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# Theories of Social Innovation
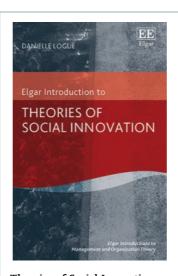
An excerpt from a new book on social innovation theory proposes three frameworks to ensure the creation of social value.

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By Danielle Logue  | Apr. 7, 2020

*In my recent book,* Theories of Social Innovation, *I propose different approaches to conceptualizing and understanding social innovation to move beyond futile efforts to agree on a single definition, and make sense of the vast amounts of work occurring under the social innovation banner, as well as generate common language(s) for different organizations involved. In drawing upon management and organizational theories, I suggest three frameworks to explore how social innovation works to create and distribute social value. This includes how it generates new networks and collaborative configurations across individuals, organizations and sectors, and how it also requires us to be conscious of the implicit and different moralities at play when we invoke or operate under the guise of 'social innovation.'*

In considering whether social innovation is more hype than substance, I initially look at when and where the concept emerged, and argue that it is not new but rather a contemporary manifestation of historical tensions between 'economy' and 'society.' As a concept, it is representative of long-standing debates raised in the works of Adam Smith 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.

**Theories of Social Innovation**
*Danielle Logue*
192 pages, Edward Elgar Publishing, 2019

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*The three theories that I identify emerge from analysing both academic and practitioner literature and take into account how different disciplines and sectors are approaching the topic and activity. These three frameworks highlight and open up distinct ways to think about social innovation: (1) as a form of social value creation, capture, and distribution; (2) as a polysemous concept that creates networks of meaning necessary in cross-sector collaborations; and (3) as striving for institutional change.*

*After detailing these theoretical frameworks, I then include chapters on morality, markets, and theories of impact, revealing the importance of understanding moral legitimacy. For example, measuring social impact is fundamentally a socio-political process, with practices of rating, ranking, and certifying shaping social value assessments and perceptions. These are all based on some agreed (or preferred) understanding of what is good and right, and depend on moral legitimacy.*

*Given much of the early discussions of social innovation and its meaning emerged from practitioners and their entrepreneurial efforts and policy decisions, the final sections of my book examine moral-relational decision-making and the role of phronesis as a philosophical base for theorizing impact in social innovation. I conclude by discussing the implications of this for three core tensions that are currently dominant in practitioner and policy discourse: (1) managing hybridity; (2) measuring impact; and (3) governing collaborations and national systems of social innovation.*

*I hope my short introduction is helpful in explaining my perspective and in understanding the following excerpt about theories of social innovation drawn from the book. This book has emerged from a portfolio of my work seeking to theorize and make sense of new ways to solve intractable social problems and new ways to finance their solutions. It hopes to contribute to developing new meta-narratives on possible varieties of capitalism, boundaries of markets for producing social value, and alternative ways of organizing to address entrenched inequality.*—Danielle Logue

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## Social Innovation as Social Value Creation, Capture, and Distribution

A central premise of this chapter is that social innovation is fundamentally about the distribution of value and collective impact to address social problems. In drawing on existing strategic management literature on value creation and capture, recent discussions on value distribution in terms of business' role in increasing inequality in society, I define and typologize these as follows:

- Social value creation: as the sourcing of ideas, practices, relations, and models that generate, or have the potential to generate social impact.

- Social value capture: the organizing of resources and relations to enact, embed, and enable sources to generate social impact.

- Social value distribution: the sharing of the captured social value, either automatically and directly through value capture mechanisms, or through additional mechanisms to ensure distribution and collective impact.

In conceptualizing social innovation in this way, it identifies the issue of social value distribution as a key mechanism that makes social innovation distinct from traditional approaches to value creation in management, organization, and strategy studies. In what follows, I present three abstract models for further testing and elaboration. While this

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may be readily applicable or realizable at an organizational level (such as for social enterprises), it is also relevant for applying to cross-sector collaborations and arrangements. For example, early work on value distribution at the organizational level indirectly raises the idea of different mechanisms and models of a value distribution-based relationship between customers and beneficiaries. For some social enterprises, the customers are the beneficiaries, such as the case for micro-finance organizations who provide small low-cost loans to women; at other times the beneficiaries are the employees in an organization. For others, there is less integration between customers and beneficiaries, and customers may pay full price for a product or service to enable beneficiaries to have the product or service for free, or greatly subsidized. Here, value distribution (and ultimate impact) is shaped by the integration of customers and beneficiaries in an organizational model, and where these are separate presents greater risk of mission-drift. However, when moving beyond just customers and beneficiaries, value distribution is a "complex socio-political process that various claimants (i.e., those who provided direct and/or indirect resources for value creation and appropriation) engage in," and cannot simply be assumed to occur within or via processes of value capture. As per the mainstream value creation and capture literature, there is often empirical difficulty in separating the processes of value creation and capture, and in the case of social innovation, value distribution. There are different organizational and inter-organizational combinations of these elements, some of which are described below.

