

Social Innovation and Social Entrepreneurship: A Systematic Review

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Abstract

Corporate social responsibility (CSR) literature suggests CSR initiatives extend beyond meeting the immediate interests of stakeholders of for-profit enterprises, offering the potential to also enhance performance. Growing disillusionment of for-profit business models has drawn attention to social entrepreneurship and social innovation to ease social issues. Adopting a systematic review of relevant research, the article provides collective insights into research linking social innovation with social entrepreneurship, demonstrating growing interest in the area over the last decade. The past 5 years have seen a surge in attention with particular focus on the role of the entrepreneur, networks, systems, institutions, and cross-sectoral partnerships. Based on the findings of the review, the authors synthesize formerly dispersed fields of research into an analytical framework, signposting a “systems of innovation” approach for future studies of social innovation and social entrepreneurship.

Keywords

social entrepreneurship, social innovation, social innovation systems

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Introduction

In recent years, a significant body of literature has developed around social entrepreneurship and social enterprise (e.g., Chell, 2007; Chell et al., 2010; Dees & Anderson, 2006; Nicholls, 2010; Shaw & de Bruin, 2013), representing an important point of departure from classical entrepreneurship and the prevalent non-profit and for-profit enterprises. The two streams of literature, to a large extent, have developed independently, hampering progress toward the development of a strong conceptual and theoretical base and ultimately maturity of the field (Dees & Anderson, 2006; Defourny & Nyssens, 2010). More importantly, current research draws on a wide range of theoretical perspectives. The aim of the article is to address the gap in research by putting forward a robust theoretical framework, flexible enough to accommodate both concepts and their shared and systematic development. Through a systematic review of current research and clear conceptualization of key issues, the article addresses the following key research questions:

1. What is the broad thrust of research in social innovation and social entrepreneurship?
2. What is the relationship between social innovation and social entrepreneurship?
3. What are prevalent issues and how can these issues be reduced to more manageable themes?
4. Are there robust descriptive theories capable of bringing these two fields of study together and offering an organizing framework for future research?

Social enterprise and social entrepreneurship offer a different standpoint to classic notions of enterprise and entrepreneurship. The private sector is dominated by for-profit enterprises, whose key aim is to make profit and maximize owners' value. Much of the corporate social responsibility (CSR) literature does not question the primary motive of for-profit enterprises, but argues that managers of for-profit enterprises need to take into account not only the interest of owners but also the interest of other stakeholders that can affect or be affected by the activity of a for-profit enterprise (Mitchell, Agle, & Wood, 1997). Further studies go so far as to suggest that CSR policies and practices enhance the performance of for-profit enterprises (Bayoud, Kavannagh, & Slaughter, 2012; Hillenbrand, Money, & Ghobadian, 2013; Michelon, Boesso, & Kumar, 2013; Orlitzky, Schmidt, & Rynes, 2003; Waddock & Graves, 1997; Weshah, Dahiyat, Awwad, & Hajjat, 2012). In other words CSR mediates profitability.

Social innovation, defined as “innovative activities and services that are motivated by the goal of meeting a social need” (Mulgan, 2006, p. 146), occurs across several forms of organization, from for-profit firms that often create social value through their CSR programs, to dual mission organizations forming new hybrid models (Dees & Anderson, 2006), for example, the Benefit Corporation and the Low-Profit Limited Liability Company (L3C) in the United States (Reiser, 2010). Social entrepreneurs operate within such a continuum (Chell, 2007)—adopting a business approach, social entrepreneurs focus on bringing about improved *social* outcomes for a particular community or group of stakeholders.

Consequently, the underlying drive for social entrepreneurship is the creation of social value as opposed to personal or shareholder wealth (Noruzi, Westover, & Rahimi, 2010; Thake & Zadek, 1997) and the activity of such social creation is characterized by pattern-breaking change or innovation (Munshi, 2010; Noruzi et al., 2010, p. 4), through the creation of new combinations of, for example, products, services, organization, or production (Defourny & Nyssens, 2010). For example, solar skylights for the inhabitants of Philippine slums provide a novel light source made simply from plastic drinks bottles filled with water and bleach. The lights are equivalent to a 55 W bulb, reducing electricity bills by around US\$10 per month, enabling individuals to work for longer hours and in better working conditions (Berthon, Pitt, Plangger, & Shapiro, 2012).

As change agents, social entrepreneurs harness innovation at a systemic level to bring about a change in social equilibrium (de Bruin & Ferrante, 2011; Lehner & Kansikas, 2012; Zahra, Gedajlovic, Neubaum, & Shulman, 2009). Above all, concern for the “double bottom line” motivates social entrepreneurs to perform not only financially but also socially (Emerson & Twersky, 1996), just as many companies with strong social missions strive to do.

The dichotomy of aligning business approaches with a social mission is reflected in the corporate world, where companies often struggle to deliver on their social responsibility agendas. Many mainstream organizations go after social innovation, operating within the doctrine of the “Triple Bottom Line” (Elkington, Emerson, & Beloe, 2006)—the pursuit of social value creation through combining social impact and sustainability with profitability.

Hart and Milstein (2003) suggest corporations can generate “sustainable value” by employing “strategies and practices that contribute to a more sustainable world and simultaneously drive shareholder value” (p. 57). Porter and Kramer (2006, 2011) go on to advocate the concept of “shared value creation” as a means by which organizations and companies can pursue their social responsibility agendas. However, it is suggested that many companies

simply participate in CSR gesturing (Sigurthorsson, 2012) or, at a more extreme level, “greenwashing” (Delmas & Burbano, 2011).

What is apparent is the immense unexploited opportunity that social innovation presents to businesses. If managers of organizations are to deliver more value from CSR, they need to understand how they can better incorporate social innovations into their CSR agendas, potentially learning from studies of social entrepreneurs who strive to manage the duality of applying a business approach to bring about a social outcome.

The heightened interest in social entrepreneurship and social innovation over the past few years (Christensen, Baumann, Ruggles, & Sadtler, 2006; Dees, 1998; Leadbeater, 1997; Nicholls, 2006; Shaw & Carter, 2007) may be attributed to the perceived weaknesses and failure of the dominant for-profit enterprise model. The prolonged recession and the pressure on the public purse has resulted in a smaller public sector and the desire for some of the activities previously supported by the state to be supported through social entrepreneurship and social innovation.

