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The Tension Between Tradition and Innovation

A Study on How a Company Impacted by Tradition Handle Renewal

by

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Abstract

The rapidly changing environment has resulted in that companies today are facing challenges when trying to ensure long-term survival. Changes in today's business environment are no longer predictable, forcing companies to either rethink and adjust or they risk perish. Therefore, it becomes increasingly important to ensure that companies are as prepared as possible for the unpredicted and uncertain business environment. Today, innovation is a discussed business strategy, that is highlighted as essential, to ensure long-term survival. However, companies with an established tradition as a core can experiences tension and difficulties when trying to innovate and renew. Therefore, the purpose of this thesis is to contribute with an understanding of how a company based on tradition can cope with the tension between an established tradition and innovation, in today's highly pressured environment. This research is based on a single case study of a company based on tradition and explores their capabilities to manage the tension between their established tradition and innovation. The findings of this researcher are based on semi-structured interviews, held with employees at the selected company.

The study's findings present a view of a company's struggle to maintain long-term factors for success, while trying to innovate. The study reveals many aspects to what enables and disables innovation in a company that is built on tradition and is affected by long-term success. What is discovered is that tradition can both be an obstacle and a driver for innovation. Moreover, tradition can be identified in several dimensions and can have a high impact on a company's core operation. Therefore, if tradition is utilized correctly, it can enhance a company's capabilities to innovate. If not, it can obstruct renewal within an organization. The findings disclose that tradition can have an impact on a company's ability to be innovative.

The findings contribute to previous research within the field of innovation and tradition and provide an understanding of how a company operates to manage the tension between their established tradition in relation to innovation. These findings might be helpful for a company who have tradition implemented in the core of their organization and might experience difficulties with innovation when receiving pressure on renewal from the environment.

Keywords: Tradition, Innovation, Business Strategy

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1 Introduction

2020 has proven that disruption and change can be unpredictable and result in a complete change in everyone's everyday life. Multi-dimensional changes are occurring in several aspects of our lives and transformations and trends are accelerating at an exponential pace. Changes that were previously seen and identified across the horizon, arrive quicker than we could possibly have imagined. Leaders probably hoped that 2020 through 2021 would be years of exception in terms of rapid changes (Chima & Gutman, 2020). However, Chima and Gutman (2020) argue that conditions for exponential change were created years ago. Therefore, the Covid-19 pandemic striking the world in 2020 could barely be considered to have worked as a mark for a new normal of change. The changes we have seen during the last decade resemble a stormy climate, with high waves arising from every corner. Therefore, companies need to constantly navigate towards brighter weather, to stay afloat and survive.

Today's fast-changing environment contributes to confusion in relation to how companies should act to sustain their competitive advantages. The world is often described as VUCA (volatile, uncertain, complex, ambiguous), resulting in managers questioning if there is any way to prepare for companies' futures and deal with upcoming opportunities and threats (Bennett & Lemoine, 2014). Technological development and globalization have resulted in increased competition and are two explanations for the rapidly changing environment that businesses operate in today. Due to this fast-moving world, business leaders and strategists today face challenges bigger than ever before (Reeves & Deimler, 2011). Strategy has through time been seen as an essential tool for companies, serving as guidance and contributes with a direction towards overall goals for businesses (Spender, 2014). The need of a business strategy is nowadays considered greater than ever before, to survive the changes that occur in the environment (Molis, 2020). According to Chandler (1990) changes in the market result in companies needing to act and analyze their current strategy and potentially redesign their strategy, resulting in a need for restructuring. As business strategies are providing guidance for companies, they are considered important to be able to navigate and reach the objectives, especially in times of uncertainty (Spender, 2014). Furthermore, it is supposed to provide a plan for the actions and resources needed for activities, which will ensure that companies will be able to reach their goals (Chandler, 1990). Porter (1996) argues that a company only can outperform and distinguish from its competitors if it is able to find a stable ground that distinguishes the company from others within the market in which they operate. When changes

or new entrants occur within a market, which is something very common in today's business landscape, companies might need to redesign their strategies to keep their strategic position and sustain their competitive advantages (Porter, 1996).

Another factor that can contribute to competitive advantages, if utilized by companies correctly, is tradition as it contributes to standardized and efficient organizations (Hillenbrand et al., 2019). Tradition as described by Albino and Petruzzelli (2012) is a company's way of operating, which has been evolved through activities over time and consists of accumulated knowledge that can have an impact on an organization's core. However, Reeves and Deimler (2011) argue that being able to adapt and identify future possibilities are essential in times of uncertainty, and that traditional ways of operating tend to not take the evolving environment into consideration. According to Bennett and Lemoine (2014), it is essential for businesses to ensure that they possess the resources and capacity to ensure that they can deal with the unpredictability and complexity that businesses face today. To be able to handle the fast changes and stay competitive, both experimentation and activities to reduce the uncertainty are considered important, to stay ahead within a market. Furthermore, Martin (2014) argues that it is crucial for companies today to focus on both sustainability and flexibility, to cope with the changing environment, and at the same time seek competitive advantages.

The fast-changing environment effect industries and companies over the world, and companies' actions and behaviors are therefore influenced by identified changes in the business landscape (Reeves & Deimler, 2011). Therefore, it is argued that companies today need to take different approaches to handle complexity and uncertainty. Literature within the field of innovation suggests that this should be dealt with through an innovation strategy (Hillenbrand, Kiewell, Miller-Cheevers, Ostojic, & Springer, 2019; Pisano, 2015). According to Pisano (2015) an innovation strategy allows a company to maintain the ability to innovative and thereby being able to respond to the changing environment. Furthermore, Miller (2019) argues that companies that are having a hard time innovating and adapting to current trends, risk losing their market positions and ending up as business failures. Previous literature highlight innovation to be a strategy that businesses can no longer ignore, and therefore it is something that is needed to focus on to stay competitive (Hillenbrand et al., 2019). Historically, companies who have relied on their steady positions as market leaders, have risked failing to identify the need for radical innovation, thus jeopardized their businesses when new technologies disrupted the market (Miller, 2019; Coppersmith, 2019). Blockbusters, Polaroid

and Toys “R” US are all examples of companies who have not succeeded in keeping up with the changing environment. These organizations all failed to see the emergent need for change, as they relied on their current market position and their core business. As a result, these companies ended up as business failures (Goh, u.d.).

Innovative companies, which have the capacity to respond quickly to the rapidly changing environment, differ from traditionally structured companies. Companies structured by tradition are primarily built on structures, processes and routines that have been developed within the organizations over time. The implemented processes and established routines have allowed these companies to become efficient and thus, created ground rules and a core for their operations (Albino & Petruzzelli, 2012; Blank, 2019). Moreover, due to the standardized processes, these companies also face great difficulties when trying to innovate. As new innovations and disruptions attacking the markets increases, researchers argue that companies that have been market leaders and have relied on their position need to step out of their comfort zones and defend themselves against upcoming fast-paced threats (Hillenbrand, 2019; Hillenbrand et al., 2019).

However, companies based on tradition are holding a unique strategy of their own, as they can be the host of established processes, which have been tested by society throughout time (Calafati, 2006). These processes have through time and commitment become routines for the company and can be reformulated to “their way of doing things” (Albino & Petruzzelli, 2012). Although having a traditional approach to running a company can cripple your innovation process, innovation studies show that existing knowledge and previous learning processes of the organization can play an imperative role in innovation processes (Katila, 2002; March, Sproull & Tamuz, 1991). Companies based on tradition have through time preserved knowledge and wisdom that has been increased over generations. This traditional knowledge and processes can be considered great assets for organizations, as they hold information regarding what has worked in the past and have built their organization on routines based on that, which in turn can help in innovation processes (Calafati, 2006; Hibbert & Huxham, 2010). Innovation is a difficult strategy for companies to pursue in the long run. Most companies, even the ones with a strong market position and an established tradition in their core operation have at some point performed radical innovation, which has made them successful in their market. However, a lot of companies fail to follow this up with sustainable performance and more innovation initiatives fail to appear (Pisano, 2015). Due to the extensive amount of literature

within the field of innovation, it can be identified that companies based on tradition can be confused in regard to how to operate to succeed in the future. Although having an innovation strategy can be considered essential in today's rapidly changing environment, having an established tradition that impacts the organizations' way of doing things, are what has contributed to their success, up until this point.

1.1 Background

The fast-changing environment forces companies today to be adjustable and respond quickly to changes if they aim to survive in the competitive business landscape. According to Miller (2019) companies that are having a hard time innovating and adapt to current trends, risk ending up as business failures. Furthermore, Pisano (2015) argues that an innovation strategy is essential when aiming towards creating the capability for an organization to become truly innovative. Although leaders and CEOs recognize the value of being innovative today, they often tend to fail to implement and use innovation as a strategy. A common mistake is that an innovation strategy is not being adjusted and matched with a business and its overall strategy, which tends to result in innovation failure. According to Sawhney, Wolcott and Arroniz (2011) companies often view innovation too narrowly, resulting in several opportunities being missed. Furthermore, Hong, McCann and Oxley (2012), highlights that a common problem when aiming towards increasing innovation within an organization, is that companies are focusing too much on developing an innovative R&D-department, instead of including all parts of an organization. Although a well-developed R&D-department is considered to play a central role in a company's innovation process, having the capacity and being an innovative organization is more extensive than that. Today's leaders need to understand that *“developing business applications, revenue models, and markets for new products often requires as much time and resources, and deserves as much emphasis, as inventing the technologies themselves”* (O'Connor, 2019, p.3).

The buzz around innovation tends to result in businesses mimic successful innovative companies, instead of creating a strategy that fits their business purpose and results in value creation (Pisano, 2015). Pisano (2015) further argues that innovation strategies need to be evolved through time and adjusted in relation to changes in the environment. The increased literature regarding the need for innovation has resulted in companies questioning their current strategies and structures. Although a large amount of research argues that innovation strategies

are essential when aiming towards achieving or keeping competitive advantages (Dereli, 2015), some corporations find value in their current market position and their culture, structure and strategy built over time (Albino & Petruzzelli, 2012). A well-structured organization can result in greater decisions making, a higher degree of clarity, easier expansions, efficiency and better communication (Ahmady, Mehrpour & Nikooravesh, 2016). Therefore, creating and implementing an innovation strategy can be considered risky as it changes the, at least previously, winning concept of an organization. However, as seen through time, not adapting to the markets changing needs can be risky as it can result in business failure (Miller, 2019).

Companies today are therefore facing more difficulties than ever before, juggling old ways of operating with new modern ways. Recent studies have shown that by not renewing and adapting, a company can lose control and thereby risk losing its existing market position (Jordan, Teracino & Wade, 2020). The existing tension in relation to innovation and tradition is a severe challenge for organizations today. However, this tension can also be turned into an advantage for companies to create a pathway to future success (Cannarella & Piccioni, 2011; Voyatzaki, 2013). Furthermore, already in 1942 Joseph Schumpeter argued that an organization can cause themselves creative destruction if they try to innovate too much (Schumpeter, 1942). If a company focuses too much on innovating for the future, they risk causing damage to their current eco-system. In relation to this, it is also clear that without innovation, a company faces a risk of business failure (Miller, 2019). Companies therefore encounter the difficult choice of either sticking to what they know or aim to become a quick adaptor to the market demands (Jordan, Teracino & Wade, 2020). As Schumpeter (1942) defined innovation as making a new combination out of old components, the assumption can also be made that in order to create something new, you need to have knowledge about processes and combinations that have previously worked.

What can be concluded is that research within the field is contradicting regarding the importance of innovation in relation to tradition. As stated earlier, companies that are built on tradition in relation to how they operate, are facing strategic difficulties when trying to handle the competitive fast-changing environment. According to previous literature within the field of innovation, transforming a business to become innovative is essential to survive. However, are companies built on tradition willing to risk letting go of the things that once made them successful, to cope with the pressure for renewal? This topic is considered highly relevant as literature highlight that an increased amount of companies risk getting stuck on the verge

between innovation and tradition, when the pressure on innovation increases. What can be identified is that companies' strategic decisions are affected by today's competitive landscape. Therefore, companies based on tradition can feel trapped between the decision of proceeding with the same strategy that they know and have relied on over time, and innovating, causing them to navigate carefully in their strive for competitive advantages.

1.2 Research Question and Purpose

Literature has, up until this point, focused on a call to actions and case studies of businesses that fail to innovate in time. Although there is an increasing pressure on businesses to develop and be adaptable to the rapidly changing environment, there is yet a gap in research that investigates how companies based on tradition should operate in this environment, to handle the tension between tradition and innovation. As described previously, companies who have been building their core operation over time and are relying on their market positions are, relative to innovative companies, slower on renewal. The main reason for not being as quick in relation to responding to the markets changing needs, are according to literature because they tend to be trapped in their established ways of operating, due to their tradition. The tension regarding how companies should act to ensure that they stay competitive, results in confusion in relation to how to act to succeed in today's business landscape. For a company to survive, literature suggests that innovation is the main approach that is needed. In relation to the literature that argues for the need for innovation, it becomes interesting to investigate how companies based on tradition can cope with the pressure of being innovative and how they manage the tension between tradition and innovation in their organizations.

The purpose of this thesis is therefore to contribute with an understanding of how a company based on tradition can cope with the tension between tradition and innovation, in today's highly pressuring environment. Is it really needed to shift to an innovation strategy to survive, or will keeping traditions be essential to sustain the position as a market leader? This study will contribute with insights in relation to companies based on traditions possibilities to survive, in a rapidly changing world. By contributing with research within this area, this thesis will also investigate potential advantages and disadvantages in relation to sticking to what a company knows, or innovating. As highlighted above, a gap of research regarding the tension in relation to tradition and innovation in order to ensure survival for businesses has been identified. Therefore, the following research question has been formulated:

How does a company manage the tension between an established tradition and innovation?

1.3 Research Limitations

There can be accounted several limitations to this research, and the limitations can be divided into categories. Natural causes such as a word limit of 25 000 words, the time limit of ten weeks and the scope can affect the depth of the research. Other limitations are set by the researchers themselves, in order to fulfill relevance to the cause.

This study investigates the aspects of having an established tradition and innovative approaches to strategy, and the researchers recognize that there can be other aspects that affect a company's success. However, such aspects will not be taken into consideration in this limited research. Moreover, the study investigates a single, Swedish-based company and its capabilities to manage its current strategy and an innovative approach. No generalizable conclusions about companies based on tradition will therefore be possible to make. If time and activity were not limited, this would allow an extended research to be possible, which might result in further insights and findings in the research field.

1.4 Outline of the Thesis

This thesis consists of six chapters. The chapter that follows the introduction presents a literature review of the relevant categories for this study: business strategy, innovation and tradition. The chapter ends with a summary of the previous literature, that will serve as a scope which the researchers will use to analyze the collected data. The following chapter will thoroughly present the thesis methodology. Continuously, chapter four will present the empirical findings of the study. The findings will be discussed in relation to the literature in chapter five. Lastly, the sixth chapter will present the study's conclusions and provide suggestions for future research.

