
Delineating the concept of corporate social innovation: toward a multidimensional model

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Abstract: Business organisations are facing increasing pressure over their role in society. Social innovation is a relatively new concept used to define efforts to develop novel and innovative solutions to social challenges. The aim of this study is to conceptualise a novel form of social innovation, namely, 'corporate social innovation', by focusing on social innovation efforts initiated by private sector organisations. This study also aims to provide insight into: 1) the definition of corporate social innovation; 2) the key dimensions underlying the social innovation capability of business organisations. Data were collected through semi-structured interviews with 20 experts who play an active role in various social innovation projects in their respective organisations and/or adopt social innovation as an academic field of interest. The interview results extend our conceptual understanding of the corporate social innovation phenomenon by providing a comprehensive definition of the concept and describing a six-factor model of corporate social innovation capability.

Keywords: corporate social innovation; CSI; social innovation; corporate social innovation capability.

Reference to this paper should be made as follows: Esen, A. and Maden-Eyiusta, C. (2019) 'Delineating the concept of corporate social innovation: toward a multidimensional model', *Int. J. Entrepreneurship and Innovation Management*, Vol. 23, No. 1, pp.23–45.

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This paper is a revised and expanded version of a paper entitled ‘Corporate social innovation: a comprehensive conceptualization and delineation’ presented at 30th EGOS (European Group for Organization Studies) Colloquium, Rotterdam, 3–5 July 2014.

1 Introduction

In recent decades, business firms have placed greater emphasis on challenging economic and social issues and engaged in activities that have traditionally been considered a responsibility of governments (Scherer and Palazzo, 2011). With the declining power of the public sector, business firms find themselves enmeshed in difficult social and environmental problems, not out of a sense of obligation or duty but due to the shifting the expectations and demands of various stakeholders (Googins, 2013). The expectation that businesses will be good corporate citizens has led many companies to establish social responsibility programs that support communities and enhance corporate culture and employee engagement (KPMG, 2014).

In an effort to address growing social challenges, many progressive businesses are now paying attention to the next stage in the evolution of social responsibility by investing in social innovation (KPMG, 2014), whereby addressing the most pressing social and environmental problems is tied to the success of the business. Specifically, business firms are adopting a new strategy or model known as corporate social innovation (CSI), which refers to the innovative activities and services of private companies to fuel breakthrough changes.

The term ‘CSI’ was first articulated by Kanter (1999), who argued that social issues provide companies with business opportunities because they serve as learning laboratories. According to Kanter (1999), companies pursuing CSI practices exploit societal needs as opportunities to generate innovative ideas (Kanter, 1999) under the assumption that unsolved social problems may result in higher costs for firms. Despite the private sector’s growing interest in the practice of social innovation, the literature on CSI has grown very slowly, as very few studies focus on the theme of CSI (e.g., Auriac, 2010; Googins, 2013; Tham, 2010). Previous research has primarily focused on the definition, processes, and best practices of social innovation and emphasised the role of the private sector in identifying creative solutions to societal problems (Harazin and Kosi, 2013; Altuna et al., 2015). However, these studies have neither provided any well-established definition of the concept of CSI nor clarified the dimensions of firms’ CSI capability by following a systematic research approach (surveys, datasets,

interviews, or focus groups). Moreover, the existing research on social innovation has explored the dynamics of social innovation in a more practical sense, devoting limited attention to theory development (Mulgan, 2012).

In line with the above arguments, the primary aim of this study is to define CSI and investigate the key dimensions of firms' CSI capability based on an extensive literature review and qualitative interviews. To fulfil this research objective, we employed an exploratory research approach. First, we conducted a literature review to capture the meaning of CSI. Because the number of studies directly addressing the construct is limited, we expanded the literature review to include studies of social innovation in general. We additionally included the literature on social entrepreneurship, CSR, and organisational innovativeness in the review to compare and contrast CSI with related concepts. Second, we conducted field research consisting of in-depth interviews with experts to supplement the findings of the literature review. This exploratory approach helps us to conceptualise CSI and identify the dimensions that potentially comprise organisations' CSI capability.

This paper is organised as follows. The next section introduces the social innovation and CSI concepts, followed by a discussion on how CSI differs from related constructs. Subsequently, we describe the research setting, research design, and field interviews. The following section presents the findings of our qualitative study. This is followed by a discussion of findings, managerial implications, limitations, and future research directions.

2 Theoretical background

As the literature on CSI remains underdeveloped, we initiated the literature review by focusing on 'social innovation' research in an attempt to discover insights related to the CSI concept.

2.1 Social innovation

Over the years, scholars have developed alternative definitions of the concept of social innovation. Mulgan (2007, p.8) defines social innovation 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". Phillis et al. (2008, p.39) refer to 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 to private individuals". More recently, Howaldt and Schwarz (2010, p.26) propose that "a 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 is possible on the basis of established practices"; whereas Dawson and Daniel (2010, p.10) define social innovation as "the process of collective idea generation, selection and implementation by people who participate collaboratively to meet social challenges".

