# Exploring open innovation in social enterprises in Turkey: A case study of Mikado Consulting



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#### **Abstract**

This project examines how Mikado Consulting implements open innovation within the social innovation ecosystem in Turkey. Nowadays, open innovation is significant for any organization because individuals from the outside can be creative to contribute to sharing knowledge and be useful in finding ideas. Therefore, open innovation potentially advances the company because individuals or new partners can create value for the organization. On the other hand, open innovation is a new topic in Turkey. We realized that one of the biggest successes that Mikado Consulting achieves is implementing open innovation in their company. Mikado Consulting is a consulting company that engages with social problems and gets outside help with experts in their field when it is needed. To understand the social innovation ecosystem in Turkey and what open innovation is, we interviewed the founder of Mikado Consulting. Serra Titiz (Titiz) helped us to explore how Mikado Consulting integrates knowledge from internal and external actors.

Additionally, we discussed how Mikado Consulting co-create a network for the social innovation ecosystem. Our findings show that Mikado Consulting implements open innovation by integrating internal and external knowledge within its networks and uses different methods to maintain the knowledge flow in Mikado. Consequently, it has an impact on Turkey's entire social innovation ecosystem.

**Keywords:** Open innovation, social innovation ecosystems, innovation process, social enterprise, internal knowledge, external knowledge.

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#### 1. Introduction

Organizations are increasingly seeking ways for their survival and growth, by constantly changing and generating new ideas, thereafter, bringing them to the market. The paradigm of open innovation challenges the traditional view to innovation management (Hossain, et. al., 2016). For years, the logic of closed innovation has been tacitly the gold standard for organizations to bring new ideas to the market. It enabled firms to invest more in internal research and development, with the ideas being created, developed, and produced inside the firm's activities. The closed model was mostly based on the view that companies should develop their own ideas to stay competitive (Jong et al., 2008).

Nevertheless, the new area has begun, and enterprises can no longer keep their doors closed to the innovation processes and knowledge coming from outside actors (Jong, et. al., 2008). Hence, the focal point of recent research showed that there has been a radical transition happening. The focus and attention of companies has shifted, and they evolved from being closed to open innovators (Chiaroni et. al., 2010). The phenomenon of open innovation was first coined by Henry Chesbrough in 2003, in one of his books - "Open Innovation: The New Imperative for Creating and Profiting from Technology". The open innovation model marks that enterprises should use both internal and external ideas and knowledge to develop their innovation activities (Chesbrough, 2003a). This new pattern challenges businesses to integrate the ideas, knowledge and skills with those outside of the organization.

With the development of technology, the information and resources possessed by a single organization can no longer fulfill the market's needs (Sun & Wei, 2021). With that being stated, enterprises should proactively open their boundaries and collaborate with other actors. Spread and development of new ideas is commonly encouraged and experienced in the social innovation ecosystem (Bozaykut-Buk and Titiz, 2021).

This paper examines the open innovation paradigm on the level of social enterprises and their innovation ecosystem in Turkey. Social enterprise landscape has entered Turkey in the first decade of the 21st century, as an idea of creating social benefit through contributing personal resources and cooperation (Uygur and Franchini, 2019). As of today, "social enterprises in Turkey, play a similar function and offer solutions to social instability through raising awareness and shifting the focus from the individual to society and the country" (Uygur and Franchini, 2019: 17).

In addition, the diminishing satisfaction with social and environmental issues, motivated turkish individuals to engage more and establish the landscape of social enterprises.

This paper tries to make contributions to the studies on social entrepreneurship and open innovation, by exploring how Mikado Consulting is implementing open innovation within its ecosystem in Turkey.

#### 1.1. Problem Area

Individuals are becoming more aware of the social and environmental issues than ever, and one method to which businesses are meeting these sustainable demands is through social enterprises (Abbatiello et al., 2018). In this new era of rising social enterprises, a seismic change is shown in workforces, workplaces, and even in the technologies used in work (Abbatiello et al., 2018). This change shows that social innovation and innovation ecosystems are not entirely unknown to developed or developing societies across borders, as these notions are considered interconnected with social enterprises (Grisolia & Ferragina, 2015). However, according to Uygur & Franchini (2019) and Seyfettinoğlu, et al. (2020), social innovation and innovation ecosystems are recent notions that have surfaced in the borders of Turkey. Amongst these social enterprises is the intrinsically growing concept, social innovation, starting to be highly encouraged to be implemented by local governments and municipalities (Grisolia & Ferragina, 2015; Uygur & Franchini, 2019.

Social innovation is often referred to as applying innovative, practical, and sustainable approaches that aim to achieve transformative social or environmental change (Chesbrough, 2014). Given that open innovation is now considered as one of the most effective innovation theories and strategies of inflows and outflows of knowledge, open innovation is, therefore, considered a relevant theory associated with social innovation (Chesbrough, 2014). While just scratching the fundamental understanding of the concepts, the situation in Turkey is different. Traditional approaches are becoming less effective, and the need for a robust innovation ecosystem is becoming a more profound demand (Imece, 2017). Although the integration of social innovation has yet to grow in Turkey, multiple social enterprises still aim to strengthen their own social innovation through the current innovation ecosystem (Imece, 2017). To do so, these organizations aim to meet the highly complex demand (Uygur & Franchini, 2019)

Herein lies the problem area of our study. This study aims to explore how social enterprises such as Mikado Consulting tackle their situation regarding social innovation, in which open innovation resides, and influence Turkey's social innovation ecosystem. Since these two mentioned concepts have only recently surfaced, it is vastly unknown how social enterprises that embody social innovation adopt the theory of Open Innovation to influence the Turkish social innovation ecosystem thereby. To fundamentally understand this problem, we explore and discuss the problem by questioning how Mikado utilizes open innovation and innovation ecosystems to provide socially innovative and sustainable solutions to their customers.

#### 1.2. Research Question

How is Mikado Consulting implementing open innovation within the social innovation ecosystem in Turkey?

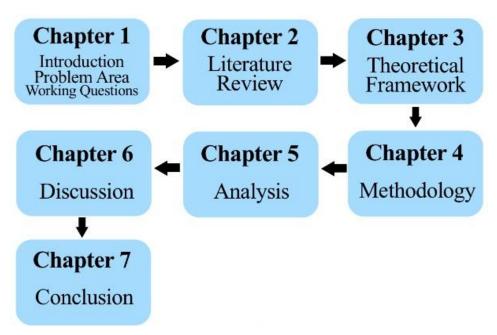
#### 1.3. Sub-questions

- 1. How does Mikado Consulting integrate knowledge from internal and external actors?
- 2. How does Mikado Consulting co-create a network for the social innovation ecosystem?

#### **Project Structure**

In this project, we have seven chapters that contain the following: Chapter one starts with an introduction to the case, problem area, and lastly, presents the research question and working questions. In chapter two, we start with a literature review defining social enterprises, open innovation, network management, and social innovation ecosystems. Chapter three explains the chosen relevant theories and why we have applied them to our research. Additionally, we explain the strengths and weaknesses of the theory and concepts. Chapter four discusses our philosophical standpoint and chosen methodological position. Here, we explained how we collected the data and how we analyzed it.

In relation to chapter four, we analyze our sub-questions based on the literature and the interview in chapter five and discuss how Mikado Consulting integrates knowledge from internal and external actors. Later, we explore how Mikado Consulting co-creates a network for the social innovation ecosystem. Based on Open Innovation theory, we analyze how they integrate knowledge and co-create a demand for the social innovation ecosystem by using the models we argue for in the literature review. In chapter six, we discuss our findings from the sub-questions and how it helped us to answer the research question. Lastly, chapter 7 concludes the project, discusses the limitations of the project, and elaborates on future research.



Model 1: Project structure model

#### 2. Literature Review

The purpose of this literature review is to gain an understanding of the already existing research relevant to our area of study. We will aim to determine what is known on the topic and how well this knowledge is established. This chapter will focus on building that knowledge in the field of social enterprises, social innovation ecosystems & networks, and its open innovation. The following structure of this literature review is divided into four sections. The point of departure will be social enterprises and their link between innovation. The second section will focus on the phenomenon of open innovation, underpinning this concept's characteristics. The following part will elaborate on the field of network management within open innovation, and lastly, we will touch upon the portfolio of the social innovation ecosystem.

#### 2.1. Social Enterprises & Innovation

Over the past few years, the concepts of social entrepreneurship, social enterprise, and innovation have received growing importance from various standpoints. This attention is controlled by the need to find solutions to face emerging social needs that are taking center stage in the world. Although the literary background gives us various definitions for social enterprises, we identified some that are crucial for our research.

In order to explain social enterprises, we must start with an understanding of social entrepreneurship. We follow the Mair & Marti definition of social entrepreneurship, and they state that "it is a process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs". It means that social enterprises are the outcome of social entrepreneurship (Mair and Martí, 2006: 37).

