

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

The Mediating Effect of Employee Motivation on Multi-Product Innovation and Firm Performance: A Conceptual Perspective

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Abstract:

Although multi-product innovation is the key to firms' growth, survival and performance, some innovative firms have folded up. This has stoked academic and professional debate about what should constitute the innovative drive of firms in order for them to survive the ever increasing competitive business environment. This article, therefore, seeks to examine the mediating role of employee motivation in fostering effective multi-product innovation which shall ultimately lead to better firm performance. We put forward a conceptual framework to explain the potential mediating role of employee motivation on multi-product innovation and firm performance. We posit that employee motivation positively mediates multi-product innovation in relation to firm performance.

Keywords: Multi-product innovation, firm performance, employee motivation

1. Introduction

The dynamism of the business environment has presented firms with diverse challenges and competition which affects their growth and performance. Globalization and economic instability has had an impact on the performance of firms. Another factor that has revolutionized the business landscape is the development and advancement in relation to technology and information communication development. Over the last few decades the growth and usage of technology has changed dramatically how product is to be designed and delivered. Firms have to embrace the approach of providing customers with diverse service in order to attract and retain new and existing clients. Despite these strategies some firms have failed, not necessary because they were not innovative, but the question borders on the diversity of their product portfolio. This, therefore, brings up an interesting question of multi-product innovation and its impact on firms' performance. And also how diverse should a product portfolio be in order to have a balance between product-mix and firm performance.

Therefore for firms to survive the fierce competition that this competitive business environment presents coupled with customers' demand for value and quality services, it is critical for firms to be innovative. Innovation happens to be the engine for growth if any firm is to succeed and achieve maximum growth in both short and long run (Porter, 1991; Schumpeter, 1970)

Firms must, therefore be prompted to design and deliver new products to satisfy the needs of customers in relation to value and quality. In doing so, firms have to restructure their organization and business models so as to meet the demands of actors within their ecosystems(Ackah, He, & Shuangshung, n.d.; Maglio & Spohrer, 2008; Porter, 1985).

Evidently, one strategy firms adopt to satisfy their customer base is to provide customers with diverse range of innovative products to choose from. This enables customers to have access to a wide pool of services and products. In addition, it enables firms to meet the needs of each segment of their market share; further resulting in positive performance for particular firms since satisfied customers have a high retention probability. Multi-product innovation is considered as the provision of diverse range of innovative products in addition to the core product or services of a particular firm in order to meet a wide array of customers within its target market. And firms, mostly manufacturing enterprises in past decades have adopted this strategy. In addition to new product innovation, firms adopt various channel-mixes to deliver their products. The rationale is that each customer is unique and accesses a particular service in a unique way (Arvanitis, Kubli, & Woerter, 2008).

Although innovation by introducing new products and services is the engine for growth, most firms fail to innovate and this affects their survival and performance. This can be attributed to numerous factors including lack of expertise and skills, cost of research and development, among others (Veugelers & Cassiman, 2005). However, this research wishes to emphasize the role of employee motivation in mediating or facilitating the multi-product innovative drive of firms. Employee motivation has arguably received limited mention in the array of factors that promote multi-product innovation in organizations. Therefore, the importance of its inclusion in this research as a mediating variable cannot be overemphasized. The risk of product failure has been a challenge towards firms' innovation activities. A failed innovative product will have a negative toll on the performance of a firm in relation to both profit margins and reputation. A damage reputation in the long run might challenge the existence of a particular company to either fold up or seek other means of survival. Evidently it can be seen that firms that offer diverse products turn to get competitive advantage over its counterparts (Fang, Palmatier, & Steenkamp, 2008; Stern, El-Ansary, & Coughlan, 1986).

Aside the study contributing to the current body of literature on product innovation and firms' performance, it will enable practitioners gain a fair idea about which factors in the product-mix design and delivery process have the major influence on the performance of a particular firm. This will enable firms develop and implement strategies and business models that conform to the needs of customers in order to survive the fierce competition. On the academic side it will provide researchers with the theoretical background needed to conduct further research in this direction in various domains and geographical locations.

