

SOCIAL INNOVATION AND SOCIAL ENTREPRENEURSHIP

Social Innovation and Social Entrepreneurship: A Systematic Review

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Abstract

Corporate responsibility (CR) literature suggests that CR initiatives not only go beyond addressing the interests of immediate stakeholders of for profit enterprises, but also have the potential to enhance for profit enterprises' performance. In response to recent cuts in public spending and growing disillusionment of for profit business models, increasing attention is being paid to social entrepreneurship and social innovation as a means of easing social issues. However, understanding of social entrepreneurship and social innovation is somewhat inconsistent and fragmented. This paper seeks to map and assess the relevant intellectual territory of social innovation and social entrepreneurship by taking a systematic review of relevant research to provide collective insights into research linking social innovation with social entrepreneurship. The purpose of a systematic review is to seek to identify key scientific contributions that have been made to the social entrepreneurship and social innovation literature. The evidence-base employed by this review found that interest in this area of study has increased over the last decade, accelerating over the past five years, with much of the focus being on the role of the entrepreneur, networks, systems, institutions and the formation of cross-sectoral partnerships. Based on our findings we go onto suggest the use of the "systems of innovation" approach as an analytical framework for future studies of social innovation.

Keywords

Social entrepreneurship, social innovation, systems of innovation, social innovation systems, systematic literature review.

Introduction

The private sector is dominated by for profit enterprises. The key aim of these enterprises is to make profit and maximize owners' value. Much of the corporate responsibility (CR) literature does not question the primary motive of for profit enterprises, but it argues that managers of for profit enterprises need to take into account not only the interest of owners but also the interest of other stakeholders that can affect or be affected by the activity of for profit enterprise (Mitchell et al., 1997). They go in so far as to suggest that CR policies and practices enhance the performance of for profit enterprises (Waddock & Graves, 1997; Orlitzky et al., 2003;; Bayoud et al., 2012; Weshah et al., 2012; Hillenbrand et al., 2013; Michelon et al., 2012). In another words CR mediates profitability. Social entrepreneurship and social innovation stands at the opposite end of the private sector continuum where the main goal of the enterprise is social and economic returns offer means to this end. The interest in social entrepreneurship and social innovation, while relatively long-standing, has increased considerably over the past few years because of the perceived weaknesses and failure of the dominant for profit enterprise model as well as the prolonged recession and the pressure on public purse resulting in a smaller public sector and the desire for some of the slack created to be taken up by social entrepreneurship and social innovation.

Despite this greater interest research into social entrepreneurship and social innovation is still in a nascent stage and there is a need to develop a shared understanding of not only what is meant by the term "social innovation", but also its links with social entrepreneurship. This systematic review has been stimulated by a need to collate different insights into social innovation and social entrepreneurship

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through undertaking a theoretical synthesis of the field of social entrepreneurship and its related sub-fields. In particular, the aims of the review are to:

- 1) Determine the nature of the relationship between social entrepreneurship and social innovation
- 2) Develop an oversight of existing research into social innovation and social entrepreneurship
- 3) Through cross-cultural studies, identify core issues arising from existing research into social innovation and social entrepreneurship
- 4) Focus attention on a smaller number of fields, creating the condition to develop a more coherent field of study and help achieve a state of maturity
- 5) Identify future areas of research

Although there is increasing recognition of the contribution that social entrepreneurship makes to a nation's social, economic, cultural and environmental wealth (Shaw & Carter, 2007; Fayolle & Matley, 2010), research into social entrepreneurship is somewhat disjointed and disparate, resulting in an array of definitions. A study by Martin and Osberg (2007: 35) defines social entrepreneurship as having the following three components: "(1) identifying a stable but inherently unjust equilibrium that causes the exclusion, marginalization, or suffering of a segment of humanity that lacks the financial means or political clout to achieve any transformative benefit on its own; (2) identifying an opportunity in this unjust equilibrium, developing a social value proposition, and bringing to bear inspiration, creativity, direct action, courage, and fortitude, thereby challenging the stable state's hegemony; and (3) forging a new, stable equilibrium that releases trapped potential or alleviates the suffering of the targeted group, and through imitation and the creation of a stable ecosystem around the new equilibrium ensuring a better future for the

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targeted group and even society at large". Munshi (2010) highlights that although, in terms of defining social entrepreneurship, the debate around inclusivity and exclusivity persists; there is general consensus that it invokes pattern-breaking change or innovation.

Over the past fifteen years there has been growing interest in the area of social innovation (Leadbeater, 1997; Dees, 1998; Christensen et al., 2006; Shaw & Carter, 2007; Nicholls, 2011). Social innovation is not just a civil activity, "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 organisations whose primary purposes are social" (Mulgan, 2006: 146). There is a significant lack of research into the process of social innovation and in a recent survey of the field, few academic studies, widely shared concepts, thorough histories; comparative research or quantitative analysis could be identified in the extant literature (Murray et al., 2009). Although considerable research has been conducted into business innovation, particularly technological innovation, social innovation remains relatively under-researched. As Mulgan et al., (2007) have pointed out, much can be learned from studies into both business and public innovation, but they do not fully address the social field, arguing that the lack of knowledge is hampering those keen to support social innovation.

The objective of this review is to systematically look at the research into social innovation and social entrepreneurship and consider the general evidence-base. This review will commence by outlining each of the stages undertaken during the review of the literature. It will go on to report on the research that explores social innovation and social entrepreneurship, providing both a descriptive and thematic analysis. The

review will conclude by considering the key features of the research, the implications this has for policy-makers, before suggesting areas for future research.

Methodology

Despite growing academic interest in social innovation and social entrepreneurship, little attempt has been made to provide a comprehensive review of existing knowledge. This paper aims to address this gap and in doing so develop our understanding of the relationship between social innovation and social entrepreneurship. In order to provide an overview of existing knowledge, the study has undertaken a systematic review of the literature as opposed to a traditional narrative review. Building on medical research methods, systematic literature reviews have gained increasing credence within management research (Tranfield et al., 2003; Denyer & Neely, 2004; Pittaway et al., 2004) and through the use of a transparent and reproducible process (Tranfield et al., 2003) aim to overcome the issue of researcher bias often evident in narrative literature reviews. Systematic literature reviews commonly employ a three-stage methodology as shown in Figure 1, which shall be presented in the following sections.

