

Between outsourcing and Open Innovation

An intercultural case study in the Telecom industry

Thesis work Innovation Technology

Petra Edoff

Mälardalen University

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1 Introduction

As the competition is increasing both nationally and globally, the companies are looking for new ways to decrease costs and gain innovation. The latest hot topic is Open innovation (OI), which can be seen as the ultimate limit in terms of accessible expertise, since it makes no difference in valuing an idea in terms of its origin. The trend is that companies are increasingly acknowledging the relevance of external resources, engaging in OI rather than relying exclusively on internal research and development (Chesborough, 2006). There are many types of supplier relations and innovation networks that the companies can take part in, but OI can be seen more as an approach and mindset that should determine *how* the companies act, whether it's a question of being more open for ideas from another department, or even towards a competitor company. The companies are often using different types of collaborations and strategy and, potentially, trying to move up "the scale" towards OI. With this thesis work I propose that there are many different aspects that the companies have to be aware of when moving up the scale from in-house development towards global OI. In reality, not many companies are taking the full advantage of OI, nonetheless knows the perquisites for doing so. OI may be the trend for development of companies, but today the nature of this is complex as companies are using different layers of the supplier and collaboration types in different parts of the organization. The success stories which Chesborough uses to exemplify the concept of OI do not address the grey area, or place on a scale, where many companies are situated in. This study will therefore explore the complexity in managing these collaborations that is not so present in the literature. How do you manage a collaboration that includes supplier relation, partnership and a want for OI at the same time? This means that there has to be a selection on which projects to collaborate with, as well as strategies for collaborating in a more innovative way and the steps that needs to be taken to get there. In this thesis I am going to use this broad definition of innovation:

Innovation is the total set of activities leading to the introduction of something new, resulting in strengthening the defendable competitive advantage of a company. (van der Meer, 1996)

My partner company in this study is a global Telecom company (DU Technology) who would like to learn more about this and improve their collaboration with an Indian Service provider (ITC). These companies will be used as a case study to provide an example on how complex the movement towards OI can be, and what it demands from the companies to succeed. As the companies are working in a global context, I will also highlight the importance of an understanding for the cultural differences that affects collaboration and how to manage these when they are not a part of your own company.

1.2 Company partner and case study background

The partner organization of this project is a development unit at a large telecom company. DU Technology is a provider of telecommunications equipment and related services to mobile and fixed network operators globally, their network equipment is utilized by 140 countries and they offer solutions for all major mobile communication standards. The telecom company's mobile systems are based on platforms, which this unit develops. This part of the organization works on a strict budget and must at the lowest cost possible develop and implement the current technologies in the platforms. One of the strategies to keep the costs down has been outsourcing a large part of its activities to foreign partners. This study will focus on the partnership with a large Indian IT-service provider, with whom the company started up collaboration in the year 2000. Their partner is a consultancy firm with over 110000 IT consultants in 50 countries and the company provides IT services, business solutions and outsourcing to global businesses. It is a part of India's largest business conglomerates, which operates in seven different business sectors.

The telecom industry is an industry that experiences fast progress and demand that the companies are eager to innovate, to keep up with the pace that the technologies and customer demands are changing. As a result the organizations work in form of different projects and since the projects and the size of projects are changing – so is its employees. The Indian service provider has been involved in different projects under the years, and the complexity and timeframe of the projects differ as well as its content. The projects range from maintenance, 3rd line support to customers as well as product development in cooperation with the Swedish engineers. The structure of the collaboration is developed within the different projects, but typically the orders are completed in the Offshore Development Centre (ODC) situated in Hyderabad, India. The communication and cooperation with the Swedish partner also differs depending on how independent the outsourced project is from the product as such. Some products are completely developed and kept maintenance in India, while most of the projects involve development or maintenance of a small part of an existing product.

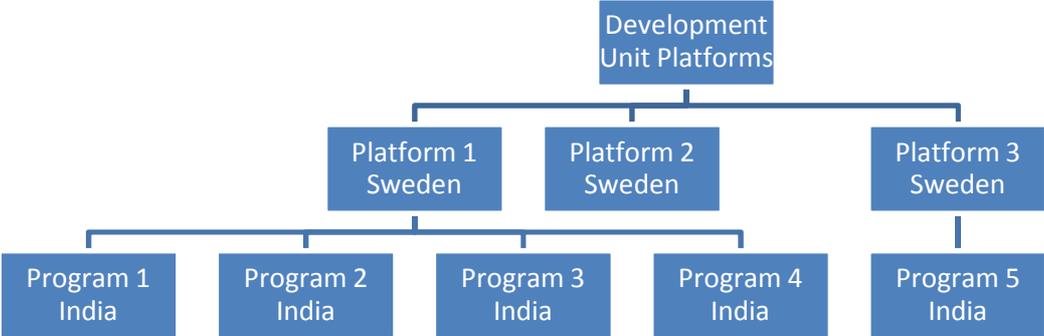


Fig 1. Organizational structure of cooperation

The points of contact with Sweden also differs among the programs, some have contact with Swedish designers and engineers, but mostly the point of contact are the responsible Line Manager and Project Manager

1.3 Purpose

The purpose of this study is to define a framework of areas that companies need to be aware of, when using different types of collaborations and striving towards Open Innovation. As the collaborations are increasingly global, the cultural aspects of managing collaborations are also discussed.

The Innovation mission towards Partner Company is to look at possible evolvement of their collaboration with their Indian partner, as well as potential learning for the companies as such in managing these different types of relationships. The companies are hoping to go from vendor/client relation towards a partnership and increased learning capabilities.

1.4 Problem

What strategies are needed for global interorganizational collaborations to move from outsourcing towards Open Innovation?

1.5 Limitations

This study focus exclusively on one of the organizational units of the partner company, and only on the parts of this organization that is involved in the cooperation with the Indian Service provider. Corresponding to this, the same projects at the Indian organization's side are being explored. At the same time this study will not investigate the aspects of the cooperation relating to the technology itself, only the aspects connected to the cooperation itself will be explored. The study will focus on giving an overall view over the dilemmas and challenges that companies face when moving in a continuum of collaborations towards the aim of OI.

1.6 Disposition of the thesis

After this first introducing chapter the thesis continues with describing the research design and the methods being used gathering and analyzing the material. In Chapter 3 a theoretical background on innovation and collaboration aspects is given which will provide a background to underline the differences that companies need to be observant of. Thereafter an overview of the case study is given, to show where the cultural or company specific differences lie and areas of improvement in the collaboration. In chapter 4 the theoretical as well as case study background to the collaborations between companies today. Following is chapter 5 which discusses the cultural differences and their impact on these collaborations. Finally the results of the case study and innovation science contribution will be described in chapters 6 and 7.

Chapters 3-6 all start with providing a theoretical background to the concepts, thereafter the empirical results are summarized and discussed.

2 Method

2.1 Sources of information

Information will be gathered from interviews with the organizations, but also by taking part of internal material, observation and communication with other persons who has collaborated with the organizations. Discussions with coordinators that helped me facilitate my study at both organizations have also contributed with input.

