

# How to organize for open innovation from the ground up: a microfoundations approach in a foodservice firm

Open  
innovation in  
foodservice  
firms

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## Abstract

**Purpose** – This study aims to analyze what promotes the adoption of open innovation (OI) in the foodservice sector. Specifically, it seeks to shed light on the bottom-up mechanisms (the microfoundations) that allow a foodservice firm to organize for OI.

**Design/methodology/approach** – The research design is an in-depth exploratory case study with 18 semi-structured interviews. The findings have been triangulated with documentation available on the corporate website, the project reports and direct observation. Data were analyzed using an inductive approach, coding individual interview transcripts.

**Findings** – This study identifies three categories of capabilities that have to be spread to different organizational levels: the capability to sense organizational triggers to change, to develop external collaborations and knowledge exchanges with different parties and the management's ability to be aware of organizational imperatives and the need to proceed with process adjustment. Results highlight the importance of sensing organizational triggers, allowing a quick switch between new strategies in implementing an OI approach. It was crucial for the company to co-develop new products and services with a large audience of stakeholders, not only limited to customers. The case remarks on the required ability of the organization and management team to activate mechanisms aimed at reconfiguring the competencies within each business unit, keeping an alignment with the needs of the stakeholders.

**Originality/value** – The study emphasizes the multi-level characteristics of OI and provides a framework for microfoundations on how to organize for OI. Results contribute to the recent debate on the skills and routines an organization should design and promote within their employees.

**Keywords** Capabilities, Open innovation, Practices

**Paper type** Research paper

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## 1. Introduction

In recent years, innovation has been recognized to be both a fundamental aspect in fostering firm performance and a source of competitive advantage (Saguy, 2011). However, due to the emergence of new technologies, higher environmental pressure and constantly changing consumer expectations, firms can no longer rely only on their own innovation development (Huizingh, 2011; Saguy, 2011).

Scholars have found that open innovation (OI) can be a viable approach for firms to master the increasing demand of innovations and handle the growing market competition: firms could benefit from an OI approach by sourcing knowledge or skills that are available outside the firm (Sarkar and Costa, 2008) leveraging their human capital (Ahn *et al.*, 2017).

In fact, OI approach can help firms to achieve a faster time to market, lower R&D costs, to better adapt to customer needs (Bigliardi and Galati, 2013) and to increase the firm performance in terms of profitability, R&D performance, customer satisfaction, product innovativeness and new product success (Cheng and Huizingh, 2014) but it requires a strong maturity in organizing internal resources and competencies.

Despite OI has been a trend for more than a decade (Lopes and de Carvalho, 2018), in the food sector it is still in a growing phase and it has been only gradually adopted among large international food manufacturing companies (Janeiro *et al.*, 2013; Mention, 2011; Ottenbacher and Harrington, 2009). This may justify the scarce evidence of the application of OI in the food service industry (Bigliardi and Galati, 2013; Huizingh, 2011).

Within the service sector, the food service industry is often classified as not innovative and low technological, however the food preparation requires the implementation of several minor product innovations (DiPietro, 2017) and it is a crucial part of the whole food industry (Janeiro *et al.*, 2013; Mention, 2011). Furthermore, the innovation process within food services can be considered equally complex as in the manufacturing sector, since it requires innovation techniques in both new product development and new service development (Ottenbacher and Harrington, 2009).

Recently, food service companies have increased the interaction with customers, suppliers and food technologists in order to access relevant knowledge allowing them to adapt to the changing context (Di Pietro, 2017). However, accessing relevant knowledge is not sufficient to take benefit from their exposure to external knowledge, firms also need to be able to absorb, exploit and benefit from the incoming new external information (Mention, 2011; Rodgers, 2007). To do so, firms need to leverage on all their employees and their capabilities to define structures and processes that facilitate OI at the organizational level while building interdependencies between organizations and various stakeholders in an innovation ecosystem setting (Bogers *et al.*, 2017).

In the present study, we consider the case of a foodservice firm which successfully adopted an OI approach to explore the microfoundations of the practices and capabilities that employees and managers developed to successfully enact open models of innovation in their organization.

Our aim is to shed light on the bottom-up mechanisms that allow an organization to organize for OI, developing the capabilities to adapt to changes suggested by employees and managers. Although there is agreement in literature on the essential role of employees in OI practices, little attention has been paid to the micro foundation of OI, considering the individual choices and behaviors that add up to some organizational-level practices or capabilities (Bogers *et al.*, 2017; Salter *et al.*, 2014), specifically in organizations that are implementing OI from the ground up.

The paper is structured as follows: § 2 gives a conceptual background and literature review related to microfoundations of OI, considering the contextual factors of the foodservice sector; § 3 describes the research design and methodology while § 4 presents the findings and the emergent proposition. Finally, § 5 presents a summary of the findings and discusses the implications, limitations and the future research avenues.

