BRITISH ACADEMY OF MANAGEMENT

BAM CONFERENCE

3RD-5TH SEPTEMBER
ASTON UNIVERSITY BIRMINGHAM UNITED KINGDOM

This paper is from the BAM2019 Conference Proceedings

Title- Understanding Social Innovation and Related Constructs

Abstract

The present study addresses the need for the consolidation of the social innovation field by providing a definitional clarity to the field using the evolution and conceptualization in the past studies. The review highlights the two streams, namely agentic and structuralist perspective in which social innovation has emerged and portrays it as a business model innovation prevalent in the social sector organizations or hybrid organizations. The study captures the barriers to social innovation and proposes the future scope of social innovation by linking it to certain popular management concepts like open innovation, design thinking and bricolage which in certain ways have some overlap with the foundational elements of social innovation. Some important parts of the phenomenon of social innovation that need to be studied in order to gain better understanding of the field have also been proposed towards the end.

Keywords: social innovation, systemic change, design thinking, open innovation, bricolage

Author information

Name: Shambhavi Agrawal

Email Id: shambhavia09fpm@iimk.ac.in

Affiliation: Indian Institute of Management Kozhikode

Name: Anubha Shekhar Sinha

Email Id: anubhashekhar@iimk.ac.in

Affiliation: Indian Institute of Management Kozhikode

Introduction

Social innovation has become a buzzword and scholars have started referring to it as the fourth era of innovation (Anthony, 2012), characterized by a business model at the locus of innovation, focus on multiple bottom lines and consideration of global issues of relevance (Nicolopoulou, Karats-Ozkan, Vas and Nouman, 2017).Drucker (1986) was the first to propose the importance of social innovation in the management literature as the scope and need for social innovations, he predicted, would surpass business innovations (Mulgan et al., 2006). Kanter (1999) suggested that social problems need to be addressed using business principles rather than philanthropic outlooks by establishing partnerships among private players, government and communities. Porter and Kramer (2011), stressed the need for socially oriented innovation by businesses to create shared value.

Owing to this evidence and the mainstreaming of social innovation (Elkington, 2013) as well as the dispersed nature of the field, there is a need to bring about definitional clarity to the field and to identify the way forward for fruitful research. Thus, the present study tries to bind together different views and streams of social innovation as well as tries to identify the various fields of study and as a future direction, it would try to point out the fields of study as well as a link to some the other management concepts viz open innovation, design thinking, frugal innovation, co-creation and bricolage. All of these concepts draw from the importance of collaborations and the resource constraints faced by social sector organizations.

Methodology

This study is a systematic literature review (Tranfield et al., 2003). The keywords that were used for the search included "social innovation" in combination with systemic change, institutional change, social change, market failure, radical change, shared value and institutional entrepreneurship. We also included keywords related to social entrepreneurship including corporate social responsibility, NGO, non-profits etc. A few inclusion criteria and exclusion criteria have been mentioned in Table 1. The databases included EbscoHost, ScienceDirect, PsycArticles, Proquest and JSTOR. The initial search returned 623 articles which were subjected to a title and abstract analysis which reduced the dataset to 172 articles. A further broad analysis included the introduction and conclusion review which further reduced the dataset to 48 articles.

Inclusion criteria	Exclusion criteria
Only peer reviewed journals were included in the search	Articles not in English were removed
Entrepreneurship, development, sustainability, management, governments, business, social science, strategic planning were the subject areas considered	Articles containing words environment, ecology and climate were removed

Table 1- Inclusion/Exclusion criteria

Definition

Social innovation is not just another innovation and it is significantly different from a business innovation (Pol and Ville, 2009) in the sense that it is motivated by a social cause as opposed to profit maximization. It is a disruptive change in the form of newness in terms of products, services or way of doing things to address a social challenge or problem in order to improve the quality or

quantity of life. Social innovation may include distance learning, fair trade, restorative justice, hospices, kindergartens etc. Some major points of difference have been summarized in Table 2.

