

# Introduction: the aim and structure of the book

---

Social innovation is a contemporary manifestation of historical tensions of the relationship between ‘economy’ and ‘society’. As a concept, it is representative of long-standing debates raised in the works of Adam Smith (1759, 1776) regarding the embeddedness of markets in society, or alternatively the subjugation of society into market-based forms of organizing and the development of civil society. Ultimately, social innovation is concerned with the process and pursuit of both economic and social progress and is underpinned by a fundamental relationship to values and morality, that is, understandings of ‘doing good’ and ‘being good’. As a term, it combines two words that have their own bodies of literature and debates: this makes it a rich multi-disciplinary concept to theorize, and notably prevents (or makes futile) the production of any single theory to capture its manifold effects and possible positions.

So what does this rather obtuse and liberally diffused term mean? Some have attempted to unpack this term by investigating what ‘innovation’ means, and what ‘social’ denotes in this usage (Nicholls and Murdock, 2012). Innovation can be both process and outcome, and is both novel and an improvement on a current context or application, or new for a user. As a topic of long-standing interest to a range of disciplines (Fagerberg et al., 2005), it is closely linked to entrepreneurship, and is described by Drucker (1985) as being at the very heart of entrepreneurship in creating focused, purposeful change. What the ‘social’ in social innovation denotes also varies amongst communities and applications. This ranges from social denoting intentionality and motivation (to be socially ‘good’), or participation (for example, of stakeholders in innovation processes), to the social nature of the outcome of the innovation process (addressing a social problem), and distributing the benefits of innovation beyond a single individual or entity (shared value and social impact). According to Nicholls and Murdock (2012), while many innovations may create benefits for society, through providing employment, productivity, economic growth and technological advancement, and some even generate value beyond their initial economic impact, social innovations intentionally seek to address social

problems, producing shared value that would otherwise not have been created. This corresponds to a widening rationale and application of innovation beyond that of economic performance and efficiency, to social (Dacin et al., 2011; Miller et al., 2012; Tracey and Stott, 2017) and environmental performance (Jennings and Zandbergen, 1995; York and Lenox, 2014), increasingly considering ‘societal consequences’ (Greenwood et al., 2017, p. 15) and impact (Gehman and Höllerer, 2019).

Definitions of the term ‘social innovation’ abound. For example, social innovation is a ‘novel solution to a social problem that is more effective, efficient, sustainable or just than existing solutions and for which the value created accrues primarily to society as a whole rather than to private individuals’ (Phills et al., 2008, p. 36). It’s a term often associated with responses to large-scale social and wicked problems, and transformation or systems change; ‘Social innovation is creating capacity to respond to grand challenges’ (Benneworth and Cunha, 2015, p. 510; Voltan and De Fuentes, 2016). Others suggest social innovation describes ‘the agentic, relational, situated, and multilevel process to develop, promote, and implement novel solutions to social problems in ways that are directed toward producing profound change in institutional contexts’ (Van Wijk et al., 2018). Regardless of whether you think social innovation is going to get us to a ‘better’ version of capitalism or believe that it’s more hype than substance, social innovation ‘is focused on a set of issues that matter to a shared future’.

This wide-ranging understanding of the term, and its potential wide-ranging applicability, has attracted the attention of many disciplines (discussed further in Chapter 1). Indeed, it has also attracted the attention of many practitioners and policy makers, globally. Much of the early public sense-making of social innovation is in ‘grey’ literature, published by think tanks, government bodies and other private entities, outside of the academy. This book is developed explicitly for organizational and management scholars, and I would argue that these framings offer a richer and more rigorous approach to social innovation than has occurred in other disciplines so far. Nonetheless, the multiple theoretical lenses suggested are applicable across multiple disciplines and empirical settings.

This book provides a succinct but broad introduction to theories of social innovation. It does not attempt to offer a complete ‘map of the jungle’, but rather to offer a set of theoretical lenses (and references) that can help to understand the diverse but interconnected nature of this theoretical and empirical ecosystem. The ontological starting positions of these different lenses do differ, ranging from more positivist stances on

social value creation and capture to more constructivist positions on the mutual constitution of structure and agency and understandings of social change.