2 Literature Review

The literature review aims to present the existing literature within the chosen field of research. Firstly, a review of existing literature about business strategy and its importance to organizations will be presented. Secondly, existing literature within the field of innovation will be reviewed, as it is a discussed business strategy today. Thirdly, a review of existing literature regarding how companies are impacted by tradition that permeates organizations' operations, along with a review of the difficulties that these companies can face when they are trying to innovate will be presented. The chapter ends with a summary of existing literature, which will serve as a scope for the study.

2.1 Business Strategy

A business strategy can be described as a company's plan on how to achieve the objectives and overall goals that the organization has set up (Spender, 2014). According to Porter (2008) the main purpose of a business strategy is to handle a company's competitive position within a market. A company's strategy should therefore be based on the competition within an industry, which can be understood by analyzing five forces: the power of suppliers and buyers, threat of new entry and substitutes and the company's rivalry. However, a common problem according to Porter (2008) is that companies view competition too narrowly, which affects their competitiveness. Companies should therefore broaden their perspectives when developing a business strategy, for it to be as efficient as possible. A business strategy is considered an essential tool for organizations to maintain their position, as it helps to guide companies in the right direction. However, strategy is not easy and requires dedication of time and resources. If succeeding with implementing a well-defined business strategy and communicate it efficiently throughout an organization, the impact of the strategy will be the biggest (Spender, 2014). According to Brandenburger (2019) analytic tools are considered helpful when aiming towards developing great business ideas and strategies. However, the author argues that strategists should focus more on creativity and less on tools and frameworks when aiming to create great strategies. If an organization combine products and services in the organization, focus on turning problems into opportunities and ask outsiders for guidance and advice, the possibility of becoming creative will increase. In addition, this creativity will according to Brandenburger (2019) have a positive effect on a business's overall strategy.

2.2 Innovation

One approach to a company's business strategy that has been discussed in a business context for a period of time is innovation (Hamel & Tennant, 2015; Kastle, 2014). If it was not for all the innovation that companies have created the last 200 years, the world would not look the same today (Schilling, 2017). Innovation can be defined as value creation, that is a result of combinations of products, services and new knowledge and ideas. However, innovation is not to be confused with invention. Invention is categorized as the creation of something new, and it is not until that certain creation is proven to be something that the customers want and that adds value, that it is considered to be an innovation (Afuah, 2003).

As a result of innovation being a widely discussed business topic, companies have been forced to rethink their strategies to be able to respond to the pressure from the environment (Hamel & Tennant, 2015). Due to globalization, companies' boundaries to resources have been reduced, which in turn affects the overall competitiveness within several markets (Schilling, 2017). According to Reeves and Deimler (2011) companies today need to be prepared to react quickly to changes regarding demands and trends, which to a large extent is due to globalization. This fast-changing environment that businesses operate in today has led to researchers highlighting the need for companies' management to act differently today, compared to before when the environment was more certain and less complex. If aiming towards succeeding in today's innovative and fast-changing environment, innovation is argued to be essential, which is forcing companies to elaborate on their strategies and evolve them over time, as the environment changes (Millar, Groth & Mahon, 2018). Being innovative in today's competitive environment can be considered essential to reach or sustain competitive advantages (Reeves & Deimler, 2011).

Although innovation is a topic that has been discussed in business contexts for a period of time, it is difficult for executives to accomplish what they desire to achieve, which is highly innovative organizations. Furthermore, many executives are dissatisfied with their innovation performance even after spending a large amount of time and effort trying to transform companies to become innovative (Hamel & Tennant, 2015). In order to understand innovation and an organization's need for it, Blank (2019) argues that it is important to understand root causes, before making any adjustments and implementations, as well as design something that fits the specific organization in focus. Otherwise, the likelihood to become a successful innovative organization is considered to be lower (Blank, 2019).

2.2.1 The Ground Rules for Innovation

Previous research within the field of innovation highlights a need for certain characteristics when aiming towards becoming an organization driven by innovation. What is considered most important is to not only focus on a specific part of an organization. Innovation must be enabled to be fostered everywhere within an organization, at any time, to become truly innovative (Hamel & Tennant, 2015). Furthermore, Blank (2019) argues that the biggest restraint for organizations to achieve innovative organizations tends to be internal. Historically, when companies aimed to expand, the number of processes often increased which resulted in higher efficiency and productivity. Therefore, companies that previously have succeeded with expansion, commonly have many processes in place. In addition, this can have a negative impact on a company's ability to innovate (Schilling, 2017). Although processes can help expansion and scaling of a business, it reduces the ability to act fast and respond quickly to both opportunities and threats. Therefore, the result of having too many processes and routines in place can lead to businesses failing to innovate or realizing that innovation is needed when it is already too late (Blank, 2019).

Larger corporations tend to have more processes in place, and therefore also a harder time to adapt and change quickly when changes in the environment occur. Therefore, they are often seen as less likely to become innovative. In contrast, smaller organizations often possess greater chances to be innovative, as they tend to be flexible and organically structured (Schilling, 2017). Organically structured organizations are decentralized in their nature and allow horizontal communication without strict hierarchies. Mechanistic organizational structures however are mainly standardized, with a high degree of formality, and often considered most appropriate for companies that operate in a stable environment (Afuah, 2003). Innovations will, commonly, recur cross-functional and involving all departments within an organization. Therefore, organic organizations are considered more appropriate when the goal is to foster innovation, as enabled communication within an organization result in an increased exchange of ideas (Schilling, 2017). Furthermore, organic organizations, in comparison to mechanistic organizations, are more flexible in relation to the number of processes in place, and the chances of radical innovation and adaption can therefore be considered higher (Afuah, 2003). Therefore, being a flexible, organically structured organization that operates cross-departments can increase the ability to become innovative. Moreover, redesigning and transforming processes within an organization to become a part of a company's overall plan and making sure that the entire

organization is involved when aiming towards increasing the innovativeness within an organization can be considered essential (Blank, 2019).

The structure of a company affects the ability to be fast at adaptation, and thereby also the ability to be or become innovative. Nagji and Tuff (2012) argue that an organization needs to have a clear view of their goal and find a great balance of the innovation activities within an organization, if aiming to succeed with innovation management. Furthermore, the authors present three levels of ambition that firms who wish to succeed with innovation need to consider: core, adjacent and transformation innovation. The industry in which an organization is operating in, and the position in the market in relation to the factors; industry, a company's technology and the stage of development, all affect the innovation balance that a company needs to handle. However, a correct balance that all together results in a strategy, is something that companies often lack, which results in a less successful innovation portfolio that in turn hinders growth (Nagji & Tuff, 2012). Innovation success requires processes, a good strategy, a well-developed organizational structure and the right people in place, that all possess an innovation mindset. All of this needs to be in place and a part of a business overall strategy, to be able to become an innovative business. If dedicating time and effort, including and redesigning all the different business aspects, making sure that innovation goals are clear and communicated, and having a symphony in between them, all results in having the groundwork done to succeed with innovation in an overall business context (Blank, 2019; Nagji & Tuff, 2012; Sawhney, Wolcott, & Arroniz, 2011).

2.2.2 Innovation as a Strategy

As stated previously, strategy and innovation are closely connected (Kastelle, 2014). In the recent published literature, researchers argue that an innovation strategy is needed for a company to become truly innovative (Schilling, 2017; Pisano, 2015; O'Connor, 2019). According to O'Connor (2019) a well-developed and highly innovative R&D-department that sometimes is considered to be equal to innovation, cannot be considered enough when aiming towards being an organization driven by innovation. Moreover, the author argues that the entire organization needs to foster innovation, in all departments, to achieve complete innovation. The reason for organizations to develop an innovation strategy and make sure that the organizational culture and processes in place allow innovation, is because this is considered essential if an organization wishes to be able to respond to the fast-changing environment through innovation

(Blank, 2019; Schilling, 2017). When looking back in time, management innovation has, more than any other type of innovation, enabled companies to outperform their competitors. In comparison to for example product innovation, which can result in small advantages for a company, innovation that affects the entire organization can create advantages that are long-lasting and result in great success for a company (Hamel, 2006).

Like any business strategy, an innovation strategy is unique and needs to be developed and implemented with a specific organization in mind. Therefore, companies that mimic others innovation successes when developing a strategy often tend to fail. In order for an innovation strategy to succeed, it should start with the root causes of potential problems. The aims and objectives for the company in focus also need to be identified. Furthermore, as an innovation strategy involves the entire organization, it is essential that the top management team of organizations deals with the challenging and complex task; to create an innovation strategy (Pisano, 2015). Hamel and Tennant (2015) highlight that it can take up to months for companies to identify and define innovation in a specific context and should therefore not be rushed. Moreover, the authors argue that looking back to the last two decades can be a great start for the process of creating an innovation strategy (Hamel & Tennant, 2015). Innovation includes all functions of an organization, and the ability to become innovative and succeed therefore needs and should start with investigating the company's strategy (Hamel, 2006).

A common problem, that is considered the biggest problem when aiming to transform a business, is that pieces and components of an organization are not fully connected. All different components within an organization need to work together in order for the organization to work smoothly (Sawhney, Wolcott & Arroniz, 2007). Therefore, all departments of an organization and all employees need to be involved and aware of the overall goal, when aiming towards becoming innovation-driven (Hamel & Tennant, 2015; Lendel & Varmus, 2011). If individuals within an organization are not properly informed regarding why an innovation strategy is needed, they will not be able to contribute to the same extent, as if they were aware of the root cause and the need for the transformation (Lendel & Varmus, 2011). Therefore, Lendel and Varmus (2011) recommend involving the entire organization in the process of creating and implementing an innovation strategy, to ensure that everyone is operating with the same goals in focus. Even though an organization has a management team that is willing to sacrifice everything, everyone within the organization needs to have the right skills and tools to create an innovative business. Hamel and Tennant (2015) recommend having someone within the

organization that is responsible for the innovation development, to make sure that everything is systematically done. Creating an innovation strategy involves rebuilding management processes, making sure to foster innovation in all departments, that the goals and definition of innovation is communicated within the organization and that everyone works in the same direction, and this is a challenge that needs someone in charge (Hamel & Tennant, 2015).

Lendel and Varmus (2011) highlight the need of creating an innovation culture, when aiming to implement an innovation strategy. Cultural changes are difficult, as organizations' cultures consist of underlying rules and routines, that affect individual behavior and actions in their everyday lives. When changing to an innovation culture, it is therefore common, as with any cultural change, that individuals within an organization express resistance. In order for executives to cope with building an innovative culture, which according to Pisano (2019) is considered an important aspect affecting the business's ability to succeed, they need to ensure that the purpose of the cultural change and transformation is communicated to everyone within the organization. Furthermore, it is important that leaders understand that the contribution innovation will bring to the company, will be the greatest if individuals who will execute the strategies are involved in the process (Kastelle, 2014). Important to highlight is that an innovation culture, often characterized by a lot of freedom, also includes a high degree of responsibility. The environment of an organization with an innovation culture is flexible and free. However, it is important to communicate that it also requires a great amount of responsibility and high requirements for each and everyone (Pisano, 2019).

Pisano (2019) argues that innovation is necessary in today's competitive and fast-changing environment. However, the author emphasized the importance of understanding that transforming a business is more complicated than leaders tend to think. In order to become an innovative organization, it is not only a high collaborative environment that is needed. What is common to miss is that innovation also requires strong leadership and a high discipline to succeed with what at first sight seems to be something very 'free'. Therefore, a management team needs to make sure that the confusion that might occur is reduced to the largest extent possible (Pisano, 2019). Furthermore, it is common to implement and develop processes when aiming towards changing something within a business, for example scaling up. The challenge when aiming towards an innovative organization is to not implement too many processes, as this reduces the ability to respond to trends and opportunities that occur. Instead focus should

be on creating a strategy that enables a flexible environment, that fosters innovation in every department (Blank, 2019).

2.3 Tradition

As described in the previous chapter, innovation can be considered essential for companies to survive. Albino and Petruzzelli (2012) consider innovation to be both the cause and the effect of knowledge accumulation, as innovation can be driven from previous experiences and based on existing knowledge. Moreover, De Massis, Frattini, Kotlar, Petruzzelli and Wright (2016) argue that the long-lasting companies that accumulate their knowledge across time, increase their stock of knowledge, which can have an impact on their innovation performance. According to Albino & Petruzzelli (2012) some of the accumulated knowledge in the stock comes from traditional knowledge created over time, which includes long-lasting practices, previous experiences, traditional cultures, gained wisdom and teachings gained in the past. This traditional knowledge and culture can serve as a core for operations and are usually owned by groups or communities but can also be owned by companies.

Albino and Petruzzelli (2012) describe tradition as processes that exist within an organization, that through time have resulted in routines that the organization operates by. These routines can be described as “way of doing things”, which companies are dependent on and are expected to live by in the future. Other researchers have shown alternative definitions, but there are two common elements in most of them; “*Culture and its mechanism of passing from one generation to the next*” (Albino & Petruzzelli, 2012, p.20). De Massis et al. (2016) argue that this enables companies that are built on tradition to collect knowledge, culture and practices and transfer it to the next generation. This knowledge is gathered through experiences and best practices of things that have proven to work well for companies over time. A part of a company’s stored knowledge is operational knowledge. Operational knowledge consists of the routinization of activities that all together have built the organization. This results in the company’s way of doing things that permeate all of the organization’s activities. Routines are therefore in several ways essential to the organization as it preserves the stored knowledge. Furthermore, routines may act as knowledge regarding existing processes that have worked in the past, which can help the organization operate more efficiently (Albino & Petruzzelli, 2012).

2.3.1 The Downside of Tradition

When a company relies on its tradition it can also cause a clash with a company's capabilities to successfully innovate and renew. By leaning on existing knowledge, a firm can get stuck in path dependency, causing it to be inflexible in relation to the environment and thereby reduce the capacity to innovate. Furthermore, having several processes and routines in place reduces flexibility, which in turn can affect a company's adaptability (Blank, 2019). Moreover, Blank (2019) argues that standardized processes can also set the rules for their innovations, which can cause them to focus less on innovation as a strategy. As a result, companies based on tradition that have understood the importance of innovating to survive, risk performing innovation theaters instead. The reason for that is that they, instead of building a strategy based on innovation, tend to focus more on putting out existing fires on a short-term, when they notice they are falling short in relation to innovation (Blank, 2019). This can cause companies to fail to identify the trending needs of their future customers (Leonard-Barton, 1992; Sørensen & Stuart, 2010). Therefore, companies can become pressured towards renewal by their environment, which can cause them to let go of their past in order to become innovative (Adner & Snow, 2010). Previous literature regarding tradition in relation to innovation has shown that combining these two terms has turned out counterproductive, as firms get stuck going one way or the other (Nerkar, 2003).

