

Creativity without walls: The case of open innovation

John (Jianqiu) Bai, Rui Dai, Anahit Mkrтчhyan, Chi Wan*

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Abstract

We investigate the increasingly common practice of open innovation (OI), wherein internal innovation is supplemented with external sources (hackathons, accelerators, or crowdsourcing). OI can be beneficial as it may give access to a larger pool of ideas. Yet, OI may trigger the revelation of intellectual property and can be hard to integrate. Using a novel dataset, we show that OI firms file more patents and attract more productive inventors. However, the innovation increase comes mainly from incremental, rather than radical, innovations. Further analysis shows that investors view OI initiatives positively and that the value-added stems from cost reductions, rather than sales growth.

Keywords: innovation, open innovation, patents, innovative performance.

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*John (Jianqiu) Bai is from D'Amore-McKim School of Business, Northeastern University and can be reached at j.bai@northeastern.edu. Rui Da is from Wharton Research Data Services and can be reached at Rui.Dai.WRDS@outlook.com. Anahit Mkrтчhyan is from the Isenberg School of Management, University of Massachusetts–Amherst and can be reached at amkrтчhyan@umass.edu. Chi Wan is from the College of Management, University of Massachusetts–Boston and can be reached at Chi.Wan@umb.edu. We thank Herita Akamah, Laura Field, Kate Holland, William Johnson, Jason Sandvik, and the participants of workshops at Bentley University and UMass Amherst, as well as conference participants at the 2024 Haskayne and Fox Accounting Conference and UQAM Finance Workshop for many helpful comments.