Limiting uncertainty of innovation through knowledge management

A qualitative case study of a Norwegian music festival

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Abstract

In this thesis I examine how a successful Norwegian music festival organize for the specific knowledge management activities of acquiring, storing and transferring knowledge. As knowledge is a central resource for wealth creation and a key antecedent for innovation, sound knowledge management is vital for any business today. It is particularly challenging in seasonal organizations, such as music festivals, since they are characterized by huge fluctuations in staff and high employee turnover. Simultaneously, the experience economy is on the rise and events, such as music festivals, are becoming big business. In order to capitalize on the increasing growth of the experience economy, event managers must implement structures for effective knowledge management.

This research is based on semi structured in-depth interviews recruited from the management group of a leading Norwegian music festival. This study will provide insight into how a successful seasonal organization facilitates for effective knowledge management, and how this influences the organization's innovative capabilities.

The findings indicate that the main purpose of the knowledge management strategies implemented is to limit the inherent uncertainty related to innovation. By combining serendipitous and intentional search strategies, and a rich database for storing codified knowledge, the organization enables effective acquisition and storing of knowledge. However, managers must also possess the relevant skills and capabilities in order to utilize the knowledge. Internal knowledge transfer is facilitated through ICTs, a flat organizational structure, and communities of practice. Externally, the organization participates in a goal-oriented, dynamic network of actors. Additionally, findings indicate the importance of the DUI-mode for organizational learning. Continuous interactions with a heterogenous network of collaborative firms with diverse knowledge bases allow for greater potential for effective innovation. Lastly, the absorptive capacity of the managers in the organization highly influences its innovative capabilities.

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List of abbreviations

CoP – Community of Practice

DUI – Doing, Using and Interacting

ICT – Information Communication Technology

STI – Science, Technology and Innovation

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1 Introduction

1.1 Thesis background

Capital, land, energy and labor was long deemed the primary source for economic growth and fostering increased living standards (Veselá & Klimová, 2014). However, throughout the 20th century this paradigm shifted, and knowledge and information have become increasingly important (Drucker, 1993). Today, the vast majority of the developed countries in the world consider knowledge and information the primary and most productive source of wealth creation (Veselá & Klimová, 2014). Subsequently, contemporary society is often deemed a knowledge-based society (Kabir, 2019). In the Schumpeterian view, innovation is considered a key driver for economic growth and sustained competitive advantage and is highly dependent on knowledge as an antecedent. The extensive growth in amount of knowledge available to organizations has increased the complexity of innovation.

For decades, innovation literature has vastly focused on manufacturing firms (Carlborg, Kindström, & Kowalkowski, 2014). However, a growing shift in the economy is unfolding, where consumers value experiences and memories higher than products, facilitating for the emerging experience economy (Pine & Gilmore, 1998). In the experience economy, firms arrange memorable events for their customers. Examples include events such as festivals, sporting competitions and guided tours, to mention a few. Such events are making the experience and the memory itself the product rather than a tangible object (Pine & Gilmore, 1998).

Subsequently, event management is a growing area of research, particularly within the academic disciplines of business management and tourism research. However, the management of events have received little attention within innovation studies. Therefore, the present thesis serves as an attempt to contribute to closing the apparent gap in the literature relating knowledge to innovation in a festival context.

In Norway, the rise of the experience economy is already materializing, and large international actors are investing in Norwegian experience firms. For example, in 2019, the Finnish conglomerate, Noho Partners, acquired majority shares in several restaurant- and bar

concepts in Oslo, including popular places such as Kulturhuset, Prindsens Hage and Oslo Camping.[1]

Music festivals are important events in the experience industry, and are becoming big business.[2,3] Music festivals have long been popular in Norway. In 2014, there were 4470 different music festivals in Norway[4]. This industry is also likely to grow, and a recent report suggested that within the next five years, the event management software market will double from $5.7 billion in 2019 to $11.4 billion in 2024.[5] Such growth carries enormous inherent potential for value creation. However, Norwegian festivals struggle with sustained profitability.[6,7] Over the last 2 years, one of Norway's largest music festivals Øyafestivalen, reported a 65% drop in profits.[8]

Contrasting this trend, a beach fest located in the city center of Kristiansand, are experiencing remarkable growth. Palmesus, which started in 2008, has over the course of a mere decade grown from a "friends' friends' party" to one of Europe's largest beach parties – and have been profitable doing so. Throughout the past decade, Palmesus have grown continuously, and in 2018 they reported a net profit of 10 million NOK.[9] Additionally, their success has had positive economic effects for the southern region as a whole. In a 2019 report, it was calculated that Palmesus contributed 119 million NOK in value creation for the southern Norwegian region along with 98 full-time equivalents.[10] As the experience industry is growing, attempting to understand the characteristics that facilitates for innovation for a central actor, such as a successful music festival, is both interesting and of societal importance. Thus, this thesis aims to contribute to the conceptual understanding of the phenomenon of knowledge management and its relation to innovation in a successful firm in a growing industry.

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[1] https://www.dn.no/marked/restauranter/juha-helminen/prindsens-hage/finsk-restaurantkjempe-starter-oppkjopsraid-i-norge/2-1-579492?_1
[2] https://time.com/5651255/business-of-music-festivals/
[3] https://www.dn.no/musikk/toyenparken/oslo/linn-lunder/oyafestival-eierne-delte-52-millioner-kroner-etter-salget-til-amerikansk-oppkjopsfond/2-1-665706
[4] Nasjonal festivalstatistikk (2014)
[5] https://www.globenewswire.com/news-release/2019/09/12/1914573/0/en/Global-Event-Management-Software-Market-Report-2019-2024-Growing-Use-of-Social-Media-for-Event-Marketing-Drives-the-Market.html
[6] https://www.nrk.no/kultur/_-festival-er-en-risikosport-1.7493351
[7] https://www.dagsavisen.no/kultur/festivalene-er-under-press-1.1164035
[8] https://e24.no/naeringsliv/i/zGkPQK/overskuddet-halvert-for-oeyafestivalen
[9] https://finansavisen.no/nyheter/naeringsliv/2019/07/rekordaar-for-strandfest
[10] PwC Ringvirkningsanalyse: Palmesus (2019)

1.2 Palmesus

To empirically investigate the research questions put forth in this thesis, the Norwegian company Palmesus was chosen as the case study. Palmesus is a music festival, or 'beach party' as they refer to themselves as. The festival is located in Kristiansand, on the southern coast of Norway. Over the course of a mere decade, the festival has experienced impressive growth and has subsequently become one of the most profitable festivals in Norway.[11]

The festival was established in 2009, as a response to the void that was left after the bankruptcy of Quartfestivalen in 2008. The founders of Palmesus recognized that there was a demand and a market for festivals in Kristiansand. However, the demand was apparently much greater than what the founders had foreseen, and the event that expected somewhere between 200-300 guests, ended up with selling over 3000 tickets. This resulted in a chaotic first year, and the realization of the need for a strategic plan in order to capitalize on the potential market. Subsequently, a 5-year plan was created, and the aim was that by focusing on building a brand and the concept of a beach party, that people wanted to attend regardless of their preferred taste of music. By the end of the 5-year plan, the goal was to be one of the largest music festivals in Norway.

From the beginning, the festival adopted an EDM profile with DJs operating under the umbrella term electronic dance music. This profile has been consistent throughout the years, with some supplements of "Billboard headliners," such as Nelly Furtado (2013), Wyclef Jean (2014), Jason Derulo (2017), and Migos (2018). The festival's target audience are between the age range of 25-35.

Palmesus is a daughter company of the Nakatomi Enterprises Group. Palmesus employs 10 people.[12] However, throughout the year, the organization engages approximately 3500 people on a part-time, volunteer, or project basis. Thus, Palmesus exhibits typical characteristics of music festivals that can be viewed as seasonal organizations (Abfalter, Stadler, & Müller, 2012). Such characteristics include engaging in repetitive cycles of business activities, ultimately culminating in a very short period of time during the actual festival (Abfalter et al.,

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[11] https://www.fvn.no/nyheter/okonomi/i/AdXJlM/seddelpressa-paa-bystranda
[12] https://www.proff.no/selskap/palmesus-as/kristiansand-s/underholdning-og-arrangørtjenester/IF5VNTD07QQ/

2012). Consequently, there are few year-round workers, and seasonal workers are typically hired on short-term contracts and often disperse once the festival is finished.

These characteristics carry challenges for the management of organizational knowledge, particularly with regards to the high employee turnover, as knowledge assets often leave with the departing part-time workers. As knowledge is a key antecedent for innovation it plays a crucial role in the innovation process and needs to be managed. As Palmesus has exhibited consistent economic growth over time, it could be an interesting case for looking closer at how they facilitate the management of knowledge.

Due to the limited time and scope of the thesis, I chose to focus on the management group of the organization as they have direct control over the strategies in place for knowledge management. Access to the case is further described in section 3.2.2. Contextual information about the firm was extracted from their website palmesus.com, four issues of the Palmesus magazine, proff.no, and conversations with employees at Palmesus.

1.3 Research questions and purpose

The research questions were formed by a review of the literature in innovation studies and festival research. During the literature review, several research gaps guided the formulation of the research questions. Firstly, the conceptual understanding of knowledge at the organizational level and its relation to innovation is in a fragmented state and requires further research (Fagerberg, Mowery, & Nelson, 2013, p. 20). Further, Carlborg et al., (2014) noted that the innovation studies literature tends to focus on manufacturing firms resulting in a bias toward such industries. Therefore, viewing innovation in more service-oriented sectors is needed to further expand innovation research. Subsequently, Getz (2010) noted that the literature on festival research was largely biased towards the academic disciplines of sociology and anthropology, and called for more consideration of the economic aspects. Thus, adopting a Schumpeterian approach to innovation, which considers innovation the driving force for economic growth, was deemed appropriate. This supposition was confirmed by Mair (2019), noting that the rapid growth of the festival industry called for further research in order to understand innovation in the complex domain of festivals.

Additionally, Heisig et al. (2016) noted more research was needed on the relationship between knowledge management and innovation. Three knowledge management initiatives were selected as focal points for this study, based on a review of the knowledge management literature (Alavi & Leidner, 2001; Katila & Ahuja, 2002; Laursen & Salter, 2006; Tidd & Bessant, 2016). This resulted in the formulation of the following two research questions:

1. *How is knowledge acquired, stored, and transferred in Palmesus?*
2. *How do these knowledge management strategies influence the innovation process in Palmesus?*

In order to explore the research questions an inductive qualitative research approach was selected. I employ an analytical framework made in respect to this thesis based on theories presented in chapter 2. The focus in this thesis is on how the management group works on facilitating for effective knowledge management, and how this limits uncertainty related to innovation.

The purpose of this thesis is to contribute to the conceptual understanding of knowledge management in a seasonal organization within the service-based experience industry. Additionally, I will explore how knowledge management influences the innovation process. By examining how these processes unfold in a successful organization, this thesis can offer suggestions for how knowledge can be managed effectively within the complex and demanding context of seasonal organizations. Lastly, this thesis aims to highlight key aspects of the innovation process in Palmesus.

2 Theoretical background

2.1 Innovation and innovation studies

This thesis takes place in the diverse field of innovation studies. One of the most complex aspects of innovation studies is the magnitude of different definitions and interpretations of the term across the various academic disciplines. The term innovation, in its broadest form, stems from the Latin word *innovare*, which means "to make something new" (Tidd & Bessant, 2016, p. 19). However, the act of merely creating something new is commonly related to the term invention, which is distinct from innovation. Whereas invention refers to the very first occurrence of a novel product or a process, the term innovation refers to the effort to carry the invention out in practice for commercial exploitation (Fagerberg et al., 2013, p. 4). Thus, all innovations are also inventions by default, but all inventions are not necessarily innovations (Kline & Rosenberg, 1986).

The Austrian economist Joseph Schumpeter (1883-1950) is often deemed the 'godfather of innovation´. He viewed innovation as the driving force behind economic growth and development and defined it as novel combinations of existing resources (Fagerberg, 2003). Furthermore, Schumpeter classified innovation according to various types including new products, new methods of production, new sources of supply, the exploitation of new markets, and new ways to organize business (Fagerberg et al., 2013, p. 6). Further elaborating on Schumpeter's work, Schmookler (1966) suggested making the critical distinction between product technology and production technology, where the former emphasize the occurrence of new or refined products or services, while the latter focus on how they are produced (Fagerberg et al., 2013, p. 7). Similar observations have been made by Crossan & Apaydin (2010), who delineated two distinct areas of focus, namely innovation as a process and innovation as an outcome. The latter aims at the end-result of the innovation process, whether a product, service, business model, or any other outcome that is ready for the market. This strand of innovation research commonly focuses on how the innovation is received in the market and is concerned with aspects such as the implementation and diffusion of the innovation (Crossan & Apaydin, 2010). Innovation outcomes are often classified in terms of its radicality relative to the contemporary actors in the market (Kline & Rosenberg, 1986). The two distinctions made with regards to the innovation's radicality are incremental and

radical. Most common are incremental innovations which refers to the continuous improvements to already existing technologies, while radical innovations refer to the introduction of an entirely new technology, commonly deemed "game-changers" or "technological revolutions" (Fagerberg et al., 2013, p. 7).

