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THE ROLE OF INNOVATIONS WITHIN SOCIAL ENTREPRENEURSHIP: AN EMPIRICAL STUDY ON FINNISH SOCIAL ENTERPRISES

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Principal Topic

Although innovation has the potential of offering social entrepreneurial initiatives great possibilities to focus on social issues, it appears that the role of innovations within social entrepreneurship has been studied only to a very limited extent. As a contribution to covering this gap in the literature, the relation between core innovations within social enterprises and both the profit expectations and sustained competitive advantage viewed from a resource-based perspective are studied in this paper.

Method

Data for this study was collected in spring and autumn 2010 mainly via internet-based surveys directed to social enterprises found in the official Finnish register of social enterprises. The register comprises 154 firms of which 67 participated in the survey (response rate 44%). The questionnaire focused mainly on items measuring the entrepreneurial activity and competitive advantage of the social enterprises. The perceived sustained competitive advantage was measured with three items based on the resource-based view presented by Barney (1991) and Peteraf and Barney (2003). The items were measured with a Likert scale from 1 “totally disagree” to 5 “totally agree.” The hypotheses were tested through hierarchical linear regression analysis and logistic regression analysis.

Results and Implications

The results suggest that core innovations within the social enterprises are negatively associated with sustained competitive advantage. Additionally, our results show that there is no significant relationship between these core innovations and the expected profit of the enterprises. This indicates in turn that profit and sustained competitive advantage may not be the main reasons for innovating within social entrepreneurship. This differs from the general idea of entrepreneurship. Thus the need for further investigating the role of core innovations within social entrepreneurship is justified. An important question to raise is whether new measures for assessing the success of core innovations should be adopted for social entrepreneurship.

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