2. Literature Review

2.1. Concept and Definition of multi-product Innovation

The competitive nature of the business environment in recent times has prompted firms to innovate or fade out of business. Arguably innovation is the hallmark for surviving competition whiles enhancing a firm's value chain. Firms adopt several strategies and policies in order to achieve their strategic objectives, thus improving customer satisfaction while gaining an increase in revenue shares. Firms adopt diverse strategies including price differentiation, discount sales, after sale service among others to attract and retain loyal customers. Although all these approaches yield results to some extent it can be seen from the macro environment that a single product line cannot attract the needed market size to sustain a firm's revenue stream. Therefore firms are moving towards the production and delivery of multiple service or product lines. This approach enables firms to reach out to a wider and diverse group of potential customers. Appropriately, when firms have a diverse product line it increase their propensity to have access to a wider market both within and outside their geographical location (Arvanitis et al., 2008; Maglio & Spohrer, 2008; Porter, 1991; Schumpeter, 1970).

From the marketing perspective, product-mix is basically the introduction of diverse product lines by a firm, that is, when a firm decides to introduce new product line in addition to its core service or product. For instance a telecommunication firm decides to introduce data service in addition to its voice calling service is a classic example of product mix concept and as well as a business strategy to achieve competitive edge. The concept of product-mix embodies the integration of various activities both vertical and horizontal across a firm's value chain network. Product mix can be defined as the provision and sales of an associated range of products with the aim of improving sales revenue. The rationale behind product mix has been that associated products would sell faster when marketed as compared to the sale of products individually or in isolation (Bernard, Redding, & Schott, 2011; Soderbom & Weng, 2012).

From the definition and notion of product mix, the literature outlines the fact that firms adopt this strategy mostly to increase revenue. Aside this phenomenon, firms adopt this approach to supply complimentary products to their product lines in order to sustain competition in the macro environment. Firms that are able to increase their product lines are able to attract and satisfy a diverse range of customers and this can have a positive impact on the firm performance.

Despite the increase awareness by firms in the product mix concept and its implementation, some firms have suffered poor performance and bankruptcy. This development has led to the shift in focus from just product mix to a more customer centered multi-product innovation strategy. However, in the view of the researchers, as represented in this research, the success of multi-product innovation depends to a greater extent, on the highly motivated staff of the firm.

2.2. Significance of Multi-product Innovation

Evidently, firms that offer diverse services enjoy certain merits and competitive edge over others that offer single service or product line. Among these merits, one significant edge firms' gain from such an approach or implementation is the propensity to increase their revenue streams. Multiple service products mean multiple revenue streams from targeted customers. Firms' offering new and innovative multi-products gain access to new markets.

Access to new market shares and customers enables firms to generate multiple sales and revenue from multiple sources. It also enables firms to absorb the shock that arises in both the micro and macro environment of an industry. This is due to the fact that the firm's financial burden is not restricted to a single source of revenue stream. The use of single source to finance the activities of a firm can have dire consequences on its performance and productivity. Therefore the provision of diverse and innovative products enables firms to deal with their financial constraints from multiple sources thereby impacting positively on firm performance and productivity. Although the introduction of new innovative product lines is a cost intensive

activity, it is a worthwhile activity if a firm is to enjoy a constant inflow of cash. In addition, the spillover effect of an improved productive enterprise in an economy is an increase in the nation's economy as a whole. This is attributed to the fact that firms are able to survive for longer period while constantly improving their productivity and performance. The performance and productivity of a firm has a direct effect on the household income and national income of both individuals and nation as a whole (Bernard et al., 2011; Hausmann & Klinger, 2007; P. Navarro, 2010).

Furthermore, the delivery of mix products will enable firms to enhance their value creation process. The value creation process of any firm needs to be upgraded constantly in order to boost the quality and value of products offered to clients in both the short and long run. During the process of introducing multi-product innovation firms are able to gain access to wide pool of knowledge and information. This available knowledge and information enables firms to sharpen their creativity and quality assurance processes. The more knowledge and information an individual has about a particular process or activity the more risk and waste could be mitigated in the product delivery process. In addition it will provide firms with a relevant source of vital information about new and existing customers, enabling firms to design and provide services that will fit the desire of such market segment (Eckel & Neary, 2010; Nocke & S., 2006).

