



Open innovation and its discontents



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ARTICLE INFO

Article history:

Received 15 July 2016

Received in revised form 20 January 2017

Accepted 20 January 2017

Available online 1 February 2017

Keywords:

Open innovation

Crowdsourcing

Networks

Digital economy

Labor

Subjectivity

Regime of accumulation

Neoliberalism

ABSTRACT

This paper critically synthesizes empirics and issues in discrete inter-disciplinary literatures to identify ‘open innovation’ as part of an emergent regime of accumulation, overlaying and co-existing with flexible production, and encompassing novel firm-level strategies, new forms of corporate networks, and a disturbing capital-labor relation that informalizes innovative work while cultivating entrepreneurial but self-exploiting subjects. I explain the novelty of open innovation, its genealogy, and the implications for people and conditions of work as much as for firms in a new topology of power relations. I cast the ensemble of strategies and tactics encompassed in open innovation as contingent, continually unfolding, and sometimes chaotic if not destructive for both firms and labor, in contrast to the celebratory tone in the business as well as geography and regional studies literatures regarding its benefits for competitiveness, innovativeness, value capture, and development. Open innovation – the externalization of innovation – entails long-run approaches to innovation and investment that are fraught with problems, prompting the development of short-term tactics to engage the challenges. One short-run strategy, crowdsourcing, bypasses the conventional web of inter-firm relations to connect digitally with individuals of the global crowd, enabling firms to reap the benefits of the crowd’s innovative talents, often without remuneration under circumstances that institutionalize informal work. These neoliberal subjects are best understood in terms of multiple subjectivities. I close by connecting the crowdsourcing of innovative with non-innovative work, both of which are parts of the emergent regime associated with new hiring and work practices that usher in new modes of exploitation.

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1. Introduction

This paper identifies ‘open innovation’ as part of an emergent regime of accumulation that encompasses novel firm-level strategies, new forms of corporate networks, and a capital-labor relation that informalizes innovative work while cultivating entrepreneurial but self-exploiting subjects. Open innovation generally is distinguished by a new approach to innovation: externalizing it. Under the regime of flexible production, innovation remained relatively fixed, ironically in a Fordist-oriented, in-house strategy as firms principally externalized production activity via outsourcing and offshoring. The lack of attention to innovation in the midst of the development of flexible production is unsurprising because the externalization of innovation was outside epistemic knowledges of production and corporate strategy until it became normalized by the opening decade of the new millennium. Critics of the regime of flexible production noted that it ironically remained implicitly Taylorist and rigid regarding inter-firm relations (Peck, 1992) despite numerous flexibilities (Atkinson, 1984), but rigidities regarding innovation remained outside the purview of the litera-

ture. This paper critically synthesizes empirics and issues from interdisciplinary literatures to explain the novelty of open innovation, its emergence and evolution, and the implications for people and conditions of work as much as firms and their networks.

‘Open innovation’ was coined by business guru Henry Chesbrough (2003) in 2003 to refer to the new business paradigm by which firms look outside their boundaries for innovations while purportedly sharing innovations and benefitting over the long run, a new form of outsourcing that contrasts sharply with the short-termism of outsourcing production in association with flexible accumulation (Jacobs, 1991; Johnson et al., 1989; Zysman and Tyson, 1983). As I explain, the landscape of open innovation is complex. Externalizing innovation encompasses an ensemble of corporate strategies that entail long-run approaches to innovation and investment, which, despite the celebratory tone of business and economic oriented literatures, are fraught with problems such as short-term loss of revenues, difficulty with externally accessing innovations rapidly and efficiently, and more generally, difficulties in meeting shareholders’ expectations. Consequently, firms have developed an array of short-run strategies to meet these challenges, and other firms – indeed a new industry, patent trolling – has emerged to capitalize destructively on weak links in the open innovation landscape. I explain the ensemble of strategies encom-

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passed in open innovation as contingent, continually unfolding, and indeed chaotic for both firms and labor – far from the triumphant business model that belies zero-sum inter-firm relations as well as a labor regime characterized by new and disturbing avenues of exploitation.

One short-run cost-minimization strategy is crowdsourcing, which signifies a means by which firms seeking innovations connect with a global labor force in such a way as to produce a new regime of hiring and work practices. Although crowdsourcing is just one of a number of short-run tactics to complement long-run investment strategies, it is important to consider to avoid a people-less landscape of open innovation and to clarify how everyday actors – ordinary people in search of work and livelihood – are connected to the world of firms, their strategies, and the networks they produce to develop competitiveness and capture increased value. It is this nexus that distinguishes open innovation as part of an emergent system of overarching governance, far beyond specific competitive tactics. Further, whereas *outsourced* digitized work in the new millennium generally entails standard contracts with workers and increased formalization and intensification of work (Flecker and Miel, 2010), *crowdsourcing* informalizes work and the capital-labor relation. This informalization occurs worldwide while the firms governing crowdsourcing and reaping the benefits emanate largely from the global north (Graham, 2014). Old topographies of uneven power relations persist, but the processes by which the global crowd are brought into the new regime of work differ considerably, with important consequences. The geographic orientation of this paper therefore is topological, focusing on how strategies and modes of organization across space configure in novel ways (Allen, 2016; Collier, 2009). Topological concerns do not trump, but rather encompass, topographic issues such as context-specific trajectories of regional development in the context of open innovation (Tödting et al., 2009), but in the interest of space I leave these important issues to another analysis.¹