My position towards the companies strives to be neutral, there is also a wish from both sides for me to look at areas for improvements and spot the differences between the companies and how their employees perceive the collaboration. However, culturally I have a bias being a Swede and will therefore mainly look at this from that perspective. To limit the impact of this there was a larger number of respondents chosen from the Indian company and theory was gathered regarding cultural differences and facts about the Indian consultancies and the telecom industry in general. The sources of theory range from scientific journals, books and guides to local business magazines. For scientific journals the main database used is ABI/inform.

Collaboration regarding the questions for interview and interpretation of the results has taken place with an Indian student from Wellingkar Institute of Management Development & Research in Mumbai. After her advice the questions in the interview was set in a positive tone and there were no questions aimed at criticising the partner company, since that is a customer and they will value a positive direction. The student also emphasized the importance for me to read between the lines in the respondents' answers. With this support I was enabled to differentiate between what aspects are specific to ITC as a company and what aspects are general for the Indian Telecom industry or India as a culture in a more general way.

2.2 Interview method

Interviews has been conducted with employees at both organizations regarding the collaboration in general, as well as more specific questions on the differences in management and culture, enabling for creativity and information sharing. This helped me understand the differences in how core expressions are perceived. To get knowledge of what the respondents thought was important, the questions started in an open, general way and then proceeded with follow-up questions to get more specific knowledge or help them understand the context. The increased learning and understanding I gained during the process was used to be more defined in the questions and asking more thoroughly concerning the issues that the previous respondents had informed me about. The respondents were interviewed alone or in

their team. To make sure that no hierarchal influence was affecting their answers, the team and the team manager was interviewed separately. To give the interviews a more interactive aspect they were asked about the challenges in their work and then discussing possible solutions and their contribution. The respondents were also asked to name potential areas of learning between the organizations. In Sweden there was a “snowball” selection of respondents, this means that every respondent were asked to name further suggestions of appropriate respondents. The first respondent was the manager in each program. In India the selection was made in discussions with my on site coordinator.

2.3 The respondents

The respondents from Partner Company were chosen by the aspects 1) Role and knowledge about cooperation, and 2) Availability. Due to the fact that it is mostly managers who are involved in this cooperation from the DU Technology point of view, the selection looks different from that of the IT consultancy. In India the selection was based on getting opinions and knowledge from as many different projects and hierarchal positions as possible. Two respondents from another Telecom company’s offshore development centre was also chosen to gain knowledge on whether the results in the study was specific to the case study or general to consultancies and Indian Telecom industry as a whole. All respondents were given a brief introduction to the study, where I was from and informed that their answers were completely confidential. They were also given an explanation that this was a neutral study which aim is to contribute to future improvements to both companies and that citations of their stories could be included in the analysis. All the respondents were asked for permission to tape the interview for recollection purposes. Four interviews were not taped due to a delayed permission from the partner companies.

At partner company

- R1 Partnership manager, Platform 3
- R2 Partnership manager and Design manager, Platform 1
- R3 Product manager, for product completely outsourced from Platform 1
- R4 Line Manager for part of product outsourced from Platform 1
- R5 Section Manager for Software Design, Platform 3
- R6 Manager for 3rd line support, outsourced from Platform 1
- R7 Employee from the Indian Service Provider, now working in Sweden
- R8 Operational Development, DU

At IT consultancy

- DU Technology overall cooperation Manager
- EODC Manager
- 6 Program Managers (One from other Telecom company ODC)
- 7 Project Managers (One from other Telecom company ODC)

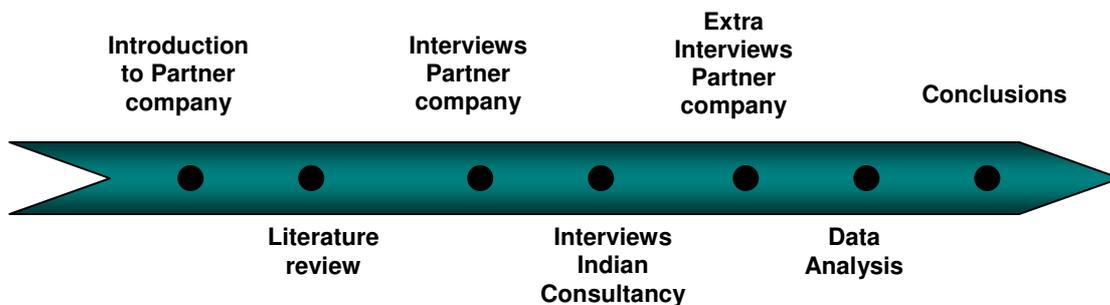
15 Team members
Learning & Development Head (HR department)

2.4 Method for analysis

The results from the Swedish respondents were written down from each person with under each question area so that the differences among the managers could be clarified. The results from the Indian respondents were also written down dividing the answers between the different themes, but also differentiating the answers based on their role in the company. The different roles were; Team member, Team Manager, Program Manager and Top Management of offshore development centre. In the analyses differences in answers between cultures and categories of employees were looked for and thereafter compared to the collected theories existing. The empirical results are compared with current theories with under each chapter.

2.5 Outline of the study

The outline of the study can be described with the following steps:



3 The present situation

In this chapter there will first be a theoretical framework, to enable categorization of where companies stand on the scale towards OI. It will then proceed to give an overview of the case study status of today.

The complexity of new product development is increasing, which requires multidisciplinary and complicated solutions. These can benefit from adding various competences, disciplinary areas and perspectives in such an interface (Marques et al 2005). Development of joint projects for innovation can be stimulated by the involved partners' knowledge of the competences. As companies increasingly strive to compete in a global arena, cost effectiveness in terms of choosing the right partner is essential. Goldbrunner et al (2006) describes how the global innovation movement often lead to that companies are expanding their number of nodes in a network, which makes them not only more complex but often more expensive to operate. They claim that "organizations benefit when they configure their innovation networks for cost and manage them for value". The decision to choose locations in the developing world can be based on the will to gain access to local market; decrease costs and (especially in India) get access to a pool of qualified workers. Goldbrunner et al

(2006) emphasizes the need to consider cost efficiency in innovation networks as well as companies does in other areas, e.g. manufacturing supply chains. When the location and partner is chosen it is of course important to manage this collaboration in the most appropriate way considering both the technological and economical aspects as well as the more diffuse aspects of communication, management and working methods. To be successful at innovation management it is essential to not only promote and identify internal ideas and put them to use, but also concern network and ideas existing outside the firms' boundaries as means to create innovative outcomes. These companies will be used as an example on how to make use and learn from your global network, for keeping costs down and at the same time develop towards innovation.

