Linking social entrepreneurship and innovation through the lens of the value co-creation process\(^1\)

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Abstract

**Purpose of the paper:** In the new Era of sustainability, a sub-discipline within the field of entrepreneurship, called social entrepreneurship (SE), emerged as a global phenomenon in the academic literature (Johnson, 2000; Certo and Miller, 2008; Yeoh, 2012). This paper aims to offer a new perspective in this field of studies with an analysis of the links between SE and innovation adopting the lens of the value co-creation process.

**Methodology:** A brief literature review has been carried out to better understand how SE has developed over time. Hence, an examination of the synergies between SE and innovation has been carried out drawing from the Service-Dominant Logic (S-D) perspective (Vargo and Lusch, 2004, 2008a; Gummesson et al., 2010) and the Network Theory (Gummesson, 2007).

**Findings:** The development of a conceptual framework is useful to demonstrate that SE, innovation (I) and social innovation (SI) are positively related to each other and a combination of the two is necessary in the process of value co-creation.

**Research limitations:** This paper presents the typical limitations of the deductive approach based on literature review. For a deeper understanding of value co-creation management, a broader theoretical, as well as empirical, research is necessary.

**Practical implications:** Hence, the main practical implication of this paper is the identification of the missing link between SE and value co-creation within the mainstream entrepreneurship discourse.

**Originality of the paper:** The study could be considered a first step in a stream of research on different aspects of social entrepreneurship which are yet unexplored.

Key words: social entrepreneurship; innovation; social innovation; value co-creation; S-D logic and Network Theory

1. Introduction

In recent times, the attention of both academics and practitioners towards social entrepreneurship grew up rapidly (Dacin et al., 2010; Mair and Marti, 2006).

\(^1\) Even if this article can be considered as the result of a shared effort, the paragraphs can be attributed to the authors as follows: n. 5 to Marco Pellicano, n. 2.4 and 4 to Orlando Troisi, n. 1, 2.3 and 3 to Carmela Tuccillo, and n. 2.1 and 2.2 to Massimiliano Vesci.
However, literature on this topic neglected in particular the concept of innovation as a strategic and dynamic aspect of social entrepreneurship inside the value co-creation process (Polese et al., 2017; Lusch and Nambisan, 2015; Callaway and Dobrzykowski, 2009). To fill this gap, this paper contributes to an understanding of the existing theories and practices of social entrepreneurship, innovation and social innovation in order to demonstrate that a combination of these two concepts can be useful for fostering organizational success and value. It recognizes the value co-creation as a useful path to investigate these concepts and to construct a holistic model that seeks to explain the links between SE, I and social innovation (SI).

In particular, the innovative dimension of social entrepreneurship has been discussed according to the Service-Dominant Logic perspective (S-D logic, Vargo and Lusch, 2008a, 2016; Vargo, 2008; Gummesson et al., 2010) and the Network Theory (Granovetter, 1985; Castells, 1996; Gummesson, 2007).

In this paper, the S-D logic is a theoretical approach adopted to describe the increasing importance acted by innovation in the process of creating and disseminating value of social enterprises to improve economic growth in the entrepreneurship activities. The remainder of the paper is organized as follows. The next section summarizes theoretical background on social entrepreneurship (proposing it firstly as an entrepreneurial action), innovation and social innovation, and S-D Logic and Network Theory. Theoretical and managerial implications are discussed in the latter section. This paper offers a new perspective on social entrepreneurship that suggests exciting opportunities for enlightened sustainable development goals in the organizations.

2. Conceptual background and research questions

2.1 Social Entrepreneurship (SE) as an entrepreneurial activity: the social value creation

In the last decade, Social Entrepreneurship (SE) emerged as a new area of enquiry in a variety of research field such as economics, psychology, history, and marketing (Johnson, 2000; Certo and Miller, 2008; Yeoh, 2012; Shaw and De bruin, 2013; Ferguson et al., 2016; Windasari et al., 2017). Unfortunately, the meaning of social entrepreneurship is yet ambiguous (Mair and Martí, 2006), as revealed by the literature analysis hereafter reported. For instance, a first group of researcher described SE as a response to social and environmental problems (Alvord et al., 2004; Haugh, 2005); others refers to it as a responsible practice of commercial businesses (Sagawa and Segal, 2000) and others retained it as a for-profit venture pursuing social value (Dees and Anderson, 2003). Conceptual differences arise also from the way by which SE has been defined (Mair and Martí, 2006); in fact, it is possible to find definitions for ‘social entrepreneurship’, ‘social entrepreneur’ or ‘social enterprise’. More clearly, “Definitions of social entrepreneurship typically refer to a process or behavior; definitions
of social entrepreneurs focus instead on the founder of the initiative; and definitions of social enterprises refer to the tangible outcome of social entrepreneurship” (Mair and Martí, 2006, p. 37).