The structure of this book is as follows. I first outline the contemporary evolution of the term ‘social innovation’, with its emergence often traced to work of management theorist Drucker, and now subject to many multi-disciplinary reviews (Chapter 1). In recent years there has been a proliferation of theorizing across disciplines. This meta-summary identifies key issues that many scholars are grappling with, which I go on to examine in the following chapters. I then take a more positivist stance in considering social innovation as social value creation, capture and distribution (Chapter 2). I draw on strategy literature of value creation and capture, adding a new dimension of ‘value distribution’ as an important, distinct and necessary mechanism of social innovation. I propose several abstract models for theorizing social value distribution. I then take a different ontological stance, far more social constructivist, in considering social innovation as polysemic (Chapter 3). Social innovation is a concept that means different things to different stakeholders, simultaneously connecting diverse interpretations into a network of meaning. I describe how polysemic concepts are considered in organizational and management studies, and discuss the three main societal domains related to social innovation – private sector, public sector, and the not-for-profit (NFP) sector – and their differing understandings and mobilization of the concept. I argue that it is the polysemic nature of social innovation that provides its grist and capacity for social change. I consequently examine social innovation as social change, specifically institutional change (Chapter 4). As well as being a dominant theoretical approach in organizational and management theory, institutional theory enables theorizing of change across levels: individual, organization, field, and cross-field. Its attention to the mutually constitutive nature of structure and agency, across these levels, is theoretically and empirically valuable, as demonstrated by many existing studies of social innovation using institutional theory. I conclude the book by returning to my original anchoring of social innovation in classical tensions and theorizations of the relationship between the realms of ‘economy’ and ‘society’ (Chapter 5). I discuss this in terms of the social construction of markets and their moral legitimacy, and implications for future theories of impact. As social innovation is inherently about morality and values, it also raises the question of how to investigate morality in management by learning more about social innovation, and the value of a phronetic approach for future

research. I then detail possible sites for such future empirical investigations by describing core tensions in practice, that of managing hybrids, measuring impact and governing cross-sector collaborations (Chapter 6).

## REFERENCES

- Benneworth, P. and Cunha, J. (2015). Universities' contributions to social innovation: reflections in theory & practice. *European Journal of Innovation Management*, **18**(4), 508–27.
- Dacin, M.T., Dacin, P.A. and Tracey, P. (2011). Social entrepreneurship: a critique and future directions. *Organization Science*, **22**(5), 1203–13.
- Drucker, P.F. (1985). The discipline of innovation. *Harvard Business Review*, **63**(3), 67–72.
- Fagerberg, J., Mowery, D.C. and Nelson, R.R. (2005). *The Oxford Handbook of Innovation*. Oxford: Oxford University Press.
- Gehman, J. and Höllerer, M. (2019). Venturing into the cultural future: research opportunities at the nexus of institutions, innovation, and impact. *Innovation: Organization & Management (IOM)*, forthcoming.
- Greenwood, R., Oliver, C., Lawrence, T.B. and Meyer, R.E. (2017). *The Sage Handbook of Organizational Institutionalism*. Thousand Oaks, CA: SAGE Publications.
- Jennings, P.D. and Zandbergen, P.A. (1995). Ecologically sustainable organizations: an institutional approach. *Academy of Management Review*, **20**(4), 1015–52.
- Miller, T.L., Grimes, M.G., McMullen, J.S. and Vogus, T.J. (2012). Venturing for others with heart and head: how compassion encourages social entrepreneurship. *Academy of Management Review*, **37**(4), 616–40.
- Nicholls, A. and Murdock, A. (2012). *Social Innovation. Blurring Boundaries to Reconfigure Markets*. New York: Palgrave Macmillan.
- Phills, J.A.J., Deiglmeier, K. and Miller, D.T. (2008). Rediscovering social innovation. *Stanford Social Innovation Review*, **6**(4), 34–43.
- Smith, A. (1759[2010]). *The Theory of Moral Sentiments*. Harmondsworth: Penguin.
- Smith, A. (1776). *An Inquiry into the Nature and Causes of the Wealth of Nations: Volume One*. London: printed for W. Strahan; and T. Cadell, 1776.
- Tracey, P. and Stott, N. (2017). Social innovation: a window on alternative ways of organizing and innovating. *Innovation*, **19**(1), 51–60.
- Van Wijk, J., Zietsma, C., Dorado, S., De Bakker, F.G. and Martí, I. (2018). Social innovation: integrating micro, meso, and macro level insights from institutional theory. *Business & Society*.
- Voltan, A. and De Fuentes, C. (2016). Managing multiple logics in partnerships for scaling social innovation. *European Journal of Innovation Management*, **1**(4), 446–67.

York, J.G. and Lenox, M.J. (2014). Exploring the sociocultural determinants of de novo versus de alio entry in emerging industries. *Strategic Management Journal*, **35**(13), 1930–51.