



Strategy, Resource Orchestration and E-commerce Enabled Social Innovation in Rural China



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ARTICLE INFO

Article history:

Received 10 November 2015

Received in revised form 29 September 2016

Accepted 19 October 2016

Available online 27 October 2016

Keywords:

Social innovation

E-commerce

Resource orchestration

Resource portfolio

Strategy

ABSTRACT

E-commerce enabled social innovation is becoming increasingly important as a way of reducing poverty in developing countries and yet has not been studied much by the IS community. We utilize the concept of resource orchestration as a theoretical lens to develop a fit model that explicates how resources are orchestrated under the guidance of either an indigenous, exogenous or collaborative strategy to achieve e-commerce enabled social innovation. The findings show how resources are orchestrated through the following specific resource-focused actions (collaborating, linking and enriching), which are influenced by the types of strategies applied. Our study also identifies different resource portfolios that influence the type of e-commerce enabled social innovation that can be achieved. This research benefits both academics and practitioners by contributing to cumulative theoretical developments related to e-commerce enabled social innovation and the resource orchestration perspective, and by offering corresponding practical insights to achieve fit between strategy, resource orchestration and social innovation.

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Introduction

Social innovation refers to innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly diffused through organizations whose primary purposes are social (Mulgan, 2006). Outcomes of social innovation range from improving the life conditions of disenfranchised individuals to meeting unmet basic needs for society as a whole, with ultimate goals including justice, fairness, welfare, environmental preservation, improved health, arts and culture, better education, and eradicating poverty (Phills et al., 2008; Pol and Ville, 2009). Some conventional examples of social innovations are neighborhood nurseries, self-build housing, community wind farms, collective insurance against sickness and poverty, etc. (Phills et al., 2008; Mulgan et al., 2007).

The development of information and communication technologies (ICTs) has recently helped to accelerate social innovation. ICT enables social innovation practitioners to better manage and transfer knowledge (Bolisani and Scaeso,

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1999), communicate and cooperate within and across organizations (Lee et al., 2014), introduce novel services (Xu et al., 2014), respond to crises and natural disasters (Leidner et al., 2009), implement government services (Chan et al., 2011) and anticipate environmental turbulence (Oeij et al., 2011). E-commerce, as a specific form of ICT, has an increasingly important role in prompting and supporting social innovations, as it offers a platform for communication and cooperation, human development, and the trading and delivery of goods and services, thus fostering economic growth and improving living conditions for those previously in poverty. E-commerce enabled social innovation, the particular focus of this paper, is a special type of e-commerce enabled innovation – a hybrid of social and business innovation. A significant difference between e-commerce enabled social innovation and non-social innovation (or e-commerce enabled pure business innovation) lies in the fact that a more diverse range of players are involved in e-commerce enabled social innovation and these players (or actors) include those whose primary motivation is not only to improve their own prosperity, but also local prosperity – they are motivated by a social conscience or emotions (Miller et al., 2012). Of course, even with conventional e-commerce (or simply economic development) there are players, like local governments, who act to improve the conditions for local businesses to prosper, but in e-commerce enabled social innovation, as we will see, there are also private individuals who are motivated by their spiritual-religious, guilt, compassion etc. to improve the lot of their community (Sandeep and Ravishankar, 2015). These individuals, who we can describe as social entrepreneurs, play a significant role in stimulating the conditions and organizing the processes that allow local businesses to thrive and so help to lift a region out of poverty (Sandeep and Ravishankar, 2015). Therefore, given the importance of social innovations (Cajaiba-Santana, 2014) and the emerging critical role of e-commerce, it is important to investigate the underlying mechanisms of e-commerce enabled social innovation.

Although social innovation is as old as mankind, academic studies on the subject have appeared only recently and have been scattered across different fields (Cajaiba-Santana, 2014). Existing studies on innovation have focused considerable attention on business innovations rather than social innovations (Mulgan, 2006; Mumford, 2002). Consequently, the absence of systematic studies holds back the practice of social innovation (Mulgan, 2006). Existing studies on social innovation recognize the role of resources in social innovations (Gerometta et al., 2005; Novy and Leubolt, 2005), and pay attention to social entrepreneurs, local governments, associations and other agents' resource-focused actions (Mulgan, 2006; Austin et al., 2006a,b; Lettice and Parekh, 2010). Furthermore, social innovation requires corresponding strategic arrangements (Le Ber and Branzei, 2010) and/or contexts.

In line with these studies, we aim to develop a fit model that explicates how resources are orchestrated in different strategic contexts enacted by social entrepreneurs to achieve social innovations, i.e. the relationships between strategy, resource orchestration and social innovations. In doing this, we adopt a resource orchestration perspective (Sirmon et al., 2011), which is in line with the trend of emphasizing social entrepreneurs' resource-focused actions in social innovations. This perspective is developed based on resource-based theory (RBT¹) but emphasizes that the static possession of resources does not necessarily guarantee competitive advantages; rather resources must be effectively orchestrated by agents to gain competitive advantages (Sirmon et al., 2011; Barney et al., 2011). We use this theoretical lens to investigate the following research question: **How do social entrepreneurs orchestrate resources to achieve e-commerce enabled social innovation?** Resource orchestration here is undertaken by individuals or organizations who are motivated not just by the desire to fulfill their own commercial success, but who are also motivated to want to help others in their community achieve commercial success from e-commerce that will help to lift the community out of poverty. In other types of e-commerce development these social entrepreneurs are absent and so by focusing on the resource orchestration activities of social entrepreneurs we can examine what such socially motivated actors can do to fulfill their goals of helping to reduce poverty in a region.

Investigation of this question will not only be helpful for practitioners seeking to implement social innovations, especially given the limited availability of resources, but also theoretically, will contribute to the incremental development of social innovation theory and the resource orchestration perspective. We address our question by investigating the relationships between e-commerce strategy, resource orchestration by social entrepreneurs and social innovation in three Chinese villages implementing e-commerce enabled social innovations.

Theoretical background

One of the striking features of our society is the incessant quest for the creation, adoption and diffusion of innovations (Pol and Ville, 2009). Interestingly, the number of social innovations exceeds that of business innovations (Mulgan, 2006; Phillips, 2011; Cajaiba-Santana, 2014). As the importance of social innovations has been acknowledged (Cajaiba-Santana, 2014), an increasing number of researchers have stepped into this field. Nevertheless, on the one hand, relevant studies are still limited; and on the other hand, the extant works are scattered across a variety of fields, such as urban and regional development, public policy, management, social psychology and social entrepreneurship (Cajaiba-Santana, 2014). Studies in the field of information system (IS) are limited. Due to the limited understanding of mechanisms that can help to promote, adapt, and scale up social innovations (Mulgan, 2006) or direct innovators, philanthropists, foundations and governments (Mulgan et al., 2007; Lettice and Parekh, 2010; Cajaiba-Santana, 2014), a large number of social innovation projects fail

¹ Barney et al. (2011) suggest that, after a 20-year development period, RBT, built on the resource-based perspective, has reached maturity as a theory.

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