Investigations about social entrepreneurship started since the second half of Eighties (Murray and Mac Millan, 1988) arising especially (but not exclusively) from business schools and focusing on practical considerations (Dees and Anderson, 2006). Given the implicit ambiguity in the terms ‘social’ and ‘entrepreneurship’, social entrepreneurship represents an intriguing but yet not clear field of study (Mair and Martí, 2006; Peredo and McLean, 2006). Certainly, as it has been pointed out very clearly, “any definition of the term ‘social entrepreneurship’ must start with the word ‘entrepreneurship”’ (Noruzi et al., 2010, p. 4). Entrepreneurship or entrepreneur activity with their conceptualizations should be the starting point for any discussion on SE.

Economic theory proposed two visions of the entrepreneur. Baumol (1993) well clarified this position: “One uses the term to refer to someone who creates and then, perhaps, organizes and operates a new business firm, whether or not there is anything innovative in those acts. The second takes the entrepreneur as the innovator-as the one who transforms inventions and ideas into economically viable entities, whether or not, in the course of doing so they create or operate a firm” (Baumol, 1993, p. 198). The first vision has sometimes been considered to play a fundamental role in developing entrepreneurship as field of study. For instance, Gartner (1989, p. 62) declared: “Entrepreneurship is the creation of new organizations”. On this base, a relevant stream of research has been carried out focusing, for instance, on the determinants of a new entry into an industry (Audrestch, 1995; Kolvereid and Isaksen, 2006). The second vision gained attention especially after the seminal works of Venkataraman (1997) and Shane and Venkataraman (2000) that adopt a focus closer to the Schumpeterian view of entrepreneur, retaining that entrepreneurship “seeks to understand how opportunities to bring into existence ‘future’ good and services are discovered, created, and exploited, by whom, and with what consequences” (Venkataraman, 1997, p. 120). Consequently, the field of entrepreneurship deals with the recognition, discovering and exploitation of opportunities; and the reason why some individuals are able to pursue this process and others do not; and which are the consequences for the whole society of this process of exploitation (Shane and Venkataraman, 2000).

However, as said earlier, during the last twenty years the term “social” in conjunction with the concept of entrepreneurship has been adopted to qualify variously and broadly the word “entrepreneurship”: on these basis scholars generated different definitions through the mix of a wide range of terms, referring sometimes to the solutions for social problems, sometimes to the innovative behavior for social objectives, and also to the creation of social value (Austin et al., 2006; Fowler, 2000; Mair and Martí, 2006). In this sense, it has been remarked that social entrepreneurship consists of “a variety of activities and processes to create and sustain social value by using more entrepreneurial and innovative approaches and constrained by the external environment” (Brouard and Larivet, 2009 p. 11). Others argued that SE refers to the adoption of environmentally
responsible practices and products (Schaper, 2002; Gerlach, 2000) or to the “creation of viable socioeconomic structures, relations, institutions, organizations and practices that yield and sustain social benefits” (Fowler, 2000, p. 649). Consequently, Haugh (2007) pointed out that SE is an action for the simultaneous achievement of economic, social, and environmental goals. In this action, Dacin et al. (2011, p. 1204) underlined the role of social entrepreneur in “social value” generation. In similar sense, a social entrepreneur was seen as “an individual, group, network, organization, or alliance of organizations that seeks sustainable, large-scale change through pattern-breaking ideas in what or how governments, nonprofits, and businesses do to address significant social problems” (Light, 2006, p. 50; re-written in Light, 2008, p. 12).

In sum, it seems possible to agree with the idea that “social enterprises have in common the principles of pursuing business-led solutions to achieve social aims, and the reinvestment of surplus for community benefit” (Haugh, 2005, p. 5). Along this side, it has been remarked that social enterprises create profit similar to for-profit organizations but, in contrast to them, economic value is identified as a way to get social value (Fowler, 2000; Seelos and Mair, 2007). In fact, extra-profit or extra-production of social enterprise is not distributed to organization’s shareholders or direct owners but is reinvested in the arrangement of actions, activities and, more generally, in the assumption of a strategic posture finalized to deal with social issues or to produce benefit for people that are not involved with the organization’s management or control (Defourny, 2001).