The understanding of social enterprise is drawn on the definition included in the Social Business Initiative (SBI) of 2011. This EU perspective comes in three points and argues that "social enterprise is an operator in the social economy whose primary objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities" (European Commission, 2011: 2). Since the concept of social enterprise is a broad topic, we have

also followed Economic Co-operation and Development (OECD, 2011: 10) definition that refers social enterprise to "any private activity conducted in the public interest, organised with an entrepreneurial strategy but whose main purpose is not the maximisation of profit but the attainment of certain economic and social goals, and which has a capacity for bringing innovative solutions to the problems of social exclusion and unemployment".

A social enterprise and entrepreneurship in itself cannot be separated from the concept of innovation. According to Schumpeter (1961), innovation often surrounds the creation of new products, new ways to organize labor, and new supply sources or markets. Drucker also discusses the relationship between entrepreneurship and innovation. He provides us with a definition that entrepreneurship is an act of innovation that often emphasizes the various resources available for generating wealth (Drucker, 1993). Hence, understanding innovation as simply the development of new items is insufficient. This is recognized by Schumpeter's (1961) perspective that development is "another blend" of already existing measures. According to the Skoll Foundation, "social entrepreneurs focus on transforming systems and practices that are the root causes of poverty, marginalization, environmental deterioration, and the accompanying loss of human dignity" (Magazine, 2021).

It is key to understand that social entrepreneurship converts social issues into management issues, as organizations address these social issues in an innovative manner (Biggeri et al., n.d.). This perspective can also be seen in Mikado Consulting's responsibility; thus the concept of social enterprise and innovation is crucial for our research.

#### 2.2. Open Innovation

A study on Open Innovation has obtained enormous attention from scholars and practitioners (Hossain, 2013). The study period started in 2003, when the first concept on Open Innovation was pinned, while the most recently published articles were dated in 2015 (Hossain et al., 2016). Altogether, we have combined ten articles and used them for our research. Reviewing the literature on open innovation, we identified a few articles, journals, and other publications that have been carefully studied to position our review.

Henry Chesbrough's idea of openness has made a notable contribution to the field of Open Innovation, where he defines it as valuable ideas that come from inside or outside the company and go to market from inside or outside the company as well (Chesbrough, 2003a). He argues that "organizations are increasingly reshaping the fundamental ways in which they generate and bring ideas to the market and capture new ideas from outside to leverage their internal R&D" (Hossain, et. al., 2016: 4). According to Chesbrough (2003b), the logic of open innovation is based on the knowledge landscape that an organization should use to advance its business. Nevertheless, the knowledge cannot be restricted to its internal pathways to the market. The author provides us with several projects (Xerox, IBM, Intel) to get a comprehensive view of that perspective.

Both definitions from 2003 were later updated to highlight the open innovation movement into the firm. Chesbrough (2007) argued that implementing the open innovation concept would have to do with opening up the business model. This would provide countless advantages to organizations because it would enable them to be more efficient in creating and capturing value (Chesbrough, 2007).

In 2014, Chesbrough and his colleagues showed how organizations establish an open innovation ecosystem to boost their businesses. They presented it in the case study of a small firm, *The Chez Panisse*, where they used an open innovation framework to analyze how the company grew (Chesbrough, et. al., 2014). This experience allowed many to understand how a firm thrived and became a success while building a successful business ecosystem that shares knowledge, growth, and development.

A few researchers have also investigated a linkage between knowledge and open innovation. Wallin and Von Krogh (2010) shed light on the process of organization within the innovation. They discuss it from a knowledge-based view, where they argue that organizing open innovation is a matter of selecting the right mechanisms for integrating domain knowledge held by people outside and within-firm boundaries (Wallin & Von Krogh, 2010). The scholars developed a Five-stage model whose purpose is to help managers to think effectively when introducing open innovation. Wallin and Von Krogh (2010) believe that making knowledge integration a center of open innovation would create successful outcomes.

However, Trott and Hartmann (2009) assumed that the open innovation approach is not new at all; instead, the fundamental idea behind this approach has been around for many years. They analyzed a series of articles in the field of business studies and examined the basic principles of the open innovation approach proposed by Chesbrough (Tidd, 2013).

Although the idea of open innovation has captured the attention of many researchers, we have found few studies that address the limitations of open innovation. According to Hewitt-Dundas and Roper (2018: 26-27), Open Innovation has its own risks such as "lack of awareness of the benefits of cooperating, limited information on functional capabilities of potential partners and limited information on trustworthiness".

The open innovation paradigm has appeared as the main focus in our research. We believe that apart from Mikado Consulting's commitment, which is to serve sustainable development through crafting social innovation solutions, the company is also implementing open innovation. We aim to use the literature data in order to examine the process of that phenomenon inside the company.

#### 2.3. Network Management in Open Innovation

Following on from the previous section on Open Innovation, it is noteworthy to point out the network management within this area. Even though the role of network management has not been linked to the promises of Open Innovation, Henry Chesbrough defines it in one of his works. He plainly believes that organizational relations and networking are essential to Open Innovation (Chesbrough, 2006). He supports that with a statement that "networks are presented in the Open Innovation framework when external ideas are insourced to create a value in a firm's current business or when internal ideas are taken to the market through external channels, outside a firm's current businesses" (Chesbrough, 2006: 210). It is clear that when organizations need external support from the market, Open Innovation needs to focus on the management of networking in order to be successful.

It is worth noting that network interaction refers to the formation of ties and the building of relationships between individuals and actors within their networks (Sharafizad & Coetzer, 2021). According to Granovetter (1973), ties are the basis of networking since they describe the quality of relationships. They can be categorized as strong and weak ties and are the fuel of the network (Granovetter, 1973). In networking, these ties are crucial to creating flow and linkage that takes place between the actors.

Based on Chesbrough concept (2006), the network ties allow one to access the knowledge immediately when it is needed. On that account, Chesbrough (2006) divided the ties into formal

and informal ones, whereas formal ties can be planned and are easily implemented into the open innovation strategy such as partnerships, though the informal ties create a pathway to the unforeseen knowledge opportunity for the company. (Chesbrough, 2006) "An optimal Open Innovation strategy would exploit multiple types of ties to multiple types of institutions, as each type of tie and institution favors the flow of different pieces of knowledge." (Chesbrough, 2006: 226) From that we can conclude that the proper network and institution diversification leads to the effective knowledge flow within the company. While building networks Chesbrough (2006) stresses on the right balance between strong and weak ties in implementing Open Innovation strategy. "Strong ties benefit more institutionalized trust and are likely to be more quickly and easily activated, yet weak and bridging ties provide access to new information which is paramount to innovation" (Chesbrough, 2006: 230). It is important to explore the new potential networks in order to keep up with the latest knowledge in the company's business field.

Noteworthy is that the geographical location of Open Innovation is an essential part for company business as it enables to receive the necessary knowledge within the network in the industry ecosystem. Chesbrough (2006) states that the country can support the regions by supporting universities in the government sponsored research making, as well as by giving government subsidies for the industrial research. It is clear that by supporting the regions, the government develops the environment for gathering more companies in that location. As a result, it may improve the regional economy of the country.

#### 2.4. Social Innovation Ecosystem

Mikado Consulting's responsibility is to support the development of Turkey's social entrepreneurship and social innovation ecosystem (Who We Are - Mikado Consulting, 2021). It is crucial for our research to touch upon the subject of the social innovation ecosystem since it plays a significant role in Mikado Consulting's environment and history. The research field of social and open innovation has been focusing on how social entrepreneurs and interaction between networks can enable or compel local innovation (Howaldt, et. al., 2016).

Chesbrough has applied ecosystem thinking in his works on Open Innovation. He argues that organizations collaborate and co-innovate in innovation ecosystems since open innovation uses internal and external ideas and internal and external paths to the market. (Chesbrough, 2003a). In a case study on Chez Panisse (a restaurant located in California), Chesbrough elaborates on an

open innovation ecosystem. According to Chesbrough (2014), West and Wood (2008) as cited in (Granstrand and Holgersson, 2020: 5) "an open innovation ecosystem comprises communities of different stakeholders who, linked by competitive as well as cooperative relationships, co-create value by adopting an open approach". Scholars and practitioners are increasingly identifying the functionality of the concept of innovation ecosystems for explaining the innovation processes. To make innovation happen, the right innovation ecosystem must take into consideration different angles.

In academic literature, innovation ecosystems are often referred to from an ecological point of view. The ecological perspective emphasizes that an "ecosystem is a set of organisms interacting with one another and with their environment of non-living matter and energy within a defined area or volume" (Miller & Spoolman 2009: 7-8).

Innovation ecosystems have been defined in many ways. Nambisan and Baron (2013) refer it "to a loosely interconnected network of companies and other entities that coevolve capabilities around a shared set of technologies, knowledge, or skills, and work cooperatively and competitively to develop new products and services" (Nambisan & Baron, 2013: 1071). Adner (2006) specifies that innovative ecosystems are "collaborative arrangements through which firms combine their individual offerings into a coherent, customer-facing solution" (Adner, 2006: 97-98).

