

Drivers of Social Innovation Performance

Insights for more innovative, useful, impactful social innovation projects

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Characterizing 'social innovation'

The Embrace Infant Warmer is a product with a mission.

an innovative infant warmer that costs less than 1% of a traditional incubator.



“affordable infant baby warmer”

- A contested concept, no consensus (yet)
- A novel solution to social problems that is more effective, efficient, sustainable, or just than existing solutions and for which the value accrues primarily to society as a whole rather than private individuals (Phills et al., 2008)
- A field of interest in business, healthcare, social work, design, geography, development studies, public/social administration, sociology, etc.





Kindergarten (1816)



Time Bank (1833)



Cooperative (1844)



Fair Trade (1946/1958)



Microfinance (1980s)



Community fridge



Shared housing (HK)



'Performance' gap in social innovation

- Some social innovation are **more innovative, more useful and more impactful** than others. But why?
- Most research on social innovation is conceptual, or is based on anecdotal stories, or focused on broad policy issues
- Little research on **why and how** social innovation become innovative, useful and impactful to solve complex societal problems



The big questions

- How do social innovators develop innovative, useful, and impactful social innovation?
- What factors and processes explain the development of highly innovative, useful and impactful social innovation?

What we already know (i)

- **Social Innovation Strategy**
 - Strategy used in organizing for social change may influence the outcomes of the innovation (Chandra et al., 2017; Mair et al., 2012)
 - Consists of both 'social strategy' and 'commercial strategy'
- **Social strategy:** *strategies to solve social problems*, such as helping youth-at-risk become more employable in the labor market
- **Commercial strategy:** *strategies to generate income* such as charging fees to clients who employ youth-at-risk

What we already know (ii)

- **Human Capital Theory**

- Individuals with *higher quality human capital* (e.g., better knowledge, education, work experience) will perform better in innovative and entrepreneurial work (Davidsson & Honig 2003; Estrin et al. 2016).

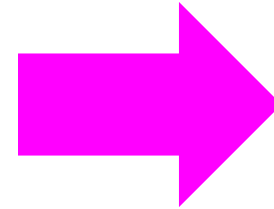
- **Social Capital Theory**

- Innovators and entrepreneurial founders' *relationships, social structure, memberships* will influence their ability to draw resources, trust, information, and recognizing opportunity (Davidsson & Honig 2003; Granovetter, 1985)



Our model

- Social strategy & Commercial strategy
 - Product-based
 - Process-based
 - Partner-based
- Social capital
 - Social networks
 - Resources
- Human capital
 - Education
 - Gender ratio
 - Age
 - Work experience



Social Innovation Performance

- *Innovativeness
- *Usefulness
- *Impact (social and financial)



Quantitative Content Analysis

- Focus on 'SI projects'
- **Int'l samples: 150** SI projects from Ashoka & eBay hosted 'Powering Economic Opportunity' competition (15 finalists and 135 non-winners)
- **HK samples: 60** SI projects from SIEFund's SI database (15 winners and 35 non-winners)
- Created a **two-page vignette** for each of the 150 SI projects using publicly available information
- **Two raters** (a director of an impact investing company in Canada and one internal rater) rated SI projects on their innovativeness, usefulness and impact
- Inter-rater reliability: 0.799
- 50% match between the high performing projects and the actual tournament results, and 93.8% match between the low performing projects and the actual tournament results

Semi-structured Interviews

- **Int'l samples:** interviews with founders/directors of **7 high performing** (4 are actual winners) and **7 low performing** (all are actual non-winners) SI projects
- **HK samples:** interviews with founders and or directors of **9 high performing** (4 are actual winners) and **8 low performing** (7 are actual non-winners) SI projects from the SIE Fund database.
- Analyzed the data using a software called RQDA
- **Comparative analysis** between high vs low performing groups to identify differences in strategies adopted, human capital, social capital, other emergent factors



Content Analysis Findings

- **Int'l samples**

- Commercial strategies (have income-generating activities) (0.261**)
- Networks with the for-profit companies (0.251**)
- More males in the founding team (0.217**)
- Partnership-based social strategy (0.166*)

