamic capabilities as a hybrid
2	AVON organizational restructuring
3	Experience feedback, change and corporate positioning
4	Management actions and corporate structures
5	Rich picture and market dynamics
6	OG's CPR
7	Relying on GM to create value
8	OG's emerged role as a parent company
Sub- Theme #	Sub-Theme
1	Not maximizing available data for awareness of market dynamics
2	Dismissing the possibility of market disruption
3	Complicated decision-making capabilities
4	AVON's financial capabilities to adapt and restructure
5	Resource abundance
6	Missed opportunities
7	New feedback mechanism
8	Corporate positioning

Table 5.2 Some Key Manuscript-Quotations That Resulted into Themes

Theme	Quote
<i>*Subtheme</i>	
Theme 1: AVON's dynamic capabilities as a hybrid	"Also, the current setup that AVON has, is kind of slowing down the advancement towards fulfilling the emerged needs in the market."
<i>* Not maximizing available data for awareness of market dynamics, Dismissing the possibility of market disruption, Complicated</i>	"Being operating in an uncertain market is tricky and challenging 20 years ago, we thought of the possibility of expanding by having new plants. In the year 2017, the market in Riyadh had shrunk as a result of new regulations that drove many expats out of the country. Riyadh wasn't a promising city

decision-making capabilities, AVON's financial capabilities to adapt and restructure,

back in 2000, today along with the vision 2030, Riyadh is changing positively and rapidly, the market is becoming a green field for competition. But if we had the expansion back then, and the investment turned to be negative, then that would be an unjustified decision”

“AVON’s management should have requested to explore more opportunities. A pilot project from a marketing budget can be approved by the board. We can’t read the market as AVON management is able to do. We are setting in strategic steering positions; our role is directives and guiding. They must rely on their experience to decide which projects to pitch the board with. Their request for the approval was not structured properly.”

Theme 2: AVON organizational restructuring

**Resource abundance missed opportunities.*

“For operational activities the GM is fully responsible, but for any new initiatives that would need more than SAR 5m, that Factory manager approaches the GM with the ideas, the GM conducts the research and then approaches his VP. They study the initiative together then they raise it to the BoD for approval. It takes long time for the BoD to approve it or even disapprove it. The market became more dynamics and needs immediate response. Currently, the turnover rate had rose in AVON and we haven’t heard any new initiatives.

“We lost many key clients due to the lengthy decision-making process, many times our competitors make offers as part of the new clients acquisition exercise. In which, they approach us for counter offers or even matching such offers. We take long time to respond back to their requests. Before, clients used to wait for us and we were dependent on the uniqueness of our offering, for example, we used to sell more than 2,000 SKU’s”

Theme 3: Experience feedback, change and corporate positioning

**New feedback mechanism, corporate positioning,*

“As a result of the market dynamics, new role had emerged without any of us noticing that. All in a sudden the problems with the management popped up. And now we are fixing the setup and changing the mental model to cope with the current market needs.”

“This is blurry, at some points we were unable to answer questions such as what OG is doing. I come from OG, and I know that we can support AVON from multiple platforms. OG’s involvement should be more than monitoring and controlling the financial performance. OG should be involved in the quality through providing guidelines, and actively conducting

customers’’ surveys and mystery shopping. Just imagine if OG was able to create a synergetic network among the OpCo’s it owns; therefore, all the guidelines and best practices should be unified across the system.”

Theme 4: Management actions and corporate structures

“Being part of the system where OG is parenting AVON has its pros and cons. Currently, we are establishing the business development function to understand the market properly. There was a disconnection between what is happening in the market and what is happening in AVON. We relied on OG’s business development function in the past but that didn’t reward us well. This issue had given us reasons to reflect on many practices we are doing, it also given us reasons to question the relationship with OG as a parent company.”

“Since the company was found on the basis that the management would focus on and take care of the operational tasks only. And the BoD would be responsible for the strategic initiatives such as expansions, and projects that require equities or debts”. He added “We were selling and still selling water bottles. If I may ask you what have changed in the past 30 years in the water bottle industry? Nothing! except logos and design. The real fight is how to increase quality and decrease cost, and of course how to win new customers and retain the old ones.

“We had no issue since I joined the board in 1999, till I left the board in 2005, the operations, sales, growth, and even the quality were above our expectations. Most importantly, we are a company that sells water, we found the right business formula and we don’t need to lose that by trying to do unnecessary actions or trying to do initiatives that would cost the company unnecessary budget. OG was the parent company of AVON, we would ultimately rely on their expertise, especially the market research and financial capabilities.”

Theme 5: Rich picture and market dynamics

“as you have attended the BoD meetings, we raise our requests for approval to the board through the VP, who communicates it to the BoD, then sometimes they direct us to contact new vendors or service providers. For example, we replaced one of our transporters whose annual contract was more than SAR 6 million, in which we had to raise the request to the VP who contacted the BoD through request circulation, then upon their approval, which is always the case, we get their official approval in either writing or through email. Upon completing the task, then we report the performance through the same procedure”, in relation to the same question, (NRL) commented “our actions are not executive as they are execution, the BoD had realized the

necessity to change the whole structure and procedures, we are working on this since 2016, we are noticing progress. And we admitted the need for change.”

“AVON was given the role to manage the operations. This was a strategic mistake, because separating the operation from the strategic planning was wrong. We were in difficult situation to grant the management the approval to manage and get involved in fostering the strategy, because of the past-experience and success. AVON’s was able to understand the market needs, yet they had difficulties sharing their ideas with the BoD because of the current setup. Also, we were reluctant to change anything in relation to the organizational structure and/or the business model, because we can’t negatively affect the performance and the profits we are making.”

“In 1988, the idea behind having AVON organizational structure was to enable the factory manager to arrange all production related matters. And the other functions such as the supply chain, sales, quality to be handled by the GM. Thus, the company will be ready to host other operations in the FMCG space, precisely, the beverage segment. Therefore, AVON would turn into a corporate by itself, and be ready to get spin off and operate solely.

We were not expecting any initiative beyond the business-as-usual framework from AVON’s management. It turned out that this strategy needs to be amended in response to the new dynamics in the market.”

Theme 6: OG’s CPR

“Due to the past failures. OG became over controlling, especially when it comes to new investment. OG is trying to help, but it is using a very none-useful or even destructive approaches. For example, shared services function wants to increase the efficiency and decreasing the cost of all OpCo’s but being working in isolation of the stakeholders will hinder having the desired results. There are challenges and details that only frontlines or subject-matter experts are aware of, and those usually come from the OpCo’s rather than the parent company.”

“OG wants to benefit the OpCo’s, but most of the initiatives are not executed well. For example, the shared services had negatively impacted many OpCo’s, where their GMs became reluctant to complain. OG just needs to provide more trust and

confidence to its OpCo's and I'm sure the results will be unmatched."

Theme 7: Relying on GM to create value

"Firing the GM and head of sales was a political reason; we were directed by Audit to fire them because simply they didn't achieve their targets. And as of the former GM, he lost trust and hope on the company to achieve, he was convinced about the importance of launching new products, such as 200 ml PET water-bottle. But he didn't position himself to the challenge and despite he was right, his approach was wrong."

"Firing the GM wasn't the decision that we are regretful about, but the reasons we fired the GM were problematic. At a certain point of time, we were thinking that the issue was with the sales, the GM didn't present himself and defend his case properly, and in a later stage we found many issues in the operations and the entire business model that doesn't support the company to operate in this era.

The organizational structure doesn't allow the BoD or AVON's management to screen the market. We can screen the market in term of the performance of our products, but when it comes to consumers' needs, we were in isolation. And that something we need to solve."

Theme 8: OG's emerged role as a parent company

Saudi Arabia is connecting three continents: Asia, Africa and Europe. Having more plants would ensure the company we become a leader again not in Saudi but in the entire region. Being ready in VUCA should be accompanied with having the right platform. For example, we can't stop the production line of our high-selling product to try something else. But if we have other plants, then we could easily try doing something else."

"OG had laid down a strong foundation a while ago, and the company and its OpCo's have been through a tremendous growth, in which the foundation wasn't touched or revisited, I'm referring to the RPV, business model, strategy and the governance. Many companies had entered left the market radical changes. Yet, OG and its OpCo's remained relatively constant. Evaluating the performance should be done in two separate stages, one for the past till 2010, and another one since 2010. Since 2010 OG and its OpCo's are not doing a good job."

5.3 Theme 1: AVON’s dynamic capabilities as a hybrid

Through the observation of AVON’s performance and interviews with AVON’s stakeholders, the corporate’s dynamic capabilities were identified. Companies can more efficiently achieve their goals by improving their dynamic capabilities (Williams, 2007). Through the lens of dynamic capabilities theory, AVON was identified as a hybrid company with features of both an actor and a rival. The following aspects were observed: (a) awareness of the market dynamics, (b) financial capabilities, and (c) decision-making capabilities.

Generally, incumbents (usually actors) enjoy better observational capabilities than new entrants in any market (usually rivals) (Christensen & Roth, 2004). According to Williams (2007), actors typically have better observational, financial, and decision-making capabilities than their rivals. Table 5.3 contains a summary of finding through observations and interviews that determined AVON’s hybrid corporate framework.

Table 5.3. AVON’s Hybrid Corporate Framework

#	Aspects	Observation	Interview
1	Lack of Awareness of the market dynamics	Observed	Confirmed
2	Financial capabilities	Observed	Confirmed
3	Agile Decision-making capabilities	Not observed	Not confirmed

5.3.1 Subtheme 1: Not maximizing available data for awareness of market dynamics

AVON’s management team received periodic market reports about the water bottle industry, but the findings of these reports appeared to be underutilized in the company’s evaluation of emerging consumer needs. With OG as a parent company, AVON’s management team appeared to lack the foresight to enhance AVON’s advantages as an incumbent and as a possible actor. Participant DRL commented, “OG has great resources, but they are not utilized properly. And the reason is the very complicated processes, in which the processes were found to overcome any possible fraud or suspicious investment.”

The BoD members generally perceived that the market had matured. Additionally, 68% of the interviewed stakeholders believed that AVON was operating in a commodity space that did not require capex and/or OpEx investments. In addition, 89% of the current and former BoD members believed that operating in the commodity space did not require investments to observe market trends. From the interviews, SAK shared:

Almost always, the discussion was around business as usual, in which we do understand that we are selling commodities, and no innovation, at least in the foreseeable future, can replace such a commodity, the water bottle. Also, and logically speaking, why would people pay SAR0.5 for a 200ml water bottle when they can pay the same amount and get a 330ml water bottle instead?

Through the lens of the Dynamic Capabilities theory (Buell-Armstrong, 2015), it was revealed that AVON did not respond to Bryan's entry into the market until 2017, while their observation of the market disruption occurred in 2014. The BoD members directed AVON's management team to capitalize on other competencies, such as sales and marketing, rather than reacting to the real cause. XBB noted:

Bryan's success had ignited and embarrassed us. We were thinking that the market can't be disrupted with a new offering or products. Now we must think of radical solutions. Firstly, we need to respond to this issue, then we need to reflect on the reasons we thought this way in the first place.

5.3.2 Subtheme 2: Dismissing the possibility of market disruption

AVON BoD's general lack of awareness of market dynamics may explain their dismissal of potential market disruption, and particularly disruption by a new market entrant. Before 2016, 83% of the interview participants expressed their belief that the market could not be disrupted, yet observation of past performance data revealed that in 2013, the market had been disrupted by Bryan's introduction of the 200ml water bottle as a result of observing an emerging customer need. AAR explained:

It was obvious that new products come to the market from time to time, and it was impossible to observe all competitors' initiatives. Also, it was unwise and too costly to respond to their every single move. We were the market leader at that time, and it was difficult to transfer our customers to a new entrant or even transfer any big account that we served to one of the players at the time. Therefore, we had a belief that many products come to the market and stay on top for a time; they then cannot withstand the competition and are replaced by other products.

Vaniala et al. (2018) suggested that incumbents' reactions may vary relatively in terms of speed. It took four years for the AVON BoD to respond to the new market demand that Bryan had identified. The interview participants generally shared their belief that AVON failed to observe the emerging need for 200ml water bottles as a result of the internal problems related to decision-making, which will be discussed in the next section.

5.3.3 Subtheme 3: Complicated decision-making capabilities

Evaluating AVON through the lens of Williams's (2007) dynamic capabilities theory revealed the importance of OG's strong financial capability, which is a trait of an actor. Regarding the other two traits, OG had better awareness of the market dynamics; yet, both OG and AVON lacked awareness of the market's needs. Considering that the need for the 200ml water bottle was not uncovered until Bryan's introduction of the same, it appeared that the decision-making process was slow and complicated both in OG as a parent company and among AVON's own management team. JRK shared:

That brings us back to OG's involvement and the multiple decision-making layers, where approving any initiative should be done through a complicated process. It took us over four years to decide on an obvious case, while it took Bryan around 6-8 months to build the entire production line.

5.3.4 Subtheme 4: AVON's financial capabilities to adapt and restructure

Reflecting on the observations in the above-mentioned discussion, it is evident that through its BoD, AVON decided to adapt to the dynamic capabilities' traits (Williams, 2007). As the parent company, OG sought to reengineer the current organizational structure to streamline the decision-making process, as well as to enable better awareness of customer needs. This observation suggests that companies could be transformed into actors by enhancing their actor-like traits. DRL stated, "All competitors have almost the same product range, we were in the market for more than 30 years, and we are still the leader in terms of quality, market share and market coverage."

Through adaptation of the dynamic capability's theory, AVON can continue to develop their actionable traits in order to remain a sustainable incumbent. Its status as an incumbent enabled AVON to modify its organizational structure to increase the possibility of identifying market changes and consumer needs, and of developing products to meet these demands. Moreover, 100% of the interviewed BoD members cited the importance of defining OG's involvement in AVON and evaluating consumers' needs.

It was evident that both AVON's BoD and OG sought to create a sustainable new business model to ensure AVON's financial capabilities, remain aware of market factors, and respond quickly to emerging customer needs. Enhancing the company's dynamic capabilities was not the final objective, however; sustaining such a structure was the goal.

5.4 Theme 2: AVON organizational restructuring

Christen and Roth (2004) suggested that the ability to identify customers' needs (i.e., job-to-be-done) is a result of individual or corporate observation abilities, which is the first step towards developing disruptive strategies. An effective JTBD process promotes the sustainability of a company. Organizational restructuring was revealed to be AVON's JTBD. In the first quarter of 2020, AVON began the process of organizational restructuring in order to sustain its performance. This included an evaluation of OG's involvement as a parent company. All the interviewed BoD members concurred on the need to re-evaluate OG's involvement in AVON, as well as consumers' needs. Integrating and reconfiguring the competencies was a suggested solution to sustain the performance of the company (Pisano & Shen, 1997).

5.4.1 Subtheme 5: Resource abundance

The data collected revealed that both OG as the parent company and AVON as the daughter company enjoyed the required competencies and platforms to build and sustain desired dynamic capabilities. This finding was driven from the following observations:

OG has a strong financial capability that is estimated to be 120-140 times that of Bryan;

1. Through its OpCo's and over 20,000 employees, OG has an abundance of human resources with diversified competencies.
2. AVON is a part of the system that OG is parenting, which provides the company and the rest of the other OpCo's with access to operational benefits, such as supply chains; and
3. OG has embarked on an operational excellence initiative to leverage the knowledge created by all OpCo's.

During the interviews, DRL shared,

OG and all 45 of its OpCo's were established around the people. The founder said once that "our true asset is the people". Therefore, the main value of OG is to believe in the people. We used to have an exceptional retention rate. What about processes? OG is the main engine, and almost all OpCo's benefit from OG. Look at the treasury and how helpful it is when it comes to providing financial facilities. It was obvious that OG's culture is not in favour of change. The average age of the employees is 38, and there are many people who have celebrated 40 years with the company.

These observational findings align with Buell-Armstrong's (2015) suggestion that despite corporates' access to dynamic capabilities, many do not utilize them properly. This is evidenced by the recent strategic reengineering organizational structuring initiatives in which both OG and AVON have collectively engaged. Both OG and AVON are following the suggestion of Teece et al. (1997) that the integration of the competencies may sustain dynamic capabilities.

5.4.2 Subtheme 6: Missed opportunities

Both OG and AVON are re-configuring the business development functions in both entities for two reasons:

1. Allowing AVON to capitalize on the flow of findings, relationships with clients, observations of new market trends, and consumer insights, and
2. Feeding OG with the same flow of information from AVON's business development function.

Additionally, the AVON BoD capitalized on the opportunity to implement shared services and knowledge from OG. The BoD decided in January 2020 to evaluate the possibility of establishing a new operational excellence function that caters to the studies/success stories and facilitates employee movement between OpCo's. XBB shared:

The current structure and relationship with OG had driven us towards isolating the shareholders from what the consumers want. Whenever AVON's management team comes to the OG board with an initiative, the BoD challenges it from financial perspectives through the budget lens and disregards any possible positive impact. Also, the ones who make the decisions are not the same people who understand the market from the consumers' perspectives.

