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Nr. 2 Juni 2023

**Building Innovation  
Ability in Nordic  
Organizations**  
— How to develop  
organizations' ability  
to innovate



# Building Innovation Ability in Nordic Organizations

— How to develop organizations' ability to innovate

By Lars Bengtsson,  
Ulrik Brandt,  
Åsa Lindholm  
Dahlstrand &  
Jessica Lagerstedt  
Wadin

**Abstract:** In the middle of the COVID-19 pandemic, several development activities were undertaken in a Swedish and a Danish organization. The research project focused on how the organizations' innovation ability was affected by a developed Nordic inspired learning model. It was found that the tested organizational learning model holds great promise for the improvement of organizations capability to innovate, which, in turn, plays a key part of an organization's ability to innovate.

Innovation has been one of the highest prioritized topics for countries, policy bodies, and enterprises across industry types for decades while also representing a dynamic and vibrant research field and community. This article reports on the results from the Vinnova-sponsored 'Building Innovation Capacity project' (BIC) exploring how innovation abilities are developed in organizations. The main objective of the BIC project was to experiment with a Nordic learning and competence model for the improvement of innovation ability. Practical recommendations for how to design and support development of innovation ability are offered.

## How to develop innovation ability?

It is well known that strategic management of human and material resources for innovation and/or investment and importing of knowledge are important features for organizations' ability to innovate. Organization's ability to innovate

is a theoretical concept that have developed a plethora of different explanations, yet knowledge is still limited when it comes to how organizations are to manage learning and development processes that support and strengthen their ability to innovate.

The primary modus operandi for how enterprises deploy and develop abilities for innovation is generally performed through top-down and expert-driven initiatives, such as managerial or policy incentives. It is, however, often stressed by researchers that the innovation processes and practice dimensions should be included in the deployment and development of innovation ability. Consequently, more explorative, and closer industry-researcher collaborative studies are asked for to gain a deeper understanding of how enterprises can mobilize and transform knowledge, ideas, and experiences to sustain renewal from improved innovation ability.

Adding the how issues for enterprise support

and development of innovation ability is asked for by both researchers and enterprises as an essential topic in current and future studies and enterprise innovation practices. Hints are given beyond traditional managerial and policy incentives, yet knowledge about how different types of learning models and designs influence development of innovation ability are still limited (Börjesson et al., 2014).

In the BIC project, we experiment with Learning Labs (LL) as a Nordic learning model and study how these Labs influence the development of organizations' innovation ability. The Nordic learning model is based on a democratic, experience- and practice-based involvement of employees and their knowledge and competences on all levels and functions, not only investment in and activities directly related to R&D. This leads us to the guiding problem of the BIC project: How do a Nordic-inspired learning model influence the development of organization ability for innovation?

## Framing innovation ability

The research study focused on exploring and analyzing innovation ability changes in two Nordic companies, one Swedish and one Danish. As a first step, a conceptual research model was designed, and a "baseline" survey distributed in both firms. Following this, Learning Labs were undertaken in two different groups of employees in both companies. The research was designed and implemented as a multiple case study observing and exploring the outcomes from the LLs as innovation ability in the Swedish and Danish enterprise sample groups.

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ring of their competitiveness are dependent on existing and available knowledge and competencies retained by employees regardless of level and function. How knowledge and competencies can be put into use by employees is vital for the creation of new ideas and finding new solutions.

The BIC project developed and employed a multidimensional definition of innovation ability (see Figure 1): “the ability to continuously improve and apply capacity, capabilities, and external outlook to mobilize and transform knowledge and ideas into new products, processes, services, and systems”. Specifically, capacity, capability, and external outlook are defined as:

1. Innovation capacity is the resources of available structural and cultural elements that are owned or managed by an organization.
2. Innovation capability is the available and used human competencies and knowledge in an organization.

3. External orientation is the external outlook of an organization towards inter-organizational collaboration and external competence and knowledge acquisition.

The principal line of argument is that for a broad understanding of innovation, we need a corresponding wide-ranging explanation of innovation ability that, besides recognized managerial structures and resources or external orientation, includes how available knowledge and competencies are used and developed in the organization. This is needed to fully understand how abilities to innovate are developed in organizations and to create stronger and more sustainable innovation processes and outcomes. The capability dimension is a novel addition to existing models and measures of innovation ability that practitioners need to pay special attention to.

