2011

Where are the Ideas?: External Idea Acquisition

Elena Pashkina
*University of Queensland*, elena.pashkina@uqconnect.edu.au

Marta Indulska
*University of Queensland*, m.indulska@business.uq.edu.au

Follow this and additional works at: [http://aisel.aisnet.org/acis2011](http://aisel.aisnet.org/acis2011)

Recommended Citation

[http://aisel.aisnet.org/acis2011/85](http://aisel.aisnet.org/acis2011/85)
Where are the Ideas?: External Idea Acquisition

Elena Pashkina
UQ Business School
University of Queensland
Brisbane, Australia
Email: elena.pashkina@uqconnect.edu.au

Marta Indulska
UQ Business School
University of Queensland
Brisbane, Australia
Email: m.indulska@business.uq.edu.au

Abstract: Innovation has always been an important source of competitive edge and success for organisations. Globalisation, increased competition and the fast pace of technological change all add to the importance of efficient and effective innovation processes in organisations. In recognition of the limitations of internal innovation, organisations have also become reliant on external sources of ideas. This concept is known as open innovation. While the topic is widely discussed in academic and practitioner literature, there is a lack of concrete guidance on what factors organisations should consider to increase their chances of success from open innovation. In this study, we address this gap in the body of knowledge and specifically focus on the idea generation phase of the innovation process. Based on existing research and practitioner input, we develop a conceptual model of factors that increase an organisation’s external idea acquisition focusing on, specifically, individual-level idea acquisition – i.e. an organisation’s ability to acquire ideas from external individuals. While the conceptual model developed in this paper is focused on specific aspects within the broad concept of open innovation, it is the first attempt to develop a holistic understanding of idea generation success factors.

Keywords
Open innovation, idea acquisition, idea generation, absorptive capacity

INTRODUCTION

Changes in technology, increased globalisation, and intensified competition have contributed to creating an environment in which creativity and innovation are needed more than ever to cope with the situational and economic pressures that confront organisations (Reiter-Palmon & Illies 2004). Innovation allows organisations to diversify, adapt, and reinvent themselves to match the evolving market and technical conditions (Schoonhoven, Eisenhardt & Lyman 1990). It is commonly defined as a process via which organisations can “transform ideas into new/improved products, service or processes, in order to advance, compete and differentiate themselves successfully in their marketplace” (Baregheh, Rowley & Sambrook 2009 p. 1334). In the past, organisations have relied largely on internal knowledge sources, and internal resources, for generation of new ideas (Chesbrough 2003; Lichtenhalter & Lichtenhalter 2010). In recent years, however, the innovation paradigm has evolved, transforming from a closed innovation system to an open one (Chesbrough 2003) that assumes that “firms can and should use internal ideas as well as external ideas, and internal and external paths to market” (Chesbrough 2006 p. 1) as the organisations strive to advance themselves.

Innovation, be it closed or open, is a multi-stage process that consists of three phases, viz. idea generation, idea conversion, and idea diffusion (Hansen & Birkinshaw 2007) (Figure 1). In the first phase a set of potential improvement or innovation ideas must be acquired. The larger the set of ideas, and the higher the quality of the individual ideas, the greater the potential for an organisation to select the most suited ideas to innovate with. Ideas gained by an organisation during this phase act as a seed for the innovation process, which makes effective idea generation phase essential for successful innovation (Barczak 1995). In the second stage, the set of collected ideas must be evaluated in order to assess the feasibility and impact. At this stage some ideas will be eliminated while others will be implemented into products, services, and business processes. In the final stage the innovation or change developed in the second stage is diffused. This stage involves generation of buy-in from customers, as well as getting the relevant constituencies within the organisation to support and spread the new products, services, and business processes across desirable geographic locations, channels, and customer groups. Accordingly, each stage concentrates on a specific
aspect without which the next stage is not possible. In this paper, our focus lies on the first stage, without which the innovation process cannot exist. (Hansen & Birkinshaw 2007)

Given the importance of open innovation and, in particular, of the idea generation process, the focus of this paper is on acquisition of ideas from external sources. While internal idea generation also requires further study, our specific focus, due to its relative immaturity, is external idea generation. This paper coins the term *individual-level idea acquisition* to refer to an organisation’s acquisition of ideas from external individuals. In particular, the aim of this work is to explore the various factors that contribute to higher numbers of ideas collected by an organisation from sources outside of the organisation. To address this aim, we operationalise our main research question: “What factors positively influence the quantity of ideas collected by an organisation from external sources?”.