The new operational excellence function resulted from the fact that most efficient parent company structures across the region will be similar to the structure presented in Figure 5.1:

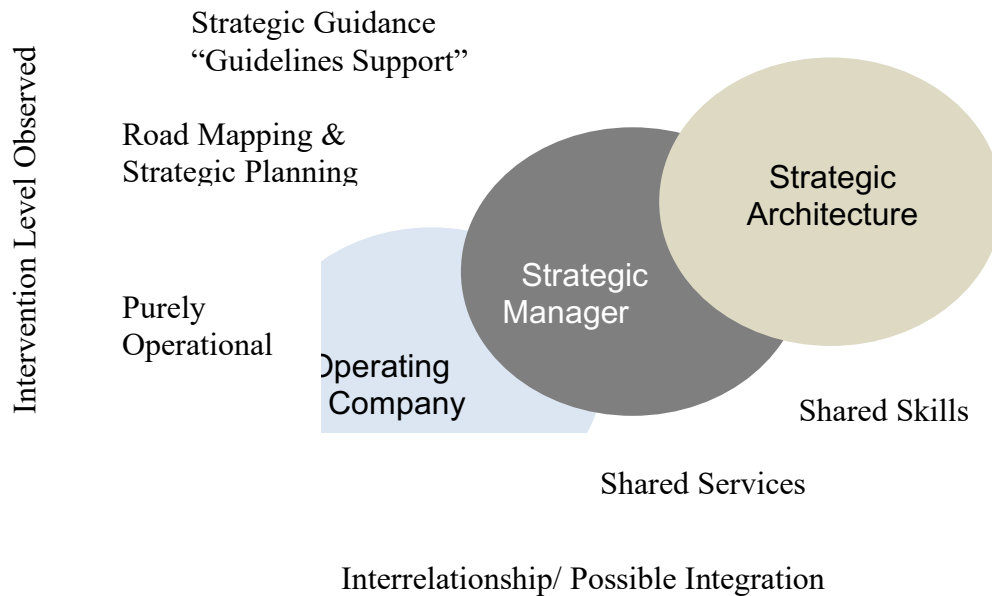


Figure 5.1. OG's New Operational Excellence Function

The review of OG's documents revealed the following proposed activities to prevent future missed opportunities:

1. To clarify roles and responsibilities across OG and its OpCo's.
2. To provide business focus.
3. To promote the culture of fostering decisive business strategies.
4. To manage financial and technical performance through the newly developed DoA.
5. To challenge the status quo and help to develop new revenue streams.
6. To achieve the desired synergies across OpCo's, in which this is the main goal presented in the last ExCom.
7. To align business; and
8. To design a RACI matrix to present how each service can be shared through the project management framework.

OG's ExCom had discussed the need for engagement with its most profitable companies/incumbents, in which 80% of the ExCom members voted to change the role of OG to better ensure profitable dividends.

Additionally, OG's ExCom had discussed the needful engagement with its most profitable companies/incumbents, in which 80% of the ExCom members voted to change the role of OG from ensuring profitable EBITDA to ensuring sustainable profitable EBITDA,

monitoring and mentoring, as is presented in Figure 5.2: Interrelationship and Interventions ExCom Approved for OG.

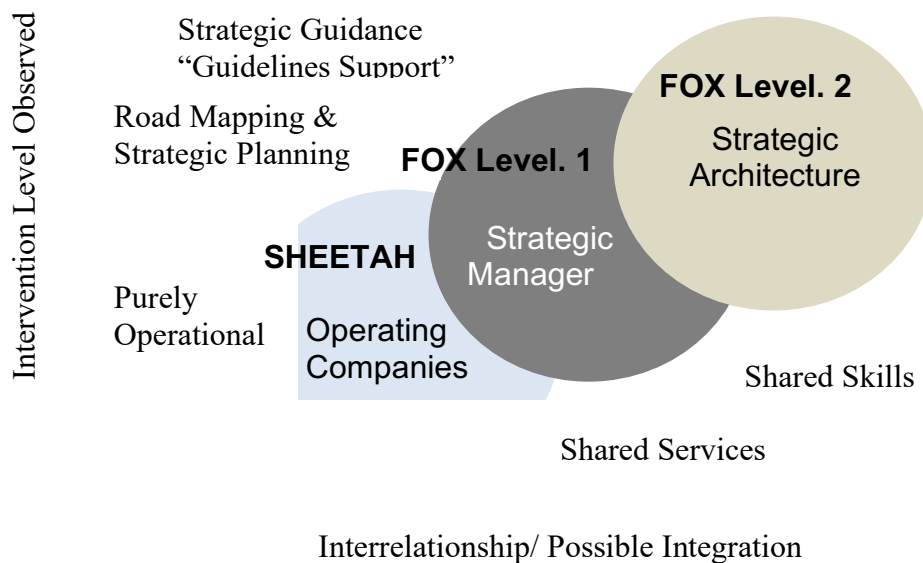


Figure 5.2. Interrelationship and Interventions “ExCom Approved for OG”

AVON’s BoD representatives from OG realized that OpCo’s in general, and AVON specifically, are more likely to miss potential opportunities due to the “multiple layers” of approval needed before making organizational decisions. Most interviewed participants perceived the current organizational structure to be an underlying cause of the company’s inability to identify market changes. The current organizational structure, based on OG’s structure, had existed since AVON was established. Most of the participants believed that Bryan successfully entered the market by adopting an organizational structure tailored to the water bottle industry. Such initiatives align with Huang and Chang’s (2019) suggestion pertaining to the enforcement of corporate culture. In the observational phase of this study, it was evident that 93% of AVON’s BoD members accepted a “business as usual” framework. As a result, many participants were reluctant to share their opinions about futuristic innovative initiatives due to repeated experiences of being rejected by the BoD or of having to pursue multiple layers of approval. It is likely that AVON missed potential market opportunities due to its current organizational structure.

5.5 Theme 3: Experience feedback, change and corporate positioning

5.5.1. Subtheme 7: New feedback mechanism

The current initiatives provide evidence of OG’s intention to position AVON as the market leader and incumbent in order to enable and sustain the dynamic capabilities. AVON’s BoD reported that many of the unsuccessful previous initiatives were a result of limited stakeholder feedback. Reflecting on the product lifecycle (Clermont & Kamsu-Foguem, 2018) and AVON’s failure to obtain real feedback from stakeholders, the sales and market share of the company declined from 2016 to 2019 in direct contrast to the performance of Bryan. This observation is like those of Christensen and Roth (2004) and Buell-Armstrong (2015), who explained that rivals can grow their market share by identifying and capitalizing on unmet customer needs. From 2013 to 2019, Bryan’s sales grew due to the introduction of the 200ml water bottle based on customers’ need for a lighter and more ‘trendier’ product. During the same time period, the sales of AVON’s best-selling water bottles—the 250ml glass water bottle and the 330ml PTE water bottle—declined.

In January 2020, AVON received approval from the BoD for a new 750ml sports bottle based on feedback on new product designs. The new design was based on the market needs identified through a customer survey. The new experience feedback design was derived from the suggestions of Clermont and Kamsu-Foguem (2018), as shown in Figure 5.3.

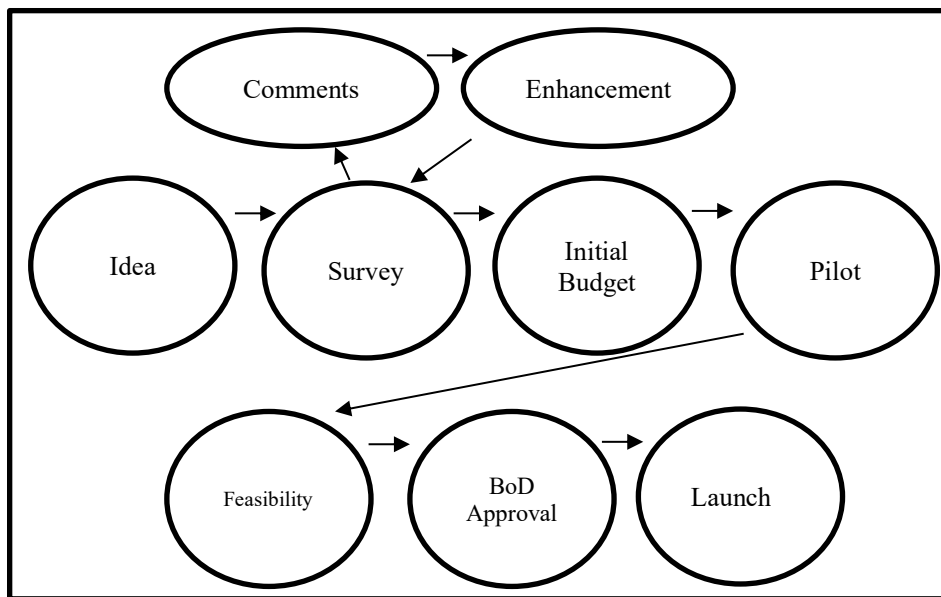


Figure 5.3. Model For the New Design of Experience Feedback for New Products

therefore better understood their needs. Both AVON's BoD and OG agreed that, as of 2020, a new business development function would be introduced to enable the realization of AVON's emerging needs and consumers' behaviours.

5.5.2 Subtheme 8: Corporate positioning

Despite the dynamics occurring in both OG and AVON, market players such as Bryan still can create new products or emulate successful existing products. OG continues to capitalize on the market positioning that it has developed over decades, including the synergies among OG's other OpCo's. Bryan receives no support from a parent company like AVON does. A previous study on this company in 2010 reported that AVON missed an opportunity to capitalize on the expertise of DHL -an AVON sister company- to decrease its supply chain by 5% through a joint venture in Saudi Arabia.

The participants discussed a proposal to create a central supply-chain hub and stores for OG and its OpCo's, although the proposal had not been evaluated thoroughly in OG's annual ExCom. JRK emphasized:

Correct, all operating companies should be changed; this starts by changing the business model along with changing the organizational structure. Also, this can't be happening in isolation from considering the RPV – for example, no more need for a lengthy decision-making process. Also, the company should start promoting the leadership from within as the current employees know the problem, where the relationship and responsibility between AVON and its OpCo's need to be revisited.

The participants generally believed that the company had missed many opportunities to capitalize on possible synergies and platforms within OG's portfolio because of the following factors: organizational structure (83% of participants), multiple decision-making layers (77% of participants), lack of clarity on OG's role (64% of participants), and poor management of OpCo's (18% of participants). The participants generally perceived OG's action towards its OpCo's as inadequate; these perceptions will be discussed further in the next section.

5.6 Theme 4: Management actions and corporate structures

The majority (89%) of participants believed that AVON is a company operating in a commodity space, in which innovations have no place. Additionally, 100% of the former BoD members stated their belief that the company does not need to invest in innovative initiatives. Following Giaglis and Fouskas' (2011) recommendation pertaining to the possible

development of management mental models, the participants generally believed that AVON's BoD has used such mental models over previous decades based on the following evidence:

1. The organization structure had not changed from inception until 2019.
2. The absence of a development function within the organization for 30 years; and
3. The absence of capturing customers' needs, except for quality assurance/control.

AVON's management actions may reflect the loss of competitive advantages from 2013 to 2019 to Bryan. Bryan's organizational structure was built around capturing customers' needs, unlike AVON's organizational structure, which was based on OG's organizational structure. This study's observations align with Giaglis and Fouskas' (2011) suggestion that readiness to capture customers' needs could be the first step towards building a set of competitive advantages. This was supported by Christensen and Roth's (2004) conclusion that such management actions improve corporate foresight when introducing new products. As AAR reported:

The business development function was launched recently in response to Bryan's ability to read the market needs. The BoD thought of new ways to tackle the customers' needs, and the BD department was a solution towards having a function that eases listening to the market. Also, the BD function was established to promote our products.

Reflecting on AVON and Bryan's organizational structures, it can be deduced that there might be a critical difference in terms of positioning intentions in that Bryan's organizational structure seemed to be influencing the whole organization towards discovering new JTBD, while AVON's current organizational structure hardly allowed new JTBD (Christensen & Roth, 2004). Reports from 2013 to 2019 support this finding. On the other hand, the ultimate decision-makers, AVON's BoD, perceived that the company's operations in the commodity market space would not be threatened by disruptive innovations.

This finding supports conclusions in the literature review regarding the structure of the management team's reactions and decisions (Giaglis & Fouskas, 2011). The observational data in the current study revealed that AVON's internal system led its members towards behaving in certain ways (Stacey, 2011). For example, the BoD initially denied that AVON's declining sales were a result of Bryan's 200ml water bottle, despite sales reports. The reviewed reports showed a logical model dependent on previous logics. As a result, AVON's management team took over five years to respond.

The results of the qualitative analysis revealed that all AVON’s BoD cycles have chosen to adhere to choices made over the past three decades, including strategy, business model, and organizational structure. The interview findings highlighted that the BoD members have developed a potentially biased mental model (Giaglis & Fouskas, 2011; Bolman & Deal, 2015; Drummond, 2001; Du, Li, & Wu, 2019) due to their belief that AVON is operating in a commodity market space.

Stieglitz et al. (2016) suggested that not all companies needed to respond to market dynamics. The lack of information about which companies needed to respond was a challenge within the context of this research in the sense of either proving or disproving the need for AVON’s adaptation to the market dynamics. The findings also established that OG and AVON need to reengineer their relationship in a way that is mutually beneficial for both companies, as well as OG’s other OpCo’s, as illustrated in Figure 5.5.

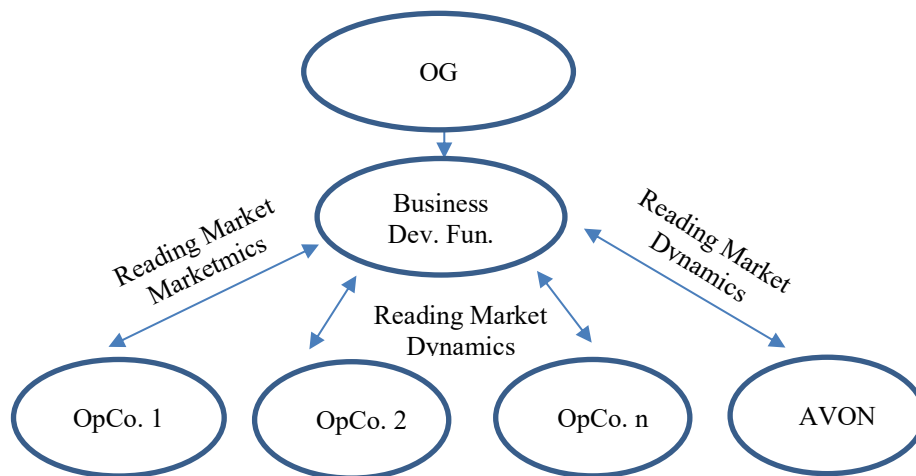


Figure 5.5. Proposed Structure Based on the New Business Development Function

The challenge was addressed by combining the findings obtained from the observation phase and through the lens of adaptation and inertia in dynamic environments (Stieglitz et al., 2016). As Konradt (2019) recommended, AVON could modify their dynamic capabilities to include functions such as business development, while retaining the same overall setup. When the BoD members reflected on how the market was impacted by Bryan, as a new entrant, they indicated that promptly responding to changing market dynamics would be beneficial for AVON.

5.7 Theme 5: Rich picture and market dynamics

BoD members are generally risk-averse towards investments beyond SAR3m (Prates, Costa, & Dorow, 2017). The first round of the interview results supported this finding, as 80% of the participants in the disruptive workshop recommended not investing in AVON's capabilities to predict and adapt to possible disruptions. OG conducted four workshop sessions to educate key decision-makers about the concept of disruption and several strategies. This exercise required developing the leaders' competency in zooming in and zooming out in order to evaluate the company's rich picture (Bell & Morse, 2012). The first step was identifying the relationship between AVON and OG. Based on observations and interviews, the participants generally believed that as a parent company, OG did not support AVON by providing market intelligence that could help AVON to assess the rich picture. OG's involvement was limited to financial support, while many participants believed that OG could do more in terms of enabling market intelligence and implementing shared services to increase efficiency and decrease operational costs.

Considering the mental model pertaining to how the company should be managed, and how the company has been managed over the past three decades, the participants generally shared experiences of difficulty in challenging the basic structure of the company. There were also challenges during participant recruitment and selection for this study due to similar reasons. BoD members appeared generally reluctant to challenge the fundamentals of AVON's strategy, to evaluate discuss AVON's relationship with OG, and to question the BoD members' ability to lead the company.

The BoD fired the former sales director as a result of declining sales and then fired the former general manager; however, most of the participants shared that firing their employees was a mistake. Companies may face difficulties when changing their business models to cope with market changes or disruptions, and a declining sales performance may not be attributable to employee actions (Denning, 2016). Christensen (2015) and Christensen et al. (2018) suggested that companies launch special purpose vehicles (SPV) to address decreasing sales. By introducing SPV and the rich-picture method, BoD members and AVON management may become more open to conducting learning-loops (Williams & Brown, 2018). The first step of implementing the rich-picture exercise was to assess AVON's performance from 2012 to 2019, followed by evaluating Bryan's performance from 2013 to 2019. This facilitated an organic conversation shift toward AVON's rich picture, which involved

positioning OG as a parent company due to the ability to enable true access to market intelligence. The benefits of OG’s CPR will be discussed in the next section.

5.8. Roles and strategies of parent corporates

One key purpose of this study was to examine the CPR of OG for AVON. This examination occurred within the framework of actionable inquiries context, in which, the main focus, was derived from understanding the system within the context of the research question and then answering and responding to inquiries by identifying the management actions in relation to the complexity of the system, as shown in Figure 5.6 (Stacey, 2011).