<Insert Figure 1 here>

Stage 1: Planning the Review

A review panel was established to define the scope of the review and support the process of study selection through the identification of key search terms. In line with recommendations proposed by Tranfield et al., (2003), the panel consisted of experts in methodology and theory and leading practitioners operating in the fields of

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study – in this case, social entrepreneurship and social innovation. The objective of the review is to develop a comprehensive and systematic review of research into social innovation and social entrepreneurship. A management review protocol was designed to support the process, however, unlike medical science reviews, the protocol was sufficiently flexible to allow creativity, but sufficiently structured to avoid any researcher bias affecting the outcome (Tranfield et al., 2003).

Stage 2: Conducting the Review

An initial search was conducted of all document text in Scopus, a comprehensive electronic database covering over 18,000 articles from over 5,000 international publishers, including coverage of 16,500 peer-reviewed journals in the scientific, technical, medical, and social sciences. Although in a systematic review of literature, Tranfield et al., (2003) recommend broad inclusion criteria encompassing books, book chapters, reports, theses and internet publications, this research focused on quality peer-reviewed journals in order to establish the state-of-play within this emerging area of research. Scopus was selected for its high quality indexing and abstracting which supports precise searching, resulting in a high proportion of relevant hits. The multidisciplinary nature of Scopus also supports the search for articles outside the researchers' own disciplines. The date range employed was from the 1st January 1987 to the 30th December 2012 inclusive since contributions towards social innovation and social entrepreneurship have developed in the past 25 years and an initial exploratory review of the literature found the earliest reference to social innovation in 1998 by Rosabeth Kanter in her identification of the social sector as a rich source of business innovation (Kanter, 1998).

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The research team also undertook a 'thematic analysis', providing an overview of what is known and establish the degree of consensus that is shared across different themes. The review team identified themes on the subject based on their prior experience and these themes were developed into a framework for analysis outlined in Figure 2. They included, for example, innovation systems, social entrepreneurs, networks, institutions, social enterprises. To ensure that researchers were interpreting the selection criteria in a similar manner and employing the same definitions, the research team undertook an initial review of a random selection of papers and applied the inclusion and exclusion criteria, this was repeated until there was >90% agreement (Miles & Hubermann, 1994) thus aiding both definitional clarity and aiding reliability.

<Insert figure 2 here>

Criteria to select sources.

Although numerous studies have been carried out in the area of social entrepreneurship and social innovation, few attempts have been made to map and assess the relevant intellectual territory of social innovation and social entrepreneurship in a systematic way. As a relatively new area of study it has yet to reach a state of maturity, hence there is a need to undertake a systematic review in order to focus attention on a smaller number of fields, creating the condition to develop a more coherent field of study.

The review encompasses a number of stages to ensure a systematic review of existing research and to support the selection of high quality, relevant material:

1. Based on their prior experience and discussions with the expert panel, the review team the following keywords were selected: “social innovation”; “social entrepreneur”; “social entrepreneurship”; “social entrepreneur”;

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“social enterprise”; “socialised firm”; “social firm”; “hybrid companies”; “community business”. The keywords were constructed into search strings such as social enterprise* AND social innovat*.

2. The citations identified were reviewed according to the inclusion and exclusion criteria (Tables 1 and 2). Following the approach employed by Pittaway et al., (2004), two stages were undertaken to reduce the number of citations. The first analysed the titles of articles according to the exclusion criteria, and the second analysed the abstracts according to the inclusion criteria.
3. Using the inclusion and exclusion criteria the articles were separated into three groups. The first group represented articles of particular relevance, the second group included articles of some relevance and the final group represented articles that were of little relevance
4. The review team went through the second two groups, where there was disagreement; the full paper was read and discussed to determine its suitability for inclusion. Once this was finalised the existing citation abstracts were reviewed according to the quality criteria identified by Pittaway et al., (2004)
5. Abstracts were imported from Scopus and coded according to their content and reviewed according to their relevant subject theme as identified in the framework developed for the thematic analysis (see Figure 2)
6. Papers were classified as either theoretical, conceptual, quantitative or qualitative the definitions for each type of paper can be found in Table 3
7. Sections were written as the articles relevant to particular themes were reviewed.

<Insert Table 1, Table 2 and Table 3 here>

Stage 3: Reporting and Dissemination

According to Tranfield et al., (2003), a good systematic review should present the primary research upon which the review is founded in a clear and coherent manner, which can be readily understood by the practitioner. In line with Tranfield et al., (2003), we undertook this in two phases:

- 1) *A descriptive analysis* of the area in terms of field of study, key journals and key sectors studied and
- 2) *A thematic analysis* – to outline what is known and established within the selected documents, and also to identify the key emerging themes (see figure 2).

The following sections present these two phases.

Descriptive analysis. The systematic review was undertaken using the methodology outlined above. At the initial stage of the review 1369 papers were found. Once the inclusion and exclusion criteria were applied, the number of articles was reduced to 308. After the abstracts were reviewed according to relevance and quality, 144 articles remained, which following the removal of duplicates, was reduced to 122 articles. Table 3 shows the number of relevant articles that were identified at each stage of the review.

<Insert Table 3 here>

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The journals publishing research into social innovation and social entrepreneurship are a good indicator of disciplines that social entrepreneurship and social innovation research draws its concepts and theories. This review found that social innovation and social entrepreneurship draw on an array of disciplines which includes: entrepreneurship, general management, innovation and technology management, economics, small business research and third sector research. The key journals publishing articles were identified as: *Journal of Social Entrepreneurship*; *Entrepreneurship and Regional Development*; *Entrepreneurship: Theory & Practice*; *Journal of Business Ethics* and the *International Journal of Technology Management* suggesting a broad conceptual and theoretical underpinning. In addition to these journals, the review identified articles from a further 46 journals, this may be attributed to the fact that this is a new field of study that has yet to reach a mature state and hence draws on a number of different fields of study. Thus, in undertaking this review we aim to contribute towards developing a more coherent field of study through focusing attention on a smaller number of fields.

The papers were further categorised according to the research studies' country of origin. As might be expected English-speaking countries were most strongly represented; the USA had the strongest representation with 33 papers; followed by the UK (22), Canada (13), Australia (5) and the Spain (5). There were 20 papers involving international research teams, suggesting that as international interest in social innovation and social entrepreneurship has developed, there has been a move towards sharing knowledge between researchers from different countries. The number of papers originating from the USA and UK is high, suggesting that USA and UK academics have made a significant contribution to studies relating to the field of social entrepreneurship and social innovation. However, it must be recognised that the

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search focused on English language journal articles, which would implicitly result in a bias towards research conducted in English-speaking countries or by English-speaking researchers. Non-English publications were difficult to access, although it is appreciated that important contributions have been made in non-English publications and there is a need for researchers with language skills to undertake reviews in non-English publications to enable integration into mainstream English research articles.

