

INSTITUTIONAL FORCES BEHIND INNOVATION AND LEARNING: A CASE STUDY OF SCA PACKAGING

Purpose

The importance of innovation hardly needs to be argued in these turbulent times. The word “innovation” could be heard and applied almost everywhere in daily life. Innovation is as popular among scholars and practitioners as ever, while not all companies manage to be successful in innovation. And we can assume that innovation is a difficult job for managers in organizations. Managing innovation is inherently complex and risky.

Why do organizations fail in their attempt to innovate? The purpose of this paper is to identify and discuss drivers and obstacles to the success of learning and innovation, by looking at different phases in product innovation processes within the organizational context. While organizational learning and knowledge management theory has had a tendency to focus on cognitive factors, in this paper we intend to focus on organizational and institutional perspectives. Non-cognitive factors such as culture, structure, and strategy also play important roles in driving learning and innovation.

Theory

In our interpretation, the factors that impact learning and innovation include both cognitive factors and non-cognitive factors. Cognitive factors are obviously important, and have been since the field of organizational learning emerged with the work of the Carnegie Mellon tradition. We find it in concepts such as exploration, exploitation, learning loops, “stickiness” of knowledge (von Hippel, 1994; Szulanski, 1996), distinctive competencies (Reed and DeFilippi, 1990), “tacitness” of knowledge (Simonin, 1999) etc. From these perspectives, successful learning and innovation depend on managing knowledge itself.

Those cognitive factors are traditionally considered important, and thus have been recognized and thoroughly discussed in most of the innovation literature, while non-cognitive ones, such as culture, organizational structure, strategy, norms and values, normally receive relatively less attention and haven’t been understood well. Some studies in knowledge and learning have highlighted the role of these non-cognitive factors as prerequisites behind learning and innovation, i.e. Nonaka (1994) includes organizational and institutional factors - intention, autonomy and fluctuation in his framework of knowledge conversion. Fiol and Lyles (1985) have stressed the importance of norms and values of organizations as a context of learning. They also claim that the environment, as well as the strategy to meet environment, strongly affects the ways in which organizations learn.

Non-cognitive factors here are related to how the organization and its environment affect the learning processes and ultimately the innovativeness of the organization. Besides, these factors can also affect cognitive factors, as well as challenge and shape the way cognitive factors impact learning and innovation, since individuals and organizations constantly interact with each other during knowledge transfer and learning processes. Those above-mentioned points, how the non-cognitive factors and organizational forces affect learning and innovation, as well as how the cognitive factors are challenged, are of particular interests in this paper. Non-cognitive factors of

the organizational context are not just prerequisites to cognitive issues but possess parallel explanatory power as cognitive ones.

Therefore, in this paper, we are particularly focused on non-cognitive factors in order to increase understanding of how these non-cognitive factors can drive or inhibit learning and innovation, as well as how they affect cognitive factors. We argue that organization as a context in which learning and innovation happen, plays an important role in cultivating learning and innovation.

Methodology

The method applied in this paper is an exploratory case study in a multinational paper packaging company, SCA Packaging, one of the largest paper packaging producers in the world. We have done a case study including 84 interviews as well as participatory observations among managers and innovators, and archival data. Based on a theoretical framework, empirical findings are matched with theory, with the ambition to expand or develop theory on the factors behind organizational learning, knowledge management and innovation.

Findings

Empirical findings from a qualitative case study will be reported.

1. Non-cognitive factors (institutional factors) are as important as cognitive factors in learning and innovation. They will not only affect learning process and innovation, but also the cognitive factors as well as their way of affecting learning and innovation.
2. In product innovation process, the key determinants to the success of different steps vary, which are identified in case studies, with an implication that different emphasis need to be put in different innovation steps.

It turned out, in SCA, that the main challenges were related to ineffective structures, control mechanisms not fit for innovation and renewal, funding and cumbersome funding procedures, weak external pressure from customers and competitors, and generally an organizational culture not prone on innovation and change. Direct cognitive factors, such as tacitness, variety and means to externalize individual knowledge, were not central in explaining learning. Although knowledge obviously is critical in learning, non-cognitive factors play a critical role in articulating and applying knowledge. Our findings suggest that understanding learning and innovation requires not only understanding the cognitive factors, but also the roles of institutional factors.

Key words

Innovation, Learning, Institutional factors

References

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