**IDEA GENERATION**

While the importance of open innovation in today’s competitive business environment is widely recognised, many companies struggle to execute it effectively (Slowinski & Sagal 2010). Academic work on open innovation within the management literature began to emerge following Chesbrough’s (2003) book “Open Innovation: The New Imperative for Creating and Profiting From Technology”, with several special issues of academic journals devoted to the topic of late (Enkel, Gassmann & Chesbrough 2009; Lichtenthaler 2011). Being less than a decade old, the novelty of the concept is evident. As a result, past open innovation literature has remained largely disorganised (Slowinski & Sagal 2010), and has upheld an exploratory character, focusing on what organisations do rather than on what they should do in order to maximise the effectiveness of their open innovation strategies. Consequently, identification of the major success factors that enable open innovation is a critical step towards furthering the body of knowledge in this domain and providing organisations with some practical guidance on how to maximise the effectiveness of their innovation process.

When considering success factors for of the idea generation stage of the innovation process, it is essential to distinguish between internal and external ideas. Internal ideas are those that originate from within the company – i.e. from the company’s employees. External ideas are those that originate from outside of the company. Our focus on external ideas in this study is based on several arguments. First, internal ideas are influenced by the employee culture and loyalty (e.g. as in the case of Toyota) or by specific Key Performance Indicators. Employees thus have more clear motives in suggesting improvement or innovation ideas as they typically relate to job satisfaction or performance. Little is known about what influences external idea collection on the other hand. Second, the quantity of potential ideas external to a company exceeds that of those that exist within the company. Thus, by developing an understanding of what factors increase external idea generation, companies can further expand their innovation potential. Last, the concept of external ideas is more relevant to Information Systems as external entities generally have less contact with the company than internal entities. With external ideas, information technology serves as an enabler of contact between a company and external entities, and is not crucial to the same extent for internal entities (Shin 2009).

External ideas can be further classified as originating from fellow organisations or from individuals. We define *organisational-level idea acquisition* as an organisation’s ability to obtain ideas from other organisations, such as partners, suppliers, business clients, universities, market research firms, or even competitors. Acquisition of ideas at this level tends to be strategic in nature, where collaboration and exchange of ideas between the companies occurs on contractual basis. We define *individual-level idea acquisition*, on the other hand, as an organisation’s ability to obtain ideas from external individuals, such as its customers, individuals working for an organisation’s suppliers or business clients, its shareholders and other stakeholders. External individuals suggest their ideas to organisations for personal rather than strategic reasons. Thus, organisations’ organisational-level and individual-level idea acquisition are likely to be influenced by different factors.

While both, organisational-level and individual-level idea acquisition deserve attention in scholarly research, individual-level idea acquisition is particularly worth exploring. First, through the use of the Internet, companies are able to open their doors to an unlimited number of individuals who are potential ideas holders. Second, since acquisition of ideas from external individuals is not contract based, organisations are flexible in their decisions to involve a large number of external individuals in their ideation activities. This is not necessarily the case when obtaining ideas from fellow organisations, as a company’s freedom to obtain ideas from other organisations may be limited by their existing contractual agreements. In addition, the number of individuals who can potentially engage in ideation activities is larger than that of fellow organisations and has a wider scope and potential for creativity (due to less organisational policy constraints that tend to stifle creativity and foster ‘group think’). Although this does not necessarily imply that the acquisition of ideas
from individuals leads to a greater number of ideas being acquired when compared to acquisition of ideas from organisations, the potential to acquire large numbers of ideas on individual-level is evident.