Additionally, the idea of the innovation ecosystem has been discussed in an article by Granstrand & Holgersson (2020) - "Technovation". They define it as "the evolving set of actors, activities, and artifacts, and the institutions and relations, including complementary and substitute relations, that are important for the innovative performance of an actor or a population of actors" (Granstrand and Holgersson, 2020).

Reflecting on the above definitions from different scholars, we can observe a valid need for an innovation ecosystem. Ecosystem thinking comes close to the idea of open innovation, where actors purposely use outflows and inflows of knowledge by opening up the innovation process. Consequently, they advance innovation and expand the markets.

The literature on innovation and its underlying concepts presents a large heterogeneity of results; innovation management is rather a broad area. While analyzing the chosen literature, we created a linkage between the above concepts and connected them to our research question. Open innovation practices are successfully built on the idea that interaction is central to development

and growth, and the spread and adoption of those ideas are encouraged in the social entrepreneurship ecosystem. All the discussed features render Mikado Consulting Team to target their goals, shape new networks, and design open innovation.

#### 3. Theoretical Framework

The following chapter will elaborate on the relevant theories built on the concepts, underlying assumptions, and perspectives discussed in the literature chapter. Different theories and models will be introduced to allow the reader a clear view of the theoretical framework and its concepts. These theories will be outlining the conceptual approach that we will take to answer the research question and analyze our data.

Our first theory, the Open Innovation Theory, is based on Henry Chesbrough's perspective. The Open Innovation Theory provides us with significant guidelines for the conduct of our research by directing us to the areas in which important relationships among variables are likely to be found. We have associated this theory with Mikado Consulting's innovation process as it gives a comprehensive overview of how this phenomenon of open innovation looks. As a social enterprise, Mikado Consulting is crafting innovative solutions to social problems; therefore, Chesbrough's Open Innovation theory has been selected as the main theory to our research.

As described earlier, he should be appointed a mastermind behind the idea of open innovation and its theory. He is an organizational theorist who first coined the term "open innovation" in 2003 in his most ambitious work to date - "Open Innovations Results: Going Beyond the Hype and Getting Down to Business".

The idea of open innovation appeared when Chesbrough described how organizations have moved from so-called *closed innovation processes* towards a more open way of innovating - since traditionally, companies' development took place within their own margins (Chesbrough, 2010). Chesbrough (2010) states that organizations should manage all the stages of the innovation process entirely by themselves, from design to marketing. Therefore, he decided to challenge companies instead. He suggested they adopt an open innovation model, which requires "*inflows and outflows of knowledge and ideas to accelerate internal innovation and expand the markets for external use of innovation, respectively*" (Chesbrough et. al., 2006: 1). His Open Innovation theory focuses on recognizing new opportunities as a result of knowledge coming from outside the company. By obtaining that knowledge from external partners and incorporating it into their internal

innovations, organizations are able to lower the cost and unlock the potential of internal innovation (Chesbrough, 2006). In order for useful sources of information, they should collaborate with partners of the firm, universities, and other related entities (Chesbrough, 2010). He argues "that internal sources of innovation and external ones must be combined" (Benezech, 2012: 147).

Although Open Innovation provides organizations with positive outcomes, they should also bear in mind risks that can occur along the way. Companies should have a proper strategy while exchanging knowledge and ideas. In the event, when companies are willing to incorporate the concept of Open Innovation, they must be at the core of innovation itself. In contrast, they can lose their expert knowledge to other companies who may employ this knowledge to develop newer ideas that might exceed those initially presented by the leading company. Consequently, these companies may also take the driving position in the market (Rosas et al., 2017).

An integral part of open innovation is appropriation, which is simply a company's effort to capture the value of its innovation (International Chamber of Commerce (ICC), 2014).

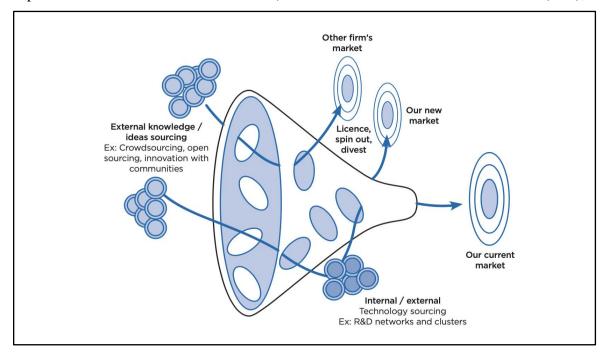


Figure 1 - Open Innovation Funnel Model (International Chamber of Commerce (ICC), 2014)

Thus, while investigating the phenomenon of open innovation, the famous innovation funnel model (Figure 1) has been appointed by Chesbrough in his works several times. He used the term *funnel* since the "how process" behind the innovation that happens within an organization is usually represented as a funnel. The funnel is wide in the beginning because a lot of possibilities

are considered, but then there is a lot of evaluation and selection, which is why the funnel is narrow, and companies tend to start more things than they finish. It is worth mentioning that this model has been similar to the already existing one provided by Wheelwright & Clark (1992) (as cited in International Chamber of Commerce (ICC), 2014). Chesbrough has used his works to present readers with a funnel model that portrays different possibilities of open innovation that may emerge during the process of innovation (Pénin et al., 2011). It shows many pathways for new ideas that come not only from inside but also from outside of the company. It describes how innovation objectives, goals, results, and knowledge interact with each other to make a change inside the organization.

Using this model, we can see the flow of ideas, knowledge, and information coming from inside and outside of Mikado Consulting, which the company later absorbs to advance the innovation process. In that sense, ideas and projects can be easily exchanged, and innovative solutions can be created.

The important aspect of our research is the phenomenon of **knowledge management** during Mikado Consulting's open innovation process. In his works, Chesbrough highlights that the generation of innovative outputs should be facilitated by more openness towards the origins of external knowledge (Ferreira and Teixeira, 2019). In one of his books (*New Frontiers in Open Innovation*), he mentions the works of two scholars - Wallin and Krogh (Chesbrough et al., 2020). To challenge his initial perspective, they develop a process model (Figure 2) in order to describe the integration of knowledge in open innovation.

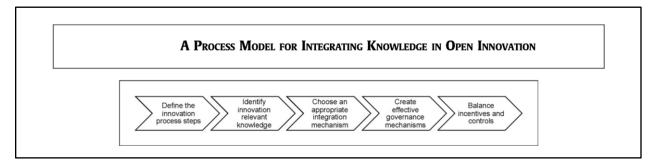


Figure 2 - A process Model for Integrating Knowledge in Open Innovation Wallin & Krogh, 2010

According to Wallin and Krogh, "the major challenge of open innovation is generally accepted to be the identification of the locus of innovation" (Wallin & Krogh, 2010: 148). They

discuss innovation from a knowledge-based view and state that organizing for innovation is connected with integrating different knowledge spheres. In the process of recognizing sources of knowledge, they developed a Five-stage model to arrange and organize activities related to the open innovation process. The following steps are namely: (1) define the innovation process steps, (2) identify innovation relevant knowledge, (3) choose the appropriate integration mechanism, (4) create effective governance mechanisms, and (5) balance incentives and controls. Behind the Five-stage model, the main idea is that managers should set the range of the innovation by establishing whether the knowledge is carried inside or outside of the company. All the above steps are meant to help managers make knowledge a central part when designing open innovation (Wallin & Krogh, 2010).

By implementing this model into our research, we aim to examine how this knowledge sphere is presenting itself in Mikado Consulting's open innovation. As a social enterprise whose mission is to serve the social innovation space, knowledge is of particular importance. The organization is developing projects that "bring together those who need knowledge and those who have knowledge via innovative and interactive methods" (Social Innovation and Social Change - Mikado Consulting, 2021).

## 4. Methodology

This chapter discusses the selection of philosophical standpoints and the relevance to our research. Furthermore, this chapter discusses a case description which we elaborate more on Mikado Consulting and why we have chosen this company as a case study. Later, we discussed the project's research design and the steps we took to answer the research and sub-questions. Additionally, we will describe the purpose of our research and how we collected and analyzed our data. Demonstrating a solid methodological understanding enabled the study to combine theoretical and practical studies of innovation in general and Mikado Consulting's innovation processes.

#### 4.1 Philosophy of Science

Philosophy of science is important in every research because it contributes to the quality of research and affects the selection of theory, data collection methods, and analysis. Therefore, if a

philosophical standpoint is not accounted for, it can negatively impact the quality of the research. Truran (2013) states that the philosophy of science gives inspiration and guidance to the researcher during a scientific investigation. Therefore, we acknowledge the importance of the philosophy of science and took the philosophy of science into account during the data collection process and methodology in our investigation. Furthermore, we will explain which philosophical approach we chose to make our investigation.

One of the main components in research philosophy is epistemology and ontology. Jacquette (2002) explains ontology as a method of inquiry into philosophical problems such as existence. In other words, it is a world that has real entities, and ontology explains the nature of being (Jacquette, 2002). The other important component of philosophy is epistemology. According to Novikov, A.M., & Novikov, D.A. (2013), epistemology investigates the methods and principles of scientific knowledge validity. In other words, the theory of knowledge analyzes the laws and capability of cognition.