Innovation can also be considered in terms of the way to get to the end-product, that is, the process of which innovation occurs – from the initial ideation to its implementation. Tidd and Bessant (2016) argued that due to the complexity of the innovation process, focusing merely on one small aspect of it, such as its outcome, is not likely to be very helpful in terms of fully understanding innovation (p. 18). Innovation has formerly been theorized to occur in a linear progression, where the stages of research, development, production and marketing unfold in an orderly, consecutive sequence. However, in their seminal contribution Kline & Rosenberg, (1986) disregarded this theory. They argued that rather than occurring in orderly steps, the innovation process unfolds through repeated cycles of divergent and convergent phases. Further empirical support has since been provided for this theory, such as (Van de Ven & Poole, 1990), noting that innovation is not a straightforward process, but rather a highly dynamic, complex occurrence involving multiple setbacks and series of feedback loops. Novel ideas are often proceeded by long periods of gestation, sometimes lasting several decades, before entering the market.

Edquist et al. (2001) suggested categorizing innovation as a process into two distinct types dubbed "technological process innovations" and "organizational process innovations." The former relating to new types of machinery, while the latter relates to new ways to organize work (Fagerberg et al., 2013).

Firms can be innovative with respect to organizational structure. Organizational innovation refers to the creation or adoption of an idea or behavior new to the organization (Fagerberg et al., 2013, p. 115). Organizational innovation is typically divided into three distinct typologies:
1. Organizational design, which mainly focuses on the link between structural forms and the propensity of an organization to innovate.
2. Organizational change and adaption, and the processes underlying the creation of new organizational forms.

3. Organizational learning, typically through a micro-level perspective of how organizations develop new ideas for problem solving, which will be the focus of this thesis.

To summarize, viewing innovation as a process places focus on the various dynamics and characteristics of the process itself and will subsequently be the view embraced in the present thesis. This thesis will adopt assumptions of the phenomenon of innovation shared by theorists such as Schumpeter (1934) who viewed innovation as the driving force behind economic growth, and Edquist et al. (2001) and organizational process innovations (referred to in Fagerberg, 2013).

The following sections of the chapter will elaborate on knowledge, which is a crucial antecedent for the innovation process, and highlight its importance for innovation. Then, the role of knowledge management will be introduced, before presenting the theoretical framework that will be used for the subsequent analysis.

2.2 Knowledge

As theoretical developments in the knowledge management area are affected by distinctions of various types of knowledge, developing an understanding of the concepts and taxonomies of knowledge is important. Therefore, the following section will introduce, define, and discuss the term knowledge and its relevance for innovation and gaining sustained competitive advantage.

The term knowledge is distinct from both data and information, despite the terms being frequently used interchangeably. To clarify: data refers to discrete, objective facts about events. Information pertains to data organized, grouped, or categorized into some pattern, which adds relevance, purpose, and value to the data (Dodgson, 2014; Tidd & Bessant, 2016, p. 575). Knowledge, however, refers to a mix of experiences, values and contextual information that provides a framework in which an individual can apply new experiences (Nonaka & Takeuchi, 1995). The transformation from information to knowledge thus involves comparing, contrasting and identifying relationships as well as consequences in a particular context. Knowledge is deeper and richer than information, as it includes expertise, experience, values and insights (Tidd & Bessant, 2016, p. 575).

Individuals' ability to utilize knowledge is largely dependent on their already existing accumulated knowledge base, known as their absorptive capacity (Cohen & Levinthal, 1990). Absorptive capacity is not merely present in individuals but also within firms. A firm's absorptive capacity is an accumulation of the preexisting knowledge assets within an organization, which to a large extent dictates a firm's ability to utilize its available resources (Leal-Rodriguez, Leal-Millán, Roldán-Salgueiro, & Ortega-Gutiérrez, 2013). Essentially, the more prior knowledge one has about the world, the more likely one is to understand the various aspects of it (Jensen, Johnson, Lorenz, & Lundvall, 2007).

Alternatively, low levels of absorptive capacity increase the likelihood of path dependency, which can cause a firm to miss out on opportunities as they may be unable to recognize the potential for novel recombination (Galunic & Rodan, 1998). This is a growing challenge as the world becomes increasingly globalized. Although knowledge resources become more available, it also means that there is more irrelevant knowledge and information available. Absorptive capacity is crucial in order to identify and utilize relevant knowledge properly, which provides greater potential for gaining competitive advantage. Thus, absorptive capacity can be strongly linked with a firm's innovative performance (Cohen & Levinthal, 1990).

2.2.1 Taxonomies of knowledge

Lundvall & Johnson (1994) developed distinctions between economically relevant forms of knowledge and grouped them into four categories: *know-what*, *know-why*, *know-who*, and *know-how*.

Know-what refers to concrete, discrete facts. Examples could include how many people attended an event, what year the constitution was signed, or how to make chocolate cake. These are quite similar to what is often classified as 'information' as they can be broken down to bits, and the relevance of know-what has been diminished due to the information revolution.

Know-why relates to scientific knowledge of principles and laws of motion in nature, the human mind, as well as in society at large. This form of knowledge is particularly important in science- and technology intensive industries as it has the ability to accelerate advances in

technological developments and reduce the frequency of errors in scientific experiments. The majority of the production of such knowledge is conducted in highly specialized institutions, such as universities or research centers. In order for firms to gain access to know-why they must therefore interact with such specialized institutions.

Know-who is not regarded as knowing who does what, such as knowing person A is in charge of company B, as this would be more applicable to know-what. Rather, it concerns knowledge about "who knows what and can do what." Due to the interactive nature of the innovation process, knowing key persons and what they know may be more valuable than knowing basic scientific principles. The know-who dimension also encompasses know-where and know-when, which are economically useful knowledge about the market. Being familiar with the know-who dimension is important in order to recognize surrounding opportunities, such as when and where there are good chances of introducing innovations with the probability of rapid diffusion.

Know-how involves a company's dexterity, or capability to perform tasks on a practical level. This dimension relates to the firm's production activities, along with other aspects of activities in the economic sphere. Know-how is typically learned through social interactions, such as apprenticeships where the apprentice follows the master, and studies how the master interacts with his environment, both in terms of body language and spoken language (Jensen et al., 2007). Know-how is also what separates a top-quality worker from an average worker.

Knowledge mainly derives from scientific activities, history, education, or experience (Dodgson, 2014). Jensen et al. (2007) identified two distinct modes of innovation related to acquiring new knowledge: The Science, Technology, and Innovation (STI) mode and the Doing, Using, and Interacting (DUI) mode. The STI mode pertains to the production and use of codified scientific and technical knowledge and is related to firms' research and development (R&D) activities and scientific efforts in order to create globalized knowledge (Jensen et al., 2007). Such knowledge is often codified by patents, which protects intellectual property rights and limits usage, thus transforming it to potentially globalized knowledge (i.e. knowledge that could be used widely if it were not protected by intellectual property rights) (Jensen et al., 2007).

Contrasting the STI mode is the DUI mode, which relies on informal processes of learning and experience-based know-how (Jensen et al., 2007). Innovation in the firm is mostly generated by the capacity of the firm to develop informal and formal exchanges internally, but also interactions with suppliers, customers and competitors (Fitjar & Rodríguez-Pose, 2013; Parrilli & Alcalde Heras, 2016). This type of learning is often acquired 'on the job' as employees face on-going challenges in their daily work activities. By finding solutions to these challenges, the employees enhance their skills and know-how. The DUI mode of learning mostly pertains to know-how and know-who and is often tacit and highly localized. "A good example is the learning-by-using of new models of airplanes – it will involve interaction within and between teams and it may result in new shared routines for the organization. As the whole organization gets more insight in the actual workings of the system it might find more efficient ways to organize work and solve problems as they pop up" (Jensen et al. 2007).

DUI relationships are commonly found outside research institutions, and often involves collaborative agreements with relevant actors, such as customers, suppliers and competitors within the industry (González-Pernía, Jung, & Peña, 2015). Furthermore, the DUI mode prioritizes organizational structures and routines that to a large degree facilitate employee involvement (including collection of employee suggestions, project teams, as well as task rotations).

There is debate around whether the STI or the DUI mode best foster innovation, or if a combination of the two produce the highest valued innovation performance (Parrilli & Heras, 2016; Aslesen, Isaksen, & Karlsen, 2011; Isaksen & Karlsen, 2010; Jensen et al., 2007). In order to combine the two modes, certain features must be in place such as a well-educated workforce with the capability of interacting effectively with scientists and engineers (Parrilli & Heras, 2016). Another indicating factor is based on the types of innovation outcomes. Research suggests that R&D intensive innovations benefit more from the STI or a combined approach. However, non-technological innovations (i.e. organizational innovations) are likely to rely more on different types of human capital, such as skilled production, marketing experts, and well-connected distributors. Thus, it is likely that these firms are more benefitted by applying the DUI mode (Parrilli & Heras, 2016).

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From tacit to explicit

Another important taxonomy of knowledge is how easily transferrable it is. This concept is based on the seminal work of Polanyi (1966) who stated that human knowledge comprises of more than we can tell, thus, there is a tacit dimension of knowledge. Tacit knowledge refers to traditions, inherited practices, implied values, and prejudgments, which are crucial parts of scientific knowledge (Polanyi & Sen, 2009). As such knowledge is highly personal or experiential, it carries challenges for formalizing and communicating it to others (Nonaka, 1991). Juxtaposing tacit knowledge is explicit knowledge, which is expressed in a codified manner, whether numerical textual, or graphical. This form of knowledge is subsequently more easily communicated. However, these are not dichotomous forms of knowledge, but rather mutually dependent as tacit knowledge lays the foundation for developing and interpreting explicit knowledge (Polanyi & Sen, 2009).

Further elaborating on this framework, Nonaka & Takeuchi (1995) argued that there is a dynamic interplay between the tacit and explicit dimensions of knowledge, which is crucial for a firm's economic success. The tacitness of knowledge is not constant as there are degrees of codifiability depending on available resources (Galunic & Rodan, 1998). For instance, when driving to work one may start out by using maps in order to find the best way. However, once familiar with the circumstances the map is likely to be disregarded, thus the knowledge has transformed from explicit to tacit.

Within the context of seasonal organizations, it may be particularly important to be able to efficiently transform tacit knowledge to explicit knowledge. Seasonal organizations are semi-permanent structures characterized by repetitive cycles of business activities (Abfalter et al., 2012). They often employ a relatively small number of staff on a year-round basis as much of their main activities revolve around a short, intensive time-period. As a consequence, such organizations are often subject to high employee turnover rates, which in turn lead to knowledge leaving with the departing employees (Abfalter et al., 2012). In order to retain the knowledge that is developed each year, it is important to make the tacit knowledge of the individual departments explicit. However, explicit knowledge in itself carries little to no value without the relevant capabilities for utilization (Jensen et al., 2007). Rather, both tacit and explicit knowledge has an inherent value to be managed (Cantner, Joel, & Schmidt, 2009), which is particularly important for seasonal organizations, such as music festivals.

2.3 Knowledge Management

Good knowledge management is widely recognized as a key driver for innovation by fostering idea creation and exploitation. Wiig (1997) suggested that having a good knowledge management strategy in place positively affects the firm's ability to maximize knowledge-related effectiveness and returns from its knowledge assets. This has been further supported by Mardani, Nikoosokhan, Moradi, & Doustar (2018), arguing that knowledge management activities impact innovation and organizational performance by improving the firm's innovative capabilities. Knowledge management encompasses the management of vital knowledge, and its associated processes of creation, diffusion, storage, exploitation and application. Knowledge management initiatives can be either time-limited and project based, or rather open-ended with no set end-time (Filippini, Güttel, & Nosella, 2012).

Davenport & Prusak (1998) noted that an important aspect of knowledge management is making knowledge visible and developing a knowledge intensive culture. Making knowledge visible increases the likelihood of recognizing competencies needed to stimulate innovation (Galuni & Rodan, 1998). The more tacit the knowledge is, the more demanding codification is, and subsequently more challenging to transfer. It is suggested that the probability of identifying the potential for novel recombination of knowledge resources, a vital prerequisite for innovation, increases with knowledge sharing (Galuni & Rodan, 1998).