This paper identifies factors that are considered to increase an organisation’s *individual-level idea acquisition*, and presents the factors in a single conceptual model. Accordingly, in our study we focus only on constructs that are under an organisations’ control (versus, for example, exploring an individual’s personal motivations for submitting ideas to an organisation). In addition, although the quality and usability of ideas from external individuals may vary, for the purposes of this paper organisations’ idea acquisition will be considered in terms of the quantity of ideas an organisation acquires from external individuals. Accordingly, the factors discussed in this paper are considered to assist organisations in obtaining higher quantity but not necessarily quality of ideas.

**METHODOLOGY**

This study is of an exploratory nature. Accordingly, its focus is to derive a set of factors from existing related literature and develop a success factor model for external idea generation. To facilitate a thorough and multi-disciplinary search, two article databases (Business Source Premier and ABI/Inform Global) were used to identify relevant scholarly publications. These two article databases were chosen because they are the largest business related article databases today (in terms of the number of articles contained and the scope of publication outlets), and were, thus, deemed appropriate for the purposes of this research.

The identification of related work was conducted through a title and abstract search using the search terms specified in Table 1, searching through titles and abstracts of the articles in the databases. The researchers identified the search terms by identifying terms in the literature that are often used as a substitute for “open innovation” or are used to describe organisational acquisition of ideas from external sources. The researchers then consulted with other researchers in the innovation domain to confirm the adequacy of the chosen terms.

<table>
<thead>
<tr>
<th>Search term</th>
<th>Number of relevant articles</th>
</tr>
</thead>
<tbody>
<tr>
<td>“absorptive capacity”</td>
<td>529</td>
</tr>
<tr>
<td>“open innovation”</td>
<td>320</td>
</tr>
<tr>
<td>coinnovation</td>
<td>1</td>
</tr>
<tr>
<td>“co innovation”</td>
<td>26</td>
</tr>
<tr>
<td>co-innovation</td>
<td>17</td>
</tr>
<tr>
<td>“joint innovation”</td>
<td>5</td>
</tr>
<tr>
<td>“idea manag*”</td>
<td>20</td>
</tr>
<tr>
<td>“idea acquisition”</td>
<td>0</td>
</tr>
<tr>
<td>crowdsourcing</td>
<td>36</td>
</tr>
<tr>
<td>“crowd sourcing”</td>
<td>3</td>
</tr>
<tr>
<td>“wisdom of crowds”</td>
<td>29</td>
</tr>
<tr>
<td>“wisdom of the crowds”</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total number of unique articles</strong></td>
<td><strong>896</strong></td>
</tr>
</tbody>
</table>

The search identified 990 relevant scholarly publications (as of 8 May 2011). Some papers matched multiple search terms, hence, after an analysis of duplicates, 896 unique papers relevant to the defined search terms remained. After the list of unique papers was identified, we embarked on a process of manual analysis of the relevance of each paper to the topic at hand. This process was conducted by manually inspecting the abstract of the paper to ensure that it is of relevance. In particular, the researchers focused on whether the article included the idea generation phase of the innovation process and whether individual-level, rather than organisational-level, constructs were incorporated. If, after this phase of the analysis, the relevance of the article to the present research remained unclear, the article was deemed relevant and was included in further analyses. In total, 24 publications were deemed to be relevant at this stage. This number also includes non-academic publications that were repeatedly cited in the scholarly articles identified in the initial search.

The identification of relevant articles was followed by a manual process of content analysis. Each relevant publication was read in full, with a construct noted in a spreadsheet each time a publication made reference to, or inferred, collection or generation of ideas. The focus was on identification of any content that related to organisational actions when collecting or generating ideas, or organisational qualities that result in increased effectiveness of idea generation or collection. Once all the readings were complete, a final review of the constructs was conducted, combining any overlapping or synonymous constructs into larger over-arching
constructs, and eliminating constructs that are not under organisations’ control (i.e. any reference made to internal idea collection or generation that could not be generalised to external idea collection or generation, or reference to personal motivation was ignored).