#### 4.1. Hermeneutics

This research has hermeneutics as a philosophical standpoint. According to Grondin (1994), the words of hermeneutics refer to the science of interpretation since its emergence in the seventeenth century. Instead of just explaining the phenomena, hermeneutics' main aim is to understand and interpret it. As Grondin (1994) states, understanding means to be master of it. In other words, it means to be an expert on it and deal with the subject. In hermeneutics, interpretivism is also an important concept because if someone does not understand the text correctly, they refer to their understanding and approach. Therefore, as he says, "First, then, comes interpretation, and understanding results from it thereafter" (Grondin, 1994: 96).

Since hermeneutics aims to interpret and understand the phenomenon, it is essential how a person feels and understands a particular event in a specific time and place. Therefore, we chose hermeneutics to see how Titiz's understanding of open innovation and the social innovation ecosystem in Turkey is. Titiz was the interviewee we selected, which we have talked about more in the interview section. The ontology of hermeneutics is real, and the meanings exist in reality (Egholm, 2014). Therefore, the researchers' ideas and meanings exist independently. On the other hand, the epistemology of hermeneutics is interpretation (Egholm, 2014). In other words, the theory of knowledge is based on interpreting. Since hermeneutics interprets the text or signs, it is

essential to look into hidden meanings and signs. This means that it is about digging deeper to understand the given text or transcripts. In our case, we want to dig deeper and understand the term open innovation, why it is so important, and explore its intentions. We argue that hermeneutics is appropriate in this study to answer our research and sub-questions.

According to Danner (2006) (as cited in Vieira & de Queiroz, 2017), there are four main concepts of hermeneutics: *understanding, the responsibility of understanding, hermeneutic circle, and rules of hermeneutics*. Understanding is the central concept of hermeneutics, and we interpret how people communicate with each other every day daily (Danner, 2006; as cited in Vieira & de Queiroz, 2017). We constantly interpret sounds, words, and people's gestures.

The second concept of hermeneutics is the responsibility of understanding. Responsibility of understanding is knowing and understanding the 'objective spirit' (Danner, 2006; as cited in Vieira & de Queiroz, 2017). Each subject of objective spirit comes from meanings that are historical and subjective. In other words, meanings are mutual agreements based on the shared understanding that hermeneutics does while analyzing the collected data and transcripts from the interviews. Therefore, during this study, we will take subjectivity into account and reflect on it.

The third concept is the hermeneutic circle. The reason it is called a hermeneutic circle is that when the larger understanding is happening, circular movements start. The circular movements continue until the text is understood. Thus, until the text is understood, understanding takes place and repeats to get a deeper understanding. In our case, we read the transcripts carefully and read all the theories and journal articles over and over to understand it deeper.

The last concept is the hermeneutics rules. According to Danner (2006) (as cited in Vieira & de Queiroz, 2017), there are three rules to understand the text. The first rule is 'preliminary interpretation'. Here, it is important to read the text and get the first insight. Then, it is important to get an idea about what is written in the text. The second rule is 'interpretation of immanent text'. Here, it is essential to look at the logic of the text, look for contradictions and look for meanings. The last rule is 'coordinated interpretation'. Here, it is vital to observe the text and either reject or accept the hypothesis. We acknowledged the importance of the hermeneutic rules during our research, and while we analyzed the data, we considered them.

We wanted to interpret the data we collected in our project because we wanted to find out hidden meanings and signs. The interview transcripts were unorganized, and while reading the messy transcript, we tried to find hidden meanings, underlined the ones we thought were important, and noted them down on Google Docs. Additionally, we read it repeatedly to get a deeper understanding of the text and studied the transcripts sentence by sentence. Using hermeneutics helped us see a different perspective on the rich data and personal experiences that we collected from the founder of Mikado Consulting and, lastly, enabled us to dig deeper and reflect on while collecting and analyzing the data.

#### 4.2. Case Study

According to Yin (2009), a case study investigates a specific phenomenon in-depth and understands a single case intensively. In other words, it is a detailed analysis of a real-life phenomenon within a specific research area. The reason to select a case study was to understand how Mikado Consulting implements open innovation within the social innovation ecosystem in Turkey. Our main focus is Mikado Consulting, a particular phenomenon specifically about the said organization. We chose to have a particular case because we wanted to explore, understand, and describe how Mikado Consulting implemented open innovation and later explored how they integrated knowledge from internal and external actors. Thus, by exploring different aspects, we gained knowledge about the specific case and reflected on how they applied open innovation in Turkey. Another aspect the project investigates is to explore how Mikado Consulting co-creates a network for the social innovation ecosystem. With the help of the interview with Mikado Consulting's founder, our research will have a discussion part where we reflect on both the interviews and the literature and come up with findings.

The strengths of the case study were to have a single subject in-depth, and the qualitative data gave us a rich understanding of open innovation within the social innovation ecosystem in Turkey. Additionally, having a case study made the research manageable and gave us a clear focus. At the beginning of the investigation, we tried to select a case in which we could gather data from interviews to get a detailed description of her point of view to support it with the literature review.

A disadvantage of case study is that even though case studies can be generalized to the same statistical studies or similar cases, conclusions may not be transferable to other studies since it represents one case. In other words, even though the case study gives us insights about the generalization of the cases, it does not represent a sample of the population. Another challenge from basing this study on a single case, Mikado Consulting, derives from selecting the right candidate, as it may be time-consuming if we would not have interviewed the founder. Thus, we

would need to find another employee connected to Mikado Consulting. Therefore, in some cases, gathering data about a specific case can be challenging, and we would always need to come up with backup plans in case we could not arrange a meeting with the candidate we expected.

#### 4.2.1. Case Description About Mikado Consulting

Mikado Consulting is a private social enterprise organization established in September 2007 in Turkey that is entitled to maximize sustainable development and create social change using innovative and creative methods and solutions through developing partnerships with the private and public sector, universities, NGOs, and international organizations (Mikado Consulting, 2007). Mikado Consulting's primary focus is to create social innovations, and thereby help these institutions to implement their sustainability into their business strategies in Turkey to fulfill their responsibilities to sustainable development and become an agent of change. Mikado Consulting's main focus is on social innovation, social impact, and sustainability.

Mikado Tags is "community investment social impact civil society human rights sustainability sustainable development responsible management social responsibility sustainable living social entrepreneurship social innovation" (About Us - Mikado Consulting, 2021). Mikado Consulting's core areas of expertise include corporate accountability and sustainability solutions for a responsive business sector, NGO capacity building for a sustainable and open civil society, and social innovation.

Mikado Consulting has completed over twenty cooperation programs in the areas of sustainability and innovation, one of which is the Mother-Child Education Foundation. The Mother-Child Education Foundation's "Program for the Prevention of Early and Forced Marriages at Child Age" Impact Assessment Study is being conducted as part of a consultancy that started in September 2020 and will end in July 2021. The report examines the changes that have arisen as a result of the Program's attempts to raise awareness about and prevent these marriages (Mother Child Education Foundation - References - Mikado Consulting, 2021)

One of Mikado Consulting's significant sustainability projects is their strategic sustainability strategy consultancy partnership with Yaşar Holding. They have modified the sustainability plan, adopted the revamped strategy, and participated in stakeholder discussions centered on sustainability (Yaşar Holding strategic sustainability management consultancy -

References - Mikado Consulting, 2021). With that said, we can explore how Mikado Consulting integrates open innovation within Turkey's social innovation environment.

#### 4.2.2. Research Design

In our case, we started by exploring areas we were all interested in and topics that were appropriate for our courses. The first step to designing our research study and finding a strategy was to discuss potential topics. Open innovation, sustainability, and business model innovation was a topic that we all were interested in and started the research process. The next step was to come up with a research question that was direct and relevant to the selected topics. After finding literature about Business model innovation and sustainability, we came up with a research question about 'How can LØS Market sustainable development practices be expanded by combining sustainable business model innovation?'. Unfortunately, this question was too broad, and this company did not respond to our request for an interview.

Additionally, this research question was like a consultancy project, as it investigated the future, and included many topics at one time. Having meetings with the group, the final decision was to develop a research question about only focusing on one thing: the innovation ecosystem in Turkey. Therefore, we started to look into Turkish companies since one group member had some contacts in Turkey. Later, we discovered a company named Mikado Consulting. The more we learned about Mikado Consulting, we explored the areas they were working on and came up with a research question that focuses on open innovation and social innovation ecosystems. For Mikado Consulting, open innovation is significant and something they want to implement more in their future projects (see Appendix 1). A clear and concise research question was essential for the research to take the next step. The other step was to go in-depth with our research and find relevant theories to answer both the research and sub-questions. Open Innovation Theory suited the study because this theory enabled us to present what open innovation is, and to support our arguments, we used Wallin and Von Krogh's Five-stage Model, Open Innovation Funnel model, social innovation ecosystem concept, and network management within open innovation. While this theory guides the research to answer the research question, Wallin and Von Krogh's Five-stage Model and Chesbrough's Open Innovation funnel model will help us interpret and answer Mikado Consulting's steps to innovation and how they integrate knowledge during their open innovation process.

