Jana Coenen (Autor)

Enabling social innovation

An analysis of enabling conditions across the organizational, local, and national levels

https://cuvillier.de/de/shop/publications/9058

1 INTRODUCTION

1.1 General background and motivation

We are living in a time of multiple crises. Climate change and biodiversity loss, along with wars and pandemics, are threatening life on our planet and causing ever more complex social problems, such as environmental degradation, poverty, and inequality (Berkhout et al., 2021; IPCC, 2022). Therefore, the need to address such problems is urgent. A large body of research across multiple disciplines, including entrepreneurship (Dacin et al., 2011; Mair & Martí, 2006), sustainability (Haskell et al., 2021), public administration (Voorberg et al., 2015), and economics (Rennings, 2000), has identified social innovation as a powerful tool to do so (for a review, see Edwards-Schachter & Wallace, 2017; Foroudi et al., 2021; van der Have & Rubalcaba, 2016). Social innovation refers to the process of developing and implementing novel solutions to social problems (van Wijk et al., 2019). By introducing, for example, new products, processes, or programs, social innovation has the potential to exert lasting and broad impacts on complex social problems, helping to mitigate or adapt to the crises faced by society (Westley & Antadze, 2010).

Social innovation describes a variety of activities that can be pursued by different actors, such as social entrepreneurs, established organizations, or cross-organizational partnerships (Tracey & Stott, 2017; van der Have & Rubalcaba, 2016). The following two prominent examples convey a more tangible understanding of social innovation. The first is the innovative practice of microfinance (Phills et al., 2008; van Wijk et al., 2019). Aiming to alleviate poverty, microfinance organizations grant microcredits to poor people who lack collateral (Yunus et al., 2010). Developed and founded by the social entrepreneur Muhammad Yunus, the Grameen Bank (the first microfinance organization) alone has reached millions of people and has inspired countless other organizations to follow its example. Consequently, this innovation has had a broad impact and has made a significant contribution to poverty alleviation (Khandker, 2005; Yunus et al., 2010). The second example of a social innovation is the Fair Trade movement (Nicholls, 2010; Phills et al., 2008). Fair Trade aims to promote "greater equity in international trade […] by offering better trading conditions to, and securing the rights of, marginalized producers and workers" (Moore, 2004, p. 73). Implemented by cross-organizational partnerships of

fair-trade organizations and large corporations, Fair Trade promotes sustainable economic development and greater justice for producers and workers. In doing so, it has positive impacts on the complex social problems of poverty and inequity (Moore, 2004; Nicholls & Huybrechts, 2016).

Given the impact potential of social innovation as demonstrated by these two examples, and the increasing need to address a myriad of social problems, we require an understanding of the conditions that enable social innovation (Phills et al., 2008). Rooted in different disciplines and thus applying different lenses to the study of social innovation, previous research has identified relevant enabling conditions across different levels of analysis. For example, on a micro level, scholars have identified individual attributes of social entrepreneurs that enable social innovation, as these increase the likelihood of individuals creating a socially innovative venture (e.g., Dickel & Eckardt, 2021; Kruse et al., 2019; Sastre-Castillo et al., 2015; van Ryzin et al., 2009). Again on a micro level, scholars have identified organizational strategies that enable social innovation, as these help organizations to balance social and commercial logics in their pursuit of a social aim (e.g., Battilana & Dorado, 2010; Battilana & Lee, 2014; Mair et al., 2015; Pache & Santos, 2013; Smith & Besharov, 2019). On more meso and macro levels, research has identified context conditions at the local and national levels that enable social innovation, as these provide the resources and institutions to stimulate socially innovative activities (Hoogendoorn, 2016; Mair, Battilana, & Cardenas, 2012; Rivera-Santos et al., 2015; Stephan et al., 2015; Turker & Vural, 2017).