As the pressure on companies to strive for innovation has increased, companies can risk falling into the pit of "recency bias" and thereby risk forgetting about the innovation potential and value that a company can gain from the knowledge that they gained in the past (De Massis et al., 2016). This pressure, along with recency bias, can therefore cause companies to become less innovative, despite that their aim is the exact opposite (Katila, 2002). It is therefore interesting to compare previous studies, where tradition can be either utilized as a resource to create competitive advantage or cause internal destruction for a firm. Katila and Ahuja (2002) argue that there can be both costs and profits in this process and therefore emphasize the need to achieve a balance between utilizing existing knowledge and established ways of doing things with renewal and novelty. The authors argue that another parameter that determines the success of combining renewal with tradition, is how broad a company is searching for new knowledge in relation to existing domains (Katila & Ahuja, 2002).

2.3.2 Advantages of Tradition in Relation to Innovation

According to Katila (2002) and Nerkar (2003) there is great potential in looking at the past, when a company is trying to innovate. Moreover, as customers are searching for familiarity in the existing uncertainties, Brown (2001) and Ryder (2014) argue that integrating past knowledge into new innovations can appeal to individuals, looking to find stability as it reminds them of better times. When the world is moving faster, individuals want to feel that they belong and therefore identify themselves through their consumption. In relation to this, Albino and Petruzzelli (2012) argue that by moving back to traditions, individuals can gain an identity and familiarity in their consumption.

Furthermore, if companies can manage the tension between tradition and innovation in relation to their operations, it can cause increased acceptance and credibility from the market (Hargadon & Douglas, 2001). By appealing to consumers pasts, firms can tap into social and psychological aspects that affect consumer behavior. As consumers tend to look to the past when uncertainties are faced or when hesitating about the future, they find comfort in companies with tradition (Brown, Sherry & Kozinets, 2003). Therefore, tradition can enable companies to gain increased chances of market acceptance when producing new innovations by appealing to consumers past emotions. Ryder (2014) argues that by using existing knowledge in the innovation process, innovations can become increasingly legitimized. According to Heeley & Jacobson (2008), tradition can also enable companies to innovate based on existing and trustworthy knowledge while using reliable resources that have been validated over time. This can reduce cost and limit risk for companies when developing and implementing new ideas.

In order for a company to create competitive advantages over time, it needs to have dynamic capabilities that enable them to configure their resources in an efficient manner, that can respond quickly to the trends and changes of the environment (Helfat & Peteraf, 2003). Giddens (1990) describe dynamic capabilities as what allows an organization to use their traditional approach to create value for its stakeholders. Moreover, tradition itself can be accounted a resource that can be developed into a competitive advantage. As tradition is a unique resource that is hard to replicate by competitors, companies built on tradition can develop unique innovations and therefore require less complementary assets that utilize the value of their innovations (Di Minin & Faems, 2013; Kanter, 2003; Teece, 2006). Arora, Gambardella, Magazzini and Pammolli (2009) highlights that small and medium-sized companies are best suited to use tradition as key resources in their innovation process, since they might lack other

resources that can be utilized to create value. Furthermore, Albino & Petruzzelli (2012) argue that the role of the past is important in the innovation process, and that tradition allows a company to access elements needed to renew. However, Katila (2002) argues that it is not all knowledge that is of value for future innovations. Organizations therefore need to select and preserve the knowledge that brings value, which can be a difficult challenge as it is hard to know which existing knowledge that can bring value in the future (Katila, 2002).

2.3.3 Innovation Strategy based on Tradition

Albino and Petruzzelli (2012), define tradition as competence, knowledge, values and culture that characterize a company. The tradition itself allows organizations to differentiate themselves from their competitors, thus creating a competitive advantage. Furthermore, Katila (2002) argues that there can be many reasons to use existing knowledge as a strategic foundation. Existing knowledge, that has been evolved through accumulation over time, and faced challenges can therefore be accounted as more reliable. Moreover, this knowledge has been compressed into the most efficient elements possible throughout time, which makes it easier for companies to interpret and realize its costs and benefits (Katila, 2002). Knowledge, that is incorporated in an organization, can be hard for competitors to copy, and it also reduces the risk of misappropriation (Albino & Petruzzelli, 2012). Moreover, Nerkar (2003) argues that innovators are trying to combine existing knowledge with complementary new knowledge as they are searching for renewal. If a company holds an extensive amount of existing knowledge through tradition, it enables innovators to connect their past more easily, with complements of new knowledge and can thus create something new.

According to Albino and Petruzzelli (2012), companies can create value by enabling tradition to influence their products and processes. This can be achieved by the two drivers, the technology and the design of the tradition. In order for companies to capture the value that is created, a high level of appropriability needs to be reached. However, companies can also use tradition to enhance their appropriability in order to increase innovation. Albino and Petruzzelli (2012) therefore argue that tradition can be accounted as a resource that can provide an organization with a competitive advantage, if managed to transform into routines and processes that affects the core of an organization. Because of its rarity, it can create unique value for customers, if it is being used as a strategy. However, by focusing on tradition as a strategy, companies contradict current studies about globalization processes which are promoting

companies to act global, as strategies based on tradition are focusing more on local markets (Albino & Petruzzelli, 2012; Kanter, 2003). Furthermore, tradition can also be overlooked as the search for novelty can result in looking forward and abandoning existing knowledge that still holds potential. Therefore, the search for novelty can cause a company to lose its tradition and competitive advantage (Albino & Petruzzelli, 2012).

Furthermore, Albino and Petruzzelli (2012) argue that to successfully use tradition as a strategy, companies need to use knowledge and competence from their past, but also internalize the intangible assets. Organizational routines and corporate culture are intangible assets that characterize the company and its tradition. By creating a bridge between a company's identity and processes and/or products, they are appropriating through tradition. However, if a company fails to incorporate their past knowledge and create a bridge, Ferreiro, Sheikh, Reidolf, de Sousa and Bhaduri (2019) argue that the value of tradition will be absent. By focusing on fortifying this relationship, companies can create a competitive advantage by offering stakeholders their traditional values and culture through their organizational routines. Furthermore, Albino and Petruzzelli (2012) highlight that by using traditional technologies and designs on a process level, companies can create effective and distinct ways of operating, which differentiate them from their competitors and can increase value for their customers.

If a company can utilize tradition as a strategy also depends on the capabilities to create new value and their dynamic capabilities to appropriate that value (Albino & Petruzzelli, 2012; De Massis et al., 2016). This is possible by creating a link between the company's identity and its products/processes through its organizational routines. It is therefore essential that tradition takes a central role in a company's operation and affects the entire organization and its mission and vision. This will result in enhancing the rarity of the company's offer, as they enable themselves of sharing the tradition with their customers, which can create a competitive advantage (Albino & Petruzzelli, 2012). Furthermore, Mitchell (2013) argues that one way of succeeding with managing the tension between tradition and innovation, is to view innovation as an extension of tradition. By enabling creative enhancement, the organization can add renewal to existing processes. In order for companies to maintain their market position, it is argued that they need to complement their traditional processes (Mitchell, 2013). To become a "traditionative" organization, companies need to make efforts to ensure that past knowledge is connected with future visions (Cannarella & Piccioni, 2011).

2.4 The Scope of the Literature

The literature review provides an overview of existing literature within the field of business strategy, innovation and tradition. It becomes clear that literature regarding how companies should act to ensure survival in today's rapidly changing world is divided. What is known is that business strategies have been, and still are considered important and serve as guidance for companies. However, which strategy that is most appropriate for companies to navigate in these uncertain times, remains disputed.

Researchers have provided insights regarding the importance of innovation in times of uncertainty and complexity. In the literature within the field of innovation, having an innovation strategy is essential and the key to ensure adaption and survival in today's business environment. The call to action presented in the literature has been spread out through the business landscape, whereas some still remain faithful to their traditional core and ways of doing things, which have resulted in a strategy that has led to success. Tradition has been built and established within an organization over time and is therefore considered difficult to change. Moreover, literature proves that organizations built on tradition have shown difficulties to innovate, as they are unfamiliar to change, and tend to have well-established rules and routines, that affect their ability and willingness to rapidly adapt to a changing environment. Although companies based on tradition seem to have difficulties in relation to innovation, previous literature also shows that these companies hold a specific source of innovation. If this source is incorporated correctly and utilized in the right way, a company built on tradition may have a better possibility to innovate compared to other companies. The contradiction in the existing literature, regarding innovation, how to transform and become innovative and its importance to an organization's success, results in confusion for companies that are built on tradition regarding how to operate. The reason for this is that most innovation research calls for letting go of the familiar in search for the new, and companies therefore remain clueless regarding if they should stick to the traditional core of their business which they have built over time, or risk everything in search for novelty. However, as proven by some research, tradition and innovation are both important and possibly lies a foundation for a company's competitive advantage. Rather than rejecting, companies can use tradition as a tool for innovation and thereby gain unique capabilities to thrive in their market. Moreover, this requires a solid understanding from a company regarding innovation and the tension between innovation and tradition needs to be managed carefully to create a successful, competitive organization. The tension that companies can face is summarized and visualized in *Figure 1* below.

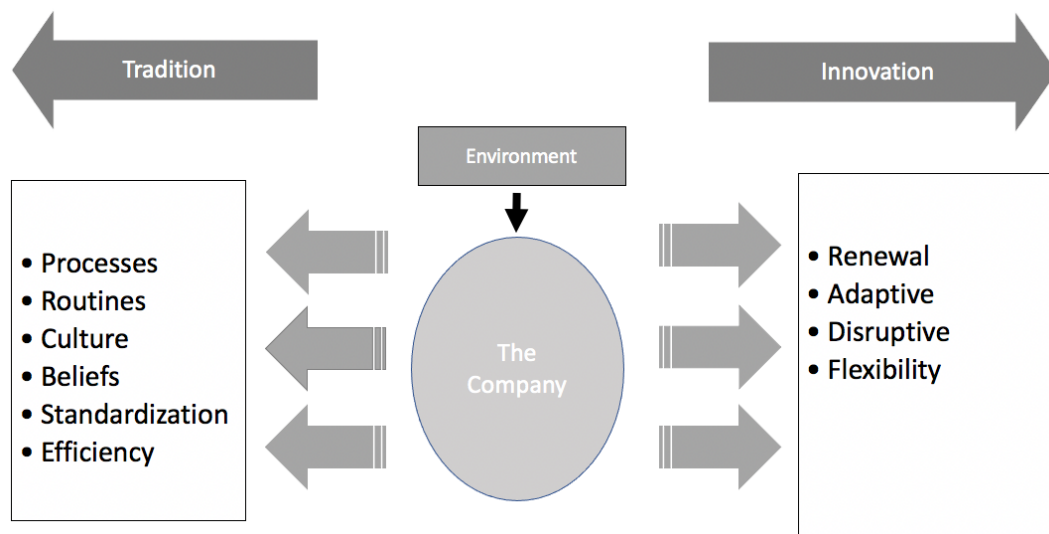


Figure 1: A Company's Tension Between Tradition and Innovation

The literature presented in this chapter has contributed to an understanding of the existing literature within the field of business strategy, innovation and tradition. What can be concluded is that more research needs to be done regarding how companies based on tradition should act in relation to the increased pressure from the environment regarding innovation and renewal. Furthermore, the literature review has provided the tools needed to understand the empirical data and contribute with an understanding to the field of innovation in relation to tradition.

3 Methodology

The purpose of this chapter is to elaborate on the study's methodology, that has been chosen in order to answer the research question. Firstly, the chosen research approach and design will be presented and its impact on this study will be discussed. The data collection method will thereafter be explained in detail. Furthermore, the chosen case company and its impact on the study's result will be discussed thoroughly. The process of the data analysis will continuously be presented and how the data, that resulted in relevant findings to fulfil the purpose, have been interpreted. Lastly, the quality of the study will be discussed. Validity and reliability are considered crucial for a research's quality, and these two will therefore be discussed in relation to the chosen approach of the study, to ensure that the reader is aware of the entire study's process and its future impact.

3.1 Research Approach and Design

Previous literature has highlighted the importance of being innovative in a rapidly changing world and identified challenges and risks of not adapting to today's continuously changing environment. The purpose of this thesis is to contribute with an understanding of how a company based on tradition can cope with the tension between tradition and innovation, in today's highly pressuring environment. Existing literature within the field has not addressed this question adequately, which makes this study relevant to conduct.

According to Creswell and Creswell (2018) a research approach is based on the issue that is going to be addressed in the study. Due to the narrow amount of literature within the field of innovation in relation to tradition, this study aimed to contribute with an understanding of how companies based on tradition should operate in an environment that is constantly evolving, to ensure survival. In order to address the research question; *How does a company manage the tension between an established tradition and innovation?* in a sufficient way, a qualitative approach has been selected. Creswell and Creswell (2018) highlight that a qualitative approach is appropriate when research aims to explore a specific problem and thereby wish to provide an understanding of a certain phenomenon. A qualitative study allowed the researchers to capture details regarding a company's strategy and how they manage the tension between their existing tradition and innovation. Bryman and Bell (2011) describe a qualitative research approach to be more unstructured in its nature, compared to a quantitative approach. Due to the fact that the researchers aimed to contribute with an understanding, a high degree of flexibility has been

essential, and allowed the researchers to collect richer data during the interviews, in comparison to what would have been possible if conducting a quantitative study.

According to Bryman and Bell (2011) a deductive approach aims to test an already existing theory and consists of a primarily linear process. In contrast to a deductive approach, an inductive approach aims to add theory within a field and is primarily used when conducting a qualitative study (Bryman & Bell, 2011). However, as this study aimed to contribute with an understanding within the field of innovation and tradition, neither a deductive nor an inductive approach would be considered appropriate. According to Dubois and Gadde (2002) an abductive approach is considered appropriate when researchers aim to uncover new findings. Furthermore, they explain that an abductive approach can allow a combination of literature and the collected empirical data. This approach allowed the researchers of this study to develop the area of research successively, during the process of the collection of the primary data. The abductive approach was chosen as it allowed flexibility in the process and provided an opportunity to explore new things and relationships throughout the process (Dubois & Gadde, 2002). Since the purpose of this study was to contribute with an understanding of a company based on tradition's experience of tension between tradition and innovation, the abductive approach was considered most appropriate to fulfill the purpose, allowing the authors to systematically combine literature with data.

Furthermore, a single case was chosen as approach for this study. A case study aims to study a social phenomenon and can be viewed appropriate when aiming to understand something in-depth and provide a developed view of existing literature (Dubois & Gadde, 2002). Depending on the phenomenon that is of interest and is going to be investigated, different actors are relevant to study, to fulfill a study's purpose. Although a case study investigates something specific, for example an individual or an organization, the aim is to understand a specific phenomenon. It is therefore important to firstly decide what phenomenon that is going to be studied, and afterward select which actors that is relevant and will help to achieve the aim of the study (Swanborn, 2010). According to Stake (1995) there are three types of case studies: intrinsic, instrumental, and multiple and the selection of case study should be based on what will generate the greatest learning. An intrinsic case study aims to provide insight in a certain situation and focuses on a specific case in order to learn more. In contrast, an instrumental case study is used to challenge an already existing generalization or to understand a phenomenon broader. Lastly, a multiple case study investigates multiple cases to understand and explore a

phenomenon that is considered general (Stake, 1995). Due to the purpose and aim of this study, it was appropriate for the researchers to conduct an intrinsic case study.