The majority of studies were international comparative studies (19). Again there were a high number of studies (13 papers) investigating the USA context. UK-centric studies (12) and several studies from Canada (7), the Netherlands (3) and Spain (3) were also identified. Overall, the research appears biased towards studies conducted in Europe and North America, with 19 studies conducted in European countries and 15 in North America, although there appears to be an emerging interest in Asia, with recent studies emerging from China (2), Japan (1) and Malaysia (1). Again a review of non-English publications would contribute towards a clearer understanding of relevant research that is being undertaken in other countries and cultures.

< Insert table 5 here >

The papers were also categorised according to publication year. Following application of the review selection criteria, no papers appeared prior to 1998. This discrepancy may be attributed to poor coverage in the citation databases, but may also suggest growing interest in the field of social entrepreneurship during the late 1990s, which took time to filter into peer-reviewed publications. It is clear that interest in the areas of social entrepreneurship and social innovation is increasing, particularly post-2008, as reflected in the marked increase in papers published between 2008 and 2011. Only 4 papers were identified between 2000 and 2005, whereas 25 papers were

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identified for 2011 and 29 for 2012. In 2010 there was a spike with 37 papers being published, but this can be accounted for by the publication, in this year, of three special issues; one in social entrepreneurship, another in social enterprise and the final one in social innovation. However, the overall trend is of growth and implies that the areas of social entrepreneurship and social innovation are garnering increased attention; in 2012 there was a noticeable rise in social innovation-related outputs, emphasising growing interest within the academic community. This may relate to increased recognition of the flaws of for profit enterprise models and pressure created by the recent cuts in public spending that have promoted a need to look to alternative approaches to address social imbalances and find innovative solutions to social issues.

<Insert Figure 3 here>

The research team also interrogated the research design and methodologies employed in the studies and found that, as one would expect in an emerging field, much of the research was exploratory and qualitative in nature (43 papers), some quantitative research is being carried out (13 papers), and 13 papers used mixed-methods. 40 conceptual papers and 21 theoretical papers were identified. It was interesting to note the empirical studies increased sharply over the last two years, suggesting that the area is developing; as social entrepreneurship and social innovation have become more firmly grounded in theory the number of quantitative studies have risen.

Thematic analysis. The selected papers were subjected to a thematic analysis, whereby their abstracts were coded using the framework for thematic analysis (see

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Figure 2 and Table 5). However, there was a difference between the key themes identified in the empirical papers versus those pursued in the theoretical and conceptual papers. For conceptual and theoretical papers, the key focus was networks and systems and the development of a typology for social entrepreneurs and social innovation whereas, for the empirical papers, the focus was on the role of the entrepreneur.

Overall, the role of the entrepreneur featured prominently within the papers, having been identified as a key theme in 23 papers. Here, the focus appeared to be on the importance of social mission in driving and directing social entrepreneurs and the opportunity recognition process, suggesting that the opportunities pursued by social entrepreneurs have a strong social purpose, although as some papers highlighted this does not suggest social entrepreneurs lack commercial drive or acumen.

Both the empirical and theoretical/conceptual papers looked at the role of systems and networks and similarly the importance of institutions, both formal and informal, in promoting development. Another key theme that emerged was that of cross-sectoral partnerships. Such interactions underline the significance of the linkages and partnerships that social entrepreneurs must develop to mobilise resources and capabilities, which was another theme pursued in the literature, in addition to the difficulties of managing these partnerships in terms of differing objectives, cultures and approaches.

<Insert table 6 here>

In summarising the evidence employed by this study, it can be seen that existing research is dominated by studies of entrepreneurship, particularly social

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entrepreneurship. Also, many of these studies originate from the USA and Europe, particularly the UK. However, although more than 30% of papers originated from the USA, the research does appear to be international in nature, indicating growing international interest in the role that social entrepreneurship and social innovation have in meeting today's global challenges. The evidence-base employed by this review also shows that interest in this area of study has increased over the past ten years, accelerating over the past five years, with much of the focus being on:

- 1) The role of the entrepreneur: social mission and opportunity recognition
- 2) Networks and systems
- 3) The formation and development of cross-sectoral partnerships.
- 4) The role of institutions

The research also encompasses a wide range of journals, disciplines and authors, which suggests a need to amalgamate these studies if a shared understanding of the relationship between social entrepreneurship and social innovation is to be developed.

The premise of this systematic literature review is to provide a systematic and comprehensive review of current knowledge on social entrepreneurship and social innovation and to gain an understanding of the key areas of research. This section has provided a descriptive and thematic analysis of research undertaken in this area. The next section will commence with a discussion of the terms social entrepreneurship, social enterprise and social innovation before providing an overview of the four key themes identified during our review of the literature. Based on our review of the evidence we go on to propose the "systems of innovation" approach as a suitable analytical framework for future research into social innovation.

Social Innovation and Social Entrepreneurship

Social entrepreneurship has become part of everyday lexicon since the turn of the century, although evidence of social entrepreneurship can be traced back to over 100 years ago (Dart, 2004). The term describes the work and structures of community, voluntary and public organizations and private firms working to solve social issues. As Nicholls (2006: 13) has recently indicated, there are two main features characterising social entrepreneurship, “a prime strategic focus on social impact and an innovative approach to achieving its mission”.

There appears to be no agreed upon definition of the term “social innovation”. From our sample, the earliest reference to social innovation appears in 1998 in Rosabeth Kanter’s recognition of the move by private organisations away from corporate social responsibility towards corporate social innovation, perceiving an opportunity in the social sector to develop ideas and produce innovations that not only serve new markets, but also provide community payoffs (Kanter, 1998). However, the definition most often cited is that of Phillips et al., (2008: 39): “a novel solution to a social problem that is more effective, efficient, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals”. Unlike business innovations, which are driven by market and consumer needs, social innovations have a cultural focus, aspiring to address unmet human and social needs (Lettice & Parekh, 2010).