Although these definitions may seem in some sense tautological, social innovation is both social and innovative. Dawson and Daniel (2010) clarify this concern by arguing that social innovation has to be recognised as a phenomenon that combines two notions: social awareness and business innovation. Cajaiba-Santana (2014, p.44) posits that the process of innovation itself is accepted as a social action and states, “what underlies the path of social innovation is not a social problem to be solved, but the social change it brings about”. Howaldt and Schwartz (2010), however, suggest that the ‘social’ part of the concept denotes a broader phenomenon based on the creation of a greater common good. Based on these arguments, it would be fair to conceptualise social innovation as “new solutions to social problems that create social value, involve the public good and affect society that are primarily developed through the participation of stakeholders that have an interest in the problem at hand”.

Drawing on the literature on social innovation, scholars have thus far suggested that this type of innovation is usually more complex and more aggressive than conventional business innovation (Hall and Vredenburg, 2003; Lettice and Parekh, 2010). This is because social innovators tend to fulfil the expectations of a broader range of stakeholders, who have distinctive priorities and potentially conflicting interests (Lettice and Parekh, 2010). Additionally, although some social innovations may seem quite incremental in nature, they may call for fundamental and systemic transformations that generate value rather than wealth (Bessant and Tidd, 2007; Noci and Verganti, 1999; Mulgan, 2007). In the last decade in particular, the private sector has become one of the main actors that foster these systemic transformations through CSI, which is increasingly seen as a sound business strategy to solve some of society’s most difficult problems (Crets and Celer, 2013) and to realise business profits.

2.2 Corporate social innovation

The role of business as an actor in social value creation has increased markedly over the last two decades, as business organisations have shifted toward a new model in which social responsibility and profit generation are combined through innovative ideas or processes (Kanter, 1999; Porter and Kramer, 2011). The evolving role of business in society has led many business leaders to believe that businesses can make strong contributions to challenges facing society by employing CSI, which provides innovative ways to leverage the power of the private sector (KPMG, 2014).

Against this background, it is fair to suggest that CSI has emerged as a strategic tool (Auriac, 2010; Googins, 2013; Kanter, 1999; Tham, 2010) that business organisations use to align economic benefits with social benefits (Nicholls and Murdock, 2012). According to Googins (2013), CSI has opened up an opportunity for creating a new generation of companies that actually address social and environmental challenges through their core strategies; CSI also increases trust, enhances employee motivation and commitment, and generates prosperity and profit in the process.

In fact, the concept of CSI is old. In the 1980s, Drucker (1984) highlighted the corporate motivation to increase economic benefits through innovative practices to transform a social problem into an economic opportunity. Kanter (1999) was the first to use the term ‘CSI’ to define the efforts of firms to exploit business opportunities stemming from the need to create social change. Recently, Osburg and Schmidpeter (2013) include CSI on the list of new business and societal concepts that foster social innovation, along with inclusive business models, sustainable entrepreneurship, and

sustainability. Finally, elaborating on the need for CSR to focus on producing high-impact social innovation, Googins (2013) develops the idea of CSI and defines the concept as follows:

“CSI is a strategy that combines the unique set of corporate assets (entrepreneurial skills, innovation capacities, managerial acumen, ability to scale, etc.) in collaboration with the assets of other sectors to co-create breakthrough solutions to complex social, economic, and environmental issues that impact the sustainability of both business and society.” (p.93)

Although the literature on CSI remains underdeveloped, existing definitions and research results reveal that CSI comprises various themes, including “novelty and innovation in solving social problems” (e.g., Drucker, 1984), the “response of corporations to social problems” (e.g., KPMG, 2014), “stakeholder involvement in problem identification and problem solving” (e.g., Googins, 2013), and “sustaining profitability and ensuring value creation through being sensitive to social problems” (e.g., Kanter, 1999). Additionally, Googins (2013) suggests a number of actions such as creating a social vision for the company, bringing employees to the centre of effort, and nurturing intrapreneurship, all of which lead to successful CSI projects. These characteristics, along with the themes discussed in previous studies, are likely to form the basis for a comprehensive model of firms’ CSI capability.

2.3 Differentiating CSI

While insights from the literature provide a foundation for the definition of CSI, there is still a debate on whether CSI should be studied as a discrete field and the extent to which this concept is distinct from other, related concepts (Googins, 2013). In an attempt to address these questions, we direct our attention to three major constructs, namely, social entrepreneurship, corporate social responsibility (CSR), and organisational innovativeness. Although CSI has clear overlaps with these concepts in terms of common themes such as ‘social orientation’, ‘innovation’ and ‘social value’, we also identify some differentiating elements that can shed light on the dynamics of CSI.

2.3.1 CSR and CSI

Although the concept of CSR has been the subject of extensive debate, theory building, and research over the decades (Carroll and Shabana, 2010), there is no widely accepted definition of CSR. In one early definition, Carroll (1979, p.500) stated, “the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time”. According to Wood (1991), “the basic idea of corporate social responsibility is that business and society are interwoven rather than distinct entities; therefore, society has certain expectations for appropriate business behaviour and outcomes” (p.895). Contemporary definitions of CSR, by contrast, tend to narrow the meaning of the term by replacing society with more proximate stakeholders (Jackson and Apostolakou, 2010). A more recent definition by Aguinis (2011, p.855) states that CSR represents “context-specific organizational actions and policies that take into account stakeholders’ expectations and the triple bottom line of economic, social, and environmental performance”.

