

Benefiting from Social Innovation: Implications for Sustainability, Organizing and Public Policy

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PROBLEMS OF SCALING AND SUSTAINABILITY

- Social enterprises and socially minded corporations struggle to scale their social innovations, that is, to grow them beyond small or local impacts to achieve large scale benefits.
- Likewise, many social enterprises struggle to achieve sustainability, in terms of attracting and replenishing the resources needed to maintain organizational health and development.
- In this theoretical paper, I propose a system of mechanisms for scaling and sustaining social value creation and distribution.

TEECE'S ANALYSIS OF TECHNOLOGICAL INNOVATION

- David Teece (1986, 2006) explains the factors and required to profit from technological innovation:
 - Tight appropriability regimes
 - Control of complementary assets
 - Ownership of dominant designs
- I adapt the same criteria to explain how to maximize the benefits of social innovation. I do this by inverting Teece's logic as follows. I invert each of Teece's factors to explain the distribution and scaling of the benefits of social innovation, as opposed to the capture of profits from technological innovation. These mechanisms are summarized in the table shown below, and depicted in the model.

	Value Capture System to Maximize Profit from Commercial Innovation	Value Capture System to Maximize Benefit from Social Innovation
Appropriability Regime	Strong appropriability regime for the innovator, weak regime for the beneficiaries of innovation	Strong appropriability regime for the beneficiaries of innovation, weak regime for the innovator
Complementary Assets	Control of complementary assets by the innovator, weak control by the beneficiaries of innovation	Widespread distribution of complementary assets to the beneficiaries of innovation, weak control of assets by the innovator
Dominant Designs	Ownership of dominant design by the innovator, weak ownership by the beneficiaries of innovation	Fragmentation of dominant social designs, and weak ownership by innovator

RESEARCH PROPOSITIONS

- Proposition 1. The benefits of social innovation are most effectively scaled and sustained when the relevant appropriability regime is weak at the core of the innovation value chain, and strong among beneficiaries at the periphery of the innovation value chain.
- Proposition 2. The benefits of social innovation are most effectively scaled and sustained when the relevant complementary assets are weakly held at the core of the innovation value chain, and tightly held by beneficiaries at the periphery of the innovation value chain.
- Proposition 3. The benefits of social innovation are most effectively scaled and sustained when the pre-existing dominant designs are fragmented and emergent design elements are distributed and owned by beneficiaries at the periphery of the innovation value chain.

IMPLICATIONS

- **Scaling:** focus on developing the capabilities of beneficiaries to capture value, their access to complementary assets and inclusion in new social designs
- **Sustainability:** develop the dynamic capabilities required to constantly adapt complex, commercial and social appropriability regimes, asset configurations and dominant designs
- These principles provide a unified set of mechanisms for social enterprise and entrepreneurship, in terms of the creation, distribution and scaling of the benefits of social innovation
- Suggests a continuum of socio-economic value creation and distribution (although discontinuities also expected)
- Integrates the analysis of opportunities for social and commercial innovation and how they might be synthesized in systems of value creation and capture