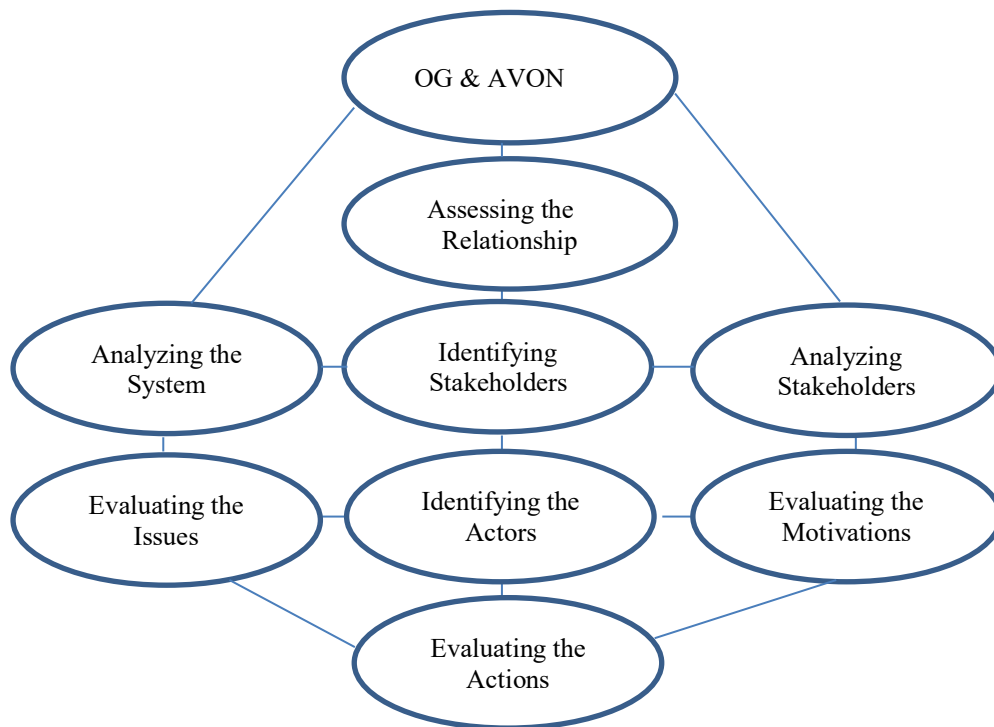


Figure 5.6. Inquiry Context

As the parent company to AVON, OG drove AVON towards the recent status, in which OG appointed the quorum of BoD members involved in AVON. OG also drove the development of the BoD’s mental model (Giaglis & Fouskas, 2011) over the past three decades. In addition, the participants perceived that OG was being positioned in the views of AVON’s management as a controller rather than as a supporter. Finally, the shareholders perceived OG’s financial capability as a drawback in that the shareholders wanted financial support from OG

but disliked the OG board's extreme control over business decisions. AVON's management team's decisions were perceived to be limited to day-to-day operations.

The value of a parent company rests in its establishment of a well-structured strategy (Gaba & Joseph, 2013; Kruehler et al., 2012). OG currently lacks such a strategy due to the company's present CPR and positioning in the market (Williams, 2007). There are no clear guidelines to improve parent corporate strategies (Gaba & Joseph, 2013). It remains imperative, however, to reflect upon this research through the lens of the system's actors and key stakeholders (Stacey, 2011). Considering the possibility of daughter companies having different scopes based on the emergence of new market needs (Peng, Lee, & Wang, 2005), it is possible that both OG and AVON should re-visit their strategies. Specifically, OG may need to develop a strategy to enable shared services across its OpCo's as well as to enable the business development function to interpret market dynamics. As a result, the OpCo's may experience synergies and improved operational excellence, which would facilitate periodic strategy evaluation and knowledge creation/sharing across OpCo's.

Throughout the data collection phase, the current participants expressed their views that OG's strategy was based on controlling its OpCo's from a financial perspective. When comparing the 2020 market dynamics to the market dynamics from three decades ago, this strategy might have been helpful based on the success of OG's growth; however, AVON's decline in recent years evidences the need for a modified CPR strategy.

This study utilized the model introduced by Kruehler et al. (2012) to assess OG's parenting strategy and the value that it adds to AVON. Based on the analysis, OG appears to have a negative involvement or influence (value-destroying) but provides central resources and services (value-adding) on its vertical involvement with AVON. In the horizontal involvement, OG appears to achieve sales and managerial synergies (value-adding), but the complexity generates costs (value-destroying). The contradicting nature of OG's involvement with AVON might be addressed in the new business development function. The model was particularly helpful in assessing the new business development function implemented by AVON from January 2020. The model indicates that a newly established business development function tends to be value-adding to a daughter company; however, some studies state that not all industries could benefit from business development (Okeyo, Gathungu, & Peter, 2016). Going back to the discussion of the orientation strategy, it was established that industries in the commodity market could most likely benefit from a market-orientation strategy, but business development may be categorized as an entrepreneurial-oriented strategy (Okeyo et al., 2016).

Business development functions typically highlight innovation, calculated risks, and proactiveness (Okeyo et al.), which directly contradicts the earlier discussion on the potential benefits of market-orientation to AVON as a daughter company in a commodity market. Additionally, entrepreneurial orientation may be more likely to apply to small-to-medium enterprises (SMEs) and new entrants in the market, which are also not applicable to the characteristics of AVON. This conflict in the literature suggests a gap in the knowledge regarding daughter companies' abilities to realize early warning signals of market disruptions, emerging needs, and trends. Specifically, a gap in literature exists in the abilities of daughter companies operating in the commodity market.

5.9 Theme 6: OG's CPR

Based on the findings, this study's recommendations include allowing OG and AVON to explore the most efficient and productive setup pertaining to re-engineering their relationship. The need to re-engineer the relationship stemmed from OG's current CPR and levers of control that emerged from the data through the interactive actions – a concept derived from the literature review (Pešalj et al., 2018). The first step was to identify the reasons behind the ultimate control that OG exercises over its OpCo's. NRL expressed:

Due to past failures, OG became over-controlling, especially when it comes to new investment. OG is trying to help, but it is using a very none-useful or even destructive approaches. For example, the shared services function wants to increase the efficiency and decrease the cost of all OpCo's but working in isolation from the key stakeholders will hinder any achievement of the desired results. There are challenges and details that only frontline or subject-matter experts are aware of, and those usually come from the OpCo rather than the parent company.

The current participants revealed that AVON's key team members were not in favour of such levers of control, and that AVON's performance decline was perceived to be directly related to such control over the strategic and tactical choices that the BoD did not approve for four years. The concept of interactive actions helped to bridge the gap between the level of engagement exercised by OG and the level of control needed by AVON.

The analysis of the organizational records showed that many of AVON's expansion projects had failed, and the BoD became reluctant to approve new initiatives as sales prior to 2013 were growing such that AVON was profitable as it was. As Hallen and Pahnke (2016) explained, the difference between start up and matured companies includes the need for the acceptance of trials, considering the complexity and uncertainty surrounding businesses in

general. As illustrated in Table 5.4., participants' risk aversion perceptions decreased by various percentages between the first workshop and the third workshop, which supports the conclusions of Prates et al. (2017)

Table 5.4. Perceptions and Risk Aversion

#	Perception	Participants agreeing before the first workshop session	Participants agreeing after the third workshop session
1	Disruption is a result of innovation only	100	70
2	AVON cannot be disrupted for the coming five years	100	50
3	Water bottle industry cannot be disrupted in the coming five years	92	20

The findings based on the observations from the workshop were not reflective of the mutual trust between parent company and daughter company developing over time (Massaro, 2019). The observation data revealed that the trust level between AVON and OG had remained stagnant over three decades. Additionally, the BoD's reluctance to share certain stories supports the absence of transparency, which Piccolo et al. (2015) suggested leads to a lack of trust.

The current participants perceived that AVON lost market share due to the control exercised by the BoD, in which the knowledge transfer from AVON to the BoD and vice versa was missing (Massaro, 2019). This lack of knowledge transfer may be the reason behind the BoD's reluctance to approve new initiatives. The stagnant trust between OG and AVON may be associated with this lack of knowledge transfer as well. The pitch of the 200ml water bottle to the BoD was rejected, despite evidence that AVON could have saved time and lost opportunity costs by approving this project by 2014 or 2015.

Finally, corporates' innovations may be directly influenced by/associated with the type of management in question, either bottom-up processes of innovation or top down within multidivisional companies such as OG (Necas, 2018). OG's management structure was based on the perception that as an incumbent in the commodity business space, AVON did not require anything more than financial support and control. OG's philosophy was protective of OpCo's

to ensure better value creation. The extensive level of control was associated with costs to both the company and its OpCo's. These costs included lost opportunities to create value, which will be discussed in the next section.

5.10 Theme 7: Relying on GM to create value

The role of any parent company is ultimately to create value for their OpCo's. This study resulted in several possibilities for future research in the Saudi Arabian business context, such as an incumbent's use of deliberate strategies with almost no major changes. This study's findings revealed that AVON's organizational structure had changed three times since its inception in 1988. The first change was the addition of a quality assurance and control function in 2000. The second change was the integration of a business development function to the organizational structure in 2018. The third change is the current organizational restructuring initiative.

OG's deliberate strategy was to create a company with an anticipated spin-off, and then to become a parent company focusing only on beverage and water products (i.e., AVON). AVON's GM has almost no authority other than managing operations. Despite evidence of AVON's need for more decision-making power, due to the high-power distance index of 80 (Clearly Cultural, 2019), current and former GMs have preferred to manage this activity with the BoD members through side-talks.

Despite the reluctance and risk-avoidance that most of the BoD members expressed, AVON's performance seemed high; these conflicting data may have hindered AVON's value growth. As Journeault et al. (2016) explained, when the managers of daughter companies can successfully communicate those companies' needs, the BoD can better realize and respond to them. In this context, AVON's needs were not successfully conveyed to the BoD due to two factors: (a) the lack of initiative by AVON's management due to experiences of repeated rejection; and (b) the board's refusal to accept AVON management's ideas of change. AVON's current value is the result of many factors, as illustrated in Figure 5.7.

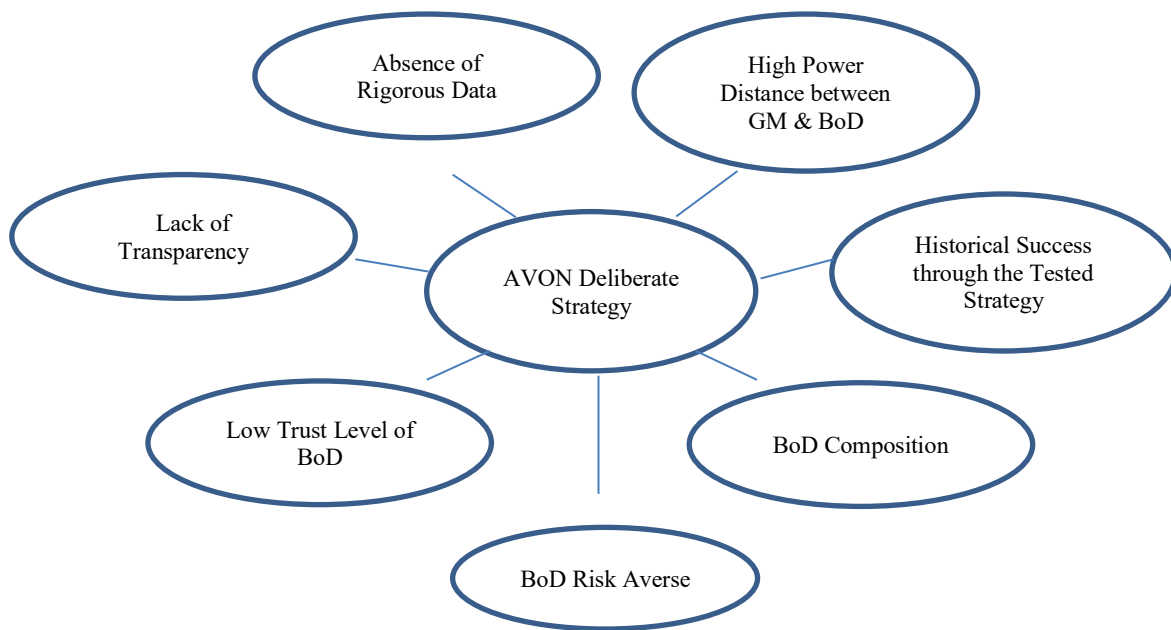


Figure 5.7. Reasons for Long-lasting Deliberate Strategy

Consequently, the evolution of AVON’s deliberate strategy required mutual actions and collaboration between management and the BoD (Campbell, 2017; Martyn et al., 2016). Observation data from the disruptive strategy workshop tactic helped bridge the gap between the BoD, OG, and AVON management, in which some of the factors presented in Figure 5.6 may be resolved.

Based on Campbell’s (2017) suggestion, daughter companies should express their need for change to create more value to the parent company. Finally, using the suggested framework of Kruehler et al. (2012), OG is recommended to limit their vertical integration in activities such as business development and consumer feedback. Responding to consumer needs is believed to be the responsibility of the daughter company, as they deal directly with those customers (Journeault et al., 2016). Hence, OG and the BoD could hire a CEO for AVON to oversee more than the operations side, such as in Bryan’s organizational structure; alternatively, OG could provide more autonomy to AVON’s GM. According to Kruehler et al. (2012), the involvement of OG was considered a value-destroying activity; OG could have provided generic support or strategic guidelines rather than designing the strategy itself.

5.11 Theme 8: OG's emerged role as a parent company

This theme pertains to the role of parent companies with the daughter companies. Goold and Campbell (2002) suggested that parent companies are obligated to add value to their daughter companies. AVON does require financial support from OG, but its needs were not limited to its finances. OG's CPR was perceived to include more authority in terms of agilely responding to market needs. Through transformational projects, OG realized the need for this change, and determined that the fundamental requirement was support rather than financial control. As AAR shared,

Absolutely, OG's strategy and everything is related to it, should be revisited again. Bryan's case, as I told you, was an eye-opener regarding reengineering OG and OpCos' structures and ways of doing business. We can't remain imprisoned in our emerged mental model anymore. Now we need to look again at the BoD composition and OG's relationship with its OpCo's, and potentially reevaluating the entire system.

Enabling and supporting the OpCo's was perceived to involve the establishment of the operational excellence discussed earlier, as well as the reengineering of a business development function to promote knowledge transfer (Garg & Zhao, 2018). OG may have realized the importance of enabling the OpCo's—in this case, AVON—through amending their strategies. That is, the emergence and success of Bryan served as a trigger for the BoD and OG to question and revisit AVON's strategies and business model. The new strategy involves standardizing the reporting methodology and general operations.

The realization of the required scope to manage the new dynamics was the trigger for amending the strategy. Establishing the goal of operational excellence is the first step towards identifying and adapting to the optimal setup. JRK shared:

AVON's business development is an enabler of OG's business development; we didn't capitalize on the diversified expertise and portfolios we manage. In 2020, we will start the operational excellence in which all OpCo's will share their initiatives and we will encourage, evaluate, and promote the operational excellence seriously.

Thus, OG's executives identified a road map to revisit OG's strategy, which could affect the relationship between OG and AVON. At the same time, AVON should revisit its strategy in terms of expansion, mergers and acquisitions, new product launches, and talent acquisition and retention.

5.12 Recommendations

Based on the findings, several recommendations are proposed. Reflections of the findings revealed some potential paths for future research. First, empirical research on strategic orientation in addition to market dynamic capabilities and disruptive strategies may be conducted to gain a better understanding of OG's CPR to AVON. Recent empirical research (Montiel-Campos, 2018; Okeyo et al., 2016) revealed a lack of understanding and conflicting conclusions about strategic orientations and increased performance. Cake (2018) concluded that strategic orientations (marketing, entrepreneurial, and learning) make a greater contribution to performance compared to market dynamic capabilities. However, this study was a doctoral dissertation. Further empirical, peer-reviewed evidence is needed to establish this claim.

Second, some inquiry regarding OG's 44 other OpCo's could further establish OG's CPR. The performance of other OpCo's and their competitors may differ from AVON's situation and may result in different findings regarding OG's CPR. The non-hands-on parenting role of OG and the BoD's current practices may be effective in some OpCo's.

Third, this study could provoke a grounded theory study (due to the complexity of OG, which may lead to more actionable knowledge for improving dynamic performance responding to market changes (Vaniala, Davcik, & Priem, 2018) and even other findings beyond the research question or an action research project to develop a working framework that better illustrates OG's CPR in terms of AVON's abilities to realize early warning signals of market disruptions, emerging needs, and trends – especially given the findings of the current study. Such a framework would offer insight for parent corporations to manage their subordinate companies in a way that responds to the highly competitive beverage market (Ichoroh, 2021), particularly in markets like Saudi Arabia that have higher demand for water as a result of geographical factors (Tarawneh & Chowdhury, 2018).

Fourth, a qualitative case study involving more of AVON's personnel could be conducted. Other management and personnel from AVON could have further insights regarding OG's CPR and the BoD's actions and contributions. Furthermore, a future study involving AVON's staff could provide information on the new business development function, which is relatively novel at the time of this study.

Fifth, it is recommended that more research is conducted regarding the significance of hybrid organizational structures in the decision-making process regarding sustainability. AVON's unique hybrid organizational structure appears to be instrumental in some of the

lapses in decisions that contributed to its loss of standing within the water bottle industry in Saudi Arabia. More research efforts are necessary in order to expand the understanding of the dynamics between this type of organizational structure. For instance, it might be beneficial to examine the differences between traditional and hybrid organizational structures in terms of their ability to detect market disruptions and the ability to sustain their competitive advantage for the long term.

Sixth, it is recommended that more research is needed in order to establish the different factors that allow companies with parent companies to detect early market disruptions and make the necessary decisions to address this issue. This research has established that failure to detect and address the market disruption played a role in the inability of leaders to make the appropriate actions to prevent their loss of standing within the water bottle industry. This proposed research could be helpful in specifying how early signs can be detected and the appropriate decision-making pathways that can be undertaken within an organizational structure of parent and daughter companies.

Seventh, it is recommended that in order to improve leadership and management practices in organizations with parent companies, a clearer management structure should be developed in order to have a more transparent channel of decision-making. The role of BoD and local leadership roles and responsibilities should be clearly defined in order to avoid conflict of interest and poor management. The dynamics between parent companies and their satellite companies require different practices that do not conform to traditional standards of leadership and management. Hence, this hybrid organizational structure needs to be an important consideration in the development and implementation of sustainability plans for competitive advantage.

Lastly, quantitative inquiries are recommended, as is the development of a standardized scale to measure market dynamic capabilities. The scoring applied in this research may be used to develop questionnaire items for both incumbent and new entrant personnel. Future researchers may also examine the correlation of market dynamic capabilities, parenting roles, and performance.