The concept of CSR has undergone a fundamental transformation since its initial incorporation into business strategies (Crets and Celer, 2013). Companies' perceptions of CSR have changed over recent decades as the relationship between CSR and firm performance became one of the main concerns. Although research on the relationship between CSR and financial performance is inconsistent (McWilliams and Siegel, 2010; Grewatsch and Kleindienst, 2015; Mattingly, 2015), studies that focus on specific aspects of performance have presented promising results. Tang et al. (2012) find that a consistent CSR engagement strategy will lead to financial benefits for companies. Similarly, Oikonomou et al. (2014) provide evidence that strategic consistency in CSR efforts elicits more favourable assessments from stakeholders. As Grewatsch and Kleindienst (2015) argue, corporate sustainability is now not only a compliance issue for companies but also a strategic tool to promote competitiveness. Therefore, it would be wise to acknowledge the role of CSR as an important strategic asset for firms. It is now recognised that "responsible business practices can help build a more sustainable basis for competitiveness, by strengthening brands and reputation, attracting and retaining talent, achieving efficiency gains and cost savings, meeting societal expectations, and perhaps most importantly by creating business opportunities through social innovation" [Crets and Celer, (2013), p.77].

As CSI could be recognised as a combination of CSR and innovation, the relationship between the two terms should also be considered. Research has shown that there is a correlation between CSR and innovation. McWilliams and Siegel (2000) report evidence of a high correlation between R&D intensity and corporate social performance (a measure of CSR). They argue that this is because firms engaging in CSR practices are usually adopting a differentiation strategy, which also requires intensive R&D investments. Their study also concludes that after controlling for innovation, CSR does not appear to impact financial performance. In a subsequent contribution, Hull and Rothenberg (2008) show that corporate social performance impacts performance more positively in low-innovation firms than it does in high-innovation firms. Wagner (2010) identifies a significant positive relationship between corporate sustainability performance and innovation with high social benefits.

Despite the strong association between CSR and social innovation as complementary concepts, however, it would be a naïve assumption to claim that social innovation is an outcome of a natural CSR evolution process. In their recent book chapters on the interdependence of CSR and social innovation, Crets and Celer (2013) suggest that CSR does not necessarily lead to the launch of new products and services or help companies to achieve sustainable social and environmental impact. As a matter of fact, there are many examples in which a product or a service identified as a social innovation has emerged without being explicitly related to a company's CSR program that is shaped by an overall ethic of sustainability.

Based on the above discussion, it is plausible to argue that an important challenge for CSR today is to transform itself to address difficult social and environmental issues with a sustainable business model that can manage the shifting expectations of different stakeholders. This transformation can lead us to the emerging idea of CSI, which represents a new stage for social responsibility that has the potential to energise, reshape, and reframe approaches to persistent social issues by focusing on producing a wave of high-quality, high-impact social innovation (Googins, 2013).

It is widely recognised that both CSR and CSI place considerable emphasis on the notions of 'social impact' and 'stakeholder engagement'; however, CSI differs from CSR

in one important aspect: although business organisations, the very settings within which CSR emerges, regard innovation as an integral part of their existence, competitiveness, and sustainability (Christensen et al., 2007), they may not transfer the cultural aspects and the competencies involved in innovation to CSR, in either perception or practice (Googins, 2013). Business organisations tend to use innovation to find novel ways of doing things that involve a different offering, business concept or form of organisation (Hamel, 2000) that is not necessarily ‘socially innovative’. As such, by developing and integrating the notion of innovation into CSR, CSI represents a new stage for social responsibility that capitalises on the dynamics and strengths of innovation to address emerging social and environmental issues. Specifically, CSI can move the current state of CSR from random practices of kindness to more systematic and large-scale change, whereby employees and other stakeholders co-create innovative solutions to overcome difficult social and environmental problems (Googins, 2013).

2.3.2 Social entrepreneurship and CSI

Much of the literature on social entrepreneurship focuses on defining the concept (e.g., Mair and Martí, 2006; Peredo and McLean, 2006), with a greater reliance on conceptual than empirical research (Short et al., 2009). Some scholars define social entrepreneurship as a process for addressing social problems, as exemplified by governments and non-profit organisations that operate with business principles (Austin et al., 2006), whereas others regard it as the activities of entrepreneurs who perform CSR (Young, 2001) or as consequences of organised philanthropy (Van Slyke and Newman, 2006) and social innovation (Bornstein, 2004). In their recent comprehensive study that focuses on definitions of social entrepreneurship, Dacin et al. (2010, p.42) propose that “the definition that holds the most potential for building a unique understanding of social entrepreneurship and developing actionable implications is one that focuses on the social value creation mission and outcomes, both positive and negative, of undertakings aimed at creating social value”.

Some scholars and practitioners alike have regarded social entrepreneurship as social innovation created by change agents using entrepreneurial mechanisms to generate and sustain social value either with or without public support (Dees, 1998; Drayton, 2002). They emphasise the role of social entrepreneurs and/or social enterprises in creating social value through innovative approaches (e.g., Friedman and Desivilya, 2010; Peredo and McLean, 2006; Weerawardena and Sullivan Mort, 2006). Real-life examples have also demonstrated that many social enterprises (e.g., Grameen Bank, founded by Mohammad Yunus) generate social and environmental benefits by generating disequilibria in market and non-market environments through their social innovations (Agrawal and Hockerts, 2013). Hence, it is fair to suggest that the concepts of social entrepreneurship and social innovation are closely linked (Maclean et al., 2013), as the central driver of social entrepreneurship is the creation of social value through innovation rather than the replication of existing enterprises or practices (Austin et al., 2006).

