



SIX Wayfinder Istanbul

Social Innovation Ecosystem in Turkey: An Insight Report¹

This insight report is prepared by S360 Research & Analytics team and reviewed by Itir Erhart, academician at Bilgi University, May 2018.

The purpose of this **insight report** is to mainly document the landscape of social innovation in Turkey by hearing the perspectives, approaches and future direction of the social innovation field from the key actors of the field. As outlined by Social Innovation Exchange (SIX), although the term social innovation is still relatively new in Turkey, it is flourishing in communities and societies which requires the importance of better understanding the process of social innovation.

The review delivers useful information on the ecosystem and demonstrates a qualitative research of the current landscape of social innovation in Turkey by asking three main questions:

- *What does social innovation currently look like in Turkey?*
- *What are some elements that could help the social innovation ecosystem grow?*
- *What are some of the key challenges to be addressed by social innovation in the future in Turkey?*

The report starts with an overview of the current situation and the perspectives of social innovation in Turkey. Here, the highlighted topics are financing social innovation, regulatory frameworks that support and enable social innovation, collaboration that involves multiple sectors which brings about out new approaches and methodologies that enable social innovation across different sectors and within organizations cross-sector alliances. In addition to those topics, our stakeholders also emphasize the aspects of capacity building for people and the perception of social innovation across different sectors in the current context. Secondly, the report sheds light on the factors that were brought up during the field study to support the ecosystem to grow. In accordance with the previous findings of the co-creation workshop, lack of collaboration and dialogue, need of an encompassing supporting mechanisms, research and common terminology to ground on the ecosystem was elaborated during the field study. Thirdly, the experts were asked to think over the key challenges to be addressed by social innovation in Turkey. Most pressing challenges of Turkey were articulated around the cross-cutting issues; from access to education to creating enabling environments for youth to mobilize their potentials. Moreover, overarching challenges which are mainly the lack of multi-party collaboration and dialogue; and lack of transparency, trust and accountability were discussed elaborately.

The reader should bear in mind that the scope of this report is solely limited to the insights we gained through the field research that does not encompass the entire social innovation field within Turkey. Yet it offers very important and up to date findings regarding the current situation in Turkey. The field research was compromised of two focus groups with a total of 8 organizations and one-to-

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one in-depth interviews with a total of 9 individuals from corporates, civil society organizations, public sector institutions, research institutions, universities, social innovators and supporting mechanism ecosystem between the dates of March 29th – April 3rd, 2018.

What does social innovation currently look like in Turkey?

Financing social innovation is one of the central topics that is discussed by our key stakeholders. Creating resources for social innovation finance in all sectors and in all stages of development is a critical aspect for the sustainability of social innovation. From the business perspective, the need of understanding financial sustainability of social enterprises has been strongly emphasized. It is solidly emphasized that, in Turkey, within social entrepreneurship the business perspective which basically involves thinking in indicators and parameters remains weak compared to thinking about the social benefit. This poses a problem which hinders attracting investment to social enterprises. It is not only significant for a social enterprise to be sustainable but at a macro level it is crucial for establishing a more mature capital market for social enterprises.

In a macro perspective, financing and funding of social innovation should be a key aspect of the corporates and financial institutions. Our stakeholders claimed that among the **conventional business lines**, millions of dollars are being spent on various corporate social responsibility projects, whereas very few of the projects are using innovative methods, alternative business cases and approaches let alone realizing their social impact. This poses a problem that a great financial capacity and a competition mindset is not realized to support social innovation. If the financial assets of the business world can be allocated more to innovative social projects and programs and become a part of the social innovation ecosystem, a considerable change would happen. Hence, a great improvement in social innovation ecosystem could be achieved.

Resourcing is a matter of all. It is also very critical from the civil society perspective. Financial sustainability is crucial for **a non-governmental organization** to be effective and survive through time. It is stressed that conventional funding mechanisms both at institutional and individual level might be problematic considering the autonomy, dependency and financial sustainability of the organization. Therefore, our stakeholders recommended that civil society needs to pursue innovative and alternative financing models, more mixing and matching of funds, to mobilize money for their social causes.

