



**LUND**  
UNIVERSITY

School of Economics and Management

Department of Business Administration

BUSN68 - Degree Project in Accounting and Management Control

Spring 2016

# Capturing Ideas in Retail Chains

- A Case Study of Telia Company

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# Abstract

Title:	Capturing Ideas in Retail Chains - A Case Study of Telia Company
Seminar date:	May 30 2016
Course:	BUSN68 Degree Project in Accounting and Management Control
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Five key words:	Management Control Systems, Innovation, Retail, Idea Capturing, Suggestion Systems
Purpose:	The purpose of the thesis is to describe and analyze how management control systems can be used in a retail chain to support the transformation of the employees' creativeness at store level into innovation.
Methodology:	A qualitative single case study of a Swedish retail chain was performed. Data was collected by conducting interviews with the management and store personnel.
Theoretical perspectives:	The theoretical perspectives include innovation concepts and supporting management control systems. The central part of the theoretical framework has a practical orientation and regards how management control systems can be used to capturing ideas.
Empirical foundations:	The empirical foundation is based on documents and interviews. The results are divided in two sections, starting with the management's view, followed by the regional manager and store personnel's perception.
Conclusions:	The findings of the study indicate that it is essential that the management clearly identifies and communicates the scope of what kinds of ideas the retail chain wants to capture. A wide scope targeting incremental ideas, underpinned by cultural support seems to result in relevant ideas. In addition, to capture pre-processed ideas, formal support that enables discussions and connects different sources seems to be of particular importance.

# Acknowledgements

We would like to thank Telia Company for the cooperation that made this study possible. We appreciate the time the management and the employees within Region South dedicated to participate in interviews.

We would also like to thank our supervisor Mattias Haraldsson. We are grateful for his advices, support and encouragement during the process of writing this thesis.

Lund, May 24, 2016

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Lotta Fahlander

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# 1 Introduction

## 1.1 Background

The environment of today's companies is highly influenced by globalization, continuous technological developments and fierce competition (Kraus & Lind, 2007). The challenge for companies to cope with an environment characterized by uncertainty has created a need for a larger focus on innovation (Chenhall & Moers, 2015). According to Dobni (2006), innovative firms are better at adjusting to their environments, leading to long-term success. It seems clear that engaging in innovation is a competitive advantage (Dobni, 2006; Tajeddini & Trueman, 2008; Salaman & Storey, 2002), and according to Fredberg, Elmquist and Ollila (2008) the focus today is on how to be innovative and how to manage innovation, rather than on why innovation is important.

Innovation has traditionally been associated with product development (Chenhall & Moers, 2015) and the literature regarding innovation has majorly been developed by analyzing manufacturing industries (van der Aa & Elfring, 2002; Gallouj, & Weinstein, 1997). However, the ability to be innovative is also important for service firms since innovation has contributed to their growth and economic impact (van der Aa & Elfring, 2002). Service firms, including retail firms, are more concerned about organizational innovation (Howells & Tether, 2004). Organizational innovation refers to the implementation of a new organizational method regarding the firm's business practices, workplace or external relations (OECD & Eurostat, 2005).

Management control systems (MCS) have traditionally been seen as a barrier to innovation in organizations. MCS were traditionally used to execute the organization's strategy, where it worked as a thermostat, aiming to minimize deviations from the strategic plan. The usage of this cybernetic approach of MCS is therefore limited when implementing innovation strategies, where freedom, uncertainty and flexibility are central characteristics. With this approach, innovation success relied solely on informal processes like culture and leadership. However, more current research instead finds support for that MCS in fact can promote and

support innovation. In addition to the traditional role, MCS may be flexible enough to meet the unpredictable needs of innovation (Davila, 2005).

## 1.2 Problem Discussion

In order for an organization to be innovative, the organization has to generate new ideas. Thus, the basic and necessary element of innovation is creative ideas. Creativity is when applicable and original ideas are flourishing as a result of a work done by an individual or a small group (Amabile, 1988). Even though many organizations strive for innovativeness, many fail to utilize the creativity of their employees, which restrict their innovative ability (van Dijk & van den Ende, 2002). Regarding retail chains operating in the service sector, the personnel working front line are essential in order for the organizations to be innovative. The personnel that meet customers daily have the opportunity to see the customers' needs and how to better satisfy those needs (Leppänen, 2015).

As mentioned, the perception of MCS has changed, and could be used to support innovation, including creativeness (Davila, 2005). Though, many organizations today still lack a well-defined process for understand, simulate and analyze innovation. Without an innovation process facilitating the organization to evaluate its strengths and weaknesses regarding innovation, the organization relies upon serendipity (Oringer, 2005). Even though a well-defined innovation process is important, there do not exist any universal rules to implement due to the complex nature of innovation (Desouza et al., 2009). Moreover, during the first part of the innovation process, suggestion systems can be used to capture and transfer qualitative ideas into innovation. Suggestion systems can generate relevant ideas in any kind of industry if properly designed. Though, the suggestion system has to be designed according to the characteristics and context of the organization (van Dijk & van den Ende, 2002). Retail chains have the characteristic of being multi-united and tend to operate within the service sector (van der Aa & Elfring, 2002). Due to the labor intensiveness in the service sector, the innovation within service firms is highly depended on human capital (OECD & Eurostat, 2005).

The previous research on the characteristics and effectiveness of capturing ideas by MCS has been fairly modest (Marginson, 2002; van Dijk & van den Ende, 2002; Leach et al., 2006). In addition, research regarding innovation in non-technical organizations has also been lacking (van der Aa & Elfring, 2002; Howells & Tether, 2004; Desouza et al., 2009). However, some research have studied the effectiveness of different types of idea capturing processes and the effect of different design features (Leach et al., 2006), as well as the impact of different organizational conditions in order to clarify how ideas are successfully captured (van Dijk & van den Ende, 2002). Though, the mentioned research is not based on a certain context or innovation type. On the other hand, Desouza et al., (2009) have studied the entire innovation process in regard to organizational innovation. In addition, Howells & Tether (2004) have studied service firm's innovation processes, and the elements that contribute to successful innovation. Our study will further expand to the research concerning organizational innovation and add to the, what we have found, absent research field addressing idea capturing in a retail context.

### **1.3 Purpose**

The purpose of the thesis is to describe and analyze how MCS can be used in a retail chain to support the transformation of the employees' creativeness at store level into innovation.

### **1.4 Research Question**

How can MCS be used in a retail chain in order to capture ideas from store level?

- How should the processes be designed to generate pre-processed and relevant ideas?

### **1.5 Scope and Limitations**

In order to answer the research question, relevant literature in the area has been used as a basis for the conducted qualitative study. In order to answer the research question, how a retail chain can capture ideas from store level, a case study of Telia Company (Telia), see more information about the company under the section "about Telia Company", was conducted. The empirical data was gathered with the

geographical limitation to Region South of Telia. Furthermore, the study is focusing on how the organization can work in order to continuously improve its processes, rather than analyzing specific processes.

## 1.6 About Telia Company

Telia Company is the fifth largest telecommunication operator in Europe today (Telia Company, n.d.a). The Swedish subsidiary started as a public owned monopoly, the Royal Telegraph Service (Telia Company, n.d.c). A legislation in 1993 that deregulated the telecom market in Sweden lead to the corporatization of the organization (Telia Company, n.d.d). The company employs over 20 000 people, and is today listed at Nasdaq Stockholm and Nasdaq Helsinki (Telia Company, n.d.e) with the Swedish state still being the largest owner with 37,3% of the shares and votes. Other large owners are the Finnish state and Nordic funds and investments companies (Avanza, n.d.). Telia Company primarily operates in the Nordic and Baltic countries, but is also present in Russia, Turkey, Spain and Eurasia (Telia, n.d.b).

Telia Company is facing the challenge of balancing innovation and standardization in the governance of its stores. Today, the stores implement their ideas without anchor the ideas with top management, which have resulted in varied work processes within the chain. However, the company considers it to be important to capitalize the ideas of the employees that daily meet the customers. The first step of the challenge of balancing innovation and standardization, which also is the scope of the study, is to make sure that the creativeness and ideas generated in different stores are captured in a proper and well-defined manner. A proper process for capturing ideas will lay a foundation for the organization to disseminating ideas throughout the organization, making the stores work more similar.

## 1.7 Further Disposition

- Chapter 2                      Presents the methodology of the thesis by describing the research design and collection of data. The chapter ends with a discussion regarding the quality of the study
- Chapter 3                      Presents the theoretical framework of the thesis. The chapter starts with innovation concepts that are particular importance for the studied area. Thereafter is the use of MCS to support innovation presented, followed by an extensive part regarding MCS that are used to capture ideas during the pre-stage to the innovation process.
- Chapter 4                      Presents the empirical results of the study. The chapter begins with an introduction to the case, where the organizational structure of the case company is presented, followed by a description of the current situation. Thereafter follows a presentation of the findings from Region South, structured by the CreativityTransformation Model.
- Chapter 5                      Presents the analysis of the study. The chapter begins with a discussion regarding the contextual factors of the case company. Thereafter is the case company's use of MCS to support idea capturing analyzed, followed by a general discussion of how cultural and structural support can facilitate idea capturing in retail chains.
- Chapter 6                      Presents suggested areas for further research.

## 2 Methodology

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*This chapter describes the methodology of the thesis, starting with a description of the research design and a motivation of the case company in regard to the purpose of the study. Thereafter is the procedure of collecting data in form of interviews, telephone conferences and documents from the case company presented, followed by a description of the creation of the theoretical framework. The following section describes how the collected data was presented and analyzed, and the chapter ends with a discussion regarding the quality of the study.*

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### 2.1 Research Design

The research question was addressed by conducting a qualitative case study. A case study strategy was appropriate, since the research question is a “how” question (Yin, 2003). This strategy also enabled an in depth understanding of the case (Bryman and Bell, 2011; Stake, 1995), as it allowed us to learn about the complexities and activities within the given context (Stake, 1995). The aim with a case study is analytic generalization, hence to expand and generalize theories (Yin, 2003). Based on the conducted study, the used theoretical framework was analyzed and refined. A qualitative approach was considered to be most suitable for the study, since it enabled us to highlight the social interaction between a small amount of people rather than generating generalizable results (Bryman & Bell, 2011).

When conducting a case study, the researchers must decide whether to study a single case or multiple cases (Yin, 2003). We wanted to study the capturing of relevant and pre-processed ideas in depth. Therefore, we preferred to capture the front line personnel’s perspective from personnel working in the same retail chain. Thus, the single-case design was considered as the most appropriate design for our study.

### 2.1.1 Choice of Case Company and Area of Study

The studied case company is Telia Company, further referred to as Telia, operating in the telecommunication industry (see more information about the company under section 1.6). We got in contact with Telia through the manager of the Operations Development (OD) team. The OD team supports and governs the operations of all stores in Sweden (see more information about the OD team under section 4.1). The manager can therefore be considered to be a part of the *elite*, since she both has knowledge about and power over the operations in the stores. The elite is usually hard to access and is often under time pressure (Litting, 2009). However, we got access to the manager since she is a personal contact to one of us.

During discussions it appeared that innovation was an area that was of interest for both parties. It is an area that has been highlighted during our master programme, and Telia has explicitly been working with innovation and improvements in its retail unit for around two years. Instead of just letting innovations and improvements happen, the management emphasizes the importance of continuously looking for opportunities throughout the retail unit. Previous research regarding innovation has mainly concerned technological industries (van der Aa & Elfring, 2002; Howells & Tether, 2004; Desouza et al., 2009). Therefore, the study of Telia's retail unit allowed us to explore a research field that has not been emphasized by previous researchers.

It turned out that Telia's retail unit still lacks a proper and standardized way of capturing and handling ideas. Hence, based on our research question it was relevant to study Telia's retail unit, since it enabled a study where the current work of capturing ideas at store level could be analyzed and evaluated, as well as possible improvements could be enlighten. Telia's retail unit engages in service, and for organizations that engage in service is organizational innovation often the most relevant innovation type (Howells & Tether, 2004). This enabled a study that focused on a innovation type that has not received as much attention as product innovation in research (Chenhall and Moers, 2015). Furthermore, the fact that Telia was interested in a study at store level made it possible to capture the frontline personnel's perspective. Front line personnel are often considered to be of special importance for innovation in service organizations due to their contact with the customers (Leppänen, 2015).

## 2.2 Data Selection and Collection

The data has been collected from primary sources in form of interviews and telephone conferences with the case company. More specifically, interviews were held with sales persons, store managers and a regional manager. The telephone conferences were conducted with the OD team. Secondary data has been collected to create the theoretical framework that aims to create an awareness of innovation processes in the studied context. In addition, some documents were gathered from the case company in order to gain knowledge about the organizational structure and the operations.

### 2.2.1 Interviews with the OD Team

During the study, telephone conferences with the OD team were conducted at several occasions. The first conferences formed an understanding of Telia's current situation and created an awareness of what was important to focus on during the interviews in the stores. In order to gain additional understanding about the organization, two employees from the OD team was interviewed separately. Their knowledge can be categorized as *process knowledge* since they have in depth knowledge about the organization's routines, constellations and events (Bogner & Menz, 2009). The Operations Developer working with the customer dialogue and concepts has former experience of both working as a sales person and a store manager, and the other Operations Developer works with dissemination of information and human resource development.

The conferences and interviews that were held early in the process aimed to function as an exploratory tool and can therefore be categorized as *expert interviews*. The conferences and interviewees clarified the processes and standards, and laid the foundation for the continuous research (Bogner & Menz, 2009). Later on, conferences were conducted to report the result from the study and to discuss practical implications for Telia. All conferences and interviews were held over phone since the members are all working at different locations, and none of them in Skåne. The conferences and interviews had the character of unstructured interviews, since some bullet points had been set up on beforehand, but the structure was more of a conversation (Bryman & Bell, 2011).

## 2.2.2 Interviews in Stores

### Selection of Stores

The five selected stores are all located in Telia's Region South, which consists of stores in Skåne and Småland. The region was selected in cooperation with Telia due to its geographical position, as we wanted to conduct the interviews in person. In addition, it was also of interest for Telia to conduct the study in Region South since the region does not get as much attention as Stockholm, where the headquarter is located. Before the interviews in the stores were conducted, an interview was held with the regional manager. The reason for this was that the OD team identified him as a key person, as he has the role of a gatekeeper between the stores and the OD team. The interview was of semi-structured character, as the interview was mainly based on a interview template, which can be found in Appendix B. However, the regional manager had a lot of freedom to form his answers, and sometimes the questions were asked in a different order as well as some supplementary questions were added (Bryman & Bell, 2011).

The selected stores are located in larger towns in Skåne. They are all quite similar in size in regard to the number of employees and customers. The reason for selecting five stores was to receive input from several sources rather than distinguish differences between stores with different preconditions. In all stores, the store manager was interviewed. In four stores a sales person was interviewed, and in three stores we also had the opportunity to interview the vice store manager. As we did not have the opportunity to interview the same number of sales persons as store managers, we considered the possibility to interview one more sales person. However, when compiling the answers from the sales persons, we felt that interviewing one more sales persons would not have resulted in any additional insights. Although some variations were identified in the answers, the interviews had resulted in a holistic overview. A summary of the respondents can be found in table 2.1.