In addition to the impact that adequate knowledge and information has on the value creation process it enables firms to conduct proactive product selection and packaging activities. Product selection is a critical stage in the product delivery process if a product mix would impact positively on the performance of a particular firm. The choice of products to contain in the product-mix basket needs to be critically looked at. One of the major factors aside the cost factor associated with the introduction of new products is how this new product fits into the overall business objective and strategy of a particular organization in both the short and long run and how the product can adequately satisfy the needs of the customer. How a product fits the business objective and customer satisfaction is crucial if the firm will achieve smooth product integration. The manner and mode in which this service is delivered can have a huge impact on the performance of such a product. Therefore firms need to consider the product delivery channels as an integral part of the product selection process (Iacovone & Jovorcik, 2010; Lee & Yang, 2013).

In addition, an enhance value creation process impacts on the innovation capabilities and performance of an individual firm. When a firm has access to new improved knowledge and information through the design and implementation of new and innovative product the innovation capacity of the firm is enriched. Since the design and delivery of innovative products is a continuous learning process, its spillover effects include enhanced innovation capabilities and performance. This is due to the fact that firms continuously revamp the business innovation cycle through all aspects such as business model innovations, product or process innovation in a more agile and proactive manner. Knowledge rich firms are able to improve on their value creation process in a more prudent manner; enabling firms to catch market share while gaining competitive edge over its competitors (Plehn-Dujowich, 2009).

The dynamics of the product industry and the advancement of technology present firms within that sector with enormous hindrances. For firms to maintain their position and market share in this industry it is prudent for them to innovate. In doing so firms align with various stakeholders including customers and employees to design and configure new innovative products that satisfy their client base. The ability for firms to include employees and customers in their product design and configuration processes is proactive since it decreases the propensity of risk or uncertainty associated with the introduction of new products. When the risk propensity of a new product is low the probability of its success is high. The provision of new improved product enables firms to satisfy the needs of its customer. The capability of firm to produce multiple customer-oriented products to diverse market segments is critical to the firm's survival in this competitive environment (Davenport & Harris, 2007; Rust & Huang, 2012, 2014; Tenhiala & Helkio, 2015; Tenhiala & Ketokivi, 2012).

2.3. Challenges of Multi-product Innovation

Just as there are two sides to any coin, multi-product innovation faces a number of challenges. One of the major factors affecting the introduction and implementation of multiple products is the organizational ambidexterity of an organization (He & Wong, 2004). The ambidexterity of an organization affects a firm in two distinct ways; exploration and exploitation of its business environment. Exploration is defined as all the activities such as searching variation, risk taking, discovery and innovation process of a firm. Exploitation includes controlling variations available in a business environment. These fundamental factors in the organization's environment pose as challenges that affect the smooth implementation of multiple products in a turbulent business environment. It takes organizations lots of energy and resources to search the environment in a competitive business environment. Furthermore, the introduction of multiple products places a constraint on the resource and talents of any particular organization. Since firms cannot possess all the needed skills and expertise at any particular time, introduction of new products affects the innovation process of a firm and the success rate of such a product. If firms are not able to place a balance between exploring and exploiting the resources at their disposal it decreases the success propensity of such a product. The success of such a product is the forefront of an organizations' performance (C.A. & Tushman, 2004; He & Wong, 2004; Levinthal & March, 1993).

The complexities of organizational networks possess a challenge to firms in the design and implementation of new products. In dealing with ambidexterity of organizations, firms decide to segregate entire organizations into several departments and units, and this result in a complex intra-organizational network placing constraint on the efficiency and effectiveness of coordination and cooperation activities. This differential team within an organization presents firms with

communication problems. A number of structural holes exist due to the nature of this intra-organizational network and this has a negative impact on product design and delivery (Lubatkin, Simsek, Ling, & Veiga, 2006). Firms need to exchange both knowledge and information with outside actors in addition to their differential team on continuous basis, and this presents an organization with a huge task as to how to coordinate all these activities in order to gain maximum benefits. Therefore, the role of communication cannot be underestimated in the achievement of this feat. Despite the significant role that communication plays in the exchange and transmission of information and knowledge, it is tedious and costly process to be accomplished. A gap in the communication chain decreases a firm's rate of providing satisfactory services to its potential customers (Acquaah & Mensah-Bonsu, 2008; Acquaah & Yasai-Ardekani, 2007; Gotlieb, Grewal, & Brown, 1994; Lubatkin et al., 2006).

