Social Innovation and Networks: Linkages and Challenges

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Abstract: Contemporary problems are becoming increasingly complex, leading to a deeper critical awareness concerning the limits of current ways in understanding societal problems and their nature, as well as in conceiving adequate ways of coping with this complexity. Social innovation appears as a way to tackle the increasing complexity of problems and to overcome the limits of current policy responses. The paper addresses the concept of social innovation in the response of problems affecting rural territories (e.g., desertification, ageing) by exploring the links between social innovation and networks with the purpose of identifying the potentialities and challenges involved in the design of collective action to deal with these problems.

Keywords: social innovation, networks, rural territories

1. Introduction

Linking social innovation to networks involves the discussion of the understandings and developments of social innovation concept, and the discussion of networks’ role and their configurations in addressing the current and complex societal problems. Since the late 1990s, research has highlighted the importance of the social capital and networks in the access to several tangible and intangible resources in innovation processes. This literature describes innovation as a social process, embedded in social structures and calls for the consideration social networks, that is, sets of actors connected by social relationships.

Having this in mind the paper aims to offer an analytical framework to address the following questions:

- What is the role of networks in the achievement of action integration in ‘social innovation’ involving different stakeholders with diverse power and formal competencies?
- What types of network (size, composition, configuration, territorial level) are more appropriate to deal with the problems affecting European rural territories?

The paper discusses the concept of social innovation and its interface with networks through the following sections: section 2 presents the concept of social innovation and its main developments; section 3 discusses the relation between social innovation and territory, namely rural territories; section 4 addresses the linkages and challenges involved in social innovation and networks. Section 5 concludes.

2. The social dimension of innovation and the innovation as social

The increasing critical awareness of societal problems is currently associated with a wider acceptance of the need of ‘social Innovation’ and the very diverse ways of understanding the nature of the challenge at stake. Different ideological, scientific and methodological approaches can be identified and contribute to ambiguous and sometimes diverging discourses and approaches.

In the early 2000’s, following this understanding, ‘social innovation’ became increasingly associated with the very limits of state-based responses and the relevance of innovation beyond public policies (not as ‘an alternative to’) to cope with the complexity of contemporary problems (climate change, unemployment, financial instability, etc.). Societal problems would require innovation in public policies (policy integration, cross-sectoral integration, territorial integration, etc.) as well as innovation in civil society (social and solidarity economy, social entrepreneurship, etc.) and innovation in the relations among them (new forms of governance, multilevel collaborative governance, etc.).

The evolution of the concept reveals that the association between the terms ‘innovation’ and ‘social’ has moved from its consideration as one of the dimensions of political and organizational change (Benjamin Franklin, Emile Durkheim, Joseph Schumpeter) to a change in itself: “the introduction of the social to innovation - as well as of
the innovation to the social” (McCallum, Moulaert et al, 2009, p. 2). According to the same authors, “the concept enlarges the economic and technological reading of the role of innovation in development to encompass a more comprehensive societal transformation of human relations and practices (Moulaert and Nussbaumer, 2008, in McCallum, Moulaert et al, 2009, p.2), being much more than innovations that enhance economic efficiency (Moulaert et al. 2005, 1973; Moulaert and Nussbaumer 2005, in McCallum, Moulaert et al, 2009, p.2).

‘Social innovation’ became accepted as more necessary and urgent for improving public policy and for collective capacity-building in the societal response to these problems. Indeed, it is in this sense that the notion of ‘social innovation’ is presented by the OECD in its ‘Social Innovation Forum’ launched in 2000, according to which, there is social innovation “whenever new mechanisms and norms consolidate and improve the well-being of individuals, communities and territories in terms of social inclusion, creation of employment, and improved quality of life. Social innovation aims to respond to new needs that are not addressed by the market, and which may encompass conceptual and organisational aspects, and changes in the relationships between communities and respective territories.”