CONCEPTUAL FRAMEWORK

As a result of the literature analysis, seven relevant constructs were identified, viz., offline platforms, virtual stakeholder environment (VSE), inbound marketing, monetary incentives, non-monetary extrinsic stimuli, technological support, netnography, organisational culture, and Idea Management System (IMS). Table 2 lists the constructs, their definitions, and specific articles from which they were derived. Accordingly, our conceptual framework consists of seven factors that are said to impact positively an organisation’s individual-level idea acquisition (see Figure 1). In the following sub-sections we explain each construct and its relevance to an organisation’s individual-level idea acquisition.

![Conceptual model of organisations’ individual-level idea acquisition](image)

Table 2: Factors positively associated with individual-level idea acquisition

<table>
<thead>
<tr>
<th>Factor</th>
<th>Definition/Description</th>
<th>Article</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offline Platform</td>
<td>Firm-hosted physical facilities where customers and other organisational stakeholders can visit to interact with the firm (e.g. suggestion boxes, interviews)</td>
<td>Robinson &amp; Schroeder (2006)</td>
</tr>
<tr>
<td>Virtual Stakeholder Environment</td>
<td>Online firm-hosted stakeholder co-innovation and value co-creation platforms.</td>
<td>Pitt et al. (2000); Rohrbeck, Steinhoff &amp; Perder (2010); Nambisan (2002); Nambisan &amp; Baron (2010)</td>
</tr>
<tr>
<td>Inbound Marketing</td>
<td>A marketing strategy that focuses on getting found by customers.</td>
<td>Halligen &amp; Shah (2010); Leimeister et al. (2009); Gamlin, Yourd &amp; Patrick (2007)</td>
</tr>
<tr>
<td>Monetary incentives</td>
<td>Monetary incentives (e.g. monetary rewards, free product trials, vultures etc.) developed by a company to motivate individuals to suggest ideas.</td>
<td>Von Hippel (2001); Füller &amp; Matzler (2007); Lüthje &amp; Herstatt (2004); Leimeister et al. (2009)</td>
</tr>
<tr>
<td>Non-monetary extrinsic stimuli</td>
<td>Extrinsic motivators of individuals to suggest ideas that can be controlled by the firm</td>
<td>Rohrbeck, Steinhoff &amp; Perder (2010); Ebner, Leimeister &amp; Krcmar (2009); Von Hippel (2001); Müller-Seitz &amp; Reger (2009); West &amp; Lakhani (2008)</td>
</tr>
<tr>
<td>Netnography</td>
<td>A qualitative research methodology that adapts ethnographic research techniques to study the online content emerging through computer-mediated communications (Kozinets 2002)</td>
<td>Eisenberg (2011); Von Hippel (1986); Jespersen (2010)</td>
</tr>
<tr>
<td>Technological support</td>
<td>Interactive multimedia tools, virtual brainstorming, or virtual focus groups, and the like that support the users in creating new ideas in the ideation phase.</td>
<td>Füller et al. (2009); Arakji &amp; Lang (2007); Müller-Seitz &amp; Reger (2009)</td>
</tr>
<tr>
<td>Management Commitment</td>
<td>Management commitment towards acquisition of external ideas.</td>
<td>Grönlund, Sjödin &amp; Frishammar (2010); Khoja &amp; Matanville (2010); Jansen, Van Den Bosch &amp; Volberda (2005); Chiaroni, Chiesa &amp; Frattini (2010)</td>
</tr>
<tr>
<td>Employee Attitudes</td>
<td>Employee attitudes towards external ideas.</td>
<td>Chesbrough (2003)</td>
</tr>
</tbody>
</table>
### Offline Platforms

To enable integration of external individuals into their innovation process, organisations need to possess an adequate infrastructure for capturing such external stakeholder knowledge (Nambisan 2002). Such an architecture can be IT-enabled or ‘traditional’ in nature. Traditional approaches to idea collection include initiatives such as focus groups, customer shadowing, physical idea suggestion boxes, face-to-face surveys, telephone interviews, etc. We term these approaches to be part of an ‘offline platform’. Offline platforms include any points of contact between an organisation and external individuals that enable acquisition of ideas by the organisation from those individuals. Without such practices (or IT-enabled approaches discussed next), organisations are very limited in their collection of ideas from external individuals (e.g. Robinson & Schroeder 2006). Therefore, we posit that:

**H1:** An organisation that has offline platforms for idea collection in place collects a larger number of ideas from external individuals than an organisation that does not have an offline platform in place.