For the reasons summarized earlier (namely, the primacy of the entrepreneurship and the profit surplus as a mean to achieve social value and to satisfy social need), it has to be remarked that, in this study, social entrepreneurship is firstly an entrepreneurial activity linked with the opportunity of recognition and exploitation, not only in the interest of the entrepreneur but also of the whole society.

2.2 Main components of social entrepreneurship in linking it with innovation and social innovation

Earlier considerations showed that social entrepreneurship faces with several components. Light (2006; 2008) identified them in:
- entrepreneur,
- idea,
- opportunity,
- organization.

In particular, in his idea the “entrepreneur” is not only referred to its economic behavior but focused on himself as individual entity, on his traits, his personality, his ability: the term should not be centered on “what” but on “who” (Light, 2006; 2008). Although results about this research stream (individual traits as determinant of entrepreneurial success) reported contrasting results (Misra and Kunar, 2000), in this study, based on the earlier consideration, we propose that referred to social entrepreneurship, entrepreneur’s thoughts and ideas are relevant to orientate enterprise strategic behavior towards social needs.
The second and the third components, the ‘idea’ and the ‘opportunity’, represent the way to make change happens. For both entrepreneurs and social entrepreneurs, it means that it is not only necessary a good idea but also the ability to exploit the opportunities (Light, 2006; 2008).

The last component, the ‘organization’, means the ability in putting all the resources together to reach social and economic goals (Light, 2006; 2008). Extant literature (Tushman and O’Reilly, 1996; Ginsberg and Abrahamson, 1991; Teece et al., 1997; Feldman and Pentland, 2003; Aguilera et al., 2007; Schaltegger and Wagner, 2011) has more and more remarked that change is influenced by a great number of determinants inside the organization such as leadership, vision, hierarchies, etc.

Similarly Perrini and Vurro (2006, p. 65) focus on three steps to explain the overall SE process: “They are: opportunity definition; organizational launch and functioning and, financial resource collection and leveraging”.

Regarding to opportunity definition, it has been described as “the cognitive process followed by entrepreneurs as they intentionally identify a solution to a specific problem or need because of diverse motivations, including financial rewards” (Dorado and Haettich, 2004, p. 6). As Shane and Venkataram (2000, p. 220) revealed in their seminal study, “although recognition of entrepreneurial opportunities is a subjective process, the opportunities themselves are objective phenomena that are not known to all parties at all times”. Consequently, earning profit from an existing opportunity requires that an entrepreneur recognizes it as opportunity and decides to exploit its value. Along this side, it has been proposed more clearly by Hockerts (2006) that activism, self-help, and philanthropy represent core foundations to seek social entrepreneurial opportunities. This suggestion is absolutely in line with the vision we proposed earlier focused on entrepreneur’s thoughts and ideas.

This consideration, previous statements and the discussion reported in the next section (see 2.3) remark that social entrepreneurship is intertwined with opportunity discovering, recognition and exploitation. Consequently social entrepreneurship is also a matter of innovation and social innovation. In this study we agree with the conceptualization proposed by Howaldt et al. (2016, p. 98) that social innovation is “a new combination and/or new configuration of social practices in certain areas of action or social contexts, prompted by certain actors or constellations of actors in an intentional targeted manner with the goal of better satisfying or answering needs and problems than it is possible on the basis of established practices […]” and “Therefore social innovation can be ‘interpreted as a process of collective creation in which the members of a certain collective unit learn, invent and lay out new rules for the social game of collaboration and of conflict or, in a word, a new social practice, and in this process they acquire the necessary cognitive, rational and organizational skills’ (Crozier and Friedberg, 1993, p. 19)”.

The second fundamental step of SE is to transform the viable idea into a functioning organization. In this sense, it has been remarked that social entrepreneurship needs a specific business model and a viable strategy (Perrini and Vurro, 2006).
Finally, the third step means the mobilization of financial resource to concretely exploit the social entrepreneurial opportunity. Along this side, the Bank of England (2003) reported that the most quoted source of financing is represented by social venture capital or venture philanthropy (Perrini and Vurro, 2006). Despite the increasing academic interest in the field of social entrepreneurship, few studies have investigated the links between social entrepreneurship, innovation, and social innovation through the lens of the value co-creation process (Choi and Majumdar, 2014; Sigala, 2015). Drawing from the theories of S-D Logic and Network Theory, this paper discusses the functions and contributions of innovation and of social innovation in the process of creating and disseminating value. Consequently, the next conceptual sections of this study attempt to answer the following research questions:

RQ1. What are the possible links between SE, I and SI?