The cost of search, design and delivery of new product turns out to deter firms from introducing multiple products. Although innovation and multiple product lines are critical to the survival and performance of any organization it comes with a price tag. The time and resources needed in order to design and deliver multiple products places a toll on the finances and resources of an organization. Since firms do not possess all needed resources, sometimes they seek to outsource these services from external entities and this affects the financial burden of the firms. Lack of financial resources affects the quality and value, if not compromise the entire service process. No matter the resources and expertise firms possess the inability to acquire the needed financial resources makes it difficult to commercialize any new product (Berger & Ofek, 1995; Lang, Larry & Stulz, 1994; Wernerfelt & Montgomery, 1986, 1988).

2.4. Multi-product Innovation and Firm Performance and Proposition Development

The dynamism of the business environment places firms at tight competition. The advancement in the development and usage of technology in recent times has affected the nature in which business is conducted. The implementation of electronic commerce and enterprise resources planning software and technologies has changed the product design paradigm from a more product-dominant nature to a new-customer focused one (Ramirez & Espitia, 2002). Although there have been these recent changes in the new business environment, firms have adopted new innovative strategies and mechanisms to survive this competition. One of the strategies and mechanism that a firm adopts to survive in this turbulent environment is through the introduction of multiple products. The rationale behind the introduction of multiple products is to consolidate firms' synergies to create a valuable product that would enable firms to gain access to new market share. A large market share means market power for such a firm and multiple revenue streams. If firms have multiple value propositions their revenue streams increase leading to a positive impact on their financials. In addition, an increase in market share and power reduces the propensity of failure and in some cases bankruptcy (Amit & Livnat, 1988; Porter, 1987; Ramirez & Espitia, 2002). Comparatively firms that produce multiple products have a competitive edge and performance over their counterparts that do not (Hoskisson & Hitt, 1990; Rumelt, 1984).

Firm's ability to introduce multiple product lines does not only impact the performance of a firm but also improves its sustainability. The sustainability of a particular organization is critical in the long run. For a firm to survive the long run in this competitive environment, multi-product innovation is critical, not only to rake in financial benefits but also retain its competitive edge both in the short and long run. Multi-product innovation is critical to the continuous improvement of firms' performance. For instance, in the hospitality service sector, studies have shown that the sector enjoyed continuous growth and performance due to the introduction of multiple products. Firms that provide multiple innovative products have numerous competitive edges and advantages as shown by literature in strategic management research and others (Li & Greenwood, 2004; L. Navarro, 2012; Soderbom & Weng, 2012).

The competitive nature of the business environment in recent time couple with the ever-changing demands of customers has affected the operation of every organization. External indicators such as changes in regulatory policies and macroeconomic indicators such as inflation and others affect the operational activities and the performance of firms. In addition, the changing demands of customers for new improved products that are perceived to be of value and quality pushes firms to enrich their product lines. These factors turn to disrupt the activities of firms and, this is consistent with disruptive theory. These disruptions prompt firms to innovate in order to boost their existence or fold up (Christensen & Bower, 1996; Dimmick, Artemio Ramirez, Wang, & Lin, 2007; Hoskisson & Hitt, 1990; Porter, 1987).

Therefore, in order to survive this fierce competition that exists within both the micro and macro environment, firms need to adopt and implement new innovative strategies. Firms adopt several strategies to stay competitive and this includes customer service improvement, price and product differentiation and others. The rationale behind the adoption of all these measures is to stay competitive while enriching the performance of its individual firm. One of the major strategies firms implement in order to stay competitive is to introduce new product lines. The diversification of services has an enormous impact on the performance of firms. These new products attract new markets (market share), revenue channels, enriches firms' knowledge base and enhances the value of services offered by firms (Berry, Shankar, & Parish, 2006; Christopher, McDermott, & Prajogo, 2012; Dotzel, Shankar, & Berry, 2013; Hidalgo, 2010).

