



Social Innovation: Way beyond CSR

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ABSTRACT

The environment in which the organizations used to function a decade back has changed drastically. Today, the organizations are operating in a volatile environment, marked by increasing economic disruptions, failures in corporate governance, political upturns and increasing loss of trust by the shareholders. On top of it, is the changing consumer behavior and increasing activism for environmental concerns. These factors make it imperative for the organizations to be more transparent and accountable in their functioning along with more responsiveness towards the environment and society in general. Although the organizations have been involved in corporate social responsibility (CSR) since long, but now is the time where they need to think beyond, it's time to innovate and move towards social innovation. Innovation is required in every aspect, including teaching, practice, and research, therefore humanistic management has introduced a notion of systematic social innovation. The purpose of this article is to bring conceptual clarity in relation to social innovation and as well as to understand its relationship with corporate social responsibility. The paper further highlights the practical application of social innovation by emphasizing on the organisations that have engaged in practising social innovation in reality.

Keywords: Corporate Social Responsibility (CSR), Corporate Social Innovation, Social Innovation, Change, Sustainability.

1. Introduction

Corporate Social Responsibility, (CSR) also known as Corporate Citizenship has been considered as a widely researched topic by the academicians. However, it has been facing a lot of criticism on the account of value creation to the business. Also to what extent the organizations actually go for CSR has always been a matter of debate. Today, the businesses don't function in traditional manner, the VUCA environment keeps the leaders thinking, which makes it more important to innovate and do good for the people. This is what had made business leaders rethink about their strategies and move a step further towards social innovation. According to Mintzberg (1994), innovation is one of the key factors affecting competitiveness. As opined by Herrera (2007), failure to innovate generally results in decrease in competitiveness. In case the organizations do not engage in the CSR activities, sustainability would surely become difficult whereas the organizations would surely fail in case they don't innovate and meet the societal needs. Innovation has to be for non-economic motive and for the betterment of the society. Thus, innovation has to be social innovation.

Purpose of the Study

The changing dynamics of the business environment have made it essential for the top brass to rethink on the strategies for long term survivability. There is an emerging need to think

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beyond corporate social responsibility (CSR), and move towards social innovation. There have been organizations that have been doing in this direction, but still the concept of social innovation remains understated. This article aims to draw attention towards this concept and highlight its significance in the contemporary scenario. Keeping the above purpose in mind, this article has been categorized as under:

The preliminary section of the article helps to understand the concept of social innovation, which is then followed by the distinction between CSR and social innovation. The next section talks about social innovation in practice, and in the final section the benefits of social innovation are emphasized.

2. Literature Review

Corporate social responsibility (CSR) is the moral as well as ethical obligation of a company with respect to the stakeholders. There is no single definition for corporate social responsibility (CSR). Still CSR has been defined as “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large”. (World Business Council for Sustainable Development, 1998). The term Corporate Social Responsibility (CSR) is however not new, nor it can be considered a fad, (Wu, 2002). The significance of CSR in organizations cannot be ignored. As opined by Little (2006), “CSR initiatives can lead to innovations through the use of social, environmental, or sustainability drivers to create new products and services”. The companies that are not involved in Corporate Social Responsibility (CSR) may find it difficult to sustain in the longer run and they may fail to innovate, (MacGregor et al. 2007). As opined by Li & Liu, (2014), company’s competitive advantage is the resultant of its abilities in recognizing and responding to the opportunities and threats posed in a strategic manner. In spite of the benefits offered to the firms by engaging in CSR, there have been differing views regarding the same. Friedman (1970) believed that the organizations have nothing to do with CSR. He stated “there is one and only one social responsibility for a business, to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.” Contrary to this Freeman (1994) gave the stakeholder theory, where he argued that the managers of an organization have a fiduciary responsibility, not only towards with the shareholders, but to all the stakeholders (internal as well as external). According to Freeman (1994), earning profits cannot be the sole objective of an organization.

Deakins and Freel (2009) have defined social innovation “in terms of outcome as well as the process, just like innovation in general”. There has been debate as to which innovation can be considered social. Callon (2007) is of the opinion that business or technological innovations are also related to social innovations. He believes that these innovations involve variety of social factors and they include the transformation of social structures for further adoption and diffusion. In contrast Phillips et al. (2008) defined social innovation as “A novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals”.

Social innovations are known to play a significant role for the well-being of people, communities and the society at large (Mulgan, 2006). Firms are systematically integrating CSR as part of their value proposition and integrating into their innovation process. Although the literature on social innovation is not that vast, but it is growing with more organizations taking a step towards it (Nelson & Jenkins, 2006).