Later, the European Commission developed additional contributions and presented ‘social innovations as innovations that are social in both their ends and their means: “Specifically, we define social innovations as new ideas (products, services and models) that simultaneously meet social needs (more effectively than alternatives) and create new social relationships or collaborations. In other words they are innovations that are not only good for society but also enhance society’s capacity to act” (European Commission, 2010, p.33). In its “Guide to Social Innovation”, the European Commission (European Commission, 2013, p.6), recalls three traditions: social demand innovations, societal challenge and systemic change. It represents new responses to pressing social demands, which affect the process of social interactions. It is aimed at improving human well-being. They are innovations that are not only good for society but also enhance individuals’ capacity to act.”

According to Ionescu, “social innovation is a relatively new analysis subject when it comes to the development of the theoretical approaches which rend the projected social development possible and efficient, but also within the context of other approaches which put emphasis on dispersed knowledge, decentralization and the capacity of communities and social groups to self-organize and formulate specific and new solutions to the problems they are dealing with” (Ionescu, 2015, p.54).

The work of Chambon, David and Devevey (1982) offers an important synthesis on social innovation, namely the “relationship between social innovation and the pressures bound up within societal changes, and show how the mechanisms of crisis and recovery both provoke and accelerate social innovation”. According to the authors, “social innovation signifies satisfaction of specific needs thanks to collective initiative, which is not synonymous with state intervention” (in Moulaert, 2009, p.13), and “can occur in different communities and at various spatial scales, but is conditional on processes of consciousness raising, mobilization and learning” (Idem, ibidem, p.13).

The revision of literature on social innovation allows the identification of relevant aspects in the conceptualization of social innovation: i) its increasing role within the context of current social problems; ii) the path from the social dimension of innovation towards the innovation as social; iii) the social innovation as a mean and as an end, that is, the complex dynamic of social innovation.

These aspects become evident in the research of social innovation involved in territorial development.

3. Social innovation and territory

In fact, the analysis of social innovation involved in territorial development occupies an important place in recent literature on the subject. As Moulaert and Nussbaumer (2005, 2008) argue, “this process involves transforming the social dynamics (and assumptions) that underpin networking, learning, governance or community culture in a territory” (Estensoro, 2015, p. 529).

The approach to social innovation in territorial terms is not new and was adopted in the domain of intervention (Weaver, 1984, in Ballemare and Klein, 2010, p.2). In this realm it is mentioned Cerda restructuration of Barcelona morphology dating from 1867 - the “therapie de la ville industrielle”, and the works of utopian socialists and anarchists (Fourier, Owen, Proudhon, Kropotkine, Reclus) which insisted in the importance of the structuration
of territorial local communities with strong mechanic solidarities with the integration of life and labour (Weaver, 1984, in Ballmare and Klein, 2010).

More recently the works on social innovation and territory highlight the response to different social problems taking place in urban and rural areas (e.g., unemployment, desertification, ageing, climatic changes) and the governance forms allowing the development of these territories, that is, the improvement of life conditions.

Innovation Sociale et Territoire (ed. Ballemare and Klein, 2011) addresses the emergence and management of social innovation by considering a ‘panoptic’ approach of territory in territory.

Social Innovation and Territorial Development (ed. MacCallum, Moularet et al, 2009), focuses on social innovation not only within a spatial context, but also as ‘transformer’ of spatial relations (Moularet, 2009, p.12). The perspective adopted presents the “satisfaction of human needs through the transformation of social relations” (Idem, ibidem), that is, the integration of goals (human needs) and means (transformation of social relations) in the concept of social innovation. These transformations are presented as follow:

“Transformations [which] improve the governance systems that guide and regulate the allocation of goods and services meant to satisfy those needs, and which establish new governance structures and organizations (discussion fora, political decision-making systems, firms, interfaces, allocation systems, and so on). Territorially speaking, this means that social innovation involves, among others, the transformation of social relations in space, the reproduction of place-bound and spatially exchanged identities and culture, and the establishment of place-based and scale-related governance structures. This also means that social innovation is quite often either locally or regionally specific, or/and spatially negotiated between agents and institutions that have a strong territorial affiliation (Moularet, 2009, p.12).