2.4.1. Access to New Market Share and Firm Performance

The introduction of new products enables firms to push into new market segments that were initially out of reach. An organization's customer is its lifeline; therefore it is prudent for firms to enlarge their market base. A bigger customer base

results in an increase in sales. New product portfolio enables firms to appeal to new segment of customers that used to be out of reach with its current services. Although market penetration turns to be a tedious task for firms especially with products that have reached their maturity stage, the introduction of new product as a fresh blood for the organization is vital for its survival. This service enables firms to revise their penetration strategies and mechanisms to attract new customers and user base, since with any new product or service comes a new mode and channel for promotion and sale (Berry et al., 2006; Dotzel et al., 2013; Fernandes, Freund, & Pierola, 2016; Lusch, Vargo, & Wessels, 2008; Sousa, Amorim, Rabinovich, & Sodero, 2015).

Furthermore, the provision of new products enables firms to satisfy the demands of customers either through incremental or destructive innovation. Incremental innovation is the process by which firms adjust part or portions of their services in order to address the concerns and needs of customers. In incremental innovation the entire service is not changed drastically. In contrast, creative destruction or radical innovation seems to revolutionize an entire service or product in order to meet the ever changing pressures from stakeholders. For instance, in the telecommunications industry the introduction of data service in addition to voice service serves as an example of incremental innovation. While radical innovation includes the introduction of mobile money service that happens to be entirely diverse portfolio for the telecommunications firm. Either way, any of these forms of innovation in the service of a firm has a positive impact on the firm's market performance. Through research and development firms are able to explore the needs of potential customers and this enables firms to develop products and services that meet the expectation of customers. For instance, in the aviation industry, in order to attract more clients airlines have introduced entirely new services such as loyalty programs and others to lock in its customers. This lock-in strategy enables firms to retain their customers while attracting new ones (Berry et al., 2006; Fenech & Longford, 2014; Lee & Yang, 2013). Based on the above argument, we propose that;

Proposition 1: *A new and diverse product portfolio enables firms to gain access to new market share and has a positive influence on firms' performance.*

2.4.2. Access to New Revenue Stream and Firm Performance

The rationale behind the provision of new product is to improve the profit margins of firms in both short and long run. The cash inflow of a firm is critical to survival of any particular firm. A firm that is cash strapped cannot finance its business operations and activities to be able to stay competitive. Being competitive makes a firm much sufficient in the utilization of its resources and capital. Competitive firms are able to maneuver the dynamic challenges in their business environment. On the other side, competitive firms are able to introduce new services that meet customer expectation and value. When firms are able to meet the demands and expectation of customers they gain access to new market share and customer base. In addition, they are able to retain loyal customers that increase the client base of firms. As advocated by marketing concepts, a larger customer base lead to increase in sales and profit margins in some circumstances. Although an increase in customer base does not necessarily guarantee higher sales and profits, competitive firms find ways to stay afloat (Ahuja & Katila, 2004; Subramanian & Youndt, 2005).

When firms provide new products that satisfy customers in terms of quality and value it turns to prompt repetitive purchases (Dotzel et al., 2013). The quality of a product is a critical component if a product is going to be successful. The capability of firms to provide quality products has a positive influence on the financial performance of firms. This is so because when firms are able to provide diverse products they gain new markets by attracting new potential customers. The spillover of this process results in the addition of diverse revenue streams (Imbs & Wacziarg, 2003). Revenue stream of a firm increases from a single stream to a multiple one through the introduction of multiple products. And this is critical since it can enrich the financial performance of firms while providing firms with enough leverage to deal with external shocks. External shocks that arise from both micro and macro environment of an industry to a large extent affect the sustainability and performance of a firm especially if such an entity deals in one specific product line. In a situation where the returns on a particular product are down, the other line can cushion the financial needs of a firm thereby rescuing the firm from collapsing (Dotzel et al., 2013; Hidalgo, 2010; Imbs & Wacziarg, 2003; Smith, 1993). Based on this argument we propose that;

Proposition 2: *A firm that is able to provide a new and multi-product portfolio is able to gain access to new revenue streams which has a positive influence on its performance.*