5.13 Learnings as an Action Researcher

The importance of the action research in this study is being part of the system, as observing the system actors' actions through reflection and side discussions, thus, the researcher was able to observe such actions through the lenses of resources, values, and

processes, and noted down the observed actions and used them in the questionnaires as well. Thus, the researcher was looking for answers to the research questions in which actions followed the findings as part of the action research. Observing the culture of both AVON and OG was important throughout the observation part of this study.

One of the key-desired deliverables of this project is OG's shareholders' emphasis on the importance of communicating the research's findings to the concerned systems' actors - OG and AVON- to ease the decision-making process. Therefore, as this study will demonstrate, it was proven that enabling an insider to become the action researcher is a rewarding tactic. Over the years the researcher had spent with OG, he developed trust with many stakeholders. He obtained access to critical information that helped shape a proper understanding of the situation and unveil many realities through the decision-makers' perspectives. It was also proven that an internal researcher might add more value to evaluating a workplace-based problem, once the insider is accepted by most of the systems' actors (Björkman & Sundgren, 2005).

Nevertheless, at the beginning of this research, the researcher – the insider- had faced a few difficulties managing time, trust, access to critical information, and securing the participants' confidentiality. All those difficulties were addressed before commencing the data collection process. The researcher had relied heavily on one of the cultural dimensions' indexes, which is the collectivism (Clearly Cultural, 2018), in which the high index of collectivism that the Saudi community enjoys was a strength that enabled the researcher -who has the trust of almost all the stakeholders- to gain more confidence -through key participants' recommendations- of the other participants. Consequently, a considerable amount of time was invested in the data collection rather than being invested in preparing the participants and gaining their trust. Additionally, the management support helped the researcher striking a balance between managing the daily activities and conducting this research. The management approved a manager from the Investment team who supported the researcher in managing his daily activities but not getting involved in this research by any means.

One vital takeaway of this research -on a personal level- is realizing the necessity of reflecting on the personal's actions and consideration of the working environment. For example, the researcher used to perceive this workplace-based problem, particularly, as a sales problem. Yet, after a few reflections, the researcher had developed the ability to explore different possibilities. Additionally, as an insider, he supported other systems' actors to perceive the workplace-based problem from different management lenses. This reflexivity had

helped in discovering hidden realities and the possible root cause of this workplace-based problem. Thus, this had helped to gain more trust from other systems' actors and consequently supported in addressing a possible set of solutions and actions.

5.14. Actionable Knowledge

The study had brought up many actionable learnings about OG system, as a parent company, AVON, as a daughter company, the competition space, and even Bryan as a new entrant, below is a list of the actionable knowledge that OG's OpCo's and other OpCo's operate under a parent company can benefit from:

1. Post its inception till 2016, AVON had a successful track record in pertinence to a remarkable CAGR and an outstanding ability to yield annual financial gains, yet the decision makers' and influencers' reliance on deliberate strategy without attending to market dynamics and emerging needs had cost the company a series of issues, not limited to a decline in sales, losing market share, decline in financial profits, and even experiencing high employees turn-over rate. Yet, without the support of AVON's parent company, OG, AVON might have lost its chance to survive the market competition. And as suggested by Kok and Heuvel (2019) organizations needs to look for more agile structures that help them spotting market opportunities and developing higher responsive rate, which was absent with both AVON and OG -through its presence in the BoD-.
2. Disruptive strategies are not necessarily limited to innovations as suggested by Christensen (2017), it was observed that disruptive strategies could be a result of realizing hidden realities, in which, unseen, and consequently, untested opportunities, are out there till a system can observe and respond to. Yet, it was observed to, that proper corporates' dynamics capabilities that are enabled may help corporates' fostering disruptive strategies and thus gain more successes. Nevertheless, Cao, Duan, & El Bana (2019) suggested that market analysis, and observation as this study suggests, may sustain dynamics capabilities. In which, sensing, seizing, and reconfiguring capabilities to be data-driver, as it was experienced by Bryan when they conducted the pilot project for the 200ml water bottle.
3. Commodity space is like other market spaces in the sense of vulnerability to disruptive strategies and emergence of consumers' needs. Thus, as it was observed, that a well-

established RVP framework with Bryan had rewarded the company to excel by providing commodities with a much competitive features, which were preferred by consumers.

4. Parent companies, through their CPR, can become either value-add to its daughter companies, or value-destroying to its daughter companies. And the value can be addressed by the need of the daughter companies and corporate mindset adjustment as it was suggested throughout the study and suggested by Williams (2007) and Goold & Campbell (2002).
5. Assessing dynamic capabilities became immanent in the era of VUCA. Millar, Groth, and Mahon (2018) suggested that VUCA can be perceived either as a disruptor or as an opportunity to change and create, also that is subject to how internal dynamics capabilities are assessed and tailored to enable to the companies to excel.
6. It was evident throughout the study that action research is highly recommended for corporates and parent companies in specific. Due to the busy schedule of executives, and the possibility of personal bias of those who make decisions, another eye is needed to help reassessing the situation and help igniting the journey for solutions and change.
7. Through the lens of implementing action research, it was proven that action research may help the decision makers to avoid making decisions based on assumptions. Thus, it is highly recommended for corporates to start establishing an Action Research department/ function, or even cross functional teams.

5.15. Summary

The purpose of this qualitative ethnographical study was to examine a Saudi corporate's abilities to decrypt early warning signals of emerging needs. The study has revealed many findings in terms of the effect of the composition of the Board of Directors and identifying their actions/contributions to a daughter company (AVON) as an operating company of a parent company (OG). In this chapter, the research questions are reconsidered:

1. What are AVON's abilities in terms of realizing early warning signals of market disruptions, new emerging needs and trends, and the impact on its survival?
 - a. How does AVON BoD exercise corporate parenting roles (CPR) impact upon AVON's performance?

- b. How do OG and AVON's organizational structures influence their strategies and decision-making in terms of reading and addressing market needs?

The data sources for this study included observation data obtained from AVON's reports from January 2016 to January 2020, as well as interview data gathered from forty current and former members of OG and AVON's key employees from BoD to other managerial layers. Through thematic analysis, the following eight themes were revealed: (a) AVON's dynamic capabilities as a hybrid; (b) AVON's organizational restructuring; (c) experience feedback, change, and corporate positioning; (d) management actions and corporate structures; (e) rich picture and market dynamics; (f) OG's CPR; (g) relying on the GM to create value; and (h) OG's emerged role as a parent company.

Based on these themes, this study determined that AVON's abilities to realize early warning signals of market disruptions, new emerging needs and trends, and the impact on AVON's survival, were not optimal. The findings indicated that as the daughter company to a much larger parent company, AVON had no lack of resources and reports; however, the processes involved in reading the market and making decisions were slow due to the "multiple layers of approval" needed. Furthermore, AVON's management team did not experience the same level of autonomy as Bryan's CEO when making decisions outside of daily operations. When presenting new ideas, AVON's management team was often hindered by the BoD and OG management. The BoD members generally perceived that AVON management's decisions often led to failure or improper implementation, which may explain why AVON's GM was limited to making decisions about operations.

AVON itself was perceived as an established and credible company with a large product range. SAK believed, however, that no company could "compete in the entire spectrum of the consumer choice." Similarly, NRL stated, "We can't be the best at all the options." Nonetheless, AVON's approach to defining their product range was mainly based on quality control rather than customer desires. AVON generally followed the organizational structure of OG; in contrast, Bryan's entire organizational structure was built to meet customer needs, which explains the success of their 200ml water bottle.

Decrypting early warning signals of change and emerging needs among AVON's customers could have been achieved through understanding the JTBD, which the old setup of AVON and OG did not help with.

The current participants generally emphasized the emergence of the new business development function stemming from the January 2020 organizational restructuring. The aim

of this organizational restructuring was to grant AVON more autonomy, as the BoD members have realized that AVON's management and sales personnel knew what their customers wanted. The new function also aimed to refine OG's CPR, expand its role outside of finance, and increase the value of its OpCo's.

The application of action research was required for this study on multiple aspects-as mini-AR's-;

1) On the scope and execution of this study: The researcher used action research to plan the scope (see Figure 1.2) as the researcher had two goals: one to answer the question of this research, which will help AVON to excel and regain its lost market share, as well as help OG to realize some blind spots pertaining to its management, engagement and structure in relation to its OpCo's; and two, to contribute to the knowledge creation by investigating a real workplace problem in the Middle East through the lenses of theories and concepts developed in other regions, considering the different cultural dimensions among these regions (Clearly Cultural, 2018). The researcher was able to reflect as they observed, realized, and acted on the observed aspects to inform the most suitable research design (see Figure 1.2). These iterations helped the researcher to reach a conclusion as to what needed to be done.

2) At an organizational level: The action research cycle was conducted perfectly in the sense of reflecting on the findings gained in stages such as planning, acting, and observing. Thus, the researcher shared the learnings with the key system actors and the sponsor of this research and educational workshops were conducted to educate the key system actors of what needed to be perceived. They then designed initiatives and decided on critical projects and initiatives. The researcher was then able to reflect such actions on the context of this search. The feedback gained was very supportive and OG's top management approved establishing functions because of this research's results.

3) On a personal level: The researcher had to reflect on the learnings gained throughout the DBA journey. Thus, he was able to understand the importance of periodical reflexivity to better understand and reframe the workplace-based problem. To do so, the researcher reflected on the learning paradigms studied during the DBA program, such as management research, change and crises management, leadership and communities, sustainability and impact, complex systems and decision making with risks and uncertainties. Such reflections helped the researcher to perceive the workplace-based problem through different conceptual and theoretical lenses, which helped to make the search a productive solution for the workplace.

Understanding the problem from the outside was the most important part of the study for the researcher as they had developed such analytical skills during the nine taught modules of their DBA course and through the mini-ARs conducted. Thus, right after reframing the workplace-based problem, the researcher had concluded that in any system there is a likelihood of having a diverse array of issues, or even complications, in which AR could be a potential tool to analyse immediate problems to uncover hidden possibilities and realities.

Through the leans of metacognition, the researcher came to understand more about how systems' features may emerge, in which emergence took place at the workplace eventually and as a result of non-hierarchical frameworks (Stacey, 2013) and the heterogeneous feature that the system used to have before five years ago.

Thus, it was apparent for the researcher that implementing AR would, definitely, enhance the knowledge creation process in a personal level and on system level, in which the traditional-applied research methodology is only great to tackle and solve homogenous problems.

Finally, the researcher had learned how to build a research scaffold that would help breaking down the workplace-based problem into manageable components. Thus, to use other scholars' research that tackled those components for the sake of utilizing the theories and concepts, in addition to thoroughly understanding the workplace's culture to better explore hidden realities and possibilities. Therefore, to design the right set of solutions. Overall, this study's conclusions based on these findings are presented in the next chapter.

Chapter 6. Conclusion, Reflections, and Implications

6.1 The research's aim and questions

Beginning in 2016, AVON, once the chief incumbent of the water bottle market in Saudi Arabia and the Arabian Gulf region, began losing market share, profitability, and product quality, and experiencing increasing employee turnover and customer complaints. Moreover, Bryan, a new entrant in the water bottle industry and a competitor to AVON, began increasing its market shares. AVON, being one of over 45 operating companies (OpCo's) of the parent company OG and subject to the decisions of the board of directors (BoD), may not be in the position to address their combination of issues. This is of great concern in the literature, as bottled water companies struggle to remain competitive and operational (Ichoroh, 2021).

One of the purposes of this ethnographical qualitative study was to examine the composition of the Board of Directors and their actions/contributions to a daughter company (AVON) as an operating company of a parent company (OG). The previous chapter highlighted the best possible BoD composition for AVON and possibly for OG's other OpCo's through the lens of dynamic capabilities theory (Williams, 2007) and the concept of corporate parenting roles (Goold & Campbell, 2002). The findings revealed the BoD's perceived best practices for AVON and its competitors, particularly Bryan. The findings of this study presented in the previous chapter answered the following research questions:

1. What are AVON's abilities in terms of realizing early warning signals of market disruptions, new emerging needs and trends, and their impact on AVON's survival?
 - a. How does the OG exercising corporate parenting roles (CPR) impact upon AVON's performance?
 - b. How do AVON and OG's organizational structures influence their strategies and decision-making regarding reading and addressing market needs?

The findings are summarized in the first section of this chapter. The second section contains reflections on the findings in comparison with the existing literature. The third section contains the implications of the study. The fourth section contains the recommendations for future research. Lastly, the fifth section contains the conclusions of the study.

6.2 Summary of findings

Thematic analysis of data sources for this ethnographical study – including observation data obtained from AVON's reports from 2016 to January 2020, as well as interview data

gathered from 40 current and former members of OG's and AVON's BoD – revealed the following eight themes: (a) AVON's dynamic capabilities as a hybrid; (b) AVON's organizational restructuring; (c) experience feedback, change, and corporate positioning; (d) management actions and corporate structures; (e) rich picture and market dynamics; (f) OG's CPR; (g) relying on the GM to create value; and (h) OG's emerged role as a parent company. OG's management of OpCo's alongside the emergence of new market needs involved the first five themes, while OG's roles and strategies as perceived by the BoD involved the last three themes.

The data were thematically analysed on light of Williams' (2007) dynamic capabilities theory. As such, AVON's dynamic capabilities were first identified through determining whether AVON was an actor, rival, or hybrid. Companies tend to be more efficient in achieving their goals by improving their dynamic capabilities (Birkinshaw, Zimmermann, & Raisch, 2016; Williams, 2007). To date, there is no standard scale to measure dynamic capabilities (Kump, Engelmann, Kessler, & Schweiger, 2019); however, Williams (2007) determined actors, rivals, or hybrid dynamic capabilities through: (a) awareness of market dynamics, (b) financial capabilities, and (c) decision-making capabilities. Generally, actors are incumbents that enjoy more observational, financial, and decision-making capabilities than new entrants in any market (usually rivals) (Christensen & Roth, 2004).

In the literature review, AVON was identified as an actor enjoying maximum financial capability among its competitors; however, it was also noted in the results that AVON's actions did not reflect a better awareness of the market, which is expected by research conducted by Tarawneh and Chowdhury (2018) and Rodwan (2019) that explore the Saudi market for bottled water. In addition, Bryan was identified as a rival responding to actors' actions. Nonetheless, analysis of the data gathered for the purposes of this study revealed that AVON might not be an actor but a hybrid. William's (2007) three guidelines were used in the analysis of AVON's dynamic capabilities, and it was found that AVON possessed moderate observational capabilities, high financial capabilities, and moderate decision-making capabilities as results of the scores given by the participating BoD.

6.2.1 What the Data Revealed

Similar scores were obtained based on the observation data. In addition, the dynamic capabilities theory purports that companies' adaptive capability is based on maximizing their competitive advantages (Buell-Armstrong, 2015). Being in the commodity market and a

daughter company to a much larger, more stable parent company, AVON's competitive advantage might have been increased based on how the company was managed (management innovation) rather than technological innovation (Frynas, Mol, & Mellahi, 2018). AVON's management innovation will be considered further in the reflections section.

Further analysis of the interview data collected from the participating directors, both current and former, revealed that AVON may not have strong market dynamic capabilities, as determined by: (a) not maximizing available data for awareness of market dynamics; (b) dismissing the possibility of market disruption; (c) complicated decision-making capabilities; and (d) AVON's financial capabilities to adapt and restructure.

Internally, AVON was experiencing issues within the company, which the participants generally linked to AVON being a daughter company to OG. The participants revealed that AVON's management had limited authority and may not have been permitted to collect and/or use data for market awareness; refute or contest the BoD's decisions regarding rejecting new product or marketing ideas; or alter the decision-making process to bypass OG and the BoD to avoid the long, slow approval process. Hence, while AVON's management and staff might have been aware of what their customers wanted and might have presented new products or marketing strategies to the BoD, the lengthy layers of approval involved, or the BoD's rejection might have hindered AVON's potential advantage in their race against rivals – and particularly against Bryan. The BoD revealed their reasons for not allowing AVON's management to have more control over their operations, which was mostly based on broken trust. Some participants narrated how over the years, AVON's management presented new product ideas that failed to increase AVON's market shares.

Interview data also revealed that the BoD generally believed OG's corporate parenting role involved making decisions for AVON and all its OpCo's. The conflict between AVON's management and the BoD might be from a miscommunication such that the daughter company was not able to clearly and properly communicate their needs to the BoD, and the BoD could not properly realize and address AVON's needs (Journeault et al., 2016). However, interview data revealed that the miscommunication might have been the result rather than the cause of the lack of initiative by AVON management due to experiences of repeated rejection, and the board's refusal to accept AVON's management team's ideas. These kinds of internal issues might have had an impact on the company's ability to remain competitive in the market (Ichoroh, 2021; Tarawneh & Chowdhury, 2018; Rodwan, 2019). While OG's CPR towards AVON appeared to hinder AVON's growth and to be a value-destroying activity (Kruehler et

al., 2012), the participants mentioned one benefit of AVON being a daughter company, which was access to OG's resources and credibility. Therefore, the participants generally believed that with proper management, AVON could increase its market share and improve its performance.

6.2.2 Disadvantages of OG's CPR

Currently, AVON's corporate positioning as OG's daughter company is perceived as a disadvantage as OG's CPR appeared to be causing missed opportunities due to disarrayed organizational structure, multiple decision-making layers, lack of clarity on OG's role, and OG's poor management of OpCo's. Some participants shared that restructuring AVON's organization – specifically giving AVON's management team more authority over its operations – could help the daughter company progress. The proposed restructuring was revealed to be part of AVON's plan for a business development function.

The business development function was implemented in 2018 as the second wave of organizational change at AVON. The first wave was the addition of a quality assurance and control function in 2000. The third wave of change was being implemented at the time this study was being written. AVON is therefore at present in the process of organizational restructuring. Originally, AVON's general manager (GM) had no authority over decisions other than decisions concerning daily operations. OG's CPR involved a deliberate strategy in which their goal was to become a parent company from a spin-off corporate focused only on beverage and water products; hence, AVON was established.