There is a significant lack of research into the process of social innovation; a recent survey of the field found few academic studies, widely shared concepts, thorough histories, comparative research or quantitative analysis in the extant literature (Murray, Caulier-Grice, & Mulgan, 2009). Although considerable research has been conducted into business innovation, particularly technological innovation, social innovation remains relatively under-researched. As Mulgan, Tucker, Ali, and Sanders (2007) have pointed out, much can be learned from studies into both business and public innovation, but they do not fully address the social field, arguing that the lack of knowledge is hampering those keen to support social innovation.

Similarly, despite increasing recognition of the contribution that social entrepreneurship makes to a nation’s social, economic, cultural, and environmental wealth (Fayolle & Matlay, 2010; Shaw & Carter, 2007), research effort in the area is somewhat disjointed and disparate, resulting in an array of definitions and perspectives (Zahra et al., 2009, p. 521). The nascency of research into social entrepreneurship and social innovation highlights the need to develop a shared understanding not only of the term “social innovation” but also its links with social entrepreneurship. Although debates rage regarding linkages between social innovation and social entrepreneurship, few connections have been made (Defourny & Nyssens, 2010). This systematic review has been stimulated by a need to collate different insights into social innovation and social entrepreneurship through undertaking a theoretical synthesis of the field of social entrepreneurship and its related sub-fields.

The article aims to systematically examine the research into social innovation and social entrepreneurship by considering the general evidence base. It

commences by outlining each stage of the literature review, going on to report on research on social innovation and social entrepreneurship, providing a descriptive and thematic analysis. The review concludes by considering the key features of the research, proposing the systems of innovation approach as a potential analytical framework for future studies.

Method

Despite growing academic interest in social innovation and social entrepreneurship, little attempt has been made to provide a comprehensive review of existing studies. To provide an overview of the knowledge-base, the study has undertaken a systematic review of the literature as opposed to a traditional narrative review. Building on medical research methods, systematic literature reviews have gained increasing credence within management research (Denyer & Neely, 2004; Pittaway, Robertson, Munir, Denyer, & Neely, 2004; Tranfield, Denyer, & Smart, 2003). Through the use of a transparent, reproducible, and iterative review process (see Figure 1), systematic literature reviews aim to overcome the issue of researcher bias often evident in narrative literature reviews, by using a comprehensive search and analysis framework that combines cross-referencing between researchers, extensive searches of research databases and the application of agreed exclusion criteria (Roehrich, Lewis, & George, 2014; Tranfield et al., 2003).

To define the scope of the review, an expert panel was established consisting of experts in methodology and theory and leading practitioners operating in the fields of study, in this case social entrepreneurship and social innovation. A management review protocol was designed to support the process that was sufficiently flexible to allow creativity, but sufficiently structured to avoid any researcher bias affecting the outcome (Tranfield et al., 2003).

An initial search was conducted of all document text in Scopus, a comprehensive electronic database for the time period 1987 to 2012. A 25-year time frame was selected as the review team felt it was sufficient to uncover the early roots of studies into social entrepreneurship and social innovation and would present an insight into how work in the area has developed and built up over time.

A “thematic analysis” was undertaken, providing an overview of what is known and establishing the degree of consensus that is shared across different themes. The review team identified themes on the subject based on their prior experience, developing these themes into a framework for analysis (see Figure 2). Themes included the following: innovation systems, social entrepreneurs, networks, institutions, and social enterprises. To ensure parity in interpretation of the selection criteria, the research team undertook an initial

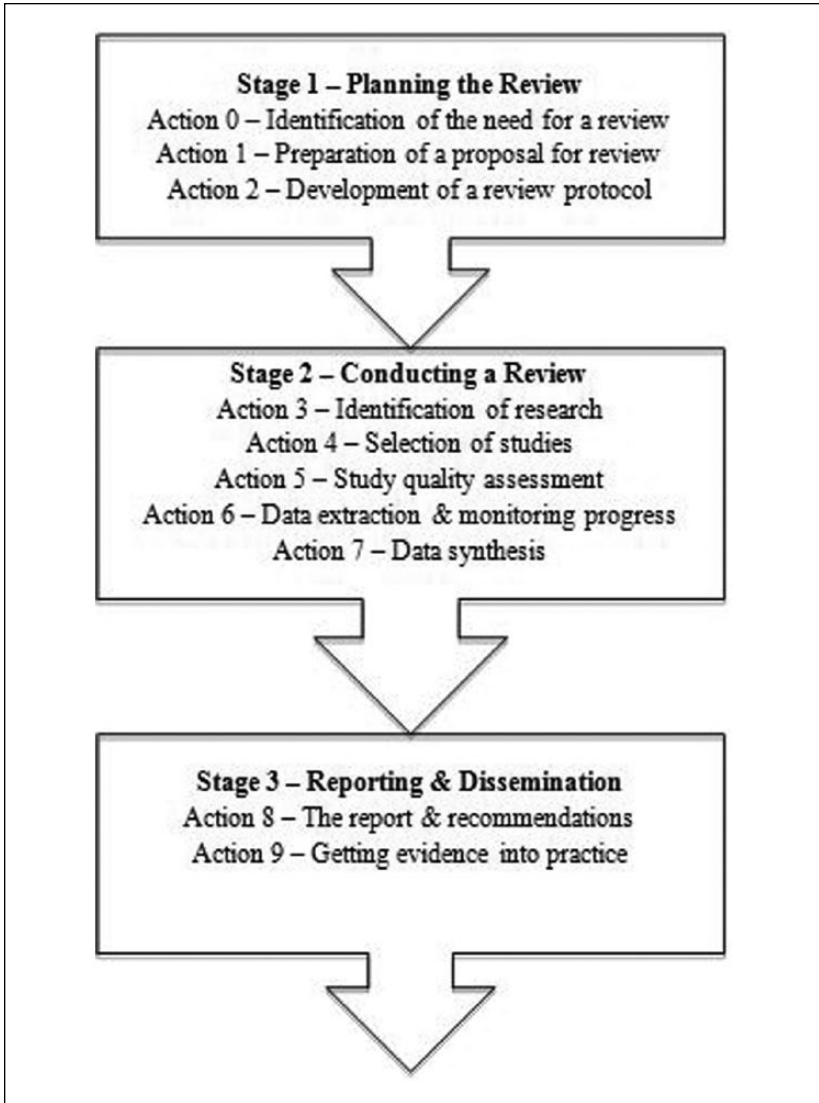


Figure 1. Stages of the systematic review (adapted from Tranfield, Denyer, & Smart, 2003).

review of a random selection of articles, and applied the inclusion and exclusion criteria, repeating the process until there was over 90%

