
The practical understanding of innovation culture – A qualitative investigation

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Abstract: Driving innovation and creating new products or services is essential for every company's competitiveness. Innovation is a key driver of economic development (Cefis & Marsili, 2006; Tellis, Prabhu, & Chandy, 2009; Vahs & Trautwein, 2000). The current literature incorporated the field of innovation culture for a long time and debates numerous theoretical definitions and approaches. Herein practitioners are often represented through best practices. This investigation takes into deeper consideration the practical side of innovation culture which is finally contrasted against a theoretical framework. The objective of the paper is to minimize the lack of a common understanding likewise the gap between theory and practice that poses a fundamental challenge in innovation culture research. Through two qualitative studies, a practical understanding is assessed. Thereupon, the results are opposed to a theoretical measurement framework on innovation culture in order to enrich the theoretical understanding of this complex research field. The result are 11 indicators of innovation culture, of which five describing a common understanding of theory and practice.

Keywords: Innovation culture; Organizational culture; Corporate culture.

1 Theoretical and Empirical Background and Relevance

A corporate culture geared towards innovation plays a key role and can become a sustainable competitive factor if designed appropriately (Nerdinger, 2007). The contribution of so-called innovation cultures to the company's long-term success is unambiguous upon the discussion in theory and practice (Ahmed, 1998; Dobni, 2008; Gaida, 2011). However, neither an innovation strategy nor provided financial resources ensure innovative products or services as outcome. Therefore, many approaches and definitions can be found, trying to "capture" innovation culture or to implement gained

insights into practice. One reason for the numerous approaches is, besides others, the wide scope of scientific disciplines which are participating in cultural research focused on organizational culture. Furthermore, the fact of dealing with a specification of the construct culture increases the complexity of research. Hence, innovation culture cannot be described by one dimension but rather has to be captured over several factors. The outcome is a bunch of divers definitions and approaches aiming at innovation-oriented or innovation-promoting organizational cultures, corporate cultures, or innovation cultures (Jaworski & Zurlino, 2007; Wiedmann, Lippold, & Buxel, 2008). The different understandings of innovation culture are problematic because misunderstandings could arise or, even worse, managerial decisions are based on wrong assumptions. Additionally, innovation potential of companies cannot be displayed or is simply dropped because of unawareness. A common understanding will serve a shared initial point for theory and practice in order to move in the same direction.

Assessing the latest literature, innovation culture is marked repeatedly as hotbed for innovative competencies of companies. Innovation culture constitutes, as one facet out of many, to corporate culture, describing characteristics such as involving employees and organizational units in the innovation process (Wiedmann et al., 2008). Recently, authors try to differentiate dimensions of innovation culture, in order to find an appropriate definition and demarcation. Frequently, these approaches are of academic nature.

On a practical point of view, often-mentioned best practices are the companies Google and 3M (Ahmed, 1998; Brophy & Brown, 2009; Büschgens, Bausch, & Balkin, 2013; Dodge, Dwyer, Witzeman, Neylon, & Taylor, 2017; Leavy, 2005; McLean, 2016). Due to their steady launch of innovative products and services, their processes and practices are examined carefully with the aim of finding regularities. However, those cases are showing possible manifestations of innovation culture, rather than giving a generally valid understanding how to implement supporting methods or capitalize innovation.

Taking the theoretical and practical side of innovation culture into consideration, the question needs to be raised, what do these two parties exactly understand by the term innovation culture? Where can we find differences, where similarities? The lack of a consistent understanding poses a fundamental challenge in theory as well as the deficit in considering the practical perspective in innovation culture. For both, researchers and practitioners, closing the aforementioned gaps is essential, to which this study wants to contribute to.

2 Research Objective and Research Questions

The world is moving fast and so assumptions of the underlying research concepts might have changed. The objective of this paper is to investigate innovation culture in practice, unbiased of existing theory. Therefore, we will center in a first step practitioners in the investigation. Due to their important insights into innovation processes and their proximity to daily struggles in driving innovation, they have the relevant knowledge to answer the research questions. Their deep "tacit" knowledge enhances the view on innovation culture. On-site, elements, which are describing the experienced innovation culture the best, are detected by means of qualitative researches.

In another step, the results from these qualitative investigations are compared to dimensions of organizational culture that supports innovation collated by *Hogan/Coote* in order to check the recency of existing literature. *Hogan/Coote* found eight main dimensions of an innovation culture, namely "success", "openness & flexibility", "internal communication", "competence & professionalism", "inter-functional cooperation", "responsibility", "appreciation" and "risk-taking" (Hogan & Coote, 2014: 1612).

The measurement framework depicts theoretical factors and corresponding indicators of innovation culture. Matches of theory and practice about innovation culture characteristics are highlighted and differences discovered.

Therefore, the objective of the paper can be broken down into two research questions:

RQ1: What elements are associated with innovation culture by practitioners in companies?

RQ2: In how far does the practical understanding of innovation culture differ from the theoretical perspective?

