

The Role of Non-Government Organisations (NGOs) in Social Innovations

WORK-IN-PROGRESS PAPER

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ABSTRACT

Purpose: Social innovations refer to the construction and implementation of novel solutions to societal challenges such as access to healthcare, energy and water. Social innovation comprises an emerging and important research area, mainly due the increasing rate of poverty and declining living standards which are no longer a challenge only in developing countries but also in developed countries. Embracing social innovations require the transformation of conventional business processes and the building of new relationships with network actors (Mulgan et al., 2007, Phillips et al., 2008). In particular, multinational firms operating in emerging markets need to collaborate with multiple stakeholders in their network to implement socially innovative practices, including non-business actors such as non-government organisations (NGOs). Even though NGOs are key stakeholders in the social innovation process in emerging markets, there is limited knowledge on the role of NGOs in driving and diffusing social innovations. Therefore, the purpose of this research is to investigate the social innovation relationships and governance structures pertaining to NGOs and understand how non-business actors collaborate with other network actors for social innovations.

Research Design: The infancy of social innovation research calls for an exploratory approach. An exploratory approach is appropriate when a phenomenon is at a developmental stage and constructs are yet to be clearly identified. Multiple case studies offer a deeper understanding of complex processes and a better picture of locally grounded causality than do single case studies (Yin, 2003). Thus, this study incorporates four case studies, consisting of two local and two international NGOs operating in the Bangladeshi apparel business network.

Findings: The case study data is currently in the process of being analysed to identify emerging themes. We have identified three categories of social innovations so far: buyer driven, NGO driven and standards driven.

Implications: This study will provide insights into the process of implementing social innovations in emerging markets in collaboration with non-business actors such as NGOs.

Keywords: Non-Government Organisations, Social Innovation, Emerging Markets, Apparel Industry

INTRODUCTION

Social innovation is an emerging and important research area, owing to the increasing rate of poverty and declining living standards which are no longer a challenge only in emerging markets but also in developed countries. For example, European countries are facing declining living standards with unemployment reaching levels as high as 20.5% in Greece and 16.7% in Spain (Eurostat, 2018). These conditions result in pressing forces to develop policies that address social inequality and social exclusion to integrate marginalised groups into the social and economic circles (Grimm *et al.*, 2013). Social innovations encompass the construction and implementation of novel solutions to such societal challenges, including issues such as access to healthcare, energy and water. Social innovations do not offer a ‘quick fix’ (improvement) of a situation but involve the careful evaluation and development of long-term tailored solutions according to society’s unmet needs (Maak *et al.*, 2016).

The formulation and evaluation of strategies and product/services that fully meet the needs of the society requires the open participation and knowledge exchange of all stakeholders (including end-users). Social innovation is an inclusive process whereby the co-creation of product/services with customers and other actors in the business network increases access to valued knowledge that strengthens social welfare (Sanzo-Perez *et al.*, 2015). This inclusion aids in the diffusion and adaption of social innovation strategies and product/services (Missimer *et al.*, 2010) e.g. access to higher levels of education to obtain social security with higher paid stable positions that were traditionally out of reach for some sectors of society (Grimm *et al.*, 2013).

There has been a shift in the focus of innovation from developed economies to emerging economies (Subramaniam *et al.*, 2015) and we argue that there is a pressing need to understand social innovation in the context of B2B networks. As multinational corporations (MNCs) have increasingly extended their supply networks into emerging economies, significant opportunities have materialized related to social innovation. These firms are increasing their efforts to do good to society while doing well economically. However, in many cases they do not possess the capabilities to carry out their goals alone. They have to tap into the capabilities of external partners whose main motivation is not profit maximization e.g. NGOs. NGOs, though not part of the visible supply network, can play a significant role in implementing certain initiatives (Carter *et al.*, 2015). For example, NGOs like Oxfam and Greening Australia have developed social and environmental auditing capabilities, which has been utilized by MNCs such as Unilever and Alcoa to improve their sustainability performance across their networks of suppliers (Gualandris *et al.*, 2015).

Another successful collaboration was between Starbucks and Consevacion Internacional (CI) Partnership, which allowed implementation of sustainable practices in the coffee supply network. As a result, coffee growers in Mexico achieved a 20% increase per hectare, and 9 out of 10 families were able to make improvements to their homes (Perez-Aleman and Sandilands, 2008).

Recently, Huq *et al.* (2016) highlighted the need for Western buyers operating in emerging markets to collaborate with knowledgeable local NGOs, so that they can leverage each other's expertise. They called for further research into the evolving network roles of key stakeholders such as NGOs. Thus, in this study our contention is that we need to expand our understanding of the role of NGOs in business networks, especially regarding the process of developing and implementing social innovations. In particular, we explore how these NGOs develop socially innovative practices to enhance the sustainability of their network partners i.e. what activities they engage in, what resources are utilised and what value outcomes are achieved.