Moreover, all the models and the theory will be discussed in the analysis (Chapter 5) and discussion (Chapter 6). Further, based on the theory and literature reviews, interview questions were made, and an interview date was set with the founder of Mikado Consulting. After setting the data, our group was ready to have an interview, and we could finally ask questions and move forward with our investigation. Meanwhile, we also had some meetings with our supervisor. Some of the constructive feedback we got was to make sure to answer two of the sub-questions. Therefore, the structure of the project changed a bit, and to be sure to answer the sub-questions, we included one chapter specifically answering the sub-questions. We made a structure in chapter five, divided two of the sub-questions into two sub-chapters, and answered them. This enabled us to make sure that our research answered all the sub-questions, and additionally, the structure helped shape the research.

To apply the constructed feedback, notes were taken after the meetings. All the notes were reviewed, and decisions were made to move forward. Later, we prepared a structure on Google Docs, divided the work, and discussed how to continue the research. The last decision was to divide each section between us and have weekly meetings to update all the group members. We set a deadline to finish the project, and the deadline was one week before handing it in. We made sure to add the project structure at the beginning of the project, so we always knew how it was designed and placed the chapters according to the structure. Having a research design benefited us in creating a plan for our investigation and made a solid base for the investigation.

#### 4.3. Data Collection

In this investigation, we are employing a qualitative research method to answer our research and sub-questions. According to Flick (2018), qualitative research is about explaining a phenomenon that is 'out there'. In other words, instead of working in laboratories in specialized research, it is about understanding and explaining the social phenomena in different ways. In this study, the qualitative data is an interview that we had with the founder of Mikado Consulting. On the other hand, we have utilized primary and secondary sources. The primary source is the interview with the founder of Mikado Consulting, whereas the secondary sources are from books and articles. Most secondary sources used in the literature review combined with the interview were used in the analysis and discussion chapters with the support of the literature. Books and articles were collected from online library databases such as 'www.kb.dk', and some were physical books from

the library. Additionally, we used Mikado Consulting's official web page to understand who they are and their mission. This information enabled us to gain insight into what they currently work with and will do in their future projects. Using both primary and secondary sources enabled us to build up arguments, and with the help of the literature, it supported our arguments and gave reliable results.

In this project, we have an interdisciplinary approach to answer our sub and research questions. Therefore, we are using different concepts, literature, and theory together to build up strong arguments. The first discipline we used was Open Innovation by Chesbrough (2007) from innovation management studies. This theory helped us to understand and explain what open innovation is. Furthermore, we used two models to answer the first sub-question: Wallin and Von Krogh's Five-stage Model and Innovation Funnel Model. Lastly, with the help of network management and social innovation ecosystem concepts, we answered the second sub-question. Combining theory, concepts, and literature with the touch of interviews gave us knowledge and understanding about innovation and gave us insight into the process features in an innovative firm. The latter enabled us to build arguments and answer our working questions and research questions.

#### 4.3.1. Research Aim

Open innovation is crucial to any organization since it creates new opportunities to find ways to create value and exchanging ideas can benefit the companies in many ways. When companies use open innovation as their strategy, they can get more ideas and new solutions for their company. For instance, Mikado gets outside help if there is a need for an expert in a case they are working on (see Appendix 1). Benefiting from external innovative solutions and exchanging and sharing ideas can potentially make the company gain profit and expand. As Chesbrough (2003a) states, knowledge can enable the business to grow and build a successful business environment. Therefore, in this project, our main aim is to understand how Mikado Consulting implements open innovation within the social innovation ecosystem in Turkey. Second, we wanted to explain how they integrate knowledge from internal and external actors. As we had the interview with Titiz (see Appendix 1), we realized that open innovation means a lot for them, and the Open Innovation model is something they will continue in the company's future.

Additionally, in the interview, she mentioned that feedback and ideas are vital for them because it makes a space where they can bring the employees together to plan the bigger picture for the company (see Appendix 1). We can clearly see that Mikado values the employees a lot and they share a common motivation. Since having a common motivation and sharing the same understanding of open innovation it enables the employees to feel more connected and engaged to the company; therefore, open innovation keeps the employees together and has the importance of sharing ideas altogether. Thus, open innovation is essential for companies because it allows them to grow and build new communities. We acknowledge the importance of open innovation in companies; therefore, we found this topic very interesting and something important to investigate more about it to see how companies implement it in social innovation ecosystems.

On the other hand, we selected a case in Turkey. We chose a company in Turkey because open innovation is a very new term in Turkey. As Titiz talked about in the interview, NGOs and social enterprises are not common in Turkey (see Appendix 1). Therefore, we found it interesting that in a rare ecosystem, a company like Mikado Consulting existed, and the time we got in touch, we started preparing interview questions for Mikado Consulting. Hopefully, as she also mentioned in the interview, the ecosystem will grow in Turkey, and organizations will be introduced to the term open innovation and use its benefits.

#### 4.3.2. Interviews

In this research, interviews were one of the data collection methods to answer our research and sub-questions. We selected interviews as a data collection because we wanted to get to know the interviewee's perspective and understand her mindset. In our case, Titiz was the right person for the interview since she was the founder of this company, has an understanding of the overall company, and is still leading the company. Having interviews benefited the research a lot because if we did not get enough answers to the question, we had an opportunity to ask again and gather additional data. Therefore, the flexibility of the interviews was a huge advantage for us. The interview transcript is attached as Appendix 1 and Appendix 2 refers to our interview guide.

According to Flick (2018), interviews are in many different forms, ranging from structured, unstructured, and semi-structured interviews. In our case, we decided to apply semi-structured interviews. In semi-structured interviews, investigators ask about the topics that have been

identified before the interview and are able to have a free-ranging conversation with the participant (Flick, 2018). This enabled us to be flexible during the interview by asking informal questions. For instance, if we found something interesting about a topic she was talking about, we asked more questions about the example or the topic so that we could get a deeper understanding of the topic and example.

Sometimes collecting data from secondary sources can be problematic due to not getting the exact answer to our questions and sometimes not precise; therefore, the interview enabled us to get direct answers to our questions since it is about personal experience and directly answers our questions about our research. Since the questions were based on our theory and literature e.g., open innovation, we could get direct answers. For instance, when Titiz talked about how she started her company, it was based on a story that was not on the internet in a detailed version. Additionally, when we asked questions about the situation of the social innovation ecosystem in Turkey; we found secondary sources on the internet, but because she told her own experiences, we got an indepth understanding of how the ecosystem was from her point of view. Thus, this was the most appropriate data collection method for this investigation.

On the other hand, we faced some disadvantages. Flick (2018) states that interviews can be challenging, especially when it is about sensitive topics and giving information about something that can potentially be harmful to the interviewee. Therefore, we avoided sensitive topics about the company and did not ask about private information that could harm the interviewee. Another challenge is the language barrier, as Flick (2018) mentions. Since Titiz is from Turkey and her main language is Turkish, there were sometimes language barriers. To solve this conflict, sometimes Titiz spoke Turkish with one of our group members, and our group members translated it into English. It was important to share the same understanding of the topic and be on the same page.

Even though the right candidate was Serra Titiz, we could interview other employees of the organization for further investigations. Due to time limitations, we could only arrange a meeting with Titiz, but if we could have interviews with the employees, we could ask questions such as: 'How do you think the social innovation ecosystem in Turkey is' or 'why do you apply open innovation in your company and how does it benefit you'. Those questions would enable us to see how they approach open innovation and give us insight into how they see the innovation ecosystem in Turkey based on personal experience.

Additionally, after we decided that Titiz was the right candidate, we sent our interview guide to her and arranged a meeting. We took all the ethical rules into account during the interview and explained them in detail in the research ethics section. Once the data collection was done, we analyzed the data in an objective way and started coding the data which we explained more in the following data analysis section.

#### 4.3.3. Data Analysis

To analyze the collected data, we used Hermeneutic content analysis. This research tool was used to make categories and analyze the meanings from the collected qualitative data.

Hermeneutics content analysis is the primary approach we used to analyze our findings. Hermeneutics is a creative method of comprehension and a means of revealing underlying details (Allen, 1995). The Hermeneutic Content Analysis also referred to as HCA is an innovative analysis method that mixes together Hermeneutic and Qualitative Content Analysis combining content processing concepts such as coding, categorization, systematization, and description with comprehension and reflection (Vieira & de Queiroz, 2017). The hermeneutic approach is mainly concerned with texts as a basis for testing evidence. Stories, interviews, participant notes, diaries, literature, emails, and other related documents will be used to produce these texts (Byrne, 2001). In our case, we used interview transcripts.