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## 2. Theoretical background

### 2.1 Microfoundations of innovation in the foodservice field

Product innovations and service innovations are often considered to be similar and are associated with the creation of new markets (Forsman, 2011). However, service firms seem to innovate through different forms and extents compared to the manufacturing industry, since the production and consumption of services occur simultaneity (Forsman, 2011; Hollenstein, 2003; Mina *et al.*, 2014) and are deeply human centered through co-production and co-creation practices (Chathoth *et al.*, 2013). For instance, there is a higher involvement of the customer in the conception and execution process, resulting in an intense interactive process between the supply and customer side, to the extent that some new service developments are considered as highly co-constructed (Hollenstein, 2003; Mention, 2011). Furthermore, innovation capacity in service firms is dependent on a firm's capabilities, external input through networking, human resources, organizational aspects and it is characterized by low R&D investments and non-technological developments (Forsman, 2011; Hollenstein, 2003).

Innovations in the food service can be focused on efficiency, product/service development, image management and differentiation. Nevertheless, the food service industry is not recognized as highly innovative (DiPietro, 2017), due to the predominance of artistic and intuitive product design, low technology approaches and the lack of scientific "know-how" (Rodgers, 2008). Food service firms, which are often smaller in size compared to food manufacturing firms, do not have R&D departments and often the latest developments in engineering (equipment) and food science (new ingredients) are brought by the suppliers (Rodgers, 2007).

However, due to increasing competitive pressure and growing production scale, the whole foodservice industry is becoming more complex and similar to other high-tech industries (DiPietro, 2017; Rodgers, 2009). Also, consumer tastes and food trends are in constant change, increasing the need to innovate (DiPietro, 2017; Forsman, 2011; Ottenbacher and Harrington, 2009). In this vein, innovation can help foodservice firms to keep their product portfolio competitive, achieve competitive advantage, thrive and grow. Thus, innovation has turned into a mandatory management task rather than a strategic option (Ottenbacher and Harrington, 2009). In this context, without R&D dedicated staff, introducing OI capabilities represents a significant change to the work practices of all the employees.

Foodservice firms sourced technologies and knowledge from other sectors in order to increase their innovation capacity and improve the overall operation (Forsman, 2011). However, innovations in equipment, food, packaging and service technology have the potential to enhance the performance and efficiency of operations but are solely not enough to compete in a rapidly changing environment (DiPietro, 2017; Rodgers, 2007). Still, technological innovation in facilities and the usage of food science principles in the food preparation, have the potential to increase competitiveness in terms of cost leadership and differentiation but are limited to the food preparation (Rodgers, 2007, 2008).

Overall, the usage of more high technology solutions and cutting-edge technologies can enhance the development of new products and services (Ottenbacher and Harrington, 2009), as well as offering significant improvements in productivity and profitability of food production (Rodgers, 2009).

Although the literature provides some guidance on how a foodservice firm can manage OI emulating other sectors, it does not explore the microfoundations of OI especially in a context without dedicated R&D professionals. In the OI standard model, individuals - in general working in R&D - are tasked with scouting for external ideas, engaging directly with external parties, participating in external communities, shepherding external ideas through internal processes and facilitating their exploitation in the firm (Salter *et al.*, 2014). A microfoundations approach to this challenge would help to understand how individual-level factors impact organizations, how the interaction of individuals leads to emergent,

collective and organization-level outcomes and capabilities (Felin *et al.*, 2015; Teece, 2007). As most of the literature is focused on R&D professionals (Bogers *et al.*, 2017; Lopes and de Carvalho, 2018; Salter *et al.*, 2014), without an R&D function there is little understanding on how employees and managers in a foodservice firm organize to achieve the daily pursuit of OI. Hence:

*RQ1.* How does individual-level behavior and cognition affect organizational specific capabilities that lead to engaging with an OI approach in a foodservice context?

### *2.2 Open innovation practices in foodservice firms*

Regarding foodservice firms, due to a lack of scientific expertise and R&D capacities (Rodgers, 2007), there is a general tendency to source knowledge from external partners, such as food manufacturing companies (Ottenbacher and Harrington, 2009). Additionally, food service firms often cooperate with suppliers in order to adopt their innovations, while they rely less on information obtained from scientific sources (Mention, 2011; Rodgers, 2007).

Nevertheless, this trend is changing since recently a higher level of consumer participation has been observed mostly to improve the overall service experience (Rodgers, 2007). For instance, Ottenbacher and Harrington (2009) stated that information coming from the consumer can help improve the development of new food concepts and potentiate the overall food innovation process in restaurants.

However, despite the potential benefits from knowledge sourcing and cooperation with different partners, it is very unlikely that these types of activities will lead to the same results for all firms (Keupp and Gassmann, 2009; Ottenbacher and Harrington, 2009).

Accordingly, the capacity of a foodservice company to achieve sustainable advantage through effective innovation is represented as a dynamic capability (Teece *et al.*, 1997) that enables to improve the business performance (Crossan and Apaydin, 2010; Rothaermel and Hess, 2007).