CRISIS (Centre de Recherches sur les Innovations Sociales) distinguishes social innovation focused on individuals, enterprises, and territory: “the innovations oriented to milieu envisage the development of a specific territory through the improvement of the quality of life” (CRISES, 2011, p.13)

According to Moularet “there is an artificial split within the local community-based development literature between the more traditional ‘needs satisfaction’, ‘problem solving’ approach, and the more diversity-based, future-oriented community development approach which looks in particular at the identification of aspirations, strengths and assets of communities to move into a future of hope” (Moularet, 2009, p.17). These processes are grounded in “bottom-up’ institutions for participation and decision-making” and “the empowerment of citizens deprived of essential material goods and services, and of social and political rights” (Moularet, 2009, p.18)

The transformation of social relations in space and, therefore, the forms of governance has been highlighted by recent studies (Godwin, Jones and Jones, 2006; Winter, 2006; Marsden, 2004; Torre and Traversac, 2011). Socioeconomic changes (e.g. decrease of agricultural activities and economic restructuring involving new players and multi-level decision contexts) are among the reasons that justify research on governance of rural territories (Torre and Traversac, 2011: 13, in Ferreire e Sousa, 2015, p.2016). Moreover, Europe 2020 and the European Policy of Territorial Cohesion draw attention to the importance of innovation in rural territories and to its role in promoting Europe’s inclusiveness and sustainability. “[Territorial governance] help to bring together the different categories of actors present on one territory and which therefore constitute ‘engines’ of territorial development” (Torre and Wallet, 2014: 115), but also the institutional tissue, namely public policies, with impact on territorial development. As recently stressed by Torre and Wallet (2014), these territories have specific characteristics, in particular with regard to their governance (Ferreire and Sousa, 2015, p.2016).

Territorial governance “refers to concrete objectives in terms of local and rural development” like, for instance, ‘the setting of territorial development projects’, ‘the design of wide consultation schemes’, the ‘coordination of heterogeneous groups of players’, and the definition of ‘development pathways’ (Torre and Traversac, 2011: 15)” (Ferreire and Sousa, 2015, p.2016).

To sum up, the reflection on social innovation in the interface with territory in general and rural territories in particular has been mainly developed within the concept of governance, highlighting the importance of the participation and cooperation between different actors through their empowerment and envisaging a ‘future-oriented’ approach.
4. Social innovation and networks: Linkages and challenges

Since late 1990s research has increasingly shown the importance of the social capital and networks in the access to several tangible and intangible resources, both for innovation and entrepreneurship. In this literature, innovation and entrepreneurship are described as a social processes, embedded in social structures and thus, in order to fully understand their nature, it is necessary to take into consideration social networks and social capital. Despite the fact that the literature has started to develop in the context of “traditional” entrepreneurship and innovation (Jack, 2010; Phelps et al, 2012; Ozman, 2009), social innovation and entrepreneurship scholars are increasingly incorporating networks and social capital in their studies. Actually, “many of the problems faced by entrepreneurs and innovators in business also apply to social innovators. However, these problems are often exacerbated by an increased complexity due to a wider network of diverse stakeholders and the seemingly intractable nature of some of the social problems being addressed” (Lettice and Parekh, 2010: 155).

It is therefore important to elucidate the concepts of social capital and networks. Social networks are sets of actors (persons or organisations) connected by a social relationship (or tie) of a specified type. Social capital is described as a relational resource, in the sense that is present in the social structures, relationships and networks. According to Anderson et al. (2007), social capital is manifested in social interaction and, therefore, is essentially a phenomenon of group or network. However, there is not a resource in the traditional sense, but rather a facilitator, a key that allows access to resources held by others. According to Lin (1982, 2001) it enables actors, namely entrepreneurs and innovators, to draw on resources from their social networks.