Despite such findings, there are still significant gaps in our knowledge. Regarding enabling conditions at the micro level, previous research concentrated on conditions (e.g., attributes and strategies) that allow individual actors to succeed in the social innovation process (e.g., Battilana & Lee, 2014; Smith & Besharov, 2019). However, we know that individual actors alone cannot achieve lasting impact but require collaboration to do so (Castro-Arce & Vanclay, 2020; Huxham, 1996; Kania & Kramer, 2011; Koschmann et al., 2012; Montgomery et al., 2012; Westley & Antadze, 2010). Yet, the conditions that enable actors to succeed within partnerships for social innovation remain unknown. Regarding enabling conditions on more meso and macro levels, previous research investigated the individual effects of isolated context conditions to identify enabling conditions (e.g., Estrin, Mickiewicz, & Stephan, 2013; Hoogendoorn, 2016). However, qualitative findings suggest that context conditions interact and, therefore, jointly affect

social innovation (e.g., Mair & Martí, 2009; Mair, Martí, & Ventresca, 2012). Yet, configurational approaches to understanding enabling conditions at the local and national levels are lacking. This dissertation aims to address these gaps in the previous research and, by doing so, to contribute to a more comprehensive understanding of the enabling conditions for social innovation. The research questions connected to this aim are outlined in the following section.

Table 1.1 Overview of studies included in this cumulative dissertation

	Chapter 2	Chapter 3	Chapter 4
Title	Partnering for socio-ecological systems change: A framework of organizational capabilities enabling the success of social innovation partnerships	Impact creation through community-based enterprise: A configurational analysis of enabling conditions	The effect of institutional conditions on nascent social entrepreneurship: A neo-configurational institutional approach
Theoretical background	Alliance capabilities (Schilke & Goerzen, 2010)	Community-based enterprises (Peredo & Chrisman, 2006)	Neo-configurational institutional theory (Fainshmidt et al., 2022)
Method	Systematic literature review (Aguinis et al., 2018; Tranfield et al., 2003); deductive and inductive qualitative analysis (Miles et al., 2018)	Qualitative comparative analysis (Fiss, 2007) including supplementary case-level analyses (Greckhamer et al., 2018)	Qualitative comparative analysis (Fiss, 2007) including supplementary configurational theorizing (Furnari et al., 2021)
Level of enabling conditions	Micro, i.e., organizational level	Meso, i.e., local level	Macro, i.e., national level
Actors driving the social innovation	Organizations in social innovation partnerships	Community ventures	Social entrepreneurs
Data	121 publications in peer-reviewed journals across social sciences	Survey and secondary data on 77 bio-energy community ventures (“Bioenergiedörfer”); 22 semi-structured interviews and archival materials on 4 of the 77	Quantitative data on institutional conditions and social entrepreneurial activity in 41 countries

1.2 Research objective and thesis structure

The goal of this dissertation is to identify enabling conditions for social innovation. More precisely, this dissertation aims to build on and expand earlier insights into enabling conditions across micro, meso, and macro levels of analysis. To do so, this cumulative dissertation entails three separate studies that each focus on a different level of analysis. The first study, Chapter 2, focuses on the micro level (i.e., the organizational level); the second study, Chapter 3, focuses on the meso level (i.e., the local level); and the third study, Chapter 4, focuses on the macro level (i.e., the national level). Table 1.1 provides an overview of these chapters.

At the micro level, the first study aims to identify enabling conditions for social innovation at the organizational level. As stated previously, to implement novel solutions to complex social problems, organizations cannot act alone. Instead, they need to collaborate with a variety of partners across sectors, regions, and layers of society (Castro-Arce & Vanclay, 2020; Huxham, 1996; Kania & Kramer, 2011; Koschmann et al., 2012; Montgomery et al., 2012; Westley & Antadze, 2010). Such social innovation partnerships (SIPs) need to be managed effectively to leverage 'collaborative advantage' and prevent 'collaborative inertia' (Huxham, 1996). Unfortunately, as previous research into such partnerships is dispersed, we lack a systematic understanding of the requirements that enable organizations to create this collaborative advantage in SIPs. To address this knowledge gap, I draw on the literature on for-profit alliances that identifies alliance capabilities as enablers of alliance success (e.g., Schilke & Goerzen, 2010). Transferring these insights to SIPs, in the first study, I pose the following research question: *Which capabilities enable organizations to effectively manage social innovation partnerships?* I conduct a systematic review of the literature and identify seven SIP capabilities. The resulting capabilities framework highlights enabling conditions for social innovation at the organizational level.