### Design of the Interview Templates

The interview templates for store managers and sale persons had a similar design, and most questions were identical. However, a few questions were added to the template for the store managers as these questions were either considered to be hard for a sales

person to answer or only possible to ask the store managers. The interview templates were inspired by the article “The Effectiveness Of Idea Capture Schemes“ by Leach et al. (2006). Hence, they do not follow the same structure as the theoretical framework that is based on the framework by Van Dijk & van den Ende (2002). Their framework is more comprehensive and complex, which is why Leach et al.’s (2006) more practical framework was found as more suitable to base the templates on. Leach et al. (2006) discuss five areas of idea capture schemes; planning, publicity, managerial support, feedback and rewards. The five areas are hands-on aspects of idea capture schemes, which made it possible to form questions that were clear and easy to answer for the interviewees. The interview templates can be found in Appendix C and Appendix D.

### **Conducting Interviews**

Like the interview with the regional manager, the interviews with the sales persons, the vice store managers and the store managers were semi-structured. However, these interviews were held in person at the different stores. For the interviews with the vice store managers, the same template as for the store managers was used since their roles and responsibilities are similar. Some notes were taken during the interviews, but the interviews were recorded in order to maintain the focus on the conversations. Yin (2011) discusses some potential complications of recording, for example permission, the risk for the audio file being spread and the large amount of time needed to process the recordings. However, permission was given from all respondents to record the interviews. The audio files do not contain any confidential information and are stored at our personal computers. Regarding the time required to process the recordings, the number of interviews was reasonable to process. In addition, the focus could be kept on the conversation and the risks for missing or misinterpret information were minimized.

### **2.2.3 Secondary Data**

#### **Documents Supplied by the Case Company**

In order to gain knowledge about the case company in the most efficient manner, documents covering the organizational structure and operations were gathered. In that

way, knowledge about the basic preconditions of the case could be gained without wasting the OD team's time. Instead, only remaining questions could be asked during the telephone conferences, and most of the time could therefore be spent on the critical parts of the case. The image visualizing the OD team's organizational structure (picture 4.1) is based on those documents as well as the documents formed the basis for the explanation of the retail unit in section 4.1.

## **Building a Theoretical Framework**

When we started to search for relevant literature to the theoretical framework presented in chapter 3, literature concerning innovation was targeted. The relevant literature regarding innovation formed the beginning of the framework and contributes with a wide understanding for the studied field. Basic innovation concepts are presented and contextual factors regarding organizational structure and innovation in retail are described. In addition, Davila's (2005) article "The promise of management control systems for innovation and strategic change" is used to describe different kinds of innovation processes, and what role MCS play for these different processes.

When creating the first part of the theoretical framework, we encountered the term creativeness, which was identified as the pre-stage of innovation where ideas are extracted and captured. Since this pre-stage of innovation is the focus in our study, literature regarding this area formed the core of the theoretical framework. This research area is rather narrow, but we found a model of the idea capturing process, the CreativityTransformation model by Van Dijk and van den Ende (2002), presented in the article "Suggestion systems: transferring employee creativity into practicable idea". This model constitutes the basis for this part of the theoretical framework, and is complemented by literature that focuses on how to create a successful idea capturing process. The articles "The Effectiveness Of Idea Capture Schemes" by Leach et al. (2006), "Crafting organizational innovation processes" by Desouza et al. (2009) and "A model of creativity and innovation in organizations" by Amabile (1988) serve as the largest part of the complement to the CreativityTransformation model. The article by Leach et al. (2006) is partially based on the article by van Dijk and van den Ende (2002) and therefore served as a proper complement. The articles

by Desouza et al. (2009) and Amabile (1988) focus on organizational innovation, which is relevant in a retail context, which is why they also served as proper complements. The CreativityTransformation model in combination with the other articles enabled us to create a theoretical framework that meets the practical needs that our research question requires.

## 2.3 Data Presentation and Analysis

After the interviews were conducted, the material from the audio recordings was transcribed. The interviews are not literally transcribed due to the study's limited time frame. However, when citations were made, the audio file was listened to again in order to ensure a correct citation. Since all interviews were held in Swedish, the citations in the empirics are translated to English. The literal forms of the citations in Swedish are presented in Appendix A. The material was transcribed in different Google documents organized by store. Hence, the Google documents functioned as a database during the creation of the empirical section (Yin, 2011).

Like the theoretical framework, the empirical part is structured based on the CreativityTransformation model by Van Dijk and van den Ende (2002). Using the same structure facilitates the work of analyzing the results based on the theoretical framework. Since the interview templates are based on Leach et al.'s (2006) framework, the data was processed and sorted into proper areas of Van Dijk and van den Ende's (2002) framework when forming the empirics. Under the different areas, the empirics is hierarchically structured based on the position of the interviewees. Hence, the respective areas start with the result from the regional managers, and end with the results from the sales persons. By organizing data hierarchically, possible similarities and patterns attributable to the hierarchy can be identified (Yin, 2011).

As there is no reason to disclose the real identities of the interviewees, their real names are not used. However, the usage of names makes the empirics more vivid. Therefore, the interviewees' names were changed into pseudonyms. Even though the interviews did not aim to reveal differences between the stores, the names were organized by store, hence all interviewees from store A were given names starting

with the letter A. Table 2.1 presents the interviewees by store, position and pseudonym.

The data analysis aimed to answer the research question of how a retail chain can capture relevant and pre-processed ideas at store level. The analysis begins with a clarification of relevant contextual factors of the case company. Thereafter is Telia's retail unit's use of MCS to support idea capturing analyzed by the CreativityTransformation Model by van Dijk and van den Ende's (2002), complemented by other sources from the theoretical framework. Thereafter, based on the findings, follows a more general discussion of how cultural and structural support can facilitate idea capturing in retail chains. Moreover, by presenting a refined version of the CreativityTransformation Model that expands the theory, we achieve what Yin (2003) refers to as analytic generalization.

Store	Position	Name
<b>A</b>	Store manager	Andreas
	Vice store manager	Amanda
	Sales person	Anna
<b>B</b>	Store manager	Benny
	Vice store manager	Beatrice
	Sales person	Bo
<b>C</b>	Store manager	Caroline
	Vice store manager	Carl
<b>D</b>	Store manager	David
	Sales person	Daniel
<b>E</b>	Store manager	Emma
	Sales person	Erik

*Table 2.1 An overview of the interviewees*

## 2.4 Quality of the Research

*Reliability* and *validity* are central criteria regarding the quality of business research methods. Reliability concerns the matter of whether the results from a study would be the same if the study would be repeated, or if the results are influenced by random or temporary factors. Validity is an assessment of whether the conclusions generated from a study are interrelated or not. These concepts basically concern how reliable

and meticulous the measurements are, and are therefore critical for assess the quality of quantitative studies. Some researchers question these concepts relevance for qualitative studies. However, other researchers claim that it is possible to apply them in qualitative studies, where the concepts' meaning are unchanged, although the aspect of measurement receive less attention. (Bryman & Bell, 2011)

Bryman and Bell (2011) refer to LeCompte and Goetz's (1982) definitions when reliability and validity are applied in qualitative studies. They distinguish between the concepts of *external reliability*, *internal reliability*, *internal validity* and *external validity*. The external reliability concerns the extent to which the study can be repeated, hence the replication of the study (LeCompte & Goetz 1982 in Bryman & Bell, 2011). We have attempted to achieve external reliability by clearly presenting our research process and attaching the interview templates. However, since our study analyzes social interactions, which are constantly changing (Bryman & Bell, 2011), it is still difficult to fulfill external reliability. Although the interview templates are attached, the interviews had a semi-structured character, which means that even though the same template would be used in a repeated study, it is unlikely that the results would be the same. Internal reliability means that the members of a research team agree on how the information they see and hear should be interpreted (LeCompte & Goetz 1982 in Bryman & Bell, 2011). By together discussing the data from the study, and how it is linked to the applied theories, we have agreed on what approach we have in different areas. Furthermore, we have mostly been working next to each other, which has made it possible to discuss encountered matters.

LeCompte and Goetz (1982) define internal validity as a high compliance between the researcher's observations and the theoretical ideas that the researcher develops. LeCompte and Goetz's (1982) mean that the internal validity often is a strength in qualitative studies, since the long-lasting presence and participation in a social group enable a high compliance between concepts and observations (Bryman & Bell, 2011). In accordance with LeCompte and Goetz's (1982), we consider the internal validity to be a strength in our study. We conducted all interviews at store level together, and in person, which reduced the risk of collecting unintended data. If we perceived that the interviewees misinterpreted the questions, we were careful about clarifying the questions to make sure that the intended data was collected.

External validity regards the extent to which the results can be generalized to other social environments and situations. It is often difficult to fulfill external validity in qualitative studies since they often tend to use case studies and limited samples (LeCompte & Goetz 1982 in Bryman & Bell, 2011). The difficulty of generalizing the results is also something that both Yin (2003) and Bryman and Bell (2011) present as one of the most common critiques towards case studies. The question often raised is “how can you generalize from a single case?” (Yin, 2003). Bryman and Bell (2011) mean that the answer is that it is of course not possible to do. However, they mean that many researchers claim that single cases can be theoretical generalizable. Yin (2003) is one of these researchers, and means that results from case studies can be generalizable in regard to theoretical propositions, but not in regard to populations. Therefore, the case study does not represent a sample. Thus, the aim with a case study is analytic generalization; to expand and generalize theories, and not statistical generalization; to enumerate frequencies (Yin, 2003). Hence, we emphasize that the results in our study show how a retail chain can use MCS to capture ideas from store level. However, we do not claim that this usage of MCS is applicable to all retail chains that aim to capture ideas from store level. All organizations have unique characteristics, and it could therefore be argued that there is no universal use of MCS (Otley, 1999) that fits every retail chain. Though, as mentioned, we achieve analytic generalization by expanding the CreativityTransformation model.

Moreover, Yin (2003) presents two more common concerns regarding case studies. These concerns are lack of rigor and that case studies take much time and result in massive documents. Regarding the lack of rigor, Yin (2003) means that the researcher might be sloppy, does not follow systematic procedures or allows equivocal or biased views to influence the results. In our study, these risks were counteracted by several actions. First, contact was initiated with the case company early since we did not want to risk waiting for green lights from the company when the scheduled time for the thesis work began. This also enabled us to early form a clear picture of the case and to schedule the interviews early in the process. Second, by structuring a plan for the research process with several intermediate targets we were able to abide by the time plan. In addition, we planned to have a complete draft one week before the deadline to ensure that there was room for processing and improvements. Third, although the

interviews were semi-structured, we did not try to steer the interviewees towards any directions. When supplementary questions were asked, it was with the aim to receive more elaborated answers or to clarify question marks. Fourth, when compiling the results we were careful about presenting an equitable picture by not excluding any information.

Regarding the critique that case studies are time consuming and result in massive documents, we were careful about not conducting a too large study since it would have resulted in tons of data that we would not have time to process. We therefore chose to conduct interviews in five stores, which could be considered to be a low number, and thereafter deciding if additional interviews were needed. As mentioned under the section “Selection of stores”, we did not choose to conduct additional interviews with sales persons since the already conducted interviews had resulted in a holistic picture. Similar, we felt that we had a holistic picture of the store managers and vice store managers’ perspective, which is why no additional interviews were held. In this way, we avoided the risk of gathering an unnecessary amount of data.

Regarding the theoretical framework, some sources can be considered to be out of date. For example is Amabile’s article “A model of creativity and innovation in organizations” written in 1988. However, all sources were considered to still being relevant for the studied field. Once again referring to Amabile’s article “A model of creativity and innovation in organizations”, it is a well-cited article in current research.

## 3 Theoretical Framework

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*This chapter presents the theoretical framework of the thesis. The chapter starts with innovation concepts that are particular importance for the studied area. Thereafter is the use of MCS to support innovation presented, followed by an extensive part regarding MCS that are used to capture ideas during the pre-stage to the innovation process.*

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### 3.1 Definitions

Amabile et al. (1996) define *innovation* as the successful implementation of creative ideas in an organization. Danampour and Gopalakrishnan (2001) mean that innovation is usually defined as “the adoption of an idea or behaviour, pertaining to a product, service, device, system, policy, or programme, that is new to the adopting organization” (Danampour and Gopalakrishnan, 2001). Hence, innovation can also refer to a behavior and is something that is perceived as new to the organization according to Danampour and Gopalakrishnan’s (2001) wider definition. This will be the definition that will be further referred to. *Creativity* is usually defined as the production of novel and useful ideas (Amabile et al., 1996), which will be the definition applied.

### 3.2 Innovation Concepts

Innovation can take various forms, and Davila (2005) distinguishes between four types of innovation processes. These are based on two dimensions: the locus of innovation – if innovation is conducted at top management level or in the entire organization, and the type of innovation – if the innovation incrementally modifies the current strategy or radically redefines the future strategy. The four processes, deliberate strategy, strategic innovation, emergent strategy/intended strategic actions and emergent strategy/autonomous strategic actions, are summarized in table 3.1.

Type of innovation defining strategic change		
	Incremental	Radical
<b>Locus of innovation</b>		
Top management formulation	Deliberate strategy	Strategic innovation
Day-to-day actions	Emergent strategy/ intended strategic actions	Emergent strategy/ autonomous strategic actions

Table 3.1: Strategic concepts for MCS (Davila, 2005)

Deliberate strategy refers to incremental changes in the current strategy originated from top management, while strategic innovation is radical changes by top management. Innovations that occur throughout the organization regard the emergent strategy. If the innovation is within the current strategy, it is referred to as induced strategic actions, while autonomous strategic actions regard innovation outside the current strategy. (Davila, 2005)

The focus for innovation has traditionally been on product development, but innovation can also refer to organizational factors like structures, processes and business models (Chenhall and Moers, 2015). OECD and Eurostat (2005) define four types of innovation: product, process, marketing and organizational. *Product innovation* is defined as a new or significantly improved product or service in terms of techniques, materials, software or functional characteristics. *Process innovation* refers to the implementation of a new or significantly improved production or delivery method in terms of techniques, equipment and software. *Marketing innovation* is the implementation of a new marketing method that includes significant changes in design or packaging, placement, promotion or pricing. The fourth type, *organizational innovation*, refers to the implementation of a new organizational method regarding the firm's business practices, workplace or external relations.

### 3.2.1 Innovation in Retail

Investments in research and development (R&D) departments constitute only a small part of the total amount of investments in innovation in service firms, and in contrast to manufacturing firms, R&D is not a key driver for innovation in service firms (OECD & Eurostat, 2005). While manufacturing firms mostly engage in product and process innovation, service firms, including retail firms, mostly engage in

organizational innovation (Howells & Tether, 2004). The innovations within service firms are mainly small, non-technical and incremental, thus not requiring much resources from R&D departments (OECD & Eurostat, 2005; de Jong et al., 2003). Furthermore, the innovation process in service firms is often neither formal nor defined, but rather just happens (de Jong et al., 2003).

### 3.2.2 Organizational Structure and Innovation

Studies have shown the importance of organizational structure for innovation (Russel & Russel, 1992). Miller (1987) defines organizational structure as the allocation of power and responsibility, and means that it highly influences the nature of human interactions and the flow of information. Two dimensions often define the organizational structure: centralization of decision-making and formalization of rules and procedures. Centralization refers to the distribution of power and how involved employees are in decision making. If decisions are made by a few individuals high at the chain of command, centralization is high, whereas if all employees are afforded to act according to their propensity, centralization is low (Hirst et al., 2011), which also could be referred to as decentralization (Mullins, 2013). Formalization refers to which extent rules are clearly specified and procedures standardized. The higher the level of formalization, the lower is the employee's freedom by controlling actions with specific directions, and constraining and potentially sanctioning undesirable actions (Hirst et al., 2011). Kalay and Lynn (2016) mean that only a small amount of research has found formalized and centralized structures to be beneficial for innovation. Instead, large amount of research shows that non-formalized and decentralized structures support innovation. They mean that centralization and formalization are commonly perceived as barriers to innovation, while less formal, flat structures are perceived as helpful in fostering innovation investments (Kalay & Lynn, 2016). However, their results show a significant negative impact of centralization on management innovation (refers to administrative innovation, organizational innovation and managerial innovation), but no impact of formalization (Kalay & Lynn, 2016).

