

BACKGROUND

Business Ecosystem (unit of analysis)

- "loosely interconnected participants that depend on one another for their effectiveness and survival" [1]
- cooperation and competition that happens simultaneously between companies support coevolution of new capabilities leading to new innovations [2]

Open Innovation (OI) in Small and Medium Enterprises (SMEs)

- many aspects are not yet completely understood [3]
- OI is happening on the inter-firm level between various stakeholders of the ecosystem [4,5]

RESEARCH DESIGN

Qualitative, inductive case study

- Sample: one regional ecosystem
- Embedded cases: 7 SMEs
- Interviews: semi – structured face-to face, (in total 23), transcribed
- Participants: CEO or Managing Director
- Analysis: grounded theory approach (open, selective & axial coding)

OI across the Ecosystem

- Co-evolution depends on the innovation activities of the various partners [6]
- Divergent perception on innovation could be a challenge for ecosystem development

FINDINGS

Challenges in Adoption of OI Strategies

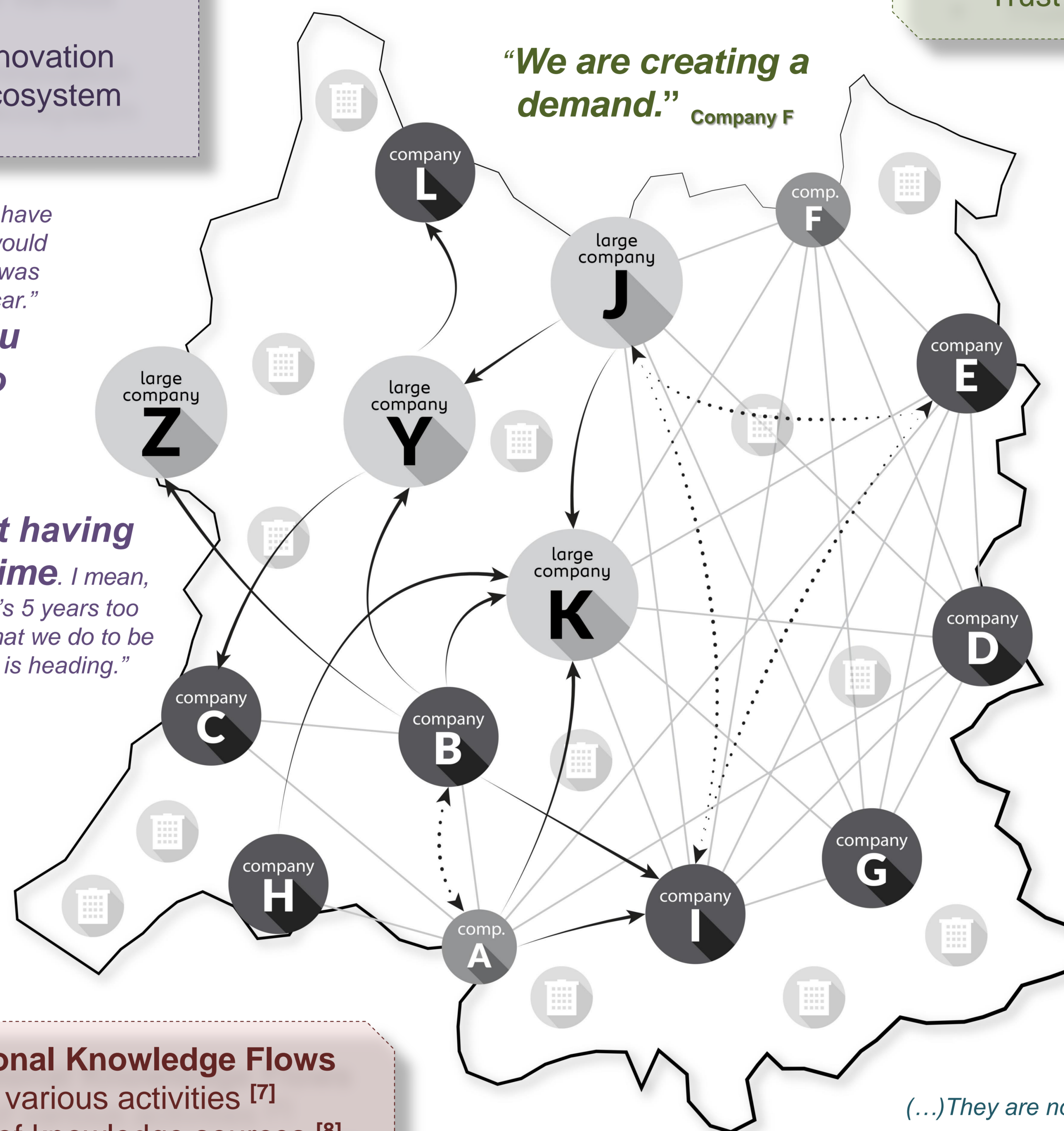
- Market and customer readiness [7]
- Trust and credibility [8]

"If you are a smaller company, you go to the market, you knock the door and they ask (...), why should we buy things from you?" Company G

"(...) my theory is that **instead of being two small companies**, which would not be able to take a big order then **put yourself together with another company and take any order**, which non of us would have had anyway. Instead of competing for projects and customers, saying you're too small, do it together (...)" Company A

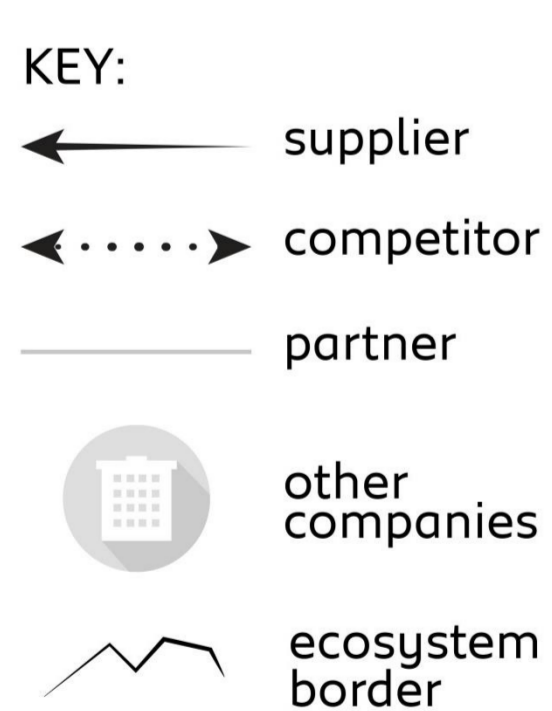
Organizational Aspects of OI in Ecosystem

- Lack of balance between SMEs and large firms [9]
- Cooperation and competition [10]



Inter – organizational Knowledge Flows

- Outsourcing of various activities [7]
- Diversification of knowledge sources [8]



"We are also outsourcing production to companies that have 100% percent focus on production; they do it better than us" Company B

"(...) if you work in a company like [the large firm] they have very different focus and very different perspectives and they know where to go and how to go and so on and so forth (...)"

"(...) They are not interested in what we are interested in; **we have tried so many times to cooperate with [the large company], we have had many more experiences with [the large company], every time we failed.**" Company G

CONCLUSIONS

- **the understanding** of what is innovation and knowledge-based collaboration can differ widely
- **different ways of organizing open innovation practices** could provide a source of knowledge for the ecosystem members and get companies closer in terms of potential partnering in new initiatives
- SMEs **dependencies on open innovation and openness for collaboration**, imply that they, can be involved in the coopetition relationships, which could also become the selective domain of SMEs embedded in an open business ecosystem

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