The main reason why we decided to use this approach for analyzing the collected data is due to the research question, as it aims to understand how Mikado Consulting influences the innovation ecosystem with open innovation. Another reason is that it enables the detection of textual markers that would otherwise be ignored in a descriptive study (Bergman, 2010). Thus, with this method, we would be able to move beyond descriptive content analysis to understand how Mikado Consulting addresses their situation regarding social innovation and seeks to shape the Turkish social innovation ecosystem. We got deeper with this by interviewing Serra Titiz, as mentioned before. After conducting the interview, we had an unorganized transcript that needed to be coded. The hermeneutic approach consists of multiple steps that helped us to develop codes that showcase how to use the data properly using the chosen theories and concepts.

We needed to take a few steps before we could begin coding and evaluating the data. First, each of us read our sections, correcting any transcript errors, organizing the text, and excluding

any irrelevant or redundant words. Then, we arranged the data to find the context and logic of the transcript to have a clear and general overview of the transcript.

Going from there, we were ready to start analyzing using the hermeneutic approach that consists of four stages used to analyze the data we gathered. The first step is coding. This step explains how coding occurred. We coded the data by looking for different themes in the interview transcript. A document was created on Google Docs to differentiate between the different themes. The document included the interview transcript, our theories, concepts, and any remarks or relevant information that could benefit us. The second step is based on grouping the codes that are similar to each other, which are called concepts. For example, codes related to open innovation and the social innovation ecosystem are inserted under those concepts. That leads us to the third step, which divides these concepts into different themes by categorizing them based on similarity. The final stage is referred to as theory, which involves connecting meaningful interpretations from the selected theories to the emergent categories and defending our argument using these theories and previous literature. We have used various colors to highlight terms, phrases, or paragraphs to coordinate our work and look for repetitive words and sentences. Using the strike-through feature, all unnecessary details were omitted and deleted. All quotations that could be used, on the other hand, were italicized.

Using this approach to analyze our data may be beneficial and open up new possibilities, but it has certain downsides. One of HCA's positive points is that it does operate on small collections of data or records, which in our situation is considered beneficial because the only material we used were interviews, and the data was coded for the qualitative analysis. As a result, employing it would support our research, and all resources would be included. Another strength is that this approach is best suited for investigating the quality and meaning of non-numerical evidence, such as the interviews we discussed earlier. With that said, HCA explored the context of our data more systematically and holistically than other options.

For the disadvantages, this approach restricts generalization since the outcome cannot be extended to situations other than Mikado Consulting. Regardless of the result of our research question, it does not imply that other firms in Turkey are having the same experiences with open innovation or have the same impact as Mikado Consulting has.

#### 4.3.4. Research Ethics

In this qualitative research, the ethical rules of collecting qualitative data were acknowledged during the research process. Therefore, we followed ethical guidelines and respected our interviewee. According to Mertens (2012) (as stated in Flick, 2018), ethical rules are complex in qualitative research because it involves interactions among people and it is connected to community members. Also, he claims that it is an obligation for the researchers to be careful about the language and respect the person's culture (Mertens, 2012; as stated in Flick, 2018). Therefore, we tried to show the interviewee the purpose of the research to be sure we followed the ethical responsibilities.

The first ethical rule we took into consideration was protecting Titiz's privacy and respecting her. Since the interviewee plays an active role in determining the decisions we take during the investigation and answering the sub and research questions, we tried to protect her and respect her. Therefore, we asked if she wanted to stay anonymous or not. Her answer 'Sure, it can be published. I don't have a problem with it' (see Appendix 1:1). We acknowledge and appreciate that she gives personal information about herself and her company, so knowing if she wanted to be anonymous or not was an important answer for us. Thus, we made sure to ask if she wanted to stay anonymous before we started the interview. Also, we tried to respect social differences, e.g., Ramadan was coming to Turkey, maybe she could be very busy, or she would fast during Ramadan, and she was preparing for Ramadan.

The second rule we took into consideration was the justification of the research. Before having an interview, one of our group members contacted her in person and explained who we were and where we were going to use the collected data. Sometimes big companies get harsh emails, and they are concerned about their companies' privacy. Therefore, in the beginning, we tried to be clear and remember to add where the study will be available and what we would use it for. Additionally, if she did not want to answer a question, we made sure not to force her.

The third rule was to stay objective during the data collection, analysis process, and interview meeting. Before having the interview, our group member had a call and chatted with her. Even though she had a chat with her and got to know her more, did not change the results or manipulate the data. Also, we tried to ask questions in the right attitude to avoid misunderstandings. Being objective enabled us to get reliable results and made sure to develop

knowledge to answer our research question. Considering ethical rules made us prepared for the research, get an understanding of what to do or not, and not stir up the interviewee.

#### 4.3.5. Triangulation of Data

Flick (2018) explains triangulation as a systematic approach that mixes two or more perspectives or points in qualitative research. Also, he states that triangulation of data refers to using multiple sources to validate research (Flick, 2018). Thus, in this investigation, we have used one interview, theory, and literature review altogether in the research to have a triangulation. By combining different sources, we tried to understand the topic and answer our research and sub-questions comprehensively. Therefore, in this chapter, we started by describing the philosophical standpoint and how we applied them in this investigation. In the second place, in the data collection, we illustrated how we combined theory, literature review, and the interview. Lastly, in the data analysis section, we explained how we analyzed the collected data and came up with findings discussed in the following chapters. Having different perspectives and mixing multiple data sources enabled validating the research. Additionally, the triangulation structure created different ways to understand the phenomenon and strengthened the research.

### 5. Analysis

To interpret how Mikado uses open innovation to generate solutions within the innovation ecosystem of Turkey, the sections below will present a body of analytical aspects regarding our data and external information about the company. This chapter aims to investigate how Mikado Consulting integrates external and internal knowledge in their innovation process. Throughout the first section, we will use Chesbrough's Open Innovation theory and Wallin & Von Krogh's Five-stage model by exploring how Mikado uses external knowledge. In the last section of this chapter, we will consider how the social innovation ecosystem in Turkey supports Mikado Consulting to achieve its goals in their projects.

#### 5.1 Mikado Consulting's Integration of Knowledge

"Innovations create value by definition, being new to all and useful to some actors, but also tend to destroy value, being harmful to some actors".

(Schumpeter, 1942 cited in Grandstrand & Holgersson, 2020: 8)

As multiple articles showcase, organizations are not unknown towards the notion of environments influencing their business (Munro & Belanger, 2017; Wang & Ellinger, 2011; Kruse, 2012). An organization's overall environment is inherently dynamic and unpredictable, especially in developed societies as the technology continuously evolves (Drnevich & Croson, 2013). Further, an organization's environment broadly consists of everything surrounding the organization (Daft et al., 2017). In addition, not all environmental factors and actors directly influence the organization, and therefore, the environment is further categorized as internal and external environments. Our focus will rely more on the internal and external actors rather than the overall environment in this section. The internal and external actors are essential to understand when analyzing the open innovation process of Mikado Consulting.

As Chapter three denotes, Chesbrough (2006), Wang, and Ellinger (2011) argue that history has uncovered organizations primarily relying on internal knowledge and sources to create novel ideas. However, Chesbrough (2014), Wallin and Von Krogh (2010) found that in more recent years, utilizing the combination of external and internal knowledge is becoming accepted and increasingly integrated by multiple organizations. Furthermore, scholars indicate that organizations find it more difficult to innovate without external knowledge due to market competitiveness (Wang & Ellinger, 2011; Kruse, 2012). Although Mikado Consulting is, as previously mentioned, a social enterprise, the internal and external environment factors still apply, and thus, meaning Open Innovation theory is also applicable (see section 2.3.).

To fundamentally understand the Five-stage model, it is necessary to relate the model with the Open Innovation theory by Chesbrough (2006). Wallin, Von Krogh (2010), and Chesbrough (2006) all agree on the benefits of utilizing open innovation; however, Wallin and Von Krogh (2010) perceived a need for guidelines on how to execute open innovation optimally. In this section, the comprehensive set of analyzed data shows a consensus with the Open Innovation theory by Chesbrough (2014) and that Mikado Consulting follows a set of steps towards

integrating knowledge. As Chesbrough's (2006) Innovation Funnel (see Figure 1) suggests, the inflow of external knowledge combined with internal knowledge leads to innovation regarding a new market or the current targeted market. By analyzing the ambiguous structure of Mikado Consulting with the Open Innovation theory, it is clear that the organization gathers external and internal information as inflows of knowledge. This inflow and management of knowledge will be further elaborated in the following section.

#### 5.1.1 Five-stage Model

By relating the Five-stage model (see Figure 2) to our empirical data and innovation funnel (see Figure 1), it can be argued that Mikado Consulting seemingly follows the steps to integrate knowledge. Wallin & Von Krogh (2010: 149) argue that identifying the innovation process is paramount when starting the open innovation as, "...the advantage to the company pursuing these external knowledge build-ups in open innovation is the establishment of a new domain managed effectively by external parties, and in most cases, easier identification of and access to knowledge". According to Titiz (see Appendix 1), Mikado Consulting's steps are first discussed with their customers concerning their demand. At Mikado Consulting, customers are viewed as partnerships since they consider their customers (also referred to as partners) as potential long-term collaborations, "...we never saw them [as] clients ... we never say clients; we call them partners, so they also treated us like that..." (see Appendix 1: 8). Therefore, external knowledge is inherently integrated into their innovation processes, as they innovate together with their partners and later discuss solutions with outsourced experts within specific fields of the subject (see Appendix 1).

