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Consultants as Institutional Entrepreneurs who try to Change Innovation Ecosystems:

A Story-telling Case

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Abstract: This case study examines a common question for many countries and regions: how are innovation ecosystems created? Scrutinising a regional innovation ecosystem in the health technology industry, this study adopts a narrative perspective to ecosystem research that builds on the theoretical concept of institutional entrepreneurship. This research approach permits analysing how key actors produce and circulate narratives that socially construct the innovation ecosystem. These key actors are institutional entrepreneurs who try to change the values, beliefs and practices of other actors to legitimise their preferred understanding of the ecosystem. The key actor in the case study presented in this paper is a consultant and a report narrating the current state and future prospects of the innovation ecosystem.

Keywords: Ecosystem, innovation, health tech, consulting, institutional entrepreneurship, narrative

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The story-telling ecosystem: co-operation and controversy

How do innovation ecosystems emerge, survive and change? Despite growing practical and political interest in the constellations of actors, organisations, structures and values that make up innovation ecosystems, this question has received little attention in prior research. Many works on the various types of ecosystems have focused on their characteristics and success factors, while fewer have concerned how they emerge and survive (Autio & Thomas, 2014).

The case study presented in this paper examines a common objective and challenge for many countries and regions: how can innovation ecosystems be created and their functioning improved? The industry-specific innovation ecosystem analysed in this study is health technology, a rapidly growing field in the Finnish economy of particular interest to regions hosting university hospitals and medical schools. This case study deals with one of five such regions in Finland: the Kuopio region in eastern Finland.

This paper adopts a narrative perspective to innovation ecosystem research that builds on the theoretical concept of institutional entrepreneurship (Maguire, Hardy & Lawrence, 2004). This perspective sheds light on how key actors produce and circulate narratives that describe the present and future of an organisation (Zilber, 2007), in this case, the innovation ecosystem. These key actors are institutional entrepreneurs who attempt to change the values, beliefs and practices of other actors to legitimise their preferred understanding of the innovation ecosystem in question. The institutional entrepreneur in the case study is a consultant commissioned to prepare a publicly shared consulting report narrating the current state and future prospects of the innovation ecosystem and giving recommendations for improvements. This paper next outlines the theoretical approach and the methods used in the case study. The study findings and conclusions are then presented and discussed.

Theoretical background: institutional entrepreneurship as narrative

Institutional entrepreneurship addresses key questions of agency, interests and power when analysing changing organisations, including innovation ecosystems. Prior research has defined institutional entrepreneurship as the ‘activities of actors who have an interest in particular institutional arrangements and who leverage resources to create new institutions or to transform existing ones’ (Maguire et al., 2004, p. 657). Furthermore, it has been suggested that institutional entrepreneurs create novel systems of meaning that are able to tie institutions together (Garud, Jain & Kumaraswamy, 2002).

In this theoretical context, institutions are defined as the ‘rules, norms, and beliefs that describe reality for the organization, explaining what is and is not, what can be acted upon and what cannot’ (Hoffman, 1999, p. 351). Social science research has shown that narratives are a key element in how social reality emerges and is maintained through meanings (Bruner, 1986; Polkinghorne, 1988; Ricoeur, 1984). Research on institutional entrepreneurship has generated interest in its linguistic, symbolic and narrative aspects and focused on the meanings attributed to various issues by institutional entrepreneurs, influencing how they and others act on these issues. From the narrative perspective, meanings become institutionalised as they are shared and taken for granted within a specific institutional field (Zilber, 2007).

Institutional entrepreneurs shape projects in different ways, for instance, by assigning blame for problems, diagnosing their causes and providing practical solutions (Snow & Benford, 1992). By doing so, institutional entrepreneurs justify new meanings as appropriate and indispensable (Rao, 1998) and attempt to mobilise diverse groups to collective action needed to achieve change (Wijen & Ansari, 2007). Institutional entrepreneurs are highly competent in their work and can narrate change in a manner that motivates others to follow them (Suddaby & Greenwood, 2005). To qualify as an institutional entrepreneur, one needs to resist the dominant logic in a field by breaking existing rules. Institutional entrepreneurs

thus institutionalise the alternative logics and rules they champion (Battilana, 2006; Garud & Karnøe, 2001).