The Role of the Entrepreneur: Social Mission and Opportunity Recognition

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As with social innovation, the pursuit of a social objective or mission is a common theme running through much of the research into social entrepreneurship (Shaw & Carter, 2007; Dawson & Daniel, 2010; Ruvio & Shoham, 2011). The traditional view of social entrepreneurship often portrays a lone visionary striving at all costs to bring about social change (Novkovic, 2008), which contrasts with the general view of social innovation, whereby the pursuit of a social goal is reliant upon *collective* and dynamic interplay by actors who are working together to achieve social objectives and outcomes (Dawson & Daniel, 2010). This is in line with McElroy's notion of innovation as a social process, brought about by social learning and networking (McElroy, 2002). Zahra et al., (2009: 519) define social entrepreneurship as "the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner". By aligning this definition with Phillips et al., (*op cit*) we can go on to suggest that social entrepreneurship and social innovation are both about identifying a problem-solving opportunity to meet a social need. This is reflected in our evidence-base, which found that much of the research into social entrepreneurship and social innovation relates to pursuing a social mission and opportunity recognition (e.g. Monllor & Attaran, 2008; Perrini et al., 2010; de Bruin & Ferrante, 2011; Kosgaard, 2011; Lehner & Kaniskas, 2012).

Networks and Systems

Lettice and Parekh (2010) found that the inability to identify and link to suitable networks has a negative impact, affecting the morale of the social innovator and access to finance and other support: "innovators struggle to identify which conventional networks to align with, as social innovations often span boundaries and

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do not neatly fit into a single category” (Lettice & Parekh, 2010:150). According to Sharir and Lerner (2006) the activities and influence of key actors within an entrepreneur’s social networks can be fundamental in determining its success. Besser and Miller’s (2010) study of community business networks supports this view, highlighting the importance of trust between actors in fostering relationships and promoting the exchange of resources, which as Chell (2007) points out, are often scarce as social enterprises compete for funding, volunteers and professional support (Austin et al., 2006).

Phills et al., (2008) go on to suggest social innovation transcends sectors and levels of analysis, a notion that is supported by Westley and Antazde (2010) who consider social innovation as involving change at a system level. This is analogous to Spear’s notion of distributed entrepreneurship (Spear 2006), whereby the entrepreneurial activities of a social enterprise are reliant upon the support of a myriad of different external organisations and groups across a multitude of layers and is further supported by Edwards-Schachter, Matti and Alcántara (2012) who view participation and collaboration amongst different sectors as a crucial aspect of social innovation. Therefore, with respect to social innovation, the locus of innovation is not within the social entrepreneur or social enterprise, but within the social system that both inhabit. Consequently, social innovations arise as a result of interactions between different actors operating within the same social system and are developed through collective learning (Neumeier, 2012).

Cross-sectoral Partnerships

The notion of collective learning is built upon by the studies looking at cross-sectoral partnerships (e.g. Selsky & Parker, 2005; Le Ber & Branzie, 2009; Maase &

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Bossinck, 2010) as a means of accessing the resources and capabilities required to address a social opportunity. Much of the literature in this area focuses on the misalignment that exists within cross-sectoral partnerships, not only in terms of the cultural differences, but also in terms of the incongruence that exists between their missions and goals, expectations of the partnership and commitment to the relationship (Le Ber & Branzie, 2009). According to Ziegler (2010) social innovation is about the “carrying out of new combinations of capabilities” (Ziegler, 2010: 256), which highlights the importance of fostering partnerships that create social value which “benefits to the public as a whole – rather than private value – gains for entrepreneurs, investors and ordinary (not disadvantaged) consumers” (Phills et al., 2008: 39). Such a focus on partnerships signifies the importance of co-operation and interactive learning throughout the process of social innovation. This is further reinforced by Edwards-Schachter et al., (2012) who perceive interactive learning as a driving force of social innovation.

Work by Bouchard (2012) suggests that interactions between different social actors give rise to new norms, values and rules; rocking the boat and challenging the status quo. Based on this premise, Bouchard perceives social innovations as “an intervention initiated by social actors to respond to an aspiration, to meet specific needs, to offer a solution, or to take advantage of an opportunity for action in order to modify social relations, transform a framework for action, or propose new cultural orientations” (Bouchard, 2012: 50). This implies social innovations are not market constructs, but are developed and devolved through institutional interactions and institutional change (Pol & Ville, 2009).

Institutions

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The critical role of institutions both formal (such as regulations and rules) and informal (e.g. values, routines and norms) is a common theme in the literature, highlighting their ability to foster or inhibit social entrepreneurship. Studies of social entrepreneurship have found institutions to be absent or weak, failing to deliver on their expectations and inhibiting social entrepreneurs (Urbano et al., 2010; Desa, 2011).

Work by Tracey et al., (2011) has focused on the role that social entrepreneurs can have in bringing about institutional change. Entrepreneurs may engage in actions that will bring about change in their institutional environment, but the skills required to do this are very different to those needed to run a business venture and thus social entrepreneurs' engagement in institutional change may detract from their day-to-day running of their organisations, thus the institutional environment within which an organisation operates may have a significant impact on the type of organisational structure that it adopts (Tracey et al., 2011). Tracey et al., (2011) investigated a UK social enterprise struggling to overcome opposing logics: the logic of for-profit retail and the logic of non-profit homelessness support, by establishing and developing a household catalogue business employing homeless people. In doing so they created a new organisational form that integrated both logics to become a commonly accepted approach to dealing with homelessness throughout the UK. The study found that the creation of new organizational forms requires institutional support at three different levels: the micro or individual level, through recognising an opportunity and framing it in a new light. At the meso or organizational level, supporting a new organisational design through theorising a new organisational template and at the macro or societal level, legitimising the new form by creating connections and interactions with appropriate actors.

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Other studies investigated the influence of the institutional environment on organisational form and found that ambiguity relating to institutional elements, such as stakeholder alignment and resource acquisition at the point of start-up, will have an influence on the organisational structure that an entrepreneur adopts (Townsend & Hart, 2008; Kistruck & Beamish, 2010).

Radical social innovations are particularly reliant on institutional support to help them address social needs (Moore et al., 2012) and consequently are reliant upon institutions not only for stability, but also for the co-ordination and reproduction of knowledge. However, as Moore et al., (2012) highlight social enterprises and social entrepreneurs are often confronted by institutional barriers. As studies on institutional theory suggest (Urbano et al., 2010), although initially social enterprises are dependent upon institutions for the efficient distribution of knowledge, as knowledge accumulates, social enterprises start to outpace the institutional environment (Harrison et al., 2012). During this process networks and systems begin to play an increasingly significant role in ensuring the effective production and diffusion of knowledge. The next section presents the “systems of innovation” approach, which due to its focus on the role of interactive learning and its recognition of the interplay between institutions and organisations, may be a suitable framework for analysis in understanding social innovation and the interdependency between social entrepreneurs and institutions.