In order to identify the needs of the specified domain, Mikado Consulting has in the past conducted and tested methods such as surveys, questionnaires, and 'search meetings' with approximately 100 individuals participating (see Appendix 1). In this way, it can be argued that Mikado Consulting identifies the domain to which their innovation resides as they seek relevant and sufficient information, which thereby allows them to identify knowledge in various domains as the Five-stage model recommends. According to Titiz (see Appendix 1), they are also able to achieve relevant innovation knowledge from external actors such as experts within specific disciplines and from their partners. Further, Mikado Consulting does acquire knowledge from

universities to gain the most up-to-date knowledge and collaborate with university students; thus, Mikado Consulting obtains relevant external knowledge, according to Wallin & Von Krogh (2010).

Additionally, Figure 2 suggests that integrating appropriate mechanisms is the next step towards integrating external knowledge. In accordance with the Five-stage model, there are two processes to which Mikado Consulting seemingly adopts. Titiz (see Appendix 1) mentions that when they are innovating solutions, the process is often circumstantial, i.e., depending on the need for the innovation project. However, according to Titiz," ...first we are always doing focus group meetings, we first have to integrate, to understand the main stakeholders' needs, so we always hold ... focus group meetings with the main beneficiaries [and] main beneficiary groups representatives" (see Appendix 1: 10). This quote makes it clear that Mikado Consulting's routine coincides with the Five-stage model by always conducting focus groups, as their routine serves as a pattern of integrating knowledge.

Further, the Five-stage model argues that integrating knowledge in open innovation typically consists of group problem-solving, and due to Mikado Consulting's organizational size, group problem-solving is inherent in their work. When problems arise, Mikado Consulting attempts to solve them internally or externally in which they discuss with their partners to find a common solution. In this case, this mechanism derives mainly from their 'customers are partnerships' mindset. This notion suggests that Mikado Consulting openly and together with their partners discuss solutions. According to Titiz, Mikado Consulting gains insight from associating with other organizations such as WWF and universities. Through such associations, Mikado Consulting can access new and updated knowledge regarding prevalent such issues as sustainability and be environmentally friendly (see Appendix 1).

Another way to strengthen their problem-solving could be to resort to their competitors or other stakeholders and gain their knowledge and feedback on the problem. Creating an alliance with a competitor is not considered a weakness or devious, but rather a strength, as this makes it possible to acquire new solutions or skills (Hamel et al., 1989). Having an alliance with a competitor "...reflects the commitment and capacity of each partner to absorb the skills of the other" (Hamel et al., 1989). Although this may be difficult for Mikado Consulting to do in Turkey, due to the issues regarding intellectual property after this referred to as IP as Titiz mentions, it may be challenging to create a legal or non-binding alliance, as containing IPs is complicated in Turkey

(see Appendix 1). In other words, it is difficult to patent solutions, as other companies may steal them and not give credit. Consequently, starting lawsuits regarding IPs is also tricky, as it may solely result in money loss rather than success. Therefore, collaborating with competitors is difficult to determine if it results in success and honor. However, it is still possible to obtain external knowledge from other social enterprises in other countries with similar ambitions.

For an organization to achieve the full potential of the open innovation process, it is essential to execute effective governance of the mentioned mechanisms (Wallin & Von Krogh, 2010). Since experts, partners, and other external actors participate in the sensitive process, conducting an open innovation generally raises several challenges related to the governance of the process, its results, and assets (Wallin & Von Krogh, 2010). In this step, it is crucial to be effective due to the complex nature of open innovation. Throughout its ambiguous innovation process, Mikado Consulting aims to repute itself as a reliable social enterprise that develops high-quality solutions which meet sustainable and business development standards. By structuring their innovation governance around this mentioned reputation, Mikado Consulting can shape their mechanisms, which leads to their genuine and loyal partnerships. Although these actors are external, Mikado Consulting provides conditions that allow their partners to feel like a part of the organization. According to Titiz, these actors that experience this method generally choose to collaborate with Mikado Consulting for more extended periods (see Appendix 1).

Recall the last step of the Five-stage model; it suggests that organizations must learn how to find "...right balance between securing work output and quality, and providing enough incentives for people to join the open innovation process and voluntarily remain" (Wallin & Von Krough: 152). Since Mikado Consulting heavily focuses on its partners and experts, it is still challenging to determine how they balance their incentives and control. However, according to Titiz (see Appendix 1), the experts whom they rely on when specific projects involve domains beyond their profession always remain within a communicational reach. Since Mikado Consulting provides a certain community, this can be seen as a softer version of them balancing incentives and control. In this way, it is clear that Mikado Consulting preemptively can control their innovation work and create a long-lasting partnership, as mentioned before. Ultimately, Mikado Consulting's ambition to generate sustainable development solutions and their aim for social impact has deeply influenced the Turkish innovation and entrepreneurship ecosystem. This impact aids Mikado Consulting in creating a space in the industry for individuals who do not fit in the

NGO or private sector (see Appendix 1), which thereby can be viewed as another method of incentivizing external actors to contribute to their open innovation.

Overall, taking everything into account, it may be said that open innovation is essential to maintaining an innovative edge. In the case of Mikado Consulting, we interpret the organization to integrate internal and external knowledge through their inherently embedded open innovation process.

# 5.2 Mikado Consulting's Network Co-creation for the Social Innovation Ecosystem

"Open innovation has rendered increased interest both in practice and research, and has expanded from dyadic transfers of ideas, to ecosystem levels."

(Öberg and Alexander, 2019: 1)

This section will explore the Mikado Consulting immediate social innovation network by finding out the main companies' partners and how they contribute to the social innovation ecosystem. Also, we will explore the social innovation entrepreneurship ecosystem in Turkey by defining the main challenges the companies are facing working in this environment.

#### 5.2.1. Mikado Consulting's Social Innovation Network

The openness for external sources is getting topical in the company's way of doing their businesses. The more companies choose to use external knowledge for their business purposes; the more input is given to the common business network expansion. The main network purpose is to create a linkage between the knowledge of more than two actors. However, an open innovation environment needs to happen in order to succeed in network building between the enterprises.

From Chesbrough's (2006) perspective, network creation is a crucial part of the firm's environment as it allows external and internal knowledge to flow within the company. He states that the network should consist of strong and weak ties while the firm is creating an open innovation strategy. Based on Chesbrough's (2006) approach, on the one side, the strong ties are made on trust and can be easily used in case of a need, as for the other side the weak ties potentially

provide new information, which is a key to the open innovation. In order to find out what Mikado Consulting's immediate social innovation network is, please see 5.1. Figure:



5.1. Figure. Mikado consulting social innovation network in Turkey. (Imece, 2018)

The 5.1. figure shows the companies that Mikado Consulting has a partnership with (marked with the color red). As you can see, one of the biggest partners of Mikado consulting is Ashoka, Turkey, which is one of the largest social enterpreneurship networks in Turkey. Their main goal is to support the local social enterprises and gather young people in order to create a social impact in society (Ashoka, 2021). The CEO of Mikado Consulting, Titiz, says regarding the Ashoka impact on the innovation ecosystem in Turkey, "...But now five, six years, it has become more supportive, impacted Turkey and it also made Ashoka more active in Turkey" (see Appendix 1: 7). Also, the company has a partnership with the social innovation center called Sosyal İnovasyon Merkezi, which creates a space for new information about social innovation development.

According to Chesbrough (2006), one of the ways of creating regional innovation is the key institution involvement, where the knowledge is transferred back and forth from the company to universities. Mikado Consulting created this type of regional innovation with the Koç holding

partnership, which consists of several universities and social innovation research centers. One of the strongest ties the company has with the KUSIF - the social impact research center founded by the Koç university. "We've established with Koç University an aim and innovation center, which also has a positive impact" (see Appendix 1: 6). Also, Mikado Consulting partners with the Kworks acceleration center, which is under the umbrella of Koç holding. Based on the Imece (2018), Mikado Consulting has a partnership with the Sabancı University, which is a financially independent university with a sustainable focus approach (Sabancı University, 2021). As one can see, the companies have fewer common projects and weaker ties in the partnership. Based on Chesbrough's concept (2006), this type of network may lead to new information flowing, which potentially may lead to knowledge expansion within the companies.

Mikado Consulting's main contribution to the social innovation ecosystem can be found marked with the green color. According to the graph, Mikado Consulting provides research and content making as the main service for the social innovation ecosystem. Also, the company participates in the incubation and acceleration centers provided by Ashoka and KUSIF partners (Imece, 2018).

### 5.2.2. Social Innovation Ecosystem in Turkey

According to Grandstrand and Holgersson (2020), the innovation ecosystem is the coevolving process among actors, products, services, and institutions. It is often compared with the ecosystem in nature, where the different species co-evolve in the same environment. In this section, we will explore the social innovation ecosystem in Turkey by finding out how Mikado Consulting co-creates the ecosystem within the country.