Although social entrepreneurship and social innovation are highly related, CSI differs from social entrepreneurship in one important aspect, the intended result. Social entrepreneurship, by its very nature, is mission-oriented and has the ultimate aim of creating social value through entrepreneurial dynamics. Social enterprises usually focus on value creation, which increases the aggregate utility of societies’ members after accounting for the opportunity cost of resources used (Mizik and Jacobson, 2003). CSI,

by contrast, focuses on solving social problems to create not only social value but also economic value for the organisation itself. Companies pursuing CSI activities tend to establish a balance between value creation and value capture by simultaneously creating value for society through social impact investments and ensuring the growth and sustainability of the organisation through financial returns.

2.3.3 Organisational innovation and CSI

Based on the work of Schumpeter (1942), innovation can be understood as a new combination of production factors. It concerns the organisational adaptation to respond to technological, social and market-related challenges (Damanpour et al., 2009) and involves the adoption of something new that creates value for the organisation that finds it (Baldwin and Curley, 2007). Thus, contrary to mere invention, conceptualisations of innovation involve transforming an idea or an invention into a solution that creates value for multiple stakeholders such as customers, shareholders, or societies.

Previous research has focused on the various types of innovation (product, process, and market innovations), the dimensions of innovation (objective and subjective), the scope of change (radical, incremental, and reappplied), and how change is generated (closed or open innovation) (Cooper, 1998; Stummer et al., 2010; Utterback, 1994). Although all the elements of these differentiations are highly relevant to the concepts of social innovation, open innovation is particularly important for CSI as a critical source of innovation.

Open innovation, which refers to the use of purposive inflows and outflows of knowledge to stimulate innovation (Chesbrough, 2003), has been regarded as a new means by which contemporary organisations can create novel solutions to existing problems through significant stakeholder interaction. Although this type of innovation appears much more relevant for attaining business goals, it is equally effective in social innovations that emphasise solving social problems through strong collaboration among stakeholders. As there are no serious issues today that can be solved by any of sector alone, business organisations tend to address social challenges in an innovative way through a strong network of relationships.

In line with the previous arguments, it would be fair to argue that business organisations are increasingly under pressure to integrate social innovation into their innovation process and, thereby, into their core business operations (Osburg, 2013). Given the decreased power and resources of the public sector in many countries, these organisations are expected to go beyond their traditional social responsibility efforts and solve emerging problems in an innovative and collaborative way. This brings us to a novel category or type of organisational innovation, CSI, in which organisational efforts are directed toward social goals with high levels of stakeholder involvement. CSI differs from organisational innovation not only in its strong commitment to stakeholder involvement but also in its ultimate purpose of creating social change. Stakeholder involvement appears to be an integral part of business organisations' social innovation initiatives, whereas it is not necessarily observed in every type of organisational innovation.

Based on the above discussions, we develop Table 1 to demonstrate the commonalities and discrepancies between CSI and related concepts.

Table 1 Commonalities and discrepancies between CSI and related concepts

<i>Constructs</i>	<i>Social change/impact</i>	<i>Novelty/innovation</i>	<i>Stakeholder involvement</i>	<i>Corporate perspective/focus</i>
Social innovation	√	√	√	
Corporate social innovation	√		√	Creating shared value; transforming social problems relevant to the corporation into business opportunities
Corporate social responsibility	√	Not necessarily	√	Social responsibility toward stakeholders
Social entrepreneurship	√	√	√	Creating social impact through entrepreneurial risk taking and earned income strategies
Organisational innovativeness		√	Not necessarily	Innovativeness of organisations: product, process and behavioural innovativeness

3 Research methodology

Because the literature on CSI is not yet rich enough to provide a sound conceptual foundation for investigating CSI, we conducted an exploratory qualitative study to delineate the concept of ‘CSI’ and investigate the key dimensions underlying the social innovation capability of business organisations. The data were collected through semi-structured interviews with 20 experts to capture the experiences and interpretations of relevant actors (Keats, 2000; Strauss and Corbin, 1998).

3.1 Sampling and procedure

We began our interviews with a purposive sample (e.g., Saunders et al., 2007) of 14 experts who play an active role in various ‘social innovation’ projects in their respective organisations (either for-profit or non-profit) and/or who adopt social innovation as an academic field of interest. By targeting individuals with this expertise, it was possible to better understand where CSI fits in theory and practice, whether and how it differs from related constructs, and which factors characterise the CSI capability of business organisations.

During the interviews, a snowball sampling technique was also used, resulting in an additional six respondents. The final sample consisted of 20 experts from a diverse group of organisations and occupations as shown in Appendix. Overall, we conducted in-depth interviews with

- a managers working in CSR, corporate communication, and corporate affairs departments in their respective organisations and managers of consulting companies providing social innovation and sustainability-based business solutions (n = 11)
- b experts from NGOs that implement social innovation projects (n = 4)
- c academics in management or marketing fields who are interested in the ‘social innovation’ topic (n=5).

We scheduled a face-to-face interview with each interviewee, and the interviews were conducted from January 2013 to March 2014. All participants received an overview of the research project and its purposes prior to the interview to ensure that they would have a common level of understanding about the research objective and the interview procedure. As noted previously, the primary purpose of the interviews was to clarify the meaning of CSI and to gain insight into the key factors that underlie the social innovation capability of business organisations. As such, interviewees were asked to consider two major topics prior to the interviews:

- 1 the concept of social innovation in relation to their respective organisations
- 2 the factors that influence an organisation’s ability or capacity to conduct successful social innovation projects.