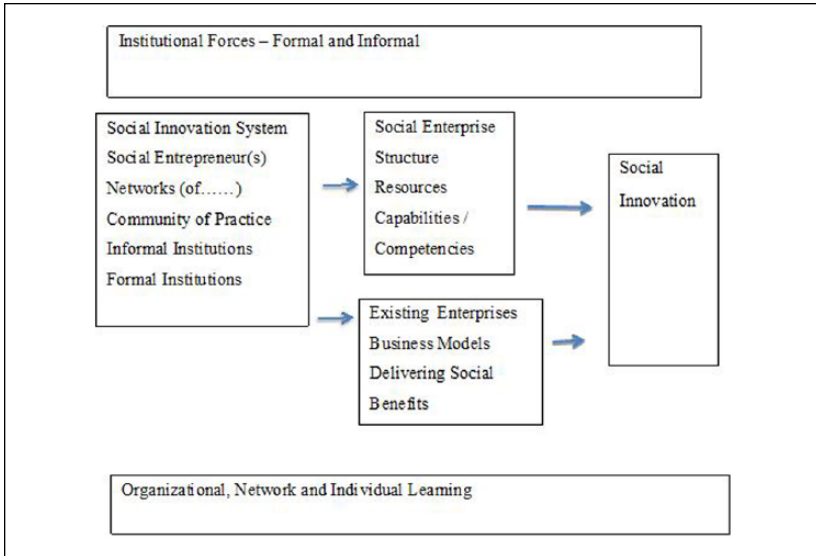


Figure 2. Framework to support the thematic analysis.

Table 1. Inclusion Criteria.

Criteria	Reasons for inclusion
All sectors	To gain a wide picture of the social innovation and social entrepreneurship—not just limited to one area
All countries	To ensure a cross-cultural view of social innovation and social entrepreneurship
Theoretical and empirical articles	To capture all existing studies

agreement (Miles & Huberman, 1994), aiding both definitional clarity and aiding reliability.

Following an extensive consultation phase involving the research team and expert panel, the following specific keywords were selected: social innovation, social entrepreneur, social entrepreneurship, social enterprise, socialized firm, social firm, hybrid companies, and community business. The keywords were constructed into search strings such as social enterprise* AND social innovation*. The citations identified were reviewed according to the inclusion and exclusion criteria (Tables 1 and 2). To reduce the number of

Table 2. Exclusion Criteria.

Criteria	Reasons for exclusion
Pre-1987	Contributions toward social innovation and social entrepreneurship have developed in the past 25 years
Conference papers, lecture notes, symposiums, trade magazines, workshops, book reviews, letters	Focus on high-quality peer-reviewed research
Architecture	Such studies focus on the design of buildings as opposed to the management of social innovation and social entrepreneurship
Psychology	To exclude the studies focusing on assessment of an individual's psyche
Climate change, environment, ecosystems, biodiversity, and energy/energy consumption	To exclude the many studies relating to the measurement and management of environmental factors
Education practice and education research	Focused on the development of the curriculum and student performance as opposed to the management of social innovation and social entrepreneurship

citations, the titles of articles were analyzed according to the exclusion criteria, and then the abstracts were analyzed according to the inclusion criteria.

The resulting articles were then assessed by the research team for relevance. Once finalized, the existing citation abstracts were reviewed according to the quality criteria identified by Pittaway et al. (2004); using journal ranking lists from the U.K. Association of Business, only peer-reviewed journals were selected, ensuring that selected journals were of a high disciplinary standing, presented validated knowledge that had been evaluated in terms of academic quality and rigor, theory robustness, implications for practice, methodology, data and supporting argument, and contribution to knowledge (Lockett, Moon, & Visser, 2006; Podsakoff, MacKenzie, Bachrach, & Podsakoff, 2005; Roehrich et al., 2014).

Abstracts were imported from Scopus and coded according to their content and reviewed according to their relevant subject theme identified in the framework developed for the thematic analysis (see Figure 2). Articles were classified as either theoretical, conceptual, quantitative, or qualitative (see Table 3 for definitions of article type). A key element of a comprehensive review, the analysis of the data (Crossan & Apaydin, 2010) was broken down into two parts:

Table 3. Definition of Article Type.

Type of article	Definition
Theoretical	An article that presents a new theoretical position or calls into question the fundamental structure of an existing theory (Whetten, 1989)
Conceptual	An article that explains either graphically, or in narrative form, the main things to be studied—the key factors, concepts or variables, and the presumed relationship among them (Miles & Huberman, 1994, p. 18)
Qualitative	An article that involves any research that uses data that do not indicate ordinal values (Nkwi, Nyamongo, & Ryan, 2001, p. 1)
Quantitative	An article explaining phenomena by collecting numerical data that are analyzed using mathematically based methods (in particular statistics; Aliaga & Gunderson, 2000)

1. *A descriptive analysis* of the area in terms of field of study, key journals, and key sectors studied and
2. *A thematic analysis*—to outline what is known and established within the selected documents and identify the key emerging themes (see Figure 2).

Analysis I: Descriptive Analysis

At the initial stage of the review, 1,369 articles were found, and once the inclusion and exclusion criteria were applied, the number of articles was reduced to 308. Having reviewed the abstracts according to relevance and quality, 144 articles remained, which was reduced to 122 articles following the removal of duplicates (see Table 4).

The journals publishing research in the areas of social innovation and social entrepreneurship are a good indicator of the disciplines from which social entrepreneurship and social innovation research draws its concepts and theories. The review has identified an array of disciplines including entrepreneurship, general management, innovation and technology management, economics, small business research, and third-sector research (see Table 5). The journals most frequently publishing articles in these areas were identified as *Journal of Social Entrepreneurship*, *Entrepreneurship and Regional Development*, *Entrepreneurship: Theory and Practice*, *Journal of Business Ethics*, and *International Journal of Technology Management*, suggesting a broad conceptual and theoretical underpinning.

Table 4. Number of Journal Articles Selected at Each Stage of the Review.

Selection stage	Key search term								Total
	Social innovation	Social entrepreneurship	Social entrepreneur	Social enterprise	Hybrid companies	Social firms	Socialis(z)ed companies	Community business	
Original search	335	298	166	368	8	13	2	179	1,369
Post-abstract analysis	83	98	47	67	0	2	0	9	306
Post-full article analysis	43	38	28	28	0	2	0	5	144
Total with duplicates					144				
Total excluding duplicates					122				

Table 5. Breakdown of the Field of Study of the Selected Journal Articles.