### Virtual Stakeholder Environments (VSEs)

Past research recognises a more modern infrastructure for idea acquisition through the concept of Virtual Customer Environments (VCEs) - “firm-hosted customer co-innovation and value co-creation platforms that offer facilities ranging from online customer discussion forums to virtual product design and prototyping centres” (Nambisan & Baron 2010). VCEs are platforms for collaboration that allow firms to tap into individual and social knowledge external to an organisation through an ongoing dialogue, by enabling customers to create and evaluate products, provide an organisation with feedback, or express any other opinions and ideas (Füller et al. 2006; Füller & Matzler 2007; Nambisan 2002).

As the term suggests, VCEs have a limited focus on customers, not explicitly including the potential contribution of other external stakeholders (e.g. suppliers, shareholders, and others) in the innovation process. However, stakeholders other than customers often possess novel ideas that can be beneficial to the firm, therefore, they should also be incorporated into the virtual platforms. Accordingly, we propose the concept of Virtual Stakeholder Environments (VSEs) - firm-hosted stakeholder co-innovation and value co-creation platforms.

VSEs are important in increasing an organisation’s idea acquisition because they are more effective and efficient in idea acquisition than any form of offline platform or method (e.g. focus groups, idea suggestion boxes). Unlike offline approaches, VSEs allow an unlimited number of individuals to be integrated regardless of their geographical location (Füller & Matzler 2007) while still facilitating group interaction, resulting in a broader base for idea generation. In addition, by allowing organisations to bypass intermediaries (such as market-research firms for example) and connect with customers and other stakeholders directly, VSEs make stakeholder involvement in ideation and innovation activities more feasible and cost-effective (Nambisan 2002). This ability to bypass a third-party allows organisations to acquire a greater number of ideas given the same budget.

Existing research has not yet fully examined the effectiveness and contribution of VSEs to an organisation’s level of innovation. First, past research was narrow in scope through its focus on customers only. Second, with a few exceptions (e.g. Raasch, Herstatt & Balka 2009), past research on virtual environments has mainly focused on the development of open source software and other digital goods, neglecting the development of tangible goods or other products, services, processes or strategies. However, in the narrower scope of customer involvement, the importance of virtual platforms is clear and we thus hypothesise as follows:

**H2:** An organisation that has a Virtual Stakeholder Environment in place collects a larger number of ideas from external individuals than an organisation that does not.

### Inbound Marketing

Organisations need to consider marketing strategies that increase the number of unique and repeat visitors to any of its stakeholder interfaces. In an innovation context, an increase in visitors has the potential to result in an increased number of individuals participating in idea suggestion activities. Current marketing expertise increasingly recognises that the era of interruption-based marketing (i.e. push marketing activities such as TV
advertisements) is coming to an end (Halligan & Shah 2010). This shift is occurring because consumers have become more efficient at blocking out traditional methods of marketing (often through the use of information technology) and have also become more effective and efficient at finding information online (Halligan & Shah 2010). Accordingly, this decade ushers in an era of ‘inbound marketing’.

Inbound marketing refers to a marketing strategy that focuses on getting found by consumers (Halligan & Shah 2010). The three major components of inbound marketing are search engine optimisation (SEO), social media, and blogs (Halligan & Shah 2010). SEO helps to increase the number of visitors to an organisation’s webpage. The higher an organisation’s website ranking in the search engine’s search results, the more individuals are likely to visit the organisation’s website (including VSE) as opposed to a competitor’s website. At the same time, the presence of an organisation on a social media site allows greater reach and further drives higher levels of traffic on an organisation’s website. Finally, frequent updates of the organisation’s website, provision of blogs, discussion forums, interactive multimedia content, etc, brings readers back to the site over and over again (Halligan & Shah 2010).

