



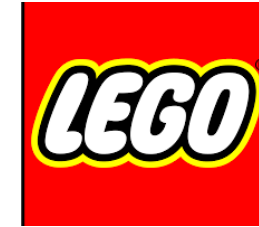
Managerial Decision Making in Open Innovation

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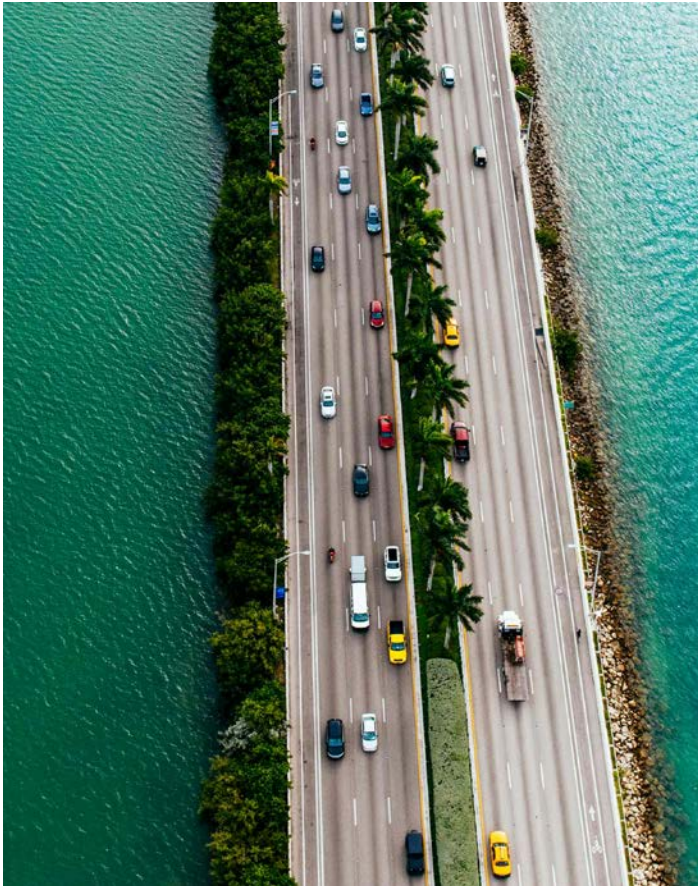
Forschungstagung Leipzig, 27.09.17

Open Innovation Initiatives



(Brabham 2013; Fuchs Prandelli, and Scheier 2015; Gassmann and Enkel 2004; Stevens, Esmark, Noble, and Lee 2017)

