

Social Capital as an Antecedent of Employee Social Innovation Tendency in Social Enterprises

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Abstract

The extant literature on innovation furnishes interesting insights into the role of social capital in enhancing innovation in organizations. However, little emphasis is laid on the liaison between the two in the particular context of social enterprises, which are highly innovation intensive. It remains inconclusive whether individual proclivity for innovation in organizations in the social economy is concomitant of social capital within the organization. In a move towards addressing this dearth, this article explores the relationship between perceived internal social capital and employee social innovation tendency in social enterprises. Based on a systematic review of the literature related to 'social capital' and 'social innovation', it is proposed that employee favorable perceptions of internal social capital in the organization can make a significant contribution towards creating in the employee a penchant for social innovation. By focusing on the relationship between social capital and social innovation, this study seeks to contribute to the debate on how social capital can foster individual innovativeness at the workplace; also it has implications for practitioners in social enterprises looking for ways to foster innovation in their efforts aimed at creating social impact.

Keywords: *Social Innovation; Social Capital; Social Innovation Tendency; Innovation Management; Social Enterprises.*

1. Introduction

Over the recent years, a substantial body of literature has evolved around the 'social enterprise', generally viewed as "a business with primarily social objectives" (Department of Trade and Industry, 2002, p. 7). Owing to the primacy of social objectives and adoption of innovative approaches aimed at accomplishment of these objectives (Pomerantz, 2003; Thompson & Doherty, 2006), social enterprises have become pioneers on the innovation front; hence, are now deemed the key centers of social innovations (Chalmers, 2013). Though literature today asserts social innovation as a crucial determinant of social enterprise effectiveness (Kanter & Summers, 1987), relatively little is written on how social innovation can be promoted and what management techniques are most pertinent in fostering social innovation in social enterprises (Cajaiba-Santana, 2013; Mulgan, Tucker, Ali, & Sanders, 2007). Given

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that employees' willingness to take on socially innovative pursuits is a prerequisite for effectively actualizing social innovation in the organization, it is necessary to study various factors that within the organizational setup can plausibly influence employees' social innovation tendency. In keeping with this necessity, the current paper explores the relationship of employee perceptions of internal social capital with employee social innovation tendency in social enterprises. In doing so, it attempts to provide a more nuanced understanding of the role of social capital with regards to innovation management (Payne, Moore, Griffis, & Autry, 2011) and so, contribute to the debate on innovation in social economy organizations.

The ensuing write up grounded on a review of the apt literature, first introduces the concept of Social Innovation Tendency; next, it elaborates on the liaison between employee perceptions of internal social capital and

employee proclivity for social innovation; finally, it offers a summary of the key argument.

2. Review of Literature

The Concept of Social Innovation Tendency

According to the INSEAD Social Innovation Centre (INSEAD, 2014), social innovation refers to the: "... introduction of new business models and market based mechanisms that deliver sustainable economic, environmental and social prosperity". Intellectuals define this term as "innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly diffused through [existing or newly created] organizations whose primary purposes are social" (Mulgan, 2006). Putting in simple terms, social innovation encapsulates adding a social element to innovation (see Figure1) (Mac Gregor & Fontradona, 2008; Osburg, 2013).

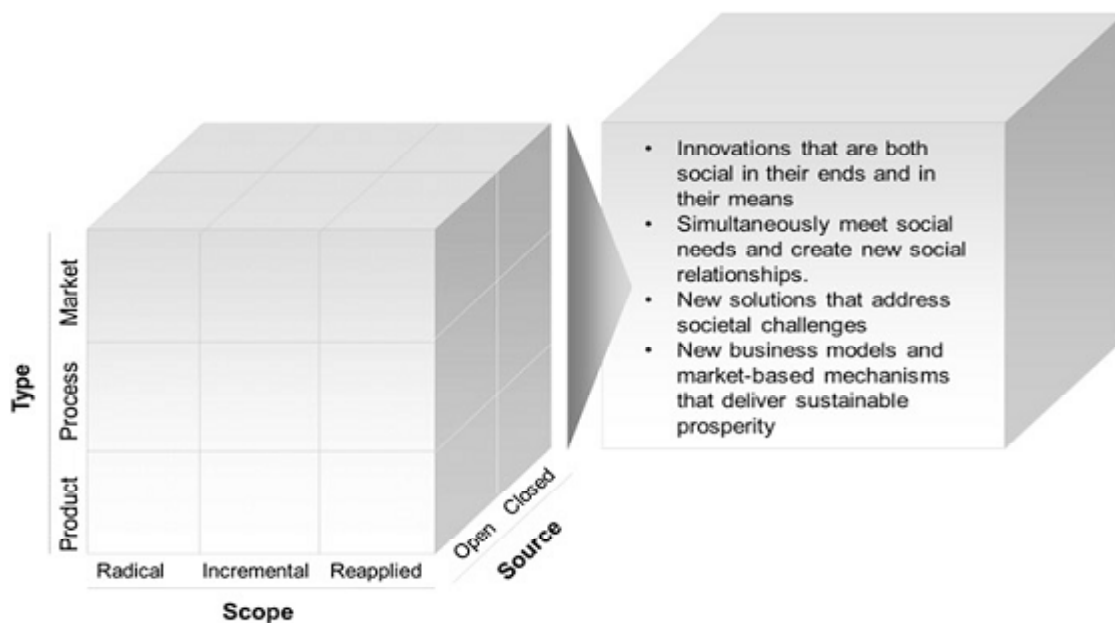


Figure 1: Adding a Social Aspect to Innovation. (Osburg, 2013, pp. 18).

