Chapter 9
Challenges to Firms’ Collaborative Innovation Facing the Innovation Babel Tower

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ABSTRACT

Access to different internal and external knowledge sources and learning constitute key dimensions of firms’ innovation capabilities to the maintenance of their competitive advantage. The increasing emergence of new modes of innovation involving a diversity of multi-stakeholder collaborations between industry, business, academy and civil society represents a challenge not only to firms’ collaborative behaviour but the way to organize, integrate and manage new innovative capabilities. In this context this chapter: a) explores and characterizes the different types of innovation ‘underlying’ in the current Innovation Tower of Babel and its implications to the firms’ cooperative innovation strategy and knowledge governance and b) provides examples of new target organization models, such as living labs and other ‘innovation labs’ where these types of innovations are being developed.

INTRODUCTION

In last decades we are living the transition towards a more knowledge-based mode of value creation and the expansion of the ‘knowledge economy’ or ‘learning economy’ (Lundvall, 1992; Drucker, 1994). In almost all economic sectors the emphasis has moved from the processing of physical goods to the creation and processing of information and knowledge. Innovation is increasingly understood as a complex socio-cultural process of learning involving a diversity of actors and knowledge sources (Garud et al., 2013). Firms recognize that innovative ideas can emerge from anywhere and it is more fruitful to engage others in collaborative innovation (Dhanaraj & Parkhe, 2006; Baldwin & von Hippel, 2011; Barrett et al., 2011; Gault, 2012). An ample literature recognize that many firms are moving to a more collaborative approach beyond the traditional cooperation with customers, suppliers and competitors towards users’ and community’s participation to drive innovation and generate both economic and social values (Baldwin & von...
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Hippel, 2011; Barrett et al., 2011; Austin & Seitanidi, 2012). The open innovation paradigm (Chesbrough, 2012) is shifting towards a more wide scope of ‘openness’ enabling deep knowledge exchanges between diverse actors involving fluid boundaries and complex networking exchanges. Firms can learn through collaborative arrangements with non-traditional partners such as NGOs or governmental agencies and be able to apply that learning to benefit their business as well as the collaborative partnership overall (Huxham & Hibbert, 2008). On other hand, collaborative innovation is extensively deemed to be the key driver of economic development and the principal tool for coping with major global environmental and socio-economic challenges (OECD, 2012; World Bank, 2012). Most R&D and innovation policies –e.g., the European Horizon 2020 Programme- prioritize accelerating collaborative innovation between private, public and civil actors as a way to solve current grand challenges we are facing. New innovation practices in different forms beyond the focus on technological innovation are increasingly taking up the political agenda and calls for enable effective multi-stakeholder collaboration across complex social systems. From this point of view, firms’ engagement in multi-stakeholder collaboration can be seen as an important vehicle for keeping up with unceasing and turbulent socio-technical change and sustainability mission-oriented innovation activities. In the praxis arena, firms’ collaborations are taking place in a context of a ‘Babel Tower’ where the meaning of innovation is blurring the boundaries between restrictive definitions based on technology and the normative taxonomies of the Oslo Manual. Learning in collaboration in this ‘fluid multi-stakeholder environments’ (Barlow et al., 2006) shows the complexity of different motivations and formality/informality degrees, posing several challenges and limitations to the organization of the innovation process and firms’ innovation strategies (Bhaduri & Kumar, 2011). In last decades a diversity of formal and informal collaborations, alliances, partnerships and inter-organizational networks involving multiple-actors has become widespread (Hardy et al., 2003; Huxham & Hibbert, 2008). This cross-sector interactions constitutes a new locus of potential innovate through collaboration. How do firms face the challenge to organize cross-sector multi-partnering collaborations? How do they manage/’govern’ knowledge that emerged as effect of multi-stakeholder learning dynamics? Which implications and impact has cross-sector collaborative innovation on the firms’ capacity to learn and adapt their absorptive capability?

This chapter focuses on these questions, exploring the current ‘map’ of cross-sector collaborative innovation and novel models of multiple-stakeholder organizations that are emerging worldwide. The two broad objectives are:

- To explore and define different types of innovation ‘underlying’ in the current Innovation Tower of Babel and their implications for the way in which firms collaboratively learn and generate knowledge.
- To provide examples of new target models and innovation networks, like Living Labs, Technological Innovation Hubs, where these types of collaborative innovation are being developed.

Overall, this chapter provides not only a conceptual overview on defining a set of innovation types but, more broadly, shows scopes of the ‘windows of opportunities’ to firms and organizations for innovating and creating economic and social values through such collaborative innovation types. At the same time, it contributes to recent research on the emergence of new organization intermediaries supporting multi-stakeholder collaborative innovation. The remainder of the chapter is structured as follows: Section 2 briefly describes the methodology applied, Section 3 explores the ‘babelisation’ phenomenon of innovation involving cross-sector collaboration between academy, industry & business and society,