OG still made business decisions for AVON up to the time of this study. The new function has the goal of restructuring AVON's organization as well as redefining OG's parenting role. As mentioned, AVON typically benefits from OG's abundance in resources; however, AVON also generally experienced missed market opportunities due to its role as a daughter to OG and was unable to adapt to external factors related to market competitiveness (Ichoroh, 2021; Tarawneh & Chowdhury, 2018; Rodwan, 2019). As such, the new business function was aimed to provide AVON with additional autonomy in terms of gathering and using data from the market, and to make decisions regarding products. Ultimately, responding to consumer needs is believed to be the responsibility of the daughter company, as they deal directly with those customers (Journeault et al., 2016).

As a result, allowing daughter companies to have this autonomy could create more value to the parent company (Campbell, 2017). In addition, giving authority to AVON's GM

could help the daughter company break away from OG's deliberate strategy, and could help the company grow value, such as in the narrative of Bryan, in which the deliberate strategy was to have their CEO establish a new entrant in the water bottle industry. Interview results revealed that apart from financial support, AVON needed other aspects of OG's CPR in order to add value. It was evident that OG's CPRs had a negative effect on AVON's ability to adapt the marketing for bottled water, hindering their ability to dynamically respond to emerging market trends (Ichoroh, 2021; Rodwan, 2019). Williams's (2007) and Clermont and Kamsu-Foguem's (2018) put forth the importance of defining consumer needs as a first step toward competitiveness, which cannot be done strategically with strict CPRs that make those kinds of processes remain the hands of the parent company.

Amending OG's strategy was perceived as an enabling and supporting corporate parenting role. One of the recent enabling activities implemented by OG was restructuring the business development function. This function also focuses on experience feedback, which could potentially increase sales performance given Bryan's success from 2016 to 2019. The new function will emphasize customer ratings and surveys to detect potential market disruptions, trends, and opportunities. And most importantly, it will work with the other OpCos' business development functions to exchange information and ideas.

6.2.3 The Commodity Space

Generally, a commodity space such as AVON and Bryan's water bottle market is a high competition, low disruption environment. The BoD was composed of reluctant and risk-averse members. Hence, innovative products or product features were generally not the priority of consumers. Consumers often focus on the cost-effectiveness and usefulness of a commodity (Hansen & Nybakk, 2016). Bryan's market analysis may have benefitted them as a new entrant as they understood what the consumers needed, and they worked to address those needs. As a result, the 200ml water bottle was introduced to the market and defeated the sales of NOVA's best-selling 250ml glass water bottle and the 330ml PTE water bottle. Bryan's 200ml water bottle was not necessarily an innovation, yet the compact-sized water bottle caused a disruption in the industry. Interview data revealed that AVON may have missed the opportunity to be the first to sell a 200ml water bottle due to limited stakeholder feedback. In contrast, Bryan was able to disrupt the market through capitalizing on addressing consumers' unmet needs.

At first glance, Bryan being able to penetrate the market at the high end of the scale may appear to be in contrast with Christensen's theory of disruptive innovation; however, a

synthesis of Christensen's work over the years reveals how Bryan caused market disruption at the higher end. Disruptive innovation can be defined by three overarching characteristics: performance, benefits, and the market. First, Bryan can be seen to initially deviate from mainstream product options yet move to attract mainstream customers (i.e., 200ml bottle, AVON losing sales to Bryan), as first introduced in Christensen (1997) then in Christensen (2006). These features relate to Bryan's performance. Next, Bryan's 200ml bottle benefits customers by providing a cheaper and more convenient option than what is offered by AVON; however, AVON did not treat Bryan as a threat yet. These features characterize benefits for Bryan, as evidenced in Christensen (1997; 2000; 2006). Lastly, Bryan successfully penetrated the market through attracting new customers, creating a new market for unserved groups, and taking a significant market share (Christensen, 1997; 2006; Christensen & Raynor, 2003). These characteristics and features are based on the work of Al-Imarah and Shields (2019).

AVON recently attempted to apply stakeholders' experience feedback involving Clermont and Kamsu-Foguem's (2018) experience feedback design. Experience feedback involved sampling a small number of stakeholders to pilot test a new product. Their comments gathered through a survey would be used to enhance the initial product and determine feasibility. The enhanced initial products would be presented to the BoD for approval prior to launching the final product to the public. AVON's launch of the 750ml sports bottle resulted from the specified experience feedback design. The participants generally believed that this method of feedback conducted periodically could help determine potential causes of market disruption, reduce missed opportunities, and reveal hidden realities in terms of customer's needs and preferences, as was the case when Bryan launched the 200ml water bottle. This search found that other attributes of products such as sustainability could be of great interest and preference to customers over other attributes such as price. Finally, the disruption that took place with the introduction of the 200ml water bottle required almost no technological innovation. Instead, it required a thorough understanding of the emerged JTBD, thus, the definition of a disruptive strategy should, therefore, be broader than the characteristics that Christensen's model suggests (Damle, 2018).

Overall, the tension between the old mindset and the new 'trendy' mindset had to rely on research to show the hidden realities to the board. The lack of clarity and communication between OG and AVON in term of expectations, roles, and responsibilities had resulted in the problem that AVON was currently facing, but this situation also represented an opportunity to cope with new market trends.

6.3 Reflections

Overall, AVON's abilities to realize early warning signals of market disruption, emerging needs, and trends may not be optimal, particularly during 2016 to January 2020. Analysis of AVON's dynamic capabilities, despite being an incumbent in the water bottle industry, showed that AVON may be identified as a *hybrid* rather than an *actor* (Christensen & Roth, 2004; Williams, 2007). Being a hybrid despite being an incumbent could mean that AVON's resources are not being maximized to strengthen its market dynamic capabilities (Hoskisson, Chirico, Zyung, & Gambeta, 2017). Having abundant resources may not be enough to determine the strength of market dynamic capabilities (Williams, 2009). Competitive advantages may be necessary to define the company's role as an actor, rival, or hybrid (Huang & Chang, 2019). In addition, dynamic capability may be strengthened and sustained through continuous market analytics, agile organizational structure, and effective decision-making processes related to sensing, seizing, and reconfiguring capabilities to be data-driven (Cao, Duan, & El Banna, 2019). The reflections in the following sub-sections show the findings of this study in comparison to the existing literature such that implications, recommendations, and conclusions contributing to the best possible BoD composition for AVON's presence in the water bottle industry may be drawn from this study.

6.3.1 Market dynamic capabilities: Sensing, seizing, and transforming activities

Seizing opportunities may reveal strong dynamic capabilities of a corporate, and may contribute to increasing market shares, as demonstrated by Amazon's introduction of the Kindle e-book e-reader in 2006 (Birkinshaw, Zimmermann, & Raisch, 2016). Amazon's innovation addressed the threat to their physical book business from digital books and turned that threat into a digital innovation. However, as seen in the findings of this study, not all industries benefit from innovation. Day and Schoemaker (2016) argued that a company's dynamic capabilities may not be measured by innovation alone. Dynamic capabilities may also be influenced by a company's ability to sense, seize, and transform opportunities (Teece, 2016). Teece (2016) reported that the dynamic capabilities of strong companies tend to involve activities that identify and assess market opportunities (sense); allocate resources for movement (seize); and convert assets to maintain competitiveness (transform). According to Teece, these activities need to be conducted constantly, though not necessarily in any subsequent manner, to be able to display strong dynamic capabilities.

Sensing generally involves an incessant search for new opportunities (Adam & Lindahl, 2017). Some researchers included continuous sensing of threats in addition to opportunities (Matysiak, Rugman, & Bausch, 2018). Sensing often involves examining markets, looking at technological advances, understanding customer needs, identifying probable competitor activity, and using whatever findings to maximize the value of the product and company (Teece, 2016). Sensing may be comparable to Christensen and Roth's (2004) job-to-be-done (JTBD).

Seizing refers to actions that address opportunities (or threats), usually through the introduction of a new product (Kump, Engelmann, Kessler, & Schweiger, 2019). However, in this study, most of the participants believed that the development of a new product may not necessarily disrupt the market due to the nature of the water bottle industry operating in a commodity market. The participants generally believed that the commodity market tends to be stable, as shown in the comparison of the performance of different commodities such as crude oil, sugar, and grains (Gozgor, Lau, & Bilgin, 2016).

Transforming refers to the continuous development and improvement of assets and organizational structures (Torres, Sidorova, & Jones, 2018). Transforming is generally not limited to innovation of new products, but also includes phasing out or improving existing products, expanding the company's network, and changing organizational culture (Teece, 2016), which is another form of disruption, as this study suggests. The participants of this study stated that as of January 2020, AVON and OG were in the process of transforming their organizational structure through the introduction of a business development function. This new function included an evaluation of OG's involvement as a parent company. Reflections on OG's parenting role will be further described in a latter section.

The sensing, seizing, and transforming activities may determine the sustainability of dynamic capabilities (Teece, Pisano, & Shen, 1997). Typically, the activities are dictated by employee performance (Kumar, Subramanian, & Arputham, 2018), organizational structure (Felin & Powell, 2016), and market analytics data (Cao, Duan, & El Banna, 2019). In the years 2016 to 2019, AVON not only reported a decline in sales performance but also an increase in employee turnover as well as a lack of using data to address customer needs. AVON was found to have access to abundant resources through its parent company, OG. However, AVON was also found to lack the organizational structures necessary to facilitate sensing, seizing, and transforming activities. The BoD's practices and OG's involvement appeared to hinder rather than help to increase AVON's dynamic capabilities.

6.3.2. Organizational Change with a CPR in a VUCA Context

Nonetheless, the BoD reported a recent movement to implement changes in AVON's and OG's organizational culture through a new business development function. Business development usually involves changes in organizational structure and leadership models (O'Loughlin, 2015). AVON's BD was established to struggle with the volatile, uncertain, complex, and ambiguous (VUCA) business environment resulting in its loss of market share, decreased customer satisfaction, reduced sales and profitability, and high employee turnover. Successful adaptation of the VUCA environment involves developing an agile structure and a collaborative framework (Kok & Heuvel, 2019) with an emphasis on employee feedback (Copeland & Keenan, 1998).

Themes 6, 7, and 8 may be related to AVON's VUCA environment, as the BoD identified a flaw in the organizational structure, particularly with OG's CPR. The BoD highlighted the lack of an agile structure and collaboration within the existing organizational structure. The VUCA environment requires an agile structure to achieve success in the market (Millar et al., 2018). AVON's top management team was not given sufficient authority to make business decisions. In addition, business decisions tend to go through several layers of stakeholders prior to being approved and finalized. Therefore, it is suggested that OG's emerging CPR should involve placing value on AVON's GM, which could add value to AVON as a daughter company.

A parent company such as OG could fulfil its CPR through assisting the daughter company in evaluating and selecting businesses (Campbell, 2017; Dziurski & Mierzejewska, 2019) through (a) a framework that aims to distinguish the origin of the corporate parenting activities (direct vs compositional), (b) the impact of such activities (value-adding vs value-destroying), and (c) the type of activities (strategic/vertical vs operational/horizontal) (Kruehler, Pidun, & Rubner, 2012; Tao, Liu, Gao, & Xia, 2018). Going back to AVON's new business development function, value may be added to the daughter company through generic support and strategic guidance rather than negative involvement or influence.

The BoD reported that AVON generally experienced negative involvement or influence due to the risk-averse management style of the BoD and the lack of an agile structure. However, the BoD seemed to have realized the value-destroying activities of OG towards AVON and revealed that OG's emergent parenting role involved enabling and supporting activities targeted towards operational excellence and restructuring of the organization. The restructuring was part of the new business development function such that value-adding activities were given

priority. One of the value-adding activities was promoting mutual knowledge transfer (Garg & Zhao, 2018). Another value-adding activity was the implementation of an agile decision-making process (Millar et al., 2018).

In the VUCA environment, success may be achieved through agile market analytics and decisions based on the results of such analytics. The agile structure could help increase customer satisfaction and sales performance, and changes may be accommodated for the purposes of continuous improvement (Millar et al., 2018). Continuously working on understanding the context in which customers operate was considered a favourable response to challenges and changes when operating in the VUCA environment (Anuradha & Sujatha, 2019). Improving OG's CPR could be achieved by restructuring the organization to facilitate system change, improve operations, and increase alignment between parent and daughter (Fainshmidt, Pezeshkan, Lance Frazier, Nair, & Markowski, 2016).

Such methods could go back to improving AVON's market dynamic capabilities. Overall, improving market dynamic capabilities in a VUCA environment operating in a commodity space may be achieved through innovation. However, unlike in low competition, high disruption markets, commodity markets tend to have high competition and low market disruption. Hence, technological innovation and product or product features innovation may not be advantageous for companies such as AVON.

The participants of this study revealed that the market disruption caused by Bryan's success with the launch of the 200ml water bottle might not be a result of product innovation, but of strong market analysis and management innovations (Frynas et al., 2018). This finding is important in emphasizing the fact that disruptive strategies do not necessarily involve technological innovation, as innovation may take place in the form of managerial actions.

Each letter of the VUCA acronym represents a business paradigm -in itself- (Codreanu, 2016). Uncertainty is related to the response to challenges in predicting the near future as a result of countless variables, including the complexity of big data and market demands. The same is true for complexity as systems consist of many subsystems (Kaivo-oja & Lauraeus, 2018). The system that OG ought to adapt is comprised of many such subsystems, in which complexity is high by default. It may be possible that OG's vision is not aligned with its leadership style, resulting in a failure to achieve key performance indicators due to the complexity of its internal systems and the external market (Anuradha & Sujatha, 2019).

Bryan's deliberate strategy upon entering the water bottle industry was to meet the emerged customer needs for certain water bottle attributes – a hidden reality potentially missed by

AVON due to its moderate to poor market analytics. In addition, AVON's strategy was based on OG's intentions when they first created AVON in 1988. Since then, AVON's strategy has not been changed, and AVON's GM has not been given any authority beyond managing daily operations.

6.3.3. Tenuous Decline

Bryan's continuous growth, and AVON's continuous decline triggered a change in the relationship between AVON and the BoD beginning in 2016. In 2016, when AVON grew by approximately 3% while Bryan grew by 10%, the BoD began to observe and address AVON's managerial deficiencies, thus beginning AVON's management team's innovations. In 2016, the BoD revealed their lack of understanding of AVON's hidden realities of product range linked with their market share loss, and Bryan's success in addressing the needs of consumers. By mid-2016, the BoD discussed the termination of AVON's GM who was appointed in 2005.

Several participants later revealed in the interview that they "regretted" the decision to fire AVON's GM when the board realized that AVON's lack of progress was not caused by AVON's lack of initiative. The board's realization may be linked to a review of the data from the meeting minutes spanning a period of seven years and 38 meetings. All the meetings involved discussions about finances, but expansion was only mentioned three times – in 2005, 2009, and 2017. The GM was revealed to have no authority in making business decisions, including market analytics and marketing campaigns, as evidenced by their lack of authority to spend the company budget. Multiple layers of approval were evident in the minutes of the meeting, as critical decisions took nearly six to 12 months prior to being finalized. The board's realization was further evidenced by the increased employee turnover after replacing AVON's GM, which increased by 31% in 2016, and 23% in 2017.

Review of the minutes of the meeting dated early 2015 revealed that AVON's former GM recognized the issue with Bryan's success and AVON's decline and had proposed strategies to respond to Bryan's 200ml water bottle. One of his requests was to add a 200ml water bottle to AVON's product line. However, the GM's request was acknowledged in November 2015, and rejected in January 2016, which was when he also received the notice of his replacement. Many participants revealed that the shareholders did not want to invest in a new product but were willing to strengthen AVON's existing glass bottles and 330ml PET water bottle. Nonetheless, the shareholders eventually approved the production of AVON's 200ml water bottle in February 2017 and began production in March 2018. AVON's lack of

agile decision-making could be due to the organizational structure that was impacting its dynamic capabilities.

AVON's lever of control was based on a structure that was created in 1988, the year the daughter company was established. Hence, AVON's management team still had no executive authority and was limited to operational decisions. The usual response to market disruption is innovation, but with AVON being in the commodity market, product or technological innovation may not be beneficial. However, Frynas et al. (2018) revealed that companies in the commodity market could benefit from management innovation. Management innovation typically involves implementing new management practices based on existing effective and ineffective practices (Frynas et al., 2018).

While the participants revealed that OG's initial goal for AVON was to be a fully operating spin-off corporate running by itself, the lack of changes to the structure and the CPR might have hindered AVON's growth. The BoD expressed their optimism that management innovation, through the business development function established in 2018, could help revisit AVON's and OG's strategy, which could potentially help the company to read market needs, develop new product lines, and maintain quality to maintain its customer base as well as acquire new customers. Such strategies could be linked back to dynamic capabilities. Therefore, for AVON's BoD to increase its ability to recognize the early warning signals of market disruptions, new emerging needs and trends, and their impact on AVON's survival, market dynamic capabilities needed to be emphasized.

6.3.4. Moving away from the commodity market

Local and alternative markets for commodities have continued to grow over the years (Mirzaei, Micheels, & Boecker, 2016). As such, firms with commodity products have turned to innovation, and away from the commodity markets to maintain competitiveness. Agricultural firms in Canada have remained successful via their emphasis on entrepreneurial orientation and market orientation (Mirzaei et al., 2016). The latter researchers found that a combination of new or highly improved product and new marketing strategies tends to increase the performance of agricultural firms.