2.4.3. Enrichment in Knowledge Base and Firm Performance

Due to the knowledge intensive nature of most firms, providing multiple products enables firms to build on their knowledge base. Since most product design and delivery processes require more than an individual or a single organization, there is always cooperation on multiple fronts within the organization. Furthermore, some firms form strategic alliances in order to achieve their strategic objectives while maintaining their core competences (Adler & Kwon, 2000). Strategic alliance is when two separate entities come together to undertake a business activity. For instance, university-industry cooperation could lead to the design of a particular product/service, development and commercialization of a new technology or new business model and processes, etc. The synergies that firms involved in these alliances enjoy aid in mitigating the risk associated in new services and technologies. The risk associated with new products is shared between entities resulting in its mitigation, further enhancing their success propensity (Adler & Kwon, 2000; Coleman, 1990; Geisler, 1995).

In addition to mitigating risk, one significant benefit of new and multiple product portfolio is that firms gain access to a large range of knowledge pool. The interactions between both inter and intra organizational departments and units results

in exchange of information and knowledge, enabling firms to tap into a large knowledge capital to enrich their knowledge base and processes.

The frequent communication between individuals enhances cooperation and coordination activities leading to an improved product and service delivery. Communication happens to be a key ingredient if maximum success would be achieved. The spillover effect of the interaction process is an enriched knowledge base of the product provider (Lester & Parnel, 2002). Through the interaction process firms tap into the knowledge and expertise of various individuals. The knowledge these individuals generate enables firms to achieve their collective objectives in an efficient manner (Ackah, He, & Zhou, 2016; Lester & Parnel, 2002). Evidently the creation and delivery of new product enriches the knowledge base of firms. Based on this argument we propose that;

Proposition 3: Product diversification enables firms to enrich their knowledge base and this has positive results on their performance.

2.4.4. Enhancement in the Value of Services and Firm Performance

When firms gain access to new knowledge and expertise their individual firm capabilities are enriched resulting in the delivery of value-added products (Porter, 1987). Value-added products are product perceived to be of high quality and value by its target and potential customers. Firms are able to deliver value-added products due to the fact that it continues to innovate through the provision of multiple products. The continuous nature of the product innovation process enhances the design and delivery stages therefore impacting heavily on the outcome or result. The continuous process enables firms to build on their expertise which results in the reduction of waste and efficient use of resources. In addition, standards are improved to meet both regulatory and customers' demands and expectations (Ahuja & Katila, 2004; Porter, 1987; Tether & Hipp, 2000).

When firms provide a mix of new and multi-product portfolio they are able to gain immense control over the product innovation and design processes resulting in value addition through quality assurance and adhering to set standards. Quality assurance is an essential component of the product design and delivery processes if maximum benefit would be derived. Through the provision of new and multi-product portfolio firms are able to evaluate their quality assurance processes and mechanisms to identify strengths and weaknesses thereby enabling firms to revise and implement more efficient quality control and assurance strategies for future products. When firms are able to control and assure quality the value of their products are enriched (Christopher et al., 2012; Hoyer & Hoyer, 2001; Liu & Chen, 2007; Nagaprasad & Yogesda, 2009). Based on the above argument we propose that;

Proposition 4: The delivery of new and multi-product portfolios enhances the value of services and this has a positive impact on the performance of firms.

2.5. The Mediating Effect of Employee Motivation

There exists numerous ways to define the motivation concept. Even though motivation approaches have been developed over the years, in most of them it is possible to recognize features from history, for example from Maslow's need-hierarchy theory or Herzberg's two-factor theory. According to (Kreitner, 1995) motivation is the psychological process that gives behavior purpose and direction. (Buford, Bedeian, & Lindner, 1995) suggest that motivation is predisposition to behave in a purposive manner to achieve specific, unmet needs. (Bedeian, 1993; Buford et al., 1995; Higgins, 1994) state that basic motivational factors are internal drives to satisfy an unsatisfied need and the will to achieve. (Amable, 1998) divides motivation into intrinsic and extrinsic. Money is the most common extrinsic motivator, but it may make people feel bribed or controlled. If the work is routine and monotonous, employees work more just to get extrinsic rewards such as money. Intrinsically, motivated employees do their job well whether or not they are supervised; they have strong intrinsic motivators, passion for doing something, to innovate (Felberg & DeMarco, 1992; Knight, 1987; Thomas & Velthouse, 1990). When people feel that the assignment itself is exciting and rewarding, they will share knowledge (Miles, Miles, & Snow, 2005).

