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Crowdsourcing and organizational forms: Emerging trends and research implications☆

Miguel Palacios [a,*], Alberto Martinez-Corral [a,b], Arsalan Nisar [c], Mercedes Grijalvo [b]

[a] ESCP Europe Business School, Madrid, Spain
[b] Technical University of Madrid, Madrid, Spain
[c] Chair of Energy and Innovation Management, Enterprise Institute, Faculty of Economics and Business, University of Neuchâtel, Neuchâtel, Switzerland

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ABSTRACT

Finding new sources for ideas and solutions is central to the innovation process. Organizations are increasing the use of crowd and crowd-based platforms to find novel solutions, raise capital, develop new products, pursue collaborative ventures, and develop outcome-based services. Researchers are using crowdsourcing to describe this breadth and depth of organizational level engagement with the crowd for explaining search behavior for innovative action. Despite crowdsourcing's potential, most of the research on crowdsourcing focuses around the end functionality of crowdsourcing in the innovation process (e.g., end-product development, continuous feedback, and collaborative ventures). What is missing from the current research is a certain level of inquiry into the theoretical foundations and their implications for subjects like organizational forms and institutional logic that are central for crowd-level engagement. Against this background, this study identifies emerging research themes within crowdsourcing, and maps out the future research lines.

1. Introduction

Organizations are increasingly using crowd for idea generation, finding novel solutions and financing new projects to maintain innovative action. As a result, the academic discourse on crowdsourcing is on the rise (Afuah & Tucci, 2012; Boudreau & Lakhani, 2013; Jeppesen & Lakhani, 2010; Lehner, 2013); further enhanced due to some anecdotal evidence of various organizations like Mosaic Inc., Nestle, P&G, Wikipedia, Threadline, and Innocentive. However, for most organizations, crowdsourcing is a particularly unfamiliar ground. Crowdsourcing requires new thinking, new resources, and new capabilities to effectively navigate the creative and unpredictable processes of engaging with the crowd, and manage both high-impact results and risks.

Further, in an attempt to validate crowdsourcing as a unique source of innovation for organizations, recent research has been narrowly addressing only certain aspects of the innovation process: raising capital (Belleflamme, Lambert, & Schwienbacher, 2014; Mollick, 2014), product design (Bayus, 2013; Poetz & Schreier, 2012), problem solving (Afuah & Tucci, 2012; Piezunka & Dahlander, 2015), and user-generated content (Boudreau & Lakhani, 2013). This approach indicates that scholars have restricted and developed the organizational engagement with the crowd under the broad notion of innovative orientation, which consists of providing immediate results. Furthermore, scholars often associate crowdsourcing with literature rooted in setting a firm's boundaries to suggest that knowledge does possibly occur in a more distributed approach lying outside the firm (Lakhani, Lifshitz-Assaf, & Tushman, 2012). These approaches result in a considerable body of literature on various categories of innovation associated to crowdsourcing, including open innovation (Chesbrough, 2003; Huizingh, 2011) and user innovation (e.g. von Hippel, 2005). This context leads to questioning whether openness, which partly depends on the level of engagement with the crowd, relies solely on some aspects of the innovation process like product design, new product development, and solution search. Openness should involve associating the use of crowd to the organizational form that the organization presents to maintain a degree of legitimacy in order to engage with the crowd.

This research takes the view that most of present discussion on crowdsourcing revolves around creating temporary advantage at best, where the organizational form within an institutional logic is preconceived and therefore undecided. What is missing from the research is the understanding of organizational forms embedded in the institutional logic within a geographical cluster context that often develop as sources of creation or engagement for crowdsourcing ventures. For example, Lambert and Schwienbacher (2010) report that not-for-profit organizations tend to be more successful in achieving their fundraising targets as compared to for-profit organizations and project-based initiatives, signifying that organizational form may be

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* Corresponding author.
E-mail addresses: mpalacios@escpeurope.eu (M. Palacios), amartinez@escpeurope.eu (A. Martinez-Corral), arsalan.shah@unine.ch (A. Nisar), mercedes.grijalvo@upm.es (M. Grijalvo).

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an important driver of the success for crowdsourcing initiatives. Lambert and Schwienbacher (2010) suggest that a possible explanation stems from the fact that not-for-profit organizations may be more prone to commit to high quality products or services. In contrast, for-profit organizations will set their quantity–quality mix that only maximizes corporate profits. Not-for-profit organizations put less emphasis on profit-making, they may therefore focus more on quality, which may be an important requirement for acquiring resources (Glaeser & Shleifer, 2001). This idea is consistent with prior research on gaining new resources, where most of the new ventures or initiatives lack prior capabilities or proven track record (Zott & Huy, 2007). The aim of this study is twofold. Firstly, this study aims to provide a certain level of inquiry to the creation of such engagements drawing on new organizational forms rather than solely on innovative action; second, the study explores how these organizational forms communicate the value of a particular project to gain legitimacy (often the legitimacy that the solution provider perceives within an institutional context).

Current research offers little understanding to the question of what organizations do to distinguish themselves from competing organizations to acquire resources or solutions through crowdsourcing initiatives. This idea leads to another question that is central to this research: how do organizations acquire resources through crowdsourcing initiatives? Part of the answer draws on how organizations arrange and communicate the intrinsic value of the project to a large set of external stakeholders. Apart from a few scholars (Lounsbury & Glynn, 2001; Zimmerman & Zeitz, 2002), who acknowledge the role of acceptability and the mechanism a firm uses to communicate a certain project's intrinsic value for acquiring resources, little research explores the theoretical and empirical effects of such questions.