The role of networks is particularly accurate for the case of social entrepreneurship and innovation, mostly because they face the resource-constrained environments (Austin et al, 2006; Brown and Kaleagannkar, 2002). “Most social businesses are likely to originate with one person, or perhaps with a small group of people—friends, work colleagues, or people with a shared interest in a particular social problem. Within such a small group, you may not have all the expertise, experience, ideas and resources needed to make your social business idea into a reality” (Yunus, 2010: 79–80).

In this line of reasoning Spear (2006) talks about distributed entrepreneurship to stress the role of external organisations or groups in the social entrepreneurship process and Shaw and Carter (2007) argue that social entrepreneurs need to operate within ‘collective’ structures. Therefore, entrepreneurs’ personal ability to establish partnerships and build networks to leverage social capital is considered crucial in the process of social entrepreneurship (Bhatt and Altinay, 2013; Manning and Roessler, 2014; Sharir and Lerner, 2006).

Regarding innovation, networks are seen as both facilitators of the social innovation process (as in the case of the entrepreneurship process) and a social innovation by itself, by changing the modes of interaction among the stakeholders (Van Dyck and Van den Broeck 2013). In the first case, networks facilitate the social innovation process through learning processes related to the creation of new skills from collective action, and reflexive thinking and through mobilisation processes of local and extra-local resources (Klein and Tromblay, 2009). In the latter case, social entrepreneurs are considered “innovators” that focus on growing, enhancing or transforming social capital in a way that affects society positively (Alvord et al. 2004; Baumgartner et. al. 2013) and networks can be considered as a way do assess the impact of social transformation processes, namely in the context territorial development (Estensoro, 2015). There is some evidence that strong capacity of local actors (their skills, knowledge and attitudes) and their ability to manage internal and external networks fosters positive economic growth in rural regions (Terluin, 2003). Partnerships support the occupation of “institutional voids” in fragile environments deprived of infrastructures and with poorly established rules, lack of governance and trust (Kolk and Lenfant, 2015).

Networks represent an agora that is a space is shaped by the dialogue among different actors (Karlsen and Larrea, 2014) and consequently, where different actors meet. Therefore, social innovation relates to building of alternative, more appropriate, social relationships, aspirations and governance practices (Moulaert and Nussbaumer, 2005). It involves collective skills for collaboration (Moulaert et al. 2013) and shared leadership (Karlsen and Larrea 2012) and requires sensitive facilitation. Following this line of reasoning, social innovation can stimulated, namely by social scientists (Estensoro, 2015), through an action based approach and the building of networks which promote learning and facilitate collective action.
Networks are described as instrumental in the identification of opportunities (Cohen and Winn, 2007), in facilitating the creativity process (Spear, 2006), in improving the value creation potential of social entrepreneurial ventures in fragile institutional environments (Kolk and Lenfant, 2015), in allowing large-scale social change (Alvord et al., 2004), and in accessing markets (Le Ber and Branzei, 2010) and resources.

The advantages of using networks (instead of markets) to access resources manifest themselves in cost reduction, in access to resources that would not be available via market (Witt, 2004) and in the decline of competition for resources (Guo and Acar, 2005). In this sense networks mitigate the resource-constrained environment of social entrepreneurial ventures (Austin et al, 2006; Bhatt and Altinay, 2013).

The literature mentions several resources which access is facilitated by social capital namely: technology, knowledge and information (Le Ber and Branzei, 2010a; Weerawardena and Mort, 2012); qualified human resources (Bhatt and Altinay, 2013); financial capital (Bhatt and Altinay, 2013; Kolk and Lenfant, 2015); credibility and reputation (Spear, 2006); and emotional support and mentoring (Spear, 2006; Lettice and Parekh, 2010).

Networks also facilitate the scalability of social entrepreneurial ventures, expand their impact beyond the local level (Westley et al. 2014) and reaching more people in different places (Westley and Antadze, 2010).