Field of study	Total articles
Entrepreneurship	41
General management	18
Innovation & technology management	14
Economics	12
Third-sector research	6
Business ethics	5
Small business research	7
Interdisciplinary	6
Policy studies	7
Health	1
Family business	1
Knowledge management	1
Operations management	2
Sociology	1

The articles were further categorized according to the research studies' country of origin. As might be expected, English-speaking countries were most strongly represented, led by the United States (33 articles), followed by the United Kingdom (22), Canada (13), Australia (6), and Spain (5). There were 20 articles involving international research teams, suggesting that as international interest in social innovation and social entrepreneurship has developed, there has been a move toward sharing knowledge between researchers from different countries. The number of articles originating from the United States and United Kingdom was high, which implies that U.S. and U.K. academics have made a significant contribution to studies relating to the field of social entrepreneurship and social innovation. However, it must be recognized that the search focused on English language journal articles, which would implicitly result in a bias toward research conducted in English-speaking countries or by English-speaking researchers. Non-English publications were difficult to access, although it is appreciated that important contributions have been made in non-English publications and there is a need for researchers with language skills to undertake reviews in non-English publications to enable integration into mainstream English research articles.

The majority of studies were international comparative studies (19), whereby comparisons were made across different countries. Again there were a high number of studies (13 articles) investigating the U.S. context. U.K.-centric studies (12) and several studies from Canada (7), the Netherlands (3),

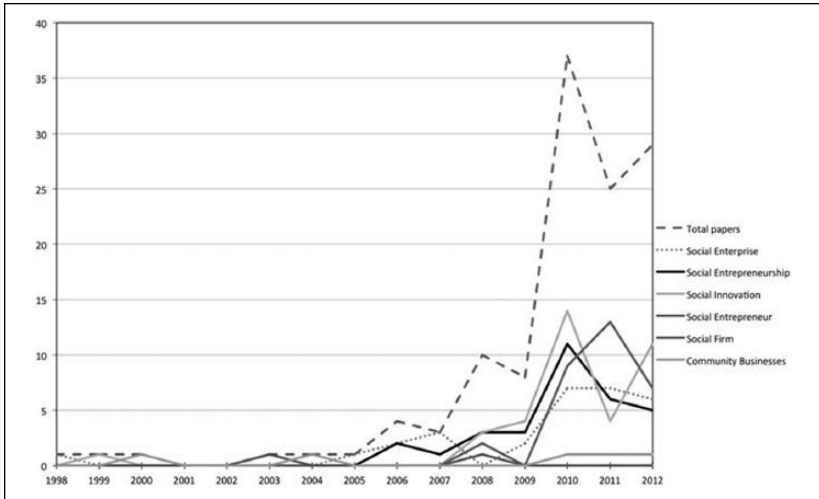


Figure 3. Graph illustrating number of publications between 1998 and 2012.

and Spain (3) were also identified. Overall, the research appears biased toward studies conducted in Europe and North America, with 19 studies conducted in European countries and 15 in North America, although there appears to be an emerging interest in Asia, with recent studies emerging from China (2), Japan (1), and Malaysia (1). Again a review of non-English publications would contribute toward a clearer understanding of relevant research that is being undertaken in other countries and cultures.

The articles were also categorized according to publication year. Following application of the review selection criteria, no articles appeared prior to 1998. Such a discrepancy may be attributed to the growing interest in the field of social entrepreneurship during the late 1990s, which took time to filter into peer-reviewed publications. From Figure 3, it can be seen that interest in the areas of social entrepreneurship and social innovation is increasing, particularly post-2008, as reflected in the marked increase in articles published between 2008 and 2011. Only 4 articles were identified between 2000 and 2005, whereas 25 articles were identified for 2011 and 29 for 2012. In 2010, there was a spike with 37 article publications, which can be accounted for by 3 special issues in this year: 1 in social entrepreneurship, another in social enterprise, and the final 1 in social innovation. However, the overall trend is of growth and implies that the areas of social entrepreneurship and social innovation are garnering increased attention; in 2012, there was a noticeable rise in social innovation-related outputs, emphasizing growing interest

Table 6. Thematic Analysis of Articles Reviewed—Key Themes.

Theme	Empirical articles (no. of articles)	Theoretical/ conceptual articles (no. of articles)	Total no. of articles
Role of the entrepreneur	20	3	23
Social mission	7	1	8
Opportunity recognition	5	2	7
Characteristics	5	0	5
Commercial drive	3	0	3
Networks & systems	6	12	18
Typology	3	8	11
Institutions	8	3	9
Cross-sectoral partnerships	5	4	9
Community	4	4	8
Resources & capabilities	3	3	6
Success factors	7	2	5
Culture	1	2	3
Policy	2	1	3

within the academic community. The rise in outputs may relate to increased recognition of the flaws of for-profit enterprise models promoting a need to look to alternative approaches to address social imbalances and find innovative solutions to social issues.

The research team also interrogated the research design and methodologies used in the studies and found that as may be expected in an emerging field, much of the research was exploratory and qualitative in nature (43 articles), though some quantitative research is being carried out (13 articles), and 13 articles used mixed methods. The review also identified 32 conceptual articles and 21 theoretical articles. It was interesting to note that the number of empirical studies has increased sharply over the last 2 years, suggesting that the area is developing; as social entrepreneurship and social innovation have become more firmly grounded in theory the number of quantitative studies have risen.

Analysis II: Thematic Analysis

The selected articles were subjected to a thematic analysis, whereby their abstracts were coded, using the framework for thematic analysis (see Figure 2 and Table 6). There was a difference between the key themes identified in the empirical articles versus those pursued in the theoretical and conceptual

articles. For conceptual and theoretical articles, the key focus was networks and systems and the development of a typology for social entrepreneurs and social innovation, whereas, for the empirical articles, the focus was on the role of the entrepreneur.

Overall, the role of the entrepreneur featured prominently within the articles, having been identified as a key theme in 23 articles. Here, the focus appeared to be on the importance of social mission in driving and directing social entrepreneurs and the opportunity recognition process, suggesting that the opportunities pursued by social entrepreneurs have a strong social purpose, although as some articles highlighted, possession of a strong social purpose does not suggest social entrepreneurs lack commercial drive or acumen.

Both the empirical and theoretical/conceptual articles looked at the role of systems and networks and similarly the importance of institutions, both formal and informal, in promoting development. Another key theme that emerged was that of cross-sectoral partnerships. Such interactions underline the significance of the linkages and partnerships that social entrepreneurs must develop to mobilize resources and capabilities, which was another theme pursued in the literature, in addition to the difficulties of managing these partnerships in terms of differing objectives, cultures, and approaches.