2.4 Framework

A good starting point for beginning the construction of an analytical framework is to identify the core objectives of knowledge management. In its purest essence, knowledge management revolves around how organizations identify what they know and how to best exploit it. The framework must account for the interactive and dynamic nature of knowledge management, and the various activities involved in this process. Additionally, the framework should also account for the nature of the knowledge, such as whether it is tacit or explicit, and the locus of the knowledge, including where it comes from, whether internal or external. Tidd and Bessant (2016) identified five stages of the knowledge management process (p. 574):

1. Generating and acquiring new knowledge
2. Identifying and codifying existing knowledge

3. Storing and retrieving knowledge
4. Sharing and distributing knowledge across the organization
5. Exploiting and embedding knowledge in processes, products and services

However, due to the scope of this thesis and after reviewing relevant literature, some slight modifications will be made to the framework applied in this paper. Firstly, Nonaka and Takeuchi (1995) argue that the nature of knowledge is constantly changing as knowledge is internalized (from explicit to tacit) and codified (from tacit to explicit), and that this transformation occurs through all stages of the knowledge management process. Therefore, point number 2 "identifying and codifying existing knowledge" will be integrated and discussed in all knowledge management activities. Secondly, despite much previous research using knowledge sharing and knowledge transfer interchangeably, it can be argued that knowledge transfer differ from knowledge sharing, in that knowledge sharing involves a more complex understanding of not merely the acquisition of knowledge but also its application by the recipient (Stadler & Fullagar, 2016; Wang & Noe, 2010). Therefore, the second modification that will be made is to merge the points 4 and 5, and rather than referring to it as knowledge sharing, the term knowledge transfer will be used, thus implying that the transfer of knowledge involves both the acquisition of knowledge and the exploitation by the recipients.

Subsequently, the modified analytical framework will focus on the organizational processes of:
1. Generating and acquiring new knowledge
2. Storing and retrieving knowledge
3. Transferring knowledge

2.4.1 Generating and acquiring new knowledge

In his seminal work, James March (1991) constructed the foundation of how firms work to acquire or generate new knowledge. March suggested that all firms pursuing innovation engage either in exploration or exploitation. Exploration revolves around "a pursuit of new knowledge" whereas exploitation involves "the use and development of things already known" (Levinthal & March, 1993). There is, however, a set of tradeoffs that firms face when engaging in either activity (Lavie, Stettner, & Tushman, 2010). As exploration very much

revolve around the creation of new knowledge, it subsequently comes with a high degree of uncertainty regarding its outcome. Exploitation, on the other hand, pertains to already existing knowledge and resources, thus involving less uncertainty regarding the outcome, and is more associated with incremental innovation. As exploitation concerns already existing knowledge, it is subsequently easier to commercialize as consumers are likely to be already at least partially familiar with the innovation.

Both exploration and exploitation of knowledge have been shown to contribute to the innovativeness of firms and gaining competitive advantage (Cantner et al., 2009). Knowledge management initiatives also create a context where learning at the individual, group, and team level is achievable (Filippini et al., 2012). In order to be efficient in exploration and exploitation, firms require some form of strategy for external and internal search. Firms often invest considerable time, money, and resources in their search strategies, as such investments tend to increase the firms' ability to create, use, and recombine knowledge, thus improve innovation (Laursen & Salter, 2006). Search processes can be either intentional or serendipitous (Kabir, 2019, p. 223). When utilizing an intentional search strategy, the firm has identified a specific problem or need, and search is directed to a particular place to solve it. The firm already has an idea of what they are looking for and will know when the problem is solved, which contributes to limiting the uncertainty related to the outcome of the search.

Juxtaposing an intentional search strategy is serendipitous search. Serendipitous search allows the firm to explore widely and freely, and involve a high degree of autonomy (Dew, 2009). Laursen and Salter (2006), argue that firms adopting an open search strategy tend to be more innovative. However, such a strategy demands full awareness from the seeker and always being open to new ideas. Additionally, the strategy requires extensive knowledge about the firm's capabilities and the potential market in order to be able to recognize opportunities and potential for commercial applications of the new ideas.

2.4.2. Storing knowledge

Much like people, firms can acquire knowledge and learn, but they can also forget (Alavi & Leidner, 2001). The main challenge with storing organizational knowledge is the codification of tacit knowledge (Tidd & Bessant, 2016, p. 579). Therefore, there is a need for systems and processes designed to retain the acquired organizational knowledge and enhance organizational memory. Organizational memory is defined as "the means by which knowledge from the past, experience, and events influence present organizational activities"

(Stein & Zwass, 1995). It can be comprised in a variety of forms, both explicit (i.e. written documents, strategic plans, and databases) and tacit (i.e. individual experiences of employees) (Tan, Teo, Tan, & Wei, 1998). Organizational memory can also be classified as either semantic or episodic (Alavi & Leidner, 2001; Stein & Zwass, 1995). Semantic memory refers to explicit and articulated knowledge, such as annual reports, strategic plans, or data on consumer behavior, while episodic memory entails more context-specific knowledge (i.e. specific circumstances of organizational decisions and their outcomes, place, and time) (Alavi & Leidner, 2001).

Explicit knowledge can be stored relatively easily through information communication technologies (ICTs) (Nonaka & Takeuchi, 1995). ICTs can rapidly process, transmit and store explicit knowledge in databases. With the global diffusion of the Internet, electronic storing can be done cheaply, and there is an abundance of ICT applications and technologies available on the market. However, to be effective, a certain level of appropriate know-how in terms of use is required, in addition to incentives to contribute to and use ICTs (Alavi & Leidner, 2001).

In contrast, the nature of tacit knowledge is both subjective and experiential, and thus much more difficult to transmit and store in any systematic or logical manner (Nonaka & Takeuchi, 1995). Tacit knowledge can, however, be stored in organizational routines i.e. regular and predictable patterns of behavior within an organization (Nelson & Winter, 1982). Routinization consists of "sequences of individual or organizational activities that require relatively little attention" (Nelson & Winter, 1982). By incorporating task execution into organizational routines, it thus becomes reliable, efficient, and easier to reproduce. Although some degree of novelty is ever-present, routinization allows for effectivity in the processes of storing tacit knowledge (Galunic & Rodan, 1998).

Organizational memory may have both positive and negative effects for the organization and its innovative capabilities. Positive as previous experience can contribute to better decision-making in the future. Firms can both speed up processes and save resources by implementing solutions that have already been proven successful (Alavi & Leidner, 2001). However, there is the potential caveat of biases in decision-making, which can lead to path dependency and merely maintaining the status quo (Alavi & Leidner, 2001). Over time, this process could lead to a path-dependent organization that is resistant to change, which could impede innovation (Denison & Mishra, 1995).

2.4.3 Knowledge transfer

Knowledge transfer refers to the process by which information from different sources is shared, which in turn, leads to new knowledge (Tidd & Bessant, 2016, p. 580). When more actors within an organization obtain new knowledge and recognize it as being of potential use, the probability of organizational learning is enhanced. Alavi & Leidner (2001) recognized that knowledge transfer can occur at a variety of stages: transfer of knowledge between individuals, from individuals to explicit sources, between groups, across groups, and from the group to the organization.

Knowledge is widely dispersed within an organization, and firms are often not aware of what they know. This is particularly evident in music festivals, where there are cyclical patterns of repeated business activities, high employee turnover and very few full-time workers (Abfalter et al., 2012). Thus, effective knowledge transfer is crucial for the innovative capabilities of such firms.

Communication processes and information flow are important drivers for knowledge transfer (Alavi & Leidner, 2001). Gupta & Govindarajan (2000) defined five key elements of effective knowledge transfer: (1) perceived value of the source unit's knowledge, (2) willingness to share knowledge, (3) existence and richness of knowledge transfer arenas, (4) willingness to receive knowledge, and (5) the ability of the receiver to receive knowledge, i.e. the receivers absorptive capacity.

Much of the literature pertains to the various arenas of knowledge transfer. Such arenas for knowledge transfer can be informal or formal, personal or impersonal (Holtham & Courtney, 1998). Informal knowledge transfer, such as coffee break conversations or informal conversations may stimulate socialization, but prevent extensive diffusion as knowledge remains tacit (Fahey & Prusak, 1998). However, as such knowledge transfer lack formal codification of the knowledge, there is a chance that the knowledge will fail to be passed onto other members of the organization, and even if the message is passed, its accuracy may be diminished. Formal arenas for knowledge transfer, such as study trips or formal training, can secure effective distribution of knowledge, but subsequently impede creativity (Alavi & Leidner, 2001).

Personal knowledge transfer arenas (i.e. mentoring programs or personnel transfers), are often useful when transferring highly context specific knowledge (Alavi & Leidner, 2001). Personnel transfers immerse team members in the routines of other members, thus, facilitating access for the mutual exchange of tacit knowledge (Fahey & Prusak, 1998). This

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saves both time and resources as it diminishes the need to transfer knowledge from tacit to explicit. Simultaneously, this interactive approach preserves the original knowledge base, thus securing accuracy in the knowledge.

ICTs have become increasingly important as arenas for impersonal knowledge transfer. ICTs include a plethora of venues for communication, such as email, text messages, social media, and project management tools, to mention just a few. ICTs can be very effective in reducing spatial and temporal gaps, thus reducing the barrier for knowledge transfer (Alamgir & Ahmed, 2011). The rise of social media has created an avenue for a wider reach, beyond formal communication lines.

Collaboration

Plessis (2007), suggest that knowledge management, and particularly knowledge transfer, enables collaboration between organizations, which in turn has a positive influence on innovation. Collaboration can be defined as "the ability of customers, suppliers, and employees to form knowledge sharing communities within and across organizational boundaries, that work together to achieve a shared business objective, resulting in benefits from all community members" (Plessis, 2007). As tacit knowledge is commonly company specific, inter-organizational collaborations can be very effective in terms of transferring tacit knowledge and building collective know-how (Plessis, 2007). Collaboration can be used to reduce risks as well as costs, by leveraging the economic burden across multiple actors. Additionally, it can contribute to shortening the development cycle and improve the effectivity of innovation (Plessis, 2007). Inter-organizational collaboration can take many forms, both formal i.e. strategic alliances, or more informal such as in networks where trust plays a major role. Pyka (2002) suggest that there are strong incentives for innovative firms to seek knowledge from other firms or actors through informal networks as valuable knowledge is often tacit and collaboration is an effective way to access knowledge.

Networks are a form of inter-organizational collaboration that are horizontally structured and consist of a series of ties between multiple actors. These ties have different strengths depending on the relationship between the firms. Strong and weak ties carry individual strengths and weaknesses. For example, strong ties can be less effective for innovation, as they are likely to communicate knowledge of little novelty while requiring extensive resources to maintain (Dodgson, 2014). Further, Alavi and Leidner (2001) argue that having too many strong ties in a knowledge-sharing network may limit knowledge creation due to the probability of redundant information. Weak ties, on the other hand, are

likely to span across multiple social worlds and have access to a greater diversity of knowledge, thus a greater potential for relaying useful novel information (Granovetter, 1973). However, weak ties are less useful for mobilizing resources, as they are inferior to strong ties in building inter-organizational trust (Dodgson, 2014). A heterogenous portfolio of collaborative partnerships is likely beneficial for creating new knowledge and subsequent innovation (Fagerberg et al., 2013, p. 59). Having the opportunity to tap into a wide range of viewpoints from actors from different industries creates an environment where creative abrasion is more likely to transpire (Fagerberg et al., 2013, p. 59). Creative abrasion refers to the synthesis derived from combined viewpoints of actors from diverse backgrounds that come together (Fagerberg et al., 2013, p. 59).

3 Methodology

This chapter will detail the methodological approach for this thesis. Firstly, an introduction to qualitative research will be presented, followed by a presentation of case study research and the background for why the case was selected. Then a detailed description of the data collection methods will follow, including how the interviews were conducted and analyzed. Lastly, I discuss the concepts of validity and reliability, before addressing ethical concerns related to this particular project.

3.1 Qualitative research

The appropriate research methodology is naturally guided by the research questions. When the research questions aim to examine *how many* or *how much*, a quantitative approach is likely best fitting, whereas qualitative methodology is likely to be more appropriate when the research questions concern *how* or *what* (Yin, 2009, p. 10-11). As the focus of this thesis is on the various qualities of one organization's knowledge management processes, a qualitative methodology was considered best fitting to answer the research questions. Qualitative research explores characteristics of complex phenomena, such as the innovation process and its related facets. The management of knowledge is an important prerequisite for effective innovation. Thus, a qualitative research methodology was deemed appropriate for the present thesis.

In its broadest sense, qualitative research can be defined as "research that produces findings not arrived at by means of statistical procedures or other means of quantification" (Straus & Corbin, 1990, p. 1). In the absence of one defined analytical approach, qualitative research is essentially an 'umbrella term' involving an extensive number of facets (Johannessen, Tufte, & Christoffersen, p. 2011). Despite the lack of defined approaches, I have, to the best of my ability, tried to observe the generally best accepted practices for qualitative research, including reflexivity, transparency, informed consent, and privacy of the informants (Hay, 2016; Yin, 2009). I also chose to pursue an inductive approach, which is commonly used in social sciences. In contrast to a scientific deductive method, which tests out particular hypotheses that are either confirmed or rejected, an inductive approach allowed me freedom to explore new information that could surface.

3.2 Case study

Yin (2009) defined a case study as a research method that "investigates a contemporary phenomenon in depth within its real-life context" (p. 18). Furthermore, a case study is often advantageous when analyzing an ongoing set of events outside the realms of the investigators control (Yin, 2009, p. 13). The purpose of this study is to examine how knowledge is managed in one specific organization at one particular point in time, and how this influences the innovative capabilities of said organization. Therefore, case study research has been selected for the present thesis.

