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SOCIAL ENTERPRISES AND INNOVATION PERFORMANCE: THE MEDIATING EFFECTS OF R&D ACTIVITIES AND EXTERNAL KNOWLEDGE SOURCING (SUMMARY)

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≈ SUMMARY ≈

**SOCIAL ENTERPRISES AND INNOVATION PERFORMANCE:
THE MEDIATING EFFECTS OF R&D ACTIVITIES
AND EXTERNAL KNOWLEDGE SOURCING**

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Principal Topic

Social entrepreneurs are expected to bring about new economic, social, institutional, and cultural environments (Rindova et al., 2009); the very essence of their endeavors being social change (Alvord et al., 2004, Christensen et al., 2006, Mair and Marti, 2006; Steyaert and Hjorth, 2006). The literature largely suggests that innovation capacity is an intrinsic quality of a social enterprise. However, recent work by Renko (2013) shows that innovative nascent social entrepreneurs are unsuccessful in developing their innovative ideas into successful companies, and that non-innovative social entrepreneurs have far higher odds of succeeding. In order to shed light on this issue, the current paper investigates how the social character of enterprises affects their innovation activities and their innovation performance.

Method

Building on the knowledge-based view of the firm (Grant, 1996), we argue that social enterprises differ significantly from their commercial counterparts with respect to two important activities driving innovation performance, namely (a) the extent to which they develop knowledge internally, and (b) the extent to which they source external knowledge. We surveyed a representative sample of 7159 Flemish enterprises regarding their economic and social goals, as well as their innovation activities in the period 2010-2012 and obtained a response rate of 52% (after two reminders and follow-up). We use structural equation modelling to investigate to which extent a focus on social goals affects R&D spending and external knowledge sourcing, and how this translates into innovation performance.

Results and Implications

Our analyses demonstrate that social enterprises indeed differ from their profit-oriented counterparts with respect to R&D spending and engagement in external collaboration and external information sourcing, resulting in different innovation performance. This paper contributes to the social entrepreneurship literature by analyzing social enterprises innovation activity and performance through the lens of the knowledge-based view of the firm. The results emphasize the distinctiveness of social enterprises, and highlight that findings analyzing innovation in for-profit enterprises cannot simply be transferred to the social enterprise setting.

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