Dimension\Innovation	Business innovation	Social innovation
Driver	Profit seeking and intention to make money	Intends to improve quality or quantity of life
Innovation type	Technological or organizational innovation	Regulatory, Normative or cultural innovation
Aim/Goal	Aims to improve performance	Aims to bring about societal and institutional change
Sharing philosophy	Generally protected by intellectual property rights	Generally guided by open innovation
Approach	Takes a competitive approach	Takes a cooperative approach

Table 2- Business innovation versus Social innovation (Pol and Ville, 2009)

Certain distinguishing features (dimensions) of SI as per the connected difference theory are that they are new combinations or hybrids of existing elements rather than being wholly new. Their implementation involves cutting across organizational, sectoral and disciplinary boundaries. Another important and inherent aspect of social innovations is that they establish new social relationships between individuals and groups that were initially clearly separable.
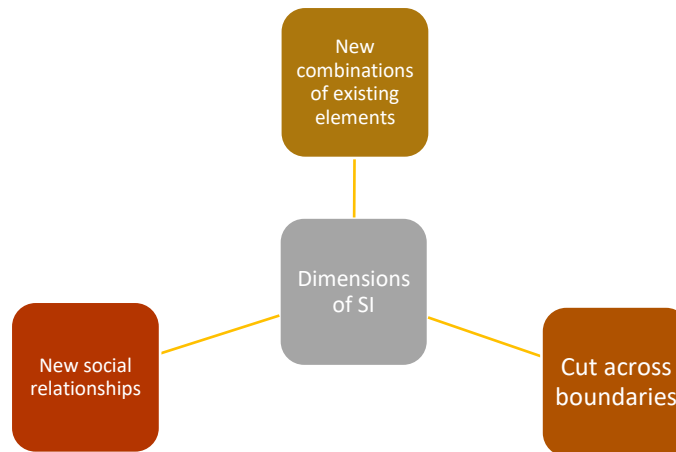

Figure 1- Dimensions of social innovation

The definition of SI apart from innovation includes institutional change (Martin, 2006) which inculcates new ideas or social structures (Scott, 2007 as cited in Hämäläinen, 2007) and the cumulative class of cultural, regulative and normative innovations (Heiscala, 2007 as cited in Hämäläinen, 2007), social purpose which is generally understood as a goal to meet a social need or promoting well-being (Young foundation, Mulgan, 2007 as cited in Pol and Ville, 2009) and

addressing a market failure which is addressing existing gaps not addressed by public or private sector in new ways (Forum on social innovations, 2008 as cited in Pol and Ville, 2009).

Based on the above definitional insights from literature, we define social innovation as:

"Social innovation is a complex process which emerges as an interaction between agency and emergent opportunity or market failure/void and introduces new ideas which revolutionize the basic structure and the beliefs of the social system by challenging the institutions that created the social problems."

Social innovation tools and related propositions

Social innovation inherently aims at addressing social issues and problems. It looks at community problems and works for the betterment of the society by dealing with health, education, nutrition etc. In order to deal with societal issues, compassion is a must. Compassion becomes the driving force to delve deep and find an innovative solution to an existing problem. The problems that require attention are deeply engrained in the prevailing society and institutions and in order to solve a problem, the basic structure needs to undergo a change. The change impacts the entire system and works at the level of norms, beliefs and values. Social innovation therefore requires a deep understanding of the context in question.

The change that social innovation is trying to bring about often tackles wicked problems. Dealing with a wicked problem, requires the involvement of the users, or benefactors in question. Owing to this important point of user involvement, we witness an inherent link to user innovation i.e. created by users to obtain higher value from products/services (Rosted, 2005). Such strategies require in-depth understanding of consumer needs. In case of a social innovation to be successful, the understanding of the user needs has to be very clear which can be achieved by resorting to ground-up strategies and grass-root innovation (Seyfang and Smith, 2007). Grassroot innovation is community-led and offers solutions to respond to the local situation and is led by practitioners of social innovation. The idea is to create new institutions to address existing failures. It involves localized solutions which are contextually determined and which address the problems at ground level.

Design thinking seems to be an appropriate tool to use in the implementation of any social innovation because of the very fact that design thinking inculcates user as the driver of innovation which is one of the most important factors required for the success of the social innovation.

Design thinking is a user driven innovation strategy that strongly focuses on qualitative measures to collect information to arrive at a solution. Business model is not always a focus in this strategy while ideation and implementation are both part of the process (Muller and Thoring, 2012). Design approach basically implies a collaborative and creative approach which involves the community in question. It is a participatory approach (Ehn, 2008) which may involve co-creation i.e. active involvement of end-users in production process (Prahalad and Ramaswamy, 2000) and co-designing (Manzini, 2014). It incorporates consumer insights and prototyping thus creating bottom-up innovative solutions (Brown and Wyatt, 2010).