However, even if an organization has the capacity to steer social innovation processes effectively, success is not necessarily a given. External factors may enable or impede the success of the organization's activities. Consequently, in the second study, my co-authors and I aim to identify enabling conditions for social innovation at the meso level. More precisely, we investigate the effect of local conditions on the social innovation process of community ventures. The local environment is significant in any entrepreneurial process because it needs to provide both the opportunity for activity and

the means to exploit this opportunity (Austin et al., 2006; Haugh, 2007; Shane & Venkataraman, 2000). However, considering local conditions in isolation does not provide an adequate picture of opportunities or means of exploitation, as these conditions may complement or substitute for each other (see, e.g., Hertel et al., 2021; Johnstone & Lionais, 2004; Rao & Greve, 2018; Vestrum et al., 2017). Moreover, how ventures combine multiple resources provided by their local context can be crucial for success (Stenholm & Renko, 2016). Consequently, in the second study, we pose the following research question: *Which configurations of local conditions enable community ventures to create impact in their respective communities? How do these configurations enable impact creation?* To answer this research question, we use Qualitative Comparative Analysis (QCA) of data on 77 bio-energy community ventures in Germany. We identify four configurations of local conditions that combine to enable success within these community ventures and unpick the underlying mechanisms. The results show how enabling conditions at the local level combine to support social innovation.

External conditions influencing social innovation processes are, however, not bound to the *local* environment. At the national level, institutional conditions – such as government policies or cultural norms – can affect the success of social innovation (Hoogendoorn, 2016; Stephan et al., 2015; Turker & Vural, 2017). Therefore, in the third study, my co-author and I aim to identify enabling conditions for social innovation at the macro level. More precisely, we investigate the effect of the national institutional context on nascent social entrepreneurship. This study is motivated by the observation that social entrepreneurship is emerging at different speeds in different countries (Lepoutre et al., 2013). While several studies have investigated the institutional conditions that may cause these differences, previous research across different countries has only focused on the isolated effects of single institutional conditions (e.g., Hechavarría & Brieger, 2022; Hechavarría et al., 2017; Stephan et al., 2015). This approach contrasts with insights from previous qualitative work, which highlight that the *interplay* between institutional conditions determines the context for social entrepreneurship (e.g., Mair & Martí, 2009; Mair, Martí, & Ventresca, 2012). As previous cross-country research has ignored these insights, we lack a holistic understanding of how combinations of institutional conditions affect the emergence of social entrepreneurship. We aim to address this shortcoming by posing the following research question: *Which institutional configurations facilitate or inhibit nascent social entrepreneurship? How do they affect nascent social*

entrepreneurship? Using QCA and data from 41 countries, we identify three institutional configurations that facilitate nascent social entrepreneurship and two institutional configurations that inhibit nascent social entrepreneurship. We supplement this configurational analysis with configurational theorizing to uncover the mechanisms that underly our identified configurations. The results show how institutional conditions combine to support or hinder social innovation.

Following this general introduction, Chapters 2-4 present the three studies. Chapter 5 then provides a general discussion of the three studies and highlights the contribution made by the overall dissertation.

2 PARTNERING FOR SOCIO-ECOLOGICAL SYSTEMS CHANGE: A FRAMEWORK OF ORGANIZATIONAL CAPABILITIES ENABLING THE SUCCESS OF SOCIAL INNOVATION PARTNERSHIPS

2.1 Introduction

The socio-ecological crises we are facing are becoming increasingly complex and hazardous (IPCC, 2022), making changes in socio-ecological systems necessary for mitigation and adaptation (Linnenluecke, 2017; Waddock, 2020; Westley et al., 2013). Organizations play a major role in systems change for two reasons. On the one hand, they are involved in creating and amplifying crises; for example, by emitting large volumes of greenhouse gases (Heede, 2014) or by exploiting natural resources in conflict zones (Reinecke & Ansari, 2016). On the other hand, they can also address these crises and contribute to systems change; for example, by facilitating resilience following natural disasters (Williams & Shepherd, 2016), by transforming healthcare systems (Vakili & McGahan, 2016), or by mitigating climate change (Wright & Nyberg, 2017). Consequently, researching how organizations can successfully contribute to systems change is relevant to our understanding of how to address socio-ecological crises.