CSR has performed a significant role in relation to intellectual human capital and it was observed that corporate social innovation (CSI) has distinguishing activities with regard to corporate research and development and these activities had an application in complex sustainability issues, (Azlan Amran et al. 2021). Concerning the review from Marta Gasprin et al. (2021) defined a *business model for Social Innovation* (SI) that ensures the sustainability of long-term growth of SI. The model further ensured that the strategy of SMEs takes into consideration the positive impact that the social innovation can have on society. Michael R. Barnett (2020) found that the quickest default to assume that managers must make tough decisions that inevitably lead to social harm. In their minds, that is just the nature of business sometimes. Marcelo Dionisio (2020) found that the institutions could be reinvented through new paradigms as they will be able to offer a tremendous scope and possibilities for solving social problems. It was further observed that businesses get a new direction towards innovation which eventually leads to better growth. Kanji Tanimoto (2019) examined the importance and challenges of corporate social responsibility (CSR) and also revealed that multi-stakeholder initiative has been considered as an important platform for establishing as well as in promoting a CSR standard. Lucia Gatti (2019) revealed through the paper about the evolution of CSR in India by understanding the recent shift towards CSR and also it was observed that CSR has been considered as a form of co-regulation that consisted of both voluntary as well as mandatory regulation. Detlef Reis (2018) through the study introduced X-IDEA which has been considered as a new innovation process model that explained how a structured innovation method could be important in the context to social innovation as well as CSR activities. Om Prakash Gupta and Kovid (2019) found that it is indeed feasible for large conglomerates to find compatibility with the CSR bill and further analyzed that companies can earn high profits while still contributing to social change. Ayla Esen and Ceyda Maden-Eyiusta (2019) conceptualized a new form of social innovation, and they termed it as “corporate social innovation”. This innovation is the resultant of efforts made by the private sector organizations towards social innovation. Further it provided insights into the definition as well as the major dimensions that define the social innovation capabilities with context to business organizations. P Newell, JG Frynas (2007) introduced a new approach of mixed method to understand how social innovations have an influence on the Corporate Social Performance (CSP) as well as Corporate Financial Performance (CFP) for few group of the companies that are engaged in CSR.

3. Social Innovation

Organizations today are not only actively engaged in CSR, but they are rather integrating the philosophy within the corporate culture. Gone are the days, when CSR was used to enhance the brand image, today it's combined with innovation for sustainability. Innovation is the heart of any organization, till the time you innovate you survive. This kind of innovation is

from the business perspective, oriented towards profit maximization. In contrast to this, the innovative activities and services undertaken by the organizations and driven by the goal of meeting a pressing social need is termed as social innovation.

Social Innovation Defined:

To have more clarity on the concept, it’s imperative to have a look at certain definitions of social innovation. Some of the prominent definitions are as under:

“Social innovation is the process of developing and deploying effective solutions to challenging and often systemic social and environmental issues in support of social progress”, (Stanford Business, 2021)

Social innovation has been defined as “innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly developed and diffused through organizations whose primary purposes are social”, (Mulgan, 2006).

“Social innovation is a measureable, replicable initiative that uses a new concept or a new application of an existing concept to create shareholder and social value. Identifying drivers, enablers, and barriers to idea generation, experimentation, and implementation is critical to understanding CSI institutionalization”, (Herrera, 2015).

Social Innovation Community (2016) revealed that, “Social innovations are new solutions (products, services, models, markets, processes etc.) that simultaneously meet a social need (more effectively than existing solutions) and lead to new or improved capabilities and relationships and better use of assets and resources”.

To summarize, social innovation has been considered as innovating not only for business but for the society too. Social innovation can be termed as R&D for socio-economic needs.

3.1 CSR and Social Innovation

CSR and social innovation, contributes to have a prominent role in the survival for the business organization. While Corporate Social Responsibility is considered as moral or ethical obligation of the organizations enhancing business value, social innovation may be seen as integration of research into the strategic intent for betterment of the entire community. The following table gives the key differences between the two:

Table 1
Corporate Social Responsibility and Social Innovation

Points of Difference	Corporate Social Responsibility (CSR)	Social Innovation
Emergence	CSR can be seen being born out of philanthropy. Rather it can be seen as extension of philanthropy.	Social innovation has emerged from the strategic intent of the organizations to serve the communities at large
Funding	CSR activities are often funded by the corporate grants	Social innovation is funded by corporate investments.
Contribution	Companies involved in the CSR activities normally contribute money and manpower towards societal activities.	Social innovation makes organizations engage in socially relevant research and development activities.
Employee engagement	In CSR, employees act as volunteers and get involved in activities for the societal welfare.	In social innovation, the employees are engaged in strategically relevant work, leading to their overall development.

Points of Difference	Corporate Social Responsibility (CSR)	Social Innovation
Services offered	Prime services offered by the organizations through CSR address socio-economic needs.	Organizations engaged in social innovation offer innovative socio-economic needs.
Focus	CSR focuses on social needs.	Social innovation focuses on innovative solutions for societies pressing needs and long term sustainability.

4. Social Innovation in Practice

Social innovation is not a recent development, but a highly understudied concept. The way CSR got recognized as a phenomena, social innovation still lacks that acknowledgement. However, there are umpteen examples to cite for social innovation. Mutuals and cooperatives were created long back in the 19th century for improving the living conditions of marginalized urban workers. Robert Owen is credited for being humanistic in his approach towards the working class and is credited with cooperatively run factories. Ashoka (founded in US, 1980) by Bill Drayton is a classic example of social innovation. Ashoka was founded to identify, support and promote outstanding individuals who wanted to promote social change, and operates worldwide. Muhammad Yunus founded the Grameen Bank in 1983 (An initiative towards micro credit development that gave lower class people an access towards banking). His idea was acknowledged worldwide as social innovation, and he was awarded Noble peace prize in 2006.