Current Research on Open Innovation

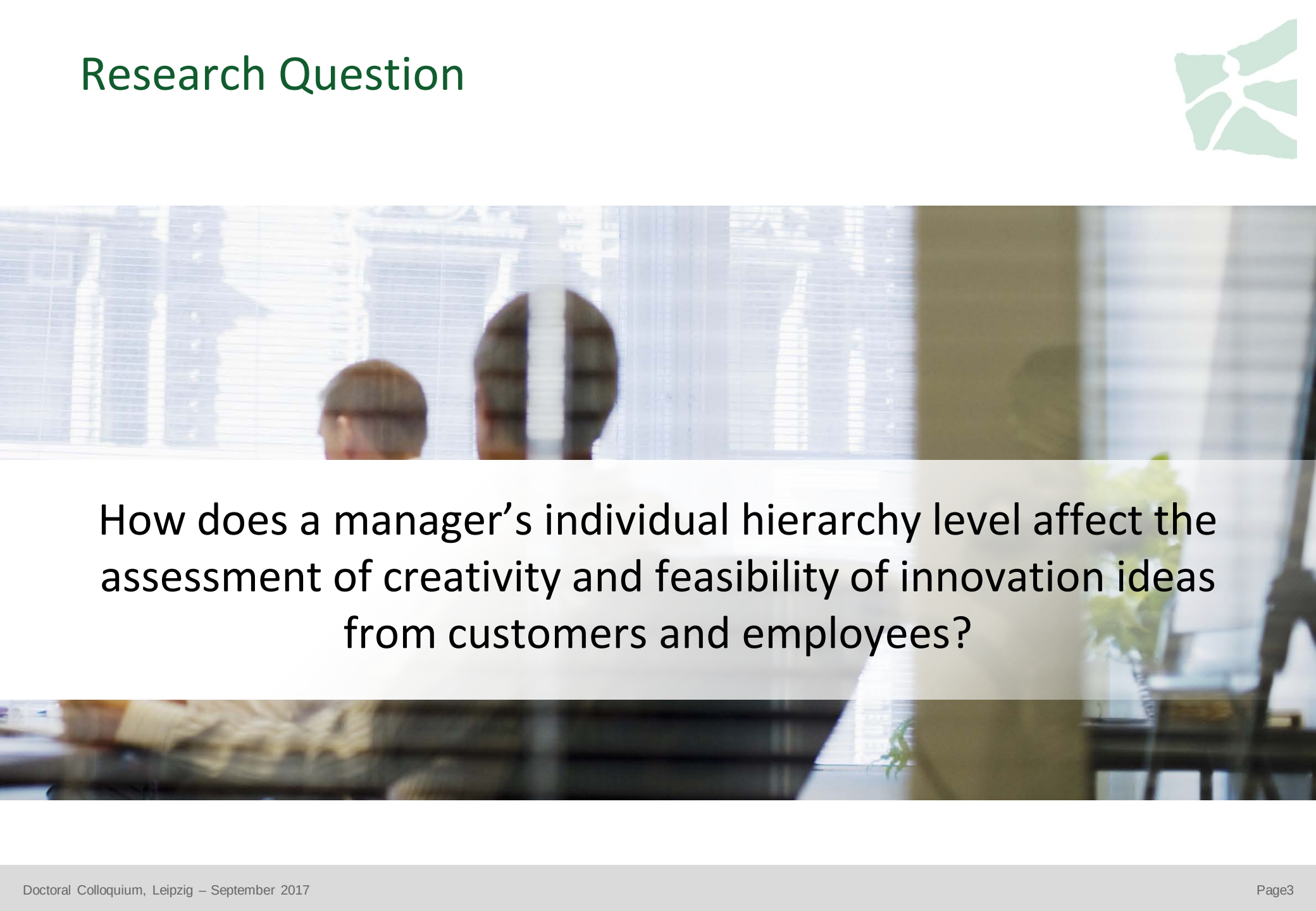


Focus Areas of Current Marketing and Open Innovation Literature:

- I) Customers' attitudes, behavior and outcomes within such initiatives
(e.g. Chan, Kim & Lam 2010)
- II) Design of co-creation activities and their perceived attractiveness for customers
(e.g. Stevens, Esmark, Noble and Lee 2017)
- III) Relationship between customer integration and product innovation success
(e.g. Cui and Wu 2015; Mahr, Lievens and Blazevis 2014)

Investigations on how responsible managers evaluate and select ideas have been comparatively scarce, despite being equally relevant.

Research Question

The background of the slide is a blurred office scene. It shows the backs of two people's heads in the foreground, looking out at a city skyline through large windows. The scene is brightly lit, suggesting daytime.

How does a manager's individual hierarchy level affect the assessment of creativity and feasibility of innovation ideas from customers and employees?

Research Contributions

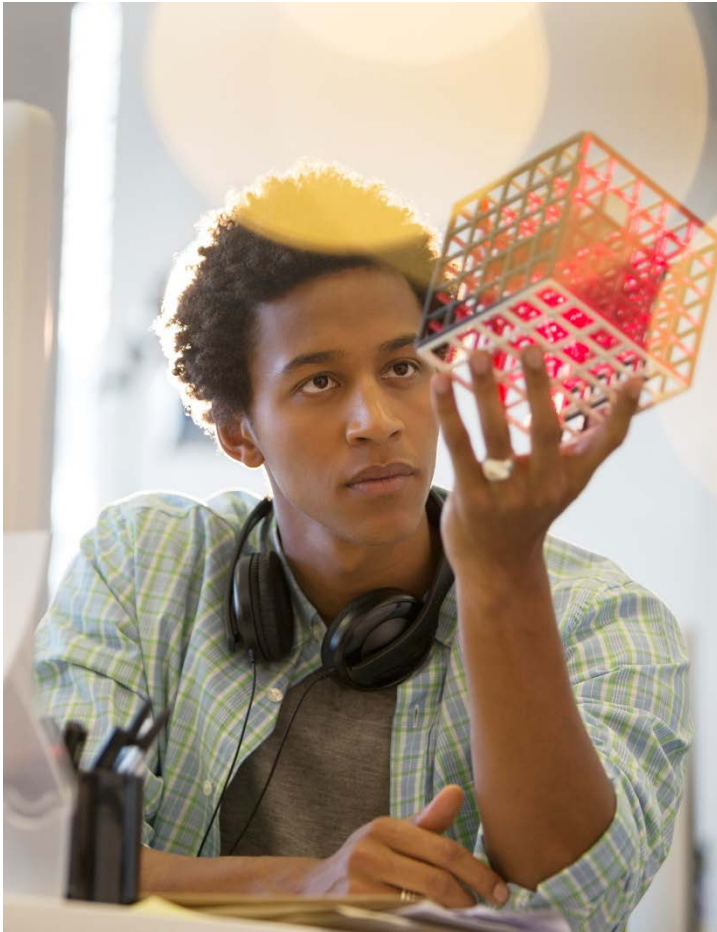


- I) Our research extends literature on managerial decision making within innovation processes
- II) We contribute to emerging research on construal level theory in organizations
- III) We apply theories on creativity as well as feasibility perception and evaluation to a management context
- IV) For practitioners, the present research identifies respective biases of managers regarding the evaluation of ideas within open innovation