The structure of the article is as follows: Section 2 provides an overview of the mechanisms of crowdsourcing; Section 3 explains how new organizational forms relate to crowdsourcing initiatives. This study clarifies some of the concerns about the scarce literature on the theoretical foundations of crowdsourcing associated with organizational level factors and theories.

2. Mechanisms of crowdsourcing

The fundamental notion of crowdsourcing consists of a seeker organization proposing to a crowd of contributors the undertaking of a task in form of an open call. This study uses Afuah and Tucci's (2012) understanding of crowdsourcing: an act of outsourcing a task to a "crowd," rather than to a designated "agent" (an organization, informal or formal team, or individual), such as a contractor, in the form of an open call (Howe, 2006; 2008; Jeppesen & Lakhani, 2010). The open call essentially refers to the crowd that can engage in meaningful interactions and provide solution, knowledge, and ideas. An online platform and other communication technologies coupled with social networking platforms largely facilitate this call. Fig. 1 emphasizes the fundamental components of a crowdsourcing initiative involving a seeker, online platform (intermediary), and the solution provider to map out the various stages and levels in a crowdsourcing initiative.

3. Organizational forms and legitimacy

The literature offers a fragmented epistemology regarding the creation of or practices about new organization forms; although a certain amount of conceptual work focuses on this area, studies reconnecting institutional research with processes that occur inside the organization are scarce (Suddaby, Elsbach, Greenwood, Meyer, & Zilber, 2007). Greenwood and Suddaby (2006, p. 30) define organizational form as "an archetypal configuration of structures and practices given coherence by underlying values regarded as appropriate within an institutional context". Further, Rao, Morril, and Zald (2000) describe organizational forms as manifestations of institutional logics that require legitimacy in order to become viable and a social fact.

Building a model of institutional logics requires a combination of micro, meso, and macro-level institutional work (Tracey, Phillips, & Jarvis, 2011). Thus, the institutional work at the micro-level relates to opportunity recognition. Research into institutional logic at the meso-level concerns the design and mechanics of organizational form (Child & Rodrigues, 2003) and the institutional work at the macro-level relates to the legitimacy of the organizational form, which requires the creation of more complex governance practices involving trust and cooperation (Rousseau, Sitkin, Burt, & Camerer, 1998). Further, any institutional change alters power alignments that delegitimize existing forms and go through a critical stage of theorization and legitimation by existing or new actors (Dacin, Goodstein, & Scott, 2002).

On the one hand, the factors influencing the deinstitutionalization process of the existing norms and practices, the questioning of their legitimacy, are (1) functional pressures, such as the current intensified competition for resources; (2) political pressures, such as the shifts in the interest and power distributions; (3) and social pressures, such as the differentiation of new and existing members about beliefs and practices. On the other hand, the social legitimation processes pursue the credibility or appropriateness of the new types of actors and interest,

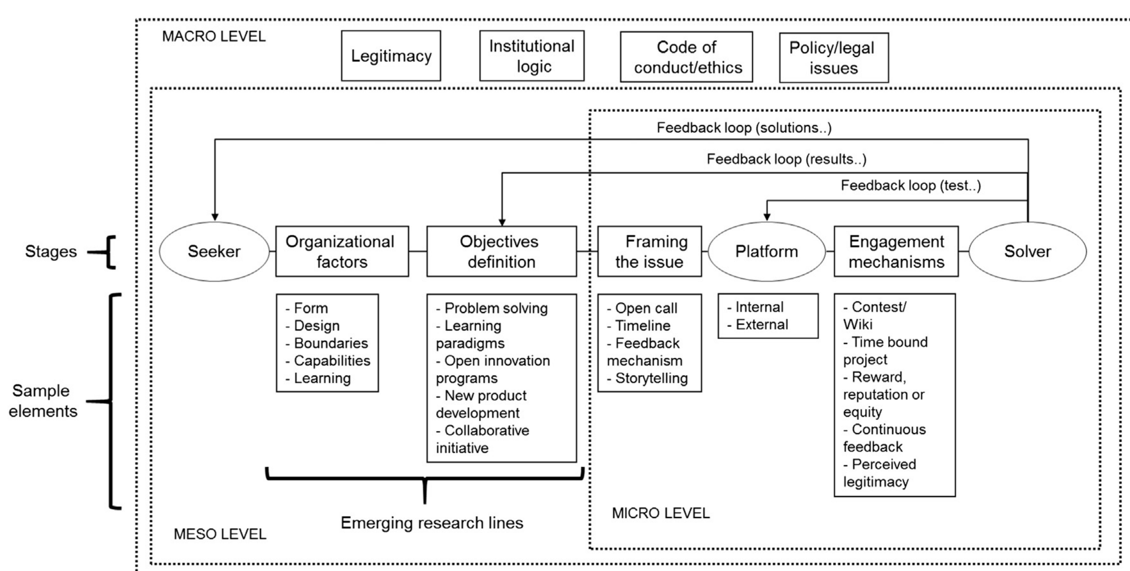

Fig. 1. Mapping out the components in crowdsourcing.