Previous research highlights social innovation as a crucial means of systems change (Avelino et al., 2019; Castro-Arce & Vanclay, 2020; Westley & Antadze, 2010). Social innovation refers to the process of implementing "novel solutions to social problems in ways that are directed toward producing profound change" (van Wijk et al., 2019, p. 889). To implement these solutions, organizations cannot act alone; instead, they need to collaborate with a variety of partners across sectors, regions, and layers of society (Castro-Arce & Vanclay, 2020; Huxham, 1996; Kania & Kramer, 2011; Koschmann et al., 2012; Montgomery et al., 2012; Westley & Antadze, 2010). These collaborations can take various forms and scholars have referred to them under a variety of labels: cross-sector (social) partnerships (Koschmann et al., 2012; Seitanidi et al., 2010; Selsky & Parker, 2010), social alliances (Berger et al., 2004; Liu et al., 2018), inter-organizational relationships (Lawrence et al., 2002; Nicholls & Huybrechts, 2016), and collective social entrepreneurship (Mitzinneck & Besharov, 2019; Montgomery et al., 2012), to name just a few. To adhere to the importance of social innovation for systems change, I subsume these labels under the umbrella term of social innovation partnerships (SIPs; see also,

e.g., Kolk & Lenfant, 2015). This umbrella term refers to the collaborative efforts made by two or more organizations across different sectors, aimed at addressing social problems in novel ways in order to generate profound change (Selsky & Parker, 2005; van Wijk et al., 2019; Waddock, 1991).

Irrespective of the specific label assigned to them, organizations need to effectively manage these partnerships to create 'collaborative advantage' and prevent 'collaborative inertia' (Huxham, 1996). Unfortunately, we lack a systematic understanding of the requirements for organizations to achieve this collaborative advantage in SIPs. Although such insights are lacking in the disjointed literature on SIPs, the literature on "regular" for-profit alliances offers several conceptualizations of alliance capabilities that explain alliance success (e.g., Kohtamäki et al., 2018; Schilke & Goerzen, 2010; Wang & Rajagopalan, 2015). These capabilities enable firms to effectively manage alliances by, for example, identifying suitable partners or coordinating activities (Schilke & Goerzen, 2010). As, for instance, coordinated activities are also key to the success of SIPs (Kania & Kramer, 2011), similar capabilities may be key for managing SIPs. However, while the literature on for-profit alliances may inform our understanding of capabilities for SIP success, we cannot simply transfer the findings from this literature to SIPs and assume these to be true, as SIPs differ fundamentally from for-profit alliances in terms of their purpose and types of partners (Berger et al., 2004). Consequently, to understand which capabilities enable organizations to contribute to the success of SIPs (and how such capabilities might differ from those enabling for-profit alliance success), we need a focused investigation of capabilities in SIPs.

This article aims to identify the capabilities that enable organizations to effectively manage SIPs and, consequently, to contribute to the success of SIPs aiming at systems change. To capture all the skills, processes, and structures (i.e., the building blocks of organizational capabilities; Felin et al., 2012; Teece, 2007) that relate to partnership success, I conduct a systematic review of the literature on SIPs. Drawing on a for-profit alliance capabilities framework, I combine deductive and inductive approaches to integrate previous literature and derive SIP capabilities. Moreover, I propose a framework that organizes these capabilities along two dimensions: organizational levels and partnership stages. Finally, I identify special features of SIP capabilities that go beyond for-profit alliance capabilities. These features highlight the fact that, in order to target systems change, organizations in SIPs require abilities to unite heterogeneous partners.