3.2 *Data collection*

Semi-structured interviews were held to foster systematic data collection and to maximise the comparability of interviews while ensuring the flexibility to respond to emerging themes and issues raised by the interviewees (Keats, 2000; Strauss and Corbin, 1998). Each interview lasted approximately one hour. We asked open-ended questions during the interviews to ensure that the themes that emerged were not the result of interviewer prompting. All interviewees were asked the following questions:

- 1 What is CSI?
- 2 What traits or actions do you associate with the term ‘CSI?’
- 3 How does CSI differ from
 - a CSR
 - b social entrepreneurship
 - c organisational innovation?
- 4 What factors influence an organisation’s ability or capacity to carry out successful social innovation projects?
- 5 What distinguishes organisations that carry out successful social innovation projects from organisations that run unsuccessful projects?

In addition to the general questions presented above, we directed supplementary questions to interviewees working in for-profit organisations (e.g., ‘Is your company trying to monitor and define the needs of its stakeholders and the society at large?’) and in non-profit organisations (e.g., ‘How does your organisation define social needs while shaping its activities?’). During the interviews, we also had the opportunity to request

additional explanations and clarifications of comments and to ask additional questions to elicit examples and other insights.

3.3 Data analysis

All of the interviews were audiotaped and transcribed and analysed in a qualitative-interpretive manner. A thematic analysis (Braun and Clarke, 2006) was conducted on the interview data by using Nvivo 10 software. The first step was for the first author to familiarise herself with the data through open reading and by considering the themes emerging from the participants' responses. Then, this author coded and themed the data word by word and grouped the text by theme in a separate document (Lee, 1999; Strauss and Corbin, 1998). To address the problems of researcher bias and individual interpretation, the second author analysed the transcripts independently following the same procedure as the first author. Although some minor adjustments were necessary, the themes were consistent and demonstrated high inter-rater reliability (Lee, 1999). Subsequently, the authors discussed the main themes derived from the qualitative data and created a master list of themes through the process of confirmation (i.e., seeking agreement on the inclusion of each theme and the interpretation of themes between the two researchers). During this process, the authors combined certain themes if appropriate and assessed the frequency of mentioned themes across the interviews.

4 Findings

The ideas articulated by the interviewees accorded with the information derived from the literature review. Some ideas were organisation specific, but there appeared to be a reasonable level of similarity in how the interviewees described CSI and in the sub-dimensions that they associated with CSI capability.

4.1 An operational definition of CSI

The analysis of the interview data together with the literature review led to a comprehensive definition of CSI, which is: "practices or efforts by corporations (1) that aim to find innovative solutions to social problems (primarily within the boundaries of the organizational environment); (2) that are initiated, shaped, and coordinated based on the innovative capacity and capability of organizations to identify social problems (supported by a culture that emphasizes social innovation); and (3) that require stakeholder involvement in problem identification and solution."

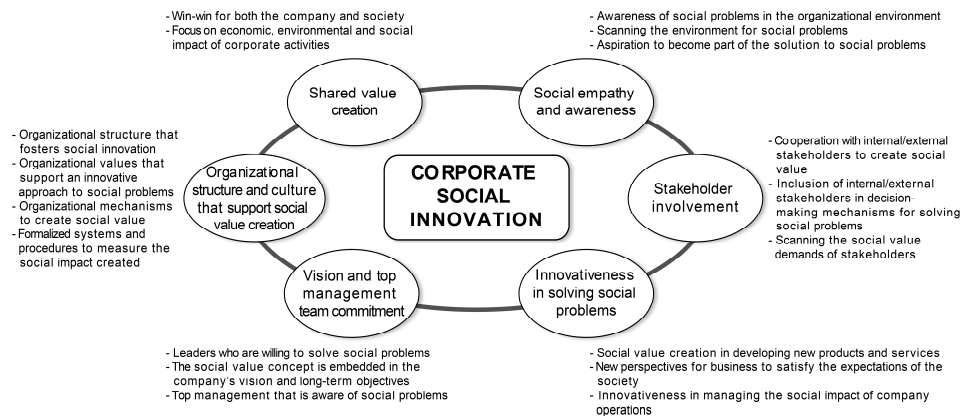
This definition is consistent with the previous definitions of social innovation in the organisation studies literature (e.g., Howaldt and Schwarz, 2010; Mulgan, 2007; Phillis et al., 2008). For instance, Caulier-Grice et al. (2010, p.17) refer to social innovation as "... innovations that are social both in their ends and in their means". Specifically, they define social innovations as "new ideas (products, services and models) that simultaneously meet social needs (more effectively than alternatives) and create new social relationships or collaborations" (p.18). As such, from the perspective of private sector organisations, the motivation and skills to initiate and complete a social innovation project from beginning to end must be organised around 'social value'. Additionally, our

definition complies with the existing definitions CSI, which revolve around the themes of “innovation in solving social problems” (e.g., Drucker, 1984; Phillis et al., 2008), “response of corporations to social problems” (e.g., Auriac, 2010; KPMG, 2014; Tham, 2010), “stakeholder involvement in problem identification and problem solving” (e.g., Dawson and Daniel, 2010; Googins, 2013), and “sustaining profitability and ensuring value creation through being sensitive to social problems” (e.g., Kanter, 1999).