Later in this chapter, the study's quality will be discussed in detail. However, the chosen case study approach has some limitations which are relevant to address already now. Although a case study approach is considered appropriate to fulfill the purpose of the study, it is important to highlight that there are some limitations to a case study design, that have been needed to take into consideration when conducting the research. When conducting a single case study, there is a higher risk that the findings are only relevant to the specific company that is studied, compared to when conducting a multiple case study (Herriott & Firestone, 1983). However, as a single case study allows researchers to investigate a certain phenomenon within one specific organization more in detail this limitation might be compensated for, due to the ability to collect a more extensive amount of detailed data. Moreover, it is important to be aware that bias might occur in this study approach. It is therefore essential to be detailed and thorough throughout the process, as it otherwise might result in biased findings and results (Yin, 1984). The researchers of this study considered this to be of importance and was therefore something that permeated the process.

3.2 Selection of Company and Interviewees

Selection of Company

This research aimed to understand how a company can manage the tension between tradition and innovation, and the selection of company to investigate was therefore considered crucial. The chosen company was elected based on the fulfillment of requirements and based on five parameters, which were established before the data collection started. Firstly, as this research aimed to investigate the tension between tradition and innovation, the chosen company needed to have an existing tradition on which they base their business. Secondly, to investigate the value of tradition in a market, the chosen company needed to have shown success for a period of at least 15 years. By making sure that this parameter was fulfilled, one could assume that the company has a tradition that is valuable and possible to utilize. Thirdly, as previous research has shown, SMEs and small companies have a greater potential of using tradition and innovation to gain competitive advantages. Because larger corporations are more difficult to impact, and that the majority of the research has, upon until this point focused on them, the desire to investigate how this tension works in an SME was brought to light. Fourthly, the

chosen SME was, through their traditional approach, needed to conduct business through established standards, as this would bring the most value to the research. Fifthly, as some of the previous literature focused on innovation in relation to processes and R&D-departments, the company was required to be technology-driven with a functional R&D-department, as this would enable an analysis of its importance in relation to innovation. In accordance with these requirements, a company was chosen. By investigating the chosen company, company-specific observations could be made and by only investigate one company, allowed narrow conclusions to be drawn from direct observation.

Selection of Interviewees

The interviewees were selected based on three parameters which made them eligible for this research. Firstly, the interviewee needed to have worked at the company for a minimum of three years or possess a management position, to secure familiarity with standards, routines, processes and culture. By fulfilling this parameter, one can be certain that the interviewee is influenced by the traditions created by the company. Secondly, the interviewee needed to have the possibility to impact and innovate their department, to ensure that the researchers understood what existing mindset was planted in the various departments. Thirdly, the interviewees together needed to represent all the key departments of the company, allowing observations of the entire organization on a strategic level. The table below, *Table 1: List of Interviewees*, provides an overview of the conducted interviews. The interviewees will remain anonymous, and their names have therefore been replaced with letters*.

Table 1: List of Interviewees

<i>Name of Employees*</i>	<i>Role within the Company</i>	<i>Length of Interview</i>	<i>Date of Interview</i>
A	Owner, former CEO	70 minutes	20210420
B	CEO	85 minutes	20210420
C	Vice President, Senior Technical Advisor	55 minutes	20210427
D	R&D Director	45 minutes	20210428
E	Product Manager	40 minutes	20210429
F	Director Professional Sales	45 minutes	20210429
G	Product Owner	45 minutes	20210504

3.3 Data Collection

In case studies, researchers ordinarily collect data through various procedures during a limited amount of time (Creswell & Creswell, 2018). Creswell and Creswell (2018) highlight that qualitative research also collects various forms of data, with the reason to increase the reliability of the study. Data can come from sources such as documents, observations, interviews. The data collected in this study can be divided into two categories: primary and secondary data. The primary data was collected through interviews at the selected company and the secondary data containing information regarding the company, were collected from online sources.

3.3.1 Primary Data

In qualitative studies, interviews can be accounted as one of the most important sources to collect data (Yin, 2009). Qualitative interviews are conducted through various forms, such as face-to-face, over phone and perhaps the most common one these days due to the Covid-19 pandemic, over a video call. In general, interviews in qualitative research are less structured than in other forms of research, as the researchers are more interested in personal opinions and insights that can occur by accident (Bryman & Bell, 2011). According to Creswell and Creswell (2018), qualitative interviews are ordinarily conducted unstructured with open-ended questions that allow interviewees to share their thoughts. However, Bryman and Bell (2011) argue that semi-structured interviews can also be involved in qualitative interviews. An unstructured interview allows the interviewee to talk freely and often involves few questions and tends to resemble a normal conversation. Semi-structured interviews on the other hand, offer the researcher the opportunity to ask more questions in a specific direction. Although the questions are often asked in relation to a specific topic, the interviewee controls the answers and have the possibility to answer freely with whatever information that seems to fit (Bryman & Bell, 2011).

As this study aimed to understand the tensions between an established tradition and innovation, it was deemed essential for this research that the interviewees received questions that could provide the researchers with an understanding of the tension at the selected company. However, as this study, through its qualitative research approach, also aimed to understand personal points of view, and additional insights, it was essential to allow the interviewees to reply in whatever way they seemed to fit and take detours. The reason for this to be important was because it could help the researchers to gain unexpected insights. Semi-structured interviews thus were

determined to be the appropriate setup for interviews, in accordance with the aim and purpose of the study.

Moreover, semi-structured interviews offer a possibility to be flexible. The flexibility of the interviews allows the interviewees to clarify their answers and the interviews can vary, if gained insights were rerouting to another direction (Bryman & Bell, 2011). Furthermore, semi-structured interviews also tend to involve open-ended questions, that allow the interviewees to reply in whatever way they feel fits to the context, and with subjective information they deem appropriate. In contrary, closed questions would encourage the interviewees to choose the answers they believe to be most appropriate from fixed alternative answers (Bryman & Bell, 2011). As this study aimed to gain insights and understanding of the chosen topics, it was considered important that interviewees were allowed to elaborate and reply freely to the open-ended questions asked. Due to the abductive approach of this study, the insights and understandings gained throughout the interviews were valuable for the outcome of this thesis. The reason for this is that it allowed the researchers to move back and forth between literature and data, as knowledge and understanding were gained during the processes.

Sampling Strategy of Interviews

When conducting a qualitative study, several sampling strategies can be used to collect data from conducted interviews (Bryman & Bell, 2011). In this study, three strategies of sampling were conducted: convenience, purposive and snowball sampling. Initially, convenience sampling acted as the first strategy. A convenience sample is a sample that is available to the researcher and conveniently accessed (Bryman & Bell, 2011). The reason for convenience sampling to be used initially, was to receive connections with existing companies in the network of the researchers. Due to the Covid-19 pandemic, the possibility to connect with companies has been affected, and convenience sampling therefore acted as an important strategy to secure relevant information in relation to the study's research question.

Secondly, as this study aimed to understand and gain insights on a company level in relation to how the selected company works and operates together, purposive sampling was used as a strategy to target interviewees that seemed best suitable for the research question. Purposive sampling is used to sample data from participants strategically, to make sure that the sampling is relevant for the research topic (Bryman & Bell, 2011). Due to the limited amount of time and the importance to collect data in relation to the research, purposive sampling was used as a

strategy. Following the convenience sampling strategy, to gain deeper insights regarding which interviewees would be most appropriate for the research. Purposive sampling was used in accordance with the criteria mentioned in chapter 3.2.

The third strategy used was snowball sampling. By using snowballing as a sampling strategy, the researcher can make contact with interviewees relevant for the research and then use the initial contact to reach out to other possible interviewees that can be considered relevant (Bryman & Bell, 2011). Snowball sampling acted as a complement to the other strategies, as the initial interview with the CEO provided additional interviewees appropriate for the research, in accordance with the criteria mentioned previously in the chapter. The criteria provided frames for an initial purposive sampling where snowballing provided complement, as interviewees recommended other participants to provide more data. This resulted in a diverse group of relevant people from the company, that were all connected to tradition and innovation.

Construction of Interview Guide

As mentioned previously, semi-structured interviews were used to collect the primary data and an interview guide was constructed to ensure that all relevant topics for each area were covered. According to Bryman and Bell (2011) an interview guide helps to make sure that the areas needed to be covered, are covered sufficiently. The guide used in this research was prepared accordingly with Bryman and Bell's (2011) basic elements, which enabled the researchers to be as prepared as possible prior to the interviews. Although the interview guide provides a structure for the interviews and how they should be conducted, flexibility is considered to be essential when conducting interviews in qualitative research. Flexibility was ensured through the semi-structured interviews, only consisting of open-ended questions. The interview guide can be found in *Appendix A*, to provide transparency towards the process of collecting data.

Conduction of Interviews

The length of the conducted interviews varied between 40-85 minutes and the length depended on the interviewee's strategic knowledge and seniority, as the more senior interviewees presented a more extensive amount of information regarding the strategic development over time as well as reflections. Furthermore, the elaboration of the answers was a factor that affected the lengths of the interviews. Prior to the interviews, everyone was asked if they accepted to be recorded, which everyone did. This enabled the researchers to pay full attention during the interview and be able to revisit the material afterwards instead, to ensure that everything was

remembered and interpreted correctly. Furthermore, recording the interviews allowed the researchers to thoroughly examine the responses afterward to identify further potentially interesting findings. Recording and transcribing interviews is common in qualitative studies, however, it is a time-consuming process (Bryman & Bell, 2011). Therefore, in order to be efficient and ensure full attention to the interviewees during the interviews, the researchers chose to take notes during the interviews, to remember the exact time when especially interesting points were discussed. This allowed an efficient transcribing, as the researchers easily could skip parts that they beforehand knew did not have a direct relevance for the study's purpose. However, Bryman and Bell (2011) highlight that note-taking can result in the interviewers being distracted and might miss asking relevant follow-up questions, which is one of the reasons why recording is common when conducting qualitative studies. In order to ensure that full attention was paid to the interviewees and that follow-up questions were asked, only one of the researchers took notes and was responsible for the recording, which resulted in one researcher paying full attention to the interviewee the entire time.

Worth highlighting is that all the interviews were conducted virtually due to the Covid-19 pandemic and recommendations from Folkhälsomyndigheten (Folkhälsomyndigheten, 2021). When conducting interviews virtually, the flexibility increases, and researchers have the possibility to ask complementing questions in the same setting as the primary interview took place, which can be positive in relation to how things are interpreted (Bryman & Bell, 2011). In order to ensure that the settings provided the researchers with as close to in-person contact as possible, the camera was used by both the researchers and the interviewees. Therefore, facial expressions, body language and the setting could be analyzed in relation to the interviewee's answers, which provided the researchers with as close to 'real life' interviews as possible.

3.3.2 Secondary Data

In order to secure that the data used in research is sufficient, Creswell and Creswell (2018) explain that primary data can be complemented with secondary data. Examples of additional data sources in relation to interviews are observations, newspapers and documents. The secondary data used in this research have primarily been collected from the selected company's website, with the aim to complement the collected data from the interviews with relevant numbers regarding the company's growth, R&D-investments etc. The secondary data that have been collected have resulted in the researchers having a greater insight regarding the company's

history and current numbers, which have been useful for the researchers when conducting questions to ensure relevance, and understanding the answers provided by the interviewees.

3.4 Data Analysis

The data have been analyzed using Rennstam and Wästerfors (2015) three step approach: sorting, reducing, and arguing. The data analysis process began with transcribing the relevant parts of the interviews, to allow quotes in the empirical results. Following the transcribing, the collected material was sorted in line with Rennstam and Wästerfors (2015) recommendations. The material was sorted into categories with different colors, to provide a good overview of the material. *Sorting* is considered a relevant step when conducting a qualitative study (Rennstam & Wästerfors, 2015), and a lot of time have been dedicated to this, to ensure that the researchers had a good overview of the extensive amount of collected data. The audio files and transcripts have been revisited several times and the researchers have discussed the findings in detail to ensure that they got the entire picture. Rennstam and Wästerfors (2015) highlight it to be important to spend time on understanding the material in detail, see things from different perspectives and understand things that are not explicitly stated during the interviews. Therefore, much time has been dedicated to discussing and getting familiar with the material, to ensure that both researchers possessed an overview of the material.

After sorting the material, the researchers focused on *reducing* the extensive amount of material that the interviews resulted in, to ensure that only material that was directly relevant to answer the research question was further analyzed, in line with Rennstam and Wästerfors (2015) recommendations. The aim was to get a solid understanding of the innovation and tradition within the selected company. When reducing the material, focus was on highlighting interesting findings and to ensure that differences and tensions that had been found was selected, to ensure that this could be presented in the empirical result and contribute with an understanding of how operations were run at the company. To ensure that the interviewees voices permeated in the empirical results, quotes from the interviews have had a prominent role, to ensure transparency. During the process of reducing the material, the collected material started to narrow down, from fuzzy, vague information to more clear and understandable findings.

The *argumentation* aims to use the findings in the study to convince the reader that the empirical results will result in an increased understanding within the field that is being studied (Rennstam

& Wästerfors, 2015). As stated above, quotes have been selected thoroughly, to ensure that the reader is convinced that the findings will result in an understanding of how a company can manage the tension between innovation and tradition. The aim of the empirical results is to answer the research question. Three themes have been chosen, as a result of the sorting and reducing, that will be presented with primarily quotes to support the argumentation in chapter 4. To ensure that the readers are provided with an understanding regarding how the company managed the tension between innovation and tradition, the researchers have combined the quotes with summaries of the collected material.

3.5 Quality of Study

Two aspects that are considered essential, regardless of the research design, are validity and reliability (Bryman & Bell, 2011). According to Creswell (2014) it is important that the researchers highlight the methodology thoroughly, to ensure that the reader is aware of the process in detail, as this affects if the study is considered reliable. Therefore, too little information regarding the methodology of the research might affect the overall quality of the study negatively. The researchers of this study will therefore critically discuss the methodology and the study's validity and reliability. According to Bryman and Bell (2011) different aspects in relation to validity and reliability are considered most important, depending on the chosen research approach. Therefore, the discussion that follows will be based on validity and reliability in relation to a qualitative approach.