Extrinsic rewards combined with intrinsic rewards promote organizational effectiveness and performance. Therefore the following intrinsic rewards could be explored alongside the extrinsic motivators, such as money to promote employee innovative drive (Bettencourt, 2004; Lindner, 1998; Siitonen, 1999);

1. Job security
2. Sympathetic help with personal problems
3. Personal loyalty to employees
4. Interesting work
5. Good working conditions
6. Tactful discipline
7. Good wages
8. Promotions and growth in the organization
9. Feeling of being in on things and
10. Full appreciation of work done

The expertise of employees determines what they are capable of doing, but the motivation determines what they actually will do. Intrinsically, motivated employees do their job well and even more than business as usual (Paalanen & Konsti-Laakso, 2007). According to (Wang, 2005), innovative firms treat HRM activities/practices as the organization's strategy to encourage team responsibilities, enhance organizational culture, and build up customer relationships through participation and empowerment. In turn, it will help to create and market new products and services (Gupta & Singhal, 1993). When firms develop and introduce new products, new processes and or new administrative practices they require innovative and creative employees who are highly motivated. Therefore it is important for a firm to implement supportive HRM practices that can motivate and stimulate employees to be innovative. On the basis of arguments put forth by previous scholars (Gupta & Singhal, 1993; Jimenez-Jimenez & Sanz-Valle, 2005; Laursen & Foss, 2003; Shipton, Fay, West, Patterson, & Birdi, 2005), we would expect HRM practices and employee motivation to be positively related to multi-product innovation. We therefore propose that;

Proposition 5: *Good HRM practices and employee motivation mediates multi-product innovation and firm performance, ensuring a very high firm performance in relation to multi-product innovation.*

2.6. Towards the Development of a Conceptual Framework

From the above literature strategic behavior of firms, especially in relation to multi-product development and innovation, therefore, needs to be re-examined from a different perspective. Although not a comprehensive construct itself, multi-product development and firm performance mediated by employee motivation, which this paper is focused on, will help awaken a new breadth of interest to correct such a narrow orientation. Based on the literature in the present study, a theoretically derived framework (see figure 1) illustrating how employee motivation can contribute in mediating the effects of multi-product innovation/development on firm performance has been proposed. The framework identifies complexities involved in the multi-product innovation/development on firm performance mediated by employee motivation. The integration of streams of literature on multi-product development and firm performance and other related fields, bring rigor to the constructs of product development and firm performance. The combination of these streams of literature highlight their complimentary nature while enriching the concepts of product development and firm performance; the focus of this research.

We put forward the following framework (Figure 1) that depicts the proposed influence of multi-product development mediated by employee motivation on firm performance.

