May the Force of Innovation Be With You

*Management Innovation in a Swedish Context*

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Abstract

Background and problem
Ever increasing rivalry intensity puts pressure on organizations to constantly find new ways to
differentiate and create sustainable competitive advantages. Innovation is a key instrument to
increase complexity and stay on the cutting edge. Innovation focus is generally first and
foremost directed to technological innovation, and non-technological innovation tends to be
neglected. However, as the technological race tightens interest and need for non-technological
innovation grows and it becomes a strategic tool for competitiveness and economic
development.

Purpose
The purpose of this study is to extend understanding of how innovation of management
practices, processes and techniques is present in innovative Swedish organizations. This is
carried out by exploration of how management innovation can be an inseparable part of
innovation management and change management. Focus is directed to the role of internal
change agents who act as catalyst of innovation.

Method
The empirical material in this study has been collected through qualitative interviews with
suitable representatives at a number of selected corporations active on the Swedish market.
Collected material is analysed and compared to the theoretical framework in order to identify
similarities, as well as disparities, between how management innovation is described in theory
and practice.

Results and conclusion
Elements of management innovation could be identified in all cases studies for this research
although it was not explicitly referred to as management innovation. Empirical material
provides examples of how the concept is rather seen as an integrated and interrelated part of
innovative work and that technological and non-technological innovation co-evolve.

Key words: Innovation, Management Innovation, Change Management, Innovative Climate,
Internal Change Agents
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1. Introduction

The chapter presents background information about innovation in general and management innovation in particular. Problematization of the research topic is discussed, the purpose of the study is described and the proposed research question is outlined. Lastly, delimitations of the study are presented.

1.1 Background

Innovation is considered a primary driving force of progress and economic development, and central to firms’ competitive advantages (Volberda et al., 2013; OECD website). Innovations such as Ford’s first T-model that made vehicles affordable and Sir Tim Berners-Lee’s creation of the World Wide Web have forever changed way of life. Because of its importance extensive research is devoted to understanding the concept of innovation, as well as how it can best be utilized. A great part of previous research on innovation is focused on technological aspects (Volberda et al., 2013). However, evidence show that successful innovation is a result not only from technological innovation but other types of innovation as well (Ibid). These are most commonly referred to as administrative innovation, organizational innovation, and management innovation (Damanpour & Aravind, 2012; Volberda et al., 2013). As competition between firms increases on a global level, and the pace of technological change accelerates, organizations must find new ways to differentiate. Non-technological innovations are, due to their state of nature, often valuable, inimitable and firm specific and may hence contribute to longer lasting competitive advantages (Hamel, 2006; Mol & Birkinshaw, 2006).

Assigning the main focus of this study to the concept of management innovation it can be defined as alterations in the way management work is done, involving practices, processes, structures or techniques (Birkinshaw et al., 2008). New management practices and human talent development aim to leverage knowledge and improve organizational performance by increased efficiency. The purpose of management innovation is to increase productivity and competitiveness and thereby enable economic growth. In fact, Mol and Birkinshaw (2009, p.1269) state that management innovation is “one of the most important and sustainable sources of competitive advantage” and “needed to make technological innovation work” (Mol & Birkinshaw, 2006, p.26). Many successful companies have used management
innovation as a fundamental tool to differentiate and thrive. General Electric brought management discipline to the scientific discovery process in the early 1900’s and won more patents on their products than any other American company over the next 50 years. DuPont developed a standardized way of comparing product department performance and helped lay the foundation for capital budgeting techniques (Hamel, 2006). Looking at more recent cases it has been said that Google’s greatest innovation may be its management practice (Fast Company website). Some researchers suggest that "a mediocre technology pursued within a great business model may be more valuable than a great technology exploited via a mediocre business model" (Chesbrough, 2010 p.354). This emphasizes the importance of content, structure and governance, and their impact on firm performance (Gobble, 2014). Ability to re-imagine a business model becomes an essential tool under this assumption and further indicates an existing relationship between management innovation and technological innovation.

1.2 Problem Discussion

1.2.1 Why Management Innovation?

Despite increased importance of non-technological innovation, knowledge within the field of management innovation remains insufficient (Crossan & Apaydin, 2010; Volberda et al., 2013) and relatively under-researched (Birkinshaw et al., 2008). Firms invest in technological innovation and hire competent R&D experts but little time, money and energy is devoted to management innovations and how new management practices can have positive effects on firm performance (Hamel, 2006). To transform an innovative idea into concrete reality and implement it in an organization multiple functions, disciplines and resources characterize the process. In addition to adapting existing organizational and industrial conditions, innovations transform the structure and practices of their environment (Van De Ven, 1986). Distinctions between technological and non-technological innovation (Daft & Becker, 1979) is believed to have created a possibly incorrect “fragmented classification” (Van De Ven, 1986, p.592) of the innovation process. When studying the agricultural sector, Ruttan and Hayami (1984) found that that the breeding ground for many technological innovations are dependent on innovations at institutional and organizational levels. This acknowledges that technological and non-technological innovation may coevolve (Damanpour & Evan, 1984; Ettlie, 1988; Georgantzas & Shapiro, 1993) and that management innovation, i.e. changes in management practices due to institutional rearrangement, is an integrated part of an organization’s
innovation process and enables technological innovation (Mol & Birkinshaw, 2006).

1.2.2 Challenges to Management Innovation

There are many obstacles to successful development of management innovation and people tend to be reluctant to change, particularly when it involves substantial uncertainty (Damanpour, 2014). The human factor means all directives from managers are subject to modification when they are applied across organizational hierarchy (Mamman, 2009). It is further important to note the distance between theory and practice since reality is not as clearly definable as research might suggest. Although previous research provides distinct definitions of management innovation, this study assumes that the concept is not as clearly definable in practice. Terms like management innovation, innovation management and change management are closely linked to each other and it is hence not viable to make explicit distinctions between them in this study. Van de Ven (1986, p.592) states that “learning to understand the close connection between technical and administrative dimensions of innovations is a key part of understanding the management of innovation”. Since organizations may work with management innovation although the term itself is not explicitly used, this study will focus on identifying elements of management innovation as an explicit or implicit part of organizations’ innovation processes.

1.2.3 Research Focus of this Study

To avoid areas of fragmentation created by divergence of previous research (Volberda et. al., 2014) this study focuses on providing a broad comprehension of the concept management innovation. Thus far, the three stages of the innovation development process – generation, diffusion and adoption – have predominantly been researched separately, which creates isolation between them and counteracts an overall understanding (Ibid). This study focuses on integrated difficulties of all three stages in management innovation development process. Furthermore, research tends to focus on one characterized type of innovation particularly with the purpose of advancing knowledge about that specific type; new to the world, new to the organization with adaption and new to the organization without adaption. This study regards all three types of management innovation for a more extensive understanding (Volberda et. al., 2014). The study uses a rational perspective on innovation that articulates the role of human agency and builds on the premise that management innovations are introduced and driven by individuals who seek to improve organizational efficiency (e.g., Chandler 1962,
Birkinshaw et al., 2008). Internal and external change agents have relevant roles in the innovation process (Birkinshaw et al., 2008), but involving both in this study would create an unduly broad and unfeasible research scope. This results in a delimitation to focus on internal change agents who are people within organizations that want to improve operations and are assigned responsibility for managing change activities. By taking an intra-organizational perspective on innovation attention is directed to the fact that “innovative activity is promoted by champions” (Slappendel 1996, p.110, Howell and Higgins, 1990).

1.3 Purpose
The purpose of this study is to extend understanding of management innovation processes with regards to how they work in practice within Swedish organizations. This will be illustrated by examples of various types of management innovations providing insight into explicit and implicit management innovations. Focus is assigned to how management innovation is an integrated and interrelated element in organizations’ work with innovation. The study aims to highlight the concept of management innovation in the business world and aspires to induce a discussion about innovation and change management with regards to the term management innovation.

1.4 Research Questions
The main research question of this study is:

- How does management innovation work in practice in Swedish organizations?

To aid researchers in exploring this question two sub-questions have been developed:

- How do internal change agents drive the process of management innovation?
- What are the main challenges to management innovation?

1.5 Delimitations
The empirical part of this study is carried out with focus assigned to a small number of companies who are either headquartered in Sweden or have an office located in Sweden which controls their presence on the Swedish market, and where this is seen as a substantially independent business area. This affects empirical findings’ applicability on organizations located in countries with different cultures (Hofstede, 1984) and conditions. The study has an intra-organizational perspective with focus on the role of internal change agents as generators...
of management innovations from a rational perspective. It does not include external sources in leveraging management innovation. Research will go no further in expanding understanding of what management innovation leads to in terms of investment opportunities or other external impacts.
2. Theoretical Background

This section provides an overview of management innovation and related aspects. Previous research on relevant topics is presented in accordance with theories and perspectives of this thesis. A theoretical overview aids understanding of the management innovation concept and enables answering of the research question.

2.1 Non-technological Innovation

Non-technological innovation is described as administrative innovation, organizational innovation and management innovation (Damanpour & Aravind, 2011; Volberda et al., 2013). Administrative innovation is associated with innovations regarding resource allocation, organizational structure and human resource policies but excludes operations and marketing management (Volberda et al., 2013, Vaccaro, 2010). Organizational innovation is often used in broader terms to span changes that are either technological or administrative (Damanpour et al., 1989; Totterdill et al., 2002). Management innovation has a more encompassing definition by referring to alterations in the way management work is performed (Birkinshaw & Mol, 2006; Hamel, 2006).

