Is the "firm" a meaningful unit of analysis for social innovation?

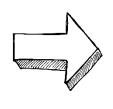
No, not really.

Tyler Wry

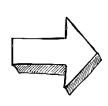
Associate Professor The Wharton School













How are social innovations generated?

Where will they work?

What effects do they have?





How are social innovations generated?

Org-level research is mostly about innovation tactics

- exploration vs. exploitation (March, 1991)
- Paradoxes and tensions (Battilana & Dorado, 2010; Smith & Tracey, 2016)

More important... who decides to pursue social innovation?

- Social and institutional entrepreneurs (York et al., 2016; Wry & York, 2017)
- Top managers / decision-makers (Useem et al., 2015)





How are these decisions made?

Individual-level factors

• Disciplinary training (Thornton, 2004), roles and identities (Wry & York, 2017), cognitive biases and heuristics (Wry & Durand, 2021)

Uncertainty-reduction

• Mimesis, models, and diffusion (Ballesteros & Wry, 2020; Mair et al., 2012; Wry et al., 2020)

External pressures

• Social movements and field-frames (Lounbury et al., 2003), resource-dependencies (Cobb et al., 2016), legitimacy challenges (Dacin et al., 1999)





Empirical example the BRT statement

External pressures



Rise of impact investing

Progressives challenge legitimacy

Consumer trends / preferences

Individual decisions



Jamie Dimon + Larry Fink prioritize social impact

Memesis

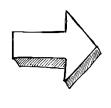


182 CEOs sign the declaration

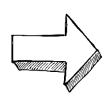
Evidence of behavioral change (at least pre-COVID)













How are social innovations generated?

Where will they work?

What effects do they have?

Individual- and field-levels are more meaningful





Where will social innovations work?

Org-level research is mostly about stabilizing the core

• Inter-personal tensions, guardrails, and resolutions (Ashforth & Riengen, 2014; Battilana et al., 2015; Jay, 2013; Pache & Santos, 2010; Smith & Besharov, 2019;)

More important... where are innovations feasible? Where will they "stick?"

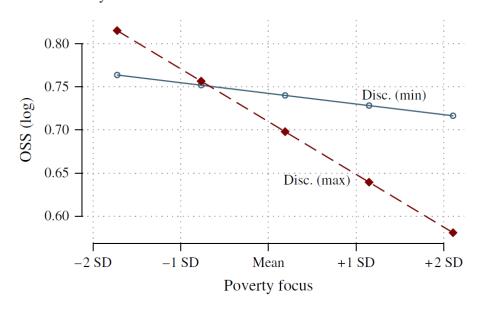
- Resource availability (Agrawal & Hockerts, 2019; Cobb et al., 2016)
- Crisis and cognition (Staw et al., 1981; Wry et al., 2020)
- Institutional context (Wry & Zhao, 2018)

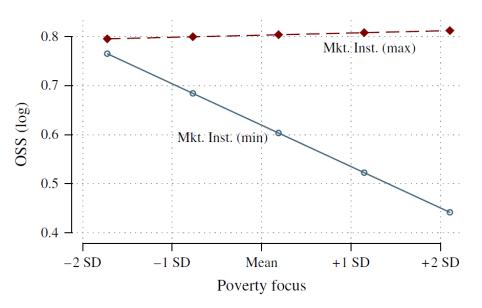




Empirical example Global Microfinance

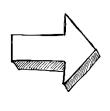
Figure 1. Interaction Plots: Significant Moderators of the Relationship Between MFO Poverty Focus and Operational Self-Sufficiency



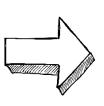














How are social innovations generated?

Individual- and field-levels are more meaningful

Where will they work?

Institutional context is more meaningful

What effects do they have?





What effects do social innovations have?