In addition to the issue of financing, the role of public sector is central. As it is discussed in many of our interviews, **engagement and collaboration with the public sector** is very significant for supporting and enabling social innovation at a better scale. The issue has not yet been claimed by a specific public institution in Turkey, since the subject is multifaceted. Currently, existing institutions do not have the means to cover those multiple aspects of the issue. Nevertheless, there are several public institutions which engage more deeply with the subject from the perspectives of working on regulatory frameworks that enable social innovation, empowering civil society through various rooted funds and trainings, and establishing collaboration between different sectors.

One of the most significant topics that is related to engagement of the public sector is the need of a **regulatory framework that enables and supports** social innovation. However, it is a considerably complex and a controversial process that requires a time span and a multi-sector collaboration to develop. Experts from civil society, government, academia and social entrepreneurship ecosystem demonstrated the current discussion regarding the issue and illustrated the legal perspective in Turkey. At the ministry level, the main stakeholder who would be in charge of constituting the legal basis to support the social innovation ecosystem has not been yet determined. However, in the preparing process of the 11th Development Plan, the subject of social innovation has been addressed bringing civil society, entrepreneurship and government actors together under various commissions working on legal entities such as social cooperatives. Nevertheless, our interviewees challenge the issue, considering the long bureaucratic processes together with the weak collaboration ties between different sectors in Turkey, which would impede defining a regulatory framework for social innovation. All in all, there are several government units that has claimed leadership in working for social innovation. To be specified, Ministry of Customs and Trade, Ministry for EU Affairs, Ministry of Development, Ministry of Family and Social Policies, Ministry of Science, Industry, and Technology and Ministry of Science, Industry, and Technology are the government institutions related to the issue.

Our current institutions do not answer the emerging need of **new business models** in public, private and civil society sectors. There are a number of organizations, corporations and individuals who want to go beyond the 'business as usual' in Turkey, yet the current regulatory framework is unsatisfactory. Our stakeholders from the supporting mechanisms, public sector and the civil society specifically emphasize this emerging need. This need also brings about various organizations such as neighbourhood initiatives, volunteer initiatives, social cooperatives and social enterprises who attempt to work outside of the business as usual.

Within this perspective, the discussion on **regulatory framework** converges on the legal entity of social entrepreneurship. According to the experts, the position of social entrepreneurs is puzzling since there is not any legal status for social enterprise in Turkey. Yet, this is a tricky subject which has different aspects. Globally, there are various legal entities that define social entrepreneurship, such as impact corporation. Nevertheless, making definitions without embracing basic principles for these entities would have adverse consequences for the social innovation ecosystem in Turkey. The principles such as social impact evaluation, social and environmental norms, employee rights, and wage ratios within the company must be essential for social entrepreneurs to adopt in order to make social innovation grow meaningfully in the ecosystem. Without defining a framework that cover those principles, a legal entity would not change the business as usual model and would not enhance social innovation in Turkey.

Along with the discussion of financing and regulatory framework that encourage social innovation, one of the much-debated topics is the issue of developing capacity to catalyse all sectors for **creating societal impact** and **driving a cross-sector mindset shift and cultural** change to embrace social innovation. This is an amply relevant subject for civil society, and entrepreneurship ecosystem; as well as focusing on capacity building for young people is vital since it is a cross-cutting issue affecting all sectors.

From the perspective of civil society ecosystem, **innovation within the third sector** is essential to enable social innovation. One of our interviewees maintained that although the social causes that the third sector had concentrated upon have changed dramatically in years, the methods and approaches that are utilized have not much changed. In fact, there is a stagnation. The reason is claimed to be the lack of relevant skills and networks in the civil society ecosystem. From the perspective of the entrepreneurship, developing capacity for social entrepreneurs are vital as well. The main solution offered to this need is to establish incubators that can develop capacity for social entrepreneurs, support the sustainable growth of social enterprises and hence improve the ecosystem.

On the other hand, some of the institutions currently working within the social innovation ecosystem are **multipurposed** (and have to be multipurposed) in terms of providing a hub for capacity building considering regional discrepancies in addition to the skills needed. In other words, instead of specializing on a certain topic, these institutions become multifunctional aiming to address the needs of the region and local experiences. This is especially the case except Istanbul, where the ecosystem is vibrant than anywhere else in Turkey.

A cultural change and mindset shift is very significant for embracing social innovation in Turkey. Many of our stakeholders see the fact there is a lack of awareness on what social innovation is which makes it a big challenge. In other words, social innovation is misperceived as a part of “startup ecosystem”, only an initiative of individual effort. Particularly, the position of social entrepreneurship is precarious in the sense that it is considered as a subset of the entrepreneurship ecosystem which leads to lack of support. Very few philanthropists and investors provide support for social enterprises since it is considered as a regular profit making ‘enterprise’. Transforming this perception should be the main target of social innovation ecosystem actors, according to some of our stakeholders.

