

Chapter 10

Critical Barriers to Overcome When Corporates Engage With Startups: The Open Innovation Perspective

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ABSTRACT

The chapter aims at investigating the different implementation modes of open innovation (OI) adopted by companies when engaging with startups. In the last years, a significant body of literature has been published on OI-related issues. Research on OI is multidisciplinary and scattered among different fields of research. Based on this, the authors perform a comprehensive and systemized literature review to identify and describe the most critical issues to be considered when companies engage with startups. Specifically, they aim to identify the main barriers to corporate-startup collaboration and, in doing so, to provide a comprehensive framework able to shed new light on the proposed issue and to provide guidance to future research directions.

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INTRODUCTION

Today's world is characterized by globalization, keen competition, and shortening of product life cycles. The survival/growth aspect constitutes a critical issue for incumbents and, at the same time, it represents a significant opportunity for new entrants that can disrupt the market and rewrite the rules of the game. What represents a problem for established firms can be another's opportunity. Innovation is strictly linked to entrepreneurship, and being an entrepreneur means having a clear strategy in mind. Innovation is becoming more democratic and many of the new ideas no longer originate internally; instead, they can come from anywhere and anyone (King & Lakhani, 2013).

According to Chesbrough (2006) some erosion factors mined the old paradigm of Closed Innovation and shifted the attention to the new one of Open Innovation. Chesbrough not only stated that firms should use both internal and external ideas in their innovation process, but they can also profit from explore internal ideas outside the firm both in the research stage or in the development stage. This logic behind Open Innovation seems to be built on a landscape of abundant knowledge (Chesbrough, 2003, 2006, 2012a; Chesbrough & Euchner, 2011; Chesbrough et al., 2014a,b). Today's modern technologies are mainly linked to ICT and ICT-related sectors, and the logic behind the innovation process is fully reversed. The old idea of a central R&D lab is based on a deep vertical integration and this approach does not make sense in today's world characterized by abundance of knowledge, where the value of knowledge is in the outside. Today firms are likely to collaborate for many reasons: to reduce costs, to reduce risks, to achieve economies of scale, to reduce time to market, and to promote shared learning (Lichtenthaler & Lichtenthaler, 2009).

The rapidity of technological change and the complex nature of technologies drive the fact that only few organizations can nowadays afford to maintain in-house knowledge and expertise in every potentially relevant area (Chesbrough & Crowther, 2006; Chesbrough et al., 2014a; Van Lieshout et al., 2021). Companies are increasing the use of Open Innovation strategies adoption in order to face this new era of distributed knowledge, but many of them are having difficulties in implementing and managing OI activities – many entrepreneurs are also misperceiving risks and opportunities that Open Innovation presents (King & Lakhani, 2013).

New ventures and established firms are intrinsically different one from the other – large firms have resources, economies of scale, power and a proven business model, on the other hand, startups lack corporates' characteristics but have fresh and promising ideas, more agility in terms of organization, a risk taker attitude, and ambitions to grow rapidly – these differences rise real challenges to engage one with the other (Weiblen & Chesbrough, 2015; Chesbrough & Rosenbloom, 2012). Different modes of engaging with startups have been highlighted during the last few

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