Chang and Harrington (1998) have investigated the effect of centralization and decentralization on firm innovativeness within a retail chain, and their results show

that the most suitable organizational structure depends on several factors. The more innovative store managers are, the more appealing is decentralization. However, which organizational structure that is the most suitable depends on several factors. For example, if the innovation opportunities in the industry are moderate a centralized structure can be preferable, while a decentralized structure may be more suitable when innovation opportunities are richer. In summary, there does not exist any universal best organizational structure in regard to supporting innovativeness, rather it depends on different organizational factors.

### 3.2.3 Management Control Systems and Innovation

The four innovation processes presented by Davila (2005) above implies that formal MCS play different roles depending on which processes they are managing. He explains what roles MCS can play in regard to the four different processes, see table 3.2.

Components of strategy	Organizational context	MCS role
<b>Current strategy</b>		
Deliberate strategy	Structural context	Support the execution of the deliberate strategy and translate it into value
Induced strategic actions	Structural context	Provide the framework for incremental innovations that refine the current strategy throughout the organization
<b>Future strategy</b>		
Autonomous strategic actions	Strategic context	Provide the context for the creation and growth of radical innovations that fundamentally redefine the strategy
Strategic innovation	Strategic context	Support the building of new competencies that radically redefine the strategy

Table 3.2: A model of MCS for innovation strategy (Davila, 2005)

The different roles MCS may have, presented by Davila (2005), have features of Simons (1999) levers of control: belief systems, boundary systems, diagnostic control systems and interactive control systems. Belief systems communicate the

organization's vision and aim to motivate organizational members to work towards the organization's mission. Examples are mission statements and credos. Boundary systems limit organizational members' behavior in order to make sure that business activities are conducted within the right scope and at the accepted level of risk. Diagnostic control systems are used to compare results with plans and performance goals. Interactive control systems enable managers to focus on strategic uncertainties and to influence activities that can develop the strategy (Simon, 1999).

If using a deliberate strategy, Davila (2005) means that the MCS role is to translate deliberate strategies into action plans, monitoring the execution and identifying deviations for correction. In this role, MCS assist efficiency, but this means that the organization's ability to innovate might suffer. Diagnostic control systems motivate, monitor and reward achievement of specified goals, and boundary systems block certain innovation to reduce risk exposure by defining and communicating risks to be avoided (Simons 1995 in Davila, 2005).

Induced strategic actions need MCS that helps execution, capture learning and enabling incremental innovation by using deviations from expectations as opportunities to improvements. The continuously interaction helps refining the current strategy (Davila, 2005). Interactive systems, which enable dialogues regarding strategic uncertainties of the current strategy (Simons 1995 in Davila 2005), are suitable for incremental innovation as they are defined at top management level (Davila, 2005).

Autonomous strategic actions can occur anywhere in the organization, and their objective is to radically change the future strategy, which requires that the MCS stress cultural factors. Organizational members should be encouraged to explore and experiment, and belief systems can be used as motivation for this. Although there is a large focus on informal systems, formal systems are also of importance. For example, formal systems need to be used to organize and allocate resources in order to enable an innovative culture. Furthermore, organizations can use what Leifer et al. (2000) refer to as an innovation hub, where ideas from the organization can be captured. (Davila, 2005)

Regarding strategic innovation, MCS need to support top management in identifying opportunities and needs for radical innovations. Interactive systems can serve this function as they can highlight opportunities. Strategic innovation also needs MCS that keep the organization informed about the environment, trends, regulations, new techniques etcetera. (Davila, 2005)

In addition to the different innovation processes presented by Davila (2005), other factors affect how the MCS can be used to support innovation. A common perception is that every organization has its unique characteristics and therefore needs a unique set of MCS. This is called the contingency theory of management accounting, and it “suggests that there is no universally applicable system of management control but that the choice of appropriate control techniques will depend upon the circumstances surrounding a specific organization” (Otley, 1999).

### **3.3 Management Control Systems and Creativity**

According to how Amabile et al. (1996) defines creativity, the production of novel and useful ideas in any domain, creativity is the basis for innovation. Hence, in order to create organizational innovation, an organization is depended on creative ideas from individuals (Amabile et al., 1996). Employees working front line in service organizations are often involved in two phases of innovation: idea generation and when a new solution is implemented. Front line personnel in service organizations are also considered to be of special importance for innovation due to their direct contact with customers (Leppänen, 2015), hence, their role for idea generation is critical.

#### **3.3.1 Suggestion Systems**

Suggestion systems have during the recent years regained their former interest due to the emphasized importance of organizational innovation (Leach et al., 2006). Ekvall (1971) early identified suggestion systems within an organization as “an administrative procedure for collection, judging and compensating improvement ideas which are conceived by employees of the organization”. In other words, a suggestion system aims to extract and land ideas of the organizations’ employees (van Dijk and van den Ende, 2002). Therefore, according to Leach et al. (2006), the use of

suggestion systems enables organizations to extract and utilize the assumed reservoir of ideas. A suggestion system aims to capture ideas emerged from the employees throughout the organization, and can therefore be considered as a MSC that capture what Davila (2005) refers to as day-to-day actions.

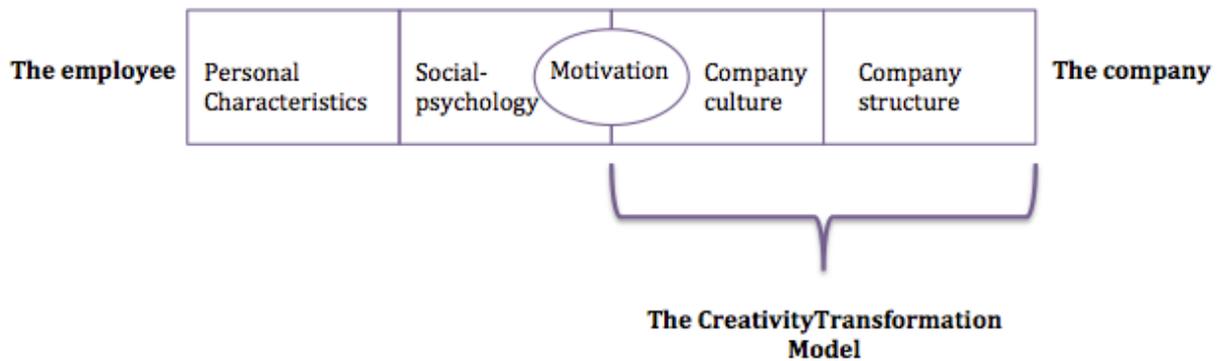


Figure 3.1: Types of factors that are of influence on the transfer of ideas from creative individual to practical ideas (van Dijk & van den Ende, 2002)

Van Dijk and van den Ende (2002) have further developed the theory regarding suggestion systems by creating a suggestion system model named Creativity Transformation Model (CTM). In addition, they identify essential factors affecting the CTM, see figure 3.1. The article by Leach et al. (2006) is partially based on the article by van Dijk and van den Ende (2002), and show how different scheme types and scheme features impact the effectiveness of a scheme in regard to perceived success, suggestion rate and implementation rate. According to van Dijk and van den Ende (2002) the ability of an organization to transform creativeness to successfully implemented ideas depends on the following factors; personal characteristics, social psychology, motivation, company culture and company structure. As shown in figure 3.1, company culture, company structure and partially motivation belong to the organizational factors, and constitute the CTM.

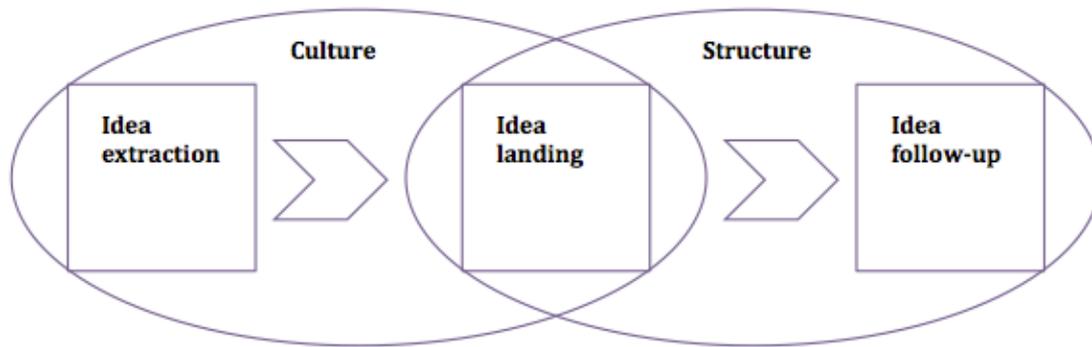


Figure 3.2: The phases in the transfer of creativity to practicable ideas (van Dijk & van den Ende, 2002)

Van Dijk and van den Ende (2002) divide the process of the CTM into three phases; *idea extraction*, *idea landing* and lastly *idea follow-up*. Idea extraction relates to the employees' willingness to share their ideas with the organization and depends on the organizational climate's ability to stimulate the communication of ideas. According to van Dijk and van den Ende (2002), the following phase, idea landing concerns when an idea is set down in the organization and is the most problematic phase and requires the most support. Cultural factors have to support new ideas by ensuring that the initiator receives positive reactions and organizational factors have to supply the initiator with support such as an accessible suggestion system. The last phase of the capture of an idea constitutes of a back office, simultaneously being the front office of the innovation process, which aims to follow up the idea by processing the idea to a project proposal. In order for the organization to succeed, substructures that regulate the processing are required within the organization.

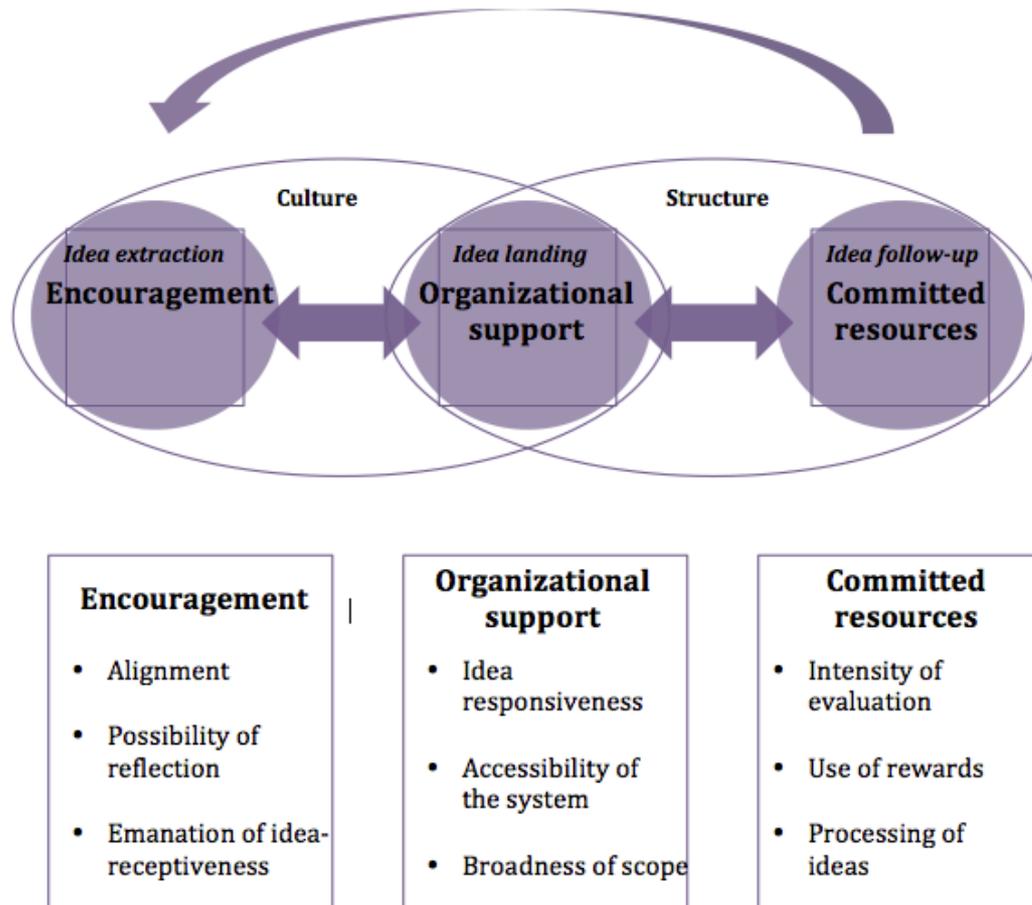


Figure 3.3: The specific factors in the CTM (van Dijk & van den Ende, 2002)

### Idea Extraction

The idea capturing process is not a one-sided process of general nature. Rather the phases are complex and therefore in need of sophisticated support, as seen in figure 3.3. During the idea extraction phase, van Dijk and van den Ende (2002) have identified *encouragement* as the most important support in form of *alignment*, *possibility of reflection* and *emanation of idea receptiveness*. Hence, it is important that the organization communicates its positive attitude towards creativity in a uniformed manner. The employees are supposed to receive signals through different channels, all uniformly indicating the organization's positive view on new ideas. Similar to van Dijk and van den Ende (2002), Leach et al (2006) came to the conclusion that management support strongly relates to both perceived success, suggestion rate as well as the implementation rate. In addition, Amabile (1988) means

that if management fails to communicate clear directions, creative efforts might be fragmented or not existing at all.

Moreover, it is important that it is possible for the employees to find sounding boards in their working environment in order for the employees to discuss new ideas (van Dijk & van den Ende, 2002). Once again referring to the findings by Desouza et al. (2009), successful organizations connect different sources of ideas. Sources of ideas can be found across the organization, both in terms of geographic regions as well as different departments. Connecting different sources in a meaningful manner enables the ideas to become mobile and can be done both through physical meetings as well as by technical solutions.

### Idea Landing

During the second phase, *organizational support* is of importance, and the following factors are stressed; *idea responsiveness*, *accessibility of the system* and *broadness of scope*. According to van Dijk and van den Ende (2002), this phase concerns which possibilities and to which extent support is available within an organization in order for ideas to entrance into a suggestion system. The support concerns any kind of support, from the reaction an employee receives from a manager after presented an idea, how accessible the support system are, to how much activities an organization is engaged in aiming to extract ideas. The broadness of the scope relates to the “net” that the management throws out to capture ideas from the employees. A broad scope tends to target incremental ideas but can also include radical ideas, whereas a narrow scope tend to only target radical ideas (van Dijk & van den Ende, 2002). Desouza et al. (2009) have identified some success indicators regarding the early part of the innovation process and conclude that clear guidelines of what the organization considers to be an idea reduce information overload. A successful organization also clearly communicates what has been identified as its domain of interest and relevant problems. It enables the organization to focus its creativeness.

If idea sources are not explicitly connected through standardized processes, ideas may not be sent to the most suitable person. Hence, they may be sent to an incorrect department where the ideas may not be appreciated and therefore disregarded

(Desouza et al., 2009). According to Desouza et al. (2009), without a standardized idea process, ideas also risk to get lost in the daily communication. Information should be sent to the appropriate receiver as efficient as possible, avoiding it to be passed around. In addition, the longer it takes for an idea to reach the right person, the higher is the risk for the idea to be less current, thus the idea will receive less attention. Lastly, Desouza et al. (2009) stresses the importance for organizations to create the most efficient and efficient solution for connecting ideas.