A case can be both an object of study, and a research design (Johanessen, Tufte & Christoffersen, 2011, p. 85). The present thesis incorporates the case function as an object of study, namely the Norwegian music festival Palmesus.

There are several variations of case study designs such as single- and multiple case studies, with either a holistic or an embedded unit of analysis (Yin, 2009, p. 47-50). This study employs a holistic, single-case design focusing on one case with a single-unit of analysis. Specifically, I want to look at how Palmesus, a southern Norwegian beach festival, acquires, stores and transfers knowledge assets within and across organizational boundaries, along with how this influences their innovation processes. This thesis is a part of the master's program Society, Science and Technology in Europe (ESST), and is therefore limited in its scope. Thus, single-case study seemed appropriate as analyzing more units would require more time and resources.

3.2.1 Access to case

In January 2019, I attended Agderkonferansen, an annual conference organized by NHO to highlight and inspire successful businesses in the southern part of Norway. At the conference, a representative from Palmesus, held a 15-minute presentation about their organization, emphasizing the organization's vision and strategy. During the presentation, Palmesus appeared to be a highly innovative festival that proficiently utilized technological resources to reach their target objectives. After the presentation I was able to speak shortly with the representative and introduced myself and what I was studying. The representative seemed

interested in the topic and suggested sending him an email if there was anything he could assist with. A couple months later, after finishing the final module of the specialization in "Innovation and Global Challenges," I got the initial idea for this study. I sent Palmesus an email and we established contact, and they gave permission to use them as a case for this thesis. They are very particular with whom they provide access to their knowledge and data, so I was unfortunately not able to gain insight into their strategic plan. However, they did provide access to several company presentations and multiple magazines, as well as participants for interviews. Their willingness to collaborate has been crucial for this thesis.

The results from this thesis aims to contribute to a further understanding of innovation within the experience industry, and how knowledge is managed in Palmesus, a successful actor within the industry. The thesis is designed as a research project based on 6 in-depth interviews with the management group of Palmesus, and 2 additional interviews with representatives outside the management group, one part-time employee in Palmesus, and one representative from the municipality.

3.3 Data collection

3.3.1 Focused interviews

A focused interview is a popular interview style for case studies. Focused interviews involve one person being interviewed for a short period of time (Yin, 2009, p. 107), in this case between 30-60 minutes. Interviews allow the investigator more thorough information that other methods such as observations are not able to provide. Further, it collects a diverse set of meanings, opinions, and experiences, while providing insights into the differing opinions within a group, and also revealing consensus on certain issues (Hay, 2016, p. 150). These are all factors that help answer this thesis' research questions. Thus, interviews were selected as the primary means for collecting data.

Interviews commonly occur in three main forms: structured, semi-structured, and un-structured (Hay, 2016, p. 158). I decided to use the semi-structured form, which involves some degree of predetermined order with an interview guide, while simultaneously allowing flexibility and freedom to go in-depth on surfacing topics of particular interest (Hay, 2016, p. 158). While this strategy permits freedom for both the interviewer and informant; successful

implementation of the technique demands full concentration, good communication skills, and high levels of confidence (Hay, 2016, p. 153).

3.3.2 Conducting interviews

During the interviews, I followed the practices recommended by Hay (2016). At the very beginning of every interview, I shortly presented myself and handed the informants an informed consent form. The form included information regarding the purpose of the study, information about their rights and privacy as informants, as well as contact information for myself, my supervisor, the data protection services at the University of Oslo, and the Norwegian Center for Research Data (NSD). I summarized this information verbally for the informant and asked if they had any questions or concerns. If they had any questions, I answered to the best of my ability and once the informants were ready, I asked them to sign a consent form. I then asked for permission to use an audio recorder, which everyone agreed to.

I used a combination of audio recording and note taking, which is the most common way of recording face-to-face interviews (Hay, 2016, p. 168). Using an audio recorder carried several benefits. Firstly, it allowed me to record the interviews in full, without being preoccupied with writing down what was being said. Instead, my focus could be on maintaining a natural flow of conversation, thereby improving rapport with the informant (Hay, 2016, p. 169). Secondly, as I conducted semi-structured interviews, knowing that the recorder captured the interview in full, I could direct my attention toward what the informant was saying and if there were any additional follow-up questions that could be relevant to ask. Thirdly, the audio recordings allowed me to create full transcripts of the interviews, which ensured greater accuracy for the following analysis and strengthened the reliability of the data (Hay, 2016, p. 169). I used a SONY ICD-TX650 Digital Dictation Machine as the main audio recording device. This was borrowed from a former master student who had been very pleased with its sound quality. With respects to Murphy's Law, I also used my own iPhone 8 as a back-up recorder in case of unforeseen technical problems, which luckily did not occur. I had some concerns that the recording device would make the informant more concerned with what was being said. However, this did not prove to be a problem, and the informants appeared to forget about the recorder immediately and spoke freely.

Building rapport with the informant is "a matter of understanding their model of the world and communicating your understanding symmetrically" (Hay, 2016, p. 160). There are different strategies for building rapport such as mirroring the informants' language, speech and breathing patterns, worldviews and posture (Minichiello, Aroni, & Hays, 1995). As the main interviews were conducted in their office in Kristiansand, I attempted to establish rapport immediately by dressing business casual, much like I would if I was going to an office job. I also looked for cues to see if I could pick up on the jargon at the office. However, I quickly noticed that the most effective way to build rapport was to be myself, be well-prepared and polite.

The questions in the interview guide were comprised of broad primary questions designed to initiate discussion of a topic, and secondary follow-up questions or points to encourage informants to expand on a particular facet (see the interview guide in Appendix A). I had the interview guide in front of me during the interviews, which made it easier to maintain a good flow of conversation, while also remembering what I wanted to ask about. Alongside the interview guide, I brought a notebook where I took notes to help me stay focused. I would also write down if the informants said anything of particular interest that I wanted to further inquire about.

The informants were all very talkative and seemed proud to talk about their business. This made it easy to keep the conversation flowing in a good manner. I tried to keep the questions open-ended and without leading in any particular direction to allow the informants to think and speak as freely as possible. During the interviews, I focused on being open to new and unexpected phenomena, staying curious to what was being said and what was not being said, while reflecting on my own presuppositions. This listening strategy is referred to as "qualified naïvete" (Kvale, 2007, p. 12).

When it comes to ending an interview, it is important not to let the interview drag on, but also not rush the ending. A clumsy ending to an interview can damage the rapport that was built before and during the interview (Hay, 2016, p. 166). There are both verbal and non-verbal cues one can use to end an interview. I used a combination of both verbal and non-verbal cues. Firstly, a verbal cue was appropriate as it sent a clear signal to the informant that it was time to wrap up the interview. I used a clearinghouse question (Hay, 2016, p. 168) and ended the interviews by asking something along the lines of: "Lastly, is there anything that you

would like to add that you think could be relevant for the thesis?" This allowed the informants to reflect on what we had talked about during the interview as well as providing insight to what facets of the organization the informants deemed most relevant. Subsequently, I turned off the recording device, sending a non-verbal cue that the interview was finished, and proceeded to engage in some informal small talk to ensure that rapport was maintained. Lastly, I thanked them for their time and reminded the informants that if they had any questions or other inquiries, they should not hesitate to contact me. Informants 3 and 4 expressed interest in the results of the project and asked me to send them a copy of the thesis. Informant 5 requested a copy of the finished thesis to make sure that no sensitive information about the organization was released.

The interviews amounted to 4 hours 49 minutes and 29 seconds in total. The interviews varied in length, the shortest lasted 12 minutes and 55 seconds, while the longest lasted 54 minutes and 38 seconds. The main interviews were conducted between October 7th and November 14th. Additional phone interviews with one part-time employee and one representative from the municipality were conducted between November 18th and November 27th. These were done to get insights from multiple perspectives, both from outside the management group within the organization and outside the organization entirely, thus strengthen the validity and reliability of the thesis.

The main interviews were conducted over such a long period of time mainly due to the busy schedules of the informants. Although the challenges with scheduling interviews felt like a weakness at the time, it has in retrospect, turned out to be a strength. There are three main reasons for this: (I) it allowed me to transcribe the interviews in full prior to the next interview, which gave me a deeper insight into the material. This insight guided me in revising my interview guide and figure out what I needed more information about, (II) as the organization released more information, the new projects and ideas that they released helped getting a more current view of what they were working on, as well as it made it easier to establish rapport with relevant small talk, (III) being able to listen to the interviews after I had conducted them made me notice things I could improve upon and made me feel more comfortable during the later interviews, which in turn improved their quality. A descriptive summary of the interview characteristics can be found in the table below. As it is a small organization, the informants' position is not included as this could potentially compromise their privacy.

Table 1. Descriptive overview of main interviews

Number	Date	Duration	Interview situation	Location
Informant 1	07.10.19	00:33:39	Face to face	Kristiansand
Informant 2	18.10.19	00:33:52	Face to face	Kristiansand
Informant 3	18.10.19	00:54:38	Face to face	Kristiansand
Informant 4	25.10.19	00:51:21	Face to face	Kristiansand
Informant 5	14.11.19	00:45:29	Face to face	Kristiansand
Informant 6	14.11.19	00:41:14	Face to face	Kristiansand

Table 2. Descriptive overview of additional interviews

Number	Date	Duration	Interview situation	Location
Informant 7	18.11.19	00:16:21	Telephone	Telephone
Informant 8	27.11.19	00:12:55	Telephone	Telephone

3.4 Data analysis

The interviews were transcribed in Norwegian and amassed of 36 891 words and 72 pages of raw material. Transcribing the interviews myself, without the aid of a transcription software, allowed me to quickly get familiarized with the data. The interviews were transcribed exactly as spoken on record. Though time-consuming, this resulted in all the interviews being documented and cited correctly. I did, however, not consider it necessary to include all sounds, pauses, or non-verbal communication. Each transcription was codified with a number of the informant, the date and duration of the interview. The transcriptions were saved on my personal password protected computer. The audio recordings were only heard my myself and deleted immediately after transcription. Codifying the names of the informants and storing the transcriptions on my password protected computer was considered sufficient to ensure the anonymity and privacy of the informants.

For analyzing the data, I used the computer program Evernote. The program allowed me to import and organize transcripts, and seamlessly integrate relevant newspaper articles, websites, scholarly articles and personal notes. Prior to the first read-through, I had organized several folders guided by the analytical framework. For knowledge management, I focused on processes of *acquiring*, *storing* and *transferring* organizational knowledge.

During the first read-through, relevant quotes relating to the folders were highlighted and translated to English within the folders. After working through the material a few times, it became apparent that the folders could be further divided into several sub-categories. Under the acquiring knowledge folder, relating to the organization's search for new knowledge and inspiration, the sub-categories *external search (serendipitous search)* and *internal search (intentional search)* were formed. This signified that when searching for external inspiration, the employees adopted a rather serendipitous approach characterized by a high degree of autonomy. Contrasting that, when looking for trends in consumer behavior, they looked at their own growing database of historical and current consumer data, implying a rather rigid and systematized search in one particular database. Under the category *knowledge transfer,* the distinction between *internal* and *external* emerged as relevant. Lastly, under the *storing knowledge* folder, the sub-categories *tacit to explicit, ICTs,* and *preserving competences* where created.

3.5 Reliability and validity

Reliability and validity are criteria for judging the quality of research designs (Yin, 2009, p. 40). The criteria emerged from quantitative research and have a close connection to tangible and measurable results, and the ability to generalize findings from sample to population. As qualitative research often revolves around understanding a particular phenomenon in a context-specific setting, the relevance of reliability and validity has been challenged (Ritchie & Lewis, 2003). Though, by adopting a wider understanding of the terms, relating reliability to sustainability, and validity to precision, the concepts increase in relevance and their ability to generalize findings (Ritchie & Lewis, 2003). The following sections will briefly discuss reliability and validity as used in qualitative research.

3.5.1 Reliability

Reliability is used to assess whether a later investigator who conducted an equivalent case, following the same procedures, with the same input will arrive at the same findings and conclusions or not (Yin, 2009, p. 45). Thorough descriptions of the research process, such as preparation, data collection, and analysis are important to strengthen a study's reliability (Sykes, 1991).

In this chapter, I have emphasized transparency throughout the various steps of the research process, along with the rationale behind the choices made and steps taken along the way. This is done to enable other researchers to replicate the study and its results, thus ensuring reliability. To increase reliability of this study, I have included the interview guide in the appendix and a table of descriptive characteristics of the interviews earlier in the chapter. I have also been as transparent as possible to allow parallel studies with the same methodology to be conducted in the future.

3.5.2 Validity

The term validity is essentially synonymous with 'truth' (Silverman, 2000, p. 175). In scientific research, validity is a measurement of the accuracy and precision of the empirical findings (Ritchie & Lewis, 2003). Validity can be further split into two sub-categories: internal and external validity. Internal validity concerns the relationship between the sample and reality, whereas external validity refers to the research findings' capability to fit in another context.