3.5.1 Validity, Reliability and Ethical Concerns

Validity and reliability combined construct an important aspect of a qualitative study. Validity specifically is considered to be a strength of qualitative research and determines if the findings discovered are accurate to the researcher, the participant and the readers point of view (Creswell & Creswell, 2018). To ensure that this study achieved validity, Creswell and Creswell's (2018) strategies for qualitative validity have been studied and implemented when determined appropriate. Furthermore, Bryman and Bell (2011) divide validity into two categories; internal and external. Internal validity, which can be considered as the stronger out of the two in qualitative research, refers to whether or not there is a good connection between the observations made by the researchers, with concepts in terms of developed theoretical ideas. Furthermore, external validity can be described as to what degree the findings discovered in the study can be generalized (Bryman & Bell, 2011). As this study, built on a single case, aimed to

gain understanding and insights, internal validity is more relevant compared to external. However, to achieve both internal and external validity, Creswell and Creswell's (2018) strategies for qualitative validity have been studied and implemented. Moreover, this study has been made transparent to the reader, participants and other researchers in regard to which methods were used, how the data collection has proceeded, how data was coded and interpreted as well as how the data was analyzed and discussed. Moreover, peer debriefing from the students of the researcher's master's program and from their supervisor has taken place during the process. According to Creswell and Creswell (2018) this can enhance the validity of a research. As a result, the researchers have gained insights from different parties outside of the research process, which is considered positive in relation to potential biases.

Reliability can, like validity, be divided into two categories: internal and external. Internal reliability refers to if the observers who conduct the interviews agree regarding what they hear and observe during the interviews. The external reliability of a study relates to the concern in relation to if the study will be repeatable, which is considered to be a difficult criterion in a qualitative study. When conducting a research with high reliability, it means that researchers who follow the same structure and process will come to the same conclusion as the previous research (Bryman & Bell, 2011). This can be considered a challenge, as this study investigates a case of a single company and is therefore something that needs to be taken into consideration when reviewing the study's result.

Another factor that can affect the trustworthiness of the study is ethical concerns. Bryman and Bell (2011) describe ethical concerns when conducting a research as issues that occur in relation between researchers and participants of the research. Four key areas are mentioned, which researchers need to take into consideration when collecting data. The perhaps most relevant for this study is whether participants might take harm from participating in the study. By offering anonymity, the trustworthiness in the interviewees answers can increase, and thereby result in greater reliability of the study. Therefore, all the interviewees are anonymous, and their names have been replaced with letters to ensure that the study will be gender-neutral. According to Golafshani (2003) the trustworthiness is crucial to examine, to ensure reliability in a qualitative study. However, since the researchers are studying a single company, it might be difficult for the employees to be anonymous in relation to each other. Furthermore, as this study interviewed employees from various departments, it can be considered impossible to offer full anonymity within the company as answers might reflect back on the department. This in turn might have

affected the openness in the interviewee's answers. Moreover, this might impact the trustworthiness in the responses received, which might have had an impact on the study's result, as details might have been left out. This is something that the researchers have taken into consideration when conducting the interviews and when analyzing the collected data. To counter this concern, an email was sent out prior the interviews with information regarding anonymity concerns.

All interviews were held in the interviewees and researcher's native language, to ensure that language barrier did not affect the depth of the interviewee's answers. The material that has been transcribed has therefore been translated afterward. To ensure that the researchers have interpreted the interviewee's answers correctly, the translated transcripts were sent to the interviewees afterward. This enabled the interviewees to react to information they deemed to be at harm for themselves, as well as ensure that everything had been interpreted correctly, especially as it had been translated.

In addition to the trustworthiness of the answers, it is worth mentioning that one of the study's researchers holds a relationship to the selected company. However, the researchers do not think that this has affected the trustworthiness of the study. The reason for this is that there is no active relationship at the time of the research. Therefore, the researchers do not think that this will have a negative impact on the interviewees' transparency. However, as this is not something that can be guaranteed, it must be highlighted that it has been taken into account when analyzing the collected data.

4 Empirical Results

This chapter seeks to introduce the case that has been studied and present the findings, based on the interviews that have been conducted. The collected data will be presented as quotes and summaries from the interviews, which will provide the reader with a narrative. Initially, the chapter will provide a case description of the selected company, to enhance the readers' understanding of the empirical result. The findings that will be presented, represent information gathered from the interviews regarding the company's business strategy, their tradition that exists within their core of operation, and their view on innovation. Furthermore, to ensure that the purpose of the study is being fulfilled, the empirical results will be presented from the company's perspective.

4.1 Case Description

The selected company was founded in 1975, as a group of inventors and entrepreneurs got together with the purpose of creating something special. The company, which is based in Sweden, can be described as a conventional, product-centered, industrial company that delivers products worldwide. Furthermore, the company is currently selling their products through retailers around the globe but also directly to professionals within their industry.

From the beginning in 1975 until 1998, the company was considered small with low annual growth. However, in 1997 the company received a deal with a professional client, which resulted in a spike. Then in 2002, they landed a big contract with the same client and has since then had a stable growth. This has resulted in the company growing steadily annually and have expectations to keep growing 10% each year. Interviewee B describes that *“growth is a result of us being a little bit quicker in relation to our competitors. We have flaws and we are aware of them, but we are very good at what we do and adapt quickly.”* The growth that they have experienced has resulted in an identified need of restructuring the company, which took place at the beginning of 2021. The goal of the company's restructuring was to ensure clearer roles and responsibilities within the organization, followed by well-established and communicated processes.

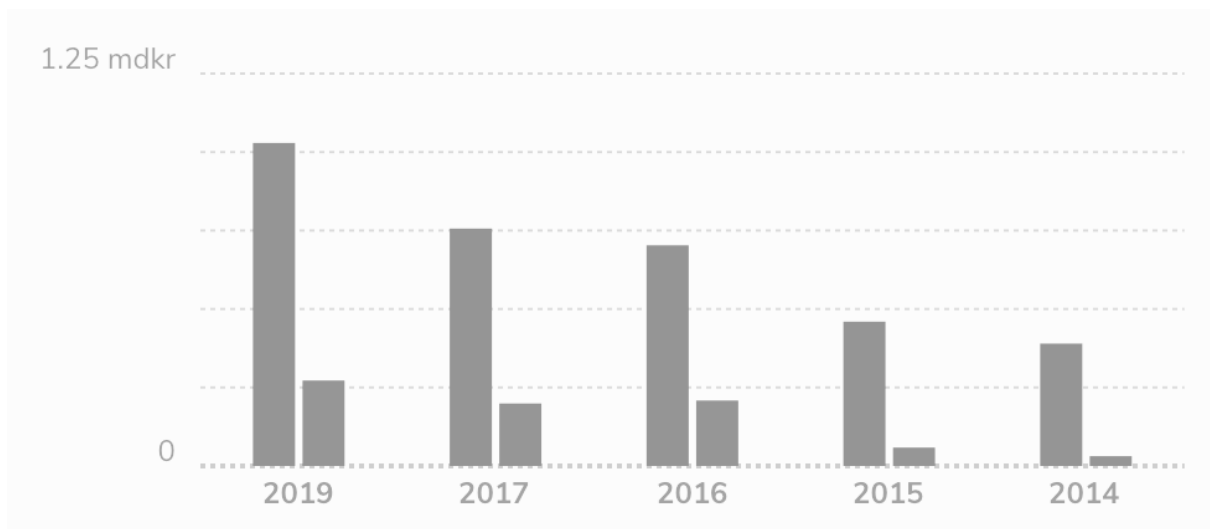


Figure 2: The Company's Growth Between 2014–2019, from Company's Annual Report

Left Staple – Revenue in SEK, Right Staple – Profit in SEK

The company have, since early 2000s, had a stable role as market leader in their industry. Interviewee A describes the reason for their growth in the following way:

We have always been very customer-centric and listened to the customers' needs and used that as guidance. We don't run and ask them all the time, much is based on requests and then we realize that that is exactly what we need to do to develop. Innovation and the bigger developments often come from the outside. (A)

The company is single product-focused and have had a successful number of successors to their original innovation many years in a row, which makes them view themselves as an innovative company. The innovations they have made to their main product over the last 20 years, have mainly been inspired by their close connection to the market and their capabilities to adapt to customers' demands (A, Interview, 20 April 2021). Because of the established identity that the company consider themselves to have, which is incorporated in their tradition, combined with their narrow focus on innovation, the selected company becomes a good case for this research. The interviewees in this research consist of employees that hold senior, middle, and lower management positions. All provide a subjective view of how they experience the tension that this research is investigating, from their own perspectives.

4.2 Business Strategy

4.2.1 The Company's View on Strategy

The company's view on strategy has changed over time, in relation to their expansion. Prior to the expansion, strategy was not something that was prioritized. However, because of the expansion, the view on strategy and its importance changed. A describes that *"when you reach a certain size, new problems occur, and that's when you need to reset and start over."* B summarizes the expansion and the changed view on strategy:

The strategy was not in focus in the beginning. I believed that focusing too much on strategy was a waste of time. My approach was "you are all aware of where we are heading, so don't focus on the strategy." When everyone talks to everyone, this tactic works great. But when looking back now, I have realized that we should have been more proactive and communicated the direction better earlier. Without a strategy in a company of our size, that we have reached today, it would impossibly work. (B)

Although there has not been a clearly communicated strategy within the company historically, C describes that everyone has always been aware of in what direction the company is heading:

Even if the strategy was not clear and communicated through a prestigious power-point presentation, a strategy has always existed and everyone, at least the management team have been well-informed about it. Previously, it was just in the walls so to speak. Now when we are over 200 employees' things are very different and a well-established strategy that can be easily communicated has become very important. (C)

What can be identified in the interviews is that the strategy has not changed much over time. E points out that they *"have always worked for things that should be beneficial for the customers and to keep what we promise. This is something that runs through the entire organization."* However, in relation to the expansion, a strategy has become essential and needs to be established and communicated within the organization, as everyone does not talk to everyone anymore, which is explained by A and B:

It is important to provide employees with guidance. The strategy is to become the best at what you do and optimize this. This is something that we have been focusing on since the beginning. I believe that keeping the identity of being a one-product company and keep the strategy close to this should be in focus, as it has been since the beginning. (A)

If we want to continue to grow, it is important to ensure that we have a communicated strategy and the capacity needed. The restructuring that we completed recently has resulted in new positions...which will be a blessing and help us expand further. (B)

Due to the expansion that the company have experienced, a clear strategy has become essential to enable further growth. This is something that was identified as important by all interviewees, to make sure that the right guidance is provided to each and every one within the organization.

4.2.2 The Company's Current Strategy

The company's growth has resulted in a need of a communicated strategy. C highlights that the most important thing now is to *"ensure that everyone within the organization has a clear picture of the strategy and where it will take us."* Furthermore, C explains how the strategy affects the organization right now, and how it hopefully will change:

The strategy definitely affects the top management team. However, as it is now, the strategy does not directly affect the rest of the organization. We are working on concretizing the strategy, formulate sub-goals and be clear in how we will operate to ensure that we follow the overall strategy, throughout the organization. (C)

In relation to this, G describes that *"the strategy is clear at the top of the organization. However, the vision and long-term goals can be better communicated in other parts of the organization."*

As described by B, one important aspect of the company's strategy is to be able to *"stay close to customers and work close to them and be able to understand their needs without them expressing them."* Furthermore, A explains that the customers have always been an important guidance for the company, that have resulted in great accomplishments over time:

Much of our work is a result of the input from customers, which over time have made us realize the best solutions for our products. The input that we have received from the customers has thereafter been introduced in the entire assortment. (A)

Furthermore, D expresses that the most important thing about their strategy is that they “*never settle with what we have, we must follow the demands of the market.*” D also describes that their identity has a great impact on their strategy, “*We have a very strong brand, with a strong identity, and to keep this we need to stay ahead of competitors and maintain our high quality.*” It becomes clear that the customers, through time, have provided guidance for the company which has resulted in successful products.

The importance of staying close to the market and keeping that ability permeates in all interviews. B describes that “*it’s important to stay close to our customers and competitors and have a great sense of what they are up to.*” Furthermore, having “*the ability to quickly handle the rapid changes within the market is considered an essential part of the strategy*”, that according to B will allow the company to keep their market position. In relation to this, A describes that staying close to their customers and competitors have always been important and expresses that it “*is a great guidance for the direction we should take.*” The company’s strategy is summarized by B as “*the guidance, how we will reach the vision, be close to our customers, have innovative products, this is what we live for.*”

What is indicated is that the company’s strategy nowadays is considered essential, to ensure that they can reach their future goals. Moreover, it is viewed as an important guidance to enable further expansion. However, what is also indicated is that the customer has and always will be most important and the top priority of the company’s strategy.

4.3 Tradition

4.3.1 The Company's Structure and Communication

The Structure

The interviewees have provided a view of the company's culture and structure which to a large extent is described in similar ways. All interviewees agree on the fact that the culture at the company is open, where everyone's ideas are encouraged and shared among each other. Moreover, everyone is committed and willing to do a little extra to ensure that the company succeeds in every situation. A describes that *"everyone always strives to deliver as good as possible."* In relation to this, D highlights that *"the company culture is highly committed. The people I work with are very committed to their work and are ready to run the extra mile to get stuff done."* Furthermore, G points out that *"the feeling of being a small organization where everyone knows each other is great."* All of this has resulted in what they themselves considered to be a strong culture, that has been fairly similar since the beginning.

Although the expansion has had its effects on the company, a lot of the culture is still considered to be the same. C explains that:

The size of the company was very different in 95 when I started, and this enabled an extreme family-culture. We have always had a high speed but have also always seen the "people" and had a family-culture. Everyone that works here really enjoys it. Everyone that works here brings forwards their thoughts, we bounce ideas, and everyone always wants the company's best. (C)

The willingness to always succeed permeates all interviews. Succeeding and achieving great results for the company and its customers is something that is expected by everyone. If a customer asks for something, it is in everyone's interest to deliver what is asked, which is a big part of the company's culture. Therefore, taking responsibility is something that is considered implicit. B describes that *"everyone is very solution-oriented and have the organization's best in mind. I would say that everyone within the organization is willing to go a little further compared to what the customer expects."* The customer-centric culture, where everyone together ensures that the best result is delivered have created a workplace that people enjoy working at, explained by E:

The company has always been aware and cared for their employees. They want to make sure that everyone feels alright and are doing good. You feel appreciated by everyone. If employees get the signal that they are appreciated, they feel important and can perform better. (E)

Furthermore, delivering great products and ensuring that the customers are happy, have according to F resulted in that *“everyone is very proud of the company and to work here.”* The proudness that is highlighted by many of the interviewees, in relation to what the interviewees describe as a great culture, is what they believe has resulted in low numbers of employees quitting. A see this as a great sign of a culture that they can be proud of, which E confirms:

People really like the company and its culture. We have very few employees that quit which is a great sign. This means that if we want to achieve renewal, we need to grow so we can hire new talents. It is of course fantastic that people stay, it says a lot about our culture. (A)

The company has always been aware and cared for the employees. They want to make sure that everyone feels alright and are doing good. You feel appreciated by everyone. If the employees get this signal, that they are appreciated, they feel important and can perform better. (E)

The company culture has, because of the company’s expansion and growth over the years, experienced small changes. However, the open-minded family-culture from the beginning still exists and indicated by the interviewees everyone within the company is willing to do the little extra to ensure success for the company and its customers. To maintain the great culture that they consider themselves to have, they are usually hiring people with specific experience that is found valuable in their role. B believes this to result in a continuous willingness to improve among everyone:

Many of the employees with leading positions have previous experience of the products that we sell, and they therefore understand how the products are used in the right setting. This is a great asset for the company and affects the culture and willingness to continuously improve. (B)

In relation to the company's culture, the structure is described as primarily flat. The reason for this is that management have never believed in hierarchy. Although they recently added a layer in the organization chart, to ensure clarity and that too much do not land at the top management, this was not done to intentionally increase the hierarchical structure.