Nonetheless, there is a gradual increase in the awareness of social innovation in all sectors. People are becoming more and more engaged as the word spreads. One interviewee from the academia contended that the concepts such as social impact and social innovation are brought to the private sector’s agenda which was not the case five years ago. The above-mentioned efforts of the public institutions, bringing together different parties in order to understand the issue from a wider and more inclusive perspective, reveal the mindset shift in the public sector as well.

Lastly, there are few advantages to be acknowledged in the ecosystem. Our point of attention was directed to the universities which were exactly described as untapped resources of the community. Universities, among other institutions, have the potential of playing a major role in the development of social innovation ecosystem. While the traditional role of universities with conventional tools and methodologies are research and education they have abundant resources of special facilities and funds that can be enabled for more action grounded research that is an essential of the social innovation. It was argued by one of the supporting mechanism actively working on the field that, knowledge which is produced in the universities should benefit more from the local development and the geographical dimension of the universities may contribute to the local benefits. In other words, the university should become more beneficial to society. In light of that argument, it was recommended that isolated universities should increase their interaction with their surroundings in order to become a “social solution centre” for all.

What are some elements that could help the social innovation ecosystem grow?

The major challenge that emerged from our interviews was the **lack of collaboration and trust**, which is not only discussed as a problem in the social innovation ecosystem but also in general, in business as usual. Lack of collaboration is discussed at different levels by discrete stakeholders. For example, an interviewee from a supporting mechanism has explicitly asserted that lack of collaboration between the supporting mechanisms of the social innovation ecosystem was a need to be addressed quite deliberately. Rather than emphasizing this lack as a problematic issue, it was interpreted by our stakeholders as a need and an opportunity to be grabbed. It is recommended that enhancing and multiplying these supporting mechanisms which intersects the spaces of public, business, civil society and academy, the dialogue between different stakeholders and sectors can be strengthened. Similarly, stakeholders from the public institutions have asserted the difficulty and significance of establishing trust and strengthening communication especially in between the NGOs as well as the public institutions themselves. This element is largely aligned with the outcomes of SIX Wayfinder Istanbul co-creation workshop where the lingering scarcity mindset in Turkey was defined to encourage distrust and defence and resistance to change.

Dialogue and communication in between different parties is extremely important. Experts that we have talked to bring the argument that segregated structures in the campuses like “technoparks” often miss to share their studies with the rest which results in a less informed ecosystem. While there are initiatives that can be reviewed and submitted as social enterprises there is a lack of knowledge and communication between the parties. This in turn yields to initiatives that have a weak social perspective or a social cause pillar, as suggested above. The argument is further elaborated as, research and development activities and social innovation does not have to be opposing each other, in fact, they should be positioned to support each other. Experts from the supporting mechanisms are well aware that they can play the role of interconnecting and directing.

According to our stakeholders and experts, second apparent point that is essentially needed for the social innovation ecosystem to grow is the general headline of **support**. Especially within the social entrepreneurship ecosystem, the current state is largely based on competitions or rewards where the seed funding for an enterprise to grow lasts for a period of time. Afterwards, if, for instance, a student who has committed to his/her enterprise does not have the means or safety networks that are largely personal, can lose ground quite easily. This situation is expressed at different levels and with different cases by our stakeholders. Supporting instruments are described that are less vulnerable to downfalls; for instance, for beginners a fixed income for a period of time up until the enterprise bounces can sustain, yet for intermediaries capacity developing instruments including human resources management, sustainability and communication trainings in addition to projects to scale up their enterprise could work better. While multiplying these suggestions are not in the scope of this insight report, these and similar programs can be thought within the scope of a general necessity that pressingly found voice in key stakeholders of the ecosystem. This, in return, uncloaks another need that can be read in between the lines; listening to each other is substantial. Before initiating any type of program, project or policy the key stakeholders of the ecosystem should hear others whether operating as public institutions, corporates, academy or supporting mechanisms.