Agenda



- I. Relevance, Research Question & Contribution to Existing Literature
- II. Theoretical Background & Hypotheses
- III. Method
- IV. Results
- V. Discussion & Future Research Directions



Construal Level Theory

- Framework to explain how individual contexts shape mental representations and respective outcomes (e.g. Wiesenfeld et al. 2017)
- Higher construal levels are associated with relatively broad, abstract, general and inclusive processing (Trope and Liberman 2010)
- Lower construal levels in comparison involve concrete, detailed, specific experiences and representations (Liberman and Trope 2008)
- Abstract or concrete mental processing is highly associated with one's psychological distance to respective events and stimuli



Construal Level Theory & Innovation

- We argue that people's default construal level varies within different hierarchy levels and thus plays an important role for the individual evaluation behavior within an innovation initiative
- Behavior of short-term concerns is associated with concrete forms of construal
(Wiesenfeld et al. 2017)
- Behavior of long-term concerns is more likely to be accompanied by abstract forms of construal
- From an organizational perspective, short- and long-term concerns are allocated to different hierarchy levels within a company
(Bartlett and Ghoshal 1994)

Hypotheses



Hypothesis 1

Top managers process idea evaluations on higher construal levels, resulting in differentiated creativity ratings of customers' and employee's ideas. In comparison, lower level managers do not show significant differences in the same condition.

Hypothesis 2

Lower level managers process idea evaluations on lower construal levels, resulting in differentiated feasibility ratings of customers' and employee's ideas. Top-managers do not alter feasibility ratings for the source of an idea.

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Sample

- 151 german-speaking managers
38 managers were excluded from analysis
- 21.2% women & 78.8% men
- Average age: 46.30 years (SD = 9.22)
- Departments:
 - Marketing (38.9%)
 - Organizational strategy (23%)
 - Sales (15.9%)
 - Innovation (6.2%)



Sample

- Hierarchy Level:
 - 34.5% Top management
 - 65.5% Lower level managers

Dependent Variables

- Creativity (three-item scale):
 $M = 5.07$ ($\alpha = .88$, $SD = 1.35$)
 $1 = \text{"not at all"}$, $7 = \text{"totally agree"}$; $n = 113$
- Feasibility (single-item scale):
 $M = 5.32$ ($SD = 1.65$)
 $1 = \text{"not at all"}$, $7 = \text{"totally agree"}$; $n = 113$

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Results



Hypothesis 1

Top managers process idea evaluations on higher construal levels, resulting in differentiated creativity ratings of customers' and employee's ideas. In comparison, lower level managers do not show significant differences in the same condition.



Hypothesis 2

Lower level managers process idea evaluations on lower construal levels, resulting in differentiated feasibility ratings of customers' and employee's ideas. Top-managers do not alter feasibility ratings for the source of an idea.



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Summary of Results

- Our study shows that a manager's individual hierarchy level affects the evaluation of ideas from different sources, in terms of feasibility and creativity ratings:
 - Top-managers, processing information on higher construal levels, tend towards distinct creativity ratings of an idea, dependent on its source
 - Lower-level managers showed no difference in their creativity evaluations, but altered their feasibility rating in respect to the source of ideas while top-managers did not.
- Post hoc analysis yielded that especially the evaluation of customers' ideas benefit from these rating biases of top and lower level management:
 - Lower-level managers rated the ideas from customers higher than ideas from employees in respect to feasibility
 - We found the same effect for creativity in the top-management condition

Discussion II/III



Alternative explanations



I) Expectations-disconfirmation theory

(Oliver, 1977; Yaniv and Kleinberger 2000)

II) Reciprocity Theory

(e.g. Cropanzano and Mitchell 2005)



Limitations

- I) The study has been conducted as an online experiment.
- II) Only 113 participants could be considered for analysis. The small sample and inhomogeneous group sizes of top level and lower level managers result in less statistical power.
- III) The stimulus of a “packing idea” is not representative for objects of managerial decision making in general.

Outlook for Future Research

- I) Other stimuli for evaluations need to be considered.
- II) Future studies should focus on the identification of underlying mechanisms behind our findings under consideration of e.g. expectation-disconfirmation or reciprocity theory.



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Literatur III/III



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Thank you for your attention!