3.1 Handling different types of collaboration

Allen (2006) claim that the "large organizations will adopt a cross-product, cross-geography approach that incorporates in-house and outsourced capabilities in a variety of locations, whether provided on-site, near shore, or from lower-cost offshore centres in places such as India and China." When companies are deciding what to outsource where and to which provider will depend on how much value-add the service offers a firm and how much control it wants to maintain over the function. It is common for larger companies to hold different types of collaborations and this puts a demand on the companies to both have knowledge in managing and developing these. *In-house development* demands that all the technical expertise is available and able to work in a cost-efficient way. *Outsourcing or Offshore development centre* can be the next step towards gaining technical expertise and workforce. Brown (2005) defines that "Offshore outsourcing, or offshoring, refers to the procurement of goods or services by a business or organization from an outside foreign supplier, typically to gain the benefits of labour arbitrage. In the past 10 years, business process outsourcing (BPO) contracts have increasingly been awarded to firms in developing countries, because educated workers in these countries (in particular India and China) are willing to work for a much lower wage" (p vii Brown)¹. No matter the location, outsourcing requires the management to connect the service dots and achieve such a multifaceted approach. Because when the service provider may solve a problem for them, it also creates a layer of complexity. (Allen, 2006) As the strategic alliances and interorganizational collaboration is increasing on an international scale, the *interface management* becomes more and more of an issue along with its support processes and systems (Boutellier et al, 2008). If you are looking at organizational interface, that means viewing the whole project

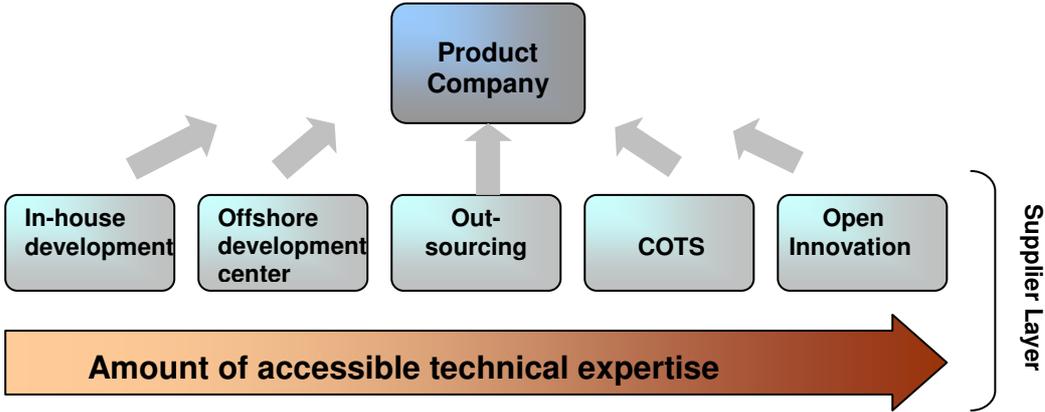
¹ Brown, Douglas. Black Book of Outsourcing : How to Manage the Changes, Challenges, and Opportunities.

Hoboken, NJ, USA: John Wiley & Sons, Incorporated, 2005. p vii.

<http://site.ebrary.com/lib/malardalen/Doc?id=10114144&ppg=9>

organization as a system, hence between resource suppliers. This of course put pressure on frequent, timely and reliable communication between the different participants. Besides information technology, local concentration of product and process technology also determines the development of R&D project management. The coordination intensity increases as fusion of technologies makes companies globalize their innovation processes. “Every company must be aware of how well it can access the technology necessary for survival. Not every company needs the same degree of integration and process orientation” (Boutellier et al, 2008). This is where the new ways of accessing technical expertise comes in. Terms such as COTS, Crowdsurfing and open innovation involves another way of accessing knowledge by being open towards the world outside the firm. This can be made by buying in or collaborating in new ways.

Commercial off-the-shelf (COTS) based software or hardware solutions are ready-made and available for sale, lease, or license to the general public and can be used as an alternative to in-house development. They have become commonplace in many domains since they can provide standardized functionality, shorter time to market and at lower costs than custom made solutions (Kessler, 2008). *Crowdsourcing* involves taking something traditionally performed by an employee and instead outsourcing it to an undefined (and generally large) group in the form of an open call. Companies are using a wide array of crowdsourcing models to do everything from programming, market surveys, and product development to R&D. For fast-moving businesses it makes sense in their systems development as they are willing to take risks, since the way they usually build is too slow. (Brandel, 2008).



All these types of cooperation’s can fit under the profile of Open Innovation, since it is not a type of collaboration in itself, but more of a strategy. By being open towards new ideas and new ways of gathering ideas, you can get more profit than by completing everything in-house. This strategy also means that the collaborations within the company are promoted and suggestions on improving the already existing collaborations can take place. Everyone is seen as a potential knowledge-contributor; regardless it is the CEO, employee, Competitor Company, supplier or an

individual user sitting by its computer on the other side of the world. To gain all this information of course requires certain openness from the company's point of view. Accessing all this knowledge from internal and external partners can mean a competitive disadvantage as well as gaining much more than what you have been open with. To gain the benefits of OI it is therefore necessary to have a strategy and knowledge within all the participants on how it should be managed in your company. The main hypothesis of this study though, is that companies will move up and down the scale of collaboration types, and this requires a systematic approach and with that a will and knowledge from all the employees on how to handle and learn from the projects at hand. Van Looy et al (2005) agrees that organizing for innovation does not present itself as a straightforward exercise. When implementing an innovation strategy it can be related directly to the multitude of objectives it compromises, and thereby entail complexities. O'Reilly and Tushman () describes how "Consistently successful corporations use various resources, skills and cultures in different parts of the firm to take advantage of technology cycles and to develop new products". These are the institutions what they call *ambidextrous organizations*, companies with a variety of business units that support different structures, competencies and cultures. They are the key to creating constant innovation streams and ensuring long-term survival. Van Looy et al (2005) concluded with their study the relevancy of adopting extended time frames as well as introducing interface management practices aimed at cross-fertilization. Finally, in order for ambidextrous organizations to become sustainable it is necessary that the synergetic potential of (underlying) technologies comes to the forefront. Sherwood and Covin discusses three factors relating to the organizational knowledge interface; (1) Trust, (2) Experience related factors and (3) the Partners interface mechanisms. They emphasize that trust can exist between organizations and not only between individuals.

Outsourcing

Vendor/Client relation
 Communication only when
 Necessary to complete job
 Maintenance & Routine jobs
 Shorter time frame

Open Innovation

Partners
 Communication open, for
 learning capabilities
 R&D collaborations
 Longer time frame

To summarize, handling all these different types of collaboration an interface management is required as well as an innovation strategy which handles how to learn and profit from the other participants. The current situation in the case study companies will be described in the next section.

3.2 The dilemmas of case study

The decision from DU Technology' point of view to outsource some of its activities was based on two different factors; to reduce costs and to limit the responsibility

towards keeping employees. As the laws for labour in Sweden are very strict and DU Technology has a demand from top management to be able to cut down costs by 30% at any time, hiring a consultancy in India made a lot of sense. ITC on the other hand, has worked with the concept of offshore development centres for many years, and has developed skills to handle the dynamic nature of these collaborations. As the collaboration has continued, both parties has communicated a wish to move more towards a partnership in handling this and have also put efforts in learning more about the partner and visiting the different offices for support. The dynamics of the projects are still varying degree of openness and involvement in the DU Technology overall strategies. For the projects involved with product development (but also the ones where ITC takes over for maintenance after the development) there is a rotation of Indians going on site in Sweden for learning and/or resource support during the development stage.

