# Summary

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| Paper Title | Partner Selection for Open Innovation |
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# Key Takeaways

1. Focus of this Paper: partner-selection issues for open innovation in the maritime sector of Norway
2. Research questions: (1) Do firms follow causation or effectuation logic when they form open innovation partnerships? (2) How do firms select partners for open innovation?
3. 65% of OI projects are carried out with "steady partners"
4. The results show that effectuation rather than causation is a suitable approach for OI development under certain circumstances
5. Case describes a mode of limited openness: Partner selection is based on current trustful relationships; each partner can bring other trustworthy actors into the partnership

# Paper Overview

**Abstract & Introduction:**

* Consider OI from the perspectives of: (1) Causation & effectuation and (2) Social networking
* Results show that the effectuation approach is preferable to open innovation when:
	1. The initiator of OI aims to keep sensitive information inside the closed group
	2. The initiator has established an effective team of representatives from other firms from earlier innovation projects
	3. The participants are geographically close
* OI = "The use of purposive inflows and outflows of knowledge to accelerate internal innovation, and extend the markets for external use of innovation, respectively"
* Selection of the right partner is probably the most crucial aspect of OI success
* Observations of R&D partnerships show that some entrepreneurial firms follow an effectuation path that has a more ad-hoc and bottom-up character
* Entrepreneurial firms screen their networks of customers, suppliers, and other actors to find reliable partners, they are engaged in existing relationships, and they decide underway what several partners can do together
* Focus of this Paper: partner-selection issues for open innovation in the maritime sector of Norway
* In Norway, firms are continually encouraged to enter into new partnerships and to strengthen and redefine existing ones (tax credits, etc.)
* Research questions:
	1. Do firms follow causation or effectuation logic when they form open innovation partnerships?
	2. How do firms select partners for open innovation?
* Contributions
	+ Fresh insights to the literature on partner selection in open innovation
	+ Forming of R&D partnerships in open innovation will be considered through the lens of effectuation and causation theory

**Theoretical Backgrounds**

* In this study: Use of effectuation approach to explore the cooperative behavior of entrepreneurial firms
* Effectuation theory
	+ Explaining the decision-making approach of some entrepreneurs
	+ Phase 1: "Who are we?", "What do we know?", "Whom do we know?"
	+ Phase 2: "What can we do?"
	+ Phase 3: "Stakeholder interaction"
	+ Phase 4: "Leveraging contingencies"
* Causation theory
	+ Phase 1: Market is analyzed for prospective opportunities
	+ Phase 2: Entrepreneur or a top management team sets the goals
	+ Phase 3: Set of means to achieve these goals are determined
	+ Phase 4: Screening the market for potential partners & partner selection
* In this paper: Apply effectuation/causation theory to large firms (usually entrepreneurs)
* 2 modes of partner search:
	+ Institutionalized mode/mechanism
	+ Social mechanism

**Research Method: A Case Study Approach**

* A single case study method used to explore the research questions related to open-innovation partnership formation and partner-selection issues for open-innovation development
* The selected case involved the development of a unique and revolutionary ship that uses liquid natural gas and hydrogen power
* In 2012, seven semi-structured interviews were carried out among the participants of an open-innovation project aimed at developing an environmentally friendly hybrid-platform supply ship for a Norwegian shipping company

**Findings**

* The project used an OI approach and united enterprises based in Norway and Germany
* For an OI project, the project initiator wishes to use only reliable partners with whom they cooperated earlier
🡪 65% of OI projects are carried out with "steady partners"
* **Proposition 1:** Firms that had mutually beneficial relationships with certain firms in past OI projects would tend to engage the same partners in new OI projects
* **Proposition 2:** Firms that prefer to keep sensitive information related to a product to be created in an OI project, tend to select partners from those firms that they know from the past and have established trustful relationships, rather than select partners in the market
* **Proposition 3**: Initiators of OI projects tend to use an effectuation approach to new R&D venture formation when they have only a rough idea about the final product

**Conclusion & Implications**

* The results show that effectuation rather than causation is a suitable approach for OI development under certain circumstances
* Innovations are related to sensitivity of information outflow, and initiators of innovation prefer to deal with known partners that they trust
* Case describes a mode of limited openness: Partner selection is based on current trustful relationships; each partner can bring other trustworthy actors into the partnership
* Network has a limited number of partners