RQ2. What are the main outcomes of linking SE, I and SI through the lens of the value co-creation process?

2.3 Innovation and social innovation as a strategic and dynamic aspect of social entrepreneurship

In the last decade, SE has gained increasing attention among scholars from entrepreneurship literature, yet few studies have investigated the synergies between social entrepreneurship and social innovation (Shaw and De Bruin, 2013). For this reason, a critical examination of the literature is essential to provide more fundamental evidences about the relations between these two concepts.

According to Schumpeterian thoughts, SE is inextricably linked with social innovation (Schumpeter, 1934; Certo and Miller, 2008; Tan et al., 2005). Actually, SE consists in “the development of innovative, mission-supporting, earned income, job creating or licensing ventures undertaken by individual social entrepreneurs, non-profit organizations, or non-profits in association with for-profits” (Pomerantz, 2003, p. 25). In this optics, “it strives to achieve social value creation and this requires the display of innovativeness, pro-activeness and risk management behavior. This behavior is constrained by the desire to achieve the social mission and to maintain the sustainability of existing organization. In doing so, social entrepreneurs are responsive to and constrained by environmental dynamics. They continuously interact with a turbulent and dynamic environment that forces them to pursue sustainability, often within the context of the relative resource poverty of the organization” (Weerawardena and Mort, 2006, p. 32).

With the aim to resolve social problems and satisfy a variety of stakeholder’s needs, SE involves the application of a new approach in effort to create social value (Mair and Noboa, 2003; Certo and Miller, 2008). This implies an innovative behavior of the social entrepreneur in a process of continuous adaptation and learning (Dees, 1998). A selection of the most salient definitions of SE is presented below to demonstrate the connection between SE, innovation and SI from a theoretical point of view (table 1).
Tab. 1: Social entrepreneurship and its main components