### Idea Follow-up

Support in terms of *committed resources* should in particular be emphasized during the follow-up phase and comprises *intensity of evaluation, use of rewards* and *processing of ideas*. The support mainly concerns the absorption and processing of ideas and can as mentioned be seen as the back-office of the suggestion office. Robust organizations tend to recognize that truly innovative ideas are challenging. Hence, the idea can lead to that the organization need to radical depart from the current area of activities, meaning that the employees may not be qualified enough. Highly innovative ideas also tend to get disadvantaged compared to incremental ideas when they are being evaluated by the same screening procedure. The reason is that organizations have less understanding and experience of highly radical ideas, as they tend to involve activities outside their current strategy, resulting in a higher risk. Searching for ideas in areas outside the domain of an organization requires a higher room for risk, uncertainty and incompleteness. Successful organizations are aware of the requirements and embrace the complexity inherent in highly innovative ideas (Desouza et al., 2009). Desouza et al. (2009) also observed that robust organizations tend to create transparent evaluation and screening criteria, which leads to an understanding for how ideas are evaluated within an organization. In turn, the understanding generates a participatory process and encourages the employees to review, advocating and help to develop ideas. In contrast, less successful organizations rather kept the evaluation criteria secretive. Hence, the promotion and advocating of ideas more depended on the subjective opinion. The non-transparent evaluation process discourages the employees to contribute with their ideas and reduce the employees' beliefs in the process. In addition, Amabile (1988) stresses the fact that if employees feel that they are often evaluated on failures, employees will

take lower risks which leads to a lower level of creativity. However, if management fails to give feedback, employees can feel like their work is not being noticed. In order for evaluation to be useful, Amabile (1988) advocates an ongoing, constructive and less formal dialogue between management and employees.

Idea processing concerns the initial formulation of an idea, enabling later considerations regarding the aptitude of the idea for complete integration into the products, services or processes (van Dijk & van den Ende, 2002). Furthermore, Desouza et al. (2009) identify experimentation and prototype-building as the next step after an idea has been evaluated and approved, and stresses the importance of testing the idea's applicability within its meant context. An idea might not be applicable at the current time but still be relevant, in that case, the idea can be set aside into an idea bank or something similar. This phase of the development is interactive and the idea can at any time be re-validated. Usually the output constitutes by data, prototypes, or feasibility studies. Desouza et al. (2009) stresses the importance of dedicated resources in order for the ones in charge to have time to experiment as well as reflect on the experiment.

Identified success indicators regarding experimenting were the encouragement of employees to experimenting and the usage of external constitutes in order to gain their opinions, feedback and input. Robust organizations also shared the view of experimentations seeing it as an asset, even if a particular project failed experimenting in general was seen as a process of learning. In addition, those organizations tended to share their results in a higher extent preventing other within the organization to make the same mistake as well as connect knowledge from different departments (Desouza et al., 2009). Desouza et al. (2009) also concludes that organizations should seek a balance in the experimentation process, being well defined but still not constraining.

Finally, ideas are evaluated and rewarded by both financial and non-financial means. As shown in figure 3.3, this phase affects the other phases due to the reward of qualitative ideas (van Dijk & van den Ende, 2002). Van Dijk and van den Ende (2002) believe that a mix of both financial and non-financial rewards should be used. Though, they emphasize that financial rewards should be used with caution in order to avoid employees' extrinsic motives undermining the intrinsic motives. Non-financial

rewards can for example be promotional titles, certificates of appreciation and small symbolic rewards. Assuming that financial rewards are used fairly modest, recognition and non-monetary rewards showed to affect perceived success and suggestion rate positively (Leach et al, 2006). Financial rewards however, did only reveal a positive relationship with perceived success according to the study by Leach et al. (2006), supporting the study by van Dijk and van den Ende (2002).

Amabile (1988) also recognizes the importance of balancing the design of reward systems. If employees perceive that everything they do is linked to rewards, they are more likely to be risk avert regarding new ideas. But, if no ideas lead to rewards, employees can feel undermined in the organization. Amabile (1988) means that the organization should not try to motivate people by offering rewards for all tasks. Instead, the reward system should generously and equitably recognize and reward good work (both good efforts and outcomes). If the employees have experienced that creative efforts have been rewarded, they know that creativity is appreciated and that their own work will be rewarded when the time comes. Supporting Amabile (1988), Desouza et al. (2009) have seen that compared to less successful organizations, successful organizations not only reward successful ideas because they see the difficulties and the risk inherent in idea advocacy, but they also reward those who advocate for ideas. Van Dijk and van den Ende (2002) consider publicity as a kind of feedback as it enlightens employees of ideas that have been successfully implemented. Leach et al (2006) envisage that feedback positively affects the effectiveness of suggestion systems since providing feedback should indicate a well-functioning scheme as it supports an ongoing participation. The study by Leach et al. (2006) showed that both publicity and feedback had a strong positive impact on perceived success and suggestion rate. Though, they did not have an impact on the implementation rate.

### **Relationship Between the Factors**

The mentioned factors in the CTM affect each other, some positively and other negatively. An example of a positive relationship is the positive effect a strong alignment and idea responsiveness have on the emanation of ide receptiveness. Some of the other factors do not affect other factors within the CTM and should therefore

not receive as much attention. For example, the level of possibility of reflection and the emanation of idea receptiveness do not have any affect on other factors. In contrast, a high accessibility of the system and a broad scope will result in a high number of suggestions, thus burden the phases of evaluation and processing. It will also be hard for the managers to keep a high level of idea responsiveness due to limited resources, which in turn threatens the suggestion system to be successful. (van Dijk & van den Ende, 2002)

### 3.3.2 Different Types of Suggestion Systems

Leach et al. (2006) have investigated different scheme types and scheme features impact on the effectiveness of a scheme in regard to perceived success, suggestion rate and implementation rate. The authors classify suggestion systems in four types: centralized suggestion schemes, which represents a single scheme for all employees; decentralized suggestion schemes, consisting of several schemes running independently within an organization; work-based systems, e.g. quality circles and product development team; and lastly informal schemes. Informal schemes are, according to Leach et al. (2006), when there do not exist any established method for capturing ideas, but a structured method for evaluating ideas exist. In practice, employees may discuss their ideas with a responsible manager who evaluates the ideas using a formal procedure. In contrast, suggestion systems are absence when the generation and evaluation is considered to be the task of normal line managers, according to Leach et al. (2006).

The different suggestion systems have different features, some they share. As already mentioned, all suggestion systems except informal schemes have formal methods for the collection of employees' ideas. Furthermore, work-based schemes involve group work (e.g. in form of quality circles or product development teams), whereas centralized and decentralized suggestion schemes emphasize the generating and recording of ideas by individuals. Centralized and decentralized suggestion schemes also tend to have a more general focus since individuals are free to submit ideas of any type and at any time. Work-based schemes tend to have a more limited scope since they typically diagnose problems and propose solutions. (Leach et al., 2006)

Lastly, Leach et al. (2006) reach the conclusion that work-based schemes perform best in regard to perceived success, followed by centralized and informal schemes. In terms of suggestion rate, decentralized and work systems performed better than both centralized and informal schemes. Though, the different schemes showed similar results in regard to implementation rate. In summary, work-based schemes perform the best by far except when it comes to the rate of suggestion where decentralized suggestion schemes performed equivalent.

### 3.3.3 Best Practice

Van Dijk and van den Ende (2002) apply the CreativityTransformation Model on three organizations that can be seen as kind of best practice regarding the use of suggestion systems. The findings concern the companies Xerox, KPN and Shell.

#### Xerox Venray

The first company studied by van Dijk and van den Ende (2002) is Xerox Venray (Xerox), which is the largest outlet of Xerox in the Netherlands, providing document processing equipment, electronics and xerographic parts. The outlet function as Europe's logistic center and had until 1992 a centralized suggestion box which all employees could send in suggestions to. As a result of reorganization, the centralized suggestion system was decentralized under new Business centers. A fully automated system was implemented named Ideamanager1, which enabled the employees to online both give their suggestions as well as monitor the progress regarding the evaluation and implementation. The system is managed by a separate team responsible for the assessment and a central coordinator is managing the idea committee's quarterly meetings, held per Business Center, special theme days as well as arranging yearly events electing idea and suggestor of the year. (van Dijk & van den Ende, 2002)

Xerox involves in several activities in order to extract ideas from their employees throughout the organization such as communicating brochures, staff magazines or posters with messages like "register even the smallest idea". Top management presents the rewards personally as well as the employees can earn annual bonuses for their innovativeness. The organization also involves in activities enhancing idea landing. For example, it has suggestion boxes available in the hallways and online

solutions where ideas can be reported. In addition, Xerox focuses on a different theme every month and meetings such as round-the-table is organized where employees can exchange ideas in order to stimulate them to communicate new ideas. Moreover, Xerox support idea follow-up by an online evaluation system that allows the suggestor to follow their idea. The different Business Centers reward their employees for their suggestions differently, one example is giving out credit which can be exchange for gift vouchers whilst another Business Center reward every suggestion with a small sum of money. Lastly, Xerox accepts 25% of the submitted suggestion of which 80% is effectively implemented within two month on average. (van Dijk & van den Ende, 2002)

## KPN

KPN, which also is a Dutch company, operates in the telecommunication market, and is currently the major actor. The organization was privatized in 1992 and has 36 000 employees, whereas 30 000 of them are located in the Netherlands. KPN has had a suggestion system since 1952, originally in the form of a centralized suggestion box. The suggestion system was decentralized in 1987, meaning that every district got its own suggestion and idea committee. (van Dijk & van den Ende, 2002)

One year after the privatization in 1992, KPN launched a new system called TIM, short for Telecom Idea Management. The idea committees were discontinued. In every district an idea manager was appointed, or TIM-coordinator, who reported to the quality manager. A central coordination point was created in The Hague. In 1997, KPN reorganized its 13 districts into 5 regions. Each of these regions now has one or two full time TIM coordinators. Employees can send their ideas to these coordinators, who present them to an independent expert. The TIM coordinators organize the evaluation and implementation procedure. Ideas that might have national relevance are re-routed to the central coordination in The Hague, which is also responsible for organizing promotional activities, setting up annual reports and managing the TIM-system. (van Dijk & van den Ende, 2002)

To extract ideas, KPN puts a lot of effort into communicating its mission, strategy and importance of innovation. It does not, however, specifically emphasize the importance of employee creativity. Concerning the landing of ideas, KPN makes it possible for

every employee to suggest any kind of idea. It has been made possible to introduce suggestions in various ways: online, through suggestion boxes, on pieces of paper or even on coasters. In the idea follow-up phase, KPN extensively uses rewards. TIM organizes activities in which participants can win holidays, computers or city flights. A TIM-lottery has been set up, involving every submitted suggestion (even the rejected ones). The department that is judged to be the most innovative is rewarded a TIM-trophy. Also, events are organized to present rewards. All submitted suggestions are stored in a specific database. Implementation plans are made for ideas that have a substantial impact on profits. A TIM-affiliate is responsible for controlling the execution of these ideas. Ideas that are implemented are rewarded with a maximum of 12 000 euro. Creative ideas that are not implemented are rewarded with 22 –120 euro. Ideas that are rejected receive a promotional gift. Directly after the establishment of TIM, the number of submitted suggestions increased fivefold to 5 400 ideas per year. (van Dijk & van den Ende, 2002)

## Shell

Lastly, The Royal Dutch Shell Group responsible for locating and exploiting oil and gas field. The company has 100 000 employees in over 140 countries. In 1996, Shell went from using an old-fashion suggestion box to GameChanger, a system developed in-house by the Exploration and Production (EP) department. The GameChanger can be seen as a king of internal venture capitalist aiming to finance ideas believed to have a large impact within the organization. The GameChanger works accordingly; no longer than a week after the suggestor have reported an idea, he or she gets the opportunity to present the idea in front of the GameChanger panel. Thereafter, the panel decides whether the idea is going to receive further funds for elaboration. The accepted ideas are, after the elaboration, presented to a secondary extended panel. Pilot projects with related milestones are developed for the ideas passing the extended panel. Every time a pilot project has passed a milestone, the extended panel reevaluates the idea. (van Dijk & van den Ende, 2002)

Shell invests a lot in its communication throughout the company in order to really enclose its employees with its attitude towards innovation and facilitate the extraction of ideas. Moving on, in order to support the idea landing, GameChanger is available to everyone within the organization. However, only a few are aware of the existence

and 90% of the suggestions are reported by the EP-research teams. When ideas are followed up at Shell, suggestors from the EP department are always involved and the pilot projects have a budget of 12 million euros. Though, if a suggestion is successfully implemented, the suggestor does not receive any reward. The GameChanger has ensured that 150 suggestions annually are being reported from as much as 1 000 employees from the EP department. As a result, some of the suggestions have generated an additional income of tens of millions of euros. (van Dijk & van den Ende, 2002)

### **Negative Relationships Between Different Factors**

As shown in the cases, an essential issue is to handle the negative relationship between scope and accessibility on one hand, and intensity of evaluation on the other. A wide scope and an accessible suggestion system require sufficient manpower to manage the suggestion system. Xerox has devoted a committee of five to eight employees per business unit handling the suggestions. Furthermore, KPN and Shell have several employees working full-time with the coordination of the system. In addition, scope and accessibility of the system do also have a negative relation to processing of ideas as a wide scope and an accessible system, again, requires extensive resources. All of the three companies used automated management information systems to facilitate the processing of ideas. (van Dijk & van den Ende, 2002)

All of the suggestion systems are being centrally coordinated, though combined with some kind of regional appraisals. For example, KPN uses representatives in each of its regions in addition to its central coordinated TIM. In order to restricting the negative relationship between scope and idea responsiveness, alignment is an important factor. By clearly communicating that creativity is a part of the organization's mission, the scope as well as the idea responsiveness will stay high. All employees within the organization will be informed about the importance of creativity and the managers will, for example by using programs where they can educate each other and in that way, become specialists in creativity, be able to handle high amounts of suggestions. (van Dijk & van den Ende, 2002)

## Broadness of Scope

The cases have illustrated three suggestion systems that aim to capture different types of creativity. Firstly, Xerox with the widest scope, having a suggestion system focusing on incremental innovation (ideas leading to subtle change). Corresponding, they have a high degree of participation as well as a low degree of cost savings. In contrast, Shell mainly focuses on radical innovations (ideas leading to the use of new technologies), which also explains the fact that Shell has the lowest degree of participation but the highest level of savings. Lastly, KPN, placed somewhere in the middle since it has a system focusing both on incremental and more radical ideas. (van Dijk & van den Ende, 2002)

Studying the two companies with suggestion systems being the most different, Xerox and Shell, based on the CTM, the companies have stressed formed, alignment, processing of ideas and use of rewards differently. At the same time as Xerox has a broad scope, a strong alignment, a broad system of non-financial and financial rewards it does not pay as much attention to the processing of ideas phase. In contrast, Shell has a very narrow scope, kind of weak alignment, and does not use any types of rewards but really emphasize the processing of ideas phase. Based on the case companies, when aiming for incremental innovation, a broad scope and alignment is important factors to stress. While a focused scope involving experts to a high extent and paying much attention and resources on processing ideas, for example by involving the suggestor, is important to facilitate radical innovation. Surprisingly, KPN focusing on both incremental as well as radical innovation and uses rewards the most. Concluding, KPN is closest to fully implementing the model. Though, the model can be adapted to which kind of innovation the company desire depending on the company's surrounding environment and business strategy. (van Dijk & van den Ende, 2002)

## 4 Empirical Results

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*This chapter presents the empirical results of the study. The chapter begins with an introduction to the case, where the organizational structure of the case company is presented, followed by a description of the current situation. Thereafter follows a presentation of the findings from Region South, structured by the CreativityTransformation Model.*

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### 4.1 Introduction to the Case

Telia's retail unit is structured as illustrated in figure 4.1. The Operations Development (OD) team works as a support team for all stores in Sweden. The members of the OD team are presented in table 4.1. As illustrated in figure 4.1, there are six regional managers within the retail unit. The regional managers are responsible for one region and have the role of a gatekeeper between the stores in the region and the Operations Development team.