Org-level research focuses on first steps in the "logic model"

Inputs —

Def. The resources required to sustain and grow an enterprise (e.g., human resources, financial resources, legitimacy)

Activities

Def. The specific activities that an organization uses to pursue its pro-social goals (e.g., making loans to the poor; offering counseling; teaching employment skills)

Output

Def. The immediate, measurable results of an organization's social mission pursuits (e.g., green energy produced; borrowers served; beneficiaries "graduated" to the formal labor market)

Outcomes

Def. The medium-term effects that an organization has on people, communities, or the natural environment (e.g. empowerment, CO2 reduction)

Impacts

Def. The long-term effects that an organization has on broad outcomes of interest (e.g., new social norms, poverty reduction; equality; reduced global warming)





What effects do social innovations have?

Org-level research focuses on first steps in the "logic model"

Outputs

Financial Resources Earned income Moizer & Tracey, 2010 Santos et al., 2015 External funding Cobb et al., 2016 Lee & Huang, 2017 Miller et al., 2010 **Entrepreneurial Energy** Lee & Battilana, 2013 Miller et al., 2010 Wry & York, 2017

Human Resources

Leung et al., 2013

Organizational

Inputs

Managing Tensions Battilana & Dorado, 2010 Battilana & Lee, 2014 Battilana et al., 2015 Besharov, 2014 Besharov & Smith, 2014 Jay, 2013 Pache & Santos, 2010, 2013 Powell et al., 2018 Smith & Besharov, 2017 Tracev et al., 2011 Wrv & York, 2017 Prosocial Certification Conger et al., 2018 Gehman & Grimes, 2017 Grimes et al., 2018 Muñoz et al., 2018 Peredo et al., 2018 Sharma et al., 2018

Social Impact Activities V. little direct research

Activities

Prosocial Outputs Battilana et al., 2015 Wry & Zhao, 2018 Measurement Challenges Ebrahim & Rangan, 2014 Hahn & Lülfs, 2014 Haugh & Sugar, 2017 Molecke & Pinske, 2017 Nason et al., 2017

Impacts Outcomes

Interpretivist Approaches André et al., 2018 Tobias et al., 2013 Utting, 2009

Positivist Approaches Ballesteros et al., 2017

Outside of Management Baneriee et al., 2015 Duflo et al., 2007 Duvendack et al., 2011

Systemic Change Haugh & Talwar, 2016 Leung et al., 2013 Mair et al., 2012

Outside of Management Beath et al., 2013





What effects do social innovations have?

Org-level research focuses on first steps in the "logic model"

More important... what are the impacts?

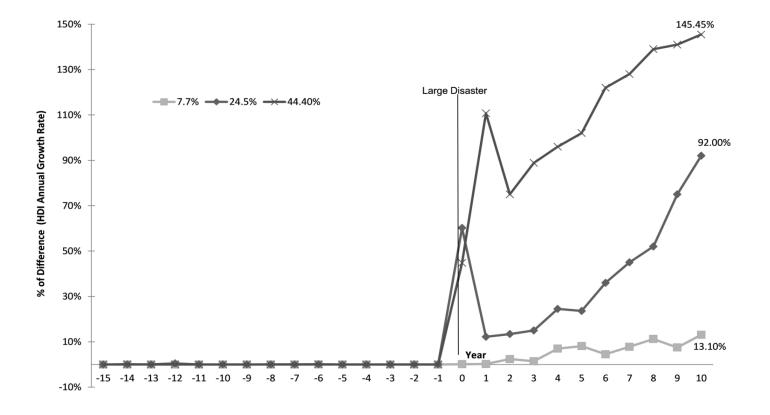
- Need to look at aggregate behaviors (Ballesteros et al., 2017)
- Non-organizational outcome indicators (Banerjee et al., 2015; Duflo et al., 2007)





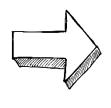
Empirical example Disaster Relief

Figure 2. The Effect of Giving from Locally Active Firms on Disaster Recovery

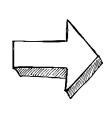














How are social innovations generated?

Individual- and field-levels are more meaningful

Where will they work?

Institutional context is more meaningful

What effects do they have?

Non-org impacts are more meaningful