2.2 Management Innovation

2.2.1 Management Innovation Defined

Management innovation is defined as “the invention and implementation of a management practice, process, structure or technique that is new to the state of the art and is intended to further organizational goals” (Birkinshaw et al., 2008, p.825) and “management innovations are sought to provide novel solutions for unprecedented managerial problems” (Khanagha et al., 2013, p.53). Additional definitions of management innovation are provided in Appendix 1. There are three generic types of management innovation; new to the world, new to the organization and adapted to the setting and new to the organization without adaptation (Volberda et al., 2013). New to the world management innovations are new management practices generated and adopted within an organization. New to the organization and implemented with adaption refers to the adaptation of an existing management practice that is adopted by an organization. New to the organization and implemented without adaption refers an organization adopting an existing management practice with no adaptation to the setting (Ibid).
2.2.2 The Processes of Management Innovation

Research discusses three stages of the innovation process; generation, diffusion and adoption (Volberda et al., 2014). Generation is the development process for creating a new product, service, technology or practice. Diffusion is the process where innovations are communicated to members of a social system in which the innovation process takes place. Adoption or implementation occurs when members of the organization acquire and use the new practice (Ibid).

2.2.3 Perspectives on Management Innovation

Literature defines four key perspectives on management innovation; the institutional perspective (e.g., Guillen, 1994), the fashion perspective (e.g., Abrahamson, 1991, 1996), the cultural perspective (e.g., Zbaracki, 1998) and the rational perspective (e.g., Chandler, 1962). The institutional perspective focuses primarily on preconditions in which new management ideas and practices first emerge and what factors enable organizations to adopt management innovations (Volberda et al., 2014). The fashion perspective puts more focus on how new management ideas and practices emerge through a dynamic interplay between providers and users, i.e. managers who use new management ideas and the “fashion setters” who provide these ideas (Abrahamson, 1991, 1996). The cultural perspective aims to provide understanding of how management innovations are shaped by the culture of the organization in which they are developed and implemented, as well as how the organization reacts to the introduction of new management ideas and practices (Volberda et al., 2014). This study uses a rational perspective which includes soft targets such as employee satisfaction in addition to financial goals (Birkinshaw et al., 2008). It is assessed to be the most suitable perspective for this thesis as it is aligned with the focus of the study and will hence aid researchers in answering the research questions. The rational perspective assumes management innovation is adopted with the intention to contribute to organizational performance (Birkinshaw et al., 2008; Camisón & Lopez, 2010; Damanpour & Aravind, 2012). The perspective further centers on improvements in organizational effectiveness delivered by management innovation and the individuals who drive the innovation process (Birkinshaw et al., 2008). It accentuates the human agency (Sturdy, 2004) and is closely associated with the role of change agents. Management innovations are assumed to derive from decisions made in a rational way, based on cautious analysis of expected efficiency improvements and scaling of costs and benefits (Strang & Macy, 2001). Moreover, the perspective has a sub-theme concerning the link
between management innovation and technological innovation suggesting that they coevolve (Damanpour & Evan, 1984; Ettlie, 1988; Georgantzias & Shapiro, 1993; Damanpour & Aravind, 2012).

### 2.2.4 Key Factors That Make Management Innovation Distinctive

Attributes to the management innovation process potentially require fundamental changes in how work is performed in an organization and are often difficult to undertake effectively. The nature of management innovation significantly differs from the nature of technological innovation. Management innovations are typically tactic in nature and difficult to protect (Teece, 1980), but simultaneously also difficult to observe, identify and define (Alänge et al., 1998). They are operationally complex to adopt and use, and pervasive as they change structure, authority and power in organizations where they are implemented. These attributes allow subjective interpretation and modification of new ideas and practices and hence increase the importance of social and political processes within the organization. Since few organizations have well established and specialized expertise in the area of management innovation, uncertainty and need for external support is extensive (Birkinshaw et al., 2008). The impact of management innovation is uncertain and lack of understanding within the field creates ambiguity for individuals within an organization. Fear that innovations will have a negative impact on individual or organizational levels arises and causes reluctance to change (Damanpour, 2014). This applies to new to the state of art management innovations in particular since proposed changes that have previously been successfully implemented elsewhere reduces uncertainty and ambiguity.

### 2.2.5 Key Change Agents Involved in Management Innovation

Researchers argue that innovative ideas are dependent on champions to get somewhere (Van de Ven, 1986). People develop, explore, react to and modify ideas in accordance with their own frames of reference and preference (Ibid) and this makes the human factor crucial for innovation development. Research on management innovation distinguishes between internal and external change agents. By definition “internal change agents are employees of the local organization whereas external change agents are not” (Birkinshaw et al., 2008 p. 840). Consequently, internal change agents (e.g. managers, employees) have superior knowledge inside the organization, as well as greater accountability for delivering results, compared to external counterparts (e.g. consultants, academics) (Birkinshaw et al., 2008). Internal change
agents are considered to be proactive in interest creation, experimentation and validation of management innovation ideas in question (DiMaggio, 1988; Howell & Higgins, 1990, Schön, 1963; Birkinshaw et al., 2008). The rational perspective used in this study assumes that improvements to organizational performance due to new practices, processes or structures are deliberately introduced by individuals within the organizations who thereby function as internal change agents (Vaccaro et al., 2012). External change agents are a potential source of new management innovation and may play a distinctive role in either innovation adoption or adaptation to the specific setting (Volberda et al., 2014). In addition to providing expertise they have a fundamental role in building legitimacy and credibility for an innovation among employees of an organization (Birkinshaw et al., 2008).

2.2.6 Challenges to Management Innovation

Previous research on innovation management discusses a number of challenges associated with the process of generation, diffusion and adoption of new ideas. Most prominently described is the human problem of managing attention, which refers to the fact that people tend to be reluctant to change and how this makes it difficult to trigger them and make them pay attention to new ideas and opportunities (Van de Ven, 1986 & Damanpour, 2014). The process of managing ideas also described as a major challenge since idea generation can be an individual activity but managing and implementing ideas require cooperation and involve larger parts of the organization (Van de Ven, 1986). Moreover, there is a managing part-whole relationships and a strategic problem of institutional leadership when innovations transform the environment in which they are implemented and changes to the organizational structure must ultimately follow (Ibid). People nurture ideas from development to modification and these ideas later surface as individuals gravitate towards them and give energy to them by adding personal and emotional relations (Van de Ven, 1986). Organizational structures are created and modified according to these ideas, which are described as a central rallying point for collective action mobilization (Ibid). Capturing and maintaining people’s attention, as well as finding a system to manage ideas efficiently, is a challenge many firms are faced with and a critical factor highly related to capacity of handling complexity and physiological limitations of human beings (Van de Ven, 1986). At group and organizational levels problems regarding inertia, conformity and incompatibility are added to physiological limitations of managing attention. Organizational structures sort attention and focus efforts by influencing perceptions, values and belief. The implication is that structures
and systems tend to focus efforts on routine and the attention of innovative activities is dependent on leadership (Ibid).

2.3 Radical Innovation and Incremental Innovation

The traditional categorization of innovation is made into radical and incremental innovation (Dewar & Dutton, 1986). Radical innovation is characterized by firms exploring new technology with a high degree of uncertainty. It often leads to dramatic changes in existing corporate and external environment (Incremental Innovation website). Incremental innovation, on the other hand, is characterized by the use of existing technology and associated with a low degree of uncertainty. This type of innovation is focused on improving organizational competitiveness in current market conditions (Ibid). Incremental innovation can thereby be described as innovation that takes place gradually (Queensland Government website). In allocating resources between the two types of innovation firms tend to focus more efforts on incremental innovation than radical innovation as it is attached with less risk (Ibid).

2.4 Summary of Theoretical Background

- Non-technological innovation is described as administrative innovation, organizational innovation and management innovation. Management innovation is defined as alterations in the way management work is performed.
- There are three generic types of management innovation; new to the world, new to the organization and adapted to the setting and new to the organization without adaptation.
- Research discusses three stages of the innovation process; generation, diffusion and adoption. This study considers all three of these stages.
- The study uses the rational perspective on management innovation, which accentuates the role of change agents and how management innovations contribute to organizational performance.
- Management innovations are operationally complex to adopt and use, and there is hence an extensive importance of social and political processes within the organization in which they are adopted.
- Innovative ideas are considered to be dependent on internal and external change agents to get somewhere. In accordance with the rational perspective of this study, which assumes
improvements to organizational performance are introduced by individuals within organizations, this study regards the role of internal change agents.

- The most prominently described challenge to management innovation is the human problem of managing attention, referring to the fact that people tend to be reluctant to change. Management of relationships and generated ideas are strategic challenges of institutional leadership.
- Innovation is categorized into radical and incremental innovation, where radical innovation is characterized by exploration of new technology with a high degree of uncertainty and incremental innovation by the use of existing technology with a low degree of uncertainty.
3. Methodology

This chapter outlines, explains and argues for choices of academic research methods used in the study. It motivates adequacy of chosen research approach in relation to the research question and describes the empirical material collection process, as well as the procedure for analysis of this material.