*Figure 4.1 Organizational structure of Telia's retail unit*

Title	Responsibilities
<b>Operations Development Manager</b>	Leads and develops the operations. Coordinates the strategy and planning processes.
<b>Operations Developer – Information and Competence</b>	Responsible for dissemination of information within the retail unit. Works with human resource development.
<b>Operations Developer – Customer Dialogue and Concepts</b>	Responsible for the development of the customer experience within the retail unit.
<b>Operations Developer – Processes and IT</b>	Responsible for processes, routines and IT within the retail unit.

*Table 4.1 The Operations Development team*

A few years ago, Telia increased its focus on the customer experience to stay competitive. This included an increased focus on the store personnel due to their critical role for the customer experience. The retail unit has since then aimed to create a culture with continuous discussions between the store personnel and the management in order to capture the store personnel’s insights regarding the customer experience.

To improve the processes within the retail unit, the management has during the last two years focused on the so-called improvement work. The aim with the improvement work is to strive for continuous improvements. One part of this work is to capture ideas from store level, where the focus has been on incremental ideas, although all kinds of ideas are welcomed. The store personnel have been encouraged to contribute with their opinions and insights due to the increased focus on store personnel. The improvement work has gradually been implemented, as the store managers are educated progressively. A computer based reporting system for deviations supports the improvement work. The system aims to capture all kinds of occurrences that depart from the daily operations as well as more radical ideas and improvement suggestions. The changes have resulted in that the stores are more connected to each other today compared with two years ago. The stores used to function as totally independent stores, resulting in very different work processes. Eventually, the

management wants to increase the standardization of the processes within the stores in order for the customer to experience the same service regardless of which store they visit.

To report a deviation, the store personnel can fill in a form that is being sent to the regional manager. All regional managers have daily telephone conferences at 8.45 am together with the OD team, where received deviations can be discussed. Subsequently, the OD team participates in a telephone conference at 12.45 pm together with teams from the other sales channels and the manager of all sales channels. The process enables deviations to travel fast upwards along the organization. The fast communication path is important since the company work within an industry that constantly changes. Moreover, the deviations can be divided into two kinds of matters; technical issues and incremental ideas, and the less frequently reported ideas of a more radical character.

During the conducted telephone conferences with members from the OD team, they mentioned that they frequently receive ideas during store visits and through phone calls. Since the OD team has a lot of tasks beyond the improvement work, they do not manage to handle all ideas. Even if some of the ideas would be possible to follow-up, the Operations Development Manager meant that it is impossible to prioritize and evaluate the ideas based on just a conversation. To further offload the OD team, the members mentioned that they would preferably receive ideas that are more relevant and pre-processed. Moreover, the Operations Developer working with the customer dialogue and concepts mentioned that when she receives an idea, she does not make sure that the idea is reported into the reporting system. Rather, “The focus is just on completing the task”.

## 4.2 Findings from Region South

### 4.2.1 Idea Extraction

#### Alignment

##### Regional Manager

The regional manager meant that Telia's improvement work serves as a tool that enables the spread of ideas and improvements from store level throughout the organization. He considers the current reporting system to be much better than the previous one. Earlier, when someone in a store reported an improvement suggestion, you did not really know who received it. It was a very anonymous process. Now, however, when someone in a store reports a deviation, you know that it is the regional manager that receives it. And the regional manager is someone you know, or at least is familiar with.

Although the regional manager has seen improvements, he would still like to receive more ideas. According to the regional manager, this problem could be derived from the fact that Telia is such a large organization. It is good at developing a purpose and a structure of a project, but before it has been implemented completely, the focus has shifted to another project. The regional manager proposed that this might be the case for the improvement work as well. A well-defined structure has been created, but that is simply not enough to fully establish the work. Another reason may be that the largest problems or required improvements have already been solved or implemented since the project started. It may therefore be natural that the emphasis is greater in the beginning. Since there is not so much focus on the actual implementation, it is very much up to the store managers to emphasize the improvement work in the respective stores. If the store manager has an interest to engage in improvements, most of the employees in that store are often engaged. Also regarding the reliance on individuals, the regional manager meant that the fact that people occasionally leave the organization could result in a decreased emphasis on improvement work over time.

When we asked if a scheduling of the improvement work would increase the engagement, the regional manager was not sure. The reason for this is that the regional manager meant that the scheduling has no effect, if it is not practically

feasible. If the regional manager instructs that the stores should dedicate twenty minutes to improvement work per week, there will still be no difference since the store managers would not find that time. In that case, something else would need to be deselected, and how do you make that choice? In this sense, the regional manager claims that his role is central, since he might need to emphasize the improvement work more or give more clear directions. However, he meant that his role is to give guidelines, but exactly how the goals are achieved are up to the store managers.

### Store Managers

Both Andreas and David testify about a changed attitude towards ideas derived from the stores. Some of the store managers really stressed how flat the organization has become and the possibilities it has resulted in. David mentioned that now, in contrast to a couple of years ago, the store personnel know the names of all members of the OD team. Amanda expressed positive feelings when she talked about the management. “We have a lot of great human beings within the organization [...] there are so many people I can call when I have a problem, even though they have a lot of responsibility.”

Emma, that has worked at Telia for a long time and has experienced the positive changes, also talked about Telia’s improvement work. Emma was very happy when Telia introduced the project and had high expectations on the results. She is still positive towards the improvement work, though she believes that they can work even harder, especially when it comes to the follow-up of ideas. Caroline also mentioned follow-up as something that is not emphasized. She explained that it is very much up to her if a project should be implemented in her store. Therefore, she sets her own milestones and deadlines for when implementations should be accomplished. Benny sees the improvement work as a chance to involve the management even further in store operations, as it includes much communication between the stores and the management. Though, he does not believe that the improvement work is fully implemented in all of the stores yet.

### Sales Persons

All of the sales persons mentioned that their respective stores constantly work with improvements, although it is not explicitly communicated. As Anna explained, “We work with it [improvements] all the time, and we try to improve both small and big things”. Anna also mentioned that the sales persons have been put in the center during the last years due to Telia’s greater focus on the customer experience.

## Emanation of Idea Receptiveness

### Regional Manager

Although the emphasis on the improvement work could be larger, the regional manager considers the work as greater than many of the stores personnel probably know. The improvement work has been implemented gradually, but that does not need to be negative. The progress has still been large, it does not take a month to solve a issue. Rather, the processes are now very effective, and urgent matters can be solved the day after they were reported. And that effectiveness, the regional manager expressed, many people probably do not understand.

### Store Managers

As mentioned, David and Emma have really seen a change within the organization. The management is now much more eager to listen, and really face the store personnel’s ideas and opinions with open minds. The regional manager was also frequently mentioned as a great source of support. Emma mentioned that the regional manager encourages her to try new ways of doing things, and is very open to new ideas.

David feels that the time he has with the sales persons is limited, and the fact that they are working with sales makes it hard for him to focus on improvements within the store. Due to the limited time, improvements are not on the agenda. Neither Andreas nor Amanda have improvements on their agendas, but according to both of them, the focus on improvements is always present. Caroline is one of the store managers that have participated in the education for the improvement work. As a result, Caroline has worked quite hard with the content of her 15 minutes morning meetings. It has given result, though the result showed after a few months since the adjustments take time.

## Sales Persons

At the store where Erik works, the store manager tends to ask the sales persons how they could enhance areas in need of improvements. They often discuss the issues together and jointly reach a suitable solution. Erik also describes himself as an engaged employee. He had the chance to participate in a conference in London where he, together with other sales persons, developed an idea that was implemented nationally. Especially after the conference, Erik feels that he has something to say and that his opinion matters. In general, the sales persons witness an encouraging culture where ideas are welcomed. Though, Anna wishes that the management had invited sales persons more often. In that way, store persons could contribute with their experience, explaining to the management what they believe works and not. However, she perceives that when the store level is included, Stockholm tends to be in focus.

## Possibility of Reflection

### Regional Manager

The regional manager discusses many ideas with the store managers within the region. However, not to an equal extent with all store managers, and it varies a lot depending on the store manager's engagement in improvements. The regional manager and the store managers in the region also meet occasionally and discuss regional matters, including problems and areas that need to be improved. The focus of these discussions is generally on problems and improvements, but not explicitly on the improvement work.

### Store Managers

Within the stores, the store managers function as sounding boards towards the sales persons in their respective store, and some of the store managers meant that they discuss ideas and suggestions at their meetings. In addition, Caroline, Beatrice and Benny meant that they brainstorm a lot with the vice store manager. By brainstorming with the vice store manager, Caroline can assure that someone else agrees with what she is about to communicate to the sales persons in her store. Since Benny's store is

one of the biggest stores in Sweden, Beatrice is highly involved in the administrative tasks, and both of them emphasized the importance of their cooperation.

When discussing ideas with the sales persons, Caroline mentioned that she use “the tip of the day”, where someone is responsible for sharing a tip to the other employees at their daily meeting. Though, it often concerns small tips that remain within the store. Emma has a white board where she encourages sales persons to write down questions or issues. She does not require that they write much at all, just their name is enough. The reason is that Emma emphasizes that it is important that the sales persons do not perceive it as time consuming. In that way, the sales person does not forget the matter, and Emma can provide an answer or discuss the question at the morning meeting. By discussing the question with more than one sales person, she reduces the risk of having to answer the same question several times. In addition, other sales persons can contribute with their point of view of the matter.

Several of the store managers meant that there is not much time to discuss this kind of things formally. But apart from more formal occasions, several of the store managers mentioned that they discussed ideas at informal occasions. David mentioned that it is difficult, as he never gets the chance to have a meeting with all of his employees at once. However, he tries to communicate to his sales persons that they always can come and talk to him. “I do not know how many times they knock on my door each day”.

All store managers talked about the close cooperation the store managers have within Region South. For example, Amanda, Andreas and David mentioned a Whatsapp group that all store managers in Region South is a member of. The chat group allows them to spread information and discuss problems. In addition, Amanda meant that it is a platform where the store managers can build personal relationships. According to Caroline, when all of the store managers have the opportunity to meet and sit down together, they reach relevant and important ideas. However, the times when all store managers actually have the opportunity to sit down and meet are limited and when they do meet, they often have a tight schedule. Emma meant that there is never any scheduled time for just discussing ideas. As it is now, it is very much up to the different store managers what they choose to discuss and share with others. Though,

some of the store managers meant that they could collaborate more. Emma and Caroline meant that you could always learn from each other since everybody has different experiences.

The collaborations mainly occur within Region South, and the store managers meant that they have very little contact with other regions. David suggested that stores that are similar could collaborate more with each other, as they often have more similar challenges. He meant that the collaboration in the region is good, but rather static as they have collaborated for a long time and many of the store's challenges are permanent or recurrent. He meant that stores at similar size often have similar challenges. Therefore, some things discussed in the region are not relevant for him, and he could probably gain more from collaborations with stores in similar size as his. In contrast, Emma was skeptical about increased collaborations outside Region South due to the practical aspects. She meant that to really being able to collaborate with a person, she needs to know the person in some way, and that would be difficult due to the geographical distance to many of the stores. Though, Andreas and Amanda meant that the collaborations with other departments within Telia, like the customer service and the support department, could be extended.

All store managers mentioned the regional manager as an important sounding board since he has a wider perspective. Beatrice, Caroline and David explain that they prefer to call the regional manager before they report a deviation. In that way, they can make sure that their issue is of relevance for other stores as well. The store managers also talked about the support from the OD team. As David explained, "before they were totally anonymous", but now they know which person is responsible for what area. Beatrice in particular emphasized the possibilities to call the OD team and the manager of all sales channels. She prefers to call someone rather than filling in a form, due to the possibility of receiving immediate feedback. Vice store manager Carl has received information about the possibility to call the management, but so long, he has mostly reported deviations through the form. Andreas expressed that he always strives for improving his store. He frequently talks with one of the Operations Developers that uses Andreas as a sounding board. Andreas contributes with his experience from working in store, which the manager in the OD team lacks.

### Sales Persons

Anna witnessed about a climate where ideas frequently are being discussed, “we are constantly brainstorming ideas”. In her store, both small and big questions are being brought up and further reported. Though, after brainstorming, her store manager is the one who reports the matter. He is also the one who receives the feedback, which he forwards to Anna. Similarly, both Bo and Daniel explain that they turn to their respective store manager or vice store manager if they have a question, which report the question if necessary. On the other hand, Erik, who described himself as an ambitious and engaged sales person, rather turns directly to the responsible person after discussing the question with his store manager. He is aware of the intended communication path, but “if you know the person in charge, you can circumvent it”. Though, he stresses his relationship with his store manager and her importance as a sounding board.

As Erik, Anna also attended the conference in London where sales persons were discussing and brainstorming, partly together with top managers. During the conference, the sales persons had the chance to discuss and share ideas and opinions with top management. Anna also developed an idea, which later was nationally implemented.

## 4.2.2 Idea Landing

### Idea Responsiveness

#### Regional Manager

The regional manager meant that he has time to respond to all deviations he currently receives. He perceives it as really important to respond to all deviations he receives, even though the respond only would be: “Great idea, but unfortunately it is not feasible”.

#### Store Managers

The store managers are generally satisfied with the response on ideas. The regional manager is the major source of response as he is the one receiving most of the reported deviations. Benny mentioned that when he wants to try a new idea, the

regional manager decides if the idea can be tested directly or if he needs to consult with the management first. Caroline mentioned that the communication with the regional manager works well. She meant that she always receive fast response, even though the response only is that the issue is already under progress or has been dealt with. Emma can sometimes feel that this kind of response is not sufficient. In those cases, Emma cannot be sure if the person before her pitched the idea in the same way as she would have done or if they have understood her idea properly.

Amanda, Andreas and Beatrice mentioned that they tend to call the responsible person directly when they have an idea. In that way they can discuss the issue and get immediate feedback. All of them have a very good perception of the OD team. As Amanda and Beatrice said “we can just pick up the phone to our key persons”, “you do not have to be afraid to call the ones in top of the organization”. Beatrice explicitly mentioned that she preferred to call the one in charge instead of reporting the idea through the reporting form.

### Sales Persons

All of the sales persons mentioned that they receive good response from their store managers. As Bo said “you receive good response when you come up with an idea”. In addition to discussing issues and ideas with the store managers, Anna and Erik also tend to turn to other employees higher up within the organization. Anna meant that the response is better since Telia increased its frontline focus. She perceives that she gets good support for new ideas and everybody is eager to help, no matter whom she talks to. Anna especially stressed the importance of constructive feedback. If someone in the store complains to the store manager, they often receive the question “how can we make it better?”. Erik is a sales person who rather turns to the concerned manager instead of letting the store manager report the issue. He always receives response from the concerned manager. Tough, in order to realize the idea, he emphasized the importance of knowing who to turn to. He perceives that he is always taken seriously, “I am not seen as only a sales person, everyone's ideas counts”.

## Accessibility of the System

### Regional Manager

As mentioned, the regional manager perceives the current reporting system for deviations much better than the previous, more anonymous one. However, far from all store personnel report deviations. In addition, the regional manager does not believe that all stores personnel in his region actually know how to proceed with an idea. He believes that all store managers are aware of how to proceed with an idea, and most of the sales persons. However, he does not believe that all sales persons employed per hour know how to proceed.