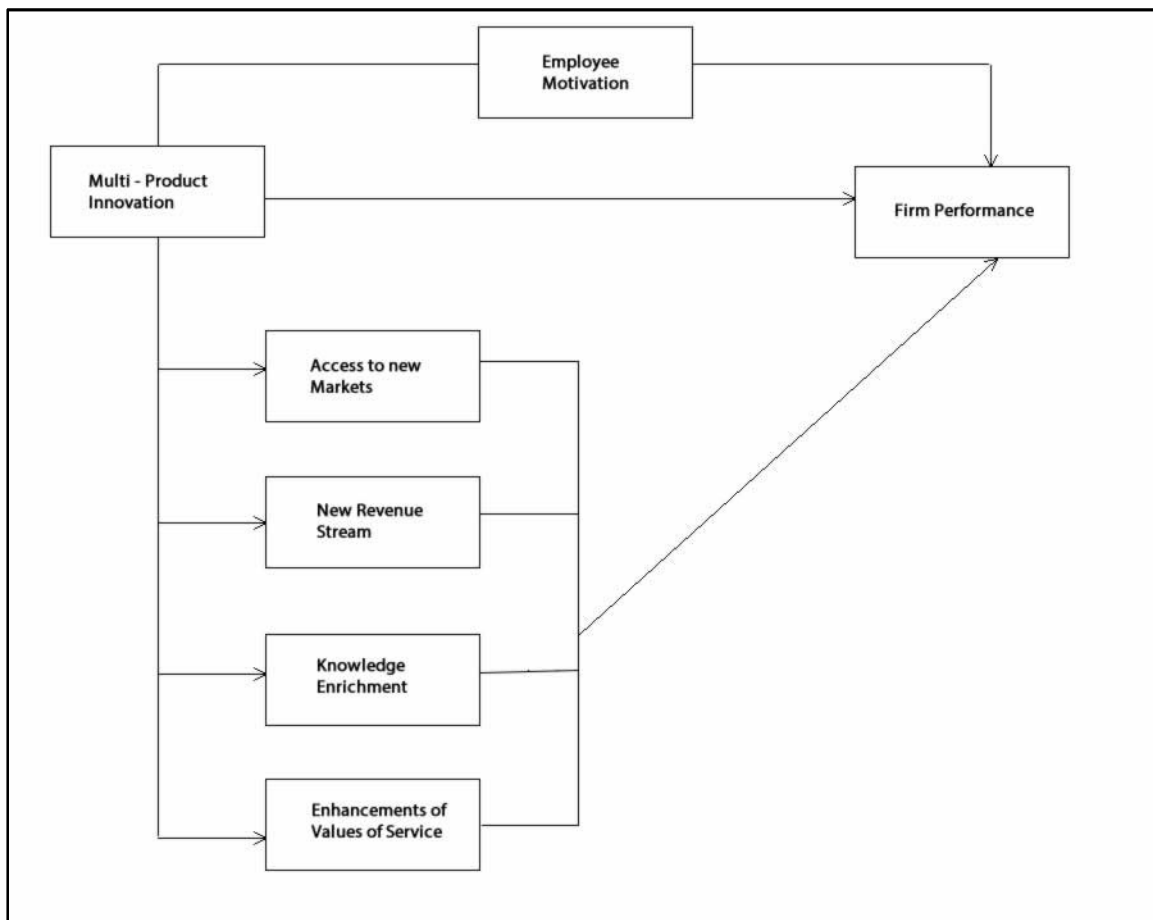


Figure 1

3. Conclusion and Suggestion for Further Research

The fierce competition that exists in the business environment in recent times has affected the growth, sustainability and performance of most firms. The advancement in the development and usage of Internet and technologies has changed the nature in which businesses are conducted thereby affecting the long run performance of any particular organization in both short and long run. In order to curtail this situation while retaining competitive edge over others firms adopt several strategies and mechanisms. One of such strategies is for firms to introduce new, innovative and multiple products to enrich their corporate reputation and performance

The central theme of this study is, therefore, to examine the impact of new and multi-product portfolio on the performance of firms as mediated by employee motivation. The study contributes to existing literature by elaborating on how new and multi-product innovation affects the performance of firms in relation to enriching their value and competence. Therefore it is critical for firms or top management to consider the diversification of products as a critical and continuous effort. By so doing it will enable firms to pay significant attention to product design and delivery processes, which in turn affects the performance of firms' value chain. An enhanced value chain guarantees the quality of products being offered and further enabling firms to gain access to new market shares and revenue streams. Aside new customers, it offers existing clients new services thereby increasing their loyalty. The wider the customers base of firms, the higher their propensity to increase their sales and revenue. This effort could better be achieved if there is a strong employee motivation incentives rolled out by firms.

The revenue flow is an essential component of firms' growth and development. Therefore it is critical to improve on services to gain competitive advantage since the multiplier effect of value added service is to increase the cash flows of firms. Therefore firms should innovate to enable them introduce new improved products to its clientele. In order to sustain its market share and gain competitive advantage the introduction of new enhanced products is critical. Thus, for management to increase its revenue and financial performance, firms should provide mechanisms that enhance the wheel of innovation in its product design and delivery processes while paying special attention to employee morale.

3.1. Suggestions for Further Research

As this study focuses on the mediating effect of employee motivation on the multi-product innovation and firm performance, future research activities could be directed at the mediating effect of other institutional and organizational variables such as quality circles and value co-creation.

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