## Social Innovation as Polysemous

As demonstrated above, social innovation as a term and concept is of interest to many academic disciplines, and also many sectors of society given its perceived role in addressing social and environmental problems. As such, social innovation has multiple meanings, and as a concept is polysemous. Social innovation is susceptible to polysemy, but this need not be a constraint. In this chapter I make three arguments as to the benefits of theorizing social innovation as polysemous: (1) it recognizes core characteristics of social innovation across fields in contrast to pursuing definitional precision; (2) some plurality and variation in meaning actually is generative for the practice (and purpose) of social innovation; and (3) this recognition highlights the social construction of social innovation, and so the role that multi-vocal power plays in constructing and prioritizing social problems and their solutions. After all, innovation often comes from the borrowing, translation and contestation of different ideas from different groups, and this is particularly so when trying to address societal 'wicked' problems that are cross-sectoral, multi-level and multi-disciplinary.

In this chapter I describe the idea of polysemous concepts. I then look at three main societal sectors engaging in social innovation from across the literature: private sector, public sector, and not-for-profit sector. In examining how these sectors approach social innovation, I compare and argue how recognizing these differences in meaning, logics, and approach can be generative for theorizing social innovation. I then examine what this may mean for social innovation as it occurs in the cross-sectoral partnerships often necessary to address social and environmental problems. Recognizing the polysemous nature of social innovation requires scholars and practitioners to give greater attention to the multiconstructions of social problems and solutions (and their prioritizations) and the role of power in determining how multiple meanings (or views) of problems and solutions are manifested (Lawrence et al., 2014; Tracey and Stott, 2017). Like other polysemous concepts, it affords opportunity to investigate more critical questions as to what sector or actor is defining the problem. How did consensus on a particular solution arise? Which voices were part of this process? What set (or whose set) of values underpin this configuration? What are the unintended consequences of organizing in this way or changing social structures in this way?

# Social Innovation as Institutional Change

In this chapter, I examine social innovation as a process and outcome of institutional change. The social problems that social innovation seeks to address frequently involve multiple and diverse actors, from different fields, across systems with multiple interdependencies. Furthermore, social innovations, be they new products, processes, or business models, require change in or affect existing relational and social structures, including routines, resource and authority flows, governance, and values. This makes institutional theory a compelling lens through which to advance theorizing and understandings of social innovation given it involves "the re-negotiating of settled institutions or the building of new ones." It also gives due attention to issues of structuration (Giddens, 1984) and thus takes seriously the idea that "rules, norms, and beliefs are socially constituted, negotiated orders, which can be renegotiated to promote social innovations."

Using the lens of institutional theory, I examine what this means for understanding social innovation at different levels of analysis: individual, organizational, field, and field-to-field interactions. There is already a growing line of research in a broad base of institutional theory examines efforts to address social, environmental, and economic problems, for example, the socio-political process of embedding new water and sanitation infrastructure in Indian villages, to the inclusion and exclusion of women in the emergence of microfinance, to the emergence and growth of civic crowdfunding platforms in local governance.

A focus on institutional change highlights how existing meaning systems and social structures may inhibit change (or contribute to existing problems), or be required to change in order to embed new ways of organizing and managing in addressing social and environmental problems, and how to sustain these solutions. At the individual level, literature on institutional entrepreneurship provides insights on the scale and type of change that many social innovators seek. At the organizational level, significant theorizing on hybrid organizing and managing paradoxes provides conceptual clarity on the many challenges facing organizations pursuing social innovation, especially those who identify as (or who are categorized as) social enterprises. At the field and inter-field level, as one of the more important and useful concepts in institutional theorizing, 'fields' provides significant analytical purchase in understanding cross-sector collaboration, governance, relational configurations, and drivers of social innovation and change.

Danielle Logue is an associate professor at UTS Business School, University of Technology Sydney, and director of the Centre for Business and Social Innovation. She holds a doctorate from the University of Oxford and worked previously in public and private sectors in foreign aid and industry development.

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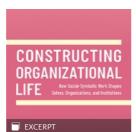
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