The regional manager mentioned that something that could enhance the improvement work, also being one of the largest challenges, is to create a proper flow for deviations. He proposed that there might be a need for gathering people in stores at a certain place or by a board. The board could work as a tool for following different ideas, and not just ideas from your store. Preferably, the board could be computer based, enabling the store personnel to follow the entire retail chain's flow. That would result in a much smoother way to exchange information, and in addition, it could hopefully result in that more people directed their attention towards the improvement work.

### Store Managers

All store managers are using the form to report deviations. As mentioned in previous parts, some prefer to call the concerned manager instead of using the form. The most obvious example is Beatrice who several times explicitly expressed her disapproval for papers and forms, and that she prefers to talk with someone. Amanda mentioned that she had emailed the manager of all sales channels with the suggestion that Telia should reintroduce a previous standard. Telia has now started to use the old standard due to Amanda's email. In contrast, Carl, also being a vice store manager, has so far preferred to report deviations through the form. Though, if the issue concerns the warehouse manager, he prefers to call or email due to their good relation.

All employees can report deviations, but Beatrice considered it to beneficial that she and the store manager usually are the ones that report ideas. If a sales person has an

idea and turns to one of them, they can discuss the idea and make sure that only relevant ideas are being reported. Carl, vice store manager, mentioned that the sales persons usually talk to him or Caroline if they come across an issue, and that he or Caroline reports the issue if necessary. He meant that the sales persons do not have the ability to see if an issue could concern other stores, and therefore would need to be reported as a deviation.

Andreas mentioned that all stores have access to a excel file containing ongoing and completed deviations. When facing a problem, the store personnel are suppose to search in the file to see if the problem has been reported already and if it exists a solution. Referring to Beatrice, she mentioned that she is aware of the file but that she never uses it. Rather, she asks someone in the store or calls the management. In addition, Emma lacks a more accessible way to follow up improvements. She meant that you never search through the excel file for the deviations you have reported. Instead, she suggested that you could receive updates on your reported deviations by email.

### Sales Persons

All sales persons except one mentioned that their store manager usually reports deviations they come up with. In contrast to the other sales persons, Erik reports his own deviations. In addition, other sales persons in his store tend to talk to him when they have an idea. Anna meant that the store manager is the one reporting deviations, which has come naturally. Though, Anna sometimes speaks directly to the warehouse manager since she is responsible for the store's stock. Bo mentioned that he never has reported a deviation since he has never had something to report. Though, he did not perceive the form as too demanding to fill in.

### Broadness of Scope

#### Regional Manager

Although the reporting form for deviations is supposed to capture incremental ideas, technical issues and radical ideas, the regional manager meant that he mainly receives technical issues.

### Store Managers

When deviations were discussed during the interviews, many of the store managers referred to issues regarding their systems or Telia's campaigns. As Carl mentioned, when they report deviations, "it first and foremost concerns campaigns and similar issues, not as much issues in the store or with the employees". In contrast, Emma mostly talked about general improvements when she talked about deviations. Ideas and improvement suggestions turned out to be shared within the region mainly through emails and as mentioned, Whatsapp groups.

### Sales Persons

Since the store managers tend to report the deviations, the scope is difficult to capture when interviewing the sales persons. Though, Erik tends to report deviations and he emphasized the importance of reporting both negative as well as positive deviations. He meant that things that runs smoothly can also be improved, not only the things that do not go well. He meant that the word deviation (in Swedish) has a negative connotation, which can be one reason why people tend to mainly report issues. The sales persons' focus on improvements is first and foremost on their respective stores. If Daniel for example suggests a new way of handling a customer related process, he explains it for his store manager and if the store manager agrees, they try to educate the other sales persons within the store. In addition, Bo mentioned some improvements he had suggested to his store manager, which all concerned local operations.

## 4.2.3 Idea Follow-up

### Intensity of Evaluation

#### Regional Manager

As mentioned, the regional manager meant that he has time to respond to all deviations he currently receives. As mentioned, he perceived that the improvement work is something that Telia could work more with. This also applies to himself, as he meant that his focus is often on solving things for the moment, rather than solving them long-term by addressing the source to the problem. He meant that there may be a need for a change in the way he and the store managers work. Maybe, they need to

make sure that he and the store managers actually have time to devote themselves to the improvement work. However, he meant that such a change would require that other work tasks were removed. Moreover, the regional manager perceives that his role as a gatekeeper is well functioning. The benefit of this role, he claimed, is that he can separate technical issues and incremental ideas from radical ideas, and if necessary, reports them to the right person. He meant that he reports many of the ideas he receives to the OD team, as long as the idea is good. However, he meant that some people do not like the response they receive, which sometimes unfortunately result in that the person stops reporting deviations.

### Store Managers

The process of evaluating ideas is not something that the store managers are involved in. However, some of the store managers commented on their perception of the evaluation. David commented on the gatekeeping roles at different levels in the organization by saying that although filtering roles may be dangerous, it is necessary as it is impossible for one person to understand the entire context. Emma expressed that although she understands that someone needs to receive and evaluate the incoming deviations, she does not always agree with that person. Sometimes she can receive the answer that a certain suggestion or problem is already under process. However, in that case Emma might consider this suggestion or problem very critical or urgent, and if someone already has reported it, it should be solved by now. Therefore, she expressed, the person evaluating the deviations does not always have the same perspective or opinion as the sales personnel. Sometimes Emma feels that it is a bit frustrating that the regional manager “is like Jesus, deciding yes or no”. Furthermore, she meant that when she reports the same or similar deviation as someone already has reported, she perceives that her view is not taken into account. She emphasized that although one might reports a problem or idea that already has been reported, an additional point of view may be helpful in finding a proper solution.

### Sales Persons

Regarding the sales persons' view on the evaluation intensiveness, Daniel meant that although he perceived the response on deviations as good, he was not sure about if the OD team always took the information seriously. In contrast, Erik felt that his point of

view is always taken into account, and he said that the OD team really listens. Anna also perceived the organization as very open and grateful for inputs from store personnel.

## Use of Rewards

### Regional Manager

Regarding rewards, the regional manager meant that it has some advantages, but that you could argue that the stores personnel receive a salary for their work, and in that work it should be included to engage in improvements. He perceives financial rewards as risky, as it may result in employees unwilling to do anything at all if they do not receive a reward. However, he claimed that publicity could serve as a proper reward as sales persons are always hungry for publicity. Instead of a sales contest, there could also be a contest where for example the three most valuable improvement suggestions are publicized. Or, one part of the employee of the month award could be based on improvements suggestions. As previously mentioned, the regional manager claimed that a computer based whiteboard or a similar tool, increasing the transparency, could give the improvement work publicity. Hence, hopefully resulting in a more widespread emphasis on the improvement work.

### Store Managers

On the question regarding rewards, only Carl mentioned that financial rewards could be motivating. However, he was not sure if the usage of financial rewards would work as intended. He meant that there was a risk that the OD team would receive tons of ideas just because people were striving to receive rewards. So, after all, he meant that financial rewards would not be such a brilliant idea. Emma meant that financial rewards could actually be negative, as it could result in employees becoming bitter if their ideas did not result in rewards. She also meant that even though you receive a reward, you might become better if someone else receives a greater reward. As a result, you might not consider that person's idea as good since that person received a greater reward than you. In addition, Emma meant that all store personnel already compete and receive rewards to a great extent, and that they do have a salary for their work. If you do something great, a gratuity from your closest manager would be more appropriate. But, she emphasized, it should not be something you expect.

Caroline, Benny and Beatrice mentioned feedback as a form of important reward. Caroline meant that in her store, the sales persons were barely motivated by sales contests anymore. She explained that they have created a sales culture in the store where they support each other and tell each other when someone does a great job. She also told us that she usually appoints someone as the seller of the month, and explains to the other employees why this person was appointed. David also meant that he would appreciate more feedback and a possibility to be more involved. He explained that he had come up with an idea, which he received credit for, but he did not receive any feedback regarding how many stores that actually had implemented his idea. He had talked to other store managers, and he got the impression that some of them had ignored the idea, as they did not think it was something for them. Therefore, he meant that if he had had the possibility to be more involved, by for example explaining to the other stores why this idea could make a difference, the implementation rate would be higher. David meant that, as it is now, the other stores only received an idea without any background, explanation or results that the idea had resulted in.

The majority of the store managers thought that publicity could be a motivator for developing more ideas. Emma and Caroline emphasized publicity in relation to financial rewards, and meant that publicity would be a more proper reward. Caroline motivated the importance of publicity by explaining that her employees were barely motivated by contests anymore, as also discussed above. In addition, Caroline meant that publicity resulting in acknowledgement and attention is in her eyes much more worthy than financial rewards. Andreas and Amanda meant that publicity is really important, otherwise people do not feel that they get something for their work. Andreas meant that there is a lot of prestige when you work with sales, and therefore it is important that you are acknowledged for good ideas. Moreover, Andreas meant that in addition to give certain stores or persons publicity for their ideas, it is also important to emphasize Telia's improvement work. Hence, giving publicity to the improvement work itself. He proposed that when a new routine that derives from a deviation, "why not mention in the information mail that this new routine actually originates from a deviation" and the improvement work that the company works with. Andreas and Emma considered publicity as a factor that could trigger other persons than the one receiving the publicity to work with improvements. Some of the store

managers expressed that the organization is good at providing publicity to persons or ideas, but some store managers also said that this is something that the organization could work more with.

Although Emma meant that publicity is better than financial rewards, as financial rewards could make employees bitter, as discussed above, she also meant that it could have both positive and negative aspects. Although publicity could be nurturing for your work, she meant that other people might get jealous of the people that receive attention. She said that this is typically Swedish, that people get jealous of other people's success. Though, when further discussed, she estimated that the majority of people do not react like this, but that a small part, maybe 20% could react like this.

### Sales Persons

Two sales persons, Daniel and Erik, meant that financial rewards would be a motivator for generating ideas. Though, Erik meant that money was not necessary. Rather, other ways of rewarding ideas could be more suitable. The other two sales persons, Bo and Anna, did not consider financial rewards as necessary. Bo meant that if you come up with something revolutionary, you could for example be rewarded with a higher position within the organization. Anna considered the possibility to spread your idea to other stores, where you would feel needed, would be a proper reward. She meant that people that are good at certain areas could for example change store for a couple of days, and in that way spread their knowledge and energy.

All sales persons except Daniel thought that publicity could be a motivator for generating more ideas. Daniel meant that although he would come up with an idea that was spread to all stores in Sweden, it would not result in him generating more ideas. The other four meant that publicity around an idea was a good way of rewarding the person that came up with the idea. Erik meant that it could work as a boost for your self-confidence, and Bo meant that it could give acknowledgement and a kick. All four sales persons that considered publicity as motivating, also thought that they would be motivated if someone else received publicity for his/her idea.

## Processing of Ideas

### Regional Manager

The regional manager meant that he sometimes processes ideas before he reports them to the OD team. However, it is something that he always does together with the person that reported the idea to him, through questions, counter questions and argumentation. He does the processing together with the persons that reported the idea since “it is important that the idea comes from the source and that that person receive credit for it”. The regional manager meant that processing ideas is something he would probably do more if he generally received more ideas. Moreover, he was positive about the possibility for store personnel to be involved in the development of ideas.

### Store Managers

The store managers are involved in the processing of ideas at several dimensions as they process ideas with sales persons, other store managers, the regional manager as well as the OD team. Sometimes the regional manager encourages the store managers to share their ideas within the region, and sometimes the regional manager share their ideas.

Regarding idea processing within the stores, Emma has, as mentioned, a white board where the store personnel can write down ideas. Emma meant that this is a way of processing the idea and clarify if it is a matter that only regards their store or if it something that Emma should discuss with the regional manager. Emma meant that the employees are welcomed to talk with the regional manager directly, but with this solution they can come up with suggestions without it being an effort for them. As mentioned, some of the store managers and vice store managers discuss a lot of ideas with each other, which is a form of processing of ideas. As discussed above, the store managers in the region have a lot of contact with each other through email and Whatsapp groups. So even though they not have the possibility to see each other that often, the contact with other store managers could be seen as an important factor for the processing of ideas.

We also discussed the possibility for sales persons to be more involved in collaborations with other stores. As it is now, it is mainly the store managers, and sometimes the vice store managers, that are involved. David was doubtful about involving sales persons in these kinds of processes as he meant that they might not have the same kind of understanding for how things in the store relate to the organizational context. He meant that it is important to distinguish between opinions and deviations, which many sales persons may not be able to do. Caroline was also doubtful about involving the sales persons, but mentioned that the vice store manager maybe could be more involved. She meant that the sales persons might not have the sufficient skills to share the information with the rest of the group as they do not have the same kind of leadership skills. However, she meant that it depended on the purpose of involving the sales persons. A sales person would probably not get something out of participating at a regular store manager meeting, but to contribute with inputs and suggestions when for example designing a new checkout counter would be more appropriate. For that kind of matters Caroline meant that it would be great to engage the sales persons, as they spend more time at the checkout counter than her.

When the store managers were asked whether they would prefer to be involved in the development of their ideas, or prefer to leave the idea in the hands of someone else, they were positive about being involved. As mentioned under the section about rewards, David would like to be more involved in the processing of ideas and in the implementation phase. He meant that the result would have been better if he had been more involved and got the chance to further explain the idea. Although all store managers were positive about being involved, some of them also emphasized that they need to prioritize their work as store managers. Hence, their ability to be involved depends on the nature of the idea. Andreas was positive about letting sales persons be involved in the development of ideas, as he meant that he does not distinguish between employees in this aspect. Instead, he meant that sales persons that only work occasionally might have time to engage in projects on their spare time. He meant that for an engaged person it could be a chance to gain further experience.

## Sales Persons

All sales persons meant that they discuss ideas with their store managers, and ideas are mostly processed in this way. Thereafter, the store manager takes over and reports the idea to the regional manager or other stores if necessary. Regarding the possibility to be more involved in the processing of ideas, Erik and Bo were positive to the possibility of being involved. Anna was also really positive about being more involved, and she meant that it would be interesting to have a list where persons that are interested in being involved could register on. Although she is interested in being involved, she meant that there are also persons that are not. Daniel, was in fact, not that interested in being involved and would prefer that someone else continued an idea that he reported. The main reason for this was that as a sales person, he has his sales targets, and every minute he does not dedicate to them, makes it harder for him to reach those targets.

## 5 Analysis

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*This chapter presents the analysis of the study. The chapter begins with a discussion regarding the contextual factors of the case company. Thereafter is the case company's use of MCS to support idea capturing analyzed, followed by a general discussion of how cultural and structural support can facilitate idea capturing in retail chains.*

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To evaluate Telia's MCS' ability to capture relevant and pre-processed ideas at store level, as well as identify possible improvements, it is important to consider some contextual factors. According to Russel and Russel (1992), the organizational structure is of importance for innovation, and it is therefore critical to evaluate the organizational structure in order to understand its impact on innovation processes. It is also important to identify what kinds of innovation processes the organization focus on, since Davila (2005) means that different kinds of innovation processes require different MCS.

First, the organizational structure of Telia's retail unit has changed during the recent years. The organizational structure can, as mentioned, be analyzed by the dimensions of centralization and formalization. Regarding the dimension of centralization, Hirst et al. (2011) mean that it refers to the distribution of power and how involved employees are in decision-making. Regarding the involvement of employees, Leppänen (2015) means that service organizations often involve front line personnel in the innovation process due to their direct contact with customers. Both store managers and sales persons at Telia expressed that the management puts greater emphasis on the store personnel's importance for the organization's development. Hence, the organization is much more open to input from store personnel. The distribution of power can be seen as relatively unchanged since the work towards more standardized processes in the stores has recently started. The stores' autonomy is therefore still large. Though, overall has the organizational structure become more decentralized due to the increased involvement of the employees.

