



Social innovation in emerging economies: A national systems of innovation based approach



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ABSTRACT

Drawing insights from the national systems of innovation and social entrepreneurship literature, this article examines how national systems of innovation (NSI) and social entrepreneurship interact to generate social innovation in emerging economies. Through the examination of a case study of the Emergency and Management Research Institute (EMRI), a public private partnership (PPP), social innovation is found to be an interactive bottom-up collective learning process where EMRI has developed a new model of social innovation. It also highlights the complex context in which social innovation occurs. As a boundary-spanning activity across the public and private sectors, the interactive learning process and associated capability building for social innovation has provided a catalyst for wider social reform and for the development and redesigning of NSI for social innovation-led value creation in emerging economies. Through such an approach, the EMRI has overcome the institutional voids and developed legitimacy through social innovation tailored to the local context; it thereby represents an alternative approach to the often top-down NSI organisations of developed economies.

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1. Introduction

The aim of this paper is to examine how National Systems of Innovation (NSI) and social entrepreneurship interact to enact social innovation aimed at addressing societal challenges in emerging economies. For the last few decades, an increasing amount of research has focussed on social entrepreneurship as an enabler of social value creation, particularly in the emerging economies context (London and Hart, 2004, 2010; Sinkovics et al., 2014). The issues linked to social value creation are glaring in the emerging economies' context due to the poor state capacity of solving societal problems. In addition, these economies suffer due to challenges linked to the scale, coordination and sustainability of social value creation. In such a context, the role of social entrepreneurship in addressing these multiple and interdependent issues becomes vital in stimulating social change through social innovation (Peredo and McLean, 2006; Sinkovics et al., 2014; Weerawardena and Mort, 2006; Zahra et al., 2009). Due to this potential, social entrepreneurship has been termed as a new norm (Corbett, 2016), whereby all entrepreneurial activity is regarded to have a social dimension. Its disruptive and non-traditional approach to social innovation is an important aspect of social entrepreneurship (Nicholls and Cho, 2008); yet, there is an insufficient understanding of how social innovations—as an

interactive bottom-up process—are enacted and supported in different environments (Fayolle and Matlay, 2010; Mulgan et al., 2007).

Although social entrepreneurship and social innovation have become mainstream concepts, their meanings are often assumed as opposed to explicitly articulated. While there is no universally agreed definition, social entrepreneurship is best understood as entrepreneurial activity driven by a social mission. That said, Munshi (2010) highlights how the nature of social entrepreneurship has come to emphasise activities that challenge norms and drive social change. This resonates with Mulgan's (2006: 146) definition of social innovation as 'activities and services that are motivated by the goal of meeting a social need and that are predominantly diffused through organisations whose primary purposes are social'. As such social entrepreneurship and social innovation are not the same, where the emphasis of social innovation is about doing things differently on a variety of different levels while social entrepreneurship focuses more specifically on doing business.

It has been argued that the growing prominence of social entrepreneurship and social innovation in particular—is a result of the shortcomings of techno-capitalism in driving social change (Suarez-Villa, 2009, 2012). Despite the growing recognition of the value and contribution of such activities, however, social innovation remains an under-researched field (Fayolle and Matlay, 2010; Sinkovics et al., 2014; Zahra and Wright, 2016). Recently, scholars have called for an NSI approach aimed at better understanding and integrating social innovation, as opposed to viewing it as a marginal or distinct activity (e.g., Phillips et

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al., 2015). NSI (Lundvall, 1992; Nelson, 1992) are a well-established concept, albeit one often biased towards the high-technology commercially-oriented innovation found in advanced economies. Consequently, little research has examined the role played by social entrepreneurship and social innovation in relation to NSI (Cajaiba-Santana, 2014; Phillips et al., 2015). In particular, we know little about how NSI interact with social entrepreneurship to stimulate social change in emerging economies (Groen and Walsh, 2010; Harms and Groen, 2017; Phillips et al., 2015).

NSI involve a wide range of organisations, and are the product of how institutions—many of which are equally relevant to driving social innovation systems—interact and institutional arrangements evolve. However, in developing countries, the institutional environment has been weak—if not absent—in relation to social innovation (Urbano et al., 2010). In exploring the relationship between social innovation, social entrepreneurship and NSI, this article focuses on those interactions between organisations and the institutional context that shape social innovation, particularly in emerging economies. More specifically, the article addresses two inter-related questions:

- (1) How do NSI and social entrepreneurship interact in creating social innovation in emerging economies?
- (2) In what ways have social innovation and social entrepreneurship provided a new dimension to the Indian NSI?