While no research to date has empirically examined the relationship between firms’ inbound marketing activities and the number of ideas they acquire from external individuals, theoretical support for this link exists. Accordingly, we posit that:

**H3**: An organisation that engages in inbound marketing activities collects a larger number of ideas from external individuals than an organisation that does not engage in inbound marketing activities.

**Incentives**

Individuals require sufficient levels of motivation to share their ideas for improvement. An individual’s motivation to perform a task can be intrinsic or extrinsic in nature (Deci & Ryan 1985). Intrinsic motivation refers to the motivational state in which an individual is attracted to and is energised by the task itself, rather than by some external outcomes that might be obtained through doing the task (Deci & Ryan 1985; Zhou 1998). On the other hand, an extrinsically motivated individual performs a task in order to obtain something else in return, such as contingent reward, as an outcome of doing the task (Zhou 1998). Accordingly, extrinsic motivation can be influenced by an organisation to a greater extent than intrinsic motivation. This paper focuses specifically on constructs that are under an organisation’s control, thus, limits its scope to extrinsic motivators. With this scope in mind, two major extrinsic motivators for individuals to participate in idea generation are: incentives with a monetary value, and non-monetary extrinsic stimuli.

**Monetary Incentives**

Monetary incentives are immediate or delayed payoffs that have a monetary value attributed to them. These incentives can include cash, discount coupons, points that can be redeemed for presents or cash, vouchers etc. Accordingly, organisations may wish to implement monetary incentives to motivate individual participation in suggesting ideas, as some individuals are more likely to contribute their efforts in ideating activities when a monetary reward is at stake (Füller & Matzler 2007).

Psychology research has studied the notion of monetary incentives (or penalties) to a great extent and is generally in agreement that highly creative tasks are stifled by the provision of monetary incentives, while tasks requiring little creativity are enhanced (Amabile & Gryskiewicz 1989). This research, however, refers to the quality and duration of problem solving, while the quantity of generated ideas has not been investigated. Accordingly, depending on the type of ideas sought by an organisation (e.g. creative problem solving vs. simple incremental improvement), an organisation might benefit from providing a monetary incentive when the goal is an increase in the number of collected ideas. Accordingly, we hypothesise that:

**H4**: An organisation that puts forward monetary incentives collects a larger number of ideas from external individuals than an organisation that does not put forward monetary incentives.

**Non-monetary Extrinsic Stimuli**

In addition to monetary incentives, reasons for individuals to engage in innovative activities may also include expectations of self-image enhancement or recognition (Jeppesen & Frederiksen 2006; Lakhani & Von Hippel 2003; Lerner & Tirole 2002), expectations of expertise enhancement and learning (Namibian & Baron 2010), or altruistic motives (e.g. when a product enhancement has proven meaningful for other users or a product idea has been taken up by product development) (Jeppesen & Frederiksen 2006; Lakhani & Von Hippel 2003; Lerner & Tirole 2002). Therefore, organisations should develop a dynamic that gives a boost to
stakeholders’ motivation to innovate by integrating the elements of sociable communication (Preece 1999),
and act as a supportive, socialised platform. The social rewards obtained by individuals as an outcome of this
dynamic will be referred to as ‘non-monetary extrinsic stimuli’. We therefore posit that:

H5: An organisation that provides non-monetary extrinsic stimuli collects a larger number of ideas from
external individuals than an organisation that does not enable non-monetary extrinsic stimuli.