De Jong et al. (2003) mean that the innovation processes in service firms is often neither formal nor defined, and is something that just happens. According to Hirst et al.'s (2011) definition of formalization, to which extent rules are specified and procedures standardized, there is therefore often not a focus on formalization in the innovation processes in service firms. Telia however, has created a formal reporting system for capturing ideas at store level. The implementation of the system can be seen as natural since the larger involvement of employees in the innovation process require some way of capturing the ideas. However, the reporting system is not used to a large extent. Hence, although a formal system has been implemented, the overall level of formalization has not significantly increased.

Second, regarding the different kinds of innovation processes, Davila (2005) means that they could be divided into four different processes depending on the locus of innovation and the type of innovation (see table 3.1) In Telia's case, innovation is conducted in the entire retail unit since ideas and improvement suggestions are welcomed from all employees. Hence, the locus of innovation is what Davila (2005) refers to as day-to-day actions. Regarding the type of innovation, Telia means that the improvement work mainly focuses on small continuous improvements, although all types of ideas are welcomed. Thus, the focus includes both incremental and radical innovations. In combination with the focus on day-to-day actions, the kinds of innovation processes Telia targets are therefore intended strategic actions and autonomous strategic actions.

## **5.1 CreativityTransformation Model**

Telia's current idea capturing process aims to capture ideas emerging from the employees throughout the organization and can therefore be considered as a suggestion system. Hence, Telias use of MCS to capture ideas can be analyzed by van Dijk and van den Ende's (2002) CTM.

### **5.1.1 Idea Extraction**

In order for the store personnel to know what to focus on, they should clearly be aware of what the management identify as a good idea and which domains that are

currently of relevance (Desouza et al., 2009). As it is now, the store personnel perceive the management as positive towards the improvement work. However, it does not seem like the management explicitly communicates its emphasis on improvements or how much the regional managers and the store personnel should emphasize the improvement work. For example, improvements are not explicitly on the agenda. However, the regional manager did not consider that a central decision that would put the improvement work on the agenda would have any effect, since the store managers would struggle to find the time. An effect would require that the management removed some tasks currently conducted at store level, alternatively gave clear directions about other tasks that could be deselected in relation to the improvement work.

According to van Dijk and van den Ende (2002), it is important that the organization's attitude is aligned and communicated in a focused manner. A lack of follow-up on implemented improvements emerged from the interviews. For example, the regional manager meant that the focus shifts rapidly and that directions barely are implemented until the next project is suppose to be implemented. Hence, the organization does not place as much emphasis on the follow-up as on the launching of new ideas or projects, signaling an ambiguous attitude. The lack of follow-up is an example of unaligned communication. One store manager also meant that he perceives following-up as a reward that assumingly affect his motivation. Since he considers the following-up insufficient, his motivation regarding the improvement work might be negatively affected. By increasing the emphasis on follow-up, the communication would be more aligned and the store personnel would probably be more motivated to engage in the improvement work.

Van Dijk and van den Ende (2002) mean that the management's support and communication of its willingness to receive new ideas is essential in order to extract ideas from the employees. All store personnel perceived that they receive support since they always can contact the management. They also perceived that the management encourages ideas from store level. However, the communication is not conducted explicitly, since the management has not specified how much time and effort the improvement work should take. In addition, the regional manager mentioned that his focus often is on solving things short-term rather than long-term.

The short-term focus, once again indicates the lack of awareness of how much the improvement work should be emphasized. In order to strengthen the alignment, the management should explicitly communicate its positive attitude towards the improvement work. Moreover, the formal daily deviation-meetings enable the management to quickly be informed about issues and improvement suggestions. The daily deviation-meetings could be seen as what Davila (2005) refers to as an interactive control system, since the management can discuss strategic uncertainties together with the store managers and regional managers. However, the deviation-meetings primary seem to concern technical issues and similar matters as the meetings mostly serve as a communication tool, not as support for processing ideas.

The stores within Region South collaborate a lot and the atmosphere is very open minded and positive. This enables employees to brainstorm and discuss ideas, which is essential according to Van Dijk and van den Ende (2002). Though, the collaboration and brainstorming occur to a high degree through informal communication forums such as Whatsapp groups. The informal communication forums serve as a kind of informal interactive systems, which enable dialogues regarding strategic uncertainties (Davila, 2005). The discussed and shared ideas within the Whatsapp groups sometimes reach the regional manager due to the well-functioned relationships between some of the store managers and the regional manager. Hence, the capturing of ideas is highly depended on informal interactions, and not formal procedures. Moreover, the generated ideas tend to be of an incremental character, supporting OECD and Eurostat (2005) and de Jong et al.'s (2003) argument that innovation within organizations operating in service industries tend to be incremental. In addition, the generated ideas mostly concern ways to improve the daily operations and, supporting Howell and Tether's (2004) argument that retail chains mostly engage in organizational innovation.

Even though the stores within Region South collaborate to a large extent, collaborations between regions are rare. All store managers only meet once a year during a national event, and they do not share Whatsapp groups or any other form of informal discussion forum. It exist silos between the regions, in particular, informal ones. Ideas that are informally spread within a region, and are not reported to the regional manager or are not considered by the regional manager as worth reporting,

are not shared outside the region. By not supporting informal connections across the regions, the organization misses out on opportunities to make ideas mobile, which Desouza et al. (2009) emphasize since sources of ideas may be found across the organization.

### 5.1.2 Idea Landing

The formal reporting system for deviations aims to capture both incremental and radical ideas as well as technical problems. However, it appeared that many store personnel associate deviations with technical problems or similar matters, and it is therefore mostly these kinds of matters that are reported into the reporting system. Hence, the management seems to have failed on communicating what the scope of the reporting system is. Moreover, according to van Dijk and van den Ende (2002), it is important that the suggestor receive a positive reaction from the manager when he or she presents an idea in order to support the transition of ideas into the suggestion system. The store personnel perceived that the regional manager and the management have a very open mind and a positive attitude towards ideas. The regional manager emphasized the importance of providing response to all reported deviations, even though the response sometimes is quite brief. The store personnel also stressed the increased contact with management during the recent years, which they considered as a remarkable improvement.

When store personnel use the reporting system to report an idea, the idea is sent to the regional manager. Hence, ideas that are national matters are not directly sent to the relevant person. However, the regional manager is the only intermediary between the management and the stores. If the regional manager considers an idea as relevant, he can report the idea through formal paths the same day as he receives an idea. Hence, the ideas are efficiently sent to the relevant person, which is important according to Desouza et al. (2009). In addition, the regional manager function as a first evaluator and can add important insights as he has a wider perspective than the store personnel. In that way, the regional manager can further process the idea and make sure that the ideas that reaches the management is relevant.

All store personnel in Telia's retail unit can report ideas through the reporting system. However, it appeared that it is mostly the store managers that report ideas. Hence, even though all store personnel can report ideas, the reporting system is not that accessible in practice. Moreover, the regional manager meant that he generally does not receive that many ideas through the formal reporting system. The OD team also meant that they receive few ideas through the formal reporting system, since most of the ideas they receive are reported to them in informal ways. The major reason for that the store personnel prefer informal ways is that they allow the store personnel to discuss their ideas and receive immediate feedback. Discussions can also be assumed to be more needed regarding ideas than problems or issues. In addition, the word deviation in Swedish (*avvikelse*) is easily associated with negative issues. Though, to enable the OD team to evaluate, process and prioritize ideas, it is important that the ideas are being reported after they have been informally discussed. As it is now, ideas never get reported if a store manager directly calls a person from the management. According to the Operations Developer working with the customer dialogue and concepts, the OD team's focus has been on getting things done. Hence, many ideas are not reported into the system, which is an effect of the management's failure of encouraging and supporting the employees to report ideas into the system. Another reason for why many ideas are not being reported into the system may be that the form that is used to report deviations addresses the needs of technical issues. With a design that also meets the needs of ideas, more ideas would probably be reported through the reporting system instead of informal ways.

### 5.1.3 Idea Follow-up

Regarding rewards, most of the stores personnel did not consider financial rewards as necessary in order to motivate the improvement work, since the store personnel already receive financial rewards to a high extent. However, the general use of rewards was found to be important and non-financial rewards were suggested for the improvement work. This supports van Dijk and van den Ende's (2002) argument regarding the importance of using financial rewards with caution, and in combination with non-financial rewards. The most frequently suggested non-financial rewards were publicity and feedback. According to Leach et al. (2006), publicity and feedback have a strong impact on perceived success and suggestion rate. Supporting this

argument, most of the store personnel perceived publicity as a motivating factor for idea generation. However, as it is now, the management does not publicize suggestions systematically, and therefore misses out on the opportunity to promote the improvement work and further motivate engaged store personnel.

The idea processing often occurs informally within the stores. However, there exist more formal processes, for example one store manager uses a whiteboard for the idea processing. Though, no nationally standardized process exists. Desouza et al. (2009) stress the importance of encouraging employees to be involved in the development of ideas, and most of the store personnel were positive about being involved in the processing of ideas. However, sales persons are perhaps more suitable to contribute with inputs regarding matters that they are involved in, whereas store managers can have a more extensive role in the processes as long as the project does not interfere with their work as a store manager.

Moreover, some store personnel were skeptical about if the management took the store personnel's input seriously or if the regional manager evaluates ideas properly. Once a suggestion is reported, other store managers cannot add additional insights. One store manager requested a more transparent suggestion system as the organization might gain from considering additional inputs instead of rejecting those inputs. This indicates that Telia's evaluation process instead is what Desouza et al. (2009) refer to as non-transparent, since it signals an unawareness of the evaluation criteria, which reduces the employees' belief in the process.

#### **5.1.4 Summary of the CTM**

Telia does not have an aligned attitude that supports the scope, which makes it difficult to properly design the process for idea capturing. The current scope is wide, including all types of ideas, including both incremental and radical ideas. However, the generated ideas mainly seem to be of an incremental character, concerning organizational innovation. Though, the formal support mainly meets the needs of technical issues, but does not support the capturing of ideas. This could be one reason why mostly technical issues are reported through the formal reporting system, whereas ideas are mostly communicated through more informal ways. Hence, the fact

that ideas and technical issues are reported through the same system may be a major reason for the lack of reported ideas through the reporting system. In the daily operations, it is easy to prioritize short-term matters such as technical issues, rather than ideas that improve the operations long-term.

Moreover, it appeared that the management has implicitly communicated its positive attitude towards the improvement work, since all stores personnel perceived that the management welcomes ideas from store level. However, the communication is not conducted in a uniformed manner. The weak alignment results in an unclear emphasis on the improvement work. Therefore, the amount of time spent on evaluation, and on what grounds the ideas should be evaluated on, becomes subjective, and thus different throughout the organization. In addition, the weak alignment is also reflected in the lack of follow-up, and the fact that publicity as a reward is used sporadically, hence not based on equitable grounds. In summary, the other factors of the CTM are not coordinated with the scope, resulting in a suggestion system that does not fulfill its aim. The structural support is not designed based on the needs of idea capturing, and the cultural support is unaligned, resulting in an unclear emphasis on idea capturing. Therefore, the main finding based on the analysis of the case company, is the importance of a clearly defined scope that is underpinned by cultural and structural support.

## **5.2 Culture and Structure to Support Idea Capturing**

According to Otley (1999), it does not exist any universal set of MCS applicable to any kind of organization. Similarly, van Dijk and van den Ende (2002) mean that the CTM model can be adapted to which type of innovation the company desire depending on the company's surrounding environment and business strategy. Hence, the CTM should be designed based on the characteristics and preconditions of the specific company. As the research question addresses a retail context, the further discussion is also going to target idea capturing within retail chains. Furthermore, the discussion address how the support functions could be designed in order to make sure that the reported ideas are of relevance and are pre-processed. The discussion is divided into actions that affect the culture and actions that change the processes within a company.

### 5.2.1 Culture

As discussed above, the scope is the foundation for a suggestion system. A company's management should therefore first and foremost identify the scope of the suggestion system. The identified scope determines whether the suggestion system welcomes all types of ideas, or if it only targets radical or incremental ideas. Further, the other factors in the CTM should be designed to support the intended scope. In addition, informal belief systems should be designed to create a culture that supports the scope. The informal belief systems should encourage the employees to explore and experiment within the daily work (Davila, 2005).

When ideas reach the management, the idea should be relevant to enable the management to evaluate and prioritize the idea. If the management identifies the scope as wide, it is particularly important that the scope is supported by a strong alignment in order for the management to handle all ideas since a wide scope results in a higher amount of reported ideas. A strong alignment enables the employees to know what to focus on, leading to that the reported ideas are of more relevance. Otherwise, the organization would have to invest extensive amount of resources on the function that sorts out relevant ideas.

In contrast, a narrow scope tends to only targets radical ideas. For example, Shell that is presented as best practice by van Dijk and van den Ende (2002), has a narrow scope, only targeting ideas leading to the use of new technologies. A narrow scope results in less reported ideas but the ideas are probably more relevant since it is easier for the employees to know what to focus on. Therefore, a narrow a scope does not require a strong alignment. In addition, fewer resources are needed to evaluate the received ideas. Moreover, one way to motivate the employees is to reward successful ideas. Financial rewards can be used in various extents to increase amount of reported ideas. Though, preferably in combination with non-financial rewards in form of feedback and publicity. In addition to motivate the employees, publicity also enlightens the suggestion system itself. A clear and transparent reward system would further strengthen the alignment since the employees would be better aware of what kinds of ideas the management values.

### 5.2.2 Structure

In addition to cultural support, the idea capturing process also needs structural support. As the informal belief systems, the design of the structural support should also be based on the identified scope. A company can for example facilitate an innovative culture by allocating resources properly by using formal belief systems. Furthermore, interactive systems can enable dialogues across the organization. Thereby, strategic uncertainties can be discussed and the management can communicate the organization's vision and motivate the employees to work towards it (Davila, 2005).

Assuming that an organization wishes to receive more relevant and pre-processed ideas, a suggestion system with character traits of the work-based suggestion system is preferable. Work-based suggestion systems perform best in regard to perceived success (Leach et al., 2006), hence generates the ideas of best quality. In addition, the work-based suggestions systems tend to have a more limited scope since they typically diagnose problems and propose solutions. Therefore, narrowing the scope can be a way to ensure that the ideas are as relevant as possible.

To support the idea extraction phase and create opportunities for reflection, a company could create formal discussion forums such as quality circles or development teams, which are common to use in work-based suggestion systems. In these forums, employees can discuss and reflect upon ideas, which assumingly leads to ideas that are more pre-processed. Furthermore, the formal discussion forums could preferably connect different sources of ideas, by for example organize the discussion forums after store size or mix different departments. Connecting different resources enable the organization to seize supplementary perspectives on ideas. Even though the formal support is important and should be emphasized, informal discussion forums and the possibility for employees to call the management to brainstorm and receive feedback should be encouraged, since open communication in all directions in an organization foster innovation (Amabile, 1988). However, in order for the management to evaluate and further process the ideas, it is important that the ideas are being reported into the suggestion system. If ideas are not reported into a standardized

idea process, ideas may not reach the appropriate person or may get lost in the daily communication, hence not being utilized (Desouza et al., 2006).

In order for the management to receive relevant and pre-processed ideas, some requirements for reporting ideas could be set. Alternatively, the authorization to report ideas could be limited to certain positions. Store managers have knowledge about store operations, which is of importance regarding innovation in service firms (Leppänen, 2015). In addition, they have greater responsibilities and more contact with the management compared with sales persons, resulting in a wider perspective and the ability to make sure that the reported ideas are of quality. Hence, the authorization to report of ideas could be limited to store managers. However, with a less accessible system, there is a risk that some ideas are not captured.