Towards A Systems Of Innovation Approach

Our review of the evidence-base suggests that social innovation is not undertaken in isolation by lone entrepreneurs but is shaped by a wide range of organisations and institutions which influence developments in certain areas in order to meet a social need or to promote social development. In this light, social innovation

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can be seen to be an interactive process that involves the dissemination and sharing of knowledge. These interactions not only promote the generation of new knowledge, but also help social enterprises acquire and develop capabilities. Since an organisation's capabilities help to determine its innovative activities, we suggest that the system within which the organisation operates must play an intrinsic role in defining these activities.

Collaboration and co-operation such as this emphasises the view that social enterprises do not operate in isolation, but within a wider network or system. The importance of such interactions is recognised and explored by the literature relating to the "systems of innovation" approach (e.g. Freeman, 1988; Lundvall, 1988; Nelson, 1993; De Liso and Metcalfe, 1996), which views the innovation process as an interactive and systemic process. The "systems of innovations" approach builds on increased recognition of the important role of "network-innovations"; innovations arising from combining knowledge and skills from different organisations (Freeman & Soete, 1997).

Countering the view of organisations as solitary, innovating entities, the systems of innovation approach emphasises the significance of *interactive learning*, acknowledging that innovation is rarely an isolated event, but that it is shaped by a variety of organisations and institutions through the diffusion and sharing of knowledge. This aligns itself with our review of studies of social innovation and social entrepreneurship which highlight the role of collective and dynamic interactions between actors and the importance of social learning and networking (McElroy, 2002; Dawson & Daniel, 2010).

Interactive learning is a central tenet of the systems of innovation approach; in respect to both the dynamics and the cohesion of the system, occurring not only

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through transactions between organisations, but also via the continual flow of new knowledge throughout the system and through non-market learning activities. Learning may be via knowledge exchange (both codified and tacit) between organisations, or it may be co-ordinated between organisations. Therefore, although organisations may each have their own specific set of capabilities; these capabilities may not have been developed by means of an independent learning process. Coombs and Metcalfe (2002) propose the concept of 'cross-firm' capabilities and this may be pertinent when studying the process of social innovations which, based on our review of the literature are not reliant upon the sole ventures of a lone social entrepreneur, but are dependent upon collective learning between a range of actors that transcend sectoral boundaries, giving rise to new combinations of capabilities, which result in social innovation.

A system of innovation can be viewed as a set of interrelated, yet independent, sub-systems that by means of interactive learning, contributes collectively towards the development of an innovation. Despite this, the various sub-systems may not act harmoniously and some components of the system may advance more effectively than others (Hughes, 1992). These sub-systems may determine the rate of development for the whole system, creating the development potential for the rest, yet, the rate at which the system progresses may still be restrained by sub-systems that are less advanced. Hughes (1992) identifies these components (or sub-systems) that constrain developments as 'reverse salients'. If the system is to progress, these components must be improved. If this is not possible, a radical solution may be employed, adopting principles and ideas from another sub-system, or in the case of social innovation, another sector thus emphasising the significance of cross-sectoral partnerships during the process of social innovation.

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Although there must be some level of compatibility within each system, each sub-system will be pursuing its own design configurations and structural tensions may develop resulting in 'interrelatedness constraints' (De Liso & Metcalfe, 1996: 88), limiting the system's abilities. That is, sub-systems may progress differentially; advances in one sub-system may diffuse through the whole of the system only if it is beneficial for all members of the system to remain compatible. This relates to the studies of social innovation which have found that where incongruencies exist, social opportunities fail to be pursued (Le Ber & Branzie, 2009) and social innovations succeed when there are perceived benefits for all the parties involved (Phills et al., 2008). Phills et al., (2008) cite Fair Trade, community-centred planning and socially responsible investment as examples of social innovations whereby all parties involved derive some benefit but that the overarching emphasis is on the creating social value and benefiting society as a whole rather than gains for private individuals.

Imbalances may arise from a range of sources, for example, as a result of changes in the economic and social environment. According to Leoncini (1998) the interface between organisations is instrumental in determining the development potential of a system. A strongly compatible interface or relationship will result in co-evolution of the subsystems, but as compatibility decreases, the degree of influence that the subsystems have on one another declines to a point where they are completely misaligned. As a result, the level of compatibility between the subsystems will dictate the rate and nature of development of the system. Again this is in line with our findings, which identified the struggle that social entrepreneurs experience in trying to identify and develop compatible networks (Sharir a& Lerner, 2006; Lettice & Parekh, 2010; Besser and Miller, 2010) and the difficulties that arise as a result of misaligned

missions, goals, cultures and expectations (Selsky & Parker, 2005; Le Ber & Branzie, 2009; Maase & Bossinck; 2010).

The Role of Institutions

The systems of innovation approach is particularly appropriate to studies of social innovation not only on account of its focus on interactive learning, but also due to the central role of institutions (Edquist & Johnson, 1997; Leoncini, 1998; Rolfstam et al., 2011). As research into social innovation has shown (Pol & Ville, 2009), institutions generally act to promote innovation, however, failure to keep a pace with changes in society and societal needs can inhibit the process, stimulating a need for realignment of regulation with practice. The term ‘institution’ is commonly applied to a rigid component or establishment with a strict set of rules. We use it here in the sense propounded by institutional economics to include disembodied routines, conventions and customs:

“Institutions are the humanly devised constraints that structure political, economic, and social interactions. They consist of both informal constraints (sanctions, taboos, customs traditions and codes of conduct), and formal rules (constitutions, laws, property rights)”. North (1991: 97)

This suggests that an institution can act in one of two ways; either as a governing body through, for example, well defined policies and law, or less formally, along a set of behavioural norms such as routines and culture. In line with this view, Coriat and Weinstein (2002) distinguish between Type 1 and Type 2 institutions. The former type “is based on the criteria of authority and enforcement and posed on all the agents” (ibid., p. 283). These are typically formal laws that apply to everyone and cannot be waived (ibid., p. 282), i.e. institutions that traditionally have been

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emphasised in the innovation literature. Type 1 institutions also include an enforcement system that punishes any violation of the institutions. Type 2 institutions are the rules that individual agents decide to give themselves; they are “‘private’ collective agreements between groups of agents” (ibid., p. 283).

Building on these studies, it can be suggested that institutions may operate on different levels and be implemented informally (Edquist et al., 2000; Nyholm et al., 2001). Work conducted by Rolfstam (2009) highlights the need to take other institutional levels into account, highlighting a need to go beyond a focus on formal institutions and to look at the role that informal constraints have in influencing the innovation process between firms.

However, while providing the stability, co-ordination and incentives to innovate, institutions may also act as a brake. For example, lack of incentives for a new social innovation may eventually lead to a situation whereby society is ‘locked-in’ to the ‘wrong’ system (Ackermann, 1998). Consequently, just as firms rely on institutions, those same institutions are dependent upon firms to bring them up to date with technical advances; in other words they co-evolve.