As a means to ensure validity, I have incorporated the method of triangulation (Hay, 2016, p. 19-20). Triangulation refers to finding supportive arguments through multifarious sources. In the present study, I used academic literature, reports, newspaper articles, and interviews as sources for supporting arguments. However, with many differing views on one subject, the researcher must be aware that using multiple sources does not settle doubts about validity. As an objective researcher one should explore the various views critically and be aware of potential biases. I have focused on remaining as objective as possible throughout this study in order to avoid any biases. Despite my best efforts to remain objective, my personal lens is likely to have affected this thesis in some way.

3.6 Ethical considerations

As this thesis contains information about individuals, it is obligatory to notify the Norwegian Centre for Research Data (NSD). This was done 26th of August 2019 and was approved well in time for the interviews. All informants were informed about the purpose of the study prior to the interviews, along with their privacy rights and that they were allowed to withdraw at any point in time without providing a reason. Moreover, the informants were informed that they would be anonymized in the thesis, before signing a consent form to confirm that they willingly participated in the research.

4 Analysis and discussion

The following section will present and discuss the empirical findings of the interviews conducted with the Palmesus management group. Firstly, I will present how Palmesus manages knowledge throughout its organization, and how ICTs help facilitate the rapid and efficient diffusion of knowledge. Three aspects of the knowledge management process will be in focus, namely how knowledge is acquired, stored and transferred throughout the organization. As these are highly dynamic and interactive processes, there will be some overlap between them. I will detail how Palmesus work with these three processes and discuss implications in relation to innovation theories. Through the adoption of an inductive approach, I found that participating in an inter-organizational network is a key factor for innovation in Palmesus. This network will be presented and its importance for knowledge management and innovation will be discussed.
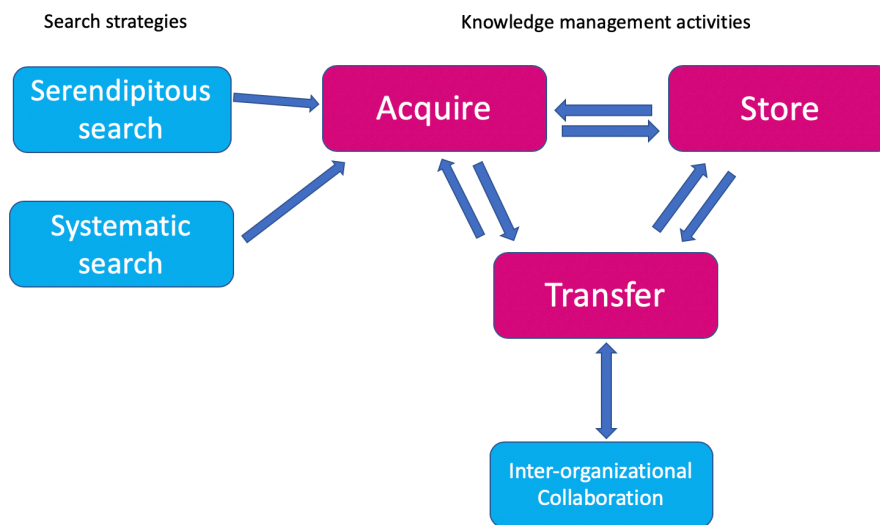
Figure 1. Knowledge management in Palmesus

4.1 Generating and acquiring new knowledge

To explore how Palmesus work on generating and acquiring new knowledge, the informants were asked where they look for inspiration. The informants specified that there was a distinction between the search strategies employed based on the purpose of the search. While searching for ideation regarding the festival design, they search in a rather serendipitous fashion, whereas when searching for inspiration regarding business operations, a more intentional search was used. Firstly, I will address the findings regarding ideation search to

the festival design. With festival design, I refer to everything that happens during the two days that the festival is "live". Then I will discuss their ideation process regarding how the business side is administrated throughout the year.

4.1.1 Serendipitous search

In terms of the ideation process related to festival design the answers were relatively coherent in that they adopted a serendipitous approach to external search:

> *"We look for inspiration everywhere. I can look at a shelf in a supermarket and think 'wow, that's cool!'" (Personal communication, informant 5).*
>
> *"[We look for inspiration] everywhere and in everything (...) we are constantly looking to change and can for instance find inspiration in a piece of clothing and think 'how can we use this in what we want to do?'" (Personal communication, informant 4).*

A serendipitous search strategy can be defined as a search leading to unintended discovery (Dew, 2009). For serendipity to unfold, it requires a combination of search, contingency, and prior knowledge (Dew, 2009). The illustration below demonstrates the underlying facilitating factors for how serendipitous search can unfold.
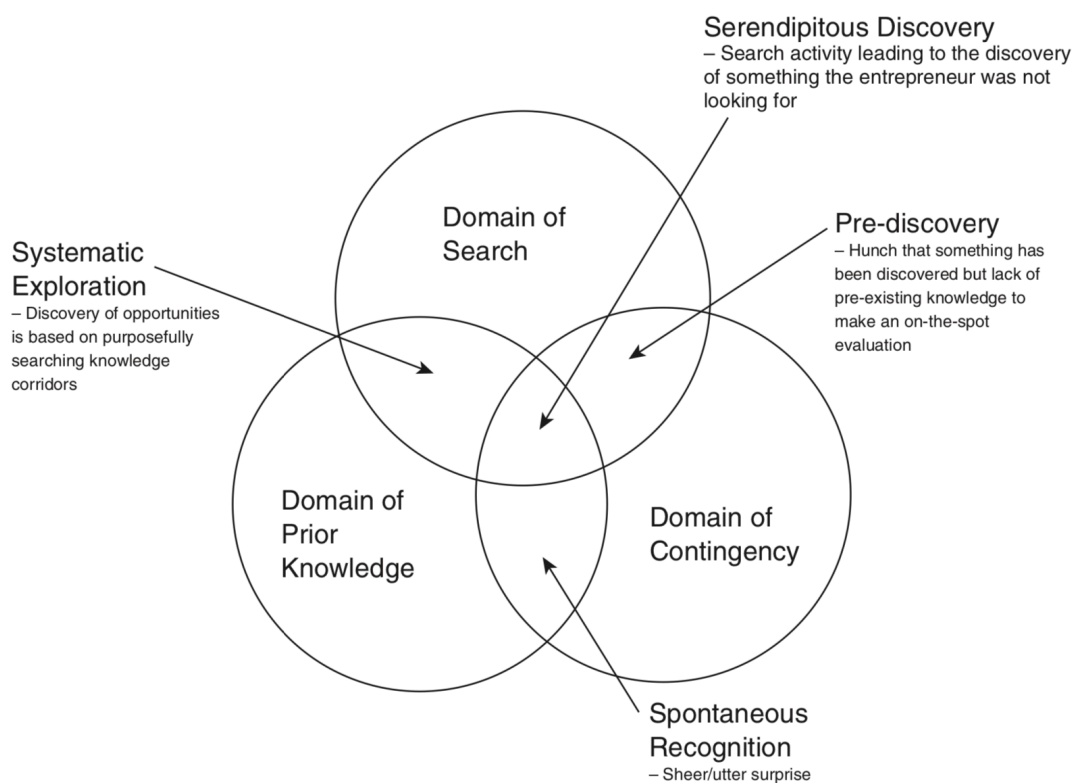

Figure 2. Serendipitous search strategy (Dew, 2009)

Such a search strategy involves a high degree of autonomy, and the members of the management group must constantly be open for new inspiration, and continuously searching for new ideas. Autonomy can have a positive effect on the commitment of individuals, while also be a source of unexpected knowledge (Nonaka, Toyama, & Konno, 2000). There are both strengths and weaknesses to employing such an approach. Firstly, it is cost saving as the company does not have to employ an R&D department, as serendipitous search centers around learning through social interactions rather than scientific research. This form of innovation relies on social processes of learning and experience-based know-how, coherent with the DUI mode (Jensen et al., 2007). The DUI mode mostly refers to know-how and know-who, which are commonly tacit in nature and thus difficult to transfer, as described in chapter 2 of this thesis.

The transformation of knowledge from tacit to explicit is a well-documented challenge in knowledge management literature (Nonaka & Takeuchi, 1995). As the external search for ideation unfolds through serendipitous and individual activities, much of the knowledge gained from external search is stored within the minds of the employees, thus tacit in nature. However, it appears they have taken measures to overcome this challenge and has an internal strategy for transferring tacit knowledge to explicit:

> *"Everyone has this standing order that if you see something cool – document it (…) if someone attends a seminar, they have to present what they have learned for the others, even if it is not in your specific field, to ensure that every time someone learns something new, so do the others" (Personal communication, informant 5)*

Informant 3 further confirmed this strategy:

> *"We have this policy that if we attend other festivals or seminars, we have to write something down from this, take some pictures if we see some cool ways to do things, and present it (..) bring something back that can benefit the group" (Personal communication, informant 3).*

Writing something down is one way to make tacit knowledge explicit (Jensen et al., 2007). Written knowledge can easily be passed onto others who possess the relevant skills and capabilities to absorb it. When knowledge is written down, it is subsequently codified into a language and people with an understanding of that language can thus internalize the knowledge. In addition to an understanding of the codified language, one must also possess the adequate knowledge base in order to appropriately utilize the information. The

management group all come from very different educational backgrounds. These include management and strategic leadership, information technology, journalism, law, sales and service, and restaurant management. Research suggests that interdisciplinarity in management teams increase the likelihood of cross-boundary knowledge transfer within an organization (Galbraith, 1971). Diverse backgrounds indicate a wider knowledge base, and subsequently a higher collective degree of absorptive capacity and greater aptitude for organizational learning (Cohen & Levinthal, 1990). However, such a variety of fields may have different phrases, terms, and work methods. This can cause difficulties for the individuals' understanding of each other, which can impede the effectiveness of collaboration. Despite this concern, informant 2 highlighted the management's diverse backgrounds as a benefit for the organization as they shared a similar experience with organizational structure:

> *"Very few of us comes from a 'rock n roll' background. Most of the employees have worked within large corporations and has much experience with structure and work ethic from various industries, so we all learn from each other" (Personal communication, informant 2).*

External search is guided by the various interests of the individuals within the management group:

> *"[The search] is more directed by our personal interests or relations, where we have been that summer (...) there is no strategy to focus in this or that direction, it is more about what we enjoy" (Personal communication, informant 3).*

> *"We like traveling and have been to many exciting corners of the world. Whether it is festivals, beach clubs, restaurants, and even technology conferences, we really do what we think is exciting and try to use that inspiration in our own concept" (Personal communication, informant 2).*

This form of search is driven by an internal motivation, and an inner drive to further develop the festival concept. It appears that they employ this serendipitous, interest-driven approach as a conscious, strategic move based on experience:

> *"Everyone has a genuine interest in what we are doing here, and often we don't attend other festivals in a working setting, but rather as private individuals (...) the most successful ideas, the proper 'sweet-spots,' rarely happen on study tours" (Personal communication, informant 5).*

This is consistent with Alavi and Leidner's theories that formal knowledge transfer mechanisms may ensure the wide diffusion of knowledge, but at the cost of creativity (2001). By adopting a serendipitous search strategy, the employees are allowed a high degree of

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autonomy. Open search strategies have been deemed to increase chances of finding valuable novel information and is often considered more innovative (Nonaka et al., 2000; Laursen & Salter, 2006). However, Katila and Ahuja (2002), suggested that there is a curvilinear relationship between open search strategies and innovative performance due to the risk of over-searching. Search strategies are rooted in past experiences and future expectations of managers, and their experiences and expectations may guide companies to over-search in environments with negative outcomes (Laursen & Salter, 2006). As the external search in Palmesus is largely guided by the interests and previous experiences of their managers, they are subsequently at risk for such over-search.

However, the various academic backgrounds of the management group indicate that the individuals there have different areas of interests. As external search is mainly guided by the diverse personal interests of the various managers, they are likely to overcome the issue of over-searching in one particular field. Yet, the managers may be at risk of another pitfall of over-searching, namely that there could be too many ideas for the firm to choose between, also known as the 'absorptive capacity problem' (Koput, 1997). Having too many ideas, especially in a small organization, can cause issues as all the ideas cannot be given the required level of attention due to the scarcity in managerial attention resources. However, the managers in Palmesus are all in coherence in that the ultimate goal is to create "the best beach party possible." Having goal in the back of their minds functions as a guide when conducting their individual open searches. Merely considering ideas that can contribute to getting closer to that one explicitly defined goal, limits the danger of the absorptive capacity problem.

Additionally, the management arranges meetings at the beginning of each week designed to explore novel ideas. Thus, ideas are continuously presented and evaluated, and subsequently judged. If the idea carries potential, a concrete plan is created with explicitly formulated steps for how the idea can be realized. Thereby, by comprising ideas to that one weekly meeting the management ensure continuous evaluation of novel ideas, securing that all ideas are being considered, while simultaneously overcoming the challenges of limited attention resources. These so-called "Monday-meetings" will be discussed in further detail in section 4.3.1.

