



The field of radical innovation: Making sense of organizational cultures and radical innovation



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ARTICLE INFO

Article history:

Received 1 March 2013

Received in revised form 12 February 2014

Accepted 15 March 2014

Available online 28 August 2014

Keywords:

Fields of radical innovation

Bourdieu

Creative industries

Practice theory

Market research

ABSTRACT

Organic organizational structures and cultures facilitate innovation because they allow organizations to shift their understanding of what a product, service or technology means. Yet, organic organizations may have to instill mechanistic structures and bureaucratic processes if they produce successful radical innovations. Thus, the basis of innovation can be undermined by its consequences. To explore this issue, this paper analyzes data from an ongoing longitudinal case study of a SME digital-design agency that developed a radical innovation for the market research industry. The paper observes that founders of the organization shifted their position to become managers as a result of their radical innovation and that other members of the organization have, consequently, re-evaluated their attitude toward the organization. To conceptualize our findings we turn to the work of Pierre Bourdieu. His notion of *fields*—which structure experiences and are, themselves, structured by experiences—offers a framework to understand the dynamics within an organization that occur as a result of a successful radical innovation. The contribution of our paper is: theoretically, we relate the discussion of innovation to wider social theories of practice and, thus, introduce temporal and cultural dynamics into the account of radical innovation; methodologically, we provide an example of a longitudinal study; and, in managerial terms, we indicate where divisions occur within an organization concerning the construction of meaning between managers and employees after a radical innovation.

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1. Introduction

Unlike incremental innovations, which involve technical improvements to a product or service, radical innovations challenge what Verganti and Öberg (2013, p. 86) call the *existing paradigmatic interpretations* of a product or service. We might even go as far as to say that radical innovations are started from shifts in the meaning of a product or service within an organization—which can emerge from interactions with external sources (Story, O'Malley, & Hart, 2011), the agenda-setting power of senior managers (Möller, 2010) or the passions of entrepreneurial employees (Verganti & Öberg, 2013). For example, reframing the mobile phone as a portable media center marked a radical innovation. Even before any technological developments, this shift challenged the existing assumptions about what the mobile phone could be used for and what value it could create.

But what happens within organizations when existing paradigmatic interpretations become obsolete? If radical innovation involves new

frameworks through which members of an organization relate to products, customers, suppliers, and technologies, we might assume that radical innovation will have serious consequences within an organization. It will at least challenge those who are wedded to old ideas to change in some way. Yet, Möller (2010) tells us that there is both a lack of theoretical “frameworks” (Möller, 2010, p. 361) and “empirical insights” (Möller, 2010, p. 369) concerning these issues. In response, we analyze data from an ongoing longitudinal study of radical innovation within the digital design industry focusing on a case study of a single organization dubbed Truffle. Truffle moved from print and website design to mobile application (app) development and through one particularly successful app has changed their *paradigmatic interpretation* of mobile phones to see them as platforms for marketing research. This shift allowed Truffle to design a radically innovative tool to use mobile phones for bespoke market research. Truffle has since grown exponentially as its technology has been commissioned by large brands. It has taken on more staff and moved to larger premises. This has required the founders to change their ideas about how innovation is produced. While Truffle began as an organic organization that could grow naturally, they have embraced the agenda-setting role described by Möller (2010). Yet, as we will see, other members of the organization have not necessarily embraced this change.

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So, based on unstructured interviews with all employees and managers, and participant observations with in the case organization, in this paper we show how a radical innovation affects the ability of members of an organization to make sense of their organizational life. To conceptualize our findings, we turn to the work of Pierre Bourdieu (1983a). His notion of *fields*—which structure experiences and are, themselves, structured by experiences—offers a dynamic framework through which we can understand the effects of radical innovation within an organization. The contribution of our paper is as follows: theoretically, we relate the discussion of innovation to wider social theories of practice and introduce temporal and cultural dynamics into the account of radical innovation; methodologically, we provide an example of a longitudinal study; and, in managerial terms, we indicate where divisions occur within an organization that may affect its ability to innovate.

2. Organization structure and radical innovation

It is widely accepted that certain kinds of organizations stifle innovation. Burns and Stalker (1961), for example, conclude that *mechanistic organizations*, which tend to be more formal, bureaucratic, and inflexible, are less likely to innovate than organizations with *organic structures* that are more informal, flexible, and open to risk-taking. Duncan (1976) and Daft (1978) confirm that mechanistic structures support task execution and organic structures support innovation. The challenge for mechanistic organizations is, consequently, to engineer informal, flexible and creative spaces within which people can innovate (Dougherty & Corse, 1995). They may divide administrative, technical and creative functions; incorporate non-work spaces into the organization such as games rooms, gyms, and coffee shops; include designated free time within the working day; and offer symbolic and material rewards for creativity (Bilton, 2010). In contrast, Thompson, Jones, and Warhurst (2007) tell us that innovation cannot exist without some level of formal organization. This leaves the challenge for organic organizations to develop systems and structures to support innovation without restricting it. For instance, in the creative industries, organizations tend to start out with low costs, few formal structures and no employees other than their founders (Leadbeater & Oakley, 1999). As successful projects encourage these organic organizations to grow, they must find ways to become more mechanistic and bureaucratic without losing their ability to innovate (Cluley, 2009; McRobbie, 2002; Oakley, 2004). For these organizations, the problem is not creating informal spaces for innovation but protecting those that already exist.