DU Technology current strategy towards ITC and innovation as a whole can be described as follows. DU Technology has a portfolio to guide decisions concerning "Make or Buy". Which projects/projects should be bought in and what should be developed in-house? This is a decision based on going through the portfolio that DU Technology developed and the process takes place periodically going through specific areas. When the project has a strategic value for the company it is preferred to keep it in-house to start with. As the strategic value decreases, the product will sometimes be moved to consultancy to make room for new strategic areas within the in-house R&D. If they were to send it outside directly, the understanding for the area might be too small for DU Technology to handle. If the product is decided to be bought in, they hire consultants to do so, but there is of course other example of grey areas where another strategy is used. The nature of the business and the rigidity of the company also contribute to them adding consultants in the developing process, as a way of adding flexibility and resource support.

There are other aspects influencing how DU Technology think and act in these areas R8 explains. Using consultancies they always want to make sure that they are one step ahead of their suppliers. There is a fear for letting whole products to a consultancy because of the risk that the consultancy at one point will want to change its strategy, which results in them being able to use all the knowledge gained in the collaboration and potentially be a competitor to "count with". This is an interesting aspect of the ITC collaboration since the overall ITC group has knowledge collected from many domains and clients which means that they could access the whole value chain from e.g. platform to services. Another fear that influences their decisions are the maturity of the products, on their way to "end of life" in the product lifecycle. Platform 3 is at present their main cash cow, if they put all this work to outsourcing to an outside consultancy and outsourcing, what if they cannot make it? Then there will be no money left to give to the development areas. A third aspect on the use of consultancies and outsourcing is the cost and efficiency issues. DU Technology wants

cheap and efficient man-hours when they hire a consultancy. This means that as a product has been outsourced for a while, the consultancy should be able to push the price and man hours down even further, a continuous improvement. This will of course decrease the consultancy's profit in the short run, but in the long run it will mean that they are given more and more complicated projects – since they have shown a will and ability to learn and be efficient. The shorter time it takes to complete the job should NOT be filled with more complex improvements with no value to the customer, because that is not valuable for DU Technology either. In the same time, this is something that DU Technology looks for in a partner. As the situation is today, ITC is not a partner (that is not the business model being used) but they are treated as a supplier – in a preparing mode towards partnership. DU Technology wants their supplier to be the best supplier in the world, because that will accompany DU Technology in their goal to be the best in their area of expertise. R8 tells me that DU Technology wants ITC to have the product life cycle management competence and similar even though they are not a partner. R8 also explain that they would like to see more “hunger” from the ITC side. Just because they are used as a vendor right now, does not mean that they will get all projects in the future. As the managers change at DU Technology, it is in their interest to continuously market themselves and their competence towards DU Technology. From the steering point of view, DU Technology uses the OSG to communicate and strategy towards their vendor. Nowadays the OSG has t parts; the ordinary feedback on the work, and innovation management and cultural part. There are also local steering groups in each platform and so on which handles the more specific issues.

Through the interviews I have conducted, it is clear that many misunderstandings that existed in the beginning have been solved under the years. The respondents from both companies report some confusion regarding the possibilities of the collaboration to develop towards a partnership and the factors hindering efficiency and value adding to be done.

From the ITC point of view the challenges the colleagues are facing is strongly related to their role and also their insight in how their ITC and DU Technology as organizations are working. The teams want more information, less sudden changes, better equipment and a flexible interface with senior designers in DU Technology. Managers are more focused on meeting the clients' expectations and creating teams that have no grey areas of knowledge, less churns and that do not make mistakes (especially repeating them). There are also issues with the limited access to DU Technology databases and getting an overall perspective on the context in which their deliveries are being used by DU Technology. The interviews conducted at DU Technology gave slightly other results. Some of the respondents perceive the Indian employees as young and inexperienced; because of this they are not valued as an equal partner to gain knowledge from. Other respondents perceive the Indian

organization and employees to possess knowledge that themselves do not, but do not see this part of the knowledge transfer today.

As the Indian employees ask for more insight in the DU Technology overall strategy with the projects and access to systems, more development-oriented projects, while the Swedish managers ask for more proactive oriented results, decreased attrition and creative feedback – there is two different perspectives on what should be changed to benefit more from the cooperation. These are issues connected to communication, cultural differences, as well as different views on proactive creativity and innovation. It is also clear that the transition between client/vendor towards more of a partnership creates confusion and varying strategies. Sometimes the Indian consulting firm is seen as a partner and invited to participate in the overall picture and so on, in the same way the Swedish are treated alternately as client or partner. These differences will be explored in the following two chapters.

R3 explains “This activities are hidden, unknown, by very many, when in the same time there are many who knows a lot. Like at AXE, if I don’t deliver everything stops. The one’s who work with the budget doesn’t know that I have been working with effectivity through all these years. They question- what do you do with all this money?” IP3 would like to see a bigger cooperation with all the parts of the organization using tools. “Operational excellence, what does that mean in reality? It is not the same as cutting down costs with 10 % each year. What methods, tools, are necessary to decrease the costs by 10% each year?”

4 Working globally – getting to know the differences

This chapter will describe how cultural differences can have an impact on global collaborations. Being open towards the different cultures with whom you collaborate with is an aspect that I want to promote as means for success in the global arena. As a result of the globalization organizations are becoming more similar internationally, in terms of their structure and technology. Meanwhile the existing work related practices and worker preferences continue to be culturally-bound nationally (Isaac, 2003). No matter which kind of collaboration is chosen, if the partner is from different country there is always going to be cultural differences that can cause misunderstandings, or give beneficial outcomes if you know how to make them into an advantage. There is of course the alternative to just go with the flow and act accordingly with your own culture, but this can have an effect on the collaborations efficiency and the trust that the partner experience. There can be several kinds of differences that affect a collaboration, e.g. national, regional, domain specific or company specific. If there is a long-term collaboration it is essential for understanding to know what kind of difference the specific factor stands for, which in turn can tell if there is a potential for changing it or parry so it does not affect the collaboration in a negative way. Gaining this knowledge can also help as foundation for decision-making on what projects appropriate to use (e.g. outsource) into the

different collaboration partners. This chapter will discuss some of the cultural differences that exist between Sweden (Europe) and India (Asia), but also suggest how to manage these and where the differences can provide learning capabilities.

4.1 Working with India

Bulls (1998) have a guide for doing business in India, which still can be considered as having implications for people working towards India or with Indian employees. He claims that the most common difficulties in day-to-day labour-management relations are:

- Management do not understand the Asian concept of “face”
- Foreign managers do not understand the Indian’s deep psychological need for validation.
- Management does not understand the primacy of family in workers’ values.
- Foreigners do not understand the Indian sense of work ethics.
- People are often afraid to admit their failings, particularly when it comes to mastering a particular technology or equipment.