Titiz said, by the time Mikado Consulting was founded, there was not any social innovation ecosystem in Turkey. "The social entrepreneurship ecosystem is very rare. We've been trying for more than [ten] years" (see Appendix 1: 7). Based on the European Commission Report (2019), the social enterprise ecosystem currently has some limitations in Turkey. One of the reasons is the problems in regulation and control from the government side. Unfortunately, the ecosystem is not expanding as it could be due to the lack of support from the government, the limited number of experts, and unregulated volunteer work. "Our journey was very difficult because we had to create the demand; there was no demand for sustainability, innovation or open innovation, or impact

*measurement*", said Titiz explaining the past situation when they started the Mikado consulting (see Appendix 1: 8)

Even though social enterprises are poorly supported by the government, in recent years, the awareness of social enterprises is increasing. There are successful examples of the youngster's involvement, who are interested in social enterprise innovation (European Commission Report, 2019). Since Mikado consulting started their journey on social innovation entrepreneurship in Turkey, they try to involve the younger generation in different projects. Titiz said, "...we built an online platform in 2009. We started doing eventing to young people who are in need of making better decisions, and more informed decisions about their future and period. Bringing equality in the educational system in remote areas where young people were excluded" (see Appendix 1: 6). According to Titiz, the cooperation with the NGO projects gives an opportunity to involve more youngsters in the projects. "...now we have more than 15.000 youngsters who are benefiting more than 2000 volunteers, and it has started receiving big funding now. It is a very good example of opening new innovation inside" (see Appendix 1: 7), said Titiz while answering the questions about the motivation working with the NGO projects.

In conclusion, network creation plays a crucial part for the company to succeed in open innovation. The strong network enables the transfer of knowledge from one enterprise to another. However, if the company does not have weak network ties, it may lead to knowledge limitations which potentially can jeopardize the open innovation process. It is essential to have strong and weak network connections to use the strong existing knowledge and explore the new network opportunities for creating open innovation. The broad network connections evolve the whole ecosystem of the industry. One of the external factors which influence the innovation ecosystem is government support. So, in case, the ecosystem environment has a lack of support from the government, it may lead to the industry's low development and, as a result, to industry stagnation.

## 6. Discussion

In retrospect, our analysis explores how Mikado Consulting can integrate knowledge from internal and external actors. In this case, we found that Mikado Consulting unknowingly manages its inflows and outflows of knowledge by integrating internal and external knowledge, thus creating an open innovation process. Even if Mikado Consulting is unaware that their standard innovation process seemingly coincides with the theories of open innovation and management of knowledge,

it merely serves them a benefit, as open innovation allows for easier entry to new markets and provides a significant competitive advantage. Therefore, if Mikado Consulting decides to adopt these mentioned methodologies extensively, it can be argued that their innovation processes and performance may exponentially improve.

Based on the information given by the analysis (see chapter five), we can interpret that in order for Mikado Consulting to make any changes or contribute to Turkey's innovation ecosystem, they must first manage their utilization of internal and external knowledge fully. Thus, Mikado Consulting is argued based on one of the theories in this study to use the full potentiality of open innovation and thus impact the social innovation ecosystem.

From the network building perspective, Mikado Consulting has a decent network in the Social Innovation Ecosystem of Turkey by having partnerships both with the big company holdings and small independent institutions. That mixture of different actors of the social innovation network provides both strong support and opportunities to develop open innovation in the company.

Based on the interview data (see Appendix 1), Mikado Consulting was one of the entrepreneurs who created a demand in the sustainable approach, co-creating Turkey's social innovation ecosystem. The company is heavily involved in the research projects, incubation, and acceleration centers making Mikado Consulting one of the crucial actors for the ecosystem expansion. Also, cooperating with the NGO foundation enables Mikado consulting to involve the younger generation in ongoing projects, thus, significantly impacting regional social innovation.

In the best-case scenario, our study would have conducted more interviews with other actors, increasing the richness and extensiveness of our data and, therefore, potentially more accurately analyzing and understanding Mikado Consultings's implementation of open innovation and their influence on Turkey's innovation ecosystem.

## 7. Conclusion

The field of open innovation is still considered a young research field. We have conducted a literature review (see chapter 2) that has allowed us to develop a further understanding of conceptions lying behind the open innovation paradigm within social enterprises and their social innovation ecosystems. Collected articles and journals provided us with a new foundation of knowledge that could have been later used for the analysis purposes. A great deal of the literature

review demonstrated our familiarity with the topic and helped us build the theoretical framework for the purposes of our research. Our aim was to get new insight into the process of open innovation and its underlying concepts, in order to achieve the framework that later allowed us to answer our research question.

In the methodology (see chapter 4), we collected the data from the literature and interviews. Titiz explained her personal views on open innovation and the ecosystem in Turkey. Additionally, she gave us many examples that we could use in our project during the interview. On the other hand, we used content analysis to analyze our data. The interview transcript was messy initially, but after we categorized the useful data, we started coding and finding the relevant data. The relevant data were used in the analysis and discussion parts. Lastly, we were aware of the ethical rules and tried to respect our interviewee's privacy during the research.

In order to fully answer our research question, we prepared two sub-questions. First, we have investigated Mikado Consulting internally by analyzing how they integrate knowledge within open innovation and what methods they use to sustain its continuous ideas generation. Second, we have explored the external part of the Mikado consulting by finding out how they built a network in the social innovation ecosystem in Turkey. We have evaluated Mikado Consulting's immediate network and concluded the main concerns and challenges in the social innovation ecosystem in Turkey.

With the aid of our sub-questions, we find a consensus of Mikado Consulting implementing open innovation by integrating external and internal knowledge within its network, which as a result, has an impact on the whole social innovation ecosystem in Turkey. As previously analyzed, our findings infer that Mikado Consulting uses different methods to maintain internal and external knowledge flow in the company.

By building a strong network, Mikado Consulting influences the different fields in the ecosystem. Noteworthy is that by contributing to the different projects, Mikado Consulting and partners gather the younger population across the regions, which makes social innovation impactful in Turkey. As a result, making small regional changes leads to a bigger transformation in the Turkish society.

#### 7.1. Limitations

The current research paper, like any other, has shortcomings that have influenced some elements of this study. Several limitations were discovered in various parts of the article during the writing process. One of the most significant limitations is the lack of related literature reviews on one of the chosen concepts, the innovation ecosystem, leaving us with insufficient evidence and references. Scholars and professionals have recently advanced a framework for understanding the importance of ecosystems in modern businesses. This is far from complete, but it is undeniably a positive step toward understanding the cooperation of innovative partners. It seemed to us that the current research in that field is motivated by the scholars' interests. As a result, we can infer that the existing literature has inadequate insights into innovation ecosystems.

Moreover, scholar Henry Chesbrough mainly presents the open innovation paradigm, and his idea of Open Innovation Theory is still the most widely derived notion of this term. We discovered that the open innovation literature is primarily based on Chesbrough philosophy, with only a few instances of other scholars' work being included in this area of research. Another downside of this project is that, due to Covid-19, the interview was conducted online through Microsoft Teams. The interview was scheduled for one hour, but due to a poor internet connection, we only had 45 minutes. We audio-recorded the meeting during the meeting, but we could not always type the very same terms on the page when it was time to write the transcripts.

Furthermore, as Titiz was speaking, background sounds disrupted the dialogue and made the audio recording challenging to understand after the meeting. Another constraint is Mikado Consulting's Website technological difficulties, which have limited our ability to collect related information and references, leaving us under heightened pressure and with insufficient time. When analyzing the data, we found that they may be too vague to understand their innovation process fully. Another limitation is that the interview transcript did not provide us with a comprehensive image of the Mikado consulting network's relationships.

#### 7.2. Future Research

When a limitation is discovered, it opens up new prospects and possibilities for other researchers, as is the case for any paper. This article establishes new boundaries for potential scholars for future work. To begin, future researchers should broaden their work on open innovation by contacting and questioning external partners to obtain more in-depth knowledge from them, which will open

up new perspectives. It will also be helpful to attend one of their meetings with their partners or stakeholders to see the communication process in action. Following that, more internal staff members need to be interviewed. We only interviewed one person, but interviewing more people opens possibilities for creating a more prosperous and detailed study of their innovation process and also gathering more data. Also, interviewing the immediate network of Mikado Consulting would make a broader picture of the social innovation ecosystem in Turkey. And, if accessible, using more observational evidence, such as live observing, would support the case more.

Another point is that we believe that there is a need for more intense research actions in the area of the social innovation ecosystem as it would benefit not only the research field but also businesses themselves. While collaborating with others, organizations are obstructed by risks related to knowledge and idea-sharing, technology, and intellectual property. Thus, further research may seek to examine the risks of open innovation towards companies and how this process presents its potential threads. Notably, they need to identify how open innovation is successfully managed and organized within organizations. Ultimately, further research could interview the social enterprise more social innovation ecosystem-related questions, as this will serve as an aid to further comprehend the topic.

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