3.1 Research Design

Stake (1995) categorizes three types of case studies; intrinsic, instrumental and collective. Boundaries between the three are however often diffuse and the relationship between theory and practice often destructive (Ibid). This thesis conducts collective case studies, also called multiple case studies, correspondent to what Yin (2003) describes as a descriptive case study where research aims to comprehensively understand the specific cases studied. Collective case studies involve a coordinated set of case studies due to potential advantages from studying more than one case (Yin, 2003; Stake, 2006). Cases can be studied comparatively in order to explore similarities and disparities between them, as well as the theoretical relationship (Ibid). An embedded study of various cases selected from a population aims to create more compelling evidence (South East European Research Centre (SEERC) website). In this study researchers have made the assessment that multiple case studies favourably contributes to a more comprehensive understanding of the research topic and that this approach is the most suitable way of studying the research question and fulfil the purpose of the study.

Fundamental to a case study is detailed and thorough research performed on one specific case in regards to observed complexity and nature (Stake, 1995). Case studies are a popular and frequently used business research design which can regard a single organization or place, as well as specific person or happening (Bryman & Bell, 2011). There is a tendency in research to associate case studies with qualitative methods rather than quantitative ones. In a case study it is typically the case on its own that constitutes the area of interest and the researcher aims to enlighten unique characteristics of this case using an idiographic approach. The idiographic distinction is often made to separate case studies from other research designs since basically all studies can be perceived as case studies (Bryman & Bell, 2011). Different approaches to case study designs are categorized as exploratory, explanatory and descriptive. The case studies of this thesis use the exploratory approach where data collection may be
initiated prior to definition of research questions since the outcome of empirical research is uncertain and the research approach must be adaptable to empirical findings (Trellis, 1997). Case studies are in general considered to be suitable for early phases in exploratory research (Eisenhardt, 1989) such as the topic of this thesis.

When dealing with a “relatively under-researched form of innovation” (Birkinshaw et al., 2008 p. 825) such as management innovation, selecting a suitable research methodology that will function as an instrument for researchers to reveal and explore findings is a main challenge. To create a setting that will yield results and answer the research question of the thesis, a qualitative research method was used to put emphasis on descriptions from interview respondents (Bryman & Bell, 2011). Although resource intensive, a qualitative method is considered to be appropriate when research aims to facilitate understanding of a topic or phenomenon (Jacobsen, 2002). Using a qualitative method further enables researchers to determine why theories hold or not (Eisenhardt, 1989) and consequently understand the why of what is happening (Eisenhardt, 1989; Jacobsen, 2002). As this study carries an exploratory approach to identify underlying aspects of management innovation, a qualitative research method based on interviews enables further and deeper understanding, interpretation and explanation of the issue and aids researchers in fulfilling the purpose of the study. Furthermore, a qualitative method is a suitable tool when trying to generate new ideas and theories around a research topic where prior knowledge is lacking (Jacobsen, 2002). A qualitative research method is proven to be appropriate in order to better utilize results from empirical material and gain insight into the relationship between management innovation and other innovation practices, as well as further understand the role of human agency (Rialp et.al, 2005).

3.2 Method for Empirical Material Collection

3.2.1 Research Cases and Samples

In the process of building theory from case studies the selection of cases is an essential aspect (Eisenhardt, 1989). When starting the process of data sampling for this study it was apparent that theoretical and not random sampling could and should be applied. This allows researchers to focus efforts on theoretically useful cases only (Eisenhardt, 1989) and maintain a “well-defined focus to collect specific kinds of data systematically” (Mintzberg 1979, p. 585). Focus prevents researchers from being overwhelmed by the volume of data collected.
In finding suitable cases for studies performed in this thesis researchers seek corporations with outspoken approaches to innovation. This is regarded to be the most efficient method in detecting empirical examples of what literature defines as management innovation. An explicitly advertised commitment to being innovative implies that innovative work is managed on a strategic level and that internal change agents drive innovation processes. The case studies of this thesis strategically require corporations with outspoken approaches to innovation and explicitly advertised commitment to being innovative as this implies that innovative work is managed on a strategic level. Given the relatively limited number of cases which can be studied due to these specifications, it makes sense according the Pettigrew (1988) to choose research cases in a nearby geographical location that can demonstrate the process of interest in a transparent manner. Delimitations of the research cases are decided in accordance with theoretical sampling and will aid research in demonstrating or dismissing a theory (Eisenhardt, 1989). Babbie (2004) argues that samples of an analysis are greatly dependent on the units of analysis defined for a research topic. Samples studied in this research unit must reflect a specific knowledge and “extend the theory to a broad range of organizations” (Eisenhardt, 1989 p. 537). Selected representatives were accordingly carefully picked to ensure that the research topic was matched with interviewee competence, experience and knowledge. All participants were selected based on their specific knowledge and involvement in the innovation process, and are managers or leaders who actively take part in the innovation process. Interviewees are accordingly all in some way responsible in the innovation process and act as internal change agents themselves, but more importantly create conditions for other members of the organization to be internal change agents. Reaching out to essential people was a main challenge in the empirical part of this study. Researchers are satisfied with the seven interviews conducted and assess this amount of empirical material to create a solid and sufficient base for performing a legitimate analysis.

### 3.2.2 Data Collection Method

Primary data was collected through interviews with selected representatives within the organizations the case studies apply to. Interviews are said to probably be the most frequently used method for qualitative research (Bryman & Bell, 2011). Interviews were performed both face-to-face at the location of the organization and over telephone when necessary. Although known to be time consuming, primary empirical data collection has a great advantage by enabling adaptation to the specific setting and context of the research question (Jacobsen,
The data collection was characterized by a standardized research procedure (Psychlotron Teaching Resource Bank website) and the same information was provided to all participants prior to the interview in order to give all respondents the same starting point and opportunities to answer questions asked during the interview (AllPsych website). All interview representatives were provided with a compilation of the conducted interview to make sure they agreed with everything researchers had described. This avoids misinterpretation or disclosure of essential information that the interviewees wish to bring forth. Face-to-face interviews are favourable since cooperation from the respondent is good and follow-up questions can be conveniently asked (Blumberg, et. al., 2011). Due to the relatively small number of interviews performed in this study, time consumption and labour intensity were not considered a main issue. However, some of the organizations selected for the study where geographically located at a significant distance from researchers and with regards to time limitation telephone interviews were held with two out of the seven representatives. Telephone interviews are not dependent on the location of either researchers or interview respondents and hence enable flexibility in location and time. The same interview time was used for face-to-face and telephone interviews and both researchers were present at all interviews in order to minimize deviations between interviews and ensure consistency and quality. Furthermore, researchers are open to the possibility of identifying new terms and aspects related to management innovation, which are not presented in the theoretical framework as their relation to the concept was unknown to researchers prior to empirical material collection.

3.2.3 Interview Protocol and Process

A semi-structured interview method was most applicable on the empirical data collection of this study, mainly due to the prevailing uncertainty in outcome from each interview. Respondents were guided by an outline of issues and topics, but order and wording of questions were altered during each individual interview (Eriksson & Kovalainen, 2008; Blumberg et. al, 2011; Bryman & Bell, 2011). This allows interviews to move in different directions and insights that could not have been foreseen can be exposed (Eriksson & Kovalainen, 2008). Despite a systematic core concept of the interviews, interviewees will answer questions with their own interpretation and researchers must be aware of difficulties in comparing empirical material (Eriksson & Kovalainen, 2008). Wording of interview questions was made in accordance with the purpose of the interviews. It aims to extract
relevant input to management innovation practices in a business environment that potentially
does not use the term management innovation explicitly, and where interview respondents
may be unfamiliar with it. The importance of developing interview questions is emphasized
by Eriksson and Kovalainen (2008). Open questions allow the interviewee to provide answers
based on essentiality from a personal perspective and are hence suitable for material
acquisition is this study to facilitate answering of the research question. The interview
questions asked to respondents in this study can be found in Appendix 2. Reflective questions
are sometimes used to control what the interviewee means and assures accuracy. Notes were
taken during all interviews and provide the basis for empirical compilation and analysis.
Although tape recording is argued to be the most commonly used method in conducting
qualitative interviews (Bryman & Bell, 2011), and transcribing enables a more thorough
analysis of answers, it is very time consuming (Bryman & Bell, 2011). Tape recording was
hence used only as a complement to notes in this study and transcribed when needed for
backup.

3.3 Method for Empirical Material Analysis
Empirical material collected in this study aims to create a base for comparing the theoretical
framework of management innovation with results from conducted case studies. Comparisons
of differences and similarities between the two will enhance understanding of the relationship
between theory and practice. Although difficult and restrictively codified, data analysis is
considered essential when building theories from case studies (Eisenhardt, 1989). The use of a
qualitative research method implies continuous interaction between the data collected and the
theories used, where the analysis aims to outline differences between theory and practice. The
empirical data analysis in this study connects described innovation activities to what theory
defines as management innovation. When initiating empirical data analysis it is useful to
begin by arranging data in categories that create an analytical framework based on interview
questions. This creates a template to manage and present qualitative data (Miles & Huberman,
1994) and will aid coding without destroying data (Eisenhardt, 1989). Researchers can
thereby identify relationships between the data collected (Saunders et.al, 2003), which
facilitates the process of categorizing data and allows researchers to find gaps between theory
and practice. The empirical material is codified, arranged and categorized under headlines
generic for all interviews to create structure and comparability. Categories are formed in line
with research questions and the purpose of the study, enabling researchers to find patterns in
empirical findings (Saunders et al., 2003). Each conducted interview is first processed and analyzed individually in its context. All interviews are thereafter analyzed in coherence and researchers identify disparities, as well as explore common denominators and themes.