In summarizing the evidence used by the study, it can be seen that existing research is dominated by studies of entrepreneurship, particularly social entrepreneurship. Many of these studies originate from the United States and Europe, particularly the United Kingdom. However, although more than 30% of articles originated from the United States, the research is international in nature, indicating growing international interest in the role that social entrepreneurship and social innovation has in meeting today's global challenges. The evidence base used by the review also shows that interest in this area of study has increased over the past 10 years, accelerating over the past 5 years, with much of the focus being on the following key themes:

1. The role of the entrepreneur: social mission and opportunity recognition
2. Networks and systems
3. The formation and development of cross-sectoral partnerships
4. The role of institutions

The research also encompasses a wide range of journals, disciplines, and authors, which suggests a need to amalgamate these studies if a shared understanding of the relationship between social entrepreneurship and social innovation is to be developed.

Social Innovation and Social Entrepreneurship

Social entrepreneurship has become part of everyday lexicon since the turn of the century, although evidence of social entrepreneurship can be traced back to over 100 years ago (Dart, 2004) and describes the work and structures of community, voluntary, and public organizations and private firms working to solve social issues.

From our sample, the earliest reference to social innovation appears in 1998 in Rosabeth Kanter's recognition of the move by private organizations away from CSR toward corporate social innovation, perceiving an opportunity in the social sector to develop ideas and produce innovations that not only serve new markets but also provide community payoffs (Kanter, 1998). However, the definition most often cited is that of Phillips, Deiglmeier, and Miller (2008): "a novel solution to a social problem that is more effective, efficient, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals" (p. 39). Unlike business innovations, which are driven by market and consumer needs, social innovations have a cultural focus, aspiring to address unmet human and social needs (Lettice & Parekh, 2010).

The Role of the Entrepreneur: Social Mission and Opportunity Recognition

As with social innovation, the pursuit of a social objective or mission is a common theme running through much of the research into social entrepreneurship (Dawson & Daniel, 2010; Ruvio & Shoham, 2011; Shaw & Carter, 2007). The traditional view of social entrepreneurship often portrays a lone visionary striving at all costs to bring about social change (Novkovic, 2008), which contrasts with the general view of social innovation, whereby the pursuit of a social goal is reliant on *collective* and dynamic interplay by actors who are working together to achieve social objectives and outcomes (Dawson & Daniel, 2010). The notion of collective learning is in line with McElroy's (2002) notion of innovation as a social process, brought about by social learning and networking.

Zahra et al. (2009) define social entrepreneurship as "the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner" (p. 519). By aligning this definition with that of Phillips et al. (2008), it is suggested that social entrepreneurship and social innovation are both about identifying a problem-solving opportunity to meet a social need, and is reflected in the evidence base (summarized in

Table 7. The Role of the Entrepreneur: Social Mission and Opportunity Recognition.

Authors	Date	Summary
Lehner and Kansikas	2012	Codifies and identifies key articles on opportunity recognition within entrepreneurship. Analyses relevant articles on social using meta-thematic analysis. Opportunity recognition in social ventures is found to be a prevalent topic in social entrepreneurship literature.
Ruvio and Shoham	2011	Develops a multilevel model to explain social ventures' organizational outcome, suggests an entrepreneur's motivation is reflected in their vision, which in turn is transformed into their ventures' strategies.
de Bruin and Ferrante	2011	Suggests that knowledge is central to opportunity recognition and development process, distinguishing between tacit knowledge, and codified knowledge proposing a knowledge-based model of opportunity within a bounded solution space.
Korsgaard	2011	Explores the concept of opportunity and its role in social entrepreneurship processes. proposes the process is driven by mobilization and transformation.
Dawson and Daniel	2010	Identifies the triggers of social innovations as an interest in improving the well-being of people in society with social rather than economic concerns acting as the main drivers brought about through collective interplay between actors
Perrini, Vurro, and Costanzo	2010	Focuses on how social entrepreneurial opportunities are identified, evaluated, exploited and scaled up, suggesting consistency between individual, organizational, and contextual elements
Monllor and Attaran	2008	Research into international social entrepreneurs to understand how opportunity recognition can be mapped. Reveals social entrepreneurs follow the creative opportunity recognition process.
Shaw and Carter	2007	Explores the practice of social entrepreneurship revealing five keys, in particular, namely, opportunity recognition, network embeddedness, the nature of financial risk and profit, the role of individual versus collective action in managing and structuring enterprises, and creativity and innovation

Table 7), which found that much of the research into social entrepreneurship and social innovation relates to pursuing a social mission and opportunity

recognition (e.g., de Bruin & Ferrante, 2011; Korsgaard, 2011; Lehner & Kansikas, 2012; Monllor & Attaran, 2008; Perrini, Vurro, & Costanzo, 2010).

Networks and Systems

Lettice and Parekh (2010) found that the inability to identify and link to suitable networks has a negative impact on social innovation, affecting the morale of the social innovator and access to finance and other support: “innovators struggle to identify which conventional networks to align with, as social innovations often span boundaries and do not neatly fit into a single category” (Lettice & Parekh, 2010, p. 150). According to Sharir and Lerner (2006), the activities and influence of key actors within an entrepreneur’s social networks can be fundamental in determining success. Besser and Miller’s (2010) study of community business networks supports Sharir and Lerner’s view, highlighting the importance of trust between actors in fostering relationships and promoting the exchange of resources, which are often scarce due to competition for funding, volunteers, and professional support (Austin, Stevenson, & Wei-Skillern, 2006; Chell, 2007).

Phills et al. (2008) go on to suggest that social innovation transcends sectors and levels of analysis, a notion that is supported by Westley and Antazde (2010) who consider social innovation as involving change at a system level. In a similar vein, Spear’s (2006) notion of distributed entrepreneurship infers that entrepreneurial activities are reliant on a myriad of different external organizations and groups across a multitude of layers. Edwards-Schachter, Matti, and Alcántara (2012) reinforce the notion, viewing participation and collaboration among different actors from different sectors as a crucial aspect of social innovation. Therefore, with respect to social innovation, the locus of innovation is not within the social entrepreneur or social enterprise, but within the social system that both inhabit. Consequently, social innovations arise as a result of interactions between different actors operating within the same social system and are developed through collective learning (Neumeier, 2012). Table 8 shows a sample of the evidence on “Networks and systems.”