<table>
<thead>
<tr>
<th>Author</th>
<th>Definition</th>
<th>Components</th>
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<tbody>
<tr>
<td>Mair and Noboa, 2006, p. 122</td>
<td>&quot;SE is seen as the innovative use of resource combinations to pursue opportunities aiming at the creation of organisations and/or practices that yield and sustain social benefits&quot;</td>
<td>- innovative use of resources - opportunities - social benefits</td>
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<td>Pomerantz, 2003, p. 25</td>
<td>&quot;Social entrepreneurship can be defined as the development of innovative, mission-supporting, earned income, job creating or licensing ventures undertaken by individual social entrepreneurs, non-profit organisations, or non-profits in association with for-profits&quot;</td>
<td>- innovation</td>
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<tr>
<td>Sullivan Mort et al., 2003, p. 76</td>
<td>&quot;Social entrepreneurship, the entrepreneurship leading to the establishment of new social enterprise, and the continued innovation in existing ones&quot;</td>
<td>- innovation</td>
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<tr>
<td>Alvord et al., 2004, p. 262</td>
<td>&quot;Social entrepreneurship that creates innovative solutions to immediate social problems and mobilizes the ideas, capacities, resources and social arrangements required for sustainable social transformations&quot;</td>
<td>- innovative solutions</td>
</tr>
<tr>
<td>Roberts and Woods, 2005, p. 49</td>
<td>&quot;Social entrepreneurship is the construction, evaluation, and pursuit of opportunities for transformative social change carried out by visionary, passionately dedicated individuals&quot;</td>
<td>- opportunities - vision - passionate individuals</td>
</tr>
<tr>
<td>Austin et al., 2006, p. 2</td>
<td>&quot;We define social entrepreneurship as innovative, social value creating activity that can occur within or across the non-profit, business, or government sectors&quot;</td>
<td>- innovative - value creation</td>
</tr>
<tr>
<td>Nicholls, 2006, p. 23</td>
<td>&quot;Innovative and effective activities that focus strategically on resolving social market failures and creating new opportunities to add social value systematically by using a range of resources and organisational formats to maximise social impacts and bring about changes&quot;</td>
<td>- innovative and effective activities - new opportunities</td>
</tr>
<tr>
<td>Peredo and McLean, 2006, p. 64</td>
<td>&quot;Social entrepreneurship is exercised where some person or group: 1) aim(s) at creating social value, either exclusively or at least in some prominent way; 2) show(s) a capacity to recognise and take advantage of opportunities to create that value (‘envision’); 3) employ(s) innovation, ranging from outright invention to adapting someone else’s novelty, in creating and/or distributing social value; 4) is/are willing to accept an above-average degree of risk in creating and disseminating social value; and 5) is/are unusually resourceful in being relatively undaunted by scarce assets in pursuing their social venture&quot;</td>
<td>- new opportunities - employ(s) innovation - degree of risk - social value</td>
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<tr>
<td>Weerawardena and Mort, 2006, p. 32</td>
<td>&quot;Social entrepreneurship strives to achieve social value creation and this requires the display of innovativeness, proactiveness and risk management behaviour. This behaviour is constrained by the desire to achieve the social mission and to maintain the sustainability of existing organisations. In doing so social entrepreneurs are responsive to and constrained by environmental dynamics. They continuously interact with a turbulent and dynamic environment that forces them to pursue sustainability, often within the context of the relative resource poverty of the organisation&quot;</td>
<td>- innovativeness - proactiveness - risk management - social mission</td>
</tr>
<tr>
<td>Wei-Skillern, et al., 2007, p. 4</td>
<td>&quot;We define social entrepreneurship as an innovative, social value creating activity that can occur within or across the non-profit, business, or government sector&quot;</td>
<td>- innovative and social value creating activity</td>
</tr>
<tr>
<td>Mair and Marti, 2006, p. 37</td>
<td>&quot;We view social entrepreneurship broadly, as a process involving the innovative use and combination of resources and social arrangements required for sustainable social transformations&quot;</td>
<td>- innovative use - combination of resources</td>
</tr>
<tr>
<td>Brock and Ashoka, 2008, p. 3</td>
<td>&quot;Innovative approaches to social change&quot; or &quot;using business concepts and tools to solve social problems&quot;</td>
<td>- innovative approaches</td>
</tr>
<tr>
<td>Zhara et al., 2008, p. 118</td>
<td>&quot;Social entrepreneurship encompasses the activities and processes undertaken to discover, define and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organisations in an innovative manner&quot;</td>
<td>- innovative management</td>
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<tr>
<td>OECD 2010, p. 188</td>
<td>&quot;Social entrepreneurship can be defined as entrepreneurship that aims to provide innovative solutions to unsolved social problems. Therefore it often goes hand in hand with social innovation processes, aimed at improving people’s lives by promoting social changes&quot;</td>
<td>- innovative solutions - social innovation - social changes</td>
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Source: our elaboration
As emerged from table 1, social entrepreneurship encompasses “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” (Zhara et al., 2008, p. 118). Hence, social entrepreneurship is viewed as a process where individuals (social entrepreneurs) identify opportunities, locate resources and create value to serve a mission that sustains social values (Dees, 1998). To be clearer, according to Weerawardena and Mort (2006), SE is a multidimensional construct where the dimensions of innovation, opportunity, social change, social needs and (social) innovation are prominent components of the conceptualization.

The study of the literature also reveals some connections between the social entrepreneur and the concept of innovation and social innovation. Social entrepreneur “plays the role of change agent in the social sector by: adopting a mission to create and sustain social value (not just private value); recognizing and relentlessly pursuing new opportunities to serve that mission; engaging in a process of continuous innovation, adaptation, and learning; acting boldly without being limited by resources currently in hand; exhibiting a heightened sense of accountability to the constituencies served for the outcomes created” (Dees, 1998, p. 4). Similarly, social entrepreneur is described as a “creative individual who questions the status quo, exploits new opportunities, refuses to give up and remakes the world for the better” (Bornstein, 2004, p. 15).

Adopting another point of view, but reaching similar results, to stress the creation of innovative solutions involved in social enterprises, recent developments in SE research further emphasize the role of social entrepreneurship as a driver for fostering social innovation (Bria, 2015; Biggeri et al., 2017; Tracey and Stott, 2017).

As a result, social enterprises are forced to be innovative in all their social value-creating activities to deliver public services (Dart, 2004; Fowler, 2000) and with the aim of improving efficiency and tightening control. In this context, innovativeness is considered one of three core behavioral dimensions in the framework of social entrepreneurship along with proactiveness and risk management (Weerawardena and Mort, 2006). Social enterprises have, in fact, the ability to understand social needs, and then fulfill these needs through creative activities and initiatives (Austin et al., 2006, p. 2).