Methods

The paper presents an intensive case study of one event involving efforts to change the innovation ecosystem: a commissioned consulting study and the report on its results. The intensive case study strategy (Eriksson & Kovalainen 2010, 2016) works best with single case studies in which the case is interesting in itself. In other words, the case has intrinsic value, not only instrumental value.

The primary data for the case study consist of a consulting report covering 38 PowerPoint slides (Viitanen, 2018). The background data include field notes from the report presentation at a seminar. In the first phase of the analysis, qualitative content analysis and memo writing (Eriksson & Kovalainen, 2016) were conducted to analyse the explicit meanings in the data. In the second phase, narrative analysis was performed to analyse the consulting report as a narrative. In this phase, particular attention was given to the plot, characters and sequencing of the narrative and to the implicit meanings of the narrative and its sources of authority.

Findings

The KuopioHealth innovation ecosystem in the Finnish context

‘Health tech continues to be one of the fastest growing tech export sectors in Finland. In the past 20 years, exports by the sector have increased five-fold. The sector employs over 10 000 people in Finland’ (Teknologiateollisuus, 2018). This statement illustrates why the Finnish health tech is a lucrative industrial field in which many regions want to engage through innovation ecosystem development. The Kuopio region in eastern Finland is well known for its health-related expertise stemming from a research university, which has a medical school and nursing, pharmacy, medical physics, dentistry and social work

departments, and a university of applied sciences, which engages in regional development through education and research-and-development projects. This industrial field also includes health tech companies, private health care organisations and support organisations (e.g. a regional council, Chamber of Commerce and funding bodies). In addition, public sector organisations include the city of Kuopio, and other nearby municipalities, the university hospital and basic health care and social service units.

The KuopioHealth brand has historical roots in an umbrella concept that has included key actors and activities and diverse developmental efforts over the years. In 2017, the Health Tech Development Centre, a joint project by the City of Kuopio and Kuopio University Hospital, marked yet another attempt to boost the health tech innovation ecosystem in Kuopio area. The project commissioned the consultancy firm, Resolute HQ, to conduct a comprehensive analysis of innovative profile of Kuopio and particularly, the KuopioHealth innovation ecosystem. The work included:

- an analysis of the current state of the innovation ecosystem
- comparison of the innovation ecosystem's profile with similar ecosystems in Finland and abroad
- identification of development targets and coaching of local actors to take on the challenge to develop the KuopioHealth innovation ecosystem from the starting points outlined by the report
- provision of recommendations for further action

In 2018, Result HQ's chief executive officer presented the analysis results using a set of PowerPoint slides at an open seminar held at the city hall. The results were based on 36 interviews with key actors, documentary data and materials from the three innovation ecosystem days in which various actors in the health tech field participated. These days

included hands-on work in which the participants identified current problems and ways forward.

The narrative: from deep crisis to better future

The consulting report offers a crisis narrative, which nevertheless expresses solid optimism about the future. The ecosystem's current state is analysed using a framework of ten generic building blocks. Under each building block, 15–20 dimensions are marked with a minus or a plus indicating whether the dimension was in good shape (marked with a plus) or lack attention and require more work (marked with a minus). Finally, the analysis of strengths, weaknesses, opportunities and threats (SWOT) provides a holistic picture of the elements of the crisis and suggested ways forward.

According to the report, the KuopioHealth innovation ecosystem has good basic starting points for development and much unrealised potential. The Kuopio region offers excellent education, practical competence and research-based expertise in the health tech field. Most key actors participate in the ecosystem development in various ways; some are engaged in productive co-operation, and others have strong motivation to take their actions to a higher level. The regional decision makers have named KuopioHealth as one of five or six spearheads of economic development, and are developing the links between these spearheads.