Loss of face and communication

Managers can cause loss of face when they not get employees promoted when the time is due, not give due recognition for good work, excessive criticism, and, above all, public rebuke. If managers cause loss of face there will be consequences in the employee’s behaviour and performance. Throughout Asia the concept of face is also associated with denial and false belittlement. The foreign manager will experience it very difficult to get true facts from anyone, especially if those facts are negative. In the same time Indians rarely take responsibility for mistakes and accountability can be weak as the errors and oversights are blamed on subordinates or simply passed over.

The concept of face will affect management employee relations in three areas; criticism, protecting bosses and trust building. The most effective Indian managers compliment in front of others and criticize behind closed doors. Public praise results in praiseworthy employees: praise often, accurately but do not overdo it. Bulls (1998) continue by explaining that the protecting of bosses origins from the concept: authority is arbitrary and often wrong, but it is authority nonetheless. Lower level employees are reluctant to make decisions because they fear loss of face if they are wrong, yet also loss of face if they make a good decision that was someone else’s duty to make. As a boss you will be told the truth about things only with reluctance and after much prodding. This is especially true if you ask an employee to critique your own style or one of your decisions. Personal business appointments on office time are normal practice’ employees expect the right to ‘drop in’ to see a business associate whenever they want. (Bulls, 1998) The concept of face is a diffuse aspect that can be hard for a foreigner to fully understand without having lived in a country where it applies. The descriptions of the concept may not always apply, or be

recognized by e.g. the Indians themselves, but it will affect areas ranging from communication, feedback and creativity (which will be explained below).

Creativity

Much of the literature seen today is made from a western, often American, point of view. I would like to describe some of the differences that can be seen in the eastern approach towards creativity, to make clear that the way we look at things may not apply all over the world. There is a difference in the Asian approach to taking risks; there is a fear of making mistakes and losing face. However, if you are not willing to make mistakes there will be no discoveries made either, allowing for mistakes is essential concept in order to encourage risk-taking. How can this be done in a collective culture where an individual's reputation and image are highly influenced by the thoughts and opinions of others? The tools and techniques available can be learned but the processes and internalized behaviour needed for long-term positive change is essential. To apply existing tools an individual must know how to fit the new concept into the Eastern paradigm, divergent thinking is one aspect which causes trouble in the conforming Asian compared to a creative westerner. In Asia the creativity is seen positive if it serves the greater good in the society, if creativity is a combination of novelty and usefulness it may be that Asians put emphasis on the usefulness aspect to a higher extent. At the same time, they are much more concerned with social influence and contribution than innovativeness in thinking.

Another way of putting it is that Western societies are more likely to produce individuals who are task-involved, or intrinsically oriented, while Eastern societies develop ego-involved, or extrinsically oriented, people. Students treat learning in an instrumental manner, it is principally as a necessary step to future employment. Part of the Asian education system is creating passive learners who look for authority figures to dictate to them what and how to learn and Asian students are often extrinsically focused on pleasing their parents and concerned with social reputation. There is a social pressure to conform that is not so present in Western societies. (Singh, 2004)

“One must be careful not to engage in activities that will diminish his/ her face. This situation sets up a dynamic struggle between creative thought, pursuing one's own ideas, versus conforming to society thereby enhancing socially determined self-esteem.” (Singh, 2004, p. 281)

Singh (2004) also discusses the fact that the most efficient way to express creativity is to take advantage of innate tendencies and talents, not force oneself to behave in a manner that is inconsistent with these natural inclinations.

Motivation and Attrition

Why does attrition happen at all? Studies show that two thirds of the employees leaves because they are unhappy with their boss or workplace rather than because of money. Gopalakrishnan, executive director of Tata sons, doubts that line bosses knows this and think that HR should be put on the agenda for line bosses. He thinks they should understand that their main job is to manage people, and attrition is one of the measures they should be evaluated from. (I wonder, r. gopalakrishnan)

A big challenge for HR is to manage the aspirations of employees in their twenties who are 2-3 into their careers, as these considers more than 30 per cent annual salary hikes as their right. In the meantime, the cost of hiring in India has increased across all industries to almost the double. Unfortunately, the efficiency is not keeping pace and when comparing to global average. These annual hikes have been half its value some years ago and the time will come when they go back. When that happens, high growth sectors such as the telecom industry are on top of the vulnerability curve. As the growth in number of university is increasing, there is still a shortage of qualified and skilled people that are suitable to be employed in multinational companies. (Uneasy signs, Rajeev Dubey)

One of the new ideas in the HR seeking the best way to retain employees is employee engagement, which measures to what extent an employee is emotionally bonded to an organization. Blessing White collected global responses, among these from 4500 companies across India, to an online survey to analyze for worldwide employee engagement trends. They concluded that the Indian respondents answered consistent with the global demands while suggesting that the factors most influential to their work satisfaction are:

- 1) Career development, opportunities and training,
- 2) More challenging work and
- 3) More opportunities to do what I do best

On factors influencing contribution at work the respondents emphasized:

- 1) Development opportunities and training
- 2) Regular, specific feedback in how I'm doing
- 3) Greater clarity about what the organization needs me to do and why.

When studying engagement and retention the study concluded that the fact that an employee being fully engaged is less of a guarantee of retention in India.

(www.hranexi.com/report.pdf)

4.2 Cultural influence in case study

Work has been done on both sides at the collaboration to increase understanding and feedback. Cultural courses, workshops and meetings have made the Swedes to specify their orders more clearly and taught the Indian employees to increase feedback. The Swedes have had trouble getting feedback in time when something

goes wrong in India, since the Indian culture do not want to admit faults and “lose face” and at the same time “do not use the word no”.

One of the themes from the interview results was the affect of organizational structure interface. Sweden has a different organizational structure and working methods which are imposed on their partner. This in turn causes the Swedish company to have less capability to learn from their partner, to observe differences as valuable. This was experienced by several Swedish respondents, as well as the Indian Program Managers. The Swedish management style is more flexible and gives freedom to the different units; orders are in the form of ideas rather than specified orders. The Indian management style is described by the respondents as based on hierarchy and authority; the staff is not supposed to criticize or give feedback to their boss and executes the assignment exactly as the order has been given. In the Indian culture it is essential to have many posts in your CV, hopefully also international experience, which is a problem since it causes a big staff turnover. This requires constant knowledge transfer and knowledge on how to motivate the staff to stay within the company, for the benefit for both parties in the collaboration.

Swedish respondents’ perspective

The respondents were asked to name the cultural differences they had experienced and how these influenced the work. R5 describes how it is hard for Asians “to lose face, it is a big step for them to ask for help. They work be themselves, when they run into trouble they do it hard. The manager down there is pointing out directions, the centre of attention.” IP6 considers that there is several problems culture wise:

- Keep the competency (employee rotation)
- Make it clear – this is not my problem
- Practical problems, how does DU Technology choose to give access to information systems? How is it possible to give access, block some information? In the same way that you want to protect, you need to give them the necessary access to complete the job
- Competence transfer
- Time difference
- Language barriers. In the previous ITC location there were a lot of traffic, we are not used to the dialect and mostly the speed of talking. How do we manage it if we cannot communicate?

