AN IN-DEPTH INVESTIGATION OF EMPLOYEE-DRIVEN INNOVATION (SUMMARY)

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SUMMARY

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Principal Topic

We focus on the growing research into non-traditional sources of innovation, such as user- and employee-driven innovation (EDI). This work embraces the notion that individuals other than top executives are able to contribute to innovation, regardless of their position in the organization. This provides a mechanism through which to increase work engagement and employee motivation, and address issues of autonomy, competence and seeing one's own work contribute to the overall success of the firm. We provide an in-depth theory-building examination to contribute a rich description of how different employees engage in this process and the implications.

Method

We focus on an EDI process that took place in a 370 unit retail chain in Sweden over a one year period. This process included over 500 employees and encouraged local units to develop mechanisms to increase employee engagement and sales levels. We collected data about process and the resultant 889 actionable innovations. Our primary data source is a proprietary cloud-based, online database. We treat this as secondary data. We rely mainly on qualitative thematic analysis but also simple statistical categorizations of some of the output innovations.

Results and Implications

Our analyses provide four main results. First, we find increased levels of employee engagement as a result of the EDI process, including 64% of employees reporting better understanding overall corporate strategy and a subsequent willingness to engage in future entrepreneurial efforts. Second, more than half of retail outlets claimed the EDI process helped increase local sales levels considerably, including where some EDI were adopted across units when viewed as bottom-up innovations and where previous attempts were met with resistance due to them being top-down. Third, the EDI process lead to on-going innovative efforts across the firm, even following the “official” ending of the process, suggesting that an EDI process has a profound effect on developing a more entrepreneurial culture. Fourth, and theoretically, we find that employee-driven innovation has an impact on employee motivation and engagement. This helps to extend extant theorizing about human resource practices and motivation in corporate entrepreneurship, such as the distinct benefits to engagement and continued entrepreneurial efforts that stem from public praise, social facilitation and reciprocity.

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