LITERATURE REVIEW

DEFINING SOCIAL INNOVATION

Social innovation has been defined with goal-orientated perspectives such as “innovative activities and services that are motivated by the goal of meeting a social need”(Mulgan, 2006, p. 146) or “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 private individual”(Phills *et al.*, 2008, p. 36). These definitions however, portray social innovation as being the means to an end, while social innovation can also involve the implementation of new processes and or new relationships within business networks (Grimm *et al.*, 2013).

Social innovation usually refers to the recombination of existing elements as opposed to radical innovations and requires the formation and nurturing of new and existing relationships with all stakeholders which might contribute to the invention, diffusion and implementation of the innovation (Mulgan *et al.*, 2007, Phills *et al.*, 2008). Despite being developed by organisations, the social innovation process requires the development of network relationships, open participation and knowledge exchange between all actors in the business network in order to achieve diffusion and adaptation of practices. Another important aspect of social innovation is sustainability i.e. the ability of society to meet their needs now and not hinder the ability to meet needs in the future (Bruntland, 1987, Missimer *et al.*, 2010). The myriad of interconnected benefits associated with social innovation makes a contribution to value creation in regard to multiple bottom lines, both economic and social (Maak *et al.*, 2016).

RESEARCH CONTEXT: SOCIAL INNOVATIONS IN GLOBAL APPAREL NETWORKS

Several questions emerge when applying social innovation models from developed countries to developing countries, starting with the mere uncertainty of applicability. Social innovation carries a strong localism in its process, which might indicate that strategies that work in one country might not work in another one (Grimm *et al.*, 2013). This complexity arises due to the need for capabilities to perceive the differentiated personal and relational aspects of distinct social situations (Van Dierendonck, 2011). In effect, any innovation is grounded in a complex socio-economic environment (Grimm *et al.*, 2013). Social innovation cannot be “one size fits all” (Gupta, 2012, Mirvis *et al.*, 2016) and thus necessitates the tailoring to distinct markets, especially developing countries. Implementing social and environmental sustainable practices in

global supply networks requires more focus on the process and not just outcomes (Perez-Aleman and Sandilands, 2008).

Embracing social innovation requires the transformation of conventional business processes and network relationships, which all actors may not be able to implement as they may lack social management capabilities (Huq *et al.*, 2016). In particular, multinational firms operating in emerging markets need to collaborate with numerous network actors to implement socially innovative practices. Even though NGOs are key stakeholders in this process, there is scant knowledge on the role of NGOs in driving and diffusing social innovations in emerging market suppliers and their workers. Therefore, the objective of this study is to explore the motivations driving social innovation in global apparel networks, the social innovation relationships or governance structures among different network actors (e.g. NGOs, suppliers, buyers) and the innovative processes being employed. We have chosen the Bangladeshi apparel industry as the research context. It is among the top two exporters of apparel and offered opportunities to study the increasing number of social innovations in the aftermath of the Rana Plaza factory disaster.

RESEARCH DESIGN

The infancy of social innovation research calls for an exploratory approach. An exploratory approach is appropriate when a phenomenon is at a developmental stage and constructs are yet to be clearly identified and delineated (Voss *et al.*, 2002, Eisenhardt and Graebner, 2007, Yin, 2009). In this context, a multiple case study design can offer the researcher a deeper understanding of processes, enhance the external validity of findings and reduce researcher bias (Eisenhardt and Graebner, 2007, Barratt *et al.*, 2011), and support the creation of a more robust theory (Eisenhardt and Graebner, 2007). This study includes four case studies consisting of two local and two international NGOs operating in the Bangladeshi apparel industry. The case study selection was based on convenience and snowball sampling to enable access to rich data. We did not focus on a specific type of social innovation at the outset but rather, we focused on investigating firms with a good industry reputation for innovation in social sustainability initiatives and where the phenomenon of interest is likely to be transparently observable (Eisenhardt and Graebner, 2007).

Table 1: Overview of cases

Case	Organisation	Interviewee	Profile
1	NGO1 - International	Manager Communications	An international NGO, with a presence in 70 countries and experience of working in Bangladesh for 60 years promoting sustainable development models to empower and benefit the poorest and marginalized. They have projects collaborating with factory management and international buyers to develop life & leadership skills for workers (mainly female) and thereby improving their human and social position.
		Team Leader	
		Project Manager	

2	NGO1 – local	General Secretary	One of the premier local NGOs in the country addressing issues of workers’ rights and responsibilities and is particularly devoted to undertake welfare activities for destitute and neglected women, children, elderly and disabled workers working in formal and informal sectors.
		Operations Director	
		Project Officer	
3	NGO2 - International	Project Manager	A global non-profit business network and consultancy dedicated to sustainability. It works with its network of more than 250 member companies to build a just and sustainable world. From its offices in Asia, Europe, and North America, BSR develops sustainable business strategies and solutions through consulting, research, and cross-sector collaboration.
4	NGO2 - Local	Director Coordination	A non-profit , strategic organization committed to improving the socio-economic conditions of disadvantaged groups e.g. ensuring health and family welfare services, poverty alleviation, socio-economic development and human rights.