In fact, the concept of dynamic capability can be defined as the ability of a company to integrate, build and set internal and external competencies in a constantly changing environment (Teece *et al.*, 1997). Especially when organizing for OI from the ground up, “the microfoundations of dynamic capabilities—the distinct skills, processes, procedures, organizational structures, decision rules and disciplines—which undergird enterprise-level sensing, seizing and reconfiguring capacities are difficult to develop and deploy” (Teece, 2007, p. 1319). The organization is constituted by learned and stable patterns of collective activities that generate and modify operating routines in pursuit of improved effectiveness (Lawson and Samson, 2001). According to Teece (2007) it involves the capacity to: (1) sense and shape opportunities and threats by scanning, searching and exploring local and distant technologies and markets; (2) seize opportunities which involves sustaining and improving competences and complementary assets to develop novel product architectures and business models; (3) recombine and reconfigure resources and organizational structures and configurations to maintain an evolutionary fitness and avoid unfavorable environmental conditions.

As several studies have presented the possible gains and competitive benefits that service firms can obtain when they collaborate and obtained knowledge from different sources adopting an OI approach (Cheng and Huizingh, 2014; Forsman, 2011; Reed *et al.*, 2012; Rohrbeck *et al.*, 2009), firms should adopt a series of critical capabilities of managing internal and external knowledge in OI processes. Especially regarding OI, the “Knowledge management capacity” presented by Lichtenthaler and Lichtenthaler (2009) refers to a firm’s ability to successfully manage its knowledge base over time. For instance, leaning on other technologies, information and skills can increase the number of new to market innovations (Mention, 2011), improve the whole service experience (Rodgers, 2007) or

enhance the overall performance, efficiency and productivity (DiPietro, 2017; Rodgers, 2007, 2009).

These abilities refer to a series of microfoundations underlying the development of certain dynamic capabilities needed to pursue an OI approach (Kindström *et al.*, 2013; Teece, 2007). In particular, as noted by Barney and Felin (2013), a series of micro-organizational behaviors play a crucial role in developing good practices that are leading to dynamic capabilities. It can be argued that organizing for OI presumes intentional aggregation within organizations and thus - as any organizational design - has microfoundational elements Zenger and Hesterly (1997).

However, the benefits or gains that can be obtained from OI activities seem to be dependent and varying on firms' industry and specific competitive environment (Cheng and Shiu, 2015; Mention, 2011; Spithoven *et al.*, 2011) that have not yet been studied for the foodservice industry. More so, as there are no "legitimate" R&D professionals, it's crucial to explore how an organizational environment develops conformity and legitimacy for OI in the form of the adoption and diffusion of practices among all employees.

Therefore, this research expects to examine what is promoting the adoption of OI in the foodservice sector. It is intended to fill the theoretical gap by investigation the following question:

*RQ2.* Which bottom-up practices a foodservice firm should promote to develop the capabilities that lead to an OI approach?

### 3. Methodology

#### 3.1 Research design

The study uses an inductive approach by identifying and analyzing the possible factors influencing the gains from OI. The research design is an in-depth exploratory case study (Yin, 2003) that allows the exploration and empirical description of a significant phenomenon under certain circumstances. This method is particularly suited to answering the *how* questions.

#### 3.2 Research setting

The firm under analysis is one of the leading catering firms in the Netherlands with more than 700 employees, three headquarters in the country and an average turnover of 43 million of Euro per year. It has been operating for more than 20 years and having more than 100 food serving locations across the country.

The firm is organized in 2 business units, namely School Catering (SC) and Events/Banqueting-Corporate catering (EBC). SC provides catering facilities at educational institutions in more than one hundred locations throughout the Netherlands. SC's main goal is to establish a partnership with the educational institution and the student community to offer healthier and more sustainable options for students. The unit has developed five unique concepts or so-called formulas (with a specific manager devoted to each formula – the Formula Manager) for each location, in order to offer a suitable assortment for a specific target group. Each concept is offering a particular atmosphere and ambient that is in line with the food and drinks offered.

On the other hand, the EBC unit is defined as a full-service customized catering, offering more than food and drink by providing an overall experience and hospitality. The range of activities goes from catering events in the educational world, parties or dinners and even providing food and drinks for thousands of visitors at festivals. The mission of this unit is to fulfill the client's wishes, translating an idea into a whole unique event with the highest level

of quality and offering a comprehensive meal experience. To the authors' knowledge, the company is one of the few in the foodservice sector that decided to implement OI.

### 3.3 Data collection

Information was collected through 23 semi-structured interviews including 11 respondents from the SC unit (1 Head of Formula, 4 Formula Manager, 3 Regional Manager, 2 Site Manager, 1 Senior Manager) and 12 respondents from the EBC unit (5 Directors of Operations, 3 Sales Manager, 3 Operation Manager and 1 Senior Manager), triangulated with other sources of data such as documentation and project reports and direct observation during the days spent in the company (Padgett, 2016). This allowed the researchers to empathize with the needs and perspectives of the employees.

The interview protocol was designed based on dynamic capabilities literature and OI perceptions following previous studies on the field (Chesbrough and Crowther, 2006; Van de Vrande *et al.*, 2009) and best practices for semi-structured interviews (Richards and Morse, 2012). The protocol consisted of a series of open-ended questions about the experience and background, institutional perspectives, such as strategy, organization's structure, decision making process. Throughout the interview, informants were encouraged to discuss additional perceptions or company's characteristics that might affect the pursuit of an OI approach, or any other relevant remark for this study.