My research contributes to both theory and practice. First, for research into the role of organizations in systems change (Bakker et al., 2020; Mair & Seelos, 2021), I offer a framework of the capabilities that enable organizations to contribute to systems change by effectively managing SIPs. This framework brings together the hitherto disjointed literature on SIPs and provides a common ground for future, more systematic research into how organizations can effectively manage SIPs to contribute to systems change. Second, I identify features of SIP capabilities that imply unique requirements for this type of partnership. This highlights the limits of for-profit alliance capabilities in explaining success in SIPs and thus substantiates the need to further investigate these partnerships as a separate phenomenon. Third, my capabilities framework can inform practitioners about the capabilities they need to develop or apply across organizational levels and partnership stages to effectively manage partnerships aimed at systems change.

2.2 Alliance capabilities

To guide my investigation into SIP capabilities, I leverage existing insights into alliance capabilities from the literature on for-profit alliances. Alliance capabilities are a well-established concept of organizational level factors that explain differences in alliance success (Schilke & Goerzen, 2010; Wang & Rajagopalan, 2015). Building on the resource-based view and dynamic capabilities (Eisenhardt & Martin, 2000; Teece et al., 1997), alliance capabilities thus refer to the ability to create value through alliances (Anand & Khanna, 2000). These capabilities are made up of skills, processes, and structures (i.e., microfoundations) that explain how and why capabilities emerge and operate (Felin et al., 2012; Teece, 2007). Drawing on insights into for-profit alliance capabilities allows me to leverage more than two decades of research.

Although these insights concern profit-oriented alliances comprising partners who tend to be quite homogeneous, I expect them to provide a valuable point of departure for my analysis for three reasons. First, for-profit alliance capabilities provide a general idea of the capabilities and microfoundations necessary to collaborate (e.g., coordinating activities) that are also relevant for SIP success (Kania & Kramer, 2011). Second, since these capabilities differentiate between higher-order capabilities and underlying microfoundations (Felin et al., 2012; Teece, 2007), they can guide the aggregation levels of my analysis. Third, by making comparisons to these capabilities, I can identify special

features of SIP capabilities that may be particularly relevant to highlight to organizations with prior experience in for-profit alliances.

To inform my integration of the previous research into SIPs, I draw on the alliance capabilities framework by Schilke and Goerzen (2010). While other scholars have published similar frameworks more recently (Dhaundiyal & Coughlan, 2022; Kohtamäki et al., 2018; Wang & Rajagopalan, 2015), I choose this particular framework for three reasons. First, it is well-established and empirically tested (e.g., Gillis et al., 2020; Leischnig et al., 2014; Schilke, 2014), thus providing external validity to my research. Second, Schilke and Goerzen put forward alliance capabilities that enable overall alliance performance. Unlike other frameworks that focus on organizational level outcomes (e.g., Wang & Rajagopalan, 2015), Schilke and Goerzen's conceptualization (2010) is thus applicable for investigating enablers of *partnership* success. Third, a recent study applied this framework to carry out research into alliances with a social objective (Liu et al., 2018). Therefore, I expect the capabilities as defined in this framework to generally apply to SIPs. Table 2.1 shows the alliance capabilities proposed by Schilke and Goerzen (2010). The following method section outlines how I used these capabilities in my analysis.

Table 2.1 Alliance capabilities (Schilke & Goerzen, 2010)

Alliance capability	Definition
Alliance proactiveness	Identifying potential partners and initiating alliances
Inter-organizational coordination	Coordinating activities in individual alliances
Inter-organizational learning	Learning from alliance partners
Alliance transformation	Modifying alliances during the alliance process
Alliance portfolio coordination	Coordinating activities across different alliances to determine synergies and identify interdependencies

2.3 Method

To identify previous research that includes capabilities for SIPs, I conducted a systematic literature review. To ensure the transparency and replicability of my data collection, I based my analysis on recommendations from Tranfield and colleagues (2003) and