We have tried to keep the organization flat through time, which worked up until 1,5 years ago. As we are striving for growth and we need to have a bit more levels in the organization to be able to do this, without someone working way too much. (B)

We recently restructured the organization. There are now a few people in the top and except from that, it is fairly flat. The goal with the new structure is that the boundaries within the organization will be deleted, and that they will be overlapped. I believe it will be possible with the people we have in place right now; we have the capacity needed. I have always believed in hire people that is better than myself, as this means letting go of responsibilities. (A)

Although the flat structure is operating in practice, the structure in accordance with what the company has set up, is considered to be quite hierarchical and controlled from the top. The two employees that have been working at the company shortest among the interviewees have a different perspective regarding the structure, compared to the others. G describes that *"it's controlled from the top. Ideas are encouraged to come from everyone, but everything needs to be checked with the top management before making decisions."* This is further expressed by D:

The structure to me feels like it's quite controlled from the top. Most things are running by the CEO and management-team. However, as of this year we have a new structure with an expanded management-team, but it's still top-structured. (D)

In contrast, C and F that have been working at the company for a long time and have senior roles describes the structure differently. C explains that:

A couple of months ago, we added a "layer" in the organizational chart which was very much needed as we expanded. However, it is very important to point out that what your view on an organizational chart is different from how it actually feels within the company. In my opinion, the organization is still very flat. (C)

In relation to this, F points out that *“from an organizational plot chart, it is quite hierarchical, but in reality, everyone can bring inputs and opinions to the table.”* What is identified is that the interviewees sense a difference regarding the company’s structure, which might be a result of the various length of employment, which in turn affects how well they are familiar with the organization. To summarize the structure and its complications, F explains that *“the tradition has become that every manager wants to be a part of every decision. I believe that needs to be removed if we are to grow further”* which is what the company are trying to ensure with the restructuring that has been completed a couple of months ago.

The Communication

Furthermore, the flat structure has resulted in communication that have not lived up to employees’ expectations. B describes that one of the *“the goals with the new structure is for the communication within the organization to become better.”* A explains this similarly and points out the need of guidance:

Prior to the new structure, some departments were not connected. The people are still operating within the company, but with new management that will guide them, they will be able to become aware of how they should work together and why it is important. The guidance here is highly relevant. (A)

The flat organization have allowed informal communication trade and resulted in a communication that the majority of the interviewees describe as overall good. In relation to the informal communication that previously have been important for the information exchange, E explains that *“sometimes it feels like, due to informal communication channels, that it is not as efficient as it could”*, which is something that all interviewees agree upon. However, there is a belief that the new structure will allow the communication to be more structured. The flaws in the communication seems to have become even more clear the last year, as a result of distance work due to the Covid-19 pandemic, and the organization are currently changing the communication-channels to ensure a better communication within the organization.

The communication will most likely never be 100%, there will always be some flaws somewhere. There is a responsibility to make sure that things are communicated within the organization but there is also a responsibility to make sure that you are informed. As it is now, we are starting to standardize the communication even more, with established communication-channels for example. What is interesting is that you, due to the pandemic, are able to identify all the gaps that exist in relation to the communication. All of these must be filled. (C)

The communication between the departments is good. However, I don't know if the communication has always been as efficient as it could have. Sometimes it feels like, due to informal communication channels, that it is not as efficient as it could. And sometimes it reaches the wrong persons. I think this will be more structured now with the new organizational structure. (E)

D is overall satisfied with the communication within the organization. However, it has been an issue for them during the pandemic as there are a lot of information that does not reach the right persons as they are working primarily virtually:

The communication overall is very good. There are some issues during Corona as a lot of things occur and are communicated at random while at work. The major things can be caught but the minor and incremental things are more difficult. Moreover, I experience everyone to be very open. There is a common goal which runs through each department which makes it easy to communicate across departments. (D)

In relation to the company's growth, the need of adjustments in relation to the structure have increased. Therefore, a layer was added within the organization chart, in order to ensure easier communication and guidance for the employees. As indicated by the interviewees, the new structure should not have direct effects on their established culture that have been built over time and permeates everything within the company. However, it is hoped to result in easier communication within the organization, clearer directions and allowance to operate across departments.

4.3.2 The Company's Processes and Routines

In relation to the company's expansion, processes and routines have been developed and implemented within the organization. Although many processes are in place to ensure guidelines for operations, these processes are not followed in every situation. As identified in the interviews, the company have processes regarding for example how to define a product. However, according to D, *"there are a lot of situations where we need to skip out on our process to reach our goal in time."*

Although having established processes, it is understood that everyone considers it to be important to allow flexibility within the processes as well. B describes that the company *"encourages to build flexibility within the processes, instead of writing completely new once."* Another interviewee describes that the role of processes, that they have developed and implemented within the company, has played an important role in relation to the company's ability to grow. C explains that *"if you think about what processes really are, it has had a huge impact on the company's success and current position as market leaders."* Furthermore, C elaborates on the importance of having processes and flexibility to be able to go off road when needed. The reason for this is that processes allow the company to be resource efficient, so they have the capacity needed to be innovative when possible and needed.

Processes are tools that help create a structure, that allow the organization to deal with the majority of cases within the company, in a resource efficient way. If you are able to handle the majority of the cases with processes, you'll have resources "to spill", on innovation for example. If you have handled everything in a resource efficient manner, you'll be able to be flexible and operate beyond the processes when it is needed. However, all our processes are secondary in relation to the customers and their needs. (C)

Although flexibility within the organization is considered essential, the workload and full schedules reduce the ability to think outside the box and be flexible in relation to the implemented processes, when needed. A describes that employees can sometimes be too focused on their tasks and their departments' responsibilities:

Employees are very dedicated and that might result in a too focused thinking sometimes. Sometimes people look too much at where the line between the departments is drawn, instead of helping out. However, that's only because there is too much to do already. (A)

The need of allowing flexibility within the processes is indicated as important for the company. However, the processes in place sometimes tend to hinder the flexibility. C explains that a change in relation to the processes is on its way, which might change the company's ability to be flexible. Moreover, flexible, according to C, can be described as equal to innovation, which is considered essential for the company:

We are trying to redesign our process and make them even easier to understand. Hopefully this will help and result in more employees following the processes. Our processes are what will make us innovative, flexible...and have and are therefore crucial for the company's success. (C)

What is also identified to be essential for processes to have an impact, is the fact that all departments must follow the processes in place. In relation to the restructuring (presented earlier in the chapter), A describes that the redesign of processes will allow the company to become more cross-functional.

Processes are important for us but if they're not followed by the entire organization, then there is not any meaning with having them. Eventually it will be more work across borders, and more integrated work within the organization. (A)

All interviewees explained the processes of the organization to be important, as they ensure that everyone is aware of how to operate. However, the need of being flexible is also something that is highlighted in the interviews. The redesign of processes that they are trying to accomplish might result in clearer directions, making it easier for all employees to follow them.

4.3.3 The Company's Brand and Identity

The tradition and the identity that follows the established brand are considered to be of importance to the company. The identity can be divided into external – towards the customers through their branding, and internal. What is identified from the interviews is that tradition is considered to have laid the foundation for the company's brand and is therefore believed to have had an influence on the company's external identity. The tradition is also considered to be the reason why employees stay at the company for a long time and give extra efforts to their performance. Moreover, identity is used by the company to differentiate themselves from their

competitors, and the company believes that by staying consistent with their identity and brand over time, they have gotten successful. B, A and E provide an understanding of the company's view of how the brand and identity have developed:

Our brand is very important for us. The product we offer requires a solid brand and everything is built on this. I'm also convinced that the culture and the tradition is important...One thing that has been of high importance for us is that we deliver faster and better quality compared to our competitors. (B)

The trust that we have gained through our tradition have meant a lot. When journalists write about us in magazines for example it contributes with a sense of trustworthiness and quality, something that have evolved over time. (A)

I would consider our strong brand and high quality as something that has been very important for our success. Our high quality is something that has brought us where we are today. (E)

One of the traditions identified as the underlying reason for the company's success is the company's culture. The culture and its impact are described in detail in a previous chapter. However, as described by D and E, culture and competence has evolved and resulted in an internal identity, which is believed to have had an impact on their success:

I believe we are as successful as we are because of true grit. The fighting spirit and the devotion to never back down. We have a great product to lay back on, but there has been a lot of fighting getting there. The culture and strategy are running through the entire organization and there is a great push towards success from everyone. If there is a deal at stake, everyone comes together and fights to get it done. (D)

The tradition has had a big impact on the company's success. I can imagine that the people that work here, really like it. If you like where you work, then the company can keep the competence that has evolved over time and many of the employees have developed themselves as well. This as a result enables the company to evolve. (E)

What can be identified from all interviewees is that the company considered themselves to have worked hard to achieve their current position and their established identity. Therefore, the identity is something that they value within the company and want to keep in the future.

If we compare ourselves with different actors on the market, our products are more expensive, but we also offer great quality, but this is a position we want to have. It is something that we have succeeded with. I definitely prefer higher prices and better quality, and this is something that works for us, as we have a reason to have high prices compared to competitors. (A)

The customer-centric approach that the company have, is also believed to have had an impact on the brand. Due to always prioritizing the customers' needs, trust among their customers have been built. Moreover, the company's customer base has enabled the company to create high quality products, that they consider having resulted in an established brand.

We have worked much with making the customer listen to us, which have worked as a result of the high quality and our brand. Through time, they have developed a trust for us. Now we are including the customers in our development processes and let them evaluate our products to ensure that they have everything that the customers desire. (F)

The brand and identity that the company have developed are identified as important and is considered to have had a great impact on their success. Therefore, the owner of the company finds the tradition that have been built over time essential to keep in the future too:

As an owner, I want this company to stay traditional. It is easy to be tempted so switch focus when big corporations are placing orders and requests. The moral in everything we do have always been in focus. Keeping the identity is therefore highly important to me. (A)

The company have, through focusing on delivering products with high quality and being a reliable actor, over time created trust and credibility within their industry. Moreover, the culture is considered to have had an impact on the internal identity and the majority of the interviewees consider the identity to have been a major part of the company's success.

4.4 Innovation

The view on innovation within the company and the necessity of being customer-centric is identified to be similar among the interviewees. A explains that when aiming to develop innovations *“understanding the customers and their problems is most important.”* In relation to this, B describes what they considered innovation to be at the company, and what they aim to achieve through innovation as following:

The art to describe an ability of a product that the customers have not yet realized that he or she needs. The capability to start defining and thinking about products we need 10 years from now. Sometimes you will make mistakes, there is greatness to that, but you need to let your mind loose and make your bet on something you think will be important.

(B)

Having the ability to create something before the customers identify a need for it is the company’s goal. According to the interviewees, the company’s innovations has resulted in achievements, and the development and inspiration for these innovations will be discussed in detail in this chapter.

4.4.1 The Company’s Innovation Process

The innovation within the company is, right now considered to be flexible, and allows all kinds of ideas to be brought up. Moreover, the company do their best to make sure that ideas are being captured. D tells about their *“box of ideas, where everyone within the company can drop their ideas, everything from small improvement to completely new products that have not been developed yet. However, it’s usually the same people who bring the ideas.”* Furthermore, C and F explains that there is no explicit process for innovation right now, but express their belief in the company’s future, due to pressure within the organization:

As it is now, no innovation process exists. However, I strongly believe that we will create it over time. Right now, we are trying to implement an innovation council, which hopefully will help us in the right direction. (C)

The sales department are right now aggressively pushing for innovation. However, the R&D-department needs to add routines to be innovative. The new structure will help us with this. (F)

Furthermore, F explains that the understanding of innovations necessity within the organization has increased over time:

We have conducted a road map for the R&D, so that they will have something to work against. This is something that we have worked with before, but it is not until now that everyone has understood the necessity of it and innovation. I strongly believe in the new organization and what it will bring. (F)

Although there is not a clear and implemented innovation process within the company right now, there is a belief in the competence that exists within the company. This in turn indicates that some interviewees feel safe in relation to producing innovations in the future:

I believe that within these walls, the company has a lot of great employees with great creativity. We have built a strong R&D-department. We need to get it moving in the right direction and at the same time make sure that they are doing what they must. (A)

There is a calm in relation to the company's ability to create innovative ideas and products. However, a concern in relation to their ability to rapidly innovate is expressed. B describes that they "*...sometimes don't innovate fast enough.*" Furthermore, according to A and F, the company have the ability to rapidly change, but the concern in relation to what the future holds is still vital and actions might therefore be needed.

I don't feel calm with our current market position. We are quite adaptable and quick on our feet, which is one of our strengths but that's not always enough. There is a lot of rapid movement in our industry, and I feel that we can keep up, but you never know what's around the corner. We need to keep our ears pressured towards the ground to catch up clues about the future. (A)

New competitors occur and there are many companies that want to enter the market. Before, it was our company and three others that concurred. Unfortunately, many competitors that we never believed would succeed have recently done it. I'm not suggesting that we should include all new functions as it is now, but I strongly believe that we should have the technologies in house, so that we are ready when it's needed. (F)

A further describes that *"innovation and major changes are usually pressured from outside the organization."* This, in relation to the quotes above, indicates that the company can win if they are being responsive to the competitors and fast-changing environment, to ensure that innovations are continued to be developed. The changing environment and the customers' needs are sources for the company's inspiration, and keeping close to the customers is a strategy that they feel helps them in the innovation process. Not only customers are of value for the company's innovations, but inspiration from different domains can also be considered equally important.

Although it can be identified that the interviewees feel that they have an, to some extent, innovative organization, they are not all fully satisfied and understands the need for further developing their innovation processes, to ensure that they keep their competitive advantages. A describes that the company *"have a good innovation process, but sometimes throw too many resources on projects when high potential is identified. Our new structure is supposed to help us with this problem."* In the new structure, B explains that the plan to ensure an even more innovative organization is to *"implement an innovation-council, which are supposed to let themselves be inspired from other people and the environment, to pick out the even craziest ideas to make it all better."* What can be indicated is that the need of having an established innovation process is starting to become clear within the organization, and something that the company will try to implement in the future. Moreover, the new structure, with new positions and processes, is something that the company hope will make it easier to innovate moving forward.