The nature of the relationship between organisations and institutions may be characterised as game-playing; the institutions acting as the rules that govern the game and the organisations, the players. By pushing against the barriers, or rules, the organisations are the agents of institutional change. Where the game concerns the development of a social innovation, research has shown that social enterprises are initially reliant upon the institutions not only for stability but also for the co-ordination and reproduction of knowledge (Urbano, 2010). This is particularly apparent during the early phases of a social innovation (Townsend & Hart, 2008; Kistruck & Beamish, 2010). However, as a social innovation develops there is a shift

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in balance. Social enterprises may remain dependent upon an institution for the efficient distribution of knowledge but, as they become familiar with the social innovation, knowledge accumulates and the institution begin to depend upon the organisations to keep it up to date (with the 'state of play'). *In extremis*, a lack of feedback may result in what Johnson (1981) calls 'rigidity' or 'institutional sclerosis' within the system.

Building on the systems of innovation approach, we suggest that the social enterprises and social entrepreneurs exists within a *social innovation system* - a community of practitioners and institutions jointly addressing social issues, helping to shape society and innovation. In doing so, social innovation systems can be viewed as a set of interrelated sub-systems that may act independently but, by means of interactive learning, contribute towards addressing social needs and concerns. Our review of the literature has shown that social innovations can cross boundaries and sectors (Bouchard, 2012; Edwards-Schachter et al., 2012; Lettice & Parekh, 2010) and may require accessing a range of resources of and competences that lie beyond an enterprise's immediate environment or expertise, therefore interactive learning plays an intrinsic role in enabling social innovations to be successfully pursued and the importance of such interactions is clearly recognised by the systems of innovation approach.

By harnessing the systems of innovation approach we are able to consider the institutional context and its influence on the process of innovation. In particular, it enables studies to focus on the inhibitory effect that institutions may have on the process of social innovation, supporting further research into understanding which support mechanisms actually support social innovation beyond the developmental

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phase, institutions need to co-evolve alongside social innovations if the benefits to society are to be delivered.

Conclusions

The review of the evidence-base of studies into social entrepreneurship and social innovation has identified a number of areas that require further research. The first clear gap relates to the lack of a detailed understanding of how social innovations differ from business innovations. Although it is acknowledged that business innovations do address societal issues, much of the research focuses on the role of the social entrepreneur in identifying and pursuing an opportunity and bringing a social innovation to fruition. Many studies recognise that the success of social innovations is as a result of the social system that an entrepreneur operates in, in terms of the support and knowledge acquired through interactions with key actors, and institutions that operate within this system. However, the role that commercial organisations have in developing social innovations has tended to be overlooked. As Pol and Ville (2009) state, the overlap between social and business innovations is considerable and many business innovations have delivered significant improvements in the quality of life, therefore we question whether the focus should be on the *value* that an innovation has to society as opposed to its locus.

This leads one to challenge our current understanding of social innovation. Is social innovation only the preserve of social ventures or should the focus be on the *process* of innovation, from the point of opportunity recognition to implementation and its impact on society. In making this shift, attention is drawn away from *who* undertakes social innovation as to *how* to undertake social innovation. It is acknowledged that there is growing pressure to do things differently (Lettice & Parekh, 2010), therefore there is an urgent need to address the management of social

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innovation in all sectors whether it be entrepreneurial, private, public or NGOs if the practice of social innovation is to be fully understood.

The next area requiring significant research relates to networks. Although the importance of networks in supporting social entrepreneurship and social innovation is much studied, there appears to be a growing need to understand the type of network required for successful innovation and also the nature of the networking activities that take place within these networks. Much has been made in the literature of cross-sectoral partnerships, but the role of actors involved in such partnerships, such as professional bodies, government agencies and research centres appears to be under-researched. In terms of policy, this has clear implications. Networks clearly have a significant role to play in supporting social innovation yet there is insufficient evidence available to inform Government on how they can influence, support and facilitate appropriate networks, therefore research in this area requires immediate attention.

It is evident that network activities have the ability to support social innovation, but it is also clear that networks require appropriate support mechanisms if they are to be successful. As Moore and Westley (2011) suggest, despite their importance in supporting social innovation, appropriate networks do not seem to currently exist. This notion is supported by Mulgan (2007) who identifies the lack of networks as a significant barrier to social entrepreneurship and a reason for the failure of many social innovations. Policy-makers must address the development of suitable networks if the process of social innovation is to produce sustained, appropriate and relevant outcomes for organisations and society.

The review has also found that research into social entrepreneurship and social innovation has increased over the last decade, accelerated over the past five years,

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drawing attention from many different disciplines. This highlights growing interest in these areas, providing the impetus for future interdisciplinary research and for the corroboration of findings in order to establish social innovation as a credible field of enquiry.

Our review of the evidence-base suggests that social innovation is not undertaken in isolation by lone entrepreneurs, but rather it is shaped by a wide range of organisations and institutions which influence developments in certain areas in order to meet a social need or to promote social development. On this basis, it is suggested that social enterprises and social entrepreneurs exist within a *social innovation system* - a community of practitioners and institutions jointly addressing social issues, helping to shape society and innovation. Further research is required to determine more fully the composition and character of the organisations, institutions and mechanisms which constitute this system.

The review has highlighted that research into social innovation and social entrepreneurship has been attracting a groundswell of attention in recent years from across a wide array of disciplines. Much of this interest may be attributed to dissatisfaction with existing for-profit business models and growing recognition that CR initiatives are not a means to an end in solving social inequalities and urgent social issues.

Social entrepreneurship and social innovation are increasingly being held up as a means of overcoming the market-based mechanisms governing for-profit organisations, their reinvestment of profits into delivering positive outcomes communities or stakeholder groups. In contrast to for-profit enterprises, the focus is on the 'double bottom line'; a motivation to perform both financially and socially resulting in a move away from the end of the spectrum where conventional for-profit

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organisations are categorised where their existence is to create purely economic value, towards a focus on creating social value.

As with all emerging fields areas of study there is a need to identify the relevant intellectual territory and to aid the process of maturity by focus attention on smaller number of relevant fields in order to create the conditions to develop a more coherent field of study.

