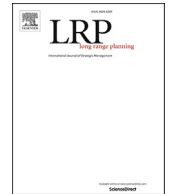




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Long Range Planning

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Open strategy-making with crowds and communities: Comparing Wikimedia and Creative Commons

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ARTICLE INFO

Article history:

Available online xxx

Keywords:

Strategy-making
Open strategy
Crowd
Community
Open innovation

ABSTRACT

In the wake of new digital technologies, organizations rely increasingly on contributions by external actors to innovate or even to fulfill their core tasks, including strategy-making processes. These external actors may take the form of crowds, where actors are isolated and dispersed, or of communities, where these actors are related and self-identify as members of their communities. While we know that including new actors in strategy-making may lead to tensions, we know little about how these tensions differ when either crowds or communities are concerned. Investigating this question by analyzing open strategy-making initiatives conducted by two non-profit organizations (Creative Commons and Wikimedia), we find that tensions with communities may be resolved with increasing openness in strategy-making, while crowds are better compatible with more exclusive strategy-making practices.

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Introduction

Although many organizations already relied on contributions by external actors before the digital era, the advent of new digital technologies has fueled the proliferation of ‘openness’ as an organizing principle (Tkacz, 2012). Approaches such as ‘open innovation’, ‘open collaboration’ or ‘open government’ deliberately seek and invite active participation of novel actors in the creation (Dell’Era and Verganti, 2010), improvement (Baldwin and von Hippel, 2011) and dissemination (Schau et al., 2009) of products and services.

While relying on external actors constitutes a form of “open strategy” (Chesbrough and Appleyard, 2007; Fosfuri et al., 2011; 2013), such reliance does not necessarily imply that organizational *strategy-making* itself is also more open in such cases. However, in the recent strategy literature, we can observe a growing interest in various forms of open strategy-making processes (Hautz et al., 2017; Whittington et al., 2011; Doz and Kosonen, 2008). Open strategy-making refers to the inclusion of actors in the strategy-making process, who customarily do not take part in such processes and are often situated outside of an organization’s formal boundaries. While the inclusion of external actors typically gives rise to novel practices intended to organize or facilitate collaboration in strategy-making (Luedicke et al., 2017; Whittington et al., 2011), the challenges associated with opening up strategy-making are significant. As strategy-making is generally conceived as a conflict-prone political process (March 1962; Knights and Morgan, 1991), a greater involvement in strategy-making implies that the conflicts and

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judgments underlying strategic considerations become transparent and relevant to a greater number of stakeholders (Fosfuri et al., 2011; Tkacz, 2015).

Against this general background, it does not come as a surprise that the recent literature on open strategy-making has identified several tensions (e.g., regarding empowerment or disclosure) arising from the inclusion of novel actors in the process (Hautz et al., 2017; Heracleous et al., 2017). According to Heracleous et al. (2017: 2), tensions are inherent to open strategy processes given “the directive, focused, convergent qualities of traditional conceptions of strategy and the non-hierarchical, expansive and often divergent nature of dialogic approaches”, which are characteristic for open strategy-making practices. Hautz et al. (2017), in their typology of tensions, or ‘dilemmas’ as they call it, argue that the complications and challenges associated with open strategy-making are always coupled to potential advantages. Building upon these works, we intend to show that tensions have an impact not only on the organization opening up its strategy-making, but also, and possibly more importantly, are related to the group of actors targeted or invited for taking part in strategy-making (for a similar endeavor in the realm of innovation see Seidel et al., 2017).

In line with the recent literature, we argue that the nature and intensity of tensions in open strategy-making are not uniform across cases and would suggest that the past literature already provides some guidance with regard to the importance of different groups of actors. For instance, the growing importance of informal communities in IT-contexts, which has been studied extensively (O’Mahony and Ferraro, 2007; O’Mahony and Bechky, 2008; Faraj et al., 2011), led O’Mahony and Lakhani (2012) to conclude that “organizations” reside “in the shadow of communities” (see also Seidel and Stewart, 2011; Felin et al., 2017). However, in addition to communities, where external actors are not only related to an organization, but also among themselves, another stream of research deals with organizations harvesting contributions from crowds (Afuah and Tucci, 2012; Bauer and Gegenhuber, 2015; Haythornthwaite, 2009; Jeppesen and Lakhani, 2010; Surowiecki, 2004). Although crowds and communities both reside outside the formal organization, they differ with respect to their specific relational setup: while communities are networks of interrelated actors, who may engage in interpersonal exchange and share social ties or a common identity outside an open strategy-making process, crowds mostly comprise actors who do not share interpersonal ties but are mainly related to the organization in some form or another (e.g. being a client, supplier or interested individual; see also Seidel et al., 2017). While this distinction between crowds and communities is implicitly present in the literature on open strategy-making, so far no specific research efforts have been undertaken to analyze whether it actually matters for understanding open strategy-making and, if so, how it relates to the practices and tensions emerging from ‘opening up’ organizational strategy-making.

In this paper we aim to address this issue. By analyzing six cases of open strategy-making initiatives by two organizations – Creative Commons and Wikimedia – that rely heavily on contributions from external audiences to fulfill their core organizational missions, we want to explore which difference it makes whether an open strategy initiative addresses either a crowd or a community of newly included actors. Thereby, we focus on differences in two respects: differences in terms of various *open strategy-making practices* and in terms of *tensions* emerging in the course of the open strategy-making process. The cases under study are especially suitable for this task as both organizations are subject to demands from both, a community surrounding and sustaining the organization as well as a larger crowd of users and adopters of the organization’s services.

Analyzing these cases allows us to contribute to the literature on openness in organizational strategy-making in three ways. First, we find that increasing openness in strategy-making leads to a greater variety of strategy-making practices. The relative merits of this increase in variety are context-dependent, as the consequences of increasing openness in our cases relate to the fit between types of newly involved actors and strategy-making practices. This aspect is illuminated further by our second finding that communities strive for participation in those practices, which exhibit a higher degree of openness with regard to decision-making, whereas crowds display the opposite tendency. Finally, our third finding documents that in the cases under study the tensions identified by Hautz et al. (2017) do indeed emerge out of the interaction between core organization and external actors (as suggested by Hautz et al., 2017) but differ with regard to actor types. Hence, in what follows we show how the dynamics of these tensions depend on the interplay between organization, crowd and/or community.

Theoretical background

From open innovation to open strategy-making

Over the past decade, we have observed a growing interest in and diversity of increasingly open forms of innovation. Initially, pioneers such as Chesbrough (2003; 2006) or von Hippel and von Krogh (2006) defined open innovation negatively in demarcation from ‘traditional’, ‘proprietary’ or ‘closed’ models of innovation. According to Chesbrough (2006: 1), open innovation combines “internal and external ideas into architectures and systems”. Subsequent works have focused on different approaches to open innovation such as “selective revealing” (Alexy et al., 2013; Henkel et al., 2014) or “crowd-sourcing” (Afuah and Tucci, 2012; Bayus, 2013; Jeppesen and Lakhani, 2010), all of which deal with various governance strategies involving different types of external actors in previously internal innovation processes (see also Felin and Zenger, 2014).

While applying a form of open innovation to a certain degree constitutes something that could be called “open strategy” (Chesbrough and Appleyard, 2007) or “community-focused strategy” (Fosfuri et al., 2011; 2013) in the sense of strategically

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