3.4 Validity, Reliability and Transferability of Study

Validity in qualitative research is concerned with the accuracy and trustworthiness of empirical findings while reliability of a study relates to the consistency of research (Brink, 1993). Concepts of reliability and validity defined in quantitative terms are not considered to be applicable on qualitative research (Stenbacka, 2001). It can be argued that empirical findings of this study are biased since interview respondents wish to portray themselves, and the organizations they are members of, in a favourable way. Researchers have minimized the extent of subjectivity by remaining as unbiased as possible in the interpretations of provided information. Replicability of results does not concern qualitative research (Glesne & Peshkin, 1992) as it is rather precision (Winter, 2000), credibility, and transferability (Hoepf, 1997) that evaluates findings. Results from qualitative research are regarded transferable if they can be applied in a different context (Social Research Methods website). Although this study is restricted to organizations based on the Swedish market, it is transferable to various types of organizations in other countries and cultures. Innovation is a global phenomenon and the methods used in this thesis are applicable on similar studies in different contexts. The strength and confidence of theories may be increased by pattern-matching of multiple cases (Yin, 1994) but researchers should create no illusions that typical cases can be found. Pattern-matching of empirical findings can be conducted when similar descriptions and examples of management innovation are brought up in the individual interviews (Social Research Methods website). This enables researchers to make analytical comparisons between how innovation is managed in different firms, in addition to exploration of similarities and disparities between theory and practice. By attempting to match patterns and themes researchers can conclude that theory and observations might predict the same observed pattern (Ibid). By exploring management innovation from an overall point of view commonly used processes, practices and techniques can be identified. The model used for pattern matching of empirical findings in this study is presented in Appendix 3.
4. Empirical Material

The empirical material section presents findings from qualitative interviews. It helps the reader to understand empirical material and aids researchers in answering the research question. A full list of interviews is provided in Appendix 4.

4.1 Volvo Car Corporation

4.1.1 How Management Innovation Works at Volvo Cars, Body & Trim

Olsson explains that Volvo Cars has always been an innovative and creative organization with focus on implementing new ways to work, and on how to implement and create new practices, processes and techniques. However, the appearance and focus on innovation aspects has become more present during the past 10 years and its importance has grown. The innovation strategy of Volvo Cars has been developed in accordance with a desire to make the innovation process accessible for all members of the organization. Olsson highlights the importance of having a positive team which enables successful performance of innovation activities and adds how an open and supportive approach to new ideas is essential within the field of management innovation. She is one of several actors in a team that works actively with Research & Development at the department. Olsson explains how the department where she works commence gradually with new ideas and utilize the ripple effect when promoting innovation activities, creating curiosity and awakening interest to take part in the work. Creative thinking and disputed ideas and events are promoted as long as they are anchored in the strategy of the company.

The innovation management at Body & Trim is administered through an innovation-hub where people involved meet once every 14 days to discuss ideas and decide whether or not they should be further explored at the moment. Many ideas are not currently prevailing and are then put on hold until their time comes around. The innovation-hub considers factors such as business potential, utility and gut feeling to decide which ideas to proceed with. The responsibility for these ideas are then taken over by specific groups who initiate a pre-development process and gradually reach a final decision on how to proceed with the idea. When this decision is made more money is invested in the development of the idea, but keeping it simple and not spending huge resources is key according to Olsson. She finds it important to have an emotional approach and be very observant of individuals in their reactions and adds that it takes time, patience and perseverance to get people to cautiously
venture outside their comfort zone. To successfully generate, diffuse and adopt new ideas emphasis is put on the importance of explaining and showing why, how, results and the next step. For innovations to become successful they must be genuine, credible, and most importantly transparent. Aim, purpose and expectations of activities must be carefully explained and promoted. Olsson finds it very important to avoid an “innovation elite” and her personal goal in the role of innovation study leader is to no longer be needed to administrate innovation because all individuals within the organization are able to work on developing their own ideas. She wants innovative thinking to be a natural part of everyday work and hopes to achieve that by various inspiring activities that promote creative thinking. By using a storytelling approach to describe ideas the story is always correct and depicts how an individual in particular perceived the specific situation. A personal story cannot be questioned and criticized by others and a supportive climate is consequently created. Olsson outlines how she enjoys the energy she gets from seeing other people evolve and grow.

**Example 1 - Theme Days**

A theme day was arranged with the aim to generate new ideas regarding how the weight of cars can be further minimized. 80-90 executive managers, technical system area responsible and technical material specialists were invited, as well as an architect and an artist, to illustrate their way of thinking and motivate employees to think outside of their own box and go beyond their comfort zone. Results contributed to understanding for how small changes make a significant difference in the end and lead to new workshops with involved parts of the organization. A one-day internal exhibition called the Scandinavian Luxury Show was organized in order to explore how subcontractors perceive the concept of Scandinavian luxury. Participating subcontractors exhibited their products and were given the opportunity to meet each other under relaxed conditions in a way that unifies Volvo Cars and brings different parties together.

**Example 2 - Spark Science Park**

Volvo Cars Body & Trim recently built Spark Science Park which is a room in one of the prototype workshops that all departments of Body & Trim will be able to go and generate innovations and new ideas for their own work. This allows employees to meet workshop staff and try their ideas out in context where they can experience it with all senses. The purpose is to show that everyone can be innovative by conveying the fun of innovation and incentivize people so than an “innovation elite” can be avoided. A great number of ideas are generated
and later processed by the innovation-hub, which decides what ideas to proceed with and delegates responsibility for monitoring of these.

### 4.1.2 Main Challenges in the Innovation Process

Olsson describes how the main challenges in her work is to find time and premises for innovation events and that they require very long-term planning. She once again accentuates the importance of not only realizing innovative activities, but also following up on results and taking them to the next step. Cars are very complex and there are many legal restrictions and requirements that compose limitations. Legal restrictions are moreover applicable on today’s vehicles and future legal restrictions, as well as customer preferences and requirements, must be foreseen.

### 4.2 SP Technical Research Institute of Sweden

#### 4.2.1 How Management Innovation Works at SP

Nielsen initiates the discussion about management innovation by describing how he needed to take a second and think about the term to be able to explain it and his relation to it. He sees that companies today are in need of searching to reprioritize internally to enable creation of the right opportunities for internal functions within the organization. Innovation is something that pervades SP when working with customers in leading their businesses in new directions. Nielsen has the role of creating the right setting and opportunities for innovation within the SP organization. When the right conditions are in place people will discover and explore opportunities by themselves to a greater extent. Nielsen explains how SP is built on the foundation of a sufficiently creative construction for work with incremental innovation. SP has a great melange of personalities in its teams, where some have greater and more prominent "doer" characteristics and others complement them by sewing team competences together and develop customer offers that trigger the industry and future business development. There is an essential need within SP to create good conditions under which work can be well performed, and build competences for each of the organization’s different entities. Nielsen is an internal key change agent in initiating and bringing forth energy needed to drive innovation through cross-disciplinary networks. He describes it as an ability to establish preparedness for taking different roles in different markets and segments and explains that internal change agents stimulate and awaken curiosity in other employees to get involved and engaged in innovation. Foresight of dilemmas is essential in order for the
organization to move forward. Employees are triggered in their work since they need to be able to spot what customers want and need today, as well as have foresight and search for new opportunities.

**Example 1 - Workshops**
Workshops are arranged on a regular basis with the purpose of creating an innovative and creative environment where employees from different teams can meet and share perspectives by exchanging ideas and experiences. Workshops often include external representatives in form of clients. Thoughts and ideas from employees are the main inputs to SP’s innovation process according to Nielsen. All participants of the workshops contribute based on their own competences and this diversity triggers innovation potential and development.

**Example 2 - Theme Days**
SP-Days is an annual event arranged to connect employees and customers of SP. External lecturers come and talk and display different cases, short stories and other entertainment. The theme day is seen as an opportunity for customers to meet each other and contribute to stimulation of cooperation, allowing new segments and industries to get in touch with each other and create new business areas. Customer relationships become more relaxed through these events and reach a point where people are on a very casual basis with each other.

**4.2.2 Main Challenges in the Innovation Process**
Challenges in the innovation process at SP is described by Nielsen to first and foremost be the complexity of a large and very creative company. The fact that not all ideas can be pursued creates a certain frustration within the firm and the effect of not having an established system that can capture and retain ideas creates a risk of not stimulating creation of new ideas. The human factor plays a central part due to the need of all employees to see the value of cooperation for successful development and feel incentivised to manage change. Credibility and reliability must always be present for employees to want to take part in required change. When working with creating a unified foundation of the organization different subcultures can potentially disturb the dispersion of value that people see in being part of the innovation process. This is something managers at all levels work continuously with, and top management provides sufficient tools for that work to be well performed. Nielsen explains how we must never forget that diversity awakens development, especially in an engineering
organization such as SP. It is important to display effects of work and reward expertise in new areas to exhibit good examples of the work that is being performed. He means that when people are enticed, and their creative sides are stimulated, ripple effect can be utilized. Nielsen adds that one difficulty is also that innovation processes cannot be controlled to a full extent and should be self-nourished since too much control risks inhibiting creativity.