The “systems of innovations” provides a strong theoretical underpinning for future research into social entrepreneurship and social innovation through its acknowledgement of interactive learning and recognition of network-innovations which contradicts the traditional belief of social entrepreneurs as solitary bodies, innovating in isolation and recognises the significance, particularly with respect to social innovation, of combining knowledge and skills from different organisations and different sectors to promote social learning. Essentially, the system of innovation approach appreciates the role that institutions, both formal and informal, play in shaping the future direction of social innovation, supporting the process of networking and collective learning. From the evidence base, a clear understanding of how institutions can support the process of social innovation is yet to be developed but does uncover a need for research to investigate institutions and their role in promoting social innovation.

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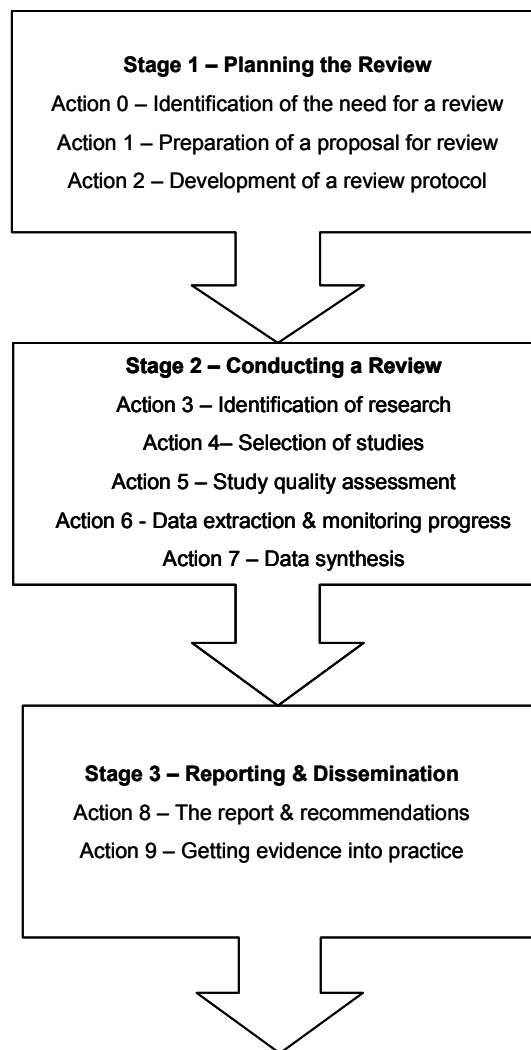


Figure 1 - Stages of the systematic review (adapted from Tranfield et al. 2003)