2.4 Service Dominant Logic and Network Theory

In line with the overview on the different definitions of social entrepreneurship proposed in literature, it can be noticed that the concept is strictly related with the solutions of social challenges, so the creation of social value. In particular, the S-D logic, one of the most popular service theories, redefines the notion of value creation as the joint creation of value between users, providers and all the members involved in the relational networks surrounding service provision (Vargo and Lusch, 2008a).

Despite this semantic and conceptual connection, extant research does not adequately reread social entrepreneurship through the lens of S-D
logic which seems to be particularly suitable for extending the notion of SE in order to analyze it as a driver for successful value co-creation.

The S-D logic, in fact, represents a scientific-cultural approach aimed at highlighting the benefits, in terms of value, deriving from the establishment of collaborative and constructive relationships among a plurality of actors.

Service-Dominant logic (S-D logic) gives birth from the overcoming of traditional Goods Dominant (G-D) logic paradigm (Vargo and Lusch 2004, 2008a, 2008b; Vargo 2008). The S-D logic takes shape as the result of a complex path of maturation of awareness about the increasingly important role that the service covers in the current social and economic context.

According to G-D logic, value is always internally produced by firms and can be simply considered as the tangible output of a process of economic exchange. Therefore, producers are the only actors capable of creating value and the roles of users and providers are clearly distinct. On the contrary, as mentioned before, in the S-D logic, value is always co-created through the integration of resources and competences of producers and consumers that are not distinct (Tommasetti et al., 2017; Ciasullo et al. 2017).

In this perspective, “service” is intended as the application of skills for the exercise of actions, the adoption of choices and the assumption of behaviours capable of fostering the spread of benefits to all the entities involved in the value co-creation process.

Another difference between the two points of views is understanding value. “In G-D logic, value is generated in-use, whereas in S-D logic is created in-exchange (Vargo and Lusch, 2008b).” S-D logic focuses on the action of operant resources, whereas G-D logic focuses on the exchange of operand resources (Vargo and Lusch, 2004). In the S-D logic, all exchanges are based on service and “when goods are involved, they are tools for the delivery and application of resources” (Vargo et al., 2006, p. 40). Value is always co-created with customers and users and it derives from a successful integration of operant resources (Vargo and Lusch, 2008a; Vargo and Lusch, 2004).

Thus, from S-D logic, value is co-created by the mutual effort of all stakeholders (Vargo et al., 2008) according to a network view in which each member is strictly interconnected with each other and actively contributes to reshape value.

The process of value co-creation derives from an experience created in conjunction with other stakeholders (Prahalad and Ramaswamy, 2004; Vargo and Lusch, 2004, 2008a; Vargo, et al., 2008). In contrast with the traditional models of value creation, which suggest that value is created by firms (Normann, 2001), today, customers are always active participants in the value co-creation process. In this dynamic view, value co-creation is mediated by networks of interconnected relationships (Chandler and Vargo, 2011). The importance of network configurations in value co-creation has recently emerged due to the growing contribution in the context through which value is derived (Akaka and Chandler, 2011; Chandler and Vargo, 2011). Networks are, in fact, an excellent means of studying relational phenomena and are considered as critical variables...
in the co-creation of value (Barile et al., 2016; Chandler and Vargo, 2011). In this optic, “when relationships embrace more than two people or organizations, complex patterns will emerge - networks. Therefore, what happens between the parties in a relationship is called interaction” (Gummesson, 2006, p. 342). The nature of networks in service ecosystems (Wieland et al., 2012) contributes to the process of value co-creation and to the formation of social contexts that frame exchange (Chandler and Vargo, 2011).

The involvement of a large number of stakeholders in the value co-creation process stresses the relevance of cultural and social features involved in service provision. For this reason, in its recent developments, S-D logic proposes the concept of institutions (11th Foundational Premise Vargo and Lusch, 2016) to further stress how culture, symbols, social practices and social dimension as a whole redefine value.

With this in mind, to date S-D logic can be seen as a scientific proposal in continuous evolution, complemented by studies and emerging considerations in an increasingly complex social and economic scenario. Not by chance, in their last call Vargo and Lusch (2016) establish a research agenda on the analysis of the relationship between entrepreneurship and innovation in value co-creation (Lusch and Nambisan, 2015) and on the key role of value co-creation in fostering social changes (value-in-social-context, Edvardsson et al., 2011).