There is a shortage of research investigating how social entrepreneurial ventures use social capital in the entrepreneurship and innovation processes (Bhatt and Altinay, 2013). The literature has been increasingly adopting multidimensional understanding of the concept of social capital. Nahapiet & Ghoshal (1998) distinguish three dimensions of social capital:

- A structural dimension, linked to the structure of the social network in which it is embedded, that is, the pattern of interaction between the actors. Here questions arise as to the existence of direct ties, the pattern and number of indirect ties between the actors and their positioning of the network (for example, the existence of structural holes (Burt, 1992)). This dimension outlines the potential to access information, resources and support and therefore to achieve the goal of to solve social problems (Mair and Marti 2006).

- A relational dimension, linked to the nature and quality of relationships that are established among the actors in the network, where the strength of ties (Granovetter, 1982), trust and reciprocity are central in the discussion;

- A cognitive dimension, related to the mental processes and ideas, the sharing of representations, interpretations and systems of meaning between actors and reinforced by institutional aspects such as the culture and ideology. This dimension provides the standards of "acceptable behaviour" and strongly facilitates the sharing of information and knowledge and learning processes.

For the case of “traditional” entrepreneurship and innovation, there is an intense debate on the most favourable network configuration. According to some authors, densely embedded networks with many strong ties, and therefore a solid relational social capital, are more beneficial. They generate trust and cooperation between the actors (Ahuja, 2000), facilitate the exchange of high quality information (Gulati, 1998) and of tacit knowledge (Hansen, 1999). For other authors, however, more “open” networks with many weak ties and structural holes (Burt, 1992), and therefore a particular structural dimension of social capital, have more advantages, deriving from the fact that individuals can build relationships with multiple unconnected actors and explore brokerage opportunities. In this network configuration, actors use connections to obtain non-redundant information, which can be particularly important in the identification of new opportunities (McEvily & Zaheer, 1999). Research has also shown that the configuration of innovation networks varies across sectors (Salavisa et al., 2012), innovation strategies (Salavisa and Sousa, 2014), and regional contexts (Capaldo et al., 2015). There is a great need to perform similar studies for the case of social innovations and entrepreneurial ventures.

Research also acknowledges the relevance of network composition, highlighting the advantages of networks that involve different types of partner, namely other social ventures, public sector or government organizations and private sector organizations. This variety in types of partner facilitates the entrepreneurial and innovation processes and the reach of the venture’s goals and enhances the capacity to generate social innovations, greater social value and own sources of revenue to fund operations (Austin, 2003; Hodge and Greve, 2005; Le Ber and Branzei, 2010; Dees and Anderson, 2006).
However, previous research has also identified negative consequences of strong network embeddedness, namely exclusion of outsiders, excess claims on group members, restrictions on individual freedoms, and downward levelling norms (Portes, 1998). Yil-Renko et al. (2001) detect the existence of an inverse relationship between trust and the exchange of knowledge between the actors on a network. In explanation of this fact the authors advance the following arguments: (i) relationships of close proximity can be characterized by over-embeddedness (Uzzi, 1997), contributing to the isolation of smaller actors face other external sources of knowledge; (ii) some dimensions of social capital can inhibit exchange and combination processes, restricting learning rather than to promote it (Nahapiet and Ghoshal, 1998); (iii) when trust reaches a very high level, the perception of the need to monitor the relation decreases; in addition, there is the expectation that the information will be provided by the partner when needed, reducing the incentive to actively search for it.

5. Concluding remarks

The current debate on social innovation should be related with societal problems and the need to design new responses envisaging social change and more sustainable communities. The shift from the social as a dimension of innovation (technological, economic) and the social nature of innovation should be highlighted in the evolution of the concept. However, social innovation involves social changes during the process being simultaneously a result and a mean.

The analysis of social innovation in its territorial expression, namely, in rural territories, occupies a central place in current literature on the subject. Desertification, unemployment, ageing and ecological and environmental problems and challenges constitute structural drivers of these territories, an interesting field of research within social innovation. The dynamics of empowerment, participation and governance of rural territories present important challenges to social innovation within these contexts. Therefore, the reference to networks and their role in social innovation allows the introduction of the collective dimension of social innovation processes aiming a critical approach, avoiding the assumption that one size fits it all regarding the relation between social innovation and networks in specific contexts.

References