4.1.2 Intentional search

When discussing how everyday business operations were conducted, the informants stated that they were all professionals and wanted to run Palmesus as any other regular business. In an industry dominated by idealistic actors driven by a passion for music, Palmesus is rather driven by the commercial aspects of the festival. In order to ensure financial stability, they employ common principles from the business world into their organizational structure:

> *"As for the business side of Palmesus, I look for inspiration in other industries, such as principles of how to build a loyal fan base – or customer portfolio as it is called in other industries – and work systematically towards that" (Personal communication, informant 5)."*

> *"We run Palmesus like any other business in terms of the economy, contracts, insurance, pension, HR... All those things need to be in place to function like a regular business" (Personal communication, informant 3).*

In other words, the management have a clear idea of how they want to conduct their business operations, as well as a clear idea of where to search for solutions to issues that may surface. This is coherent with the characteristics of intentional search, as discussed in chapter 2. Palmesus consult two concrete sources of knowledge when looking for inspiration for strategic decisions. Firstly, as illustrated by the quotes above, Palmesus managers look toward the business world when searching for ideas for conducting business operations. They tackle issues that may arise by tapping into know-how acquired from their past work experience, consistent with the DUI mode (Jensen et al., 2007).

Secondly, several of the informants highlighted the acquisition of data on consumer behavior as playing a key role in their strategy. Palmesus collect a vast amount of data on their consumers – both before, during, and after the festival. ICTs facilitate this data collection from a great number of sources. Demographics such as gender, age, and location are collected as the ticket is purchased. Detailed data regarding travelling methods are collected, as well as real-time consumer behavior at the festival. The utilization of a variety of ICTs are crucial for acquiring consumer data. One example of this is through online questionnaires, both ahead of and immediately after the festival. But perhaps more importantly, it is the use of their own app paired with beacon technology at the festival. The beacons collect data on consumer behavior in real-time. The vast majority of the data collection is done through company owned channels in order to maintain complete control of consumer data:

> *"We are very particular with our data. The data is in many ways one of our most important trade secrets. Very, very few have access"* (Personal communication, informant 3).

Informant 4 elaborated further:

> *"We do a lot of work creating our own channels that cannot be controlled by others. We are very much focused on using our own website, our own app (...) everything goes through our own channels. To purchase tickets, you have to go through our website (...) if you're going to a club you have to go through our website, buying merchandise, communication (...) self-owned channels are key (personal communication, informant 4).*

However, collecting data is useless unless the management possesses the skills and capabilities to exploit the data in a relevant context, thereby translating it from data to knowledge (Cohen & Levinthal, 1990). This highlights the difference between data and knowledge with regards to its potential for commercialization, where data are discrete facts and figures about events, whereas knowledge places the data in a relevant context, thus making it actionable. In order to ensure the transformation from data to knowledge, Palmesus relies on a combination of in-house competence in their IT-group and a strategic partnership with Carat – a company specializing in strategic data management. Informant 5 explained the rationale behind this collaborative partnership:

> *"One of my worst fears is to go into the 'big data trap' where you talk a lot about big data and collect a lot of data, but you don't use it for anything. We have a strategic collaboration to ensure that we actually get valuable outputs. So, we do all our insight work with a firm called Carat to ensure that the data we collect gives us information we can use. This way we can capitalize on the data rather than simply storing it."* (Personal communication, informant 5).

Focusing on acquiring data or information rather than providing access to knowledge is one of the main pitfalls for knowledge management systems that fails to spur innovation (Dodgson, 2014). It is a strength for the organization that they do not have an idealistic idea of creating a festival, but rather have recognized a demand for such an event and are driven by the commercial potential of it. This allows them to subtract emotions from the equation, and rather let the overarching goal of profit maximization lay the foundation for all strategic decisions:

> *"We didn't start this from a passion for music. Of course, we like the music, but it is the commercial aspects that drives us"* (Personal communication, informant 3).

The main goal is thus not to book a particular artist, but to create an atmosphere and experience that the consumers want to experience again. Therefore, collecting and analyzing data regarding what the consumer wants helps them tailor their offerings to that, and minimize the risk of spending money on something that will not return value to the company. Risk minimization appears to drive and guide the direction of innovations in the company:

> *"We never base decisions on a gut feeling or idealism. All decisions are based on what the data tells us" (Personal communication, informant 1).*
>
> *"If we were to solely rely on what we think, it would have been way more risk involved when making decisions. However, knowing things about our customers, who they are, what they want, how they travel, how much money they are likely to spend, and so on, allows us to customize our communication and offerings specifically to them"*
> *(Personal communication, informant 3).*

The knowledge regarding customers have helped them develop a detailed profile on who their typical customers are, their values, personality, motivations, and interests, and combined with the core capabilities to interpret and utilize this information helps tailor offerings in accordance. This increases the likelihood of customer satisfaction and also minimizes risks and uncertainties, which are inherent pitfalls related to innovation – resulting in a fertile foundation for innovation to occur.

4.2 Storing knowledge

As discussed in chapter 2, organizations can acquire and learn new knowledge, but they can also forget (Alavi & Leidner, 2001). Thus, for an organization to benefit from the knowledge acquired, there need to be a structure in place for storing the attained knowledge. The tacit nature of knowledge is a well-known phenomenon that impacts all stages of the knowledge management process. For knowledge to be stored within an organization, and not merely within the individual members of the organization, knowledge must be codified. Codification involves translating knowledge into symbolic representations so it can be stored on a particular medium. However, the codification process often reduces human knowledge to information, and during this process, some aspects are likely to be altered, and its original meaning is at risk of being lost.

In Palmesus, there are specific strategies in place to store knowledge within the organizational memory. A distinction can be made with regards to whether the structures aim to store explicit knowledge or tacit knowledge.

4.2.1 Storing explicit knowledge

In terms of storing explicit knowledge, there is an overwhelming use of ICTs as it is cheap, fast and effective, as well as it allows for efficient retrieval. As discussed in section 4.1.2 there is a focus on collecting data through self-owned channels. This allows the storage of data in their own database, and permits complete control over the data, given that GDPR guidelines of data privacy are followed. In order to nudge customers towards using their self-owned channels, Palmesus has implemented strategies based on know-how attained from the business world. One of which, is through strategic customer loyalty incentives:

> *"I have worked in a variety of industries, and something that is reoccurring in all those industries, is building big, big customer portfolios with hundreds of thousands of people, and making them stay. Instill some form of loyalty within them. So, I have looked very much to my previous industries in the way that we do it here, and a key word is 'strategic loyalty incentives'. You have to find some things that keep the audience awake throughout the year to make sure they want to come back again. For gas stations it has been gas cards, discounts, pastry sales, or the coffee deal for example. For credit cards, it revolves around implementing benefits into the card beyond borrowing money. For electricity, which is a generic, homogenous product, you either have the lowest cost of production or instill some sort of added value that makes the consumer pick you, even if you are not the cheapest (…) we, for instance, have a loyalty program through our app. One main benefit our customers get from using our app is that they get access to tickets an hour before everyone else. This is a very standard loyalty incentive (…). We also add classic benefits. Our partners provide special offers to the ones with a ticket to Palmesus. You can, for example, get 30% off anything at Mizuno merely because you are a part of the Palmesus family. It is pretty basic, but it is effective. It is win-win. It is good for the audience, good for us, and good for our partners." (Personal communication, informant 5).*

The use of ICTs allows the organization to efficiently collect and store data from their consumers. ICTs automatically codifies data and stores it in a database for the management to retrieve whenever needed. Although the data stored in the database is not regarded as

sensitive, they are still very particular about who has access to it. In fact, only a handful of people have access to the of raw data. These people, subsequently, dictate who needs access to what type of data, and generate reports based on that, which are then passed to the relevant recipient. The database is deemed as one of their most important trade secrets, and in order to maintain that competitive advantage, the data must be securely stored.

4.2.2 Storing tacit knowledge

In addition to storing explicit knowledge, it is also important for a firm to store tacit human knowledge resources in order to fully retain organizational memory and competence within the firm. However, the tacitness of human knowledge offers a challenge for the firm, which implies the need for appropriate measures to cope with this challenge. As a way to retain the human competence within the firm, a 'doubling up' strategy has been implemented. Within the management group, individuals do much of their work in pairs in order to learn from each other:

> *"I make sure that there is always one person that learns from another, thus ensuring that both are getting the same knowledge in case someone decides to leave the organization. For instance, our CMO works closely with the head of sales, which ensures knowledge exchange and learning, and not just knowledge regarding the topic, but on specific details as well" (Personal communication, informant 5).*

By backing up on human competence Palmesus ensures that if one employee is to leave, the competence still remains within the organization.

4.3 Knowledge transfer

The following section will present and outline how knowledge transfer transpires in the organization. It is separated into two parts, the internal and external knowledge transfer. Internal knowledge transfer refers to data, information and knowledge that is shared between the employees of the organization and includes both full-time, and part-time workers, as well as volunteers. External knowledge transfer refers to the data, information and knowledge that is shared with actors outside the organization, such as customers, the municipality, sponsors and suppliers. Subsequently, while presenting and discussing the empirical findings of how these processes unfold, the role of ICTs will be considered. Lastly, an inter-organizational network will be presented and discussed with regards to its role relating to innovation.

4.3.1 Internal knowledge transfer

Internal knowledge transfer is essential for efficient dissemination of knowledge throughout the organization. Having effective strategies for internal knowledge transfer is essential for music festivals due to the many challenges related to the organizational structure of seasonal organizations (Abfalter et al., 2012). The dynamic nature of such organizations involves a high degree of employee turnover, and an organization that varies in size from 10 to 3500 employees throughout the year. As tacit knowledge is often locally embedded within individuals, it tends to leave with departing workers, illustrating an even bigger need for routines that can contribute to the codification of tacit knowledge. Within the management group in Palmesus, several steps have been taken to facilitate for effective knowledge transfer.

Firstly, the office landscape is very open, which facilitates for efficient communication with the others in the office. The company structure is also relatively flat, so the barrier is very low for asking questions regardless of your ranking in the hierarchy in the management group.

Secondly, there is a focus on internal transparency to enhance organizational learning, which is facilitated by the use of ICTs:

> *"Through our project management tools, I can always see what the others are doing, their calendar, and what tasks they are working on at the moment. For example, if I see that one of us is working with a new drink supplier, I can quickly ask what this is and why we are doing it – and learn in that way"* (Personal communication, informant 3).

To further aid in internal transparency, the management group have weekly meetings – so called *Monday meetings* – where they evaluate each manager's tasks the previous week and discuss the tasks that are planned for the following week. The meeting is based around each manager's schedule in the project management application *Basecamp*. Monday meetings are detailed, and normally takes around four hours and include deadlines and explanations for why things have not been done, what the important areas of focus are for the upcoming week, and other necessary clarifications (Personal communication, informant 1). It is also an arena for sharing novel ideas for the entire management group. Informant 5 explained the underlying idea and rationale behind the Monday meetings:

"The idea is to give each other a short status update on what has been done and what needs to be done in the coming week. Partly so everyone can know what everyone else is working on to make sure we are in coherence, but we still have different areas of responsibility. Partly for team building reasons so that employees are not sitting by themselves minding their own business. Sharing information that way can be very effective, and it works well for us. Had this been a larger corporation with more employees, it would have been very ineffective, but since we can gather all the decision makers around a table simultaneously, it becomes both professional and social, and a good way to start the week (…) it forces people to think thoroughly about what they need to do in the coming days, and I believe this is a great way to get things done. Planning your week and having to say it out loud makes you structure your day in a good way. The meeting is based in the project plan in our project management system, and everyone can see all the tasks and activities, along with their deadlines." (Personal communication, informant 5).*

Project management tools are major facilitators for efficient flow of knowledge as they help employees structure their daily tasks. Additionally, all employees can view each other's tasks along with detailed information about them, such as when the deadline is, when work was started, and what has been done so far. In addition to benefit the cohesiveness in the tasks that are being worked on, it also helps with making sure the activities are followed through:

"There is always one person responsible. No exceptions. I think that is the key to ensure progress and that there is enough ownership in all ideas and projects"
(Personal communication, informant 5).

The project management tools ensure that there is always one person responsible for the ideas and tasks, and everyone is aware of who that is. The aim is that this should function as both intrinsic and extrinsic motivational drivers. Intrinsic in that the employees feel ownership in the idea or project they are working on and instill a personal interest in making sure that it is executed in the best possible way. It is also an extrinsic motivator because the whole management group knows who is responsible, and therefore there is no doubt who is to be held accountable if something is not done (Personal communication, informant 4 & 5).

For internal communication, there is a wide range of ICTs in use. Table 3 contains all the ICTs that were mentioned during the interviews.