Cross-Sectoral Partnerships

The notion of collective learning is built on by the studies looking at cross-sectoral partnerships (e.g., Chann, 2012; Le Ber & Branzei, 2010; Maase & Bossink, 2010; Selsky & Parker, 2005, 2010) as a means of accessing the resources and capabilities required to address a social opportunity and a summary of a set of studies on cross-sectoral partnerships is shown in Table 9. Much of the focus is on the misalignment within cross-sectoral partnerships,

Table 8. Studies of Networks and Systems (a Sample of the Evidence).

Authors	Date	Summary
Edwards-Schachter, Matti, and Alcántara	2012	Adopt a Living Lab methodology to explore social innovation emphasizing the importance of Participative processes involving collaborative activities between the private, public, and third sectors
Neumeier	2012	Proposes an actor-oriented network approach as a potential methodological way to approach social innovations
Besser and Miller	2010	Multi-level analysis on the effects of community business networks on the social performance of the members. Discusses how values and collective expectations in the business associations affect social performance
Lettice and Parekh	2010	Research explores social innovation in terms of themes, challenges and implications for practice, emphasizing the importance of joining or creating networks
Westley and Antazde	2010	Propose a distinctive model of system transformation associated with an important group of social innovations, dependent on discontinuous and cross-scale change.
Phills, Deiglmeier, and Miller	2008	Explore the process of social innovation, suggesting it cuts across the traditional boundaries separating non-profits, government, and for-profit businesses.
Sharir and Lerner	2006	Exploratory field study of 33 social ventures found that a social entrepreneur’s social network is one of eight factors contributing toward the success of social entrepreneurship, the others being dedication, capital base, acceptance in public discourse, composition of team and ratio of volunteers to employees, co-operations in public and non-profit sectors, ability of service (marketability), and previous managerial experience.
Spear	2006	Exploratory study of a range of business sectors, in the United Kingdom. which proposes the concept of distributed entrepreneurship.

Table 9. Some Examples of Studies on CSSPs.

Authors	Date	Summary
Chann	2012	Provides a conceptual framework way to distinguish between different types of social and economic interactions and to determine (a) when cross-border and cross-sector interactions will be beneficial and (b) which types of exchange structures would be best suited in a particular case.
Maase and Bossinck	2010	Research into the factors inhibiting partnership creation between a social enterprise and organizations in various sectors. The study found that partnerships are inhibited by conflicting interests, diverging speeds and conflicts originating from the opportunity-seeking behavior of the social entrepreneur and the risk avoiding behavior of the organizations.
Le Ber and Branzei	2010	Develops a four-stage grounded model of frame negotiation, elasticity, plasticity and fusion which unpacks the relational process of value creation in cross-sector partnerships, identifying how partners orchestrate multilevel coordination.
Selsky and Parker	2010	Building on their previous framework, the researchers explore how the distribution of benefits within CSSPs depends on the cognitive frames held by partnership participants and identify three analytic “platforms” for social partnerships—the resource-dependence platform, the social-issue platform, and the societal-sector platform
Le Ber and Branzei	2010	Explores the relational processes that underpin social innovation within strategic CSSPs and identifies three relational factors that affect the relationship: relational attachment, partner complacency, and partner disillusionment.
Selsky and Parker	2005	Study consolidates literature on CSSPs and identifies four “arenas” in which CSSPs occur: business-non-profit, business-government, government-non-profit, and trisector.

Note. CSSPs = cross-sectoral partnerships.

in terms of not only the cultural differences but also the incongruences that exist between their missions and goals, expectations of the partnership, and commitment to the relationship (Le Ber & Branzei, 2010). According to Ziegler (2010), social innovation is about the “carrying out of new

combinations of capabilities” (p. 256), which highlights the importance of fostering partnerships that create social value which “benefits to the public as a whole—rather than private value—gains for entrepreneurs, investors and ordinary (not disadvantaged) consumers” (Phills et al., 2008, p. 39). The importance of partnerships signifies the role of co-operation and interactive learning throughout the process of social innovation, and is further reinforced by Edwards-Schachter et al. (2012), who perceive interactive learning as a driving force of social innovation.

Work by Bouchard (2012) suggests that interactions between different social actors give rise to new norms, values, and rules, rocking the boat and challenging the status quo. Based on this premise, Bouchard perceives social innovations as

an intervention initiated by social actors to respond to an aspiration, to meet specific needs, to offer a solution, or to take advantage of an opportunity for action in order to modify social relations, transform a framework for action, or propose new cultural orientations. (p. 50)

Consequently, social innovations are not market constructs, but are developed and devolved through institutional interactions and institutional change (Pol & Ville, 2009).

Institutions

The critical role of institutions, both formal (such as regulations and rules) and informal (such as values, routines and norms), is a common theme in the literature, highlighting their ability to foster or inhibit social entrepreneurship (see Table 10 for a summary of studies into the role of institutions). Studies of social entrepreneurship have found institutions to be absent or weak, failing to deliver on their expectations and inhibiting social entrepreneurs (Desa, 2011; Urbano, Toledano, & Soriano, 2010).

Research by Tracey, Phillips, and Jarvis (2011) has focused on the role that social entrepreneurs can have in bringing about institutional change. Entrepreneurs may engage in actions that will bring about change in their institutional environment, but the skills required to make such a change are very different from those needed to run a business venture and thus social entrepreneurs’ engagement in institutional change may detract from their day-to-day running of their organizations, thus the institutional environment within which an organization operates may have a significant impact on the type of organizational structure that it adopts (Tracey et al., 2011). Tracey et al. (2011) investigated a U.K. social enterprise struggling to overcome opposing logics:

Table 10. Studies Into the Role of Institutions.

Authors	Date	Summary
Harrison, Chaari, and Comeau-Vallée	2012	Research into the process of social innovation focusing on three institutional dimensions: cognitive, normative, and regulative. The research found that the institutional context can contribute significantly to the innovation process but can weaken the process if it does not keep pace with developments.
Moore, Westley, and Nicholls	2012	Suggests that mainstream financial institutions and practices tend to marginalize social entrepreneurs and the individuals and communities benefiting from social innovations. Provides a conceptual framework for bridging social innovation theory and social finance practices
Desa	2011	Examines how regulatory, political, and technological institutions affect resource-mobilization in 202 technology social ventures from 45 countries. And discusses the implications for social entrepreneurship and institutionally embedded entrepreneurial action.
Tracey, Phillips, and Jarvis	2011	Study into the relationship between individual, organizational, and societal-level institutional processes; exploring the relationship between entrepreneurship and institutional entrepreneurship.
Urbano, Toledano, and Sorian	2010	Study of Spanish social enterprises shows that both informal and formal institutions are important to the generation of social enterprises, but informal institutions have greater importance than formal institutions due to the fact that they affect not only the implementation of social enterprises but also their emergence.

the logic of for-profit retail and the logic of non-profit homelessness support, by establishing and developing a household catalogue business employing homeless people. In doing so, they created a new organizational form that integrated both logics to become a commonly accepted approach to dealing with homelessness throughout the United Kingdom. The study found that the creation of new organizational forms requires institutional support at three different levels: the micro or individual level, through recognizing an opportunity and framing it in a new light; at the meso or organizational level, supporting a new organizational design through theorizing a new organizational template; and at the macro or societal level, legitimizing the new form by creating connections and interactions with appropriate actors.