Increasingly, researchers have argued that, in addition to different organizational structures, there are also different forms of innovation. Researchers distinguish between administrative, technical, product and process innovations (Cooper, 1998; Totterdell, Leach, Birdi, Clegg, & Wall, 2002) and acknowledge the differing levels of technological uncertainty, business inexperience and cost involved in certain forms of innovations (Green, Gavin, & Aiman-Smith, 1995). The distinction between *incremental* and *radical* innovation, in particular, has allowed researchers to unpick the effects of organizational structure on innovation (see Veryzer, 1998; O'Connor, 1998). Olson, Walker, and Ruekert (1995) link informal and flexible organizational structures with radical innovations. While, in developing a model to predict the impact of organizational structure on innovation, Menguc and Auh (2010, p. 829) propose that “informal structure did not have a positive effect on RPIC [radical product innovation capability]”. They suggest that developing radical innovation requires more than an informal structure even though informal structure, “contrary to expectations, had a positive effect on IPIC [incremental product innovation capability]” (Menguc & Auh, 2010, p. 829). Supporting the complexity involved in identifying the antecedents to develop radical innovations, Story et al. (2011) found that radical innovation is typically built on interactions across

organizational functions and divisions and is often the result of intra-organizational networks and collaborations.

3. Identify, culture and discourse and radical innovation

One reason why organizational structure does not correlate significantly with an organization's ability to produce radical innovations may be that structure is, itself, only a proxy measure for the real determinant: an organization's culture. Pettigrew (1979, p. 570) defines organizational culture as a “system of terms, forms, categories, and images” through which “a given group at a given time” gives “tasks meaning.” Child (1972) tells us that formal measures of structure offer an indication of such organizational dynamics but they do so at *one remove*. They overlook the kinds of office politics, networking and horse-trading through which decisions actually get made.

In this regard, it is note-worthy that Büschgens, Bausch, and Balkin (2013) find no correlation between organizational structure and the likelihood that an organization will produce radical or incremental innovations from their meta-analysis of 43 studies which, when combined, covers 6341 organizations. But they do identify a negative correlation between high-levels of hierarchy with innovation and find that managers of innovative organizations tend to emphasize “an external and flexible orientation” (Büschgens et al., 2013, p. 777). Likewise, Möller (2010) argues that the ways that managers construct meaning and order from the dynamics of their business networks form an important first step in the process of producing radical innovations. Such factors, unlike formal measures of structure, are inherently dynamic (see Beech, 2011; Collinson, 2003; O'Doherty, 2004; Thomas & Linstead, 2002).

Yet, as Möller notes, while concepts developed within organization studies such as sense-making offer an explanation for the emergence of radical innovations, innovation researchers “lack frameworks that allow us to understand how firms can make sense of and navigate in radical innovation” (2010, p. 361). In other words, we need to turn our attention from structure to culture and to explore the effects of radical innovation rather than its causes. Indeed, Pettigrew tells us that *sound theory* of organizational culture must “take into account the history and the future of a system and relate them to the present” (1979, p. 570)—a point echoed by Perks and Roberts when they call for studies “researching activities in the past, the present and extrapolating the future, helping build a more complete, holistic view” (2013, p. 3).

4. Social practice theory

To conceptualize the dynamic changes to an organization's culture around a radical innovation, we can turn to the sociology of culture. In particular, in this section, we will briefly overview Bourdieu's (1983a) description of the *fields of cultural production*. Bourdieu, a French sociologist, developed the concept of the *field* as a way to structure the cultural processes that produce innovation. He focused on explaining cultural innovation such as the development of new art forms but, as his framework focuses on the *cultures* that develop between people, for our purposes we will modify Bourdieu's (1983a) work as the *fields of radical innovation*. The reason we turn to this framework, to be clear, is not to add another explanation for the causes of radical innovation but to provide a better understanding of the dynamics within an organization that occur as a result of a successful radical innovation.

Bourdieu (1984) sees innovation as a *practice*. That is to say, as being based on shared procedures, understandings, engagements that shape what people can do (Bourdieu, 1984). These are typically structured through a binary opposition of *commerce* and *autonomy* (Bourdieu, 1983a). Commerce focuses people's attention on the production of economic capital. It encourages conventional working practices and mechanistic forms of organization. Autonomy, in contrast, produces artistic capital. It encourages unconventional working practices and organic organizational forms (see Becker, 1982).

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