4.3 Mercedes-Benz (Daimler AG)

4.3.1 How Management Innovation Works at Mercedes

Olsson resembles the term management innovation with the Nobel Prize, referring to the great complexity and difficulties he associates it with. Mentioning the case of Toyota’s lean production he continues in explaining how this is an example of how management innovation is extensively about making small and frequent incremental changes that are rather natural in business development. The concept of management innovation is nothing he recognized from the top of his head, but he comprehends how issues of this kind is a problem in everyday life of an organization and something that needs to be handled. He says the term is not used in continuous practice at Mercedes, and that the organization does not claim to work with management innovation explicitly. However, the description of it can be applied to the general innovation process and change management. Olsson is used to working with brainstorming sessions that involve and engage members of the organization. For example, when he was first appointed to his new role as Managing Director his new work team had an evening event with the purpose for everyone involved to list what is happening right now and what needs to be handled. This way of tackling and addressing problems enables the organization to pause, review the current situation and focus on what is needed for further development. On the more formalized side, Mercedes works to undertake improvement proposals and process them in a structured manner which pervades the company in its whole. The system makes it possible for everyone to come with ideas and improvement suggestions that are processed, categorized and classified.

Olsson acknowledges the necessity of being able to create engagement and getting the right people involved rather than as many people as possible. Understanding the why of a problem is key in order to find a good solution and the process of how to create involvement and engage people is a ten thousand dollar question. Experience has taught him that engagement and involvement cannot be commanded to employees but requires team members who are
passionate and want to take part in the creation of solutions. Olsson believes in the power of employees’ own driving force and willingness to be engaged. Managers must know their employees and create the right conditions and opportunities for them to become internal change agents. Olsson explains that hidden talent is unfortunately often disguised in organizations and how some individuals perform well in their current position but are more passionate about something else. Organizations can potentially utilize hidden talent by opening doors for these people to go beyond their usual work. Olsson emphasizes the importance of storytelling and the impact of telling other people about the process of how something was achieved, what it has resulted in and the positive spread it can have.

**Example 1 – Leader Education**
The first process at Mercedes that Olsson likes to think of as management innovation is a mandatory education for all new managers and leaders. This initiative originates from problems with the corporate culture not being characterized in leadership approach and possible issues if leadership culture does not support corporate culture. A small group of board members and senior managers met in a workshop to discuss and determine perspectives on leadership skills that support corporate culture and develop a leadership education based on this. The education program aims to make participants reflect over expectations, results and lessons learnt and thereby create a new setting where leaders are important bearers and promoters of corporate culture.

**Example 2 – Theme days**
Mercedes also arranges employee days as a way of encouraging people to take part in the innovation processes within the organization. One theme can for example be that the different departments introduce themselves and what they do to the rest of the organization in an easy-going and fun way that increases internal engagement and stimulates cooperation and relatedness between departments. Olsson finds this to be more appreciated than traditional one-way communication and that it stimulates employees to be creative and come up with new ideas. For a new mind-set to be implemented throughout an organization people need to be inspired in new ways and exposed to encouraging examples.
4.3.2 Main Challenges in the Innovation Process
Challenges when working with innovation, regardless of the type of innovation process, lies primarily in the why according to Olsson. The ability to mobilize and channelize energy and yield change and development is highly dependent on the significance of conveying why changes should be made. In change management he means the key is to create a burning platform which makes people feel enthusiastic to what is needed and see their role in the process. Making people believe is key in order for changes to be induced and this makes the generation stage of innovation the most difficult hurdle to overcome according to Olsson.

4.4 CCS Healthcare AB

4.4.1 How Management Innovation Works at CCS Healthcare
When first reflecting over the concept of management innovation Ekholm explains how CCS does not work with innovation in the sense of provided examples of management innovation. She says they start in another end compared to these companies and have a more controlled processes over the year rather than free work with idea generation and development. CCS does not invent new packing solutions for products but focus rather lies on finding new concepts of products and innovate the content in itself. Innovation work is driven in part by existing challenges and problems and in part by foresight of what might be relevant in the future. This is controlled by trend monitoring of the market and competitors where representatives from CCS meet with relevant agents such as various suppliers and indirect competitors. These representatives present what they have learnt to other members of the CCS organization and discussions are held about how it can be narrowed down and adapted to become applicable. Relevant to this type of innovation work is also the fact that pharmacies is CCS’s main customer group and that these are followers rather than early adopters of new products and innovations. CCS’s innovation focus consequently lies on incremental innovation and not radical. Once a new idea has been generated Ekholm has the responsibility of bringing the idea further and explore its business potential. She compares an idea with an egg and emphasizes the importance of managing them carefully. She never rejects an idea without essential knowledge and exploration to make a well-founded decision about whether or not to proceed. Ideas are narrowed down further and developed with regards to economic aspects such as development costs, production costs, sales potential and profitability prospects. This is done in reconciliation with the affected sales department which gives its opinion on the idea and contributes with important inputs and feedback. When a new idea has
been approved responsibility of it is passed on to a production manager who owns the project. The production manager creates a document which describes how the project will be managed in terms of a time plan and product launch window.

Example 1 - Creative Friday
CCS arrange theme days called "Creative Friday" which center attention on creative thinking and idea generation. They are arranged once a month during the first half of the fiscal year. This is regarded a suitable method as development processes are long and complex and need considerably long time. All new ideas that are to be developed during the year are hereby decided on in good time to create conditions for successful development processes. Marketing, production, customer relations, product development and packaging are all important aspects that must be taken into consideration. Participants jointly describe a problem based on existing product portfolio and observed market trends to brainstorm on which ideas might be interesting to further develop.

4.4.2 Main Challenges in the Innovation Process
The main challenges of the innovation process are considered to lie in the implementation stage, and more precisely the launching step. CCS has many different customer and distribution to all of these is key for an efficient product launch. Time and money are constantly prevailing factors that must be considered. Clearly defined time plans constitute difficulties due to many correlated components and the launch window is ultimately not always easy to concentrate on. On the question about how employees respond to change in daily work Ekholm says new ideas are generally well embraced, although some reluctance is occasionally implied.

4.5 AB SKF
4.5.1 How Management Innovation Works at SKF
Appelt agrees that there is a buzz around innovation today and that it is a highly contemporary topic with great importance. He personally thinks the key to a successful innovative culture is that innovation-promoting directives come from top management. He talks about how directives regarding strategic work with innovation at SKF come from the executive committee and that responsible managers at lower levels of the organization report directly to top managers. People at lower levels are busy with daily operations and aspects
such as existing processes, budgets and short-sightedness hamper innovative ideas. Appelt means that it is top management’s job to implement a spirit that supports innovation. Appelt is clear in explaining that the so called Connectivity Room he works with acts to bring forth innovation within SKF, but that responsibility of innovation processes is spread across the organization. The main task of the Connectivity Room is to catalyse and boost innovation in a coaching manner and have an interface to the business and its operations. This makes the Connectivity Room a place where good ideas are captured, tested and prototyped. People from different departments of the organization are connected and exchange important knowledge which creates a flow of ideas. This work is a way of counteracting silos and discover new ways to overcome hurdles. Conveying the why of changes to be undertaken is crucial in order to get people involved and engaged according to Appelt. Business administration is a steady state activity, but innovation is new and constantly changing. The Connectivity Room uses the SAMR model (Developed by: Dr. Ruben Puente) to detect tendencies of transformation in form of redefinition and modification and tendencies of enhancement in form of augmentation and substitution.

Appelt explains how opening up for a more innovative culture can take time and focus away from daily operations, and thereby risk negative effects on performance measures. Innovation jams and other more controlled activities are means of letting people be innovative parallel to everyday their tasks and creates direct management support through recognition from all stakeholders. He explains that the Connectivity Room promotes culture supporting innovation and drives foresight, insight and ideation within SKF. The organization has an ongoing project regarding how SKF can evolve work with idea management. There is a defined model where a strategic direction is set, program portfolios are defined and innovation through technical development is done. Different groups and departments have different ways of managing and documenting ideas, and ideas are hence greatly dependent on timing. An idea that is not viable today may become feasible in the future with new technology and advanced implementation opportunities. It is ultimately important to manage all ideas with care and have a system for who has access to these ideas.

**Example 1 – Innovation Jams**

Innovation jams with the purpose of capturing good ideas have been arranged a number of times and a few more are planned to take place during this fall. The concept is built on different technical platforms of varying character. Some innovation jams are open to everyone
within the organization and others are restricted to specific groups of employees, e.g. application engineers. They are usually global initiatives which involve people from all across the organization. All ideas are brought up to voting where the winner gets to present the idea to a “Dragons’ Den” consisting of top managers taking on the role as sponsors and assign resources. This concept of idea presentation motivates people in their innovation work and adds fun to it.

**Example 2 – Innovation Day**

Innovation Day is an annual event which started off as an event for a small team in Germany but later received attention and recognition from higher up in the organization and has grown bigger. Last year representatives from 50 different teams across the world participated. The inspiration days are based on different business areas presenting themselves and share their successes and challenges to further connectivity.

**Example 3 - iStories**

The concept of iStories is an initiative where recognized heroes within the organization are asked to tell others about their successful work. Background to how it started, success factors and challenges met during the project are presented. This creates feasible examples which others can relate to and motivates them to be the next hero on iStories. The method emphasizes the importance of storytelling as a mean of motivating others to be innovative and creative.

**4.5.2 Main Challenges in the Innovation Process**

Appelt says innovation is very complex and that there are different types of innovations which are ultimately faced with different types of challenges. A firm can be innovative either by in-house innovative work or by acquiring others’ already developed innovations. In innovation acquisitions it is crucial to know the critical success factors and have the right competencies to handle the innovation. A main challenge to innovation is also how to make new ideas valuable and convince people why a certain change should be made by selling it and convey a message which makes people see beyond risks and costs. Appelt exemplifies this by talking about how you cannot sell a product to a customer if you do not understand what the customer needs and what the customer actually wants to buy. Assurance of the right competencies must
accordingly always be in place.