Technological Support

While individuals might have the capacity and willingness to provide an organisation with ideas for
improvement, they also need to be capable of doing so. Therefore, individuals have to be given the means to
share their ideas and knowledge, which are often hard to articulate and difficult to transfer (Von Hippel
1998). Technological support (e.g. IT interaction tools) can enable stakeholders to effectively engage in such
idea transfer. Certain tools can reduce the costs of transferring sticky information between producers and
consumers (Von Hippel & Katz 2002). For instance, users of video games know which design features
resonate with them, and why. However, this information may be hard to transfer in the form of words,
numbers or symbols. IT tools such as product development toolkits, on the other hand, have the potential to
make this process significantly easier and more effective (Arakji & Lang 2007; Van Zandt 1999).
Accordingly, we argue that:

H6: The richer the variety of technological support provided by an organisation, the larger the number
of ideas an organisation collects from external individuals.

Netnography

Regardless of an organisation’s marketing or managerial efforts, not all individuals who possess ideas will
initiate interaction with the organisation. Those individuals, however, might be a valuable source of
innovation ideas or might even be ‘lead users’. Lead users are defined as members of a population who (1)
anticipate obtaining relatively high benefits from obtaining a solution to their needs (and so may innovate)
and (2) are at the leading edge of important trends in a marketplace under study (and so are currently
experiencing needs that will later be experienced by that marketplace) (Von Hippel 1986). These individuals
are a very important source of innovative ideas for organisations (Von Hippel 1986). In many cases, however,
they participate in online discussions on virtual communities unrelated to the organisation (e.g. mountain bike
innovations that stem from users discussing improvements they have made to their bikes). Netnography is a
qualitative research methodology that adapts ethnographic research techniques to study the online content
eerging through computer-mediated communications (Kozinets 2002). Accordingly, we posit that:

H7: By identifying and engaging lead users into the organisation’s innovation process, firms obtain larger
number of ideas from external individuals than those that do not identify and engage lead users.

Employee Attitudes

One of the main reasons why many companies do not adopt a more open approach to innovation is that they
struggle with the challenge of sustaining internal commitment over a sufficient period of time to realise the
benefits of open innovation (Grönlund, Sjödin & Frishammar 2010). Employees working for a firm that was
once highly successful at closed innovation tend to believe that internal innovations are superior to any
competing ideas from outsiders. For example, flush from its successful user interface innovations of the
1980s, engineers at Apple Computer rejected external ideas in areas such as handheld computers (Kaplan
1996 p. 156). This is referred to “not-invented-here” (NIH) attitude and describes situations in which
employees have negative attitudes toward externally acquired knowledge (Chesbrough 2003). Therefore, it is
hypothesised that:

H8: An organisation whose employees have positive attitudes towards open innovation obtains a larger
number of ideas from external individuals than an organisation whose employees do not have such positive
attitudes.

Management Commitment

Senior management should be deeply involved in the innovation process, not only as gatekeepers of major
projects, but in a more fundamental sense of implementing a culture of innovation and even of participating in
the actual project development process (Cotterman et al. 2009). Organisations whose management exhibit
commitment towards acquisition of ideas from external individuals are likely to get involved into more
projects that involve idea acquisition activities from external individuals. In addition, by establishing specific management mechanisms and designing appropriate tools, processes, and structures, organisations may enhance their organisational capabilities for managing the different open innovation processes (Lichtenthaler 2011). Accordingly, this paper argues that:

H9: An organisation that has management commitment towards open innovation obtains a larger number of ideas from external individuals than an organisation that does not have such management commitment.

Idea Management Systems

An Idea Management System (IMS) is an organisation’s computer-based database for storing collected ideas. It is essentially a knowledge management system with a dedicated focus on managing collected improvement and innovation ideas. Such a system allows an organisation to keep track of, categorise and build on collected ideas, transforming them from tacit into explicit knowledge. In addition, by storing collected ideas on a single database rather than allowing them to be scattered across the organisation, an organisation increases the odds that the idea will reach an organisational sector that is intended to benefit from that particular idea. While the mere implementation of an IMS in an organisation does not by itself increase the number of ideas collected, it aids in the organisation of those ideas and ensures that all ideas are held in a central place. This, in turn, reduces the risk of ideas ‘getting lost’ in the organisation, in the various departments that might be involved in collecting them (Turban, Sharda & Delen 2010). Accordingly, we posit that:

H10: By implementing an Idea Management System, an organisation collects a larger number of ideas from external individuals than an organisation who does not implement an IMS.