The third denominator of our interviews was the expression of the necessity of a **supporting mechanism to complement** the other entities in the social innovation ecosystem. According to our interviews, this supporting mechanism, in an ideal scenario, do not have to be a public or a legal entity but it can also be a corporate or a non-profit, nongovernmental organization as well as a hybrid institution. Rather than its legal status, its operating principles, values and functions are more important which were described from different perspectives of our stakeholders. This complementary institution is said to be a supportive agency that can play a variety of roles; an institution that can be consultation mechanism, that can ease the collaboration, to empower individuals by creating network mechanisms, and an overarching institution to encompass the social innovation field actors and institutions.

One other major challenge that was brought up during the interviews was the lack of a **common terminology** in the social innovation ecosystem. In accordance with the scholarly literature, the environment is extensively characterized by conceptual ambiguity, weakness and a variety of definitions. Our field research verifies that there are miscellaneous perspectives and levels of expertise in social innovation. During our interviews, “social innovation” was alternately used as a synonym of “social entrepreneurship”. The clarification of these new, and oftentimes, imported, terminologies emerged as a need that required attention. Related to this, one of our stakeholders suggested that a common vocabulary/reference points was needed to enable dialogue between different partners and stakeholders.

The need of a common language is associated with the need of a common ground to work with. Based on personal observation it is claimed, more often than not, people in the ecosystem uses both Turkish and English which can result in incomprehensible dialogues. Moreover, this unfettered usage of terminology was emphasized as an undesirable state to be cautioned of, where the meanings can be undermined and be driven to a trivial form.

In accordance with the need of a common language in social innovation field, **research** is an element that is stressed as a need of the ecosystem. Especially in an emerging, growing but also a fragmented field as such the systematic accumulation of knowledge and growth of a social innovation research base is necessary for the future of the ecosystem. This need is also expressed as rather than a scattered base, conceptualization and clustering of the problems faced within the development of the ecosystem.

What are some of the key challenges to be addressed by social innovation in the future in Turkey?

There are innumerable challenges to be addressed in Turkey. As a matter of fact, it is widely recognized that with regards to the abundance of key challenges that are faced throughout its wide geography, Turkey is quite advantageous. The wide geography accompanies a variety of challenges that can be observed at different layers. That is, each local setting may have specific needs and challenges which may not be directly comparable to another. Analysing them requires in-depth researches in various different geographies.

Timeliness, on the other hand, is an important factor, since, the global and national trends are powerful in setting the tone of the debates, from fashionable topics that are more likely to be funded to the strategic direction of the corporations. In return, catching up the trends arise as a need to be followed to evoke greater vibe around social & common value. Yet, other factors aside, there are solidified problematic topics that span over Turkey. In line with these general premises, different but interlinked issues were brought up during our interviews.

Youth empowerment was mentioned as a major opportunity as well as a challenge of Turkey to be tackled with at the crossroads of many stakeholders. Building capacity for young people, starting from access to education, continuing with provision of opportunities, is fundamental for social innovation, since engaging and empowering the young generation would have the cross-sectoral impact on the ecosystem. Allocating resources into opportunities for youth and enabling them to share their ideas to turn them into value is heavily emphasized. Our stakeholders shared their observations by referring to an eager and interested youth they observe, who has flourishing ideas and who wants to be a part of this newly emerging ecosystem. This is not only important for empowering youth but also important for bringing a mindset shift as early as possible. On this point, the need for role models is also expressed. It is asserted that mature and approved examples must be more visible for encouraging, especially, the young. Hence, supporting youth is essential for not only the ecosystem to grow but also to utilize the current socio-demographic characteristics of Turkey for a sustainable future.

Another topic that can be addressed by social innovation is **trust**. While trust was also declared as a lacking component in Turkey, it is also expressed as a challenge that should be approached. Trust as a core principle is at the heart of building individual and social empowerment and it is acknowledged as a critical factor to especially scale social innovation models. According to our experts, while trust/trusting may seem simple and smooth, most of the time failures that are observed in the ecosystem comes from a lack of trust. And this is a strong deficiency observed in everyday businesses of Turkey as well.

In addition, and in relation with the challenge of trust, the need for **transparency and accountability** in business practice has been highlighted by our stakeholders. Trust, transparency and accountability all are overarching topics that can be addressed which are important especially for the growth of civil society and for the improvement of the corporate actors. Indeed, these stand out as the core values of social innovation. They are needed for building better environments and sound infrastructures to address issue-specific challenges. This goes with the fact that social innovation does not only target resolving immediate social challenges, but it also aims to enhance the capacity of a society to act in the future.