A national difference is that in Sweden the industry is fairly matured and this specific case study company has a long experience and also leading in many areas globally. In India on the other hand, the whole IT-industry is not yet matured as the employees are fairly young and new to the business they do not know what to expect for the future which affects their behaviour and motivation as will be explained further later. As a result of this there is also a difference in knowledge and attrition. In the case the Indian consultancy has an annual attrition of 14.6 % and 4.8 % within

the DU Technology Offshore Development Centre. This puts greater demands on knowledge sharing and processes compared to Sweden.

R4 means that the management is changing depending on the current leader, and that the four cornerstones (open, honest brave) are not experienced clearly in the activities. The current leader is authoritarian, but R4 thinks that kind of leadership might be needed now that the organization has been "messy". "Compared to India we are unclear and kind" and that they are used to using the Swedish management style which works in Europe but maybe not towards India. "To change the leadership is not easy, everyone stumbles on the same obstacles" and she claims it is important to learn from experience, "the Indians say yes to everything, on the individual level the problems get clear. They have trouble letting us know in time, in India you do as you are told." R4 would like more of a cooperation "have you thought of this?" DU Technology gives an assignment "but maybe it was wrong from the beginning?". She also remarks that "it should be a learning organization" and "we should have a more frequent contact with ITC" so that they do not "sit here and plan, not thinking about them, not only sit here and discuss in their own chamber". R4 also questions, "How can we cooperate internally? There is a need for acceptance between the different organizational parts".

Indian respondents' perspective

On cultural differences

Program Managers

In Sweden the boss can face criticism from employees without problem
 There are differences concerning integrity; Swedes are shy and reserved whereas Indians are shifting between extrovert and introvert
 Working times differ
 Say no (in India)
 Respect for management
 Individual vs Team

Team

Personal space differs, eg cubicles
 As a a indian young person you are supposed to learn everything, then go deep. This explains the career movement
 Different working hours
 Good country for education
 Everybody knows english
 Here more teamwork
 Attitudes, Indians more aggressive (chain of emails)

On Motivation

Program Managers

Whenever I have expected opportunities I have recieved them, people are given good opportunities at ITC
 Work environment
 Learning is high priority with the young crowd
 Going on site
 get to be routine and automatic
 Domain mismatch can make people leave
 Job satisfaction
 Meeting expectations of client
 Recognition Learn new technologies

Project Managers

Technology knowledge
 DU Tech as such "simply great" (leading on market)
 Work satisfaction
 ITC Management support

Team

Liking the work
 Comfortable and good relationships
 Appreciation if you do good work (from both
 "Satisfied as long as I am learning
 Relaxed environment
 Flexible working hours
 Learning new that often that work never
 Experience and exposure in going On site
 After on site, want to move to another area

4.1 What can be changed and what needs acceptance?

As discussed earlier, the differences between partners can have cultural, company- or domain specific background. Being able to spot the differences can also increase the understanding of what issues which can be solved or developing areas. This figure shows some of the areas frequently mentioned by the respondents on how the companies differ. It illustrates how an aspect can be influenced by several factors; and in that case also harder to change. Entering a partnership you may expect to be able to influence the working methods, how the communication takes place and so on. The arrows show which areas can be influenced under the frame of a long-term collaboration. The national differences are not likely to change in that short of a lifespan and is therefore not worth spending that much time and money on. These issues instead benefit from working by compensation. Both companies can work towards decreasing the negative affect that these aspects place on the collaboration, but the difference itself will probably exist for a period of at least 10 years no matter how they act. The clearest example from this case study is the question of attrition. From the Swedish side this was the aspect mentioned by all managers and from ITC all the program managers also mentioned attrition as one of the challenges they faced in their work, and explained ways they tried to battle it. One program manager mentioned how the working atmosphere was the one factor he tried to compete with, when there were no opportunity to motivate the staff by salary or on site projects, he tried to make them want to stay because of the sheer joy of coming to work. In this year, he had not had any attrition from his teams. Several Program Managers also described the importance to know what their team members were looking for, before they even asked the question.

Two of the program managers mentioned how there is a life cycle or phases that the majority of the newly hired employees go through. To generalize, when they arrive at ITC, they are fresh out of college and their main objective is to learn and enjoy the extended freedom and money they gained compared to life as a student. After working a couple of years they are getting comfortable in their role and wants a challenge, by going on site (in Sweden) or getting a better role. This is where they get to explore new skills and show their family and environment that they are making progress. After this phase many of the employees wants to get married, and then they want to stay in the area so they can meet their spouse, this means that they do not want to go on site. As soon as they have got married the employee now wants to go on site again, and this time to bring their family and earn some more money.

Factors not present in this figure that also affect is the growth and financial status of the companies. Here we can for instance see a big difference in the case study. While the Swedish telecom company has been downsizing in the past, the Indian consultancy is experiencing an incredible growth for years. This of course impacts the amount of flexibility that the company can provide, if a company has a slim

Characteristics	National	Regional /Religious	Company specific	Domain specific
Attrition	●		●→	●
Documentation Quantity & type	●		●→	●
Hierarchal organization	●		●→	
Centralizing processes	●		●→	●
Organizational structures			●	
Flexibility/Rigidity	●	●	●	●
Respect for seniority	●			
Proactive/Reactive	●	●	●→	●
Motivational factors	●	●	●	●
Individuality/ Team orientation	●	●		
Decision-making	●		●→	●
Long-term view & strategies			●→	●
Openness for criticism	●		●(→)	
Type of Creativity	●		●(→)	
Body Language	●			

budget and nowhere else to take money from they will be more cautions in spending in the interest of future prospect returns. The key to all this is finding the aspects where the partners can contribute to each other and create energy in a valuable form instead of friction and heat, a “Medici” effect for every collaboration. The meeting between the Indian “freshie” and the experienced Swedish engineer can provide useful insights if they are able to take the other

persons perspective. If DU Technology as an organization wants to learn they should focus on what aspects they can learn from ITC by looking at the differences and knowledge domains in which they excel.

5 Increasing the possibilities for Innovation

One strategy to increase the innovative potential both within the own firm and in a collaboration is working with a creative climate and structures. In this chapter the intertwined concepts of creativity will be explained and the consequences for the case study are outlined

5.1 Creative Culture & Structures

Van der Meer (2007) describes two ways of approaching innovation, to stimulate innovation in a company:

1. Culturally: creation of an innovative climate.
2. Structurally: systematic use of innovation mechanisms.

The cultural approach towards enabling innovation focuses on creating an innovative climate. An innovative climate can be defined as a set of attitudes and values that are favourable to innovation (Ekvall, 1996; Isaksen & Tidd, 2006).

Examples of positive factors are long time horizon, informal communication, accepting uncertainty while planning for action and opportunities. While cultural factors are clearly important in enabling innovation, van der Meer (2007) wants to us to see that it is more to innovation than an innovative climate- the structural approach. The structural approach towards providing for innovation concerns with the organized use of enabling innovation mechanisms. These can be described as organizational entities designed to promote the development and management of new ideas, projects and business. Known examples of innovation mechanisms include champions, task forces, venture teams, skunk works, spin-offs, enabling acquisitions, spinins, venture capital, licensing, innovative budgets, partnering, listening posts, among many more (van der Meer, 1996).