The literature pertinent to open innovation is highly fragmented, leaving important connections unattended. Over the past decade the emergence of a new paradigm has been well referenced in the business literature, but open innovation remains scarcely cited in geography with the exception of a handful of studies in economic geography and regional studies that call attention to the role of open innovation in regional development and in linking regional innovation clusters to outside sources (e.g. Belussi and Sedita, 2012; Belussi et al., 2010; Cooke, 2005a, 2005b, 2013; Halbert, 2012; Malecki, 2013; Tödting et al., 2009). Yet the business and geography and regional studies literatures have elided the relation between open innovation as a lucrative means to enhance competitiveness relative to firms, industries, and regions on the one hand, and on the other, people – workers (see however Ettlinger, 2014). Just as flexible production pertained to wide-ranging problems, from firm efficiency and competitiveness to insecure and precarious work (e.g. Christopherson and Storper, 1989; McDowell and Christopherson, 2009), so too does open innovation. The large and empirically rich literature in sociology and geography on global value and production chains does engage capital-labor relations and conditions of workers (e.g. Neilson et al., 2014), although not to date in the context of open innovation. Whereas economic-oriented literatures on open innovation avoid

the people dimension of open innovation, the inter-disciplinary literature on precarity has offered rich accounts of precarious conditions work and related subjectivities (e.g. Aneesh, 2006; Banks et al., 2013; Beverungen et al., 2013; Gill and Pratt, 2008; Johnson, 2013; Lazzarato, 2011; Lessard and Baldwin, 2000; Murgia, 2013; Neilson and Rossiter, 2005; Ross, 2003, 2009; Scholz, 2013; Standing, 2011; Terranova, 2000; Xiang, 2007) but has presumed the persistence of flexible production, avoiding complex changes in the production of precarity. The discreteness of literatures on open innovation relative to broad issues of firms, corporate networks, and labor has overlooked their interrelation, which I argue reflects part of an emergent regime of accumulation that constitutes a new topology of power relations. Departing from a unilinear, regulationist perspective, I cast this emergent regime as co-existing with, rather than replacing, flexible production.

The remainder of the paper is organized as follows. I begin with a response to claims that open innovation is overblown, nothing novel, by way of a brief genealogy of open innovation. I use ‘genealogy’ in the Foucauldian (1998) sense to refer to a history that seeks not a singular origin, but rather “multiple beginnings” (Foucault, 1998, p. 374) relative to contingent conditions over time. Genealogy problematizes history-as-we-know-it by uncovering connections that have not been self-evident. The history I offer culls information from the business literature, which overall is concerned with identifying and elaborating new avenues of competitiveness and profitability, but implicitly encompasses problems and practices among actors in firms as early as the 1980s in the context of flexible production. The historical discussion is not of flexible production in the 1980s and beyond, but rather a synthesis of the avenues of departure from it. The next section problematizes the new regime to clarify some of the tensions and why open innovation decidedly is *not* emblematic of the so-called sharing economy despite discourse otherwise and the celebratory tone of the business literature. The following section identifies novel organizational features of open innovation, including a new generation of partnerships; new, often regional, heterarchical firm networks; and a new breed of firms that manages the global crowdsourcing of innovations by mediating relations between firms seeking innovations – ‘seekers’ – with ‘solvers,’ which can refer either to firms or other organizations on the one hand, or on the other hand, people ‘on the street’ seeking an outlet for their talents, often without remuneration. I then engage crowdsourcing as a regime of hiring and work practices that connects firms and their networks with people on the street worldwide, part of the emergent topology of capital-labor relations. The penultimate section turns to ‘solvers’ of the global economy to address their self-enrollment in the new mode of exploitation. This section makes use of posts on a blog written by Grace Oris and comments regarding specific issues published therein; as a component of new media, blogs are a useful if not crucial tool in qualitative research that permits access to diverse actors globally in the context of first-person accounts on specialized topics that are public (Hookway, 2008). The concluding section revisits the point I raise in this introduction – that open innovation is part of an emergent regime of accumulation – and closes by linking practices of crowdsourcing innovations with crowdsourcing non-innovative, cognitive work (Ettlinger, 2016).

2. A genealogy of open innovation

By the end of the 20th century emergent business models shifted from internalizing to externalizing the innovation phase of production cycles. The first survey of open innovation in 2011, although partial (encompassing only the United States and Europe and only large firms with sales over \$250 million), nonetheless reflects its large scale, scope, and rapid growth: over ¾ of firms

¹ This paper brings ordinary people into the analysis and situates them in the governance of open innovation. Studies that link regional development with open innovation commonly view ‘development’ institutionally relative to local context and in terms of long-run impacts on corporate innovativeness and competitiveness within regions; to the extent that workers are implicated in ‘development’ viewed this way, the type of work is relatively exclusive. Alternatively, policy could be developed to inclusively tap the talents of a local population towards social as well as economic goals (Ettlinger, 2017).

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