The interviews lasted between 50 and 60 minutes, were tape-recorded, transcribed and gather for qualitative data analysis for a total amount of 1,201 minutes. Additionally, during the on-site visits, observations and insights were recorded and used to complement the transcribed interviews to have a deeper understanding on the emerging findings (Padgett, 2016).

### 3.4 Data analysis

Data were analyzed using an inductive approach, coding individual interview transcripts using MAXQDA Analytics Pro 12. The coding of the interviews followed the best practices on the field suggested by Padgett (2016).

In the initial coding phase, each interview was coded descriptively based on phrases, terms or statements provided by the respondents. Each code was created based on the respondent's perceptions or motivations, attempting to retain the authentic idea expressed. As the coding progressed around 400 codes were obtained. The codes were organized in 12 first order concepts linked to the informants' meaning systems. Each concept was labeled with a phrasal descriptor using expressions that retain the respondent's remarks and contain statements made by the respondents. The coding of the remaining interviews continued until no different or new concepts were found allowing the determination of the theoretical saturation (Padgett, 2016). Then, the authors analyzed the data with a second-order analysis to identify the deeper patterns leading to second-order themes and iterated between theoretical abstractions related to dynamic capabilities, OI Research and the identified concepts. This iterative process led to identifying what practices were crucial to develop the dynamic capabilities to organize for OI.

## 4. Findings

The emerging data structure that arises from the interviews' analysis is shown in Figure 1. According to it, pursuing an OI approach in a foodservice firm is regulated by a high degree of external collaboration and knowledge/expertise sourcing and high tendency for internal improvement and development of knowledge/expertise. The studied business units have

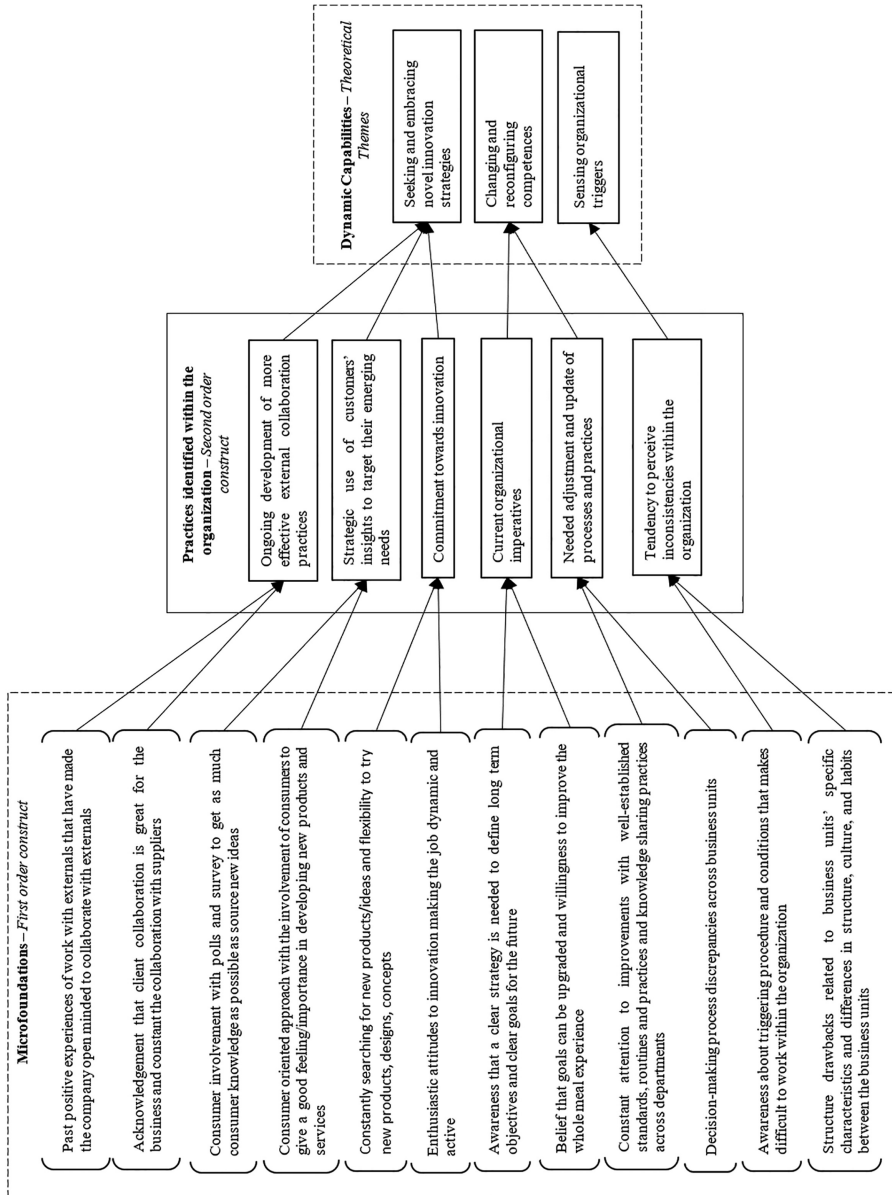


Figure 1. Emerging framework

developed several OI practices to a certain extent like customer engagement, co-creation with clients, knowledge sourcing from universities.