The report, though, also identifies a good number of problems, gaps and needs that have not been adequately addressed. The decision makers concentrate on economic policy rather than innovation policy, and the city of Kuopio's role in the ecosystem remains unclear. Unhealthy competition and uncoordinated action exist among key actors, and the gap between planning and implementation is deep. Project-based developmental activities lack strategic direction, small companies do not have innovation agendas, and the region has attracted too few large companies. Public support for start-up and grow-up companies is low.

The story of KuopioHealth is shapeless and possibly incomprehensible to outsiders.

Innovation management is weak, and no one has a mandate to lead the innovation ecosystem.

After this analysis, the report compares the profiles of the KuopioHealth innovation ecosystem and two domestic and two international ecosystems to reveal the gaps and needs for future operations. Finally, a number of practical recommendations on how to create a successful innovation ecosystem are proposed.

Narrative institutional entrepreneurship: co-operation and controversy

From this study's theoretical perspective, the consulting report is a narrative through which institutional entrepreneurship is performed, and the Kuopio health tech innovation ecosystem is created and changed. A good number of the ecosystem actors participated in the production of this particular narrative through project meetings, interviews and innovation ecosystem days. The public presentation of the report was a story-telling act in which the consultant and the key actors of the KuopioHealth innovation ecosystem shared and discussed the narrative. After the seminar, the report was publicly released on SlideShare.

The narrative acts as a powerful vehicle of institutional entrepreneurship as it covers a wide range of issues and emerged from intensive co-operation between the consultant and the key actors. The narrative has a grounding in good consulting research practice and deals with numerous difficult issues discussed in smaller circles in the region but not previously raised in public reports. Based on compelling, systematic evidence, the narrative calls for groundbreaking changes in the ecosystem's institutional order, including re-structuring unclear power relations into a hierarchy that allows for stronger management and leadership.

The narrative derives authority from two sources: speaking out about problems and using effective meta-narratives to provide solutions. First, the narrative acknowledges the co-operation within the ecosystem but also explicitly points out a long-term controversy between the key actors' roles, goals and influence in developing the ecosystem. Bringing up this

difficult subject is exceptional, and the bravery of this act makes the narrative compelling. Second, the ecosystem narrative is informed by the meta-narrative of achieving competitive advantages through domestic and international comparisons guided by managerial rationality that enables goal-oriented action (Porter, 1985, 1990). Through these story-telling acts, the strategically competent future leader of the innovation ecosystem becomes the saviour and hero of the narrative.

Discussion and conclusion

The case study describes the micro process of innovation ecosystem creation using the theoretical frame of institutional entrepreneurship as narrative (Zilber, 2007). The study's main contribution is to elaborate on the role of consultants and their reports as institutional entrepreneurs in the context of innovation ecosystem change. Among the story-telling acts performed in many sites across innovation ecosystems, this paper focuses on one: a consulting report conveying a crisis narrative as an important meaning-making tool designed and used to change the innovation ecosystem. The narrative offers a systematic evaluation of the ecosystem's current state on which a compelling vision of the future can be based. In the narrative, meanings are designed to appeal to the audience and serve the author's purposes.

The research design permits exploring consultants' role as institutional entrepreneurs who commonly perform commissioned work on ecosystem creation and change. In this case, the consultant's main task as an institutional entrepreneur is to transform the existing polyphony of controversy among the key actors into a unified monologue characterised by co-operation without controversy. This is one type of institutional work (Lawrence, & Suddaby, 2006) institutional entrepreneurs have been found to do to change organisations (Greenwood, Suddaby & Hinings, 2002).

Based on the study findings, further research should investigate the various forms of institutional work consultants do in different organisational contexts. Also, it is important to

follow consultants and the narratives they produce over time and to study the long-term impacts of consultants' institutional work to create and change organisations, including innovation ecosystems.

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