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REVIEW ARTICLE



Social innovation in Mexican coffee production: filling 'institutional voids'

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ABSTRACT

The focus of social innovation initiatives on the market through food production is a classic example of social inclusion within the context of emerging countries. From a long-term perspective, however, it is still not clear how social innovation contributes towards filling institutional voids. This paper aims to understand which institutional factors have influenced social innovation and how a coffee production initiative has transformed the reality in which it operates. We analysed a joint initiative of social enterprises that coordinate an organic coffee value chain in southern Mexico, a region in which extreme poverty affects 75% of the population. The case study involved thirteen semi-structured interviews with key actors and participant observation *in situ*, complemented by secondary data, in an interpretative perspective that adopted a qualitative and exploratory approach. The main results indicate that social innovation fills institutional voids by creating a 'self-revolving system of activity expansion'. This system helps to scale social innovation based on the collaboration of different actors and the integration of the coffee production chain that promotes the social and economic development of the community by: (1) establishing a more productive relationship between small local producers; (2) adding value to the coffee; (3) encouraging social and economic empowerment in the cooperative; and (4) organizing local economic activities.

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1. Introduction

Social Innovation (SI) is not a new way to approach economic problems, but recently it has attracted the attention of interdisciplinary researchers concerned with how to stop the cycle of poverty and social exclusion. In our analysis of SI concepts we identify some of its common elements: the generation of new ideas (Tardif and Harrison 2005; The Young Foundation 2012; Centre for Social Innovation 2015); changes in social relations (Mulgan et al. 2007; CRISES 2015; Haxeltine et al. 2015); solutions to social problems (Taylor 1970; Cloutier 2003, Phills, Deiglmeier, and Miller 2008); the commitment of different actors, (Moulaert et al. 2007; Montgomery 2016); empowerment (Transit, 2017; Moulaert et al.

2007); and social impact through transformation (Pol and Ville 2009; BEPA 2011; Tidd and Bessant 2013; Howaldt, Domanski, and Kaletka 2016b).

Every SI initiative is embedded in a social context and is formed by institutions that continuously influence and are influenced throughout the SI process. In Latin American countries, most SI initiatives are characterized by informality and short-term projects. This lack of a formal institutional role is one of the reasons why the scalability of SI and its impact are being hampered.

This paper aims to understand which institutional factors have had an influence on the social context and how a coffee production initiative transforms the reality in which it operates by scaling social innovation. It achieves this objective by studying and trying to understand Yomol A'tel, an initiative by indigenous Mexican communities that produce and export high-quality coffee. Inspired by our research objective, we carried out a case study in a jungle region in southern Mexico. The SI initiative we investigated comprises a group of social enterprises that control an organic coffee supply chain, which is driving the social and economic development of an indigenous community in a small village called Chilón. This is one of the poorest regions in Mexico, where 75% of the people live in extreme poverty.

In this paper, we understand that institutional voids (IVs) intensify social inequalities in contexts of socio-economic vulnerability, because of the absence, weakness or non-fulfilment of the role that is expected of the institutions that form the social context. We understand that these voids originate primarily from the state and the market, but that the community's own rules and culture are contributory factors. These perspectives arise from economic studies in Institutional Theory (Khanna and Palepu 2000; Schrammel 2013), and more recently from the subject of institutional voids related to social innovation (Mair and Marti 2009; Cajaiba-Santana 2014).

The case analysed in this paper is coherent with this concept of institutional voids, as the social and economic context is extremely vulnerable and no formal institutions (either state or corporate) are found locally. The local community also creates barriers to participation in the conventional market because of its culture and rules.

Our empirical research shows that, curiously, the institutions were more responsible for the institutional voids than the social and economic context of the community. This is the void in which the coffee growers have developed their activity and expanded their business, based on a 'self-revolving system of activity expansion'. This system stimulates scaling in social innovation by way of constant movement that involves different organizations and actors.

2. Theoretical perspectives of institutional voids and social innovation

This study uses the following definition of SI: *'a new combination or configuration of practices in areas of social action, prompted by certain actors or constellations of actors with the goal of better coping with needs and problems than is possible by use of existing practices. An innovation is therefore social to the extent that it varies social action and is socially accepted and diffused in society'* (Howaldt, and Schwarz 2016a, 6). This definition allows the different meanings of social innovation to be combined and offers a new perspective on the diversity of this concept. We draw particular attention to the following elements: constellations of actors (group of actors); (re) configuration of practices (existing

in reorganized practices); better coping with needs (for addressing social problems); diffused in society (consolidation of the SI initiative and its up-scaling from a long-term perspective).