The conceptualization of social innovation embraced by the present study is the one offered by Phills, Deiglmeier, and Miller (2008, pp. 36): "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 innovation in any social enterprise organization is dependent on organizational individuals' involvement in socially innovative pursuits which can be ascertained by their attitudes

towards social innovation. These attitudes are referred to as individuals' social innovation tendencies (Bulut, Eren, & Seekin-Halac, 2013). Advancing social innovation in the organization entails influencing these attitudes and so creating in the employees a penchant for social innovation. Since, the extant literature on innovation highlights social capital as an important factor in enhancing innovation in organizations, it is expected that an organization's internal social capital can be of high import in influencing employee social innovation tendency in social enterprises. The subsequent section explores this possibility.

Social Capital as an antecedent of Employee Social Innovation Tendency

Social capital is generally defined as the "goodwill that is engendered in the social relations of social systems, and that can be mobilized to facilitate collective action" (Adler & Kwon, 2002, pp. 17). Limiting the definition as regards the focus of analysis, social capital is examined adopting an internal or external focus (Leana & Pil, 2006). The present work studies the role of social capital taking up an internal focus, that is to say, it takes into consideration relationships amongst organizational individuals. Extant studies attending to this internal focus of social capital reveal a positive association of employee perceptions of internal social capital with employee attitudes, motivations and behaviors (Parzefall & Kuppelwieser, 2012). In this respect, the authors predicted that perceived internal social capital may make a significant contribution towards inducing in the employee a tendency for social innovation.

High level of internal social capital represents a cordial organizational environment characterized by trust and collaborative goal orientation; such environment by facilitating employee engagement, safety and employee empowerment fosters resource sharing and innovation at the workplace (Gargiulo & Benassi, 2000; Leana & Pil 2006; Nahapiet & Ghoshal 1998). Furthermore, the dynamics of

employee engagement, psychological safety, and employee empowerment give rise to an emergent form of organizing (Bright & Godwin, 2010; Edmondson, 1999) wherein, employees experience high level of motivation and exhibit added creativity and innovation (Bright & Godwin, 2010). Additionally, emergent dynamics within the organization are accredited with creating in individuals an understanding of the virtuous impact of their decisions and actions on others (Bright & Godwin, 2010). Therefore, individual readiness to innovate with a virtuous intent will be bolstered by individual perceptions of these dynamics which are a result of high internal social capital. That is, it's quite plausible that employee perceptions of internal social capital determine employee willingness to take on socially innovative virtuous acts. Also, employees' perceptions concerning intra-organizational social capital are comprised of their perceptions regarding organizational support with regards to their diverse concerns (Hayton, Carnabuci, & Eisenberger, 2012). Intellectuals posit that employee perceptions regarding organizational support draw positive employee attitudinal and behavioral outcomes such as employee prosocial behavior (O'Reilly & Chatman, 1986), commitment towards the organization (Rhoades & Eisenberger, 2002), and employee innovation (Eisenberger, Fasolo, & Davis-LaMastro, 1990). Besides this, employees' beliefs that the organization is supportive of them engender feelings of obligation in them (Shore & Wayne, 1993); hence, foster employee commitment to the organization which further motivates employees to put in enhanced efforts aimed at meeting organizational objectives (Eisenberger, Huntington, Hutchison, & Sowa, 1986), which in case of social enterprises, are primarily social. Herein, it's quite plausible that employees in their efforts to contribute to the organization's social objectives exhibit high proclivity for social innovation and so, resort to 'innovative behavior with a socially ingrained purpose'. Following this line of reasoning, employee perceptions of social capital within the organization i.e., perceived social capital is proposed to be an antecedent of employee social innovation tendency (see Figure 2).



Figure 2: Theoretical Model of the Proposed Relationship of Perceived Social Capital with Employee Social Innovation Tendency

3. Conclusion

While, contemporary literature on innovation furnishes interesting insights into the role of social capital in enhancing innovation in organizations, the argument put forth in the current work holds significance with regards to innovation in the social economy organizations. The authors have initiated an empirical substantiation of the proposed relationship. In a nutshell, this study sheds light on the instrumental role of internal social capital in influencing the social innovation tendency of employees in social enterprises; in doing so, it augments the existing body of research that encompasses social capital as a precursor to individuals' attitudes and behaviors; also, it echoes the importance of bonding social capital (Adler & Kwon, 2002). Conclusively, it is suggestive of the view that in order to maximize social impact, social enterprises be managed with an emphasis on building internal social capital, drawing employees' favorable social capital perceptions and hence, promoting in the employees a proclivity for social innovation.

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