The most recent advancements in S-D logic foster the adoption of a holistic optics for understanding the key drivers to handle innovation by emphasizing at the same time the role of social links, culture and shared meanings in value co-creation.

Therefore, S-D logic and Social entrepreneurship show two relevant common points: 1) the relevance of social dimension involved in value co-creation (institutions); 2) the potential relationship between social dimension and innovation. It can be concluded that the social nature of S-D logic perfectly allows at rereading social entrepreneurship through this theory. In addition, both frameworks aim to explore social aspects involved in the creation of value and innovation.

3. Linking social entrepreneurship and social innovation through the lens of the value co-creation process

This section provided an analysis of the links between SE, I and SI through the lens of the value co-creation process. According to this, value is not created by a social enterprise alone, but by applying all actors’ resources such as beneficiaries, investors, institutions and all the different stakeholders involved in the value co-creation process. More specifically as discussed in section 2.4 co-creation is a process based on the collaboration between (social) firms and actors (Humphreys and Grayson, 2008). In fact, “no company alone has the resources, skills or technologies that are necessary to satisfy the requirements or solve the problems of any other and so is dependent on the skills, resources and actions of suppliers, distributors, customers and even competitors to satisfy those requirements”
(Ford et al., 2002, p. 2). This means the continual need for actors to interact and exchange with others in order to access the resources they need or want (Lusch and Vargo, 2006a).

In this paper, the term co-creation refers to situations in which a combination of social entrepreneurship and social innovation produces things of value. Therefore, to better understand the links proposed in this study is prominent to discuss the constituent part of value co-creation clarifying for whom value is co-created, what kind of value is co-created, by what kind of resources and furthermore, through what kind of mechanism (Saarijärvi et al., 2013).

Combining social entrepreneurship and social innovation adopting this perspective allows to focus on a new approach in which value is created to generate improvements in the lives of individuals. Social entrepreneurship generates “social value” when innovative solutions are the consequence of collaboration between social entrepreneurs and the actors involved in the value co-creation process (see fig. 1). In fact, social organizations view actors as critical assets. This framework suggests how the inclusion of various actors becomes a crucial element of the entire process that brings to innovation and competitive advantage.

Fig. 1: Combining SE, I and SI through the lens of the value co-creation process

Source: our elaboration

4. Theoretical and managerial implications

By introducing an innovative linkage between social entrepreneurship, innovation and value co-creation, the study entails both theoretical and managerial implications.

From a theoretical point of view, the work could be considered a first step in a stream of research focused on different aspects of social entrepreneurship, which are yet unexplored. Additionally, previous studies
often do not adequately explore the managerial implications of S-D logic (De Groot et al., 2010), which could be considered in this way mainly as a philosophical theory (Barile and Polese, 2011). For this reason, analyzing its managerial orientation and the role of entrepreneurship in fostering value co-creation enables us to point toward significant advancements in contemporary service research.

The introduction of a managerial view on value co-creation can allow further research overcoming its mere theoretical and philosophical interpretation by better applying the concept to contemporary complex markets. So, through the identification of the drivers for successful value co-creation present understanding of value co-creation itself, whose definition is not yet clearly defined in literature (McColl-Kennedy et al., 2012), can be improved. Moreover, this study can help to clarify the different kind of strategies that managers should adopt for fostering value co-creation which in turn can enhance service efficacy and effectiveness. For instance, through integrated strategies for managing social features, so relationships, and technological tools, such as ICTs platforms, managers can improve information and knowledge exchanges and foster actor's participation, so co-creation (Barile et al., 2016).

From a managerial point of view, by engaging actors in product or service innovation process, social entrepreneurs can hope for a better understanding of their needs and a better acceptance of the innovation if the customer is involved in the design. A better exploration of the relationship between entrepreneurship and innovation can also lead managers to elaborate strategies for optimizing knowledge exchanges and information flows in the whole process of service provision.

In line with the literature review discussed above, social innovation comes from the collaboration of organizations with relevant stakeholders, from users and other companies to local businesses and society as a whole. Moreover, proposing the investigation of the key levers for fostering value co-creation and innovation can help managers to develop actions for stimulating actor's engagement in the long run, maybe by supporting the emersion of knowledge sharing through the optimal use of technology.