Mirzaei et al. (2016) and Wang, LaPlaca, Guo, and Hao (2017) emphasized market-orientation over entrepreneurial-orientation in highly competitive markets such as commodity markets. Understanding the needs of consumers can boost sales performance more than marketing strategies in competitive markets (Wang et al., 2017). Mirzaei et al. (2016) explained

that marketing strategies are more common in industries that are more likely to experience market disruption. Hansen and Nybakk (2016) stated that innovation and entrepreneurial orientation may be disadvantages in markets with high competition but low disruption. The researchers explained that in such markets, competition was often price-based and needs-based, as with the success of Bryan's introduction of the 200ml water bottle. As perceived by most of the participants of this study, Bryan's 200ml water bottle was not a result of innovation but of addressing what such emerged consumer needs are. Hansen and Nybakk (2016) further stated that consumers in commodity markets often do not focus on innovation or product features but on cost and usefulness.

AVON and OG's introduction of a new business development function could help with the movement from the commodity market. However, business development functions are also linked with entrepreneurial orientation rather than market orientation due to their emphasis on innovation, calculated risks, and proactiveness (Okeyo, Gathungu, & Peter, 2016). Furthermore, Sahid and Habidin (2018) stated that entrepreneurial orientation tends to be the strategy utilized by small to medium enterprises (SMEs) and new entrants in the market. Neither characteristic is applicable to AVON. However, emphasis on innovation was not specified as product innovation or technological innovation. Innovation may also be applied in management (Frynas et al., 2018). Additionally, innovation could happen at the supply-chain space, customer care, market acquisition or introducing new products or services.

Operations in a high VUCA environment could be successful, as illustrated by the continued success of the Chinese company, Haier, as a corporate parent. Haier introduced a novel internal business model in 2005 called *rendanheyi*. The Mandarin phrase *rendanheyi* can be loosely translated to "integration of people and goals" or "the win-win model of individual-goal combination." In the early days of the business model in 2005 to 2009, Haier was able to launch micro-divisions with the goal of working in virtual teams. Haier was able to achieve success in connecting with customers from investing in the micro-divisions coupled with IT solutions used to gather performance-based feedback. Observing the success of the micro-divisions, each leader was allowed absolute executive autonomy over their division from 2010. In 2014, Haier implemented *rendanheyi 2.0*, in which each micro-division became an independently running company, and Haier became a conglomerate of micro-enterprises. Frynas et al. (2018) concluded that Haier's business model of strengthening the autonomy of their OpCo's while also ensuring that their OpCo's did not break away from the Haier group was a value-adding activity that was a result of management innovation.

6.3.5. Beyond Management Innovation

However, the researchers also concluded that the success of Haier's business model was not solely based on management innovation. The context of operating in a high VUCA environment, in addition to accomplishing the four phases of management innovation, could be linked to successful implementation. The four phases of management innovation are: motivation, invention, implementation, and theorization and labelling (Birkinshaw et al., 2016). Birkinshaw et al.'s process model of management innovation may be traced back to the process of strengthening dynamic capabilities. Birkinshaw et al. discussed the movement of multinational food and drink processing conglomerate Nestlé away from the commodity market and into an entrepreneurial-oriented strategy in order to maximize business growth. Nestlé realized the value of people development in terms of the traditional focus on strengthening the current business, as well as in terms of adopting a more entrepreneurial approach. Hence, Nestlé specifically created a long-term career development programme for individuals with high sensing capabilities.

The programme helped to provide a unified long-term vision and common goals among corporate managers assigned in different functions, locations, and divisions. Nestlé was able to build on its reconfiguring capability through increasing its resource-linking capability, with the company treating its corporate managers as assets to its overall the growth (Teece, 2016). Nestlé's leaders were able to have a "shared-picture" of the future; thus, the leaders were able to predict market disruption and their probable response to rivals. The conglomerate's management combined market-orientation and entrepreneurial-orientation and resulted in a successful performance.

6.3.6. Market-Orientation, Entrepreneurial-Orientation, and Performance

Okeyo et al. (2016) suggested further research on the link between market-orientation, entrepreneurial-orientation, and performance, as recent empirical studies still reveal inconsistent results. Birkinshaw et al. (2016) emphasized the importance of context in the success of adaptation to discontinuities in the market. Nestlé's model was able to work for them due to the company's multinational context, while Haier's *rendanheyi* and *rendanheyi 2.0* models were successful due to the compatibility of the model with the high VUCA environment. Thus, Birkinshaw et al. (2016) recommended viewing dynamic capabilities from a contingency perspective such that "specific sets of capabilities needed to adapt to discontinuous change appear to vary with the chosen mode of adaptation" (p.53). Companies

needed a reconfiguring capability such that the selected method to adapt was in line with the company's vision, organizational culture, and people development.

With AVON operating in a commodity market but making use of a business development function, future research may be conducted on light of the market-orientation, entrepreneurial-orientation perspectives in order to determine AVON's reconfiguring capability and adjusts its dynamic capabilities accordingly (Montiel-Campos, 2018). In addition, Nestlé and Haier are both conglomerate companies, while AVON is an OpCo. Hence, further research on how OpCo's reconfigure their capabilities might help with understanding AVON's dynamic capabilities. The use of such perspectives on future studies will be discussed further in the recommendations section.

The orientation strategy may be related to deliberate and emerging business models and strategies. In the literature review, deliberate versus emerging business models and strategies were discussed. The participants in this study emphasized that Bryan's success and AVON's decline could be due to AVON's deliberate strategy, which was effective in establishing, shaping, and developing the company, but may also be detrimental to implementing changes, and adjusting to changing market dynamics (Yang & Meyer, 2019). Bryan, on the other hand, examined and utilized market analytics to understand the needs of consumers – an entrepreneurial-oriented strategy applied to a commodity market industry. Soliman, Anchor and Taylor (2019) suggested that businesses built on deliberate models and strategies could be successful initially but would have to eventually use emergent models and strategies in order to keep up with market trends. AVON's move towards business development, and potentially an emergent, entrepreneurial-oriented strategy, may not guarantee success in boosting performance. One of the strategies with advantages and disadvantages discussed in the literature review was repositioning. Repositioning generally helps incumbents compete with new entrants in the market (Du, Li, & Wu, 2019), but may also come at a cost (Menon & Yao, 2017). This strategy could benefit an incumbent like AVON due to its longer experience in the market. Nonetheless, the same lengthy experience could also be detrimental to AVON's growth due to repositioning. In the process of repositioning, the very foundation of the business may need to be revisited and re-evaluated, and therefore rewritten and restructured. Repositioning cost could be resolved through identifying JTBD (Christensen et al., 2016).

The results of this study that AVON, OG and the BoD failed to identify market opportunities and the threat posed by Bryan due to their lack of focus on identifying and responding to customers' JTBD. This was, like, Uber, one of the first and biggest disruptors in

the ride industry (Damle, 2018). Uber identified customers' need for convenient and safe taxis and caused a disruption in the taxi industry. Bryan similarly used market analytics to identify and address consumers' need for a smaller 200ml water bottle. The new 200ml water bottle was not innovative and did not have any product features other than addressing the emerging consumers' need. Seminal work by Teece (as cited in Millar et al., 2018) revealed that new business models could result in value-adding development of products and processes and could promote the organization's dynamic capabilities. Schoemaker, Heaton, and Teece (2018) emphasized that innovation was needed in the whole business. Millar et al. (2018) highlighted:

“[Schoemaker et al] innovation needs to be done throughout the business, not just technically, or through clever modelling, but especially in the approach to lead throughout the company, from team leaders to the Board. Leadership needs to reflect the heartbeat of the new dynamics and should combine entrepreneurial flair and strategic vision, be ready to move at any moment, be proactive and reactive, and create and implement 24/7” (p.9).

The “customer context” is one factor of the market-orientation strategy that could help boost customer satisfaction, and possibly, sales performance (Kim, Beckman, & Agogino, 2018).

However, even in markets with low disruption such as commodity markets, innovation is needed not for products but for how leaders approach marketing (Kim et al., 2018). Millar et al. (2018) stated that migration and globalization makes customers today want to be involved in “experiencing, co-creating, and co-transforming” products and services – not just waiting to try out new products.

Being customer-focused is not limited to receiving customer feedback, but also includes the entire customer experience when transacting with a company, including strategic planning for delivering a product or a service (Kim et al., 2018). Experience feedback (EF) is one of the ways to begin a customer-focused approach (Clermont & Kamsu-Foguem, 2018). A case study conducted by the researchers showed that implementing the EF concept may bridge the gap between customers' expectations and current corporate offerings. The gaps addressed included range of products, cost-effectiveness, usefulness, as well as experiences in purchasing the products, satisfaction with the product quality, and customer surveys.

Corporates' adoption of EF may help determine how customers experience the company as well as its product offerings. This process is also known as job-to-be-done (JTBD) (Christensen & Roth, 2004). JTBD puts emphasis on satisfying customers' needs not just during the present time but also in the future through anticipating their still currently unknown

needs (Damle, 2018). JTBD was often associated with disruptive innovation such that new entrants in the market could cause disruption due to addressing hidden anticipated needs of customers. Some scholars might say that such was the case of the ride-sharing company Uber due to its impact on the taxi industry; however, Damle (2018) revealed that Uber's entry into the industry was a result of digital disruption rather than disruptive innovation.

6.3.7. Digital Disruption vs. Disruptive Innovation

The difference between digital disruption and disruptive innovation may have significant contributions in helping AVON move away from the commodity space. Uber disrupted the market not with a new product or service but with a new method of hailing a ride in a way that was convenient and accessible to most of the population that rides taxis. Additionally, Uber did not necessarily attract a new set of customers, but generally attracted the same taxi-riding customers. The ride-sharing app only provided an accessible alternative to hailing a taxi by providing an online platform. AirBnB, by contrast, was not considered a disruption, digital or otherwise, despite the similarities in being able to alternatively book a service through an online platform. AirBnB's audience was revealed to be non-typical hotel customers; therefore, AirBnB did not cause a disruption in the hotel industry in the early days (Damle, 2018).

Uber's digital disruption may be comparable to Bryan's market disruption as in the latter case the same customers were attracted from meeting the hidden unmet need for a lighter, more sustainable water bottle than AVON's offerings. Damle (2018) emphasized that long-term sustainability may be able to defeat a new entrant innovator, and that revisiting long-term sustainability business models could help incumbents remain competitive. Therefore, industries in the commodity market, especially ones with sufficient resources such as AVON, may need to regularly re-evaluate and reposition their business models, strategies and JTBD in order to remain competitive.

6.3.8 Parenting role and operating companies

Most of the participants perceived that the current role played by OG as parent to AVON was not sufficient. The lack of parenting was identified by the participants, and this the issue may be addressed in the proposed organizational restructuring by redefining the relationship between OG and AVON. The proposed parenting roles for OG involve more concrete, hands-on functions including: (a) allowing AVON to capitalize on its flow of

findings, relationships with clients, observations of new market trends, and consumer insights; and (b) feeding OG with the same flow of information from AVON's business development function. Consequently, the proposed roles may increase the value of AVON, which could fulfil OG's CPR, as the main purpose of a corporate parent is to add value to the daughter company (Loo & Chu, 2018). OG's lack of parenting role as reported by the participants is not uncommon (Boguth, Duchin, & Simutin, 2018), and effective corporate strategy frameworks remain unknown (D'Aveni, 2017; Galpin, 2019).

Often, parent companies could help determine the success of their OpCo's through establishing proper value-creation drivers (Loo & Chu, 2018). The authors suggested that value-adding drivers include the rate of growth, operative gross margin, and capital investment, investment of working capital, value of money, and maintaining relationships with investors. Large parent companies tend to secure large-scale projects that are attractive to investors.

Meanwhile, new market entrants tend to have focused businesses, often with one product or one product line. Focused businesses tend to attract limited investors. Based on that logic, daughter companies of large-scale corporations might have an advantage in terms of value compared to new entrants in the market that likely have fewer investors. Nonetheless, Loo and Chu (2018) also emphasized that shareholder worth increases when the parent company actively performs value-adding activities. In addition, new entrant-focused businesses such as Bryan tend to create authorities to use their capital effectively for their growth objectives, and may, therefore, attract more investors.

Recent literature indicated the value-adding impact of corporate parent support through tailor-made solutions to daughter company needs (Klein, Chen, & Wuebker, 2017). Goold and Campbell (2002) reported two main obligations of parent corporates: (a) to manage the corporate level; and (b) to add value to the daughter companies. OG could be more attentive to AVON's individual issues rather than having a standard set of guidelines for all 45 OpCo's. Kruehler et al. (2012) reported the importance of having a clearly stated definition of the parent's role in terms of exercising control over the OpCo, and the parent's expectations from the OpCo in terms of performance and contribution to the shareholders' or founding team's desired goals. This mutual trust built over time, and knowledge transfer from the parent company to the daughter company and vice-versa, could help address the needs of AVON (Massaro, 2019).

OpCo's, such as AVON, may be in a better position to know the customers' needs and to make decisions about potential market disruptions, as parent companies such as OG tend to

be less directly involved in the daily processes involving customers (Song, 2017). The findings of this study showed that the BoD were aware that AVON, especially the sales staff, had more direct interaction with their customers, and might be more familiar with their wants, needs, and complaints. The BoD were also aware that AVON might have better solutions to resolve their internal and external issues than OG. Therefore, trust and knowledge transfer needed to be mutual between parent and daughter companies. However, OG as a parent could reinforce its parenting role through maintaining legal and regulatory requirements, providing well-structured governance practices, and enforcing health, safety, and environmental requirements in addition to knowledge transfer (Garg & Zhao, 2018). OG and the BoD's roles in hiring AVON's top management could be key to reinforcing the parent-daughter relationship between both parties (Pla - Barber, Villar, & Madhok, 2018). Giving greater autonomy to AVON's general manager (GM) could foster the growth of AVON such that the GM could be able to make decisions for AVON without going through the slow and lengthy process of multiple layers of approval. AVON may not always make the right business decisions, as the BoD expressed in their interviews; nonetheless, Rankov and Escobar (2019) and Zhijun and Li (2016) stated that overcoming issues between parent and daughter companies may result in better parenting practices, which could in turn potentially improve all OpCo's.

In the literature review, a gap in the research was identified regarding the impact of standardizations among OpCo's on performance. Nystrom (1976) established that no universal organizational structure guarantees organizational performance, and Klein et al. (2017) noted the advantages of tailor-made solutions to address daughter companies' needs. However, standardized strategies in relation to cash flow and resource allocation could help parent companies in the long run (Loo & Chu, 2018).

6.3.9. Resource Allocation

Resource allocation may be implemented using fund tunnelling, in which companies' assets are transferred. Conglomerates tend to trade at a discount compared to trades involving focused businesses (Boguth, Duchin, & Simutin, 2018). Overall, a focused corporate parenting role is needed to determine the valuation of a daughter company (Galpin, 2019). A focused corporate parenting role may involve closing a growth gap, or a gap resulting from unsustainable growth of the company, through diversification of products or diversification of conglomerates (Galpin, 2019). Even then, diversification was not a guaranteed solution to add value to conglomerates. Various issues, such as high cost of infrastructure, resources needed

for production, added layers of bureaucracy, and weak product portfolios could hinder a conglomerate's growth. Hence, Galpin proposed the use of the resource-based view to address such issues.

Conglomerates could stand out from their competitors through using the concept of core competencies. Parent companies could help their OpCo's in identifying and using their capabilities that will be difficult for their competitors to replicate and apply in their own companies. Core competencies needed to be value-adding on their own but provide optimal value when combined. In order to achieve core competencies, parent companies needed to incorporate valuable, rare, inimitable, and organizational (VRIO) capabilities. Such core competencies could help provide the conglomerate with competitive advantage (Galpin, 2019).

6.3.10 Parenting Advantages

Galpin (2019) described the value-adding impact of parenting advantage. CPR may be categorized into three types: portfolio manager, synergy manager, and capability developer. Parent companies that are portfolio managers fulfil their CPR through investing strategically such that investing on knowledge, people development, and funding a diversified business unit are priorities. Core competencies of portfolio managers often include financial analysis capabilities, allocation of capital, fiscal management, transacting through acquisition and divestiture, and sustainable investing. Synergy managers fulfil their CPR through sharing their best practices across their OpCo's. Synergy managers apply a standardized approach to accomplish efficiency in their OpCo's, including guidelines for processes, people, and systems.

Core competencies of synergy managers include knowing and allocating core knowledge, business process analysis capabilities, conducting meetings, strong communication, and centralized systems for learning and training. Capability developers fulfil their CPR through using their own central capabilities throughout their OpCo's. The focus of capability developers is often on their own resources and capabilities as corporate parents rather than collaborating or transferring knowledge to their business units. Capability developers' core competencies often include downward communication, human resources, expertise in specific business processes, and training. All three types of corporate parenting have been shown to result in success (Galpin, 2019).

The author suggested that to succeed in corporate parenting, a parent company needed to focus on one type of CPR, with one set of core competencies rather than having a diversified approach. Attempting to fulfil multiple roles in relation to multiple core competencies could

confuse not just the parent company but also its OpCo's. Galpin continued that a standardized method to fulfil CPR did not exist, and could not exist; however, a standardized guideline to identify and close the growth gap could help conglomerates achieve sustainable growth.

First, top management need to determine the parent company's type of CPR approach. Second, resources need to be reviewed in line with the type of parenting in order to identify core competencies unique to the company. Third, the growth gap is to be identified through the current and desired parenting. Fourth, parent companies need to conduct training for stakeholders involved in implementing the chosen type of parenting. Simultaneously, an archive of knowledge and processes is to be established for documentation, and for future reference. Lastly, parent companies need to conduct regular maintenance to review the effectiveness of their parenting.

As such, the findings of this study, while supporting the view that no universal organizational structure guarantees organizational performance, revealed that having a standardized definition of a corporate parent's role coupled with adding value to a specific OpCo's management, could help boost OpCo performance. Value-adding activities include identifying parenting roles, which starts with reconfiguring core competencies (Galping, 2019). Therefore, AVON could potentially benefit from the findings of this study when reconfiguring its organizational structure.