4.6 SCA Hygiene Products AB

4.6.1 How Management Innovation Works at SCA Hygiene Products

Strand Backman & Elmquist have both put a lot of thought into the described concept of management innovation prior to the interview in an attempt to identify good examples of it within SCA. They move right into describing a recently implemented global re-organization of SCA Hygiene Products as a reaction to them being too slow in their processes and not flexible enough. These issues resulted in low contribution margins and a feeling of not being enough differentiated compared to competitors. A number of changes were made, resulting in a new organizational structure with more mobile and cross-functional units working with innovation. Elmquist tells us about his boss, who is extremely good at navigating constant changes and set a vision that is continuously developed while being implemented. The new organizational structure led to new innovation processes with better tools to support evaluation of ideas and portfolio prioritization, as well as enhanced decision-making effectiveness. The current organization includes innovation teams consisting of one brand manager and one technician who are responsible for certain projects. Projects are integrated in the innovation process throughout and work is performed in closer collaboration to one another. By having the same project leader from start to finish of a project some of the inertia associated with handing over a project to someone else is avoided.

All innovation projects within SCA Hygiene Products follow the established process called Innovation Funnel. The Category Vice President and members of the Category Executive Team are present at all Stage Gates of the innovation process and decide which projects should be proceeded with in the evaluation process. Strand Backman & Elmquist discuss the importance of good communication between those who develop a product and those who later will be the ones selling it. If no one wants to sell a product there is no point in developing it. Reciprocity, anchoring and conviction of the project’s business potential must accordingly be assured by a close linkage over the whole process. SCA has a strategy to grow as the market grows and adapt to new conditions while increasing profitability. Emphasis is hence put on creating an internal understanding of what projects are in line with the strategy of SCA and will help the organization in achieving goals. Focus must always be put on business potential and prioritizations are done with regards to required resource intensity and potential sales.
volume. Some projects are realized because they are required by customer preferences and SCA must then prioritize based on that. In a global organization with many different brands a good balance between centralization and localization is strived for. Finding common denominators in customer preferences on different markets enables more standardized promotion of brands and make innovation and product development processes less resource intensive. SCA has an established system for documentation and management of ideas on a platform called ICON, which aims to solve challenges on submitted ideas. Ideas are documented both for copyright and legal reasons and for others to be able to take part of generated ideas. Anyone can submit ideas and receive feedback on them. Idea generation generally follows a certain topical theme and ideas connected to this specific theme is them asked for. Strand Backman & Elmquist both find this to be a good way of attracting employees who are interested in taking part in the innovation processes of new products. There is also a well-established Intranet at SCA where news and information is presented about events and gathering SCA is involved in. This concretizes what goes on within the organization and creates motivation and engagement among employees by making them feel part of a community. Strand Backman & Elmquist say that SCA’s code of conduct is well anchored in the organization and that it is basic but recognizable and easy to relate to. They both experience a closeness to top management and feel like the corporate culture is very open and including.

Example 1 - Project Days
Project Days are arranged on a regular basis on a regional and global business department level. For example, product development engineers present projects they are involved in and discuss challenges met and solutions found in these projects. This aims to create an overall understanding of product development and give participants input on problems and solutions by exchanging experiences and be inspired by each other.

Example 2 - Workshops
Workshops have been held at SCA for as long as both Strand Backman & Elmquist can recall. They are of various character and can include customers, salesmen or other users of SCA’s products in terms of for example nurses, restaurants and cleaning staff. Workshops provide good understanding of the market and generate ideas for development of existing as well as new products. Generated ideas can then be sifted based on relevance and proceeded with by
one of the innovation teams.

### 4.6.2 Main Challenges in the Innovation Process

Strand Backman & Elmquist agree that the problem within SCA is not so much the generation of good ideas as it is attaining a uniform view of what is most important in order to be able to prioritize generated ideas. It comes down to members of the organization having a joint vision and speaking the same language. Business potential must permeate the innovation process so that all individuals can evaluate their own ideas based on their business value. The implemented reorganization was very extensive in terms of changes in both organizational structure and work duties on all hierarchic levels all at once. Although huge resources were devoted to education, it took time before everyone had acclimatized to their new roles. When some individuals found required changes tough it was crucial that top management could convey the reason why changes had to be undertaken in a convincing manner.

### 4.7 Ericsson AB

#### 4.7.1 How Management Innovation Works at Ericsson

When reflecting over the term management innovation Möller realized that much of his work revolves around it since focus is on driving change. Getting people to understand the importance of change and development, and find new ways to work, is central. He highlights the importance of wanting to try new things and daring to experiment. Möller thinks it is significant for firms to distinguish between the roles of managers and leaders. Managers work with efficiency improvements while the primary mission of leaders is to mediate the firm's vision and get people to act cohesively in accordance with it by being the glue holding a community together. At Ericsson there is no apparent way of determining how management innovation works on a larger scale due to the size of the organization, but on group level there are transnational functions. Ericsson aims to make people engaged in innovation activities and get them to meet continuously. Möller works with arranging activities such as education programmes and workshops for managers and management groups, and support them in innovation aspects of development. Ericsson assigns extensive energy to change and development and managers strive to enhance their operations, why there is a need for someone to catalyse and drive this process. Möller is an internal change agent that supports and navigates people through the process of innovation. He describes the process as being one that requires much perseverance since people are not always pro-change and says employees
need someone to drive, motivate and inspire them into realizations of change and make them see the benefits innovation yields. Möller highlights that the human factor makes his work complex and sees himself as an inspirer and motivator for other members of the organization. His role often constitutes of planting ideas in other people and wait for them to realize their value and necessity. This method facilitates creation of self-drive and requires Möller to set aside his own ego. The human factor is also encompassed in the recruitment process at Ericsson and can be exemplified by how employees must be matched with the organizational culture.

Möller promotes that innovation is never another employee’s job but that each and every one have their own responsibility. He is there to help, guide, coach and support ideas that are brought up and see two important directions when motivating people in innovation processes. Firstly, people at the operational level must be positive and have interest in being creative and innovative. Secondly, the attention, engagement and focus on innovation must come from a strategic level where top managers support and encourage employees. Commitment is contagious and management teams must practice what they preach and set good examples for an innovative culture to really permeate the organization. A clearly defined innovation strategy is key to initiate and drive innovative work. It is easy to invest money in product offerings, but they often have low return on investment. Möller encourages an organizational structure that promotes product innovation and makes employees cooperate cross-border at arranged meetings and workshops. He believes this is necessary if an organization is to go beyond incremental innovation and reach more radical and groundbreaking innovations. On a longer term, Möller hopes this will be enabled by some kind in incubator-system with cross-border cooperation as a norm and make employees realize the positive outcomes partnerships and collaborations can result in.

4.7.2 Main Challenges in the Innovation Process

Challenges in management innovation and change management are described to mainly be the need to keep things simple, clear and easy for people to grasp. Möller describes implementation as the most difficult stage of the innovation process and means that it is easy to come up with an idea but very difficult and complex to implement it. Innovation requires stamina and patience since the lead time from idea generation to implementation and execution is long. Ericsson has an engineering centered tradition which affects the corporate
culture and Möller feels the human factor is not really talked about but sees a reluctance to change. He also describes some problems associated with middle managers who are often keepers of the status quo and less responsive to changes. The human factor and psychological effects such as fear of failure play central roles and give rise to interesting challenges for organizations to tackle. Top management must encourage learning and give clear incentives for middle managers which dissolve the fear of failure and make them see gains from experimenting and taking certain risks. Innovation projects are promoted with no guarantee of what the results will be and are hence extensively dependent on an innovation strategy, and internal change agents who integrate them in the organization.

4.8 Summary of Empirical Material

- The term management innovation is unfamiliar to interview respondents until explained.
- Management innovation is identified as an implicit part of change management and work with innovation processes.
- Internal change agents are described to have essential roles in mediating a creative spirit and innovative environment that generates motivation and engagement.
- Idea generation activities such as workshops and theme days are arranged by all studied organizations. These activities aim to awaken interest in individuals within the organization and create an environment of exploratory nature.
- The implementation stage of the innovation process is frequently described to be the most challenging one. It involves many people and is dependent on making others within the organization understand the value of new ideas and why changes need to be made.
5. Analysis

This chapter provides an analysis of collected empirical material in relation to the theoretical framework presented. It further aims to review similarities and disparities between theory and empiricism.