Technology	Purpose	Locus
Email	General communication	Internal & external
Phone	General communication	Internal & external
SMS	General communication	Internal & external
Messenger	General communication	Internal & external
Social media (Facebook, Instagram, Snapchat)	General communication, marketing, content production	External
Skype	Video conferences	Internal & external
Chatbots	Routine communication	External
Palmesus app	General communication	External
Slack	Chat	Internal
Website	Marketing	External
Basecamp	Project management tool	Internal
Arkon	Festival management tool	Internal
Mailchimp	Marketing platform	External
Dropbox	Storage & retrieval	Internal
Daylight	CRM system	Internal & external

Table 3. Overview if ICT tools in Palmesus

In Palmesus, there are approximately 3500 people employed on a part-time or volunteer basis. In order to ensure that they possess the relevant knowledge to perform the tasks required for their job, there need to be structures in place for efficient organizational learning. However, gathering all 3500 employees in one place would neither be efficient, nor would it be practically feasible. Instead, the organization arranges workshops throughout the year, where approximately 70-80 'main resources' are gathered and briefed on what they need to know and what the plans are for the upcoming festival (personal communication, informant1). Informant 6 elaborated in detail:

> *"We have workshops where we gather all the project managers for the upcoming year. Mainly during the first two quarters of the year. In the first quarter they are briefed on the big ideas we have for the upcoming festival. In the second quarter, we go through in a little more detail when everyone has a clearer picture of how the festival will manifest itself. Then we have a workshop where we focus on specific*

details and the specific areas of responsibility each group has. And of course,
throughout the year we have chats, arenas, and groups where people can ask
questions and learn from each other." (Personal communication, informant 6).

These 'key resources' are then responsible for communicating and transferring information and knowledge to their respective departments' project managers, who then relay the knowledge to the workers under them.

Interestingly, the transfer of internal knowledge resembles the characteristics of a Community of Practice (CoP). CoPs are defined as "tightly knit group members engaged in shared practices who know each other, and work together, typically meet face-to-face and coordinate with each other directly" (Lave & Wenger, 1991). Further, CoPs involve dynamic communication between the people and their communities (Wenger, 1998). There are three main facets that distinguish CoPs from other groups:

1. Domain – as a CoP revolves around a particular domain, it requires some degree of knowledge of that field, distinguishing CoPs from a group of friends.
2. Members of the community connect through joint activities, discussion, and knowledge transfer. The interaction and learning between members are key in the formation of a CoP.
3. CoPs need members to develop a shared practice through experience, stories, tools, and ways of solving recurring challenges over time.

Thus, members of a CoP can be segregated by, for example, work department, personal interests, or level of participation in the group. As a music festival organization employ both part-time and full-time staff, there are large discrepancies in terms of their levels of participation. It is unclear whether Palmesus use CoPs strategically or if they merely developed fortuitously. There are many advantages to incorporate CoPs when organizing knowledge transfer. For instance, the members of the CoPs share similar backgrounds, are highly passionate and committed, and feel a sense of belonging and identity with the group (Abfalter et al., 2012; Lave & Wenger, 1991; Wenger, 1998). The group develops a common language and jargon, which makes it possible to communicate knowledge efficiently. In addition to the thematic separation between CoPs, they are also distinguished in terms of their level of participation and subsequently used for learning purposes (Lave & Wenger, 1991). This means that the newer members receive knowledge from the more experienced workers

within their department. In an interview with one of the part-time employees within the security CoP in Palmesus, the informant discussed his relation to the top management:

> *"Throughout the year I mainly communicate with the head of security. He presents his plans and we work from there (…) it is not like I email anyone in the administration, everything goes through the head of security (Personal communication, informant 7).*

In other words, the employee within the security department relies upon interactions with the head of security, a more experienced member of the group, for attaining knowledge. Further, informant 4, a member of the top management group reflected upon how this dynamic unfolds during the actual festival, when all 3500 employees are at work:

> *"During the festival, we set up 'war rooms' which is where I am for the most part because the project managers need to know where I am. But we cannot have 75 people running in and out of that room, so the project managers communicate with the people under them through text, email, calls, and if needed, they can come to me"* (Personal communication, informant 4).

Thus, who the employees communicate with and learn from depends on their department within the organization and their level of participation. It is the responsibility of each CoP to educate their members and make sure they have the relevant skills and resources required. By this definition, the management group can also be viewed as its own CoP, as they all share the same level of participation and domain.

4.3.2 External knowledge transfer

The following section will discuss knowledge transfer with the various actors external to the Palmesus organization. I will focus on three main actors, namely the *audience, sponsors and suppliers,* and the *municipality.* These selections were done based on the limited scope of the paper. These actors were also identified as some of the actors participating most frequently in knowledge transfer. Additionally, they represent different market segments, as consumers, public, and private industries, so it is interesting to see how knowledge is transferred differently throughout these various sectors.

Audience

The audience functions as the festivals most important stakeholder as ticket sales account for 50% of the festival's accrued revenue.[13] Simply put, if there are no customers, there is no festival. During the festival, most communication with the audience happen through push-notifications on the Palmesus app, with beacons that trigger certain notifications to pop up:

> *"We have developed our own system with beacons that scan the environment within a specific geo-lock that identifies every smartphone within that area every thirty minutes. When a phone is under 20% battery life, within that geo lock, it triggers a push notification that it is time to charge your phone" (Personal communication, informant 1).*

This is an effective way to communicate as it is automatically instigated, and it satisfies an important consumer need. A typical attendee spends a lot of time using social media, and highly values having constant internet access.[14] A dead phone means that you lose your online connection, so an automatic push-notification when this is about to happen is likely to be of value to the consumer. It also requires little manpower as these messages are sent automatically based on data from the beacon technology.

The app is highlighted as the most important avenue for knowledge transfer with the audience during the days of the festival as it allows for swift communication. Another important aspect of the app is that it allows Palmesus to collect data regarding the customer, which in turn, can help them bettering their offerings toward what the audience wants. During the time of the interviews, there were more than 60 000 unique users on the app (Personal communication, informant 1). During the festival, this data is utilized to aid in efficient crowd management:

> *"The information regarding our guests' movement patterns we can use to figure out, okay, do we need to have a bar here? Will 5000 people flock to this one bar here because they don't know that there is something else elsewhere? Where do we need to place toilets, and food and drinks to ensure a good flow in the stream of guests? We mainly use it to better the guests' experience on the beach, to make sure there are no long lines and stuff like that. We have an average queuing time of about 3 minutes, which is very good for a festival (personal communication, informant 2).*

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[13] Iglebekk, A. (2018). Palmesus: Fordeling av inntekter
[14] Iglebekk, A. (2019). Palmesus 2019: Kunde vs. målgruppe

Social media is an important arena for knowledge transfer both during the festival as well as throughout the year. In fact, a recent report has shown that social media is the number one source of information for festival attendees.[15] This is in line with the consumer profiles Palmesus has, where 'being online' is one of the most important values for Palmesus attendees.[16] During the festival, there are 60 people working with producing content for social media (personal communication, informant 1). Evidently, social media is used actively for engaging in knowledge transfer with the audience. However, interestingly, all of the informants from the management group highlighted the importance of nudging customers toward using their self-owned channels to communicate. This became quite apparent during the process of writing this thesis. Suddenly one day, the company had completely revamped their website 'palmesus.com' and renamed it 'beachnews.no. The new website mimicked a news broadcasting website and launched several "fake news" stories related to the real festival. For instance, an invasion of spiders was reported coming to Norway and a whole article was fabricated, reporting fake instances of spiders all over the country.[17] After a few weeks, this was followed up with the news that they were bringing the Arcadia Spider to Kristiansand – a giant fire-breathing metal spider shaped DJ stage, to accompany "Norway's largest outdoor nightclub".[18] In light of the information from the interviews, this rather untraditional approach was a novel way to create a 'buzz' around Palmesus and nudge the audience toward using their own knowledge transfer channels.

Municipality

Palmesus is dependent on a close relationship with the public sector, and particularly the municipality. During the weeks before and after the Palmesus weekend they occupy a lot of the downtown area, in the middle of the summer, which is prime time for tourists. In order to be able to keep arranging the festival and keep renting the beach, they have to act professionally and conduct their relationship with the municipality in a positive manner. Thus, productive and efficient exchange of knowledge and information is important. Palmesus have frequent meetings with representatives from the municipality, up to 20 times every year (personal communication, informant 8). These are mainly physical meetings, which are

[15] Ticketmaster. (2019). State of play
[16] Iglebekk, A. (2019). Palmesus: Portrett av palmesuseren
[17] https://www.beachnews.no/nyheter/norge-invaderes-av-edderkopper
[18] https://www.beachnews.no/nyheter/norges-storste-utendors-nattklubb-kommer-til-palmesus

important arenas for knowledge transfer. Such meetings were highlighted as particularly important by informants from both Palmesus and the municipality:

> *"Maintaining a running dialog is important for us so that there will not be any surprises (...) the municipality organizes large meetings 4 or 5 times a year with one representative from each instance, one from the fire department, one from the hospital, one from the parks and recreation department and so on. It is good because that allows you to speak with all relevant actors at once, and make sure everyone gets the same message" (Personal communication, informant 3).*

There are mutual benefits to the collaboration between Palmesus and the municipality. Palmesus, on one hand, is dependent on trust to be granted permission to rent the downtown beach during the festival days. The municipality, on the other hand, benefits from the popularity and value creation that Palmesus brings in. As one informant from the municipality explained:

> *"[Palmesus] is important for the city's reputation with the youth. They are also an important contributor to value creation for the whole region. Therefore, having a professional actor that knows how to organize an event is beneficial for the whole city." (Personal communication, informant 8).*

Sponsors and suppliers

Palmesus has an extensive pool of collaborative partnerships with a variety of actors from different industries. Examples include *Norsk Tipping, Telia, Hennig Olsen, Lexus,* and *Mizuno* – to mention a few. Knowledge transfer with commercial actors of different industries is crucial for organizational learning. These collaborative relationships are more than merely transactional. Rather, they are dynamic social relationships that evolve over time. When the relationship gets better, so does its outcome as continued collaboration further develop and strengthen internal competences (Cohen & Levinthal, 1990; Powell, Koput, & Smith-Doerr, 1996). Arguably, the biggest mistake a company could make in managing research alliances is to treat them as "one-offs" – that is, independent relationships pursued separately (Powell et al., 1996). Firms should rather learn how to develop cooperative routines to facilitate for sustainable knowledge transfer across alliances (Powell et al., 1996). Palmesus manages knowledge transfers across organizational boundaries by utilizing physical meetings as knowledge transfer arenas, in order to build personal relationships with their collaborative partners:

> *"we like to have one-to-one communication and develop good relationships and leave a good impression and leave you with the idea that Palmesus is the best product you want to use in your marketing campaign. We want to leave you with the impression that Palmesus is a good place to be and that there are good people to talk to. Several of our business partners that have been with us for many years have become good friends. Rather than sending a standardized email with information, we try to pick up the phone and ask how they are doing and tell them about what is happening. The best thing is to sit down over a cup of coffee because that allows you to create relationships"* (Personal communication, informant 3).

When it comes to suppliers, particularly in terms of logistics, they use a similar face-to-face strategy, but gather all the relevant actors in one place to solve tasks together:

> *"We like to gather relevant suppliers in one place and receive and share information and try to solve tasks (...) we see that by gathering everyone in one place and present the plan and then challenge them if they can identify any potential caveats from their perspective, rather than me dictating everything. Maybe they see some other solutions. This makes the whole relationship clearer and more transparent both from my side, but also from their point of view as they also get to know each other. Every time we change a supplier and someone new comes in that have not been through this process, it is quite difficult"* (Personal communication, informant 6).

This statement pinpoints the significance of the supplier's competence in designing deliveries and solutions through the use of the DUI mode (Jensen et al., 2007). By continuous interaction over time, the relationship between Palmesus and the supplier develops. Consequently, their understanding of each other's particular needs and preferred work methods betters, subsequently improving the effectiveness of knowledge transfer, which also facilitates for innovation.

4.4 Network of innovation

During the interviews, it became apparent that acquiring and maintaining a network is vital for knowledge management. Collaboration with a network of actors from different industries is vital for the innovative capabilities of Palmesus. Therefore, the following section will attempt to shine some light on the various actors in the network, that were identified in the interviews, along with their role in the network, and how collaboration affects innovation in Palmesus. As network studies is a whole academic discipline itself, I will not attempt to

examine the full network, as it would be outside the initial scope of this thesis. However, the section attempts to provide an insight into the role of the network and its importance for knowledge management and innovation.

Within event management, collaborative networks are key facilitators for innovation (Plessis, 2007). Networks of collaboration grants access to relevant knowledge that is widely distributed and not easily produced inside the walls of the organization or obtained through market transactions (Powell et al., 1996). Palmesus partakes in an intricate and dynamic network of actors that play various roles to facilitate innovation. The relevant actors within the network are identified below along with a short description of their main responsibilities:

1. The festival organization – the management, staff, and volunteers that are responsible for planning, managing, and arranging the festival
2. The audience – the most important stakeholders
3. The municipality – owns of the festival location along with issuing various permits
4. The music industry – the artists and entertainers performing at the festival
5. Local industry – i.e. restaurants and hotels that contribute with running the festival and facilitates for the audience's overall experience
6. The media – reports news regarding the festival
7. Suppliers – commercial partners practical equipment and technology providers
8. Sponsors – vast number of companies and organizations that contribute resources and uses the festival as a marketing tool
9. Allied festivals – sharing tacit knowledge such as experiences with various actors and suppliers and how satisfied they were. Also used for inspiration
10. The public – people who live in the community where the festival is located

Palmesus is engaged in a goal-oriented network of a variety of actors demanding different types of interaction to work optimally. The ultimate goal of the network is to help make the festival happen. However, the actors simultaneously act in terms of their own self-interest. It is unlikely that the actors would be interested in investing in the relationship with Palmesus if it was nothing to gain for them. For instance, many of the actors within the network use Palmesus as an extension of their marketing branch. A representative from the municipality, explained that there are several benefits from collaborating with Palmesus as it improves the municipality's reputation with the younger generation. Additionally, the festival contributes economic benefits for the whole Southern region (personal communication, informant 8).