6.4 Conclusions

This final section presents the conclusions of this study based on reflection on the findings. This ethnographical qualitative study addressed a specific research problem. The reflections resulted in practical and theoretical implications, as well as recommendations for future research that will further add to the body of knowledge in this area.

Nevertheless, it is imperative to shed some light on the actionable knowledge for parent companies to improve dynamism in their offshoot companies generated from this study. The main purpose of this research was to solve an immediate workplace-based problem by answering the research question. The researcher had to critically select the philosophical perspective that would help them to understand the reality, and it was critically important for the researcher to avoid distancing himself from the objective of the study, making it clear for them to select the interpretative paradigm, which focuses on how an individual measures, perceives, and understands realities (Morgan, 1980).

The researcher understood the importance of complying with features that come along with mode 1 of knowledge creation where verification and the set of rules for academic research is the main identifier. Yet, the applicability of the findings in the workplace was the most important part of this study. Consequently, the researcher marshalled his focus on mode 2 of the knowledge creation process that focuses on multidisciplinary terms (Huff and Huff, 2001). Here the research contributed directly in terms of solving the immediate workplace-based problem, realizing hidden realities about the systems this research had investigated, the multiple mini-ARs conducted as discussed earlier, and the key system actors' knowledge acquisition regarding disruption and dynamic capabilities. This is consistent with the literature indicating that competitive environment consists of existing entities, new entrants, substitutes, buyers, and suppliers (Chernev, 2018; Christensen & Roth, 2004; Giaglis & Fouskas, 2011). Hence, an understanding of the dynamics of the market is important in order to have informed leadership and management decisions.

Additionally, this study had contributed to knowledge production in the context of understanding the applications of the mentioned theories and managerial concepts in the commodity market, in the water-bottle industry, within company parent-daughter relationships and in Saudi Arabia, which is highly competitive (Ichoroh, 2021; Rodwan, 2019). Having said that, the actionable knowledge gained from this research can be utilized in all OG's OpCo's and even beyond OG. Dynamics capabilities processes such as learning, new assets, and the transformation of existing assets provide framework for the arguments that for organizations to remain competitive, organizations should be able to adapt and make the necessary decisions in a timely manner (Teece et al., 1997). These processes are critical in understanding why companies succeed or fail in terms of maintaining their position as leaders in the industries. Hence, these dynamic capabilities processes framed the explanation of why AVON failed in terms of maintaining its leading role in the water bottle industry in Saudi Arabia. Given what the research says about the need to be able to dynamically assess customer needs and respond quickly to a given market (Fisher, Gallino, & Li, 2018; Giaglis & Fouskas, 2011; Logvinova, Rubin, & Sherstiuk, 2018), it becomes clear that the CPR of AVON was stifling progress and too restrictive to promote growth.

Action research is participatory in nature, which means that a particular point of view or argument are proposed based on empirical findings (Somekh, 2005). Therefore, the implementation of actionable knowledge had been achieved since the knowledge was applied in a real workplace-based problem, and that generated more learnings and knowledge about

the systems being investigated. For example, it was obvious that not all the participants who had been interviewed in this research had the same responses, thus, such differences may prove that system actors perceive realities differently, or that the type and amount of information shared with system actors can differ.

Despite the uniqueness of the context that the researcher investigated and discussed, the findings can be conducted beyond the context of this study as the concepts and theories used have never been examined in such a context in the first place, yet it was applied and generated validated knowledge. Moreover, the context was examined through the lenses of the theories and concepts, which might be tried in the future for different or even similar contexts.

The research's sponsor, the CEO and the shareholder once asked the researcher after the success of this search: What other learnings can we take from this research other than those that have been shared? The researcher's response was focused on explaining the importance of understanding the causes of having the issue in the first place – that is the most actionable learning sought from this research. Understanding that OG's system may apply such a learning with the other 40 OpCo's, in which OG, the parent company shall enable its OpCo's and therefore redefining its levers of control. Additionally, the findings of this research can possibly be applied in other sectors or even other regions where the concepts and theories in this context are also applicable. Yet, the study is more related to practice than purely academic.

As an insider, the researcher learned that solving workplace problems requires one to perceive an entire system holistically; dealing with system actors was found to be rewarding in the sense of learning the system and pinpointing where the causes of the issues are. As an insider, the researcher may have enjoyed an exceptional privilege in this area, which helped them to conduct the research – a benefit that outsider researchers may not have.

6.4.1 Implications of the study

According to the researcher's knowledge, this is the first time that this topic has been studied in Saudi Arabia. This study has practical implications for parent and daughter companies, particularly OG and AVON. The findings revealed OG's CPR, and the benefits and issues experienced by AVON as a result of this parental role. The findings could be used to develop a conceptual framework to help OG and AVON's BoD apply best practices for AVON's presence in the water bottle industry, as well as the best possible BoD composition throughout OG's OpCo's that is grounded in concepts of dynamism and responsiveness to

ensure companies are able to negotiate a VACU context and make dynamic decisions rapidly (Logvinova, Rubin, & Sherstiuk, 2018; Vaniala, Davcik, & Priem, 2018).

Furthermore, the findings could be applied to AVON's new organizational structure and business development function. Stakeholders may take AVON's market dynamic capabilities presented in this study into consideration when revisiting their strategies. While incumbents are generally successful in commodity markets, the findings of this study could be used to model the contribution of market-orientation strategies in the success of incumbents and new entrants, as demonstrated by AVON and Bryan. As such, the findings may also contribute to increasing AVON's sales performance and market shares and decreasing employee turnover and customer complaints.

This study has four theoretical implications. First, the study contributes to the body of knowledge on dynamic capabilities, particularly on incumbents and hybrids. This study identified AVON as an incumbent in the water bottle industry but with moderate dynamic capabilities, which identified AVON as a hybrid of actors and rivals. The study involved the dynamic capabilities theory by analysing and reflecting the position of AVON as a hybrid and as a daughter company. Proper utilization and enablement of dynamic capabilities may help companies realize early warning signals of change and new market needs, which may lead to market disruption, as was discussed in the context of this research. Nevertheless, cultural dimensions (Clearly Cultural, 2018) and the organization's RPVs – within the demonstrated political framework – might be disadvantageous in Saudi Arabia.

The results of this study contributed to the actionable knowledge on how daughter companies with access to resources and stabilized branding may not necessarily have strong dynamic capabilities due to internal problems. Consequently, this study also opens avenues for future research on the factors that contribute to sales performance other than dynamic capabilities. A potential factor, as will be described in the recommendations section, is the corporate's orientation strategy (market, entrepreneurial, or learning strategy).

Second, the study expands the knowledge on innovation in the commodity market. This study provides evidence that disruptive innovation may boost the performance of a new market entrant, and innovation may not necessarily boost the performance of an incumbent in a commodity market. The gap in knowledge regarding AVON's decline, and Bryan's success may be traced to market-orientation or addressing consumer's needs. The results of this study showed that market-orientation in the commodity market may have more impact on the

performance of companies, regardless of their parenting status, than innovation and entrepreneurial-orientation.

Third, the study adds to existing research on CPR and its OpCo's. The study revealed that OpCo's such as AVON may be experiencing management and operational issues due to their dependency on their parent company to make decisions. Nonetheless, OpCo's may also be developing methods to address their own issues but are rejected or subject to a lengthy decision-making process involving the parent company and the BoD. However, the lack of hands-on involvement by a parent company could also be detrimental to the growth and performance of an OpCo. Therefore, this study contributed to the role of parent companies such that more sustainable processes and growth are possible.

Fourth, it was evident that managerial perceptions of the hidden realities motivated managerial actions such as launching initiatives such as new products, gearing their companies to listen to consumers' JTBD better and act upon that, redefining the relationship between parent and daughter companies, restructuring their organizations, and establishing new functions. Additionally, conducting action research, inquiries and reflexivity helped the researcher to contribute to solving immediate workplace-based problems, which led to actionable knowledge. Thus, the researcher -an insider- and management would consider cycles of inquiries in future that may solve workplace problems and consequently generate actionable knowledge. Moreover, the good relationship of the insider with the systems' actors had a significant positive impact on constructive participation. This was a vital trait that influenced the success of the research.

Fifth, as an insider and researcher, the researcher faced some pressure managing their dual roles at the beginning of the research process; they addressed this issue immediately to mitigate the risks of role duality. Management allowed more resources to be used to support their daily work, which helped them to focus on their research. It was very insightful for him to conduct such a project, where he was able to develop a framework for future studies as a result of understanding the difference between pure academic research (mode 1 of knowledge creation) and practical research (mode 2). As a practitioner-researcher, he was able to understand how to evaluate the workplace and the workplace-based problem, and then to design the right constructive research methodology that would help with both solving the problem and developing actionable knowledge.

Finally, disruptive innovation might not necessarily take the form of technology, as this study has suggested that disruptive innovation and strategies might take place in the form of

managerial actions and mindsets. Establishing an innovation-enabling organizational structure can help to decrypt consumers' JTBD and determine emerging needs.

6.4.2 Limitations of the study

This ethnographic qualitative study provided rich information on the relationship between parent and daughter companies, the involvement of BoD and their actions/contributions to a daughter company. However, this study also has some limitations. Generally, studies with a qualitative approach have methodological limitations.

First, this study was limited to the sample of current and former BoD's and key stakeholders from OG and AVON's management teams, in addition to a former employee from Bryan. Insights from direct consumers and the full staff of AVON and OG were not considered. The perceptions of the participants in this study may be limited to their experiences as directors and senior system actors and may not consider the internal processes of AVON. While Friedman, Carmeli, and Tishler (2016) suggested that top management and executive teams have the most valuable opinions when discussing dynamic capabilities, Schilke, Hu, and Helfat (2018) purport that dynamic capabilities perspectives tend to be comprehensive and encompass multi-level paradigms.

Second, the researcher was the sole individual responsible for data collection, analysis, and interpretation. Despite having training and experience in qualitative inquiry, the researcher's input may pose some threats to the trustworthiness of this study. Nonetheless, techniques were applied to increase the credibility, transferability, confirmability, and dependability of this study.

Third, the results of this study may not be applicable to other contexts. For example, they may not be applicable to companies that are not daughter companies, hybrids, or incumbents, or not in the Arabian Gulf region or the water bottle industry. However, rich and thick information is provided such that readers could draw their own conclusions regarding the transferability of the results to other contexts.

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APPENDIX A

Interview Design and Instruction

Introduction

The rationale behind the study was explained to all potential participants, and the participants shown eagerness to participate in the study. This section explains how the interview was designed and what set of instructions were created to ensure conducting proper and constructive interviews sessions, in which the desired data is obtained.

Recruitment Process

Hence the participants were verbally invited at the initial stage, and they expressed their eagerness to participate, that would complete the recruitment process as following:

Each potential interviewee was individually contacted again over the phone, and the researcher sent each interviewee an invite via email for having the interview.

Each interviewee was given an introductory session privately at his/her office, some were met at a private meeting room at OG, (the parent company). As such a meeting venue was not convenient for some participants, therefore their meetings were conducted either in the researcher private office or through the phone, Skype, or FaceTime.

The interview

The time needed for each meeting is two hours for at most 2 times. And all the meetings will be conducted by the researcher and involves no one else rather than the researcher and the interviewee alone. The interviews took place right after the ethics approval was maintained by the University of Liverpool Ethics Committee. Interviewees were notified individually, and three different times were suggested to allow the percipients choose the most convenient time for them. The researcher kept on arranging through the mentioned interviews means till all interviews finished. The process started by Sunday November the 17^h. 2019 and finished by March the 31st, 2020.

Each interview was recorded (Via voice record though the researcher personal iPhone/writing on documents) then the files were uploaded to his personal computer, and documents were scanned to his personal computer suing iPhone scanning feature.

The voice recorded in the researcher's iPhone and the documents scanned were deleted from his Personal iPhone once the data is uploaded to his personal computer, which is secured by his fingerprint.

Data and Identities' Privacy

All collected data were stored in the folder that was created to contain such data.

Each participant's data was labelled with made-up initial of three capital letters, to ensure the participant's privacy. In which, all the participants preferred not to disclose their names or any information that links the data shared with their identities.

Right after data-attesting was obtained, all participants' names have been substituted with codes of three letters that were chosen randomly from original names: 1) a letter from last name, 2) a letter from mid name, and 3) a letter from first name. for example, Amr Hani Habis would be MIH. Thus, participants' identities were highly secured.

Hence, sometimes what a person says, or their work location can identify their position. Thus, in this case, each interviewee was offered if the suggested locations is convenient. Therefore, if as his/her private offices or OG meeting room is not convenient, then the meetings were conducted either in the researcher's private office or through the phone, Skype, or FaceTime.

Data Storage Lifespan

Data were kept securely stored in the researcher's computer temporarily. Since during the process between recording the data via a voice recording device from participants and storing the data in his computer, a provision was given to the participants, hence some participants have required sometimes to revert to the researcher on data verification collected from their side. tagging the participants' data would eliminate the risk of sending wrong data for confirmation to a wrong participant. This way, knowing what data belongs to which made-up initials among the participants would help significantly in the Qualitative Data Analysis (QDA) stage, precisely in the coding and theming stage. Also, this had helped the researcher to understand how each level of management among the participants had perceived the situation.

Participations Risks

The identified participants were introduced to many risks and risks responses as well (risk response, is the plan put in place to deal with the probability of having the risk and the impact associated with having the risk, and in this project only 4 risk-responses have been identified and decided to be used:

- 1) Mitigate the risk. In which the impact and the likelihood of the risk occurrence is mitigated.
- 2) Avoid the risk. In which the likelihood and the impact of the risk is avoided through new actions and plans put in place to ensure all actions will never involve the occurrence of such a risk
- 3) Eliminate the risk. In which certain actions will ensure the existence of the risk is eliminated at all. Or

- 4) Accept the risk). Where accepting the occurrence of the risk and the impact associated with it is an option

For example: the risk of accidentally disclosing participants' names in the final-results and research findings, such a risk was responded to by avoiding the occurrence of the risk itself, in which a mechanism was put in place to ensure names are not disclosed as earlier

Another possible risk is criticizing the management, direct bosses, owners, or any party that have superiority over the participants, and later, there could be a possibility of having such information shared or exposed accidentally and that may harm the participants or jeopardize the relationship among such stakeholders. Also, this risk was assigned with a risk response (avoiding the possibility of having such a risk) that would ensure such exposure will never happen as explained in the previous section "Data and Identities' Privacy". Thus, the risks of having the participants' names exposed was identified prior of commencing the interviews already, and the risk responses that were put in place for this particular risk are identified already, in which through the naming mechanism explained earlier, the occurrence of risk of having the participants' names has been avoided already and the risk is no longer harmful and negatively impactful as far the risk response is executed.

There was a risk of having certain confidential information get exposed that only certain participants know, and such information is shared with the researcher, in which the researcher might indirectly or directly mention the exact information in a way that helps pointing at who has shared the information, and such a risk is avoided since the participants would agree on the data representation they shared. For example: if the director of research and development sacked many people in 2016, the researcher would say the turnover rate was high at that year, in which that could possibly slowed down the advancement of such a department. Consequently, the real information was communicated broadly to avoid pointing at the participant or the group of people who may share a specific information.

Participants Introduction Session

Through multiple one-on-one introductory sessions given to all participants, the entire participation process was explained. Data and identities privacy were explained, data storage was explained, in which no names will be disclosed during any phase of the study and the entire risk process was explained too. Additionally, participants were explained that they have the

full rights to disclose whatever information they want to, and even they can withdraw from the study at any point of time without explaining the reasons. Most importantly, the final results of the research and the findings wouldn't directly or indirectly involve any participants' true identities or giving a hint of who said what.

Data Collection, transparency, Validation & Ethics

Along with the research supervisor, who is involved in all the research phases, the researcher kept on presenting all the data collected and the supervisor advised, challenged to ensure each stage of the research was qualified and verified.

The fact that participants had conformed their participations before moving any farther in the data collection phase, this demonstrated evidence that all participants have the full rights to express themselves the way they want without any influence from the researcher. Also, the fact that all participants have the full rights to withdraw from this participation is another evidence that the researcher has no influence over the participants at all.

None of the participants reported to the researcher at any stage their preference to withdraw or to refrain answering any question. In fact, as of now, all interviewees who voluntarily participated -former and current OG and AVON employees- were eager to get the workplace problem resolved, in which all participants were confident of the results of this search.

A gatekeeping mechanism was founded to ensure that no supervisor/supervisee relationship is involved, in which the naming mechanism can also conform that

Participants

There was no plan to exclude any person from the research unless the participant becomes too busy to participate, which never occurred. Thus, a plan was put in place to deal with such circumstances by respectfully explaining (over the phone) that the time-frame of the research is very tight and if possible to please to re-arrange accordingly for better timing that may tolerate participants' busy schedule, and if the problem occurs for three times then the researcher would explain that may be a future collaboration in different research would be

possible but the researcher needs to exclude that person from the research. Yet, no one was identified as a person who can't participate in the research.

Only people who have potential value-addition to the research were identified and in the case of having someone whose participation is not to the expectations, the researcher put a plan to explain what is needed again and if the problem persists for three times, the researcher would suggest respectfully (over the phone) that he might having difficulties to explain what is needed and therefore to ensure that participant's time is valuable, the researcher wouldn't bother the participant anymore and therefore he/she will be excluded from participating in this research while future collaboration will be an honour to the researcher.

For the sake of the participants' privacy, it was decided not to present any thank you certificate, in which, there is a likelihood that a superior may come to know about his/her subordinates' contribution to the research by providing certain information that participants may feel they don't want their superiors to know about.

Finally, it was explained several times that this research aims to uncover a social-business aspect that may help solving workplaces-base problem, contributes to the knowledge creation process, and to help increasing the efficiency in the business sector in Saudi Arabia.

APPENDIX B

Initial Semi Structured Questionnaire Template

Introduction

Below are the initial questions used during the initial trial stage of the interview's sessions.