5.1 How Management Innovation Works in Practice

Empirical findings highlight the importance of innovation in firms today and acknowledge a buzz around the term, describing it as a key element to continuous growth and business development. That is in line with previous research which argues that innovation aims to increase profitability and competitiveness in firms (Mol & Birkinshaw, 2009) and is central to creation and retention of competitive advantages (Volberda et al., 2013; OECD website). Previous research on management innovation points out an increased importance of non-technological innovation and suggests this should receive more and more attention in organizations today. Management innovation is seen as a mean of creating an innovative and creative corporate culture. Findings further provide evidence indicating that management innovation, innovation management and change management are inseparable terms in businesses innovation practices. Examples of management innovation, such as workshops, theme days, and Dragon’s Den presentations, could be identified in all cases studied for this thesis, although none of them have an explicit strategy for management innovation separately. These examples embody how innovative activities and change management are becoming a natural part of daily operations. Empirical findings rather prove that non-technological innovation functions as an enabler and prerequisite of technological innovation, and indicate an existing co-evolvement between them, as suggested by Mol & Birkinshaw (2006) among others. Since innovation related terms are interconnected, management innovation practices can ultimately not be analyzed on their own. This fact results in an analysis which focuses on a more inclusive definition of innovation management and change management rather than assign management innovation strictly. The scope of empirical material is influenced by the diverse results from interviews. Although researchers of this study set out to explore management innovation with regards to all three stages of the development process, the emphasis organizations put on each of these stages is highly varying. Empirical material centers attention primarily on generation and implementation of new ideas and that is consequently also where the emphasis of this analysis lies.
5.1.1 Engagement, Involvement and Motivation

Results presented in the empirical material accentuate the human factor and that successful work with innovation processes comes down to engagement, involvement and motivation. The necessity of engagement and getting the right people involved is brought up as a crucial challenge in the current business climate. Understanding the why of innovation is essential before progressing to how, and creation of engagement and involvement is difficult but decisive for prosperity. The rational perspective on innovation (Birkinshaw et al., 2008 & Sturdy, 2004) puts emphasis on motivational aspects of managing change and directs focus to internal change agents who drive innovation processes and catalyze an innovative climate. The role of internal change agents is to create opportunities for other members of the organization to take part in activities outside of their regular work tasks and stimulate the creation and detection of new internal change agents. By creating the right opportunities innovative competencies and personal talent can be better managed and utilized. Organizations are thereupon faced with the challenge of making employees feel engaged and motivated in their work, and let that attitude permeate all operations. It can further be argued that motivation in businesses today is built around extrinsic motivation (i.e. motivation from external rewards) rather than intrinsic motivation (i.e. involvement with heart and soul), and that managers hence react to employee behaviour by offering rewards or punishment as a mean to achieve performance improvements (Ryan & Deci, 2000). However, studies have proven that this type of incentivising in creative tasks tend to conversely kill creativity (Pink, 2009) and have a negative impact on overall performance (LSE website). Creative tasks associated with innovation can accordingly not be nourished by monetary means but is dependent on a stimulating environment and self-directed drive in employees. With this in mind, firms might need to rethink how they manage their business in order to create an encouraging environment where employees feel motivated, and ultimately prevent a mismatch between what science knows and what business does.

5.1.2 Storytelling

Storytelling is found to be a powerful way of conveying a message in a simple and accessible way that other people can relate to. In the cases of Volvo Cars, Mercedes-Benz, SFK and Ericsson this is described as a mean for internal change agents to communicate the why of change and get people engaged in innovative work. The storytelling approach contributes to insight into the work of others and stimulates creation of self-direction while creating a
supportive climate. Relatedness and recognition of other individuals’ stories and experiences develops personal ties and has an influential effect rather than persuasive (Annette Simmons website). This potentially awakens desire in individuals to be part of similar stories themselves and creates a sense of community (Maier, 2008). Storytelling can ultimately be used as a tool of driving organizational change and is an important part of managing innovation (Torben Rick website). Leaders in organizations today should use stories as a mean of motivating employees and get them to achieve more than they thought possible (Ibid). The storyteller possesses great power to convey his or her message if it is articulated and adapted to appeal to the audience (Guber, 2007). From the perspective of leaders, storytelling is action oriented and can be used as a force for turning dreams into goals and goals into results (Ibid).

5.1.3 Talent Management

When contemplating over empirical findings, researchers feel the term talent management should be regarded in relation to management innovation. Empirical results from Mercedes-Benz and Ericsson highlight the importance of starting the innovation process already at the recruitment stage and make sure employees fit into the organization. They explain how people need to find their place in the organization in order to stimulate their drive for self-fulfilment and feel motivated. Findings accordingly support the idea of people feeling a need to contribute and make a difference in the organizations they are members of. Emphasis is put on the importance of talent utilization and for organizations to see drivers of change as a key aspect to economic growth and business development. The term talent management focuses on identification, recruitment, development, placing and retention of talent and key competencies for business success (Borensztejn, 2010). Organizations possess great talent, but must manage it to the best of their ability in order to experience the best results from it. This is connected to the role of internal change agents who aim to create a stimulating and creative environment and corporate culture. The idea of talent management can be seen as a trend and prevailing change pattern in organizations today (Eriksson-Zetterquist, 2009). It affects all organizations to some extent and must be dealt with at some point (Ahrne & Papakostas, 2002). The labour market and competition for skilled labour becomes increasingly tougher and this is one explanation to why organizations are incentivized to implement the idea of talent management (Schuler et al., 2011). Talent management is further argued to be a mean of gaining legitimacy and live up to the
expectations of stakeholders. Results of this study indicate different views of who should be the internal change agents driving innovation processes. While some organizations appear to strive for engaging all members, others focus rather on finding the right people and see this as a more efficient way. Who should be innovators and internal change agents is ultimately a troublesome question with diverse answers.

### 5.1.4 Intrapreneurship

Internal change agents function as catalyst of innovation processes and are change makers who manage talent and create an environment that inspires development. They are entrepreneurs creating change internally and can hence be described as intrapreneurs (The Guardian website). Intrapreneurs embody the change they want to see in an organization and make it spread through a chain of change (Bulloch, 2013). Change agents need comprehensive knowledge of human behaviour and must convey why the proposed change is important and how it can be attained (Boundless website). Recent research has also shown that individuals today seek opportunities to work with self-actualization rather than desire stability (Manoj Sharma website). Intrapreneurs have been described as key to efficient implementation of innovations (Pinchot, 1978). Not attracting and retaining intrapreneurs as internal change agents is a potential threat to the competitive edge of an organization (Corporate Entrepreneurs LLC website). Empirical results characterize internal change agents as intrapreneurs since they drive change by initiating activities that foster a creative environment for other members of the organization to be part of.

### 5.1.5 Idea Generation

Most of the examples of innovation based activities and events are mutual between the organizations studied in this thesis. Workshops and theme days are arranged by all participants, albeit naturally with various approaches and focus. The common goal of these activities is to bring people together, and yield advantages from them exchanging experiences and competencies. These get-togethers are regarded an efficient way of connecting people and gather required knowledge in an easy-going, fun and stimulating way. By using the pattern-matching method researchers of this study can note that theme days and workshops of various character are some kind of best practice in innovative organizations. These types of activities are regarded to be a natural part of operations and are not initially reflected over as being management innovation. This fact indicates the diversity of innovation and multidimensional
aspects related. What is classified as innovation is highly dependent on the eyes of the beholder. Innovation tends to be thought of as radical only and many people do not see the more encompassing definition including incremental innovation. Moreover, innovation managers and leaders struggle to make people see the difference between innovation and invention, as these two terms are often incorrectly compounded. Although not always regarded as innovation by members of an organization, incremental innovation is in fact generally assigned far more resources and attention than radical innovation. Incremental innovation involves small and rather natural changes that are often implemented in response to market development and new external conditions. These changes are accordingly a natural part of operations in an innovative firm and required for them to stay competitive.

5.2 Main Challenges in the Innovation Process

5.2.1 The Human Factor

Empirical material concludes that there are many different kinds of innovation, and that these ultimately face different kinds of challenges. Common for these challenges is, however, that they are often found to be aspects related to motivation among members of the organization. The discussed importance of engagement is supported in theory by for example Daniel Pinks (TED Talks; The Puzzle of Motivation) who talks about the significance of autonomy, mastery and purpose when stimulating creativity and motivation within an organization. In the light of management innovation, researchers of this study argue that autonomy is the most important factor as it involves letting employees follow their own urge and use their time to do what they think matters in a more or less self-directed manner. Empirical findings imply that the process of creating and maintaining a creative environment can be traced back to internal change agents and leaders who catalyze the process, and that innovation is hence heavily dependent on these leaders. This is highly related to the human problem of managing attention and reluctance to change described in previous research on management innovation (Van de Ven, 1986 & Damanpour, 2014). On the contrary from previous research, which suggests an extensive need for external support in the area of management innovation (Birkinshaw et al., 2008) empirical material of this study does not indicate the same. Empirical data rather shows that internal change agents have key roles in catalyzing innovation processes within organizations. What is brought up though is a long-term goal of cross-border cooperation which extends the ecosystem in which organizations operate. That leads researchers into intra and inter organizational communication and opens up for a
broader spectra of competence and knowledge utilization, which can further be linked to entrepreneurship and intrapreneurship.

Previously mentioned crucial aspects to successful innovation can be connected to the fact that people tend to be reluctant to change, as indicated by the empirical material of this study and previous research (e.g. Damanpour, 2014). Uncertainty resistance decreases engagement and ultimately means that changes are still implemented, but that this stage of the innovation process takes longer time than it potentially could have done without reluctance. Time is money and firms hence have a very strong incentive to optimize every stage of the innovation development process. Based on this it can be concluded that the implementation stage often includes many complex challenges. In a profit maximizing organization the essence of strategic and operational work is always to increase revenue and decrease expenses. All decisions made constitute a balance between risk and reward that must be estimated and evaluated by managers. Mediating the why of innovation and change management is called to be the most important way of overcoming change reluctance and attain successful innovation processes over all three stages. The inertia towards change that is brought up in empirical material and previous research (Ahrne & Papakostas, 2002 & Damanpour, 2014) has also influenced the adoption of talent management ideas. Empirical findings do not explicitly describe difficulties perceived by the fact that directives from managers are subject to modification when they are applied across organizational hierarchy (Mamman, 2009). Given other evidence found regarding the impact of the human factor, and previously described challenges, researcher of this study do however find it valid to assume that modification of directives is something many organizations do experience.

