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Stakeholders' Collaboration on Innovation in Food Industry

Mustafa Bombaywala^a, Andra Riandita^{b*}

^aFaculty of Engineering, Lund University, P.O. Box 118, SE-221 00 Lund, Sweden

^bSchool of Business and Management, Institut Teknologi Bandung, Jl. Ganesha 10, Bandung 40132, Indonesia

Abstract

In the dynamic economic environment where knowledge is vastly distributed companies can no longer rely on their own research and are pushed to utilize outside sources to sustain growth. At the same time food industry involves large number of horizontal and vertical relationships, the very dynamic nature of these relationships play role in innovation. The primary purpose of the research is to study interactions and relations between stakeholders in food industry, particularly in Sweden, to gain an understanding of the driving forces for development in food processing and packaging technologies. Also gain insight into the innovation process at major Packaging solution provider (PSP) and Process equipment manufacturers (PEM), their interaction, collaboration and information sharing with food manufacturing companies (FMC). Study shows the views of industry experts strongly reflect that the role of suppliers of processing and packaging in food industry is “contractual” in nature, whereas ingredient suppliers tend to be more mature partners in the innovation process. The innovation process at major food machinery and packaging companies corresponds well to the ‘food-machinery framework’ of open innovation (Bigliardi et al., 2010). It is apparent that food industry is taking steps to integrate external knowledge sources in the innovation process, still suppliers continues to play limited strategic role in innovation. This study shows that some barriers to collaboration were identified and they can be grouped into two types: technical and perspective. Technical factors constitute lack of technical expertise amongst food manufacturer, requirement for legal framework and difficulty in predicting future needs.

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* Corresponding author.

E-mail address: andra@sbm-itb.ac.id

1. Introduction

The food industry involves large number of horizontal and vertical relationships, the very dynamic nature of these relationships play role in innovation (Cannon T. 1994). The role of suppliers and their relation with manufacturers in improvement process has long been recognized (Petroni & Pancioli, 2002). Numerous studies recognize that supplier-customer collaboration in new product development (NPD) has a positive impact on product quality, cost and time to market (Clark, 1989). In order to fully capitalize on supplier-customer collaboration it becomes vital to understand the dynamic relation between packaging and processing industry and need to operate closely, develop ways to identify good partners and create & maintain fruitful collaboration (Birkinshaw et al, 2007).

Based on the understanding that the role of suppliers is crucial for technical innovation in food industry, the study is based around understanding of the interaction between food manufacturing companies (FMC) and their suppliers. There has been emphasis and prior research with focus on the role of retailers and ingredient suppliers in innovation, as they induce most visible innovations and a market push (Van der Valk & Wynstra, 2005; Traill & Meulenbergh 2002). However the research on collaboration with actors on the other side of food system including packaging and processing equipment industries as well as academia is rather limited.

The primary purpose of the research is to study interactions and relations between stakeholders in food industry, to gain an understanding of the driving forces for development in food processing and packaging technologies. Also gain insight into the innovation process at major Packaging solution provider (PSP) and Process equipment manufacturers (PEM), their interaction, collaboration and information sharing with food manufacturing companies (FMC). This understanding can then be utilized to identify the barriers for collaboration.

The interactions can be defined in terms of involvement in NPD, research collaboration, sharing of production data. Previous research has focused on quantitative evaluation of food manufacturing industry and their suppliers (Ettlit, 1983; Petroni & Pancioroli, 2002). In this study a qualitative approach was adopted which relies on the nature of interaction, degree of interaction as well as at what level the interaction is carried out.

2. Methodology

The research follows an inductive approach which starts with a premise and structure is built around the conceptual framework and the research objectives. The research design is in between tight pre-structured one and loose emergent one. Secondary data collected through literature survey was utilized to develop a conceptual model.

Primary data was collected through interviews with experts from the industry and academia who have experience in working with innovation and collaboration. A non-probability sampling technique was adopted selecting the experts based on three criteria purposive, strategic and convenience. Semi-structured interview technique was followed where respondents were asked for their opinion on specific open-ended questions. The responses are interpreted along the way and used to investigate further with a sub-question. The interviews were transcribed to text and categorized under common themes which for analysis and comparison. To ascertain the credibility of the data it was triangulated and compared to literature.

3. Results and Discussion

Idea generation is at the front end of innovation, in the majority of food companies these new product development processes are still based on internal innovation factor (Bigliardi et al, 2013). One expert from Tetra Pak Processing AB mention that traditionally the ideas came from academia or from the technical staff within the company and a research project started with a technical solution in mind. The success rate for such projects is very low and in the competitive market situations companies are forced to reconsider this approach to innovation. There has been realization that innovation is about problem solving and thus now the front end of innovation is based on need finding, market push, competitor products as well as advances in institutional research. This shift call for a better understanding of the customers as well as end users end consumers, collaboration with suppliers and research organization.

While the idea generation and collaboration process in larger companies is more complex, to understand the innovation idea generation process in a multi-national packaging company (> 10000 employees) an aspect of

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