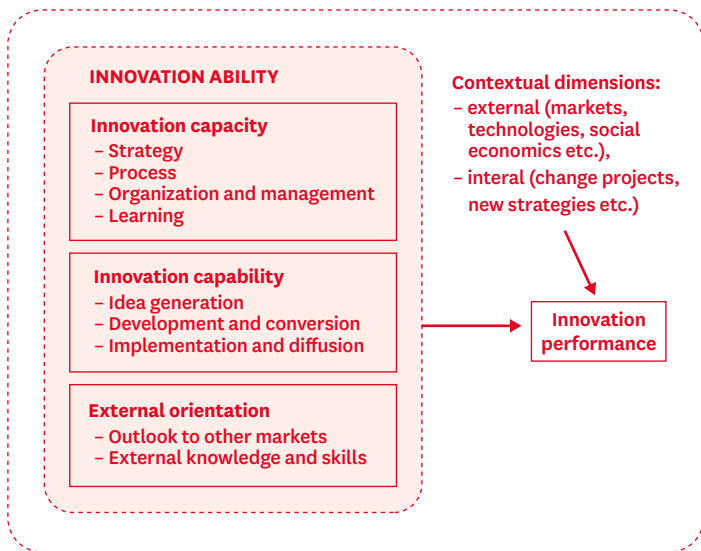


Figure 1. Conceptual model of innovation ability.

### A Nordic learning model – Learning Labs

The BIC project focused on designing the structure and content of a Nordic learning model as a method for the development of innovation ability. Together, academic researchers, Learning Lab facilitators, and industry partners in the BIC project collaborated on the further design of the form and content of a Nordic inspired learning

model. This model was labelled ‘Learning Labs’ (LL), and is characterized by recognition of participant experiences, knowledge, and practices as valuable for organizations working with innovation processes and creating novel solutions.

The label ‘Learning Lab’ was used to accentuate particularly the experimental, bottom-up, and experience-based features of the concept and model. LL thus refers concretely to meeting places in the workplace where selected people, employees from the Swedish and Danish enterprises, openly were able to share and discuss work- and innovation-related topics and issues. The open collaboration between different types of employees in the single LLs employed participant experiences and knowledge as the bedrock for the discovery and development of new perspectives and solutions to real and concrete practice-based situations.

The BIC project launched 8-10 LLs in two pre-selected sample groups, one employee and one management LL group, in each company. Data was collected both by observation and follow-up interviews. From analysis of collected case data we identified concrete changes in the participating enterprises’ LL groups. The identified changes were primarily found to be connected to a development in the innovation capability dimension. In turn, changes in innovation capability were found to be related to actualizing a multifaceted learning mode, change in social relations quality and time to reflect as slack (see Figure 2). Changes that overall expanded the possible number and quality of connections between employees and the use of available knowledge, experience, and competencies to develop, share, and apply new ideas and solutions.

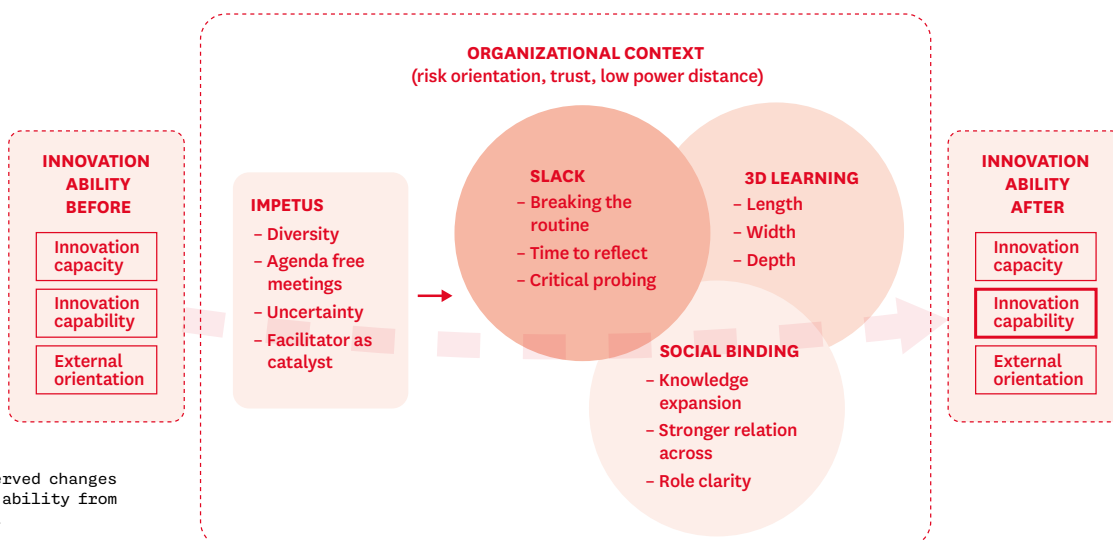


Figure 2. Observed changes in innovation ability from Learning Labs.