Proposition 1: Social innovation tackles social issues and involves dealing with problems that the public and the private sector have failed to address, which is why community involvement and prototyping is required; thus, it holds a strong case for using design thinking as a tool.

Proposition 2: Social innovation aims at creating long term changes for the end users, thus their participation plays an important role in the process which asserts inculcation of the co-creation in the social innovation stream.

Social innovation relies on cooperation and collaboration because the goal is to address social issues by bringing about systemic change. A systemic change involves change in societal context and brings about institutional, cultural and social change. Social innovations address social issues which by their very nature are complex and require a mix of capacity building activities to scale up and produce large scale impact. In order to reach scale and build capacity, it must embrace actors from multiple sectors. Social innovation is a collaborative concept because it can produce impact only by partnering with individuals and organizations in the same sector as well as different sectors. Collaboration is more of a business model innovation in the context of social innovation (Jenkins, 2009).

The challenges and the uncertainty a social innovation faces can be overcome by using the network approach. Multiple stakeholder engagement also ensures knowledge sharing which is a driver of innovation and creativity (Nonaka and Takeuchi, 1995). The social innovations need to ensure building a reliable social capital (Alvord et al., 2004; Mair and Marti, 2006) not only in terms of the innovativeness in the outcome or solution but also in terms of resource providers in order to leverage existing resources that are essential for the diffusion of the social innovation.

Open innovation i.e. an inflow and outflow of knowledge; accelerates innovation process and diffusion (Chesbrough et al, 2006). Open innovation depends on network use, collaboration, knowledge sharing and creative capital. Some approaches to open innovation include outside-in which ensures supplier integration, customer co-development, sourcing external knowledge and integrating it etc.; inside-out approach which enables licensing and selling IP to bring ideas out in the open and technological multiplication using different applications; coupled process combines outside-in and inside-out by externalizing knowledge and integrating external knowledge (Gassman and Enkel, 2004).

Proposition 3: Social innovation being a systemic change ensues risk, to overcome which open innovation is a useful tool.

Proposition 4: Social innovation in order to be successful, requires knowledge flows which are enhanced by adopting open innovation as a tool.

Social innovations try to address social challenges which are practically gaps or voids left by government or private sector. Social innovations operate in resource constrained environments which provides opportunities but no resources (Baker and Nelson, 2005) to address the issues plaguing the context in question. Social innovations generally lack financial as well as human resources and they try to make do with whatever resources they have at hand thus combining existing resources and capabilities to produce new ones. Resource constraints encourage collaboration and creation of value network (Datta, 2011).

Social innovations operate on lean budgets and need an understanding of culture, structure, behavior and attitudes while resource constraints promote network approach. Social innovators pool in their own personal resources and leverage social ties and actor networks to arrive at an innovative business model to support their value proposition (Komatsu et al., 2016).

Bricolage (Levi-Strauss, 1967) is trying to make do with whatever resources are at hand and it is founded on the principles of improvisation and refusal to be constrained by limitations. It includes creating something entirely new, bringing into use discarded resources and tapping into hidden and local resources (Di Domencio, Haugh and Tracey, 2010) and social innovation indulges in all three as it creates new products, markets or institutions as well as it tends to find value in unused resources and it leverages local resources and adds value to the local context.

Proposition 5: Social innovations face resource constraints and thus using bricolage as a mechanism can help in the growth and scaling up.

Further development

With this literature review, we hope to have consolidated the field in its present nascent stage by highlighting the important pillars and streams of social innovation while at the same time providing future research directions to aid the growth of the field. We further want to develop all these related concepts in their entirety and offer a consolidated framework which offers a positioning of social innovation alongside these similar/ competing concepts thus making the differences and similarities between them clear thus aiding in highlighting the overlaps across these constructs.

References

Anthony, S. D. (2012). The new corporate garage. Harvard Business Review, 90(9), 44-53.

Alvord, S. H., Brown, L. D., & Letts, C. W. (2004). Social entrepreneurship and societal transformation: An exploratory study. The journal of applied behavioral science, 40(3), 260-282.