Questionnaire

1 "Market Size & Hidden Realities"

1.1 Why AVON's market share had shrunk in 2016?

2 "Exploring New Needs"

2.1 Did you discuss anything beyond the typical discussion during the Board meeting, I'm referring to the possibility of new initiatives?

2.2 The market had become a sort of a green field for any ready-to-compete company, how did the BoD perceive this?

3 "In light of strategy"

3.1 But this strategy costs the company to lose market share to Bryan?

4 "Products Range"

4.1 Do you think AVON had missed a winning product that consumers prefer?

5 "Organizational Structure of AVON and Bryan"

5.1 Why the BoD decided to launch new quality function if things were moving smoothly? And why you're establishing the business development function if tis not needed?

6 "AVON Management"

6.1 Elaborate on Customers' Voice

7 “Bryan Organizational Structure”

7.1 Was the decision to fire the head of sales and GM beneficial?

8 “Bryan Customers’ Voice”

8.1 Why AVON missed the opportunity that Bryan was able to spot?

9 “OG” the Parent Corporate Role”

9.1 Since you were assigned by OG, how do you see the role of OG? And how do you evaluate the performance of OG?

10 “Decision Making Process”

10.1 About Decision-Making Process, do you believe you have clarity with partners?

11 “Board Composition”

11.1 How do you see the composition of the board in terms of experience and expertise?

Most importantly value addition to AVON?

11.2 What about Resources, Values and Processes (RVP)?

12. “Agile Versus Giant”

12.1 What about the lack of management awareness pertaining to realization for need of change?

13 “Possibility of Being Disrupted”

13.1 Do you think the industry can be disrupted? And what is driving this?

14 “Overshooting Customers’ Needs”

14.1 How the market preference shifted towards 200ml?

15 Job-To-Be-Done

15.1 What about Job-To-Be-Done?

16 “VUCA Business Environment”

16.1 Through the VUCA business environment, what do you evaluate the performance of the BoD, OG's, and AVON's?

16.2 Now, do you believe you need to revisit the foundation of the company's strategy?

16.3 What about empowering AVON's Management, which is not in alignment with what OG wants?

APPENDIX C

Final Semi Structured Questionnaire Template

Introduction

Below are the questions used during all the interview's sessions

Questionnaire

1 "Market Size & Hidden Realities"

1.1 Why AVON's market share had shrunk in 2016?

2 "Exploring New Needs"

2.1 Did you discuss anything beyond the typical discussion during the Board/management meeting, I'm referring to the possibility of new initiatives?

2.2 What about consumption of water in Saudi Arabi? Any single obvious opportunities?

2.3 Did the market became a sort of a green field for any ready-to-compete company? How did the BoD perceive this?

3 "In light of strategy"

3.1 What about AVON strategy? Do you think this strategy costs the company to lose market share to Bryan?

4 "Products Range"

4.1 Do you think AVON had missed a winning product that consumers prefer?

5 "Organizational Structure of AVON and Bryan"

5.1 Why the BoD decided to launch new quality function if things were moving smoothly?
And why you're establishing the business development function if it's not needed?

6 "AVON Management"

6.1 Elaborate on Customers' Voice "after explaining what customer voice is!"

6.2 How OG is involved in quality?

7 "Bryan Organizational Structure"

7.1 How do you assess some decisions about hiring and firing certain resources? How about the decision to fire the head of sales and GM?

8 "Bryan Customers' Voice"

8.1 Did AVON missed the of launching a winning product to Bryan? Why AVON missed the opportunity that Bryan was able to spot?

8.2 In light of this! How do you rate the work of the BoD?

9 "OG" the Parent Corporate Role"

9.1 How do you evaluate and perceive the role of OG? And how do you evaluate the performance of OG in relation to AVON's performance?

10 "Decision Making Process"

10.1 About Decision-Making Process, do you believe you have clarity with partners?

11 "Board Composition"

11.1 How do you see the composition of the board in terms of experience and expertise?
Most importantly value addition to AVON?

11.2 What about Resources, Values and Processes (RVP)?

12. "Agile Versus Giant"

12.1 What about the management awareness pertaining to realization for need of change?

12.2 Do you think the company needs to be Agile? How this can be approached with the current relationship with OG and AVON's organizational structure?

12.3 How do you compare that through the lens of Bryan actions?

13 “Possibility of Being Disrupted”

13.1 Do you think the industry can be disrupted? And what is driving this?

13.2 What about the Value Chain Evolution (VCE)?

14 “Overshooting Customers’ Needs”

14.1 How the market preference shifted towards 200ml?

15 Job-To-Be-Done

15.1 What about Job-To-Be-Done?

16 “VUCA Business Environment”

16.1 Through the VUCA business environment, how do you evaluate the performance of the BoD, OG’s, and AVON’s?

16.2 Now, do you believe you need to revisit the foundation of the company’s strategy?

16.3 What about empowering AVON’s Management? And do you believe this is aligned with what OG wants?

APPENDIX D

Semi Structured Questionnaire “A Manuscript Sample”

Introduction

This appendix illustrates a full manuscript that was used in one of the interviews conducted in this study. The same questionnaire was used for all of the other interviews. All knowledge areas were bracketed into groups and each group has multiple questions.

A Full Manuscript

1 “Market Size & Hidden Realities”

1.1 Why AVON’s market share had shrunk in 2016? “this question was asked after presenting the market analysis report that every employee has access to”

Even though the water-bottle market had slowed down in the year 2016. Which could be a result of many governmental regulations pertaining to the importance for expats to pay taxes and visas for themselves and their family members. We believed that the regulations had resulted in a rightsizing of the labour market as many expats had to move their families back to their countries, thus the consumption growth rate had slowed down.”

2 “Exploring New Needs”

2.1 Do you usually discuss anything beyond the typical discussion during the Board/management meetings, I’m referring to the possibility of new initiatives?

Almost always the discussion was around business as usual, in which we do understand that we are selling commodities, and no innovation, at least in the foreseeable future, can replace such a commodity, the water-bottle. Also, and logically speaking why people would pay SAR 0.5 for a 200ml water bottle? While they can pay the same amount and get 330ml water bottle instead!

2.2 What about consumption of water in Saudi Arabi? Any single obvious opportunities?

Bryan just thought of a way to penetrate the market, we knew that all competitors know how AVON is conquering many segments of the market through our 250ml glass-bottle and polyethylene terephthalate (PET) 330ml water-bottle, yet I think we missed one part.

2.3 The market had become a sort of a green field for any ready-to-compete company, how did the BoD perceive this?

It was evident for us that we had to run a few marketing campaigns as FASA Water and Bryan did, since their market grew five multiples, and that for us was a prove that we need to arrange for such campaigns.

3 “In light of strategy”

3.1 What about AVON strategy? Do you think this strategy costs the company to lose market share to Bryan?

We were ahead of our game, we thought we had management issues, like quality issues, customers complaints or even technical issues in the plant itself. we had once discussed the possibility of having 200ml water bottle as the preference of our customers, but it took us quite long time to validate.

4 “Products Range”

4.1 Do you think AVON had missed a winning product that consumers prefer?

It was not about the product range! it was about selling what consumers want correctly. For example, water droplet has its own market share and they are the leader in a specific market segment, we are the first choice for consumes when it comes to 330ml PET water-bottle. We can't compete in the entire spectrum of the consumers' choice.

5 “Organizational Structure of AVON and Bryan”

5.1 Why the BoD decided to launch new quality function if things were moving smoothly? And why you're establishing the business development function if tis not needed?

Why we recently established the business development function! That is a good question. We realized how mistaken we were, and you know the political framework we live in, this was an open eyes opportunity that we will never miss. The business development function is the function that would allow us to read the market needs, or even creating new product lines, and without exaggeration we need this function to ease acquiring new clients and ease retaining current clients by being closely next to them.

6 “AVON Management”

6.1 Elaborate on Customers' Voice “after explaining what customer voice is”

Relying on quality performance as an indication of customer's voice was a fatal mistake. Quality and consumers needs are two different things. What Bryan did was very beneficial in terms of observing the consumers behaviours and exploiting the governmental and religious directives. We need to do the same. We were planning to expand our plants in different regions, and the only thing stopped us is the rigorous data. If we had listened to our customers, we should have done exceptional performance. we need to think of this smartly, through focus group, through Delphi techniques or any other methodology rather than relying on quality reports.

6.2 How OG is involved in quality?

OG needs to analyse the performance of all OpCo's, not just the financial performance, but the operational performance as well”. Apparently, to hear customer voice, AVON had relied on customers' complaints only, in which they missed an opportunity to understand customers' needs and opinions. Observing how the current organizational structure was amended to cater more ideas and observe the market trends.

The business development function will allow us to get closer the consumers and listen more accurately to their needs, currently we are developing 750ml sport bottle, which we could never dare to do in the past.

7 “Bryan Organizational Structure”

7.1 How do you assess some decisions about hiring and firing certain resources? How about the decision to fire the head of sales and GM?

We have damaged the company by not focusing on Org. Structure. We replaced the GM, and replaced before him the head of sales, unfortunately, the board had created multiple problems by trying to solve one

8 “Bryan Customers’ Voice”

8.1 Did AVON missed the opportunity of launching a winning product to Bryan? Why AVON missed the opportunity that Bryan was able to spot?

This project suggests that AVON missed an opportunity as a result of inability to realize a hidden reality or observing a new market’s needs. Bryan had actively observed and listened to customers’ voice. Simply we didn’t. We had relied on a very misleading mechanism.

8.2 In light of this! How do you rate the work of the BoD?

We cannot say we are managing a company that operates in isolation of studying customers’ behaviors. To examine what customer’s really need, we rely on sales. As long as sales are high, that means we are meeting customers’ expectations. It is very difficult to compete in commodity space. The company had the opportunity to spot the need. Yet! Bryan designed its organizational structure to spot such opportunities.

Another learning was the different between a company that design itself in a way that allows it to predict customers’ needs, and then respond to it.

9 “OG” the Parent Corporate Role”

9.1 How do you evaluate and perceive the role of OG? And how do you evaluate the performance of OG in relation to AVON's performance?

We think we are doing fine! I don't believe we are not at all! We lost many franchises to local groups, we just monitor OpCo's performance, I personally believe that we need to change the structure and focus on the implementation of our vision. By the way our vision was agreed upon just a few years ago, while this company is 70 years old

10 "Decision Making Process"

10.1 About Decision-Making Process, do you believe you have clarity with the partners?

For operational activities the GM is fully responsible, but for any new initiatives that would need more than SAR 5m, the Factory manager approaches the GM with the ideas, the GM conducts the research and then approaches his VP. They study the initiative together then they raise it to the BoD for approval. It takes long time for the BoD to approve it or even disapprove it. The market became more dynamic and needs immediate response. Currently, the turnover rate had risen in AVON and we haven't heard any new initiatives.

As the decision-making process is lengthy and ineffective "We lost many key clients due to the lengthy decision-making process, many times our competitors make offers as part of the new clients acquisition exercise. In which, they approach us for counter offers or even matching such offers. We take long time to respond back to their requests. Before, clients used to wait for us and we were dependent on the uniqueness of our offering, for example, we used to sell more than 2,000 SKU's "

11 "Board Composition"

11.1 How do you see the composition of the board in terms of experience and expertise? Most importantly adding value to AVON?

BoD members are not up to the standard in terms of the required expertise, for example, when the 200ml water-bottle idea was introduced to the BoD, we were in denial mode how a consumer would pay the same amount of money for less amount of water. This resembles how the BoD members were focusing only on the financial. If we had different expertise, we would

have seen the whole scenario from a different angle. I'm not happy with the current composition of the BoD. Sometimes it's obvious that we run away from making decisions.

11.2 What about Resources, Values and Processes (RVP)?

All our RVP are outdated. We have people in the company who worked for over 35 years. And we rely on those people to make decisions on nowadays needs. That is incorrect. Our resources should be matching with the current needs. Same goes to processes, especially the decision-making ones. When we had the decision-making processes, we were targeting to solve a corruption issue happened back in 1995, but everything remained the same with no changes. And we paid the price for relying on our past, especially our success.

12. “Agile Versus Giant”

12.1 What about the lack of management awareness pertaining to realization for need of change?

It is evident that we need to change the business model of AVON. For example, I remember we once thought about enhancing the business by encouraging people to participate with creative ideas. We created a decent rewarding scheme that includes prizes for best ideas. But just imagine, that AVON employees who are in closer contact with consumers needed to convey their messages through over six or seven management layers to be heard.

OG had built a barrier towards expansion, and we without realizing that we showed acceptance. Also, this barrier was not intentional.

12.2 Do you think the company needs to be Agile? How this can be approached with the current relationship with OG and AVON's organizational structure?

Changing the business model starts by changing the organizational structure. We are hiring a consulting firm to redesign the organizational structure, of course we will still operate under OG as a parent company. Yet! We need to lessen the number of executive decision layers. For example, we can't be agile if the decision-making entity is far away from observing the market dynamics. Also, we missed hearing the market needs as a result of being relying on inappropriate business model

12.3 How do you compare that through the lens of Bryan actions?

Bryan appointed a CEO who makes all the executive decisions and launching a new product should be identified as either a strategic decision or operational/executive decision. In which, over the past 30 years, AVON used to appoint GM's whose responsibilities don't go beyond the operational activates. BoD discussed the opportunity cost of having such organizational structure. Mostly all agreed that this needs to be changed. Also, we had a similar discussion in the past OG's ExCom (Executive Committee) took place in Athens last December 2019, we almost all agreed on the necessity to redefine OG's role and give OpCo's more space to operate properly

13 “Possibility of Being Disrupted”

13.1 Do you think the industry can be disrupted? And what is driving this?

The birth of 200ml water-bottle was not a result of innovation. It was a result of observation, in which we are setting here today to discuss a missing opportunity that resulted from our lack of observation

13.2 What about the Value Chain Evolution (VCE)?

The only comment is to exploit on our relationship with the other OpCo's. the best VCE can be achieved from zooming-out and observing the entire system including all possible and efficient solutions with consideration of our OpCo's strengths and needs.

We can't simply use VCE with less clarity over the entire activities across OpCo's. we can segregate OpCo's based on their industries and then trying to add values.

14 “Overshooting Customers' Needs”

14.1 How the market preference shifted towards 200ml?

Enhancing the water-bottle was an option that AVON had missed. What happened with Bryan was simple marketing. They have promoted the high level of PH in their water, in which

consumers find a reason to buy their goods. Another option was the improvement of the PET water-bottle, they made it lighter. It became handier compared to AVON PET water-bottle. And that another enhanced option they added. The bottles designs were improved in terms of logo and brand identity, which consumers like, also another aspect that they improved. Finally, they gave what consumers need in term of the bottle size. They simply just found reasons for consumers to pay for a far less costly commodity.

15 Job-To-Be-Done

15.1 What about Job-To-Be-Done?

We are selling commodities, so enhancing the products and offering more services will do the job. It's not necessarily new products. The current performance proving that.

15.2 What stopped AVON to continue performing well?

The reason behind the inability to did what Bryan did! Was the whole structure and the relationship with OG. The organizational structure of the company wasn't even challenged by the BoD for the past 30 years. We can't blame one party, the business environment we created wasn't supportive enough to read the market uncertainty.

16 "VUCA Business Environment"

16.1 Through the VUCA business environment, what do you evaluate the performance of the BoD, OG's, and AVON's?

We thought of possible bad investment if we expanded, and the market may shrink. That would drive us into bankruptcy. If you look at other OpCo's that we liquidated, you will notice how many investments drove us out of the competition.

16.2 Now, do you believe you need to revisit the foundation of the company's strategy?

This is a great opportunity to revisit the whole setup. We need to enable the people more. How can we do that! We will challenge the current mindset of why we had the current setup in the first place. Saudi Arabia is connecting three continents: Asia, Africa, and Europe.

Having more plants would ensure the company we become a leader again not in Saudi but in the entire region.

16.3 What about empowering AVON's Management, which is not in alignment with what OG wants?

We will empower our employees and let them share in fostering the new strategies. How will we do that! We will decrease the number of management layers. We will enforce exchanging the information as a new responsibility of the GM's and CEOs, and most importantly, we will enable the employees through restructuring the organizational structure. Currently we established the business development function in AVON. I can assure you that both OG's and AVONS BD will work together.

APPENDIX E

Sample of Themes and Sub-Themes Generated From QDA-NVivo

Themes and Sub-Themes

Name	01 Why AVON's market share had shrunk in 2016
Number of Files Coded	40
Number of Coding References	48
Hierarchical Name	Nodes\\Theme 1 - AVON's Dynamics Capabilities as a Hybrid\\ST 2 - Dismissing the idea of the possibility of market disruption\\01 Why AVON's market share had shrunk in 2016
Coded Text	The whole market was shrinking as a result of new governmental regulations, yet Bryan was doing fine. And AVON wasn't doing bad. AVON had grown by around 3% in 2016, and only in 2017, AVON neither grew nor shrunk. Speaking of Bryan, I personally believe they are doing a good job to promote their new product, and unfraternally, our response, rather than the marketing campaigns took place in 2015, took very long time to materialize.

Name	01 Why AVON's market share had shrunk in 2016
Number of Files Coded	40
Number of Coding References	48
Hierarchical Name	Nodes\\Theme 1 - AVON's Dynamics Capabilities as a Hybrid\\ST 2 - Dismissing the idea of the possibility of market disruption\\01 Why AVON's market share had shrunk in 2016
Coded Text	Being operating in an uncertain market is tricky and challenging 20 years ago, we thought of the possibility of expanding by having new plants. In the year 2017, the market in Riyadh had shrunk as a result of new regulations that drove many expats out of the country. Riyadh wasn't a promising city back in 2000, today along with the vision 2030, Riyadh is changing

positively and rapidly, the market is becoming a green field for competition. But if we had the expansion back then, and the investment turned to be negative, then that would be an unjustified decision