Three capabilities adapted from Teece (2007) define the frequency and the willingness to collaborate and to pursue an OI approach: sensing organizational triggers (SENSE), seeking and embracing novel innovation strategies (SEIZE) and changing and reconfiguring competences (TRANSFORM).

Three propositions were developed based on these emerging capabilities to explain the microfoundations of the organization for OI.

#### 4.1 Sensing organizational triggers (SENSE)

According to the respondents' comments, there are several internal circumstances and issues which may have an impact on the interaction with outside partners and ultimately affect the company's OI performance.

The respondents were able to identify issues and inconsistencies in the structure and culture of the company and revealed a high concern about the way they influence the daily activities. Also, they were conscious of the gains that could be obtained if these controversies would be addressed.

The interviewees showed a desire to change employees' interpersonal relationships, that demonstrated contradictory personal beliefs and revealed structural deficiencies (i.e. a better relationship between employees that translates at business units level, a defined brand identity and brand equity and a more defined organizational structure). Also, each respondent disclosed some cultural beliefs that were not shared with others. The business unit with the higher tendency to find organizational inconsistencies use them as an opportunity, such as the need to define a clear culture and values, to have a suitable structure and to have more integration of the business units. When organizing for OI the BUs sensed this trigger and used them to open the culture and improve the processes and consequently the overall company's performance. These perceptions allow the definition of a so-called *capability of sensing organizational triggers* (Lawson and Samson, 2001).

Among the difficulties constantly reported by the respondents are:

- (1) structural issues.
- (2) disparity in beliefs and values,
- (3) and lack of integration among business units.

There was a considerable difference in the number of inconsistencies identified by both units, with the EBC the one with the highest number. The EBC unit exhibited a high concern towards the lack of integration and collaboration among business units, due to the nature of each business. As the Sales Manager for EBC noted, there are noticeable differences in the activities that each unit executes and how this can affect the development of new products and processes.

Structure drawbacks were also pointed out frequently by the SC unit's respondents. Such as, constant deficiency of communication and bond between employees and managers, undefined hierarchy or unclear activities and responsibilities for each position. All these factors were identified as potential hazards for the development of new offerings and the improvement of the overall operation. As mentioned by the Head of Formula (SC) team, they have to adapt continuously to the environment.

Another organizational trigger that constantly called the attention to the respondents was the difference in beliefs and attitudes among them. These discrepancies are considered as a potential threat that might affect the unit's OI performance, this assumption was expressed by several managers.



Overall, the EBC unit seems to be more efficient in becoming aware of the organizational inconsistencies and the possible consequences. The need for a defined and improved structure, a more integrated collaborative way of working among units and the head office and a holistic corporate culture. The SC unit seems to be able to identify more frequently structured drawbacks that affect their performance and therefore address them. The ability to identify organizational triggers allow the respondents to be aware of the possible problems that may occur, how they could be handled and consequently deviate the focus of the units from innovation. Ground on this, the following proposition is suggested:

*Proposition 1.* Business units with a strong capability of sensing organizational triggers (cautious attention to inconsistencies within the organization) are more likely to improve internal conditions or habits to pursue an OI approach.

#### *4.2 Seeking and embracing novel innovation strategies (SEIZE)*

All employees and managers interviewed belonging to both business units in the study declared willingness to look for ways to collaborate and involve customers to enhance the innovation and improve the offerings. Comparing the business units, one undergoes a higher level of collaboration with external and higher customer involvement (EBC) while the other one had difficulties and achieved a lower level of collaboration (SC).

The business unit managers promoted among employees the gains that could be obtained through partnerships and customer opinions and feedback. Particularly, it was noticeable the frequency of these practices and the past positive outcomes that were obtained, taking them as motivation to continue collaborating and involving partners to remain competitive. They reflect on their current activities and enthusiasm to try new things, to be up to date and to develop more customized offerings based on innovations and customers. Also, their current practices and activities arise questions such as:

- (1) How can we be more flexible?
- (2) How to enhance the local presence?
- (3) How can externals help me satisfy my clients?
- (4) Are we really paying attention to customers' needs?
- (5) Are we thinking more in customer satisfaction than in money?

In a certain way, highly interactional and collaborative individuals use the knowledge from customers or suppliers, obtained through partnerships or close collaboration, to develop new and more tailored offerings and try to establish these practices as a guideline for their business activities. These insights allow the detection of a so-called *capability of seek and embrace novel innovation strategies* (Teece *et al.*, 1997). Following a more detailed and deeper analysis of the knowledge enabled innovation in both units is presented.

*4.2.1 Ongoing development of more effective external collaboration practices.* By collaborating and interacting with external partners such as local suppliers, universities and even small stores/players is considered by the respondents as an aid to achieve the whole customer satisfaction by increasing the number and the innovativeness of the offerings regarding food items as well as service elements. It was constantly highlighted by the members of the EBC, the importance of having flexibility while collaborating with external partners.

The knowledge and expertise obtained and the awareness resulting from the collaboration and constant communication with externals has brought positive results for the unit in the past, giving a precedent to consider these practices as positive for the development of projects and innovation within the unit, as expressed by the Operation Manager (EBC).