We address these questions in the context of India which is one of the important emerging economy. Emerging economies are typically characterised by a weak resource base and no institutional capacity (Khanna and Palepu, 1997), which one might associate with an ineffective NSI thus resulting in low levels of technological innovation. In rethinking the relationship between social innovation and NSI, this paper focuses on the case of the Emergency Management and Research Institute (EMRI) to explore how social innovation, undertaken as an interactive collective process, has realised social change and also catalysed wider institutional reforms. The EMRI, which provides emergency medical services including transfer of patients to hospitals, is a successful example of social innovation, one that benefits both the public and private institutions involved. The EMRI, which was established as a public–private partnership (PPP), takes a bottom-up approach that has proved to be successful in mobilising resources and capabilities. Such an approach has also challenged the preconceived view that innovations are created by lone entrepreneurs and are isolated from institutional factors. This form of partnership, which is an innovative model of social entrepreneurship, can be an important tool for the enactment of social innovation aimed at addressing complex societal problems by pooling resources.

The complexity emerging from the EMRI case study shows that social innovation does span boundaries and does not neatly fit into a single category of institutions (Lettice and Parekh, 2010). Drawing arguments from the systems of innovation and institutions approach, we argue that, by building legitimacy and enabling implementation through social innovation, the EMRI has overcome what Khanna and Palepu (1997) referred to as ‘institutional voids’. We assert that, through social innovation, the EMRI is driving a highly context-specific learning and capacity building process. Overall, the findings show that the EMRI, as a PPP, undertook a bottom-up approach in stimulating social change through social innovation and was successful in mobilising resources and capabilities by means of interactive processes.

We contribute to the extant literature on social entrepreneurship and social innovation in three important ways: (1) We integrate national systems of innovation and institutions literatures to understand how social innovation led social change is enacted as a bottom-up collective learning process. A collective learning approach towards social innovations is vital in overcoming institutional voids and NSI related constraints in the context of emerging economies; (2) We highlight the unique public-private partnerships social entrepreneurship models as

important conduits stimulating social innovation. These partnerships are shaped by the local institutional environment of emerging economies. Such partnerships are essential in the context of emerging economies, and may present a systemic approach for overcoming institutional voids in these economies; and (3) We provide important insights on this topic from one of the important emerging economy of India, as most of the existing research taking the national systems of innovation approach is in the context of commercial innovation in developed economies.

The remainder of this article is structured in four sections. The second presents the conceptual background of NSI and institutions, before considering the importance of social innovation and social entrepreneurship as drivers. The third presents the Indian context before presenting the methodological approach. The fourth presents the findings and analysis in terms of the research questions set out above. The article concludes by reflecting on social innovation as a part of India’s NSI and highlights the contributions of this study, as well as making the case for further research in this field.

2. Conceptual background

In this section, we draw insights from social entrepreneurship, social innovation, institutions, and NSI to understand how social innovation is enacted in emerging economies.

2.1. Social entrepreneurship and social innovation

Social entrepreneurship has garnered an increased interest in both the business management and popular press (Peredo and McLean, 2006; Short et al., 2009). It is noted that “social entrepreneurship is emerging as an innovative approach for dealing with complex social needs” (Johnson, 2000: 1), being driven by social goals in order to benefit society (Dees, 2007; Peredo and McLean, 2006). It has been broadly defined as the creation of social value through the utilization of innovative and entrepreneurial means (Certo and Miller, 2008; Dees, 2007; Peredo and McLean, 2006; Sinkovics et al., 2014). Similar to social entrepreneurship, social innovation is also conceptualized in different ways. For the purpose of this study, we follow the definition put forward by Mulgan (2006: 8): “innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly developed and diffused through organisations whose primary purposes are social”. However, we also acknowledge that organisations the primary purpose of which is not social are also engaged in addressing societal problems through social innovation.

Despite the scholarly interest on this topic, there is hardly any universal and consistent definition of social entrepreneurship (Choi and Majumdar, 2014; Peredo and McLean, 2006; Short et al., 2009). Choi and Majumdar (2014), for instance, noted that social value creation, social entrepreneurs, social entrepreneurship organisations, market orientation and social innovation are the five key elements of social entrepreneurship. In this article, social entrepreneurship is understood as the process of utilizing and pooling resources across institutional boundaries to create social innovation aimed at addressing societal problems and enacting social change. This is closely related to the definition put forward by Mair and Marti (2006) and, more recently, by Bacq and Janssen (2011: 388), as “the process of identifying, evaluating and exploiting opportunities aiming at social value creation by means of commercial, market-based activities and of the use of a wide range of resources”.

Within the social entrepreneurship literature in particular, it has been noted that there is a need for further research into the impact of the institutional environment on social innovation. For example, Mair and Marti (2006: 40) suggested that “social entrepreneurship has different facets and varies according to the socioeconomic and cultural environment”, just as commercially oriented business activities do, although the implications may differ. In a similar vein, Bacq and

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