Boutellier et al (2008) reflects over the need for a balance between discipline and creativity in designing R&D project management. There should be a balance between standardization and variety, organizational slack and cost-cutting, at the same time. If project management focus on planning and cost-cutting, the efficiency and cycle time will improve, but there will be less freedom for creative chaos.

Van der Meer (2007) promotes the open innovation structure, since it provides mechanisms for importing and exporting knowledge, ideas and projects. These include structures, methods and systems in every stage of the innovation process which enables inflow or outflow. One dominant and important element that Chesbrough (2003) adds when describing OI is the flexible use of several business models. If a company develops and adopt additional business models when new opportunities occur, they can open themselves up to a larger range of activities that makes money. In the van der Meer study (2007), the larger innovative companies had a tendency to show closed behaviour when it really started to matter, compared to the smaller companies who engaged in OI naturally.

Looking at the case study, there are some differences in the two companies in respond to creativity and innovation. At DU Technology there is often a creative climate present since they have both deep knowledge and individual freedom to test the hypothesis. The Swedish respondents have described how the culture is defined by problem solving and that it takes little effort to solve a problem by gathering a small group and implementing the results right away. The individualistic type of culture that is present in Sweden enables them to be proactive in solving problems and in the same time there are no hierarchal barriers that affect the communication and collaboration among employees. However, both Swedish and Indian respondents have described how the communication within and between departments, and between the line and project management is not always working. This can result in the fact that innovations are not as easily diffused in the organization and the different employees are not building on each others knowledge. Knowledge transfer is something that ITC is good at on the other hand; they have the

processes for many types of knowledge, in ITC as a whole and a specific system for the DU Technology offshore development centre. The amount of centralization of processes is a result of two things, the fact that they are a consultancy and the high rate of attrition. By managing the dynamic work of projects and staff movement ITC secures its quality by having clearly defined processes which are followed by all employees. The processes make ITC less dependent on a stable environment and workforce in making quality service towards their customers. They have also established virtual places for ideas to be posted and a system for selection and implementation of ideas. However, being bound to a specific process can be a constraint in developing ideas. I would like to post a question on whether these are more towards changes that are improvements of the existing systems and products, and that DU Technology has the potential of more radical ideas? The Organizations clearly would benefit to learn from each other on this point towards managing both the radical and incremental ideas as well as making sure that that knowledge is bound to the whole organization and not to individuals only. In Sweden freedom and individuality is important, which can make some of the centralized and automated tools and processes not work as in India if implemented. Less experienced employees need structures to be effective, the creativeness cannot flourish with limited knowledge and experience. DU Technology as a company is big and located on many sites globally, and without centralized processes it can also result that their vendors (as ITC) gets confused on the lack of consistency within the different organizational parts.

The respondents were asked about what other value additions they believed that their organization could contribute to the other, and vice versa. They were also asked to contemplate on how much of this interorganizational learning they noticed today. R1 explains: No, want to see more. Some working methods they perform well. We see the relation as we are the best, they are not pushing on, and ITC is influenced by DU Technology way of working. Keeps isolated, by concurrence aspect. Simulate testing ITC are good at. R2 think that DU Technology can provide knowledge and experience in the areas of project management and how to build business and relations. ITC has level five in CMM, but R2 questions if they are always follows the processes that exists. DU Technology could have use for "how do they develop processes? How can you exploit it in a bigger context? DU Technology has knowledge about the international world, "we are used to constantly cooperate with new persons and organizations that is different from us." R3 claims that DU Technology could learn much more from ITC. "ITC can add value in the areas of quality securing systems and expert knowledge. IP3 is using statistics and competence tracking to make the gradual changes visible and says he wants to see "a positive trend over the years". The high attrition at ITC makes R3 question, "have I only paid for training?, in the same time he considers it to be a good 'nursery' as long as they transfer to other DU Technology projects. R4 thinks that it is clear that DU Technology has learned them about product ownership, the responsibilities

involved, as a result of how long the relationship has existed. R4 notes that the CMM level at ITC has not lived up to her expectations and wants to know how they spread the knowledge internally. "We have put our way of working on them"; "they have good knowledge at technicians' level". "We have worked on areas of improvement".

The ITC results are posted in the figure below:

Program Managers	Project Managers	Team
<p>Improve competition in R&D area will be great benefit for both parties, it will take some time.</p> <p>Very good at tracking, Documenting</p> <p>Define and clear on what they want, precise and specific</p> <p>Set goals, clarity and vision, mapping down this work to lower levels</p> <p>Technology</p> <p>DU Tech. would benefit from centralizing tools like us, to improve efficiency</p> <p>ITC have faster decision-making</p> <p>ITC has the tools in place, NOMAX, IPMX</p> <p>Quality management tool, integrate processes</p> <p>CMM</p>	<p>R&D, align with development, lot of potential assets in that case</p>	<p>Good at processes and documentation, "the way they go about"</p> <p>Very good process, low risk of mistakes and loss.</p> <p>Well defined process exists</p> <p>Process at DU Tech. is far superior, ITC is lucky to learn from it</p> <p>Excellent documentation</p> <p>DU Technology is globally experienced in more countries than ITC</p> <p>Troubleshooting</p> <p>Improve technical skills to work with senior designers</p>

6 Moving towards partnerships and Open Innovation

So, what strategies are needed for global interorganizational collaborations to move from outsourcing towards Open Innovation? This chapter will summarize the meaning of previous chapter in the results of case study analysis. As companies are working with different types and amounts of collaborations it is important for them to:

Be clear on what kind of collaboration is used, and what roles are played

As for the case study, I doubt that ITC is fully aware of exactly has to be done to walk up the ladder and become an DU Technology partner. The situation of existing in the "preparing mode" of becoming potential partners are not only confusing for ITC, but among the DU Technology managers aswell. There is no consistency, clearly defined strategy, from the Swedish in this collaboration and that will show many different consequences. As the long term perspective and involvement is not open for ITC, it is very hard for them to be as creative and proactive as DU Technology would prefer.

If a company uses different types of collaborations and strategies to gain knowledge – methods for communication and knowledge sharing within the company needs to be in place.

DU Technology of today is a company based on the many entities of individuals who by themselves learn to cope with these issues. They have an open climate to collaborate with colleagues, but these collaborations are mainly based on personal relations and within the same platform, while the same vendor or partner may be used in different parts of the company. For the organizational knowledge to grow as fast as the employee knowledge base, there has to be more knowledge sharing systems.