Overall, the EBC units can be considered as having a high interactivity with external partners aimed to improve the developments and support their activities. Always minding the goal of satisfying consumers' needs and also offering something extra to keep them aware of the innovative possibilities that the company can attempt.

*4.2.2 Strategic use of customer's insights and targeting emerging needs.* For both units, the client (e.g. educational institutions, research centers or corporations) as well as consumers receive a very significant importance when it comes to the business activities. Consumer and clients' opinions are recognized as one of the main drivers that lead to the development or the improvement of the services.

For the EBC unit, the level of collaboration with clients is higher than the other unit. The nature of the activities and events demand to work closely with the customer to ensure their satisfaction and deliver precisely what is asked for.

As noted by the Operation Manager for EBC, a partnership with the clients can lead to better results and a long-lasting relation with them.

Overall, the respondents from the EBC highlighted consumer satisfaction as one of the main goals and they also indicate their willingness to spend time and effort in building a long-lasting relationship with clients. A partnership with clients would represent for the unit a more complete offering by aligning with the client requirements and offering something more than the expected in order to keep them pleased.

Regarding the SC unit, the interviewees exposed a high level of customer involvement and indicated that through this practice they were able to develop new products and to improve the existing services. A Formula Manager (SC) highlighted the crucial role that students have at some of the locations and how they determine the new products or new assortment.

The constant involvement of students at the locations in educational institutions has even resulted in the creation of joint projects. These projects are seen as beneficial for the company's reputation and image as well as for the relationship with the client. The Head of Formula (SC) shared an experience of working together with students to develop a collaborative product.

Overall, both business units evidenced a high commitment towards customer involvement, high awareness of the benefits that can be obtained by this practice and previous positive experiences and outcomes, in terms of innovative offerings and fulfilled customer satisfaction.

*4.2.3 Commitment to innovation.* The necessity to develop new offerings, the willingness to innovate and the work conditions that motivate the development of new services and products were highlighted by several respondents. The Site Manager from the SC unit mentioned that it is essential for the company to be innovative and to take advantage of the favorable circumstances that the market offers.

It was also expressed by other respondents the disposition to search for new ideas in diverse sources and try those in their workplace. Also, it was mentioned by several respondents, that the search for new products is an aspect that is constantly in their minds not only during work hours but also takes place at other times.

The majority of the respondents consider the new developments and the new ways of serving as positive for the company's performance. For instance, one of the Formula Managers noted that there is always room for improvement while the Head of Formula denotes the prestige that the company can obtain through innovation.

However, in order to maintain a high level of innovation and especially a successful implementation phase, it is necessary to consider all the implications of developing a new product. And once it is launched, it is crucial to monitor and report the outcomes of newly implemented ideas. The implementation of new sourced ideas is contrasting between the two units. The SC unit revealed a higher willingness and commitment to search for new ideas but

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a low level of implementation due to difficulties such as time constraints, financial difficulties and contractual obligations.

On the other hand, the EBC unit revealed a higher level of implementation of new ideas. The Operations Manager for school banqueting mentioned that the process of introducing new products is not that complicated, while the Sales Manager for events denoted new products represent a big opportunity to ensure the customer satisfaction and are beneficial for the company's reputation.

The previous knowledge and attitudes define the level of entrepreneurship; this statement is accurate for both business units. Most of the respondents indicate that the diversity of projects, the vast possibilities and the dynamism of the sector, make them feel energetic and enthusiastic to search and develop new and improved offerings for their clients and customers.

The following proposition is suggested:

*Proposition 2.* Business units with a strong capability to develop external collaboration and knowledge exchanges, ability to use consumer insights and commitment to a continuous innovation through seeking and embracing novel innovation strategies (collaboration/co-creation and sourcing of ideas for the development of new products) are more likely to fully pursue an OI approach.

#### *4.3 Changing and reconfiguring competences (TRANSFORM)*

As previously presented, the external interaction can be considered as a driver to pursue and OI approach for both units. However, according to the respondents' remarks there are several internal factors and issues which may also influence the decision to open the company's boundaries. Both business units that participate in this research reveal their concern for current capabilities and the need to change them in order to offer better services and mainly a better performance.

For example, one Regional Manager from the SC unit expressed: "*[everything] is getting more in shape, is really getting. We need to push all the parts. And, we are not there yet but for now we are doing small moves to improve*".

The respondents denote a high concern of the current competences and try to figure a plan to promote change among members; also they are conscious of the gains that can be obtained through a defined strategy and by increasing the awareness of employees. The managers of the BUs leveraged on the sensed necessities and seized opportunities, such as the need to define goals, to have new work habits and to remain mindful of changes, to establish new practices and processes aimed to improve or renovate the offerings and overall the company's performance. These notions allow the definition of a so-called *capability of change and reconfigure competences* (Lawson and Samson, 2001). Following a more detailed and deeper view of the change and reconfiguration of both units' competences is presented.

*4.3.1 Current organizational imperatives.* The respondents from both units had similar opinions regarding the company's goals, procedures and the information and knowledge shared within the company. They define imperatives and highlight the benefits that could be obtained if those needs are met. The respondents from the EBC unit have a higher frequency of mentioning the things that they would like to change. For instance, they noted their current goals but also highlighted the necessity to define future objectives and how to achieve them.