5.2.2 Idea Management

Empirical findings describe a struggle of managing generated ideas in an efficient and responsible manner, which is also suggested by Van de Ven (1986). Some ideas may for example not be possible to proceed with today but could potentially be of interest in the future. This raises questions regarding how ideas should be documented and processed, as well as who should be responsible for them. Empirical findings indicate that some organizations have clear routines for idea management while others are currently analyzing and developing a system for idea management. What can be concluded about idea documentation systems is that the managing of them is highly varying between organizations
and that they have developed their own best practice. The management of generated ideas in turn affects the creative ability within organizations since responsible idea management proves to members of an organization that their ideas matter. Empirical findings of this study exhibit the same aspects as described by Van de Ven (1986) regarding idea management. Activities are arranged with the purpose of making people interested in new ideas and this is how ideas are nurtured to gain influence and be allocated resources. The theory of people nurturing ideas from development to modification is exemplified in empirical findings where for example SCA Hygiene Products has a well-established managing system for screening of ideas. The empirical material exhibits the same phenomena as previous research (Van de Ven, 1986) since arranged activities evolve around the idea of making people interested in innovation activities, and that is how ideas are nurtured to gain influence and be assigned resources. This is also where organizational structures are created and modified. Mercedes, SP and Volvo Cars avoid the prevailing risk of disconnection between individuals within an organization by putting great effort into creating more extensive networks that further idea generation. Theory and empirical findings conclude that physiological limitations of human beings is a main challenge. The problem firms face is not as much a lack of creative people as it is finding a system that handles ideas efficiently and captures people's attention.

5.2.3 Organizational Structure

Looking beyond the challenges managers and leaders face in motivating and engaging members of an organization, it can be explored how organizational structure affects business context. As empirical findings indicate, the structure of an organization influences flexibility, rapidity, communication and corporate culture. This is most prominently described in the interview with SCA Hygiene Products, which recently undertook an extensive restructuring of the organization. Organizational structure determines how innovation processes are managed and impacts innovation progress and business development. That is in line with previous research (Van de Ven, 1986) which discusses inertia, conformity and incompatibility in relation to physiological limitations of managing attention and that innovative activities are dependent on leadership. For firms that experience struggles in profitability it may hence be interesting to consider revising the structure of the organization. Restructuring can be implemented on corporate, divisional or business area levels, but regardless face the same challenges of successful implementation. They require persuasive and inspirational leaders who can convince members of the organization why current changes should be implemented.
Empirical findings in this study further reveal middle managers to be a challenge in change management and innovation. It is described how they are often subject to status quo, and since innovation is driven by constant change and development they form a central issue. This is supported by theory indicating that some people see middle managers as a physical embodiment of bureaucracy (Business Insider website) and describes how middle management is perceived as a major part of featured problems in change situations. It has been proposed that middle managers often do not fully recognize challenges to change and are hence not adequately prepared (Newton, 2011). It is important to consider the different layers of a hierarchic pyramids and how each of them define, are impacted by, respond to and adopt changes (Ibid). Middle managers are required to regard change from multiple perspectives and tension is created as they need to balance personal concerns, team issues and corporate requirements which often pull in different directions (Ibid).
6. Conclusion

The final chapter presents conclusions derived from conducted research based on analysis of empirical findings in relation to the initial research question and the purpose of this study. This forms a descriptive conclusion to summarize the thesis and further discusses both theoretical and managerial contributions. Finally, suggestions for future research directions within the area of this study are provided.

This study has contributed to enhanced understanding of the term management innovation with regards to how it works in practice within studied Swedish organizations. It discusses existing theoretical framework and compares it to empirical findings from conducted case studies in order to identify similarities and disparities between the two. The limitations of this study affect findings’ applicability on a different context than innovative organizations based in Sweden. Although no general conclusions from findings can be made the methodology of the study is, however, highly transferable to diverse contexts. The study provides empirical examples of how technological and non-technological innovation co-evolve and are interdependent. Elements of management innovation have been identified in all studied cases, although not as an explicit part of organizations’ work with innovation. Findings prove researchers’ previous presumptions that no clear distinctions can be made between terms such as management innovation, innovation management and change management as they are all closely related and inseparable in practice, in other words they are mutually exclusive. Rather than assigning main focus to the theoretical definitions of management innovation focus consequently lies on how organizations promote and drive innovation activities and processes.

Research explores how internal change agents drive innovation processes and found that interviewed innovation managers and leaders are important internal change agents who act as catalysts of innovation and create the right opportunities and settings for innovative work to be performed. Challenges in innovation processes are highlighted and explained in their context and analyzed in relation to each other. The human factor is central in this work and talent management is essential to utilize competencies within an organization. Employees are more productive and efficient if they feel motivated and engaged in their work. Managers promote creative thinking and provide incentives for members of the organization to be involved in innovation, and if reluctance to change is diminished innovative work can become more pervading. This study exemplifies various types of activities used to promote innovative
thinking in organizations and what management practices, processes and techniques are regarded to best enable this.

6.1 Empirical Contributions
The study has brought up many important aspects that organizations must consider in their work with innovation processes. The management innovation focus of this thesis results in non-technological challenges extensively related to the human factor. Findings prove theories from previous research right, but more importantly directs attention to success factors in innovative work that are not apparent in earlier research on management innovation. The study presents a comprehensive view on management innovation by including a broad definition of the concept, and proves that the term cannot be distinctly separated from other types of innovation and change management. The asymmetry between theory and practice is demonstrated by the highly complex internal environment in which organizations operate. Findings contribute to enhanced understanding of the concept management innovation and how it work in practice. Researchers wanted to provide insight into how management innovation is an integrated part of innovation processes driven by internal change agents and compare existing theoretical framework to empirical findings.

6.2 Theoretical Contributions
The study highlights many interesting areas that could be further explored in the highly contemporary context of innovation. It has induced a discussion about management innovation within the organizations participating in the empirical material collection and researchers feel positive it will do the same in organizations where members take part of these findings.

6.3 Suggestions for Future Research
For future studies within the field of management innovation it would be interesting to interview managers at different organizational levels within one firm to explore how management practices permeate the organization and see what management innovation culminate to in practice. It would also be interesting to further explore the role of middle managers and learn more about how they take part in change management and drive innovation processes.
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**Electronic Sources**


Appendix

Appendix 1 – Definitions of Management Innovation

<table>
<thead>
<tr>
<th>Authors</th>
<th>Definition</th>
</tr>
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<tbody>
<tr>
<td>Mol &amp; Birkinshaw (2009, p.1269)</td>
<td>“The introduction of management practices that are new to the firm and intended to enhance firm performance”</td>
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<tr>
<td>Birkinshaw et al. (2008: p.829)</td>
<td>“The generation and implementation of a management practice, process, structure, or technique that is new to the state of art and is intended to further organizational goals”</td>
</tr>
<tr>
<td>Hamel (2006, p.4)</td>
<td>“A marked departure from traditional management principles, processes and practices or a departure from customary organizational forms that significantly alters the way work of management is performed”</td>
</tr>
<tr>
<td>Kimberly (1981, p.86)</td>
<td>“… any program, product or technique which represents a significant departure from the state of art of management at the time it first appears and which affects the nature, location, quality, or quantity of information that is available in the decision-making process”</td>
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Appendix 2 - Interview Questions

1. What is your first impression when faced with the described concept of management innovation?
2. How does management innovation take form within your organization?
3. What are the most important aspects you consider in your work with innovation?
4. What are the main challenges you are faced with in the innovation process?
Appendix 3 - Pattern-Matching Model

![Pattern-Matching Model](image)

Figure developed by Research Methods Knowledge Base.

Appendix 4 - Interview Participants

**Erja Olsson** - Innovation Study Leader, Volvo Cars, Body & Trim
Volvo Cars is a premium range car producer headquartered in Gothenburg, Sweden. The interview was held April 24th, 2015.

**John Rune Nielsen** - Vice President and Chief Business Development Officer, SP Technical Research Institute of Sweden
SP Technical Research Institute of Sweden is a polytechnological institute headquartered in Gothenburg, Sweden. The interview was held April 30th, 2015.

**Mikael Olsson** - Managing Director, Mercedes Benz Sweden/Denmark and former HR Manager, Mercedes Benz Finance
Mercedes-Benz is a German premium brand of cars, buses and trucks, vans and minibuses manufactured within Daimler Group AG, headquartered in Stuttgart, Germany. The interview was held May 5th, 2015.
Angelica Ekholm - Marketing Director, CCS Healthcare AB
CCS Healthcare is a Nordic manufacturer of skin care products, pharmaceuticals and hygiene products headquartered in Borlänge, Sweden. The interview was held May 6th, 2015.

Christian Appelt - Innovation Manager, SKF Group
SKF Group is a global engineering and manufacturing firm headquartered in Gothenburg, Sweden, which produces bearing, seals, lubrication systems and mechatronics. The interview was held May 15th, 2015.

Lina Strand Backman & Anders Elmquist – Innovation Process Manager & Vice President Finance and Business Development, Global Hygiene Category, SCA Hygiene Products AB
SCA Hygiene Products is a global hygiene and forest products company headquartered in Gothenburg, Sweden. The interview was held May 19th, 2015.

Karl-Magnus Möller - Karl-Magnus Möller innovation driver for the Ericsson office in Gothenburg and for the Microwave Networks R&D organization.
Ericsson is a Swedish multinational provider of communications technology and services with global headquarters in Stockholm, Sweden. The interview was held May 21st, 2015.