PRELIMINARY FINDINGS

The case study data is currently in the process of being analysed in order to identify emerging themes. Our unit of analysis is the social innovation process. So far we have identified three distinct social innovation processes as outlined in Figure 1: (1) Buyer driven; (2) NGO driven; and (3) standards driven.

Here, we briefly discuss one such social innovation. NGO2-International was carrying out a social initiative in conjunction with stakeholders. They worked with NGO1-local and NGO2-local to educate female apparel factory workers about reproductive health, family planning, and personal care through a series of in-factory educational sessions (85% of the workers in the Bangladeshi clothing sector are women). This project filled an important knowledge gap among female factory workers, and the local partner provided expertise, contextual sensitivity, and cultural understanding to train a group of female workers, who in turn educated peers in the factory. The objective was to shift from health professionals toward peer-to-peer diffusion, using co-workers who share similar social backgrounds and life experiences. This decreased health-related absenteeism and increased productivity in local suppliers, thus leading to cost reduction.

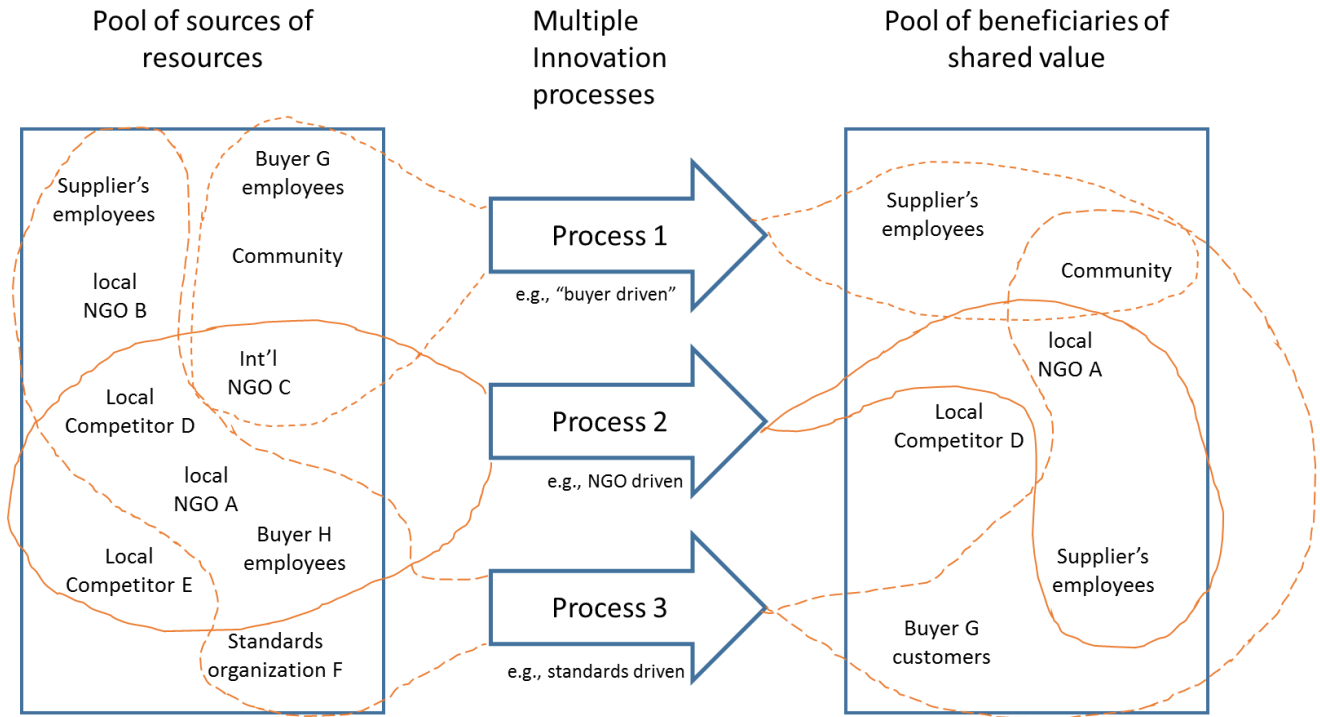


Figure 1: Social Innovation Processes

CONCLUSION

The research remains ongoing and once complete it is expected that managers of global supply networks will be able to understand the process of implementing social innovations in emerging markets. It can provide important insights into the role of actors outside the visible horizon of the supply network in improving sustainable performance and how to manage relationships for social innovation. Currently, we are unpacking and analysing the data by transcribing each case and coding the data with the support of qualitative data analysis software (NVivo11).

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