Baker, T., & Nelson, R. E. (2005). Creating something from nothing: Resource construction through entrepreneurial bricolage. Administrative science quarterly, 50(3), 329-366.

Brown, T., & Wyatt, J. (2010). Design thinking for social innovation. Development Outreach, 12(1), 29-43.

Chesbrough, H., & Rosenbloom, R. S. (2002). The role of the business model in capturing value from innovation: evidence from Xerox Corporation's technology spin-off companies. Industrial and corporate change, 11(3), 529-555.

Datta, P. B. (2011). Exploring the evolution of a social innovation: A case study from India. International Journal of Technology Management & Sustainable Development, 10(1), 55-75.

Di Domenico, M., Haugh, H., & Tracey, P. (2010). Social bricolage: Theorizing social value creation in social enterprises. Entrepreneurship theory and practice, 34(4), 681-703.

Drucker, P.F. (1986), Innovation and Entrepreneurship, Harper Business, New York, NY.

Ehn, P. (2008, October). Participation in design things. In Proceedings of the tenth anniversary conference on participatory design 2008 (pp. 92-101). Indiana University.

Elkington, J. (2013), "Red alert for the green agenda", Director, Vol. 66 No. 9 p. 32.

Gassmann, O., & Enkel, E. (2004). Towards a theory of open innovation: three core process archetypes.

Hämäläinen, T. J. (2007). Social innovations, institutional change, and economic performance: Making sense of structural adjustment processes in industrial sectors, regions, and societies. Edward Elgar Publishing.

Jenkins, H. (2009). A 'business opportunity'model of corporate social responsibility for small-and medium-sized enterprises. Business ethics: A European review, 18(1), 21-36.

Kanter, R. M. (1999). From spare change to real change. The social sector as beta site for business innovation. Harvard business review, 77(3), 122-32.

Komatsu, T., Deserti, A., Rizzo, F., Celi, M., & Alijani, S. (2016). Social Innovation Business Models: Coping with Antagonistic Objectives and Assets. In Finance and Economy for Society: Integrating Sustainability (pp. 315-347). Emerald Group Publishing Limited.

Lévi-Strauss, C. (1967). The savage mind. Chicago: University of Chicago Press.

Mair, J., & Marti, I. (2006). Social entrepreneurship research: A source of explanation, prediction, and delight. Journal of world business, 41(1), 36-44.

Manzini, E. (2014). Making things happen: Social innovation and design. Design Issues, 30(1), 57-66.

Martin, B. (2006). Social testing.

Mulgan, G., Tucker, S., Ali, R., & Sanders, B. (2007). Social innovation: what it is, why it matters and how it can be accelerated.

Mulgan, G., Wilkie, N., Tucker, S., Ali, R., Davis, F., & Liptrot, T. (2006). Social Silicon Valleys: A manifesto for social innovation. Young Foundation.

Müller, R. M., & Thoring, K. (2012). Design thinking vs. lean startup: A comparison of two user-driven innovation strategies. Leading through design, 151.

Nicolopoulou, K., Karataş-Özkan, M., Vas, C., & Nouman, M. (2017). An incubation perspective on social innovation: the London Hub–a social incubator. R&D Management, 47(3), 368-384.

Nonaka, I., & Takeuchi, H. (1995). The knowledge-creating company: How Japanese companies create the dynamics of innovation. Oxford university press.

Pol, E., & Ville, S. (2009). Social innovation: Buzz word or enduring term? The Journal of Socio-Economics, 38(6), 878-885.

Porter, M. E., & Kramer, M. R. (2011). "Creating Shared Value" Harvard Business Review, January 2011.

Prahalad, C. K., & Ramaswamy, V. (2000). Co-opting customer competence. Harvard business review, 78(1), 79-90.

Rosted, J. (2005). User-driven innovation. Results and recommendations. Copenhagen: Fora.

Seyfang, G., & Smith, A. (2007). Grassroots innovations for sustainable development: Towards a new research and policy agenda. Environmental politics, 16(4), 584-603.

Tranfield, D., Denyer, D., & Smart, P. (2003). Towards a methodology for developing evidence-informed management knowledge by means of systematic review. British journal of management, 14(3), 207-222.