Chapter 7
Implementation of a Social Innovation Model for Economic Value Creation

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ABSTRACT

This chapter reviews and discusses the multidimensionality of social innovation literature and relates it to some aspects of economic value creation. Moreover, it proposes a model for micro-businesses creation as a solution to reduce asset poverty. The model, characterized as a social innovation, was adapted to an academic program at the Tecnológico de Monterrey, which is one of the largest private universities in Mexico. The results of the pilot implementation clearly showed a positive impact in the increase in sales, job creation, and –consequently– the creation of economic value. Finally, the chapter highlights social innovation as an important input for governmental economic plans because the development level of a country is more important than its economic growth.

INTRODUCTION

Increasingly, private firms, public organizations and community groups are becoming aware of their responsibility and role in solving social problems that have not been attended by traditional approaches (Lettice & Parekh, 2010). New generations are now engaged in innovative ways of value creation and exchange that might contain the basic elements of true knowledge organizations. In academy, the term social innovation is present in Economics, Sociology and Political Science, hence new journals have been created (e.g. Stanford Social Innovation Review, International Journal of Social Entrepreneurship

DOI: 10.4018/978-1-5225-0097-1.ch007
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and innovation). Even more interesting is the extraordinary upsurge of social innovation forms that have emerged: mutual self-help, microcredit, cooperatives, trade unions, reading clubs, think thanks, foundations among many others.

It is the purpose of this chapter to review and describe the social innovation literature and some aspects of economic value creation, in order to clarify the variety of approaches and the different nature of lines of inquiry. In addition, the chapter describes a case study of an academic course that contributes to reduce asset poverty through the development of a program that promotes the micro-businesses creation. Such program can be characterized as a social innovation.

The implementation of the case study was based on a model that considers a continuous learning process focused on the quality of the person and the business (Walton, 1986). In order to measure the effect of the model, 25 Mexican business owners participated in the program and were supported by students and mentors from the Tecnológico de Monterrey (a private Mexican University). The results showed that the model, characterized as a social innovation, had important positive effects in promoting sales, jobs creation and growth acceleration of the micro-businesses.

The chapter concludes highlighting the importance of social innovation in our rapidly changing world, its multidimensionality and systemic approach. The main contributions of the chapter are the social innovation literature review that maps the current academic view and the case study description in an interesting context. Moreover, the chapter presents some implications of social innovation for leaders, policy makers, funders, academic and practitioners. Finally, the chapter reveals further research lines.

SOCIAL INNOVATION

Theoretical Background

As in other fields like Knowledge management, Social innovation has grown up as a field of practice with a relatively little attention to theory. Over the last two centuries, innumerable social innovations have emerged. They include the invention and spread of trade unions and cooperatives, the spread of collective insurance against sickness and poverty, the spread of new models of the university in the 19th century, the spread of the kindergarten, among many others (Mulgan, Tucker, Ali & Sanders, 2007). Actors behind such social innovations have changed in history. During some periods, civil society provided the impetus driving the mutual self-help and microcredits in the 19th century. In some others, social movements took the lead, as was the case of the antislavery movement in late 18th century. Governments also have been main characters, for example in 1945 when democratic governments built welfare states and schooling systems. It is hard to think in any field in which social innovation has not played an important role (Mulgan, et. al, 2007).

Academic literature on social innovation goes back to Max Weber (1922) and the concept of social action, as well as the analysis of action systems based on it by Talcott Parsons (1951). In 1934, Joseph Schumpeter created another theoretical landmark by establishing the fundamental role of innovation and structural change in the organization of society and the role of the entrepreneur as a driver of development. The social innovation concept currently draws from four theoretical sources: innovation, social investment, change and open society (European Commission, 2011). The literature related to innovation, which comes from management studies, stresses the social processes in which innovation has to be embedded. The literature on social investment and social capital brings to the fore the relationship between