Other studies looking at the influence of the institutional environment on organizational form found that ambiguity relating to institutional elements, such as stakeholder alignment and resource acquisition at the point of start-up, also has an influence on the organizational structure that an entrepreneur adopts (Kistruck & Beamish, 2010; Townsend & Hart, 2008).

Radical social innovations are particularly reliant on institutional support to help them address social needs (Moore, Westley, & Nicholls, 2012), relying on institutions not only for stability but also for the coordination and reproduction of knowledge. Social enterprises and social entrepreneurs are often confronted by institutional barriers (Moore et al., 2012), although initially social enterprises are dependent on institutions for the efficient distribution of knowledge, as knowledge accumulates, social enterprises start to outpace the institutional environment (Harrisson, Chaari, & Comeau-Vallée, 2012). During this process, networks and systems begin to play an increasingly significant role in ensuring the effective production and diffusion of knowledge. The next section presents the systems of innovation approach, which due to its focus on the role of collective, interactive learning and its recognition of the interplay between institutions and organizations, presents a suitable analytical framework for understanding social innovation and the interdependency between social entrepreneurs and institutions.

Toward an Analytical Framework: The Systems of Innovation Approach

Social innovation is not undertaken in isolation by lone entrepreneurs, but is an interactive process shaped by the collective sharing of knowledge between a wide range of organizations and institutions that influence developments in certain areas to meet a social need or to promote social development. Interactions not only promote the generation of new knowledge but also help social enterprises acquire and develop capabilities. As an organization's capabilities help to determine its innovative activities, we suggest that the system within which the organization operates must play an intrinsic role in defining these activities.

The importance of interactions and collective learning is recognized and explored by the literature relating to the systems of innovation approach (e.g., De Liso & Metcalfe, 1996; Freeman, 1988; Lundvall, 1988; Nelson, 1993), which views the innovation process as an interactive and systemic process. Countering the view of organizations as solitary, innovating entities, the systems of innovation approach emphasizes the significance of interactive learning in shaping innovations through the diffusion and sharing of knowledge between a variety of organizations and institutions. In parallel, the reviewed

studies of social innovation and social entrepreneurship highlight the role of collective and dynamic interactions between actors and the importance of social learning and networking (Dawson & Daniel, 2010; McElroy, 2002).

Interactive learning is a central tenet of the systems of innovation approach, with respect to both the dynamics and the cohesion of the system, occurring not only through transactions between organizations but also via the continual flow of new knowledge throughout the system and through non-market learning activities. Learning may be via knowledge exchange (both codified and tacit) between organizations, or it may be a coordinated process between organizations. Therefore, although organizations may each have their own specific set of capabilities, these may not have been developed by means of an independent learning process. Coombs and Metcalfe (2002) propose the concept of “cross-firm” capabilities, which may be pertinent when studying the process of social innovations. The review of the literature has demonstrated that social innovations are not reliant on the sole ventures of a lone social entrepreneur but are dependent on collective learning between a range of actors that transcend sectoral boundaries, giving rise to new combinations of capabilities, which result in social innovation.

A system of innovation can be viewed as a set of interrelated, yet independent, sub-systems that, by means of interactive learning, contribute collectively toward the development of an innovation. Although there must be some level of compatibility within each system, each sub-system will be pursuing its own design configurations and structural tensions may develop resulting in “interrelatedness constraints” (De Liso & Metcalfe, 1996, p. 88), limiting the system’s abilities. Similarly, studies of social innovation have found that where incongruences exist, social opportunities fail to be pursued (Le Ber & Branzei, 2010) and social innovations succeed when there are perceived benefits for all the parties involved (Phills et al., 2008). Phills et al. (2008) cite fair trade, community-centered planning, and socially responsible investment as examples of social innovations, whereby all parties involved derive some benefit but the overarching emphasis is on creating social value and benefiting society as a whole rather than gains for private individuals.

Imbalances may arise from a range of sources, for example, as a result of changes in the economic and social environment. According to Leoncini (1998) the interface between organizations is instrumental in determining the development potential of a system with the level of compatibility between the sub-systems dictating the rate and direction of development of innovation within the system. Likewise, the review’s findings have identified the struggle that social entrepreneurs experience in trying to identify and develop compatible networks (Besser & Miller, 2010; Lettice & Parekh, 2010; Sharir & Lerner, 2006) and the difficulties that arise as a result of misaligned

missions, goals, cultures, and expectations (Le Ber & Branzei, 2010; Maase & Bossink, 2010; Selsky & Parker, 2005).

The Role of Institutions

The systems of innovation approach is particularly appropriate to studies of social innovation not only on account of its focus on interactive learning but also due to the central role of institutions (Edquist & Johnson, 1997; Leoncini, 1998; Rolfstam, Phillips, & Bakker, 2011). As research into social innovation has shown (Pol & Vile, 2009), institutions generally act to promote innovation; however, failure to keep pace with changes in society and societal needs can inhibit the process, stimulating a need for realignment of regulation with practice. The term “institution” is commonly applied to a rigid component or establishment with a strict set of rules. The authors use it in the sense propounded by institutional economists such as North (1991) and Coriat and Weinstein (2002) to include informal constraints such as disembodied routines, conventions and customs, and formal rules such as constitutions and laws.

Building on these studies, it can be suggested that institutions may operate on different levels and be implemented informally (Edquist & Hommen, 2000; Nyholm, Normann, Frelle-Petersen, Riis, & Torstensen, 2001). Work conducted by Rolfstam (2009) highlights the need to take other institutional levels into account, highlighting a need to go beyond a focus on formal institutions and to look at the role that informal constraints have in influencing the innovation process between firms.