Thus, the ultimate goal of the network and the goal of the individual actors are in coherence, which suggests investing in the network is beneficial for all participating actors.

The whole management group appears to be in coherence when discussing the importance of collaboration. Informant 5 highlighted collaboration as one of the founding pillars behind their business model (personal communication, informant 5). He exemplified some important roles of collaboration and how they use collaboration strategically:

> *"Commercial partners provide economic stability and predictability, which is essential in the festival industry. It is often difficult to predict popularity, hype, and ticket sales, so having set frames with long-term partnership agreements is crucial"* (Personal communication, informant 5).

Informant 2 further elaborated:

> *"We have been very good at collaborating with many different actors in order to accomplish and realize many of our ideas. I think that tight collaborative relations are critical when trying to realize exciting projects"* (Personal communication, informant 2).

The management recognizes that festivals do not have the best reputation as reliable business partners. This is likely to be based on the financial instability often exhibited by music festivals. In 2019, in the southern region of Norway alone, two large festivals failed to fulfill their financial obligations and were subsequently deemed bankrupt.[19,20] Palmesus uses collaboration strategically as a tool to overcome these industry biases:

> *"Entering collaborative agreements with large national and international organizations enhances our reputation and credibility (...) For instance, take a look at our partnership with Spareskillingsbanken. The fact that such a conservative, solid, and risk averse, organization chooses to partner with a beach fest gives us a 'stamp of approval'. Simultaneously they increase their youth appeal. It's a win-win situation."* (personal communication, informant 5).

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[19] https://www.nrk.no/sorlandet/hove-music-festival-konkurs-1.14594554
[20] https://www.dn.no/musikk/sorlandsfestivalen-skral-er-slatt-konkurs/2-1-703534

5 Concluding remarks

As knowledge continues to become an increasingly important resource in contemporary society (Drucker, 1999; Kabir, 2019), it is equally important to develop our conceptual understanding of knowledge. This research was thus conducted as an attempt to contribute to filling a gap in the "fragmented state" of the understanding of knowledge at the organizational level and its relation to innovation (Fagerberg et al., 2013, p. 20). Innovation studies have been largely skewed toward manufacturing firms, and the more service-oriented industries have, until the last few years, been more or less neglected (Carlborg et al., 2014). However, the service industry is becoming a more central part of the economy with the emergence of the experience economy. As music festivals are more popular than ever, studying the role of knowledge in relation to innovation in a successful music festival seemed as of both societal and academic importance.

Due to its recent economic growth and profitability, the southern music festival Palmesus was identified as an appropriate case. In order to examine how knowledge management unfolds in the organization and its role in the innovation process, two research questions were formed:

1. *How is knowledge acquired, stored, and transferred in Palmesus?*
2. *How do these knowledge management strategies influence the innovation process in Palmesus?*

Knowledge is a crucial antecedent for innovation, and the extensive growth in knowledge available to firms have increased the complexity of innovation, signifying the importance of effective knowledge management. One of the main challenges for effective knowledge management is the continuous process of transforming tacit knowledge to explicit (Nonaka & Takeuchi, 1995). This is particularly evident in music festivals, which are seasonally based, and thus exhibit enormous fluctuation in staff employment (Abfalter et al., 2012).

5.1 Summary and discussion of the research question 1

The first research question concerns the management of knowledge. I have sought to explore how Palmesus, as a single case, manage the acquisition, storage, and transfer of knowledge.

The first finding is that these processes are dynamic and highly interactive, which results in some degree of overlapping across the various activities.

With regards to generating and acquiring knowledge, a dual search strategy is used comprising both serendipitous an intentional search. The serendipitous search is continuous and involve a high degree of autonomy. This search is guided by the various interests of the employees, toward a common goal of creating 'the best party'. Thus, most of the outcomes from the serendipitous search are involved with the festival design. The second search strategy implemented is intentional search. This strategy is utilized in how they conduct daily business operations. The management has a clear idea of how they want to run their business operations and where to look for ideas to solve occurring problems. When an issue related to business operations arise, the management look toward know-how gained from previous work experience in the business sector. This has contributed to financial stability and predictability, thus lowering the inherent uncertainty related to innovation.

In order to make use of the knowledge acquired, structures for efficient storage and retrieval are implemented. Explicit knowledge is efficiently stored by the use of ICTs. Storing tacit knowledge is more challenging. The retention of human competence within the management group is of particular importance, and to ensure that, the management often work in pairs. By mutually immersing team members in the routines of other members, the members are granted access to each other's stock of tacit knowledge. Having similar knowledge resources distributed across multiple employees ensure the retention of organizational competence if one employee decides to leave.

The last knowledge management activity revolves around the transfer of knowledge. Internally, an open office landscape and a flat company structure facilitates for efficient knowledge transfer in the management group. There is also a wide range of ICT in use. As for the transfer of knowledge with the part-time and volunteer employees, the organization exhibited characteristics of Communities of Practice (CoPs) (Lave & Wenger, 1991). The CoPs are separated by level of participation as well as their domain of work. New members learn from the more experienced members of their domain, and experienced members can get insight to novel ideas expressed from the newer members (Lave & Wenger, 1991).

External knowledge transfer is facilitated through a variety of formal and informal knowledge sharing arenas, such as meetings, workshops, and ICTs. ICTs are particularly important for knowledge transfer with the audience as it facilitates for rapid and widespread dissemination of knowledge. Social media, beacon technology, and chatbots are highlighted as central ICTs when communicating with audience. When it comes to knowledge transfer with the municipality, sponsors, and suppliers, building and nurturing mutually beneficial relationships are key. This facilitates for the utilization of the supplier's competence and DUI learning as these relationships develop over time. These collaborative relationships are also used as a tool to enhance Palmesus' reputation as a trustworthy actor, which is a key aspect in order to lay the foundation for further collaborative partnerships. This enhances economic stability, and thus limits risks related to innovation.

5.2 Summary and discussion of research question 2

The second research question regarded how these knowledge management strategies influenced innovation. A key concern related to innovation is the inherent uncertainty that comes with novel recombination. For Palmesus, all knowledge management activities essentially revolve around minimizing this uncertainty. Looking at their rationale for the search strategies, they employ serendipitous search to examine possible novel ideas and exciting potential innovation opportunities for festival design. Yet, while remaining open for novel ideas, they are also grounded in the way they conduct their business operations, and place high value on economic stability and predictability. All novel ideas must be accounted for in the budget, and all decisions are based on data analysis and the potential for value creation for the organization. There is an almost paradoxical dichotomy between these two search strategies, and this enigmatic interplay was perfectly illustrated by one informant when asked about what characterizes Palmesus: *"A little bit of madness in between all the seriousness"* (personal communication, informant 2).

Further, the processes of storing knowledge are also involved with reducing risks and uncertainties related to innovation. By having an efficient strategy for storing explicit knowledge by ICTs they can develop a growing database of data, and analysis of this data can more accurately predict outcomes of potential innovative efforts, thus minimizing risk.

Lastly, the knowledge transfer strategy also contributes to minimizing risk related to innovation. Firstly, strategic selection of collaborative partnerships enhances Palmesus' reputation as a trustworthy and reliable actor, which increases the potential for more collaborative partnerships. This has facilitated for the development of a rather extensive network of collaborative partnership that further contributes to limiting uncertainties of innovation. Firstly, by involving multiple partnerships, the financial burden is spread across several actors. Secondly, by collaborating with actors from a variety of industries allow Palmesus to tap into a rich pool of knowledge resources, that can provide fertile foundation for innovation.

Minimizing risk related to innovation allows Palmesus to go all-in on the projects they decide to implement, subsequently ensuring a higher probability of success and economic growth. However, the strategy requires management to be in possession of skills and competences to realize how to best utilize available knowledge resources, as well as recognize the potential for commercial application of novel ideas.

5.3 Theoretical implications

This thesis has attempted to fill a void in innovation studies regarding the organizational management of knowledge in relation to innovation in a successful music festival. The study found that sound knowledge management plays an important role in minimizing the inherent uncertainty related to innovation. Findings suggest ICTs play an important role for the dissemination of organizational knowledge as it allows for rapid distribution of information to a wide range of actors. Contributions are also made to the literature related to communities of practice as a means of internal knowledge transfer, particularly in the context of seasonal organizations.

The case demonstrated the importance of the interaction between tacit and explicit knowledge. For innovation studies, the thesis provides an increased understanding of the DUI-mode of learning for innovation in a festival organization. Findings show that the DUI-mode is likely to be more effective in improving innovativeness, thus weighing in on the ongoing debate of whether the DUI, STI, or a combination of the modes are more innovative. As the majority of the activities related to innovation in a music festival is revolved around

the commercial exploitation of available resources, the DUI-mode is likely to be most effective in this industry.

5.4 Limitations and suggestions for future research

When critically cogitating the study, there are a few aspects that should be taken into account. Firstly, it must be stated that as a researcher, I used interpretive reading when analyzing the data collected as a means of understanding how informants interpret the phenomenon in study. Therefore, my interpretation may not be shared by the participating informants, and my interpretations may also be biased by my own personal lens.

Secondly, this study was limited to 6 in-depth interviews recruited from the management group of Palmesus, with two additional shorter interviews with one representative from the municipality and one part-time worker. The organization consists of up to 3500 employees and volunteers in a variety of roles, and these may have different interpretations of how knowledge is managed. The findings can therefore have been biased toward representing the view of the management. In order to get a more holistic view of how knowledge is managed it could be beneficial to include a larger diversity of perspectives.

Due to the scope of the thesis, limited attention was paid to the importance of the network of collaborative partnerships that Palmesus are involved in. However, studying this network as the locus of innovation could be an interesting topic for future research. Useful insight regarding the effectiveness of the inter-organizational network could be gained by examining how a less successful festival manages its knowledge in relation to its network collaborations. In an increasingly globalized world, cultural effects are a central topic of knowledge management research. Future researchers also could view how knowledge is managed in seasonal organizations in a different cultural setting.

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Appendix A – Interview guide

The interview guide is translated from Norwegian to English.

Introduction:

Hello, and thank you for taking time out of your day to contribute to this interview. Your insights will be crucial for the project and is highly appreciated. Before we start, I will shortly explain the purpose of the thesis and a little bit of about how the interview will unfold.

Purpose: This project is the final part of the master's program Society, Science and Technology in Europe (ESST) by the Center for Technology, Innovation and Culture (TIK) at the University of Oslo. I am interested in organizational processes and structures that facilitate for innovation. Particularly, the role of knowledge as an antecedent for an effective innovation process. This study will examine how knowledge management unfolds in Palmesus, both internally and externally. To do so the following research questions were formulated:

3. *How is knowledge acquired, stored, and transferred in Palmesus?*
4. *How do these knowledge management strategies influence the innovation process in Palmesus?*

Your name and personal characteristics will be anonymized in the paper.

I wish to use an audio recorder if that is okay with you?

Are there any questions before we begin?

Part I – background information

1. What is your role in the organization?

   o What main tasks are you responsible for?

2. What kind of background do you have?

   o Education?
   o Work experience

3. How long have you worked in Palmesus?

   o Can you elaborate on your experience of how the organization has developed during your time here?
   o Any big changes in your everyday work?

4. What is in your opinion the most important reason that Palmesus has had such a big growth?

5. What do you think characterizes Palmesus as an organization?
   o How does it differ from other festivals?

6. How many are hired full-time?
   o Part-time?
   o Volunteer?
   o How long are part-time employees normally employed?

Part II – Knowledge management

1. Where do you look for inspiration?
   o Any particular actors or industries?
   o Is there an established strategy?
   o How has this evolved over time?

2. Can you describe how an idea unfolds from ideation to implementation?
   o Examples of recent Palmesus ideas: Artifical island, E-sports, Chipster?

3. Who has access to the stored knowledge?
   o Is there a knowledge hierarchy?
   o Who has access to what?
   o Who/what decides this?

4. How is knowledge stored in the organization?
   o How do you facilitate for efficient storages and retrieval?
   o How do you make sure project managers learn what they need?
   o What platforms?

5. What arenas are used for knowledge sharing? (meetings, conferences, ICTs, courses, projects, etc.)?

6. How do you communicate internally?
   o What ICTs are in use?

7. How do you communicate with-

    o Customers?

    o Collaborators?

    o The municipality?

    o What ICTs are used? How? What purpose do they serve?

8. How do you use ICTs in your everyday work?

    o What services do you use?

    o What purpose do they serve? i.e.:

        i. Improve efficiency?

        ii. Inspiration?

        iii. Networking?

        iv. Brainstorming?

9. How do you feel the knowledge management is working?

    o What is working well? Main reasons?

    o What could be better?