4.2 Dimensions of CSI capability

The analysis revealed six dimensions of CSI capability associated with the dominant and recurring themes in the qualitative data (Figure 1). It should be noted that there is no ‘key’ or ‘central’ theme among these six dimensions, and hence, each of them must be considered equally important and necessary for developing CSI capability.

Figure 1 Dimensions of CSI capability



4.2.1 Shared value creation

A focus on shared value creation (i.e., focusing on social innovation not only for the sake of society but also for the benefits that accrue to the organisation itself) is one of the key dimensions of CSI capability. In two of the interviews, the participants (i.e., corporate communication and corporate responsibility managers of two multinational corporations) made the following remarks on this issue:

“We are in the computer business. We educate teachers to increase awareness of computer programs. This is a ‘win-win’ situation, so it is sustainable for us.”

“If you are able to make technical analyses in your processes and decrease water or electricity consumption for example, it is both good for the society—as you are addressing the social concerns about sustainability—and for business performance. Such innovations do not only decrease your costs, increase your efficiency, and support your profits but also contribute to your reputation, brand image, and trustworthiness.”

Many scholars (e.g., Drucker, 1984; Hart and Prahalad, 2002; Kanter, 1999; Porter and Kramer, 2011) have highlighted the shifting nature of businesses in exploiting social challenges as potential business opportunities. A partner from a consulting company that focused on sustainability reporting explained this as follows:

“This is not pure philanthropy. Companies, while targeting higher profitability, develop products and services to solve social problems affecting their stakeholders. Development of these new products and services contributes to profits as well.”

Based on the above statements, it is plausible to argue that the ability to simultaneously create business and social value is an important skill that is likely to shape the CSI capability of business organisations.

4.2.2 Social empathy and awareness

The expert interviews suggest another important element that may underlie the CSI capability of business organisations, namely, social empathy. Companies that are highly capable of initiating and maintaining CSI practices are not only aware of and sensitive to the social problems in their organisational environment but also willing to find innovative solutions to the problems in their organisational environments. A CSR manager of an international textile company explained this issue as follows:

“Each social innovation has to be industry specific. I mean each firm has to deal with the problems specific to its industry... We are aware of social problems in our company’s environment, and we want to do something good for the industry in which we operate.”

Related remarks were made by the founding partner of a consulting company that focused on social innovation and sustainability reporting and by the CSR and sustainability manager of a Turkish conglomerate:

“Companies have certain impact zones. Each company has to be aware of its impact zone and use it to ensure sustainable development. This awareness has to turn into societal empathy through an innovation lens.”

“We look at two main aspects in our social innovation efforts. First, what we have in the kitchen...and what the society needs and wants...By kitchen, I mean the group [of] companies. We always ask ourselves: can we make a difference in society? If yes, how? Can we really serve societal needs?”

In line with these comments and observations, we can argue that ‘social empathy’, as a specific competence, is likely to prompt organisational efforts to scan the external environment for social challenges and to define social needs in the most effective way (Pfitzer et al., 2013). Companies with high social empathy tend to identify the social problems in their task environment, understand the needs of different stakeholders, and attempt to address these needs in the best possible and most innovative way.

4.2.3 *Stakeholder involvement*

Organisations with higher social innovation capability tend to involve their stakeholders in identifying and addressing social problems. As Dawson and Daniel (2010) suggest, “an organization’s ability to innovate is necessarily a result of the collective capabilities of its individuals, and their activities and relationships in supporting the organization to reach its business goals” (p.16). The following excerpts support previous arguments:

“Stakeholder engagement is critical (for social innovation); you have to involve them in company decision-making processes.”

“We do not believe that we can make social innovation just by ourselves, as a single company. No matter how large your organization is, it is difficult to create social innovation without the participation of stakeholders.”

For the social innovation efforts of companies to be successful, both external and internal stakeholders need to be integrated into the process. External parties that have an interest in a specific social issue are critical to defining the problem and finding relevant solutions. These actors also have the potential to support the final stage of social innovation, in which the social impact is scaled to the community at large. The involvement of internal stakeholders is also a critical issue. Employees must be at the centre of social innovation efforts (Googins, 2013), as initiatives for corporate citizenship and social intrapreneurship significantly facilitate CSI. These issues are also illustrated in the following excerpt:

“Public Private Partnership (PPP) ... All of our social innovation efforts are founded on this logic... Why do we, as a company, engage in social innovation projects? To understand a social problem and solve it... How can we identify and solve these problems then? With the support of civil society, public institutions, NGOs, and our employees... The actors will come together...and decide on the most sustainable social innovation projects in a collaborative way.”

4.2.4 *Innovativeness in solving social problems*

Innovation forms the basis of the conceptual framework of social innovation (Dawson and Daniel, 2010; Osburg, 2013). As one representative from a consulting company clearly stated, “Social innovation is about doing something new.” The indispensable nature of innovativeness in social innovation was also reflected in the results of the current study. The findings demonstrate that organisations with significant CSI capabilities are skilled at finding innovative solutions to social problems by applying their innovativeness to their social innovation efforts. The following excerpts illustrate the significant role of organisational innovation and innovativeness in successfully addressing societal problems.

“Social innovation is about forming new relationships, finding new ways of doing things, and transforming vulnerabilities into wealth.”