While providing the stability, coordination, and incentives to innovate, institutions may also act as a brake. Lack of incentives for a new social innovation may eventually lead to a situation whereby society is “locked-in” to the “wrong” system (Ackermann, 1998). Consequently, just as firms rely on institutions, those same institutions are dependent on firms to keep them up to date with technical advances, in other words they co-evolve.

Correspondingly, research has shown that social enterprises are initially reliant on the institutions not only for stability but also for the coordination and reproduction of knowledge (Urbano et al., 2010), particularly during the early phases of a social innovation (Kistruck & Beamish, 2010; Townsend & Hart, 2008). As a social innovation develops, there is a shift in balance. Social enterprises may remain dependent on an institution for the efficient distribution of knowledge but, as knowledge surrounding the social innovation accumulates, the institution begins to depend on the organizations to keep it up to date (with the “state of play”). In extremis, a lack of feedback may result in what Johnson (1981) calls “rigidity” or “institutional sclerosis” within the system.

Synthesis and Implications

Building on the systems of innovation approach, the authors suggest that social entrepreneurs exist within a *social innovation system*—a community of practitioners and institutions jointly addressing social issues, helping to shape society and innovation. In doing so, social innovation systems can be viewed as a set of interrelated sub-systems that may act independently but, by means of interactive and collective learning, contribute toward addressing social needs and concerns.

The review of the literature has shown that social innovations can cross boundaries and sectors (Bouchard, 2012; Edwards-Schachter et al., 2012; Lettice & Parekh, 2010) and may require accessing a range of resources and competences that lie beyond an organization's immediate environment or expertise. Therefore, interactive and collective learning plays an intrinsic role in enabling social innovations to be successfully pursued and the importance of such interactions is clearly recognized by the systems of innovation approach. The systems of innovation approach also allows consideration of the institutional context, enabling studies to focus on the inhibitory effect that institutions may have on the process of social innovation, supporting further research into understanding which support mechanisms actually support social innovation beyond the developmental phase. Institutions need to co-evolve alongside social innovations if the benefits to society are to be delivered.

Implications for Practice

This review has identified growing interest in the role of networks and a growing need to understand the type of network required for successful innovation and also the nature of the networking activities that take place. Much has been made in the literature of cross-sectoral partnerships, but the role of actors involved in such partnerships, such as professional bodies, government agencies, and research centers appears to be under-researched. In terms of policy, there are clear implications: Networks have a significant role to play in supporting social innovation, yet there is insufficient evidence available to inform government on how they can influence, support, and facilitate appropriate networks; therefore research into social innovation networks area requires immediate attention.

Network activities have the ability to support social innovation, but it is also clear that networks require appropriate support mechanisms if they are to be successful. As Moore and Westley (2011) suggest, despite their importance in supporting social innovation, appropriate networks do not seem to

currently exist. By the same token, Mulgan et al. (2007) identifies the lack of networks as a significant barrier to social entrepreneurship and a reason for the failure of many social innovations. Policy makers must address the development of suitable networks if the process of social innovation is to produce sustained, appropriate, and relevant outcomes for organizations and society.

Future Research

Future studies may contribute toward investigating other issues that have been uncovered during this review process, most importantly toward developing a clearer understanding of how social innovations differ from business innovations. Although it is acknowledged that business innovations do address societal issues, much of the research focuses on the role of the social entrepreneur in identifying and pursuing an opportunity and bringing a social innovation to fruition. The review of the evidence base has found that although many studies recognize that the success of social innovations is a result of the social system that an entrepreneur operates in, in terms of the support and knowledge acquired through interactions with key actors, and the institutions that operate within the system, the role that commercial organizations have in developing social innovations has tended to be overlooked. As Pol and Ville (2009) state, the overlap between social and business innovations is considerable and many business innovations have delivered significant improvements in the quality of life; therefore, we question whether the focus should be on the *value* that an innovation has to society as opposed to its locus.

Another avenue for future research relates to the need to challenge current understandings of social innovation. Is social innovation only the preserve of social ventures or should the focus of research be on the *process* of innovation, from the point of opportunity recognition to implementation and its impact on society? In making such a shift, attention is drawn away from *who* undertakes social innovation to *how* to undertake social innovation. It is acknowledged that there is growing pressure to do things differently (Lettice & Parekh, 2010), and therefore, there is an urgent need to investigate the management of social innovation in all sectors, whether entrepreneurial, private, public, or non-governmental organizations, if the practice of social innovation is to be fully understood.

Conclusion

The review of the evidence base of research shows that both social entrepreneurship and social innovation share common overlaps, significantly in the process of identifying problem-solving opportunities for unmet social needs.

The review has also shown that research into social entrepreneurship and social innovation has increased over the last decade, accelerating over the past 5 years, attracting a groundswell of attention from across a wide array of disciplines. Much of the interest may be attributed to dissatisfaction with existing for-profit business models and growing recognition that CSR initiatives are not a means to an end in solving social inequalities and urgent social issues.

Social entrepreneurship and social innovation are increasingly being held as a means of overcoming the market-based mechanisms governing for-profit organizations, and their reinvestment of profits into delivering positive outcomes for communities or stakeholder groups. In contrast to for-profit enterprises, social entrepreneurs focus on the “double bottom line,” a motivation to perform both financially and socially.

The key contribution that the article has made is to identify the relevant intellectual territory accompanying the emerging field of study into social innovation and social entrepreneurship, aiding the process of maturity by focusing attention on a smaller number of relevant fields to create the conditions to develop more a coherent body of knowledge. The systems of innovations concept provides a strong theoretical underpinning for future research into social entrepreneurship and social innovation through its acknowledgment of interactive learning and its recognition of network innovations, appreciating the significance, particularly with respect to social innovation, of combining knowledge and skills from different organizations and different sectors to promote collective social learning.

Essentially, the systems of innovation approach identifies the role that institutions, both formal and informal, play in shaping the future direction of social innovation. From the evidence base, a clear understanding of how institutions can support the process of social innovation is yet to be developed, but a systems of innovation approach does provide a potential framework for investigating the role of institutions in promoting social innovation. Consequently, the authors propose the systems of innovation approach as an appropriate analytical framework for future studies of social innovation and social entrepreneurship

Contradicting the traditional belief of social entrepreneurs as solitary bodies, innovating in isolation, existing studies show that social innovation is not undertaken in isolation by lone entrepreneurs, but rather it is shaped by a wide range of organizations and institutions that influence developments in certain areas to meet a social need or to promote social development. On this basis, it is suggested that social enterprises and social entrepreneurs exist within a *social innovation system*—a community of practitioners and institutions jointly addressing social issues, helping to shape society and innovation.

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