DISCUSSION

This conceptual paper has developed a holistic model that integrates seven factors that can increase the number of ideas organisations can obtain from external individuals: virtual stakeholder environments (VSEs), inbound marketing, monetary incentives, non-monetary extrinsic stimuli, technological support, netnography, and organisational culture. While past open innovation literature has been largely disseminated, the model developed here is the first attempt to integrate past findings and develop a holistic understanding of one of the three critical stages of open innovation – idea acquisition.

The work has implications for both research and practice. In the research domain, the proposed model encompasses relevant scholarly as well as practitioner contributions. It synthesizes current research with published practice and ties together disconnected research ideas that relate to the idea acquisition stage of an innovation process. Accordingly, the paper provides a starting point for researchers to further explore the idea generation process.

For practice, the model provides some initial consolidated guidance based on existing rigorous research and practitioner experience. While the model is yet to be validated, the consolidation of existing academic and practical knowledge on idea generation is in itself a contribution to organisations that are typically in need of guidance on improving their innovation process.

CONCLUSION

Academic work on open innovation began to emerge following Chesbrough’s initiative in 2003 (Lichtenthaler 2011). Being less than a decade old, it is evident that open innovation is still a novel concept within the academic literature. Existing scholarly publications fail to provide clear directions regarding what organisations need to do in order to successfully implement open innovation strategies. As a first step towards providing such guidance, this paper presents a conceptual model of factors that increase an organisations’ individual-level idea acquisition – i.e. its acquisition of ideas. Ten factors are derived from a literature review of related work and provide theoretical guidance for increasing idea acquisition. In particular, existing research suggests that organisations that have offline platforms, Virtual Stakeholder Environments, engage in inbound marketing activities, provide monetary or non-monetary incentives, provide rich technological support for suggesting ideas, engage in netnography in search for ideas, have positive employee attitudes towards external ideas, have management commitment towards acquisition of external ideas, and implement Idea Management Systems, will collect more ideas from external individuals.

The paper is a first step towards offering consolidated guidance on increasing innovation effectiveness and has several limitations. First, the study looks specifically at factors that increase the number of ideas obtained
by an organisation, excluding the consideration of the quality of those ideas. Some of the constructs outlined in the paper, while increasing the number of ideas obtained from external individuals, may not lead to acquisition of ideas that are necessarily usable or high in quality. Second, the scope of the paper is limited to the idea generation phase of the innovation process. Therefore, factors regarding other phases of the open innovation process (i.e. assessment and diffusion) have not been considered. Third, the set of identified factors still lacks empirical validation,

Our future work will empirically validate the set of identified factors (though a survey targeted at CEOs, CIOs, managers, and other high level managerial positions in Australian organisations) and potentially identify further factors or moderating variables that have not been reported in existing research. Furthermore, we will extend this work to understand what assessment practices have to be in place to enable organisations to select the right ideas to implement and diffuse.

REFERENCES


Robinson, AG & Schroeder, DM 2006, Ideas are free: How the idea revolution is liberating people and transforming organisations, Berrett-Koehler Publishers.


Turban, E, Sharda, R & Delen, D 2010, Decision support and business intelligence systems (9th Edition), Prentice Hall.


COPYRIGHT

Elena Pashkina & Marta Indulska © 2011. The authors assign to ACIS and educational and non-profit institutions a non-exclusive licence to use this document for personal use and in courses of instruction provided that the article is used in full and this copyright statement is reproduced. The authors also grant a non-exclusive licence to ACIS to publish this document in full in the Conference Papers and Proceedings. Those documents may be published on the World Wide Web, CD-ROM, in printed form, and on mirror sites on the World Wide Web. Any other usage is prohibited without the express permission of the authors.