It also highlighted the willingness to change the well adopted practices, working behaviors and values. The EBC was more looking forward to developing new competences, improving the existing practices but above all willing to change the current working habits in order to improve the unit's innovations. A clear supporting statement made by the Operation Manager (EBC) encloses the unit's ideals:

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I would love to sit and just surprise someone by telling them something new. Tell them that we are working on this, the way we are looking at things. Next year we will do this and this. Like a timeline that you can already tell people: we will get new machinery, new equipment, etc. Or maybe there is a new trend and perhaps we can introduce it into your company.

On the other hand, the SC unit revealed mainly an interest in continuing delivering a complete service experience and to keep working by the standards as much as possible. By doing these, the respondents from this unit expect to remain competitive and ensure the customer and client's satisfaction.

Overall, the EBC unit looks beyond the current practices, into new ones that can help to develop better products and more customized events. There is a higher willingness to change the existing practices, a more planned schedule and more defined long-term objectives. By achieving this, the respondents expect to offer more innovative products and services. Meanwhile the SC unit is more focused in trying to establish standard guidelines that would help them ensure meal experience, not only based on food items, but also dependent on presentation and employee's actions.

*4.3.2 Needed adjustment and update of processes and practices.* Besides the organizational imperatives and the need for change, it was also exhibited by the respondents the existing differences in internal procedures and also inconsistencies in the decision-making processes. In both units, it was identified inconsistencies in the decision-making process and the role that managers play during the decisions might change depending on the situation. The SC unit displayed the higher number of decision-making dilemmas, it also highlighted the influence of this decision in the introduction of new products or the implementation of new ideas. Where the level of innovativeness was not completely taken into account the decision was taken mainly based on the managers or their superiors' personal belief. Some exemplifying statements from the SC are:

For small things (decisions) are for me. For the things that I can solve in the moment, I can decide. But for bigger issues that is for my boss. I can propose, give options and it is up to them to decide. (Cluster manager - SC).

When I find something, any idea, that [I say] maybe we can do this or implement this in the company. I have the decision to say I want to do it, let's do it. (Head of Formula - SC)

In addition to the procedures and decision-making processes, the overall environment of the EBC unit has also a significant influence on the development of new ideas and new services and the overall unit's innovation performance. As noted by the Operation Manager for EBC, there are several factors that are essential for the company's prosperity:

It's about constantly making choices on that point. Would you like to have a great environment for our colleagues? Give them trust, give them a compliment when they do great, sharing thoughts, involving them in things that are going to happen? And I think that's new for the old organization.

As exposed in this section, current procedures and practices seem to affect the level of interaction with external partners: clients or suppliers and overall the level of innovation from both units. Based on the respondents' opinions and perceptions, the difficulties at workplace, not well-established procedures, differences in communication, the overall working environment and even the distance between the headquarters and the units, affect the unit performance and can be considered as a determinant factor in pursuing a higher level of innovation. Also, discrepancies in decision making process, which according to the respondents depend on the occasion, type of decision or the independence and autonomy that each manager has, seem to influence the development and implementation of new products and processes. Based on this, the following proposition is suggested:

*Proposition 3.* Business units with a strong capability to be aware about organizational imperatives and the need for adjustment of process and practices are more likely to improve internally and be in place to pursue an OI approach.

*4.4 A microfoundations framework on how to organize for open innovation from ground up*

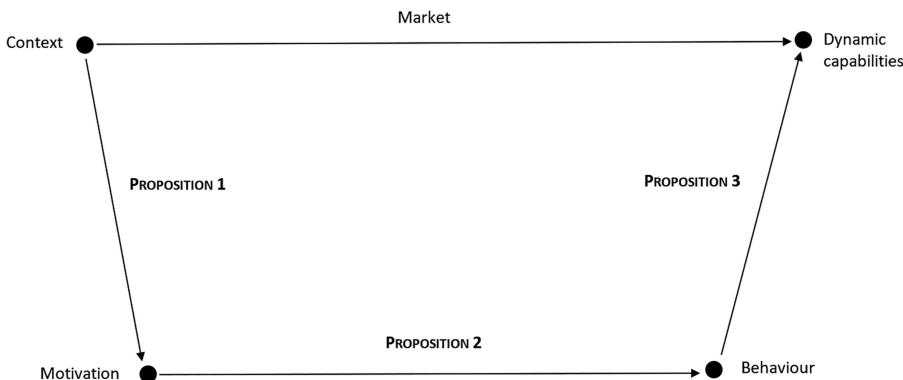
To help rationalize the various concepts and their relationships in the data, the authors constructed **Figure 2**, which presents a framework for microfoundations on how to organize for OI from ground up adapted from Teece (2007) and Felin *et al.* (2015). As **Figure 2** illustrates, the main outcome is the focus on routines for sensing and seizing opportunities and transforming the organization.

Taking as starting point the argument that firm-internal factors, such as firm’s current organizational structure, strategy or culture, hinder innovation and also discouraging exploratory innovation (Keupp and Gassmann, 2009) it was possible to provide a series of best practices for promoting OI in low-tech firms which dissent from earlier studies by presenting the specific indicators and capabilities responsible for reassuring innovation.