In this perspective, the definition and implementation of value co-creation processes can be seen as a pulse to be able to cope with the increasingly complex business challenges and new social needs, highlighting how the studies of researchers and the actions of practitioners can no longer exhaust themselves in identifying the objectives individually pursued by single actors. The co-creative processes have to converge towards the pursuit of common or, at least, shared objectives in order to provide concrete answers to the expectations of the business world and, more in general, to society.

In this regard, the concept of social innovation can act as a stimulus for the deepening of the conditions necessary to start up and successfully keep on the processes of value co-creation. This approach leads focusing the cognitive efforts and the investments on the importance, on the one hand, and on the need, on the other, to realize a synergistic integration of resources, in order to facilitate the identification of the solutions to be found to co-create a mutual value.
Today, in order to survive and try to improve and develop over time, companies are “forced” to compare with competitors by defining increasingly complex projects, in more and more intertwined markets, in which the traditional approach to business is not more enough. In this scenario, the combined consideration of various aspects linked to value co-creation, entrepreneurship and social innovation allow to lay the foundations for creating an ecosystem in which all the actors involved benefit from the synergistic integration of the resources provided by each of them. In this way, it is possible to concretely shift the focus from an orientation to product or to customer to an orientation to value.

By exploring the relationship between value co-creation and technology decision-makers can manage the use of ICTs in business strategies through the proper harmonization of the different stakeholders’ interests in order to pursue individuals and overall system’s well-being. Therefore, a better use of technology can boost value co-creation and then social innovation.

Framing value co-creation according to a strategic view can address managers to include value co-creation both in corporate strategies and tactics to implement overall management of business processes. In this way, the study proposes a broadened view of social innovation through a proper valorization of S-D logic main assumptions and so by emphasizing the need to focus on actor-to-actor networks and resource integration. The development of an integrated framework combining social, technological and innovative dimensions in a S-D view can shed light on the mechanism fostering service innovation through actor’s engagement and through the proper strategies and tactics for managing the use of ICTs. In this view, technology can be intended as an operant resource enhancing the opportunities for service innovation, in line with the recent call proposed in S-D logic (Vargo and Lusch, 2016). In so doing, the work provides further research with a theoretical basis for exploring how co-creation practices arise in service ecosystems and how can be reshaped through resources integration and technology acceptance. Managers can develop in this way most adequate co-creation strategies and tactics for each kind of platforms for increasing engagement and information sharing as a whole.

5. Conclusions, limitations and future research

By adopting an integrated view on S-D logic, the work combines “traditional” concept such as social entrepreneurship and innovation with the latest concepts proposed in service theories based on the recognition of the relevance of social dimension in the co-creation of value and so in the generation of innovative solutions.

According to this all-encompassing perspective, the work conceptually proposes and discusses: 1) the existence of a relationship between social entrepreneurship, innovation and social innovation; 2) the potential role of SE, I and SI as drivers for value co-creation.

This paper is aimed to analyze the potential influence of I and SI on the conception of social entrepreneurship adopting the lens of the value co-creation. Theory and concepts related to the field have been examined
The study has found out that integrating SI and SE in the process of value co-creation allows to improve companies’ performance in terms of social value, that is created when resources, inputs, processes or policies are combined to generate improvements in the lives of individuals or for society as a whole. The paper contributes to the understanding of how social innovation may be occurring in social enterprises. Thus, the article provides useful examinations and insights of SE, I and SI within the mainstream entrepreneurship discourse. It offers recommendations for future research and identifies a research agenda for developing knowledge about SE, I and SI.

The work offers an integrative framework on SE and I that is useful to demonstrate that social entrepreneurship and social innovation are positively related to each other and a combination of the two is viable to corporate success and sustainability in today’s dynamic and changing environment (Polese et al. 2018). Hence, the main result of this paper is the identification of the missing link between social innovation, social entrepreneurship and service user.

The main limitation of the study lies in its theoretical nature. Thus, the work can be intended as a starting point for further empirical studies investigating empirically the relationship between social entrepreneurship, social innovation and value co-creation. This may involve in future, quantitative surveys, new practices and research challenges concerning social entrepreneurship in a Service dominant logic. At last, the work provides future research with a theoretical basis for realizing a case study on smart service systems in order to concretely pinpoint: 1) the real co-creation practices both from management and user’s point of view; 2) how these activities are shaped based on social dimension and culture; 3) the influence of social entrepreneurship on social innovation and the potential mediating role of value co-creation.

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Linking social entrepreneurship and innovation through the lens of the value co-creation process