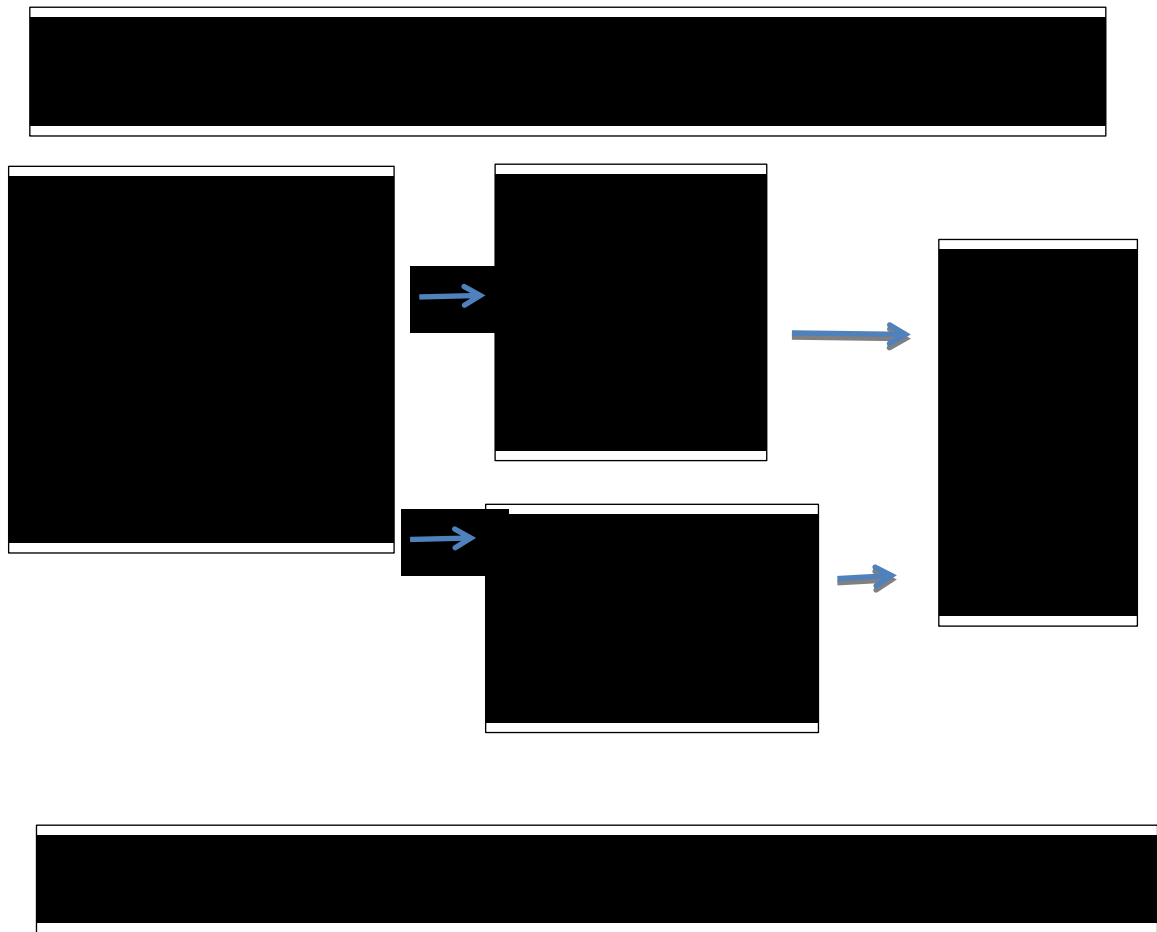


Figure 2: Framework to support the thematic analysis

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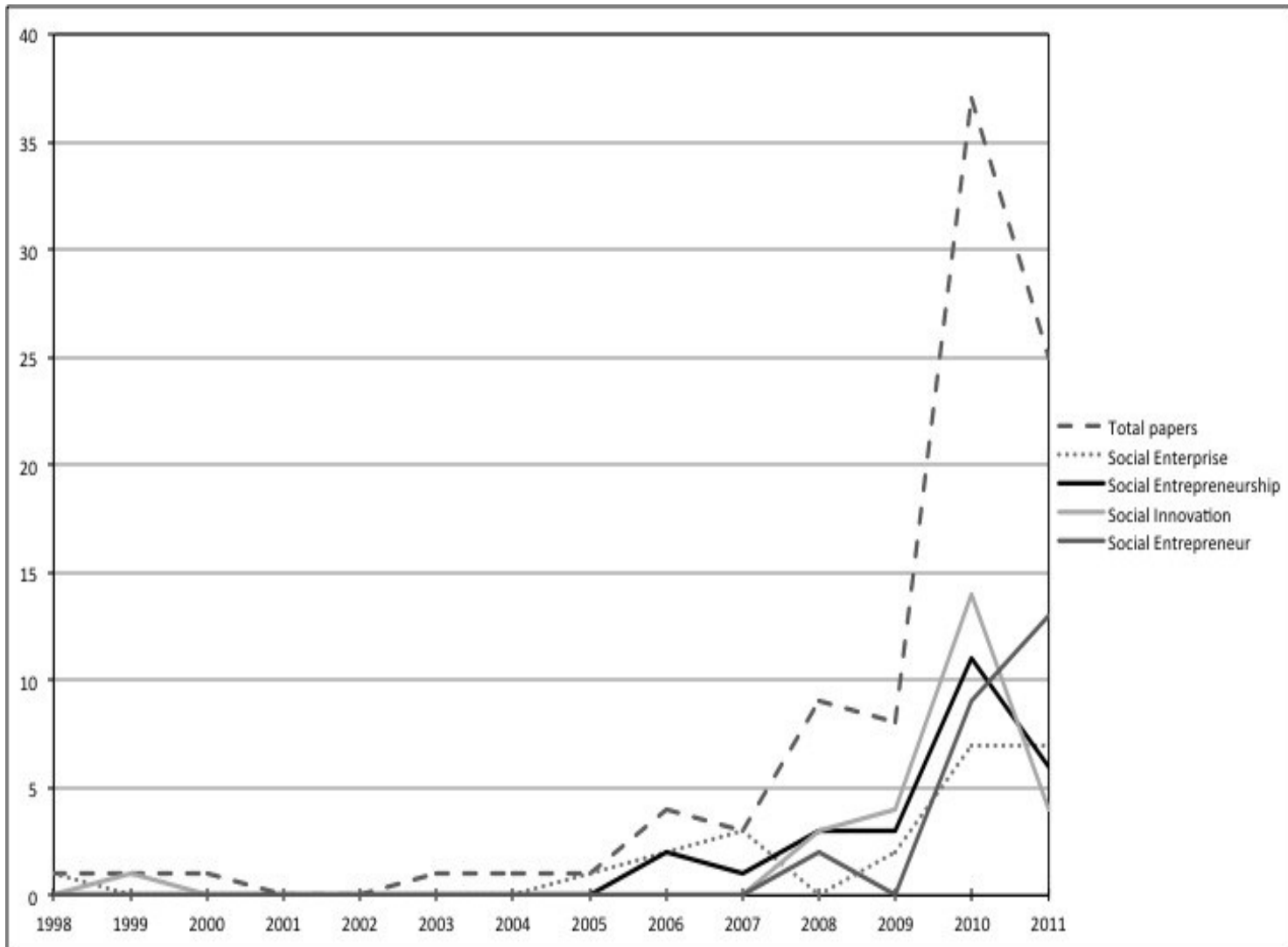


Figure 3 Graph illustrating number of publications between 1998 and 2011

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Table 1 Inclusion criteria

Criteria	Reasons for Inclusion
All sectors	To gain a wide picture of the social innovation and social entrepreneurship— not just limited to one area.
All countries	To ensure a cross-cultural view social innovation and social entrepreneurship
Theoretical and empirical papers	To capture all existing studies

Table 2 Exclusion criteria

Criteria	Reasons for Exclusion
Pre-1987	Contributions towards social innovation and social entrepreneurship have developed in the past 25 years.
Conference papers, lecture notes, symposiums, trade magazines, workshops, book reviews, letters	Focus on high quality peer-reviewed research
Architecture	Such studies focus on the design of buildings as opposed to the management of social innovation and social entrepreneurship
Psychology	To exclude the studies focusing on assessment of an individual's psyche.
Climate change, Environment, ecosystems, biodiversity and Energy/energy consumption	To exclude the many studies relating to the measurement and management of environmental factors
Education practice and education research.	Focused on the development of the curriculum and student performance as opposed to the management of social innovation and social entrepreneurship

Table 3: Definition of article type

Type of article	Definition
Theoretical	An article that presents a new theoretical position or calls into question the fundamental structure of an existing theory (Whetten, 1989)
Conceptual	An article that explains either graphically, or in narrative form, the main things to be studied – the key factors, concepts or variables and the presumed relationship among them”. (Miles and Huberman, 1994, P18)
Qualitative	An article that involves any research that uses data that do not indicate ordinal values.” Nkwi, Nyamongo, and Ryan (2001, p. 1)
Quantitative	An article explaining phenomena by collecting numerical data that are analysed using mathematically based methods (in particular statistics)’. Aliaga and Gunderson (2000)

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Table 4 Number of journal articles selected at each stage of the review

Selection stage	Key search term								Total
	Social innovation	Social entrepreneurship	Social entrepreneur	Social enterprise	Hybrid companies	Social firms	Socialis(z)ed companies	Community business	
Original search	335	298	166	368	8	13	2	179	1369
Post abstract analysis	83	98	47	67	0	2	0	9	306
Post full paper analysis	43	38	28	28	0	2	0	5	144
Total with duplicate	144								
Total excluding duplicates	122								

Table 5 Breakdown of the field of study of the selected journal articles

Field of Study	Total Papers
Entrepreneurship	41
General Management	18
Innovation & Technology Management	14
Economics	12
Third sector Research	6
Business ethics	5
Small Business Research	7
Interdisciplinary	6
Policy Studies	7
Health	1
Family Business	1
Knowledge management	1
Operations management	2
Sociology	1

Table 6. Thematic analysis of papers reviewed – key themes

Theme	Empirical papers (No. of papers)	Theoretical / conceptual papers (No. of papers)	Total No. of papers
Role of the entrepreneur	20	3	23
➤ Social mission	7	1	8
➤ Opportunity recognition	5	2	7
➤ Characteristics	5	0	5
➤ Commercial drive	3	0	3
Networks & systems	6	12	18
Typology	3	8	11
Institutions	8	3	9
Cross-sector partnerships	5	4	9
Community	4	4	8
Resources & capabilities	3	3	6
Success factors	7	2	5
Culture	1	2	3
Policy	2	1	3