4.4.2 The Company's Inspiration for Innovation

The market and its demands have been and are an important source for the company's innovation. All interviewees highlighted that the customer has always been in focus and a central part in the company's development of new products and innovations through time. F describes that *"the biggest inspiration up until now has been the customers and bringing customer value. That is where the inspiration comes from."* Furthermore, E explained their customers-centric approach and how it has developed ideas in the following way:

We need to keep our eyes and ears open to catch new ideas. A lot of ideas have come from customers, which we have worked with a lot. If the customers request something, we try to accommodate them. (E)

Not only have customers been drivers for new products and innovation. D explains that the competition that exists within the market also has been a driver for the company's innovations. The company *"want to win the game against competitors, which forces us to come up with a different type of product"* (D). Through time a lot of focus, when innovating, has been on identifying emerging trends and customers' change in needs. However, what has been identified is an increasing understanding within the company, in relation to the need of searching for innovation in wider contexts, than the company's own domain:

We have a lot of connection to the customers and the environment which lays the foundation and pressure us to change. However, I believe that we also need to look at other aspects, other technologies, to ensure development. You need to find completely new applications to be inspired to improve your own products. (A)

We need to search outside of our main domain to stay innovative. There is so much technological development going on that can foster ideas and propose innovative solutions to our products. (D)

I believe that we need to think outside the box, be in contexts that are less obvious for us to be in, to make sure that we find inspiration in all potentially interesting environments. If we just visit events with companies in the same industry, we will not find the inspiration to create something completely new to the market. (C)

The risk of not developing radical innovative products and ideas if only listening to customers' needs, have started to become clear within the organization. As a result, they are starting to seek inspiration elsewhere. Although the need of seeking inspiration in wider context have been identified in the interviews, everyone agrees upon the fact that much innovation is fostered within the company as well. E highlight that the "*colleagues are a big inspiration for innovation.*" Furthermore, F, D and C consider the engaged employees to be a big part of the company's innovation process and that the correct culture therefore must be fostered:

Everyone within the company is so engaged and wants the company's best. The more people that are engaged with the end product, the better innovation will occur as they will be eager to develop new things. (F)

Everyone within the company always wants to improve which is amazing. This is something that we want to distribute within the entire organization, to make sure that everyone brings their ideas to the table. (D)

If you create a workplace filled with joy, more people will continue to think about work when they are leaving for the day. As innovations are developed 24/7, you need to create an environment where people think it is interesting and inspiring to think about work outside of office hours. (C)

Furthermore, all interviewees agree that it is the individuals within the organization and the culture that allows creativity and that is considered to be most important to foster innovations. D explains this in the following way:

We want to create an opportunity for people to be creative and think completely free. Out of 100 products, only a few will be worth spending much time and effort on. The thing with innovation is that you cannot control it, it's not like you can dedicate time beforehand for when you should develop an innovation. The most important thing is therefore to create a culture where innovation is at the center. (D)

In relation to this, C describes that they need to "*find people that are creative and like to develop themselves. If you have creative people that are not afraid of testing, then you'll have a greater*

ability to create innovations.” What can be concluded is that much of the inspiration for the company’s innovation is found in the external environment, from their customers and competitors. However, the need of seeking inspiration in different domains is rising among employees, as they believe this is needed to be able to stay ahead of their competitors.

4.4.3 The Company’s Innovation in Relation to Their Tradition

What can be identified from previous chapters is that the company have several factors of tradition and that these are believed to be the reason behind their success. The fact that employees stay at the company for a long period and their established culture, are described as major stones of their foundation. Moreover, the tradition is not necessarily presented as all positive. What have been identified in previous chapters is that employees who stay long hold knowledge and competence about the company and industry, which the company believe enable success. However, there are also concerns raised regarding the traditions impact on the capabilities to innovate, as A explains below:

Employees usually stay here for a very long period of time, which adds continuity and routines to our organization, which is amazing. But you still need the capability to remain creative and have a mindset for renewal. I find this important. (A)

While it is of importance to several of the interviewees to be innovative and stay creative, concerns are also expressed regarding the dangers of getting stuck in the old. As the company are looking to combine old with new, when searching for ways of doing things, they find themselves easily getting trapped in the old.

It's easy to get stuck in the old things. Instead of developing something entirely new, you want to innovate things that exist and come up with complementary solutions to existing products. It’s easier to look at what we have and not just look for renewal. (E)

The tradition within the company have also caused delay in some situations. A describes that:

If a knowledgeable employee has a great idea, it can sometimes take too long before we come to action. You want to preserve tradition and successful cases that we have, instead of thinking differently. (A)

In relation to this, A further express that it is dangerous to think “*this has worked in the past so why change.*” Although tradition and knowledgeable employees are considered to be an advantage, the company’s established tradition can jeopardize their ability to rapidly change.

The day you are no longer thinking of innovation and renewal, is the day you are taking the first step towards the grave...If you are never questioning yourself and believe too much in your capabilities with no room to improve, you are doomed. We need to keep our creativity and evolve. (B)

The need of creativity and renewal to ensure survival is expressed by all interviewees. However, a concern in relation to the need of change and renewal is described to be easily overlooked, as they are outperforming their competitors, and have displayed growth each year:

The issue for us at the company is the success that we have had across the years. We have made much money for so many years. When things are going this great it is difficult to realize you need to change. It’s going well, so why change anything?! (A)

This description was further elaborated by F who represents the sales department. F has a different view on the need of innovation, in contrast to several other interviewees. F explains that “*it is often when you work closely to the market that you see the entire picture, and that is usually when you get a bit scared.*” Moreover, it is highlighted by G that the flexible strategy and processes have caused the organization to fall behind on innovations in some markets. Due to the flexible processes of the organization, that is described in several interviews, the company has become great at “putting out fires” when needed. Furthermore, due to their fast-paced growth, which some highlights to be *too* fast, they have not caught up in organizational structure and caused the company to not prioritize their innovative efforts. In combination with more competitors in the market, F explains that:

Up until this point, we have put out fires everywhere. We have grown so fast that we had to prioritize our development, and what brought the highest value to the organization was prioritized. As a result of this, we have fallen behind on innovations as we have focused all our resources on a specific product. This has caused us to fall behind our competitors. (F)

The senior managers of the organization describe the company to be innovative. This can partly be explained by the success that the company have experiences up until now, as well as the capability of putting out fires quickly. However, as several interviewees describe, the technique on which the company have built their main product on is on the downfall. As new competitors arise with new technologies, they risk losing market segments.

We have used our original technology in our main product since the beginning. It can now be identified a risk, as the technology is not up to date anymore and competitors are using other technology for less money. There has not been made any efforts on our end to research new technology as we have prioritized resources on other developments instead. Our focus is now instead on our existing customers and making personalized incremental changes to our products to match their needs. (G)

Management has played it safe and stuck with old techniques that we were familiar with as they were afraid to fail with new products that were outside our comfort-zone. This has caused us to lose market share as our competitors are coming up with much more products than us annually. (F)

Enough has happened for us to be the market leader. You feel more confident with our products each year. It can therefore be described as easy to have a solid 5-year plan, but we must always be prepared for the day after tomorrow. (A)

There are various interpretations and perceptions of how innovative the organization is among the interviewees. F states that:

Early on, we produced stable, reliable products, which created our identity. We have lived on that resume ever since. However, our competitors have started to produce a great number of innovations annually. As we are falling behind, this is a concern to us. (F)

On the other hand, most of the interviewees state the importance of innovation to enable the company to grow further. It is clear that there is an awareness regarding the need of innovation, but various perception exists in relation to how good they are at it. However, the awareness of its necessity is communicated throughout several interviews, exemplified by D:

In order for a company to be truly innovative, it needs to be included in the strategy. The problem is that we continue to grow and being able to focus on delivering what is ordered and focus on developing is challenging. We need to focus on the future now, otherwise we will jeopardize our future success. (D)

In relation to this, A further express that they “*can’t think that this has worked in the past so why change.*” It is clear from several interviews that the flexible tradition and “putting out fire” strategy has worked up until this point. The organization continues to grow, and the restructuring will change the layout of the organization. However, they still aim to remain flexible and adaptive. A elaborates on the organization’s capabilities of change and describes that it is difficult to change over a night, due to their mindset and the fact that they are emotionally attached:

I would not say that it is wrong to have a mix between innovation and tradition. We are considered maybe too careful or slow sometimes, you need of course to be quick on your feet but at the same time not change everything over a night. Patience with a mix of activity. (A)

What can be identified is that the company’s success in relation to established processes and routines affect their willingness to renew. There is an awareness among everyone to continuously improve to ensure that they stay competitive. However, the perception of the need for innovation varies, in combination with the view of the strategy of prioritizing resources to short-term fires. Today, the company’s ability to innovate in relation to the demands from the market is not fully agreed upon.

What can be summarized from the empirical results is that the company, through time, has built a tradition that serves as a core and defines the company’s ways of doing things. Throughout the interviews several factors that concluded the company’s tradition are being highlighted. The customer-centric approach with a high degree of flexibility, the identity and brand that they have evolved over time, their strong culture together with their qualitative products and expertise are by the interviewees considered to be the essence of the company’s tradition, which have guided them towards success. However, as the company continues to grow, it has become more important to have a clear strategy that runs through the entire organization.

Although there has been a lack of a clear communicated strategy up until this point, the company have considered themselves to have been successful as they have prioritized flexibility and putting out short-term fires to move forward. In relation to this, the company have always focused on having a customer-centric approach as a way of staying close to the market and identify trends and changing needs. This customer-centric approach in combination with flexibility can be identified to have resulted in a lack of standardization, but also contributed with an informal guide on how to operate. Although there have been established processes within the company, their customer-centricity has always been prioritized and permeated everything, and their processes have therefore been secondary. Moreover, due to the existing tradition, the company consider themselves to have managed their limited resources efficiently, resulting in having capabilities to innovate when needed. The tradition has also resulted in long-term employments and a culture where the company have stored knowledge and competence over time. Although their approach, that can be summarized as relying on their core operation that has evolved over time, has worked until this point, the interviews indicated that the company might be in need of change, to ensure that their market position is being kept in the future too. The different forces that disable and drives innovation within the company are summarized and visualized below (figure 3).

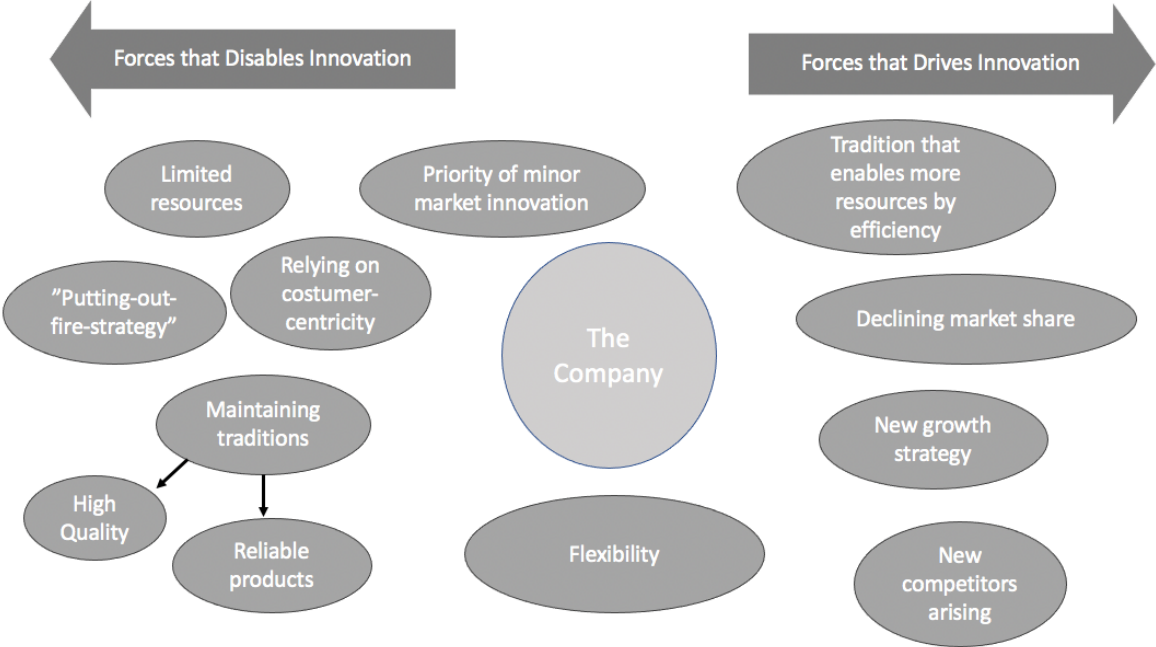


Figure 3: The Company's Drivers Towards Tradition and Innovation

5 Discussion

This chapter aims to discuss the empirical results presented in chapter 4, and to compare and discuss the findings in relation to the previous literature, presented in chapter 2. The chapter will be divided into three parts: business strategy, benefits of existing tradition and the tension between tradition and innovation, in accordance with the areas highlighted in the empirical results.

5.1 Business Strategy

To provide the reader with an understanding of the discussion regarding the tension between tradition and innovation, a discussion regarding the company's current business strategy is considered essential to understanding their current view on strategy.

The company's business strategy can be described as somewhat unorthodox compared to the literature presented in chapter 2. Their business strategy can be summarized as; *informal processes, customer-centric* and *flexible* in relation to what the organization prioritizes at the given time. Although a formulated strategy exists within the organization, it is not clearly communicated or clearly established throughout the organization, as this is not deemed important for their flexible approach. As a result, one can identify that the organization becomes more flexible and better at reallocating resources to put out fires when they occur, which results in less focus on their formulated, long-term strategy. According to Spender (2014), a business strategy is the plan to achieve the overall goal and should be communicated through the entire organization, to secure an efficient organization. Although the company understands the need of having a strategy that is communicated, focusing on solving rising problems and short-term goals can be considered a sign that the company do not pay attention to the overall strategy and outlined goals, to the extent they express they desire. In accordance with what previous literature highlights, a business strategy is essential for a company's competitive advantage. If the strategy is well-defined and implemented throughout the organization, literature argues that it will have the greatest impact on a company's performance. The discussion can therefore be made whether this approach would be favorable for the organization. However, the empirical results prove that a flexible informal strategy has worked for the company up until this point, as the non-spoken strategy has offered flexibility and enabled the company to put out fires more quickly.

Furthermore, the customer-centric environment that exists within the company is running through the entire organization. According to the empirical results, everyone agrees that the customers and the identified market needs are always the company's top priority. In relation to this, the flexible approach that the company considers itself to have, can be described as a good match, as this enables the organization to become faster at adapting to changes in the market. As stated in chapter 2, organizations that are flexible in their nature, often have easier to adapt to changes and have a greater ability to become innovative. However, this approach has resulted in the company being able to perform mostly incremental, and not radical changes throughout time. Therefore, the non-spoken strategy can be considered to have had a great impact on the organization's performance but might also be a risk if the market is changing too rapidly in the future.