“In social innovation, you have to create something new for the society...develop a new method that will contribute to the society”

“In our social innovation efforts, we use technology as a tool to create innovation... We use technological innovations to create a social benefit.”

4.2.5 Vision and commitment of the top management team

The semi-structured interviews reveal that the commitment of top management is a fundamental element of CSI. A CSR coordinator from a conglomerate company stated as follows:

“Vision, leadership, and the leadership team are critical for successful CSI.”

Creating a ‘social vision’ for a company (Googins, 2013) or embedding a ‘social purpose’ (Pfitzer et al., 2013) ultimately affects the culture, skills, systems, and structures of the organisation and leads to better social innovation efforts. The leader’s role is also critical in directing the company toward more ‘socially oriented’ goals. In increasing the impact of social innovation efforts, top management must leverage resources and convince stakeholders and other players to adopt the socially beneficial solution. The following excerpts from the interviews illustrate the importance of vision and top management support for the success of social innovation initiatives:

“To run successful social innovation projects, first, you need a vision. I mean the top management should believe in it... The importance of social responsibility and social innovation should be internalized from top to bottom. This needs to be a management mindset or business principle.”

“To improve your CSI capability, first, your top management needs to be aware of the social concerns... Then, you should involve your stakeholders to decision-making ... Your organizational structure needs to support collaborative decision making as well.”

4.2.6 Organisational structure and culture that support social value creation

If a firm regards social innovations as ‘the next CSR’, then such efforts will remain restricted to CSR units (Osburg, 2013). However, organisations that have strong social innovation capabilities would embed social innovation within their business models, along with their organisational systems, procedures, and structure. Additionally, a corporate culture that emphasises ‘social responsiveness’ and ‘innovativeness’ appears to be one of the fundamental elements of CSI.

While explaining the skills of a company that can implement successful social innovation projects, a partner from a sustainability consulting company stated the following:

“The company targets a social problem and has the structure and mechanisms to mobilize its human resources, financial resources, and all else to create a model to solve the problem.”

From the above arguments, it is fair to suggest that companies need to integrate social innovation into their budgeting and performance evaluation systems. Although measuring the impact of social innovations is a key factor that can provide feedback for the next generation of social innovation efforts, there is currently no widely used corporate system that measures the social and business benefits (Pfitzer et al., 2013). The results of the current study indicate that measuring the impact of social innovations as a key performance indicator (KPI) facilitates future social innovation efforts within private sector organisations.

4.3 *Theoretical underpinnings of CSI*

In the final part of the interviews, we asked the interviewees a complementary question intended to shed light on why business organisations aim to implement and/or participate in social innovation projects. Although the responses to this question varied, all interviewees emphasised that business organisations regard social innovation projects as a strategic tool that increases firm reputation and legitimacy in the eyes of various stakeholders. The interviewees also emphasised that business organisations are restricted by various institutional pressures that drive them to address societal problems and to meet stakeholder expectations via innovative approaches. A CSR manager of an international textile company in our sample explained as follows:

“Standard procedures do not meet the expectations of stakeholders anymore. That is why our company started to look for new perspectives to ensure sustainability and social responsibility. This (the search for social innovation) has something to do with the expectations of society.”

The previous arguments regarding the legitimacy aspect of CSI lead us to a well-established theory, namely institutional theory (DiMaggio and Powell, 1991; Scott, 1995), to explain the major reasons behind business organisations' social innovation initiatives.

As CSI involves societal considerations in its very name, institutional theory provides a valuable conceptual lens through which to understand the social innovation efforts of business organisations. An institutional perspective on CSI proposes that business organisations do not make their CSI decisions on the basis of instrumental decision-making; rather, such decisions are shaped according to a broader social context that includes the society or industrial sectors that represent an important boundary for institutional fields (DiMaggio and Powell, 1991). Thus, it is plausible to argue that CSI initiatives represent a conscious attempt by organisations to comply with the institutionalised forms of behaviour in their society and/or industrial sector. The pressures for business organisations to implement social innovation practices may manifest themselves at the industrial sector level, as firms operating in the same sector confront similar social challenges (Jackson and Apostolakou, 2010). CSI may also become part of sectoral governance structures because of coercive state regulations, normative pressures from various stakeholder groups (e.g., consumer groups, communities), or firms' own efforts to imitate competitors and protect their reputation (Jackson and Apostolakou, 2010). Accordingly, business organisations tend to regard CSI practices as a strategic tool to conform to the institutional environment, to satisfy social expectations, and eventually, to align social benefits with economic benefits in collaboration with various stakeholder groups.

5 Discussion and conclusions

In the contemporary business environment, social innovation is emerging as a ‘rule of the game’. Organisations increasingly adopt social innovation to address the most pressing social and environmental challenges in a way that simultaneously contributes to the success of the business. Hence, understanding business organisations’ awareness and perception of ‘CSI’ is critical for establishing a common discussion platform.

Although CSI has clear overlaps with the well-known concepts of ‘CSR’, ‘social entrepreneurship’, and ‘organisational innovation’, the former is distinct from the latter concepts in many respects. For example, both CSR and CSI place considerable emphasis on the notions of ‘social impact’ and ‘stakeholder engagement.’ However, business organisations do not necessarily transfer the cultural aspects and competencies involved in innovation to CSR, in either perception or practice (Googins, 2013). Similarly, CSI differs from social entrepreneurship in one important aspect, the intended result. Social entrepreneurship, by its very nature, is mission-oriented and has the ultimate aim of creating social value through entrepreneurial dynamics. CSI, however, focuses on solving social problems to create not only social value but also economic value for the organisation itself. Finally, CSI differs from organisational innovation not only in its strong commitment to stakeholder involvement but also in its ultimate purpose of creating social change.