- **Hong Kong samples**

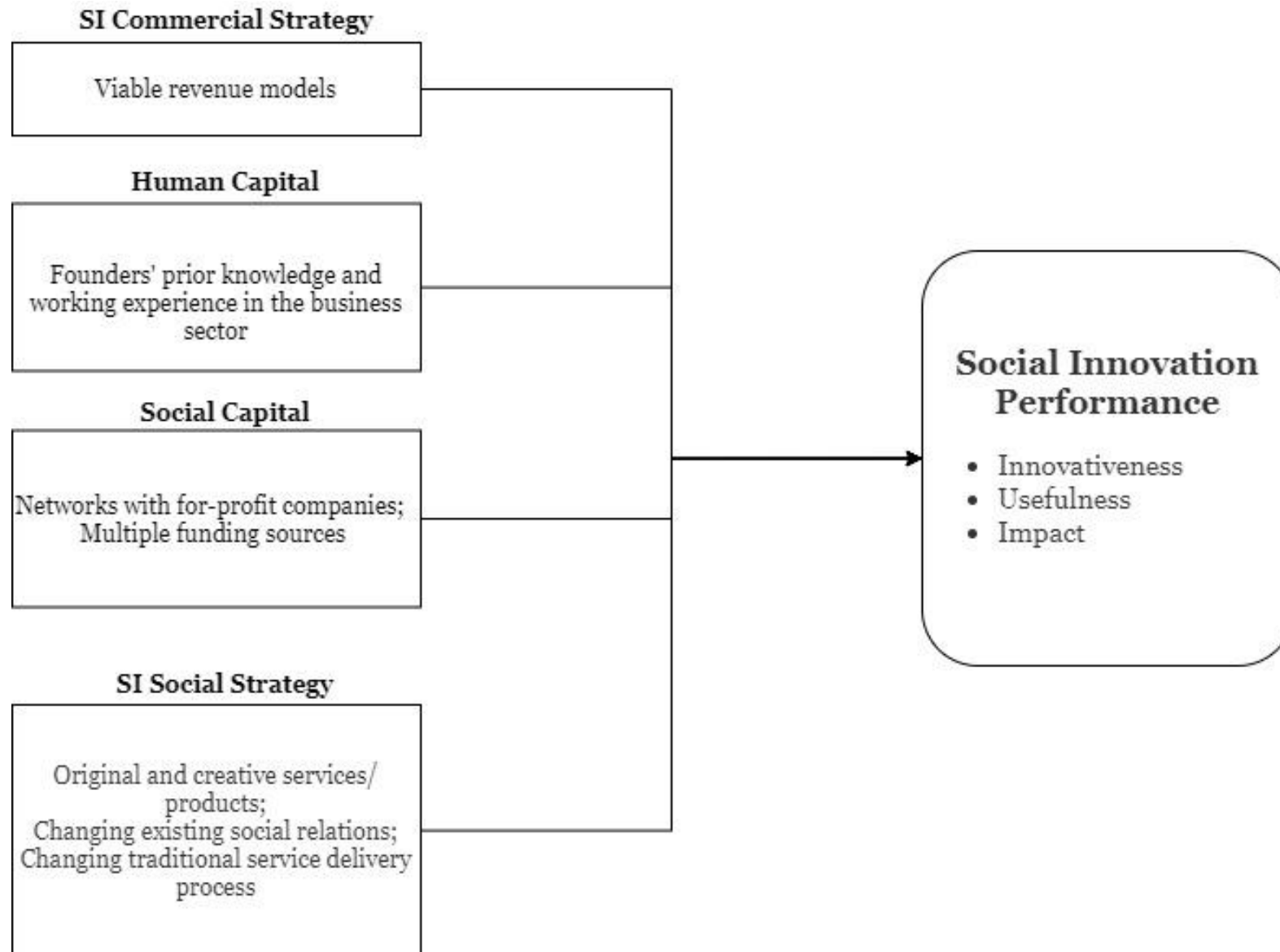
- Founders having work experience in companies (0.463**)
- Receiving resources from companies (0.28**)
- Networks with civil society organizations (0.277**)
- Product-based commercial strategy (0.238*)



Qualitative Findings

- **High performing int'l samples:**
 - Originality in social strategy
 - Addressing multiple problems at one go
 - Multiple revenue models
 - Partnership with business
 - Funding from different sources
 - Prior knowledge and experience in business
- **Hong Kong samples**
 - Adding unusual actors in the social strategy
 - Changing social relations in the social strategy
 - Originality in social strategy
 - Addressing multiple problems at one go
 - Unique products/services
 - Emphasis on financial sustainability
 - Partners from different sectors
 - Multiple funding sources
 - Clear leadership roles
 - Leverage prior knowledge and resources
 - Prior entrepreneurial experience

Overall insights from our study



Key take away

- **Business orientation and background:**
 - Financial sustainability, the founders' prior experience in business, and partnerships with and resources from corporations — are important drivers of high performing social innovation projects.

Originality and creativity:

- High performing social innovation projects are likely driven by three aspects:
 - 1) creativity in the product or service design;
 - 2) creativity in the process of product and service delivery, and
 - 3) creativity in changing social relations.



Implications for practice and policy

- **Integration:** social and commercial strategy?
- **Multiplicity:** address multiple problems at one go?
- **Business:** engage the business sector/people?
- **Resource mix:** be financially sustainable?
- **Creativity and originality:** add value, get noticed?
- **Leadership:** who will lead?



Thank you