The customer-centric approach has resulted in great developments over time, that according to all interviewees have been a factor for the company's success. However, not having innovation included in the strategy and only using "putting out fires" as the source of innovation, is not something that literature recommends on a long-term basis, as this might result in business failure. Although the customer-centric, short-term approach has resulted in success in the last 20 years, the literature highlights it to be a problem, if striving to be innovative and survive in the future. In relation to previous literature, the company therefore might fall short in the long-term if not implementing a proper long-term innovation strategy that allows more than short-term firefighting and incremental innovations.

5.2 Benefits of Existing Tradition

What can be implied from the empirical results is the fact that the company holds several sources of tradition. However, it can also be concluded that the company defines tradition differently compared to existing literature (see chapter 2). According to the company, their tradition primarily relates to the company's culture, the well-being of their employees, their established brand and their customer-centric mindset. The company does not identify itself as having standardized and well-established processes and routines, which is how previous literature primarily describes tradition.

The tradition that exists within the organization consists of cultural values, mindsets and stored knowledge that can be identified to be used as an advantage for the company. Firstly, through

the empirical results, it becomes clear that employees stay at the company for a long time. By having employees staying long, the company holds more accumulated knowledge which can result in an advantage for the company (De Massis et al., 2016). This stored knowledge consists of experiences and information of what has worked in the past, enabling employees to be more competent in their daily work. This in turn can make the employees work more efficiently, which according to Albino and Petruzzelli (2012) can be positive for the organization as a whole. Moreover, as many employees at the company tend to stay long, the company get to keep their competence within the company regarding how the organization works, which Albino and Petruzzelli (2012) highlight can be used as an asset in innovation processes. However, as highlighted in the empirical results, long-term employment can also cause a downside effect, as it might have a negative impact on the creativity within the company. Therefore, the only way the company can gain new insights through employment is through expansion. As indicated in the empirical results, a reason for this traditional resource to exist within the company, is because of the company's established and great culture. The company culture can be one explanation for how competence remains within the company for a long period of time. Showing appreciation towards the employees, by not having any prestige at work, and making sure that everyone's voice is heard are parts of the culture, and are described as valuable to the employees.

Secondly, another aspect of the company's existing tradition is whether they hold the dynamic capabilities to develop a competitive advantage or not. As the company has, through tradition, established the mindset to have the customers as their priority, they can use their resources quickly and efficiently to respond to market trends. This, combined with their flexible approach to structure, can serve as a dynamic capability of using tradition as a strong competitive advantage (Helfat & Peteraf, 2003).

Thirdly, the company's existing mindset of always securing a deal or landing new customers', is identified as a part of their tradition. What has been identified is that it is not only the company that care about their employees, but also the other way around. One can argue that due to this, the company has created a bridge, that according to Ferreiro et al. (2019) is appropriating through tradition. The reason for the bridge that they have created, between their identity as a company and their product, is due to the employee's mindset of service and always providing the customers with reliable, high-quality products. This bridge enables the company to operate and continuously succeed through its tradition. According to Ferreiro et al. (2019) a bridge like

this enables a company to operate and continuously succeed through tradition. Therefore, as the built-up tradition has a major impact on the company's core and way of doing things, it can also be considered to have had an impact on the company's success over time.

Furthermore, based on the empirical result, it can be argued that the company is quite unaware of the possibly great potential they hold, if they utilize their tradition with their innovation. An aspect that was presented in the empirical result is how a company, through limited resources, can utilize tradition to enable more resources for innovation. Through the company's competence, knowledge and culture, they have created efficient processes, which according to the literature will enable them to be flexible when there are a shift in the market. These dynamic capabilities of turning tradition into an advantage (Helfat & Peteraf, 2003), is something that the organization can be considered good at. Furthermore, as highlighted in the previous chapter, this enables the company to have resources to spill on innovation. However, as the company is an SME, this can enable them to be flexible, but also forces them to prioritize in their innovations. The dynamic capability can therefore be described essential for the company and its future opportunities to grow. Important to highlight is that the tradition of always prioritizing their customers and having limited capabilities and resources due to the company size, increases the difficulty of operating based on long-term goals. According to the literature, this in turn might have a negative impact on the organization's overall result in the long-term.

5.3 The Tension Between Tradition and Innovation

Even though the tradition, that is identified to have been progressively built by the company over time, can be argued to have mostly affected the company's general performance, it has also had an impact on their ability to innovate. As stated in the empirical results, the organization's tradition enables them to spare resources that can be reallocated to innovation efforts. However, as the company is an SME, resources are limited, which forces them to prioritize regarding what they believe to be most important. As a general innovation strategy has not been set up, some interviewees argued that this can cause the organization to lose market shares, as they prioritized development on another leg of the organization. What can be concluded is that the main product of the company has mostly been innovated with incremental solutions, to match the needs of the existing customers. Through time, this is something that has worked well and created growth for the company. However, as the technology, on which

the product is based, is starting to reach a decline in demand, the organization risk falling short as they have not prioritized their main market. This could be a result of their growth created by incremental innovations, as well as their customer-centric culture and always prioritizing the customers' current demands. Furthermore, this could also be a result of their mindset, to prioritize the product that is most profitable at the time, instead of focusing on innovation as it is defined. The ability to be less flexible is one of the risks of having a company built on tradition and implemented in the core of the organization, mentioned by Albino and Petruzzelli (2012). However, this is something that the company can be considered to have managed up until this point.

Although competition has been managed well previously, competitors have started to present newer, less expensive technologies, which might lead to the company falling short as they have not made efforts towards radical innovations. While innovations have occurred at another end of the company, it can be argued that their main product-line development has fallen into path dependency (Blank, 2019). However, as their product still yet is up to date, because the decline was recently identified, their numbers are still indicating growth. It can therefore be argued that it is difficult to see that changes might be needed to ensure long-term survival. Therefore, it is the employees working closest to the market that are the ones who are primarily concerned regarding their future market position.

Up until this point, it can be considered that the organization has, in accordance with Blank's (2019) definition, performed innovation theaters. As the organization has prioritized resources on the market that have been proven more valuable at the specified time, they risk falling behind on other markets. As identified in the empirical results, the organization considers themselves to work much with innovation and consider themselves to be innovative, hence, they have understood the value of innovation in order to grow their business. However, as described by several interviewees, the organization focus more on putting out short-term fires with existing customers to stay up to date instead of developing long-term radical innovations, which in line with Blank (2019) indicates innovation theater.

Another innovation effort that the company has is their box of ideas. The intention with the box is to involve more employees in their innovation process. However, as the empirical results prove, only a few employees use it and primarily the same ones. This can be an indication that only a few people at the company are actively thinking about how the company can improve.

O'Connor (2019) argues that the entire organization needs to be involved to achieve complete innovation within an organization. The company can therefore, in relation to what the literature suggests, improve their innovation achievements through involving the entire organization in their future innovation processes, and include innovation in the strategy (O'Connor, 2019; Pisano, 2015).

Moreover, as a result of the company's plans on future expansion and the growth that they have experienced up until now, an organizational restructuring was completed. Along with this, the company has a new goal of delivering a new product every 18 months. From the empirical results, it is also stated that the organization would like more employees to work directly with the products to get an understanding of their qualities. The restructuring was also aiming towards making the organization more structured regarding communication and standardization, which tends to become more important for an organization when growing (Schilling, 2017). However, it can be indicated and interpreted between the lines that the tension between tradition and innovation might remain. The reason for this is that while the restructuring might make the company focus more on long-term innovation and other techniques, rather than incremental changes, due to the standardization that follows a more structured organization, the tension between innovation and tradition might still remain.

In summarization, the company's current business strategy, as indicated unorthodox, has worked up until this point. Even though there has been a lack of radical innovation, the company has managed to grow and made great profit throughout the years, which could be a result of their established tradition in relation to how things are done. Although having expresses an aim to become more innovation-driven, it can be identified that the company holds advantages in relation to how they operate now, due to the existing tradition within the company. According to the literature, flexibility and customer-centricity should enable innovation. However, this research indicates that it might disable innovation to some extent as well.

6 Conclusion

The purpose of this thesis is to contribute with an understanding of how a company based on tradition can cope with the tension between tradition and innovation, in today's highly pressuring environment. Furthermore, the purpose is also to contribute with insights in relation to companies built on traditions possibilities to survive, in a rapidly changing world. Data was collected by interviewing seven employees at a Swedish-based SME. The collected data was used to understand the company's current market position and strategy, their tradition as well as innovation processes that exist within the company. The study's purpose resulted in the following research question being formulated:

How does a company manage the tension between an established tradition and innovation?

What can be concluded is that the company has not changed their main approach remarkably over time. Their customer-centric approach has resulted in a strong identity and brand, that have enabled the increasing growth that they have experienced the last 20 years. Although radical innovations have not taken place, incremental changes have taken place and have been possible through their tradition. The processes that exist within the company have resulted in resources spared, which in turn have allowed the company to be flexible when changes within the market have been identified. Moreover, their company culture has resulted in committed employees, that always want the company's best. Therefore, lack of resources, although being an SME, has not been considered a problem for the company. Having this established tradition can result in an ability to stay close to customers and market, as well as being resource-efficient. It can therefore be concluded that a traditional approach that affects the way of operating in an SME, can result in an ability to be innovative when opportunities arise. Furthermore, it can be described as imperative that organizations need to be aware of the positive and negative aspects that having a tradition that impacts the core of a company can bring, and how it can be utilized to a competitive advantage. This could enable companies to easier connect the valuable tradition with future visions, and thus become "traditionative".

6.1 Theoretical Implications

It can be concluded that tradition can have both positive and negative impacts on a company's ability to be flexible and innovative. Through an established tradition, a company can become

more efficient, resulting in an ability to use spare resources when innovation is identified needed. However, as identified in the literature, tradition in relation to how to run a business can also result in denial in relation to the need of seeking renewal. A company that, through their established tradition, is and have been successful for a long period of time, can be considered having a harder time understanding the need of renewal. Therefore, awareness regarding the need to stay ahead of competitors and spend resources aiming to identify problems that have not yet been raised can be considered essential, when the goal is long-term survival and deliver what the customers want. In contrast to the literature, this study's result implies that an established tradition that impacts the operation, with functioning processes, can result in increased flexibility that allows innovation. Lastly, being customer-centric and flexible is being highlighted as essential in the literature and can result in a company staying too close to already existing products, instead of developing radical innovations, that are ahead of the market.

6.2 Practical Implications

The conclusions drawn from this study can be proven to bring practical value. As this study aims to contribute to practice, the authors highlight findings that can be put to practice, when a company is trying to manage the tension between established tradition and innovation.

Firstly, tradition has been proven to be a valuable resource to the company in terms of efficiency, flexibility and following market demands. Rather than fearing what potential damage tradition can cause a company, by making it slower and difficult to maneuver in a fast-changing environment, companies can utilize culture and routines to focus on building a customer-centric environment with high flexibility. As a result, employees of an organization can be prepared to drop a standardized process or “way of doing things”, to quickly adapt to the customers' needs and market trends. Moreover, in regard to tradition, if creating a “winning culture”, by for example showing care for the employees, a company can create a “true grit” environment where employees are more willing to go the extra mile for the organization, resulting in less tension as people are willing to drop something they are doing, for the greater good of the organization.

Secondly, companies with limited resources can also see tradition and routines as a way of making the company more efficient and thus enabling more recourses to innovation. By

creating a tradition that results in way of doing things, employees of a company can become more efficient in the everyday processes and spend more time reflecting on ways to improve. In relation to this, it is important for companies to understand the value of tradition and be aware of the capabilities that they can hold because of it.

Thirdly, although innovation is considered very important at the company, performing innovation theater as the company is doing, by delivering incremental changes to their products to adapt to customer's needs, may not be considered a long-term innovation strategy. As it is not enough to be flexible and focus on what the market demands, companies need to have a long-term innovation strategy and think about the customers' future needs as well. This has proven to be another tension that companies need to reflect on; the balance between focusing on current market needs and trends and focusing on future needs and long-term innovations.

Fourthly, in order to have innovation as a strategy, this study has proven that innovations need to occur internally and can not only consist of incremental changes as a result of the changed market need. By improving the understanding of the need for innovation in all departments of an organization, an innovative mindset among all employees can be developed. The findings of this study for example showed that the view on innovation and the need of it differs among employees. Therefore, including innovation in a company's strategy and ensuring that the need for innovation is communicated to everyone within an organization, can foster creativity and search for renewal from all departments. This can also happen if a company encourages all employees to get an understanding of how the product is being used by the customer. Everyone within a company could then be included in the process of being innovation-driven and strive to find new solutions to solve customer needs, and not only a few of an organization's employees.

6.3 Limitations and Future Research

There are several limitations to this study that needs to be addressed. The qualitative research, that has been the methodological approach, has resulted in an understanding of innovation in relation to tradition. However, due to limitations in relation to time and scope, this research has focused on one specific company. Although the validity and reliability are considered strong, no generalizable results are possible due to this. Therefore, future research should investigate innovation in relation to tradition to a larger extent, so that generalizable results and conclusions

would be available. Although no generalizable results have been presented in this study, the researchers feel confident in relation to the findings presented.

In relation to the limitations, it would be of interest if future research investigated the impact of having an established tradition in the core of an operation and its impact on innovation in a larger number of companies, operating in different industries. This would result in research that would be applicable to a larger number of companies. Furthermore, as companies' traditional approaches might differ between countries, it would be of interest if future research included corporations outside of Sweden. This would provide an understanding of international contexts' impact on tradition in relation to innovation.

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Appendix A

Interview Guide

Introduction Questions

1. What is your current role at the company, what have your previous roles been?
2. What are your responsibilities?
3. How long have you worked at the company?
4. How would you describe your company culture?
5. How would you describe your company's structure?
6. How would you describe your communication at the company?
7. What is your current market position? Why do you think that is?

Current Strategic Direction

8. Can you tell us more about the strategy of the company?
9. How does this strategy impact the daily work for you and your colleagues?
10. How would you describe the organization in relation to the strategy?
11. How do you work with the strategy in your daily work?
12. What do you believe has been the biggest part of the company's success?

Tradition

13. Can you tell us about the culture/tradition and routines that exist at your company?
14. Can you tell us more about how the routines and processes set up affect your daily work?
15. Why do you think the company has done so good for such a long time?
16. What part do you think tradition has played in your company's success?
17. How do you think the future might affect your current strategy?

Innovation

18. What does innovation mean to you?
19. Can you describe how you work with innovation in your work? Your department? The entire company?
20. What major innovation has occurred during your time?
21. What role has tradition in your innovation process?
22. Do you experience confusion in regard to renewal and routines?
23. What does your innovation process look like?
24. Where do you seek inspiration for innovations?
25. What do you believe influences the company to seek renewal?