Moreover, a transparent and formalized process should suggestively be used at store level, both as a tool for reflection, but also as a first step in the processing of the ideas (van Dijk & van den Ende, 2002). A transparent and formalized process makes it easy for sales persons to bring up problems or ideas, and it facilitates additional insights and reflections. A standardized process enables the ideas to become more pre-processed and would function as an interactive system since it enables dialogues regarding strategic uncertainties (Davila, 2005). Moreover, the ideas should go through some sort of regional unit. In that way, the ideas can be further evaluated, making sure that the ideas reaching the management are of relevance. The regional unit can also be a part of the process, adding additional insights as well as it can demand ideas to be further processed. All of the companies presented by van Dijk and van den Ende (2002) as best practice have centralized suggestion systems complemented by some form of regional appraisals.

Lastly, the ideas should be evaluated based on transparent evaluation criteria, hence increasing the employees' understanding for the evaluation process. In turn, the process would become participatory, encouraging the employees to advocate and develop ideas (Desouza et al., 2009). After an idea has been reported, the suggestor could be included in the processing of the idea. In that way, the management's workload could decrease and the suggestor could function as a sounding board when the idea is further processed.

### 5.3 Summary and Further Development of the CTM

As mentioned, the analysis has shown that the scope constitutes the foundation of the CTM. The scope defines what types of ideas the organization focuses on. Hence, it could be likened with what Davila (2005) refers to as the type of innovation - if the organization focuses on incremental and/or radical innovations. The type of innovation determines what role the MCS should play to support the innovation processes (Davila, 2005). Therefore, it seems logical that it appeared that the scope determines how the other factors in the CTM should be designed. Accordingly, the scope could preferably be placed somehow above the boxes in the illustration of the CTM. The model would then illustrate the importance of the scope. See figure 5.1 for our adjusted CTM.

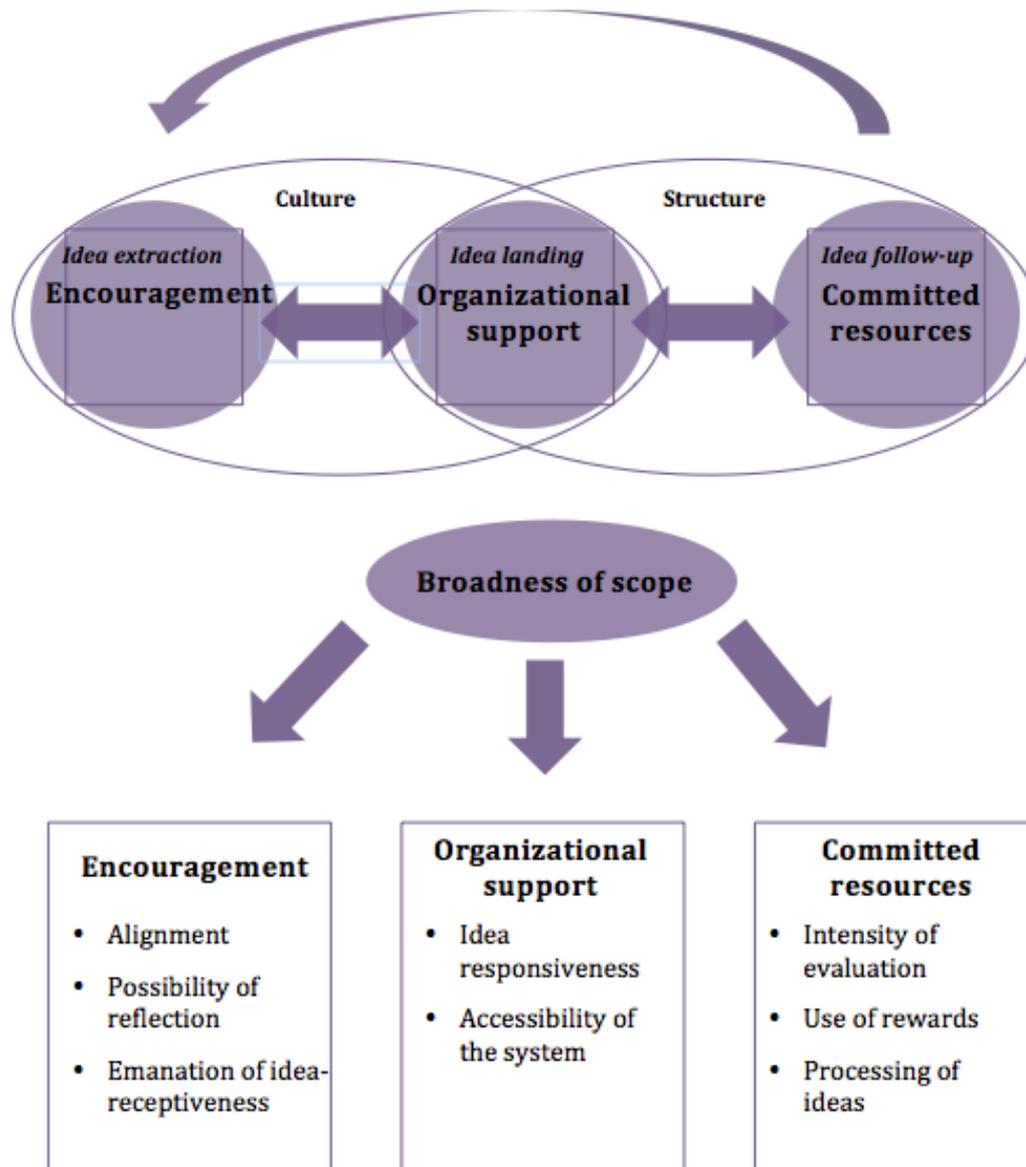


Figure 5.1: The adjusted CTM

The broadness of the scope determines what kind of MCS that should be especially emphasized to capture relevant ideas. With a wide scope, a strong alignment seems to be of particular importance in order for the employees to assess the relevance of ideas. In contrast, a narrow scope explicitly encircles the area of relevance, resulting in a lower requirement on alignment. A more narrow scope seems to generate more ideas of relevance. However, mainly incremental ideas are generated in a retail context. Therefore, a wider scope targeting incremental ideas seems to be suitable, increasing the importance of cultural support in order to capture relevant ideas. Formal systems that enable discussions and connect different sources seem to be of importance to capture pre-processed ideas, regardless of the scope.

## 5.4 Conclusions

Based on the study, it appeared that a retail chain's definition of the scope is essential for how the MCS should be designed to capture ideas at store level. A wide scope targeting incremental ideas, underpinned by cultural support seems to result in relevant ideas. In addition, to capture pre-processed ideas, formal support that enables discussions and connects different sources seems to be of particular importance.

## 6 Suggestions for Further Research

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*This chapter presents suggested areas for further research.*

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As mentioned in the background, the area of research we have studied is limited, which is why more interesting findings can be found concerning the innovation process in a retail context. Therefore, based on the experience from our study, we suggest some areas for future studies. First, since we only focused on the idea capturing phase, it would be interesting to study the later part of the process, namely the implementation phase. As retail chains consist of many stores, the implementation phase is particularly interesting since the stores may have different preconditions and subcultures. The design of MSC could be crucial to implement the same processes in all stores within a retail chain.

Second, our study concerns a narrow field of study as it concerns innovation in a non-technical context and is industry specific. Therefore, it had been interesting to study another non-technical industry based on a similar purpose. Third, our study is based on a single case study and enabled us an in depth understanding of our case. Though, by analyzing the model by van Dijk and van den Ende (2002) based on several companies, comparisons would be possible. In addition, a more extended study could perhaps generate more generalizable results. Lastly, additional studies in the same field as our study could examine the strength of our refined CTM, as well as further refinements could be identified.

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## 8 Appendices

### Appendix A: Citations

“The focus is just on completing the task”

“Fokuset ligger bara på att slutföra uppgiften”

Operations Developer - Customer Dialogue and Concepts

“We have a lot of great human beings within the organization [...] there are so many people I can call when I have a problem, even though they have a lot of responsibility.”

“Vi har så mycket bra människor inom organisationen [...] det finns så många personer jag kan ringa när jag har ett problem, även fast de har mycket ansvar”

Amanda

”We work with it [improvements] all the time, and we try to improve both small and big things”.

”Vi jobbar med det [förbättringar] hela tiden, och vi försöker att förbättra både stora och små saker”

Anna

“I do not know how many times they knock on my door each day”

”Jag vet inte hur många gånger per dag de knackar på min dörr”

David

“before they were totally anonymous”

”föret var de helt anonyma”

David

“we are constantly brainstorming ideas”

”vi bollar idéer hela tiden”

Anna

“if you know the person in charge, you can circumvent it”

”om du känner den ansvarige personen, kan du kringgå det”

Erik

“Great idea, but unfortunately it is not feasible”

”Jättebra idé, men tyvärr är den inte genomförbar”

The regional manager

“we can just pick up the phone to our key persons”

”vi kan bara lyfta luren till våra nyckelpersoner”

Amanda

“you do not have to be afraid to call the ones in top of the organization”

”du behöver inte vara rädd att ringa de högt uppsatta i organisationen”

Beatrice

“you receive good response when you come up with an idea”

”du får bra respons när du kommer med en idé”

Bo

“how can we make it better?”

”hur kan vi göra det bättre?”

Anna

“I am not seen as only a sales person, everyone's ideas counts”

“Jag ses inte bara som en säljare, allas idéer räknas”

Erik

“it first and foremost concerns campaigns and similar issues, not as much issues in the store or with the employees”

“det gäller först och främst kampanjer och liknande, inte lika saker inom butiken eller med de anställda”

Carl

“is like Jesus, deciding yes or no”

”är som Jesus, bestämmer ja eller nej”

Emma

“why not mention in the information mail that this new routine actually origins from a deviation”

“varför inte nämna i informationsmailet att den nya rutinen faktiskt grundar sig i en avvikelse”

Andreas

“it is important that the idea comes from the source and that that person receive credit for it”

“det är viktigt att idén kommer ifrån källan och att den personen får credd för det”

The regional manager

## Appendix B: Interview Template: Regional Manager

### **Creativity and standardization**

Do you perceive the received amount of ideas as too many or too few?

Do you perceive the need to encourage creativity or standardization as most important?

Is it the store managers that report ideas regardless who initially came up with the idea? I.e., does it depend on the store manager's encouragement?

Have you participated in the development of an idea that has been implemented nationally?

If yes, how did it proceed?

Do you have certain standards that are specific for region south?

### **Planning**

Which expectations do you have?

How could a potential idea capturing process look like?

Could it be based on group work or should it rather include individual idea suggestions?

Could it be possible to divide the idea capturing process by the processes within the stores? For example, customer service and administration etc.?

### **Time**

Compared with the deviation reports, how often could an innovation process be used?

For example, once a week or once every month?

How much time do you currently spend on new ideas? Is it enough?

How much time per week would be suitable for regional managers to spend on new ideas?

How much time per week would be suitable for store managers to spend on new ideas?

How much time per week would be suitable for sales persons to spend on new ideas?

### **Publicity**

How transparent could an idea capturing tool might be?

Do you think that the store personnel know how to proceed if they have an idea?

How would it be possible to make them aware of a potential process?

What do you think requires in order to establish the process?

Could the suggestor or the store be connected to the idea? (Compare with the Motala model)

### **Managerial support**

How much support do you currently receive from the management to you think?

How much support would you like to receive from the management?

How?

How much do you currently support the stores?

How much would you like to support the stores?

How?

### **Feedback**

How much feedback do you currently provide?

Do you currently weed out many ideas?

Do you have enough time to capitalize and provide feedback to the relevant ideas? Or does it affect other tasks negative?

How much contact do you have with the other store managers?

Do you currently cooperate with the other regional managers regarding common issues?

Do you think that you continuing should weed out ideas?

In that case, could you possibly provide feedback?

### **Rewards**

Are sales persons currently rewarded for good ideas?

Should the idea capturing tool be connected to non-financial and/or financial rewards in order to receive more ideas?

## Appendix C: Interview Template: Store Manager

### Questions regarding the store

Size in terms of...

... customers?

... employees?

### Current innovation process

Have you had an idea for an improvement?

If so, have you realized it?

If so, have you reported it?

Why/Why not?

If no, are you aware of the form for ideas/improvement suggestions?

If yes, did get any response?

If yes, how did you report the idea? Did you use the form for ideas/improvement suggestions?

If yes, how often do you report ideas?

Is there something you would like to be differently in order for you to report more ideas/improvement suggestions?

### Planning

What are your general expectations on the improvement work?

To what extent is improvement work emphasized?

Is it on the agenda at your meetings?

Do you consider it to be enough?

### Idea generation tool

How much time do you think its appropriate to spend on reporting an idea/improvement suggestion?

If you had an idea, would you prefer to be involved in the process of developing the idea, or would you prefer to report the idea and leave the developing process in the hands of someone else?

Regarding testing of ideas, do you think it would be better if someone in the store or someone at the regional level were responsible?

Do you think that collaborations between different stores would improve the quality of the generated ideas?

How could a collaboration may look like?

Idea circle by telephone/IRL?

How could an idea be elaborated at store level before reporting it to regional/national manager?

### **Managerial Support**

Does your manager encourage you to come up with/develop improvements?

Is the encouragement sufficient?

Would you like to have more support in some way?

Are you encouraging your employees to come up with ideas and develop improvements?

Do you feel that you have enough time to provide your employees with sufficient support?

### **Feedback**

Do you think that you get sufficient feedback on your ideas/improvement suggestions?

What do you consider important regarding feedback on ideas/improvement suggestions?

### **Publicity**

Have you heard of Motalamodellen?

Have you used it?

If yes, how did the implementing go? How were the instructions?

Do you think that publicity of successful ideas can be a driver for idea generation?

### **Rewards**

Do you think that any form of reward would result in more generated ideas?

What kind of reward?

## Appendix D: Interview Template: Sales Person

### **Current innovation process**

Have you had an idea for an improvement?

If so, have you realized it?

If so, have you reported it?

Why/Why not?

If no, are you aware of the form for ideas/improvement suggestions?

If yes, did get any response?

If yes, how did you report the idea? Did you use the form for ideas/improvement suggestions?

If yes, how often do you report ideas?

Is there something you would like to be differently in order for you to report more ideas/improvement suggestions?

### **Planning**

To what extent is improvement work emphasized in your store?

Does your manager emphasizing it? For example, is it on the agenda at your meetings?

Is it emphasized enough?

### **Idea generation tool**

How much time do you think its appropriate to spend on reporting an idea/a improvement suggestion?

If you had an idea, would you prefer to be involved in the process of developing the idea, or would you prefer to report the idea and leave the developing process in the hands of someone else?

Regarding testing of ideas, do you think it would be better if someone in the store or someone at the regional level where responsible?

Do you think that collaborations between different stores would improve the quality of the generated ideas?

How could a collaboration may look like?

Idea circle by telephone/IRL?

How could an idea be elaborated at store level before reporting it to regional/national manager?

### **Managerial Support**

Does your manager encourage you to come up with/develop improvements?

Is the encouragement sufficient?

Would you like to have more support in some way?

### **Feedback**

Do you think that you get sufficient feedback on your ideas/improvement suggestions?

What do you consider important regarding feedback on ideas/improvement suggestions?

### **Publicity**

Have you heard of Motalamodellen?

Do you think that publicity of successful ideas can be a driver for idea generation?

### **Rewards**

Do you think that any form of reward would result in more generated ideas?

What kind of reward?