4.1 Organizations in Social Innovation:

4.1.1 Sohum Innovation Lab: Sohum Innovation Lab has been setting an example in the field of social innovation. They have been continuously working towards hearing impairment. “Annually, 8,00,000 hearing impaired babies are born globally, 1,00,000 are in India and 90% in developing countries”. The lack of facilities to detect the hearing loss for a new born worsens the case and may not be detected till child attains the age of four years, and by this duration the child may already have suffered from hearing (and speech) loss which may not be possible to reverse later. Sohum Innovation lab has been offering a novel device for screening of newborns to detect hearing loss. They have been tirelessly working for developing an affordable technology for those who cannot afford. Having developed a device which reduces the test time, disposables are not required for sedating babies, and can be sterilized in no time. This shows how an organization can innovate to address the pressing needs of the society.

4.1.2 Jayaashree Industries: Arunachalam Muruganatham is an Indian social entrepreneur, who was credited in creating with the “world’s first low-cost machine for producing sanitary towels”. According to report by AC Nielsen, “Sanitary Protection: Every Woman’s Health Right, 88% of women in India are driven to use ashes, newspaper, sand husks and dried leaves during their periods. As a result of these unhygienic practices, more than 70% of women suffer from reproductive tract infections, increasing their risk of contracting associated cancers.”

Muruganatham not only aimed at providing dignity to women who comes from low-income families from India by helping to buy the sanitary towels and help maintain

personal hygiene, but at the same time he had a vision to generate a source of income also. He is credited with establishing Jayaashree Industries. At present there are around more than “1300 machines manufactured by Jayaashree Industries, having installed across 27 states in India and in seven other countries”. Muruganatham directly links with the rural women in selling his low-cost machines. The design of the machine is user friendly which enables any one to learn entire towel-making process in three hours.

4.1.3 Under the Mango Tree: If we look at the statistics of Indian farmers, we will find that almost “84% of Indian farmers are small and marginal, owning less than 2 hectares of land”. The farmers have been practising subsistence type of agriculture which results in lower income owing to the reduced market access and lack of market knowledge. Under The Mango Tree, it can be termed as a hybrid social enterprise that aims to enhance the income and livelihood of these farmers. Under The Mango Tree promotes beekeeping to increase agricultural productivity, and works on a model that focuses on both ends of supply chain for its honey products.

4.1.4 Intel: As we know that the organizations have a culture of rewarding its employees for innovation therefore it offers Sustainability-in-Action Grants for its employees, which gives them an opportunity to avail funds for an innovative sustainability idea or a project. Sonia Shrivastava of Intel (India) capitalized this opportunity to design “a low-cost hardware utility that helps visually challenged people communicate and access daily information”. Intel provides financial as well as technical assistance for managing a team of internal as well as external experts. It also customized a set of freeware applications as well as utilities that helped in creating a solution. As a result, it was seen that it was considered to be 85% less expensive in the marketplace than any other solution.

5 Use of Digital Technology to redefine social innovation in India

Modern or Digital Technology has been considered as an important technique in each of our lives including health, education, driving etc. Various companies and organisations are leading social innovation in transforming digital technology. This technique has brought a greater social change everywhere. In India, various companies are playing significant role in digitalising government services to transform into a digitally empowered society. This has been considered as a mission drive in the nation itself where solutions related to e-governance are promoted to check hassle-free services for the important needs.

Punjab Services like E-Sewa Kendra project has also provided many jobs in Punjab. In terms of scale, it has been considered as the largest project specifically in IT-company of Punjab. A study in 2018 revealed that the government of India had spent around Dollar 1,500 USD per person to raise additional funds for combating logistical and legal challenges. Western Digital has started a new initiative named as Data Innovation Bazaar, which itself is a global leader in promoting data infrastructure. It acts as a catalyst in redefining social change in India. Technology and digital developments have created new possibilities as well as opportunities for all of us as the user and thus the dependence on social network for information has also changed as we manage in digital world.

6 Conclusion

Most of the companies around the globe have imbibed corporate social responsibility (CSR) as a part of brand building, however with the changing times, the organizations need to widen their horizons and look for innovation that could range from the product design to its supply chain. The author has tried to bring an insight into the concept of social innovation, along with different perspectives of researchers. The various viewpoints in relation to corporate social responsibility (CSR) have also been presented. Further this study highlights the key differences between social innovation as well as corporate social responsibility (CSR). The applicability related to social innovation by organizations is also brought into light. To conclude, the article indicates that it is high time that the organizations start moving towards social innovation from corporate social responsibility (CSR), and start recalibrating the strategies to meet the shareholders as well as the stakeholders' responsibility. Thus, this paper also finds the linkage between Corporate Social Responsibility as well as Social Innovation and it can be remarked that CSR has been driving business to become pioneers in social innovation.

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