If moving towards OI is desired, it is a mindset that should influence all collaborations

If any company wants to move towards OI, they should strive to collaborate with vendors and or clients which have the basic setups to provide knowledge exchange. As for today DU Technology is not quite ready to take full step towards either outsourcing or OI. Training needs to be provided to the employees on the different business models that can be used, and if the employees has worked for so long that they have no motivation to learn from new people that may be younger or less experienced, then maybe they do not fit to work in these types of collaborations. Open Innovation includes a longer time perspective that provides the opportunity for the organizations to try out new methods, and develop an interface that benefits all involved. As the transition is happening there could of course be useful to have a discussion regarding what projects to try out the OI perspective in, as a way of learning to cope with the new conditions. No matter what kind of innovation is wanted, there needs to be structures and cultures not only built in the organizations, but in the interorganizational interface as well

When working in a global context, the knowledge on cultural aspects will influence the success of collaboration

Knowing this, it is also good to consider which aspects of interorganizational differences can be changed, and which to compensate for. If cultural differences are not wanted, then collaboration on the other side of the world will cause trouble. Learning to compensate for the negative parts is something that both organizations has to deal with, but the main goal has to be to achieve a Medici effect where the combination of differences help them learn from each other. To do this you have to be open for it. In this case study all the discussions on attrition could instead focus on learning creative culture from DU Technology and structures and databases for information sharing from ITC. If they meet in the middle, there could be huge success. These case study results can be of guidance for any companies looking to work themselves up the scale towards open innovation.

6.1 Theoretical discussion

Working with Open Innovation I have perceived that there are some underlying differences that can be explained. In what ways can you be “open”?

- Transparency, open towards other in the sense that information is provided on all areas of the operations
- Open towards the recipients perspective, which of course is essential for understanding and learning from the other and gaining as much knowledge as possible
- Open to influence and control some other area or organization. Without opening up for discussions and collaborations with the outside world the impact of the internal strategy and thoughts will not be large
- Openness towards others feedback, what is the reaction to constructive criticism – regardless of source? This aspect can increase learning but demands time spent on external scanning
- Openness over time, this aspect includes both consistency and long-term commitment. If there is no longer timeframe it will probably affect the behavior and extent of commitment from collaboration partners. Open Innovation is a strategy that will give no affect if turned off and on as it suits every day.

With these reflections I would like to emphasize the need for OI to be a conscious strategy. What things does a company need to be open with for all involved to be pleased? In what aspects should it be open, in every situation? These are questions to consider when moving towards Open Innovation.

This thesis work has given me a great insight in the daily activities in dealing with global collaborations. I would like to thank the participants and the companies which have been open and helpful throughout the project.

7 Conclusion and further research

What strategies are needed for global interorganizational collaborations to move from outsourcing towards Open Innovation?

To gain the benefits of the complex nature of collaborations, this study has concluded that companies need:

1. An overall strategy on what the goals of collaborations are. This includes an innovation strategy.
2. A system for information sharing, about the facts of the collaboration as such as well as information on the partner and how to handle these aspects. This is to provide an organizational memory that ensures that all employees are capable of handling collaborations as effective as possible.

3. Clear roles and communication between the collaborating companies, All involved needs to understand their roles in the companies as well as the potential involvement and what factors that constitutes this.
4. Being open. If a company is not open towards its collaboration partner it cannot expect to receive the same amount of motivation, engagement and feedback from its partner. As long as a partnership is not developed, a vendor will be hesitating to provide any negative feedback to their clients. This will be especially true if they are judged after each project.
5. Learning how to cope with cultural differences. Knowing what aspects are specific to the country, domain or company can help the collaborating companies to see what is possible to change and what demands to be “managed”. Cultural differences should be used to create a Medici effect that benefits both companies and create energy rather than create misunderstandings and inefficiency. A system for information sharing will help this process.
6. Develop a creative culture and structure, both in the companies and in the collaboration as such.

Open Innovation represents a strategy of accessing the best and most cost efficient way of establishing innovation. Companies that strive towards OI need knowledge about the different business models that can be used (van der Meer, 2007) as well as establishing the foundation of a creative climate and structures. Many companies want a safe profit and therefore hesitate towards partnerships and outside product development, thereby missing out on learning capabilities and additional money-making opportunities. There needs to be more studies that define the strategies needed for companies working on the scale between in-house – outsourcing – OI. What parts of OI collaboration is useful to start with, what knowledge needs to be gained to avoid the hazards of OI? The potential of OI can tap competitive advantage for many companies in the future.

7.1 Innovation mission

By this report and a presentation for the company I will contribute to the involvement of their collaboration and innovation strategy for both companies. By getting access to this material, all the respondents will get an insight in another point of view which will add to the interactive component of the interviews. Thereby a process has started in the individuals to creatively consider ways that they can contribute to the involvement of their working situation. This is strengthened by my role as an external neutral researcher, and the companies have shown big interest in my thoughts and reactions to the results. Feedback from my partner company concludes as follows.

The case study of the cooperation between the companies has benefited the partner organization chiefly by:

- Providing a neutral and nuanced overview of the cooperation between the partner organization and the service provider from an innovation perspective.
- The study sheds light on 'known' but forgotten aspects and insights that affect the degree to which it is possible to get an innovation culture in our cooperation.
- In particular, emphasis has been put on true deficiencies in the setup, such as that there is a need for a clear strategy on how to cooperate to promote innovation, and to define clear roles and goals.
- The results of the study will be used at the next operative steering group in the beginning of October in the development of the partner/provider relation.

7.2 Innovation management research contribution

This study has highlighted the complexity of handling different types of collaborations on the way towards OI. Compared to the success cases that are usually presented (e.g. Chesborough) this case study provides insight in the difficulties that companies entering different kinds of collaborations can face (such as roles, motivation, feedback etc). The importance of understanding the cultural differences and working with these in a proactive and realistic manner is explained. Further research should dig deeper into each of these aspects I have presented and looking into if there are other kinds of collaborations existing in companies of today that the literature has not yet covered. In this way companies will easier make the transition from in-house, outsourcing to Open Innovation.

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Indian Business Journal: Uneasy Signs, by Rajeev Dubey. I Wonder, By R. Gopalakrishnan

Attachment 1: Letter to respondents

I am a student on Malardalen University at the Innovation Management programme in Sweden and making my thesis work for DU Technology about the collaboration with you at ITC. Now I am contacting you since I will be coming to Hyderabad in the beginning of May, to conduct some interviews to get a better picture on your thoughts about this collaboration and the management and working methods needed to make it a success for both parties.

A development unit at DU Technology has today outsourced a large part of their activities to an Indian IT-consultancy (ITC), and the two organizations are collaborating intimately. The purpose of this study is to explore how the two organizations can improve their management and communication involved in this collaboration, which in turn increase their capabilities for innovation and efficiency. To map the current situation, possibilities and problems experienced among the employees I will first conduct interviews on both companies and study existing documents. Thereafter the focus will be to clarify which aspects of the different firm's characteristics can provide further value for their partner and develop a framework for increasing mutual understanding regarding their collaboration. The goal is to help both companies develop a deeper understanding for their partner's point of view and find aspects of potential learning that has not yet been exploited. The study will take managerial and cultural differences into consideration in developing new ideas. There is a great potential for learning between these two different, but powerful, innovation-seeking companies.

The participation in these interviews will be strictly confidential and anonymous, no other than I will have access to the information and opinions you will provide me. This is an opportunity for you to influence the future direction of these collaborations along with the other respondents at both companies, as the result will be presented for the leadership in both organizations.