Those research questions are covering the two possible views on innovation culture, practice (RQ1) and theory (RQ2).

We aim at minimizing the lack of a common understanding likewise the gap between theory and practice that poses a fundamental challenge in innovation culture research.

3 Research Design

The paper follows an unusual and innovative approach in innovation cultural research. In moving one step back, we try to capture the understanding of innovation culture unbiased from the existing theory. Therefore, we centered practitioners in our research in order to deduce an understanding from the practice. The methodology builds on grounded theory to serve our objective to discover and research as unbiased as possible. Moreover, grounded theory helps to understand human behavior and gives the possibility to visualize phenomena (Glaser & Strauss, 2008). Consequently, the phenomenon innovation culture that is experienced in companies can be visualized in addressing and detecting essential factors. Furthermore, the approach enables us to compare and contrast our results with the existing theoretical understanding of innovation culture characteristics in order to modify or expand the current.

Our approach builds on two sources of data, both qualitative research methods who are falling back on grounded theory.

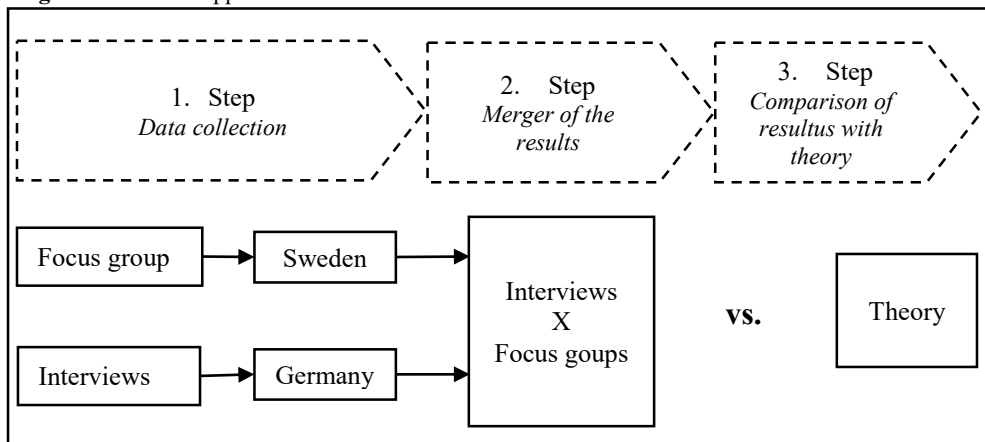
Firstly, we conducted focus groups in Sweden. A workshop with twelve top managers of leading Swedish companies from different industries in an experimental setting was carried out. Two groups, each consisting of six managers, were formed. These groups discussed cultural factors which are relevant for innovation and innovative behavior in regards to their organization. In this setting, one group collected factors fostering, the other, factors hampering innovation and innovative behavior. This two-sided approach enabled us to compare the results of the two groups in furtherance of capture all the experienced cultural influences and factors on innovation. Herewith, the possibility is given to detect factors, which the attendees connect, positive or negative associations with. Other factors may have

the two effects on innovation and innovative behavior in companies, depending on their characteristic.

To minimize the biases which can arise in these kind of group discussions like the “dominance bias” or the “stranger bias”, we decided to collect secondly insights from semi-structured expert interviews, also building on grounded theory. We did not assume specific dimensions of innovation culture in the interviews and therefore we did not predefine those beforehand to respect the requirements of grounded theory. 33 Managers and R&D employees from two big German organizations, one out of the aviation and one of the automotive industry, were selected as experts. On account of their proximity to innovation tasks, processes and departments they dispose a special and relevant knowledge about the research object (Gläser & Laudel, 2008). Regarding the location of investigation, Sweden and Germany, the national culture may have an influence on the results. But due to the size of the companies and their international presence, the organizational culture can be seen as valid across borders.

The two independent research methods were merged and juxtaposed in a last step to receive an independent and unbiased understanding. Following, we contrasted and amalgamated the results of both data collections to gain a synopsis of important aspects of innovation culture. The outcome of the comparison is a bundle of elements related to and describing the understanding of innovation culture in companies.

Figure 1 Research approach



Source: Own Figure.

Finally, in order to respect the theoretical side of innovation culture as well as to contribute to theory we compared the results with the conceptual framework of innovation culture by *Hogan/Coote*. Eight theoretical factors has been derived by their literature review, as presented before.

The approach leads to an overview with intersections and divergences between the theoretical and the practical view point on innovation culture. Further on, the different aspects can be researched in-depth in terms of their proofed relevancy for theory and practice.

