Chapter XV
Utilizing the Lead User Method for Promoting Innovation in E–Recruiting

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ABSTRACT

In order to maintain their customer base, many e-recruiting firms are in need of developing innovations. The Lead User (LU) Method has been heralded in the new product innovation literature but not yet applied often in e-service settings. Based on an e-recruiting portal, the authors compare new service ideas emerging from interviews with 60 registered applicants to the ideas derived from 15 so-called lead users. Whereas most users offered us social-network features they already know from other platforms, lead users came up with more novel service solutions for different user segments. From both type of users we learned that applicants are more inclined to re-use the same e-recruiting portal if it includes community and social network features for specified user segments, sharing a similar social identity supplementing offline ties. Thus, carefully specifying and treating differentially various user groups at the outset of an e-service innovation project is likely to pay off. This and other practical findings have prompted us to sketch implications for innovating e-recruiting services.

INTRODUCTION

While most of today's innovations are incremental advances of existing products and services, the LU method has been found to help in generating breakthrough innovations (von Hippel, 2005; Franke et al., 2006). Innovative companies such as 3M, Johnson & Johnson, Philips or Hilti (Luethje & Herstatt, 2004) --and even governmental agencies-- are increasingly interested in applying lead user studies for commercial advantage or innovations. The Danish Government, for instance, just made user-driven innovation a national priority. The LU method is built around the assumption that the most innovative new product and service ideas are held by just a few highly innovative *"lead users."* If these lead users are drawn into a process of joint development with the management team of an organization, they have been shown to contribute more to idea generation and innovation than through internal organizational idea generation methods or external market research methods.

The innovations by lead users have been found to be crucial particularly for the long-term performance of firms because lead users face needs that are latent among a larger group of potential users; a lead user is able to identify and explain these needs months or years before the rest of the potential users (von Hippel, 1988, 2005). Typically, lead users benefit from their own innovations, therefore they are motivated to think in innovative, new ways along with their suppliers. Also, users who have real-world experience with an unsatisfied need have been found to provide the most accurate data in the form of need-specification and ideas to meet their needs. Despite the fact that breakthrough innovations through lead user studies have been regularly cited in the innovation literature for the past 10 years (Morrison et al., 2000; Olsen & Blakke, 2001; von Hippel, 2005; Schreier et al., 2007), only a small number of firms have integrated lead users into their product or service development processes. This is especially salient in the context of service firms (offering, for instance, e-recruiting). Most LU studies have been conducted in manufacturing with the purpose of enhancing new product development.

In this chapter, we contribute to lead user theory by inductively studying how to innovate and develop radical innovations outside of manufacturing firms. Our focus is on innovating e-recruiting services. In our study we explore which services an online career platform would need to offer to trigger its re-use or loyalty. The overall question we address is: *which service innovations do e-recruitment platforms require in order to achieve long-term participation of its users?* We compared the service ideas emerging from 60 interviews with registered users (applicants) with the ideas derived from the LU method.

This chapter is organized as follows: First, we review the literature on user involvement in service innovations and summarize the relevant aspects of the e-recruiting literature. We specifically focus on the LU method as a primary driver of breakthrough innovations. Then, we describe the empirical portion of this paper, a case study of a nationwide e-recruiting service. Finally, we present the findings with the aim of sparking future research on innovating e-recruiting.

BACKGROUND

User Involvement in Service Development

The idea of involving users in product and service development stems from the belief that involving users provides multiple benefits. These include first users' stronger intention to actually (re)use services, and second, increased user accountability for the system's design, resulting in users' higher satisfaction, commitment and identification with the service (Buchanan, 2007; Wagner & Piccoli, 2007). In particular in the area of IT service innovation, higher levels of IT services' success

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