Based on the previous arguments and expert interviews, we formulate a comprehensive definition of CSI, which is: “practices or efforts by corporations (1) that aim to find innovative solutions to social problems (primarily within the boundaries of the organizational environment); (2) that are initiated, shaped, and coordinated based on the innovative capacity and capability of organizations to identify social problems (supported by a culture that emphasizes social innovation); and (3) that require stakeholder involvement in problem identification and solution.” This definition extends our conceptual understanding of CSI and provides insight into the key dimensions of the CSI capability of organisations.

The literature review and qualitative interviews also reveal six complementary dimensions of organisations’ CSI capability:

- a shared value creation (i.e., focusing on social innovation not only for the sake of society but also to benefit the organisation itself)
- b social empathy and awareness (i.e., being aware of and sensitive to social problems in the organisational environment)
- c stakeholder involvement (i.e., involving stakeholders in identifying and solving social problems)
- d innovativeness in solving social problems (i.e., reflecting the innovative capacity for social value creation)

- e vision and commitment by the top management team (i.e., embedding the ‘social’ dimension into the company’s vision and ensuring the support of top management for social value creation)
- f an organisational structure and culture that support social value creation (i.e., embedding social innovation within firm business models, along with the organisational systems, procedures, and structure).

Our model of the dimensions of CSI capability has direct managerial implications. First, our research suggests that to be successful in their social innovation efforts, business organisations need to be aware of the problems in their task environment (i.e., social empathy) and act on them in a way that creates both economic and social value (i.e., shared value creation). Second, our findings reveal that innovativeness is *sine qua non* for effective CSI outcomes. It is difficult for companies to create sustainable social and business impact without integrating their innovation skills into their social responsibility efforts. Third, managers need to evaluate their capacity for active stakeholder engagement in their CSI efforts. They need to ensure an active dialogue with different actors in the society to conform to the prerequisites of our proposed CSI capability model. Business organisations also need to develop a vision for CSI that is supported by the top management team and design strategies, systems and structures that will facilitate the implementation of successful social innovation projects. Managers are likely to control all dimensions of CSI capability, except for organisational culture, as more time and effort are required to alter organisational values.

Although CSI has recently emerged as a popular strategy for business organisations, the effectiveness and trustworthiness of CSI efforts remain a subject of ongoing debate. Seelos and Mair (2012) question the recent popularity of social innovation and argue that the “prevailing innovation discourse may push organizations toward adopting innovative practices, when actually more incremental developmental practices would produce more value over time...Unfortunately, dedication and routine work do not have the sexiness factor of innovation” (p.47). In their recent article, Crane et al. (2014) challenge Porter and Kramer’s (2011) idea of “creating shared value,” stating that the concept is “unoriginal; ignores the tensions inherent to responsible business activity; is naïve about business compliance; and is based on a shallow conception of the corporation’s role in society” (p.130). It is difficult to predict how the debate will unfold in the future, but these discussions and arguments support the contention that social innovation and CSI will remain on the agendas of both academics and practitioners.

6 Limitations and future research directions

The results of this study should be interpreted in consideration of its limitations. First, although the interviews conducted with 20 experts (managers and NGO experts in social innovation) provided us with rich and valuable information, the generalisability of the findings will be limited until the ideas and themes generated from the interviews are supported by further qualitative data, such as those derived through focus groups or case studies, and by data from different economic and cultural contexts. Moreover, the dimensions of CSI must be validated through empirical research to develop and validate a CSI scale that includes its sub-dimensions.

Overall, this study needs to be considered as a starting point that calls for more research into conceptualising CSI. We believe more attention needs to be devoted to its emergence and diffusion.

Acknowledgements

This research was funded by The Scientific and Technological Research Council of Turkey (TUBITAK) under ARDEB 3501 National Young Researchers Career Development Program (CAREER), Grant No.113K258.

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Appendix

Interviewee profiles

Table A1 Interviewee profiles

<i>Respondent number</i>	<i>Gender</i>	<i>Organisation</i>	<i>Occupation/field of study</i>
1	Male	Consulting company focused on social innovation	Founder and third sector expert
2	Female	Public university	Academician (entrepreneurship, marketing)
3	Female	Public university	Academician (management and organisation)
4	Male	Management consulting company	Management consultant (sustainability)
5	Male	International corporation in the textile industry	CSR manager
6	Female	Consulting company focused on sustainability reporting	Founding partner
7	Male	NGO	Founder
8	Female	NGO	Director
9	Female	International university	Project and research assistant
10	Female	Private university	Academician (innovation, social entrepreneurship)
11	Female	NGO	Communications coordinator
12	Female	Consulting company focused on social innovation and sustainability reporting	Founding partner
13	Male	International corporation in the technology industry	Corporate communication director
14	Male	International corporation in the IT industry	Corporate citizenship manager
15	Female	Conglomerate	CSR and sustainability manager
16	Female	Social enterprise	Founder
17	Female	Conglomerate	CSR coordinator
18	Male	Private university	Strategic advancement coordinator
19	Male	NGO	Director
20	Female	International corporation in the communication industry	Corporate affairs director