4 Results and Discussion

The practical investigation resulted in ten indicators associated with innovation culture. As shown in Table 1, five indicators are extracted from the interviews and nine from the focus groups. Within this elements, five overlaps between the interview results and the focus group results can be identified. The merged indicators map the practical side of this investigation in representing the view on innovation culture of practitioners. A possible explanation for the indicators which are mentioned merely by one of the two investigations – interview or focus groups – “Organizational Leeway”, “(Informal) Knowledge Management”, “Failure Culture”, “Thinking out of the Box”, “Employee Qualification”, “Processes & KPI's (Bureaucracy)” is representing the background of diverse industries. Sectors and industries have specific requirements which the companies have to fulfill. For instance is the aviation market sensible about security aspects whereas a company in the consumer goods business has to attach importance to design and brand reputation. In the focus groups, where the attendees came out of completely different industries, five additional indicators to the interview results were mentioned by the participants. Compared to this, the interviewees came out of two different industries and added one one-sided indicator. This demonstrates the importance of taking different industries in the innovation culture research into consideration. If innovation culture characteristics can vary between industries, measurements and implementations have to be adjusted to the specifics.

Table 1 Overview of Empirical Research Results

<i>(Merged) Indicators</i>	<i>Interview Results</i>	<i>Focus Groups</i>
Customer Orientation	Customer Orientation & Integration	Customer Orientation
Trust and Open Communication	Openness	Trust and Open Communication
Creativity and Resources	Creativity	Dedicated Resources and Freedom to be Creative
Innovation Orientation and Leadership	Orientation towards Innovative Action	Leadership
Organizational Leeway	Organizational Leeway	
(Informal) Knowledge Management		(Informal) Knowledge Management
Failure Culture		Failure Culture
Thinking out of the Box		Thinking Out of the Box
Employee Qualification		Employee Qualification
Processes & KPI's (Bureaucracy)		Processes & KPI's (Bureaucracy)

Source: Own Table.

The “Merged Indicators” were matched with the “Value Dimensions” of a study of *Hogan/Coote* on organizational culture that fosters innovation. This study is based on the *Schein's* multi-layer model of organizational culture. The results are shown in Table 2,

where theoretical value dimensions are contrasted against the merged empirical indicators. In total, five overlaps could be identified: “Success and Responsibility with Innovation Orientation and Leadership”, “Openness & Flexibility with Organizational Leeway and Processes & KPI's (Bureaucracy)”, “Internal Communication with Trust and Open Communication”, “Competence & Professionalism with Employee Qualification” and “Risk-taking with Failure Culture”. A common understanding between theory and practice of these five innovation culture characteristics is therefore given.

Table 2 Contrast of Theoretical and Practical Indicators

Theory <i>Value Dimensions</i> (Hogan & Coote, 2014: 1612)	<i>Overlaps</i>		Pratice <i>Merged Indicators</i>
Success	Success	Innovation Orientation and Leadership	Innovation Orientation and Leadership
Responsibility	Responsibility		
Openness & Flexibility	Openness & Flexibility	Organizational Leeway	Organizational Leeway
		Processes & KPI's (Bureaucracy)	Processes & KPI's (Bureaucracy)
Internal Communication	Internal Communication	Trust and Open Communication	Trust and Open Communication
Competence & Professionalism	Competence & Professionalism	Employee Qualification	Employee Qualification
Risk-Taking	Risk-Taking	Failure Culture	Failure Culture
Inter-Functional Cooperation			Creativity and Resources
Appreciation			(Informal) Knowledge Management
			Customer Orientation
			Thinking Out of the Box

Source: Own Table.

Two theoretical dimensions “Inter-functional Cooperation” and “Appreciation” and the three practical indicators “Creativity and Resources”, “Customer Orientation” and “Thinking Out of the Box” are complementing the results and describe the differences of this two views on innovation culture. It is striking, that the three second indicators have an applied characteristic. Taking Customer Orientation as practical aspect in innovation culture, it reflects the alignment of vision, strategy and operations of companies as well as the market requirement of involving and interacting with customers nowadays. By taking into account the market and customer needs, various new product features and services can be identified. If a company can integrate these ideas in their innovation processes, their innovation culture is clearly enriched.

However, all the indicators, derived from the investigation, are important to innovation culture in order to gain an overview about a shared understanding. Both sides should be aware of the other perspective and should be considered to enrich their understandings on innovation culture with it.

Conclusion

The vivid discussion on innovation culture is reflected by the existence of many approaches, definitions and understandings. In this debate, the voice of the practitioners come off badly. Nevertheless, considering this view is important for academics if the knowledge should be used by companies as well as to capture the applied and experienced innovation culture. The study could enrich the common but more theoretical understanding with this other side of the coin. The practical side was investigated by two qualitative research methods, namely semi-structured interviews and focus groups. This approach enriches the prior used bundle of methods, namely of best practice examples as practical view in innovation culture research. Furthermore, matching the practitioners view with a theoretical framework enables an unbiased assessment of innovation cultural characteristics. The detected indicators are a basis for future research in order to clarify their relevancy on innovation culture e.g. by means of a quantitative approach. To enhance the understanding of innovation culture and to capture all its facets, the research should be widened to more industries as well as to different sized companies and companies situated in different stages of the industry life-cycle. Including more and more viewpoints enables convergence of innovation culture.

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