**“The Nordic learning model is based on a democratic, experience- and practice-based involvement of employees and their knowledge and competences on all levels and functions, not only investment in and activities directly related to R&D.”**

A Nordic inspired learning model as learning labs builds on...		
Diversity among participants, Agenda free spaces, Experimenting with uncertainties, and Facilitator as a catalyst		
...that enforces changes in capability as		
<b>Three-dimensional learning</b> ↓	<b>Social bindings</b> ↓	<b>Slack</b> ↓
1. Length: innovation is a continuous process and should not be confined to specific prioritized time 2. Depth: innovation requires a vast number of different types of knowledge and competencies 3. Width: innovation is an integrated part in all types of work	1. Knowledge expansion: a reinforcing of collective understandings 2. Stronger relations: stronger participants' trust and joint responsibility 3. Role: clearer how work is organized and who is responsible for what	1. Routine stops: LLs challenged everyday and taken-for granted understandings 2. Time to reflect: the value of careful consideration, listening to and be listened to 3. Critical probing: acceptable to ask each other difficult - critical - questions

Table 1. Implications for practice aiming to develop innovation ability.

### Implications for practice

The results of the BIC project show that a multi-faceted Nordic learning model can be used to improve an organization's innovation ability. Among the important tools for achieving this we suggest focusing on are illustrated in table 1.

To summarize, the expectation that the LLs would improve the organization's ability to innovate by bolstering and expanding the quality and number of combinations of available and used knowledge and competencies were demonstrated analytically through the case studies, primarily increasing innovation capability. In contrast, the LLs appeared to have less influence on the innovation capacity and external orientation dimensions that most likely require different types of learning models and methods to see improvement.

However, incorporating experimental Learning Labs as a permanent or quasi-permanent method for improving innovation capability will require additional resources and should also be considered part of an organization's innovation capacity. Incorporating capacity and external orientation into future learning labs is an interesting way forward – both for practice and future academic research. After all, an organization's innovation ability is the result of linking together all three aspects, innovation capacity, innovation capability, and external orientation.



#### LARS BENGTSSON

[lars.bengtsson@design.lth.se](mailto:lars.bengtsson@design.lth.se)

Lars Bengtsson, Professor of Industrial Engineering and Management, with a specialization in Technology Strategy and Business Models, Department of Design Sciences, Faculty of Engineering - LTH, Lund University. His research includes studies on corporate strategy, strategic alliances, innovation management, and business model innovation for sustainability.



#### ULRIK BRANDI

[brandi@edu.au.dk](mailto:brandi@edu.au.dk)

Ulrik Brandi is Associate professor in Organizational Learning at Aarhus University's Department of Education. Ulrik's field of research include workplace and organizational learning and development, lifelong learning, knowledge sharing, and innovation studies.



#### ÅSA LINDHOLM DAHLSTRAND

[asa.lindholm\\_dahlstrand@circle.lu.se](mailto:asa.lindholm_dahlstrand@circle.lu.se)

Åsa Lindholm Dahlstrand, Professor in Innovation Studies, CIRCLE Department of Design Sciences, Faculty of Engineering - LTH, Lund University. The overriding theme in her research is technology-based entrepreneurship and the linking of entrepreneurship and innovation. She is very interested in both innovation policy and entrepreneurship policy.



#### JESSICA LAGERSTEDT WADIN

[jessica.wadin@design.lth.se](mailto:jessica.wadin@design.lth.se)

Jessica Lagerstedt Wadin is Associate professor in Innovation Engineering with a specialization in Innovation Processes and Business Model Innovation for Sustainability, at Department of Design Sciences, Faculty of Engineering - LTH, Lund University. Jessica's research includes studies on sustainable transformation of industries and large incumbent firms, change in dynamic environments and joint business model innovation for sustainability.