First, the capability of sensing organizational triggers helps the unit to be aware of internal and environmental factors that may be shrinking the performance. This capability shows strong inclination to identify internal inconsistencies and their potential consequences (Lawson and Samson, 2001). This capability embraces the opportunities to correct and prevent negative organizational conditions that may deviate from an OI approach. Capability of sensing organizational triggers act as the sensing component of a dynamic capability.

Second, a business unit with a stronger ability to seek and embrace novel innovation strategies, which involves external collaboration practices on an ongoing basis, a constant involvement of customers in the development process and the commitment to seek and source innovative ideas. This capability enables the unit to keep their developments up to date with sourced, acquired and adapted knowledge. It also might help identify and address opportunities by pursuing innovative development and ultimately be able to enhance performance (Eisenhardt and Martin, 2000). In a sense, capability of seeking and embracing innovation strategies seizes the opportunities to innovate and increase the offerings. This capability is viewed as the seizing component of a dynamic capability (Rothaermel and Hess, 2007).

Lastly, pursuing an OI approach implies transforming current abilities. The capability of change and reconfigure competences, allows the units to develop organizational imperatives



Source(s): Adapted from Felin *et al.*, 2015

**Figure 2.** How to organize from open innovation from the ground up

and renew processes. This capability enables the units to quickly update their internal practices depending on the imperatives or needs and adapt to the desired working habits (Liao *et al.*, 2009).

Collectively, these three capabilities: sensing organizational triggers, embracing new innovation strategies and change and reconfigure competences conform a consistent dynamic capability, which empower units to *sense* potential improvement, *seize* novel innovation strategies, *transform* processes and practices for adopting an OI approach in the foodservice field (Rothaermel and Hess, 2007).

## 5. Discussion and conclusions

Organizing for OI means developing dynamic capabilities that lean on a continuous exploration and renewal of innovation strategies, so that the company can be aware of consumer and food trends, remain updated and keep ahead of competitors.

In order to develop the capability of sensing organizational triggers, firms can promote practices that promote employees' awareness of their actions within the operations and also practices that enhance the detection of potential pitfalls. As an example, an organization can stimulate specific behaviors like informing inconsistencies, discussing vagueness or uncertainties, documenting previous failures and informing those experiences through the whole organization. Moreover, employees should have a certain degree of freedom and flexibility to become aware and sensitive of the environment to understand opportunities and find new and better ways to perform (Teece, 2007). Overall, sensing organizational triggers propose practices that aim to constantly speak up deficiencies and to increase employees' attention to arising issues within the operations or in the working environment and the communication of deficiencies (Reed *et al.*, 2012).

To develop a capability of Seeking and embracing novel innovation strategies, organizations can establish a solid core commitment to innovation by idea generation workshops, student involvement in development of products and brands and more inclusion of service offices into the locations. By the involvement of employees from all areas at all levels, a sense of identity with the value of innovation can be created and encouraged. The organization can also strengthen communication among location and service office employees so that they can have a general idea of the consumers' demands, opinions or suggestions at the locations, which can provide the basis for a rapid response to emerging opportunities (Lichtenthaler, 2011).

In terms of developing a capability of change and reconfigure competences, it is essential to carry out a periodic evaluation of the processes and practices to reestablish and enhance the procedures that lead to the desired way of working. For instance, it is possible to develop a unique assessment framework to evaluate and when necessary, update the processes and practices systematically. It is also essential to standardize even more the way processes are executed and decisions are made. Firms should consider the relevance of such assessment framework and reevaluate the organization to ensure the alignment with the defined goals and strategies. The capability of change and reconfigure is based on a constant improvement of procedures, with the goal of adjusting and establishing processes and practices that allow the firm to seek novel strategies (Teece *et al.*, 1997).

The identified capabilities in the present study offer promising implications for practice. For instance, the capability of seeking and embracing novel innovation strategies can assist organizations to innovate in service concepts, assortment or processes to meet consumer demands, adapt to changing environments and remain relevant in the industry.

Especially in the Dutch industry where consumers might ask for new and more customized service experiences and at the same time more standardized predictable demands (Hertog *et al.*, 2011). For example, the company has had positive outcomes when involving

consumers like joint development of products, co-work with student associations, inclusion of local suppliers and producers in the location and renovation of locations to match with the developed brands or concepts.

Nevertheless, the present study contains certain limitations as the research is taking in consideration only one food service firm in the Netherlands. By studying a more extensive number of organizations, it would be possible to improve the generalizability of the outcomes. Also, a longitudinal research would further extend the insights from this study, as the firm is currently into a transition phase after being taken over by a multinational corporation. Future research should select a bigger sample of firms within the same sector, to ensure that the findings are consistent, if not to detect the influencing factors. Also, complementary research on this case study can include a different reference period, since the firm is evolving and the perception and practices might vary, also the employee rotation might influence.

Moreover, the present study focuses on the organizational settings and configurations that impact the adoption and gains of an OI approach, future examination can be done in the gains and benefits obtained once the firm is fully engaged to OI, like the effectiveness of obtained knowledge technologies or skills learnt and evaluate the overall benefits in performance and productivity obtained from OI activities.

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### Further reading

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