Institutional context has a central role to play in understanding social innovation. According to Moulaert, Maccallum, and Hillier (2013, 17): *'SI cannot be separated either from its social-cultural, or from its social-political context. However, at the same time it implies a commitment to engage with SI research itself democratically, by involving all actors [...]'*. This social context is composed of institutions and structures, as advocated by the European research group on Transformative Social Innovation (Transit), which finds that *'the institutions and structures of the social context define and constrain the behaviour of actors and organisations, but actors and organisations are also able to exert agency and act to challenge, alter or replace establishment institutions and structures'* (Haxeltine et al. 2015, 21).

Therefore, dialogue with other theories is crucial for understanding the process of social innovation. Cajaiba-Santana (2014, 43) believes that *'the institutional perspective sees social innovation as a result of the exchanges and application of knowledge and resources by agents mobilized through legitimization activities'*.

In summary, institutional theory *'explains how institutions (norms, rules, conventions and values) influence our understanding of how societies are structured and how they change'* (Cajaiba-Santana 2014, 46). When these institutions fail and/or are absent, however, firms may mitigate institutional voids or substitute formal institutions by collaborating with local actors or creating new organizational arrangements (Doh, Rodrigues, and Saka-Helmhout et al. 2017)

IVs draw attention as concept based on an economic perspective in business groups in emerging economies (Khanna and Palepu 2000; Schrammel 2013), addressing gaps that are a direct result of the rules and regulations in the economy.

Mair and Marti (2009) indicated a new perspective for the subject: *'institutional voids as the absence of institutions that support markets in contexts that are already rich in other institutional arrangements'*. IVs are consequently relevant in different types of research, in as far as they hinder the market from functioning and hamper its development

Considering these factors and the fact that institutional arrangements are not always absent from institutional voids, we propose an analysis of the social context, in pursuit of a more appropriate connection with social innovation.

To analyse the relationship between IVs and SI, some authors refer to market or state failure as being the failure of such institutions to provide services and social welfare (Martinelli 2013; Nicholls and Murdock 2012). We also understand that such failures occur in different contexts and involve different levels of institutional void. Thus, each situation is unique when it comes to understanding the institutionalization of SI. As Pel and Bauler (2014, 9–10) argue: *'the institutionalization of social innovation can be considered a dialectical struggle. It involves a multitude of actors, all with their particular interest in this polyvalent concept, and all with particular ideas about suitable institutions for SI.'* SI needs to follow a process in order to be institutionalised, and it needs to follow the social rules and norms that are grounded in the social context. In the literature we find that the authors who address these concepts do not define them in the same terms, even though the reasoning behind this argument is the same; i.e. the voids left by state or market institutions lead, by default, to social inequalities.

The Social Innovations in Marginalized Rural Areas research project, funded by the European Union's Horizon 2020, looks at addressing the role that policies can play in

the diversity of Social Innovations in Marginalized Rural Areas. The group notes that innovations are directly triggered by policies, having various roles and implications. Among the implications they analyze the identification of gaps that have to be filled in a specific existing regulation (SIMRA, 2018). This implication is similar to the concept that we adopted about institutional voids and the difficulty in identifying obstacles in political regulations and access to public policies.

Considered from the viewpoint of SI, there is a gap in explaining how IVs can be filled from a long-term perspective and, thus, how the social reality can be transformed. From this perspective we formulate the following theoretical proposition:

Taking a broad approach to the solution of institutional voids, social innovation initiatives involve multiple actors and multiple institutions. Thus, institutional voids are filled when the social innovation process is institutionalized, thereby empowering communities to assume their role as protagonists. Our intention in this paper is to understand how this process occurs.

3. Method

Based on an interpretative (Burrell and Morgan 1979) and qualitative-exploratory research approach (Collis and Hussey 2009), this research assumes that any social innovation initiative is both culturally and contextually dependent. Thus, the actors and institutional context are jointly influential. Context analysis enabled a macro-view of the relevant characteristics surrounding the case, such as identification of the cultural, political, economic and social variables that interfere with SI initiatives. A micro-view (inside the case) allow us to understand the initiative better and the role and contribution of actors for promoting and scaling SI.

We developed our research field based on an emblematic case study that considered the following criteria for choosing the social innovation initiative: (1) the context of vulnerability and institutional voids; (2) the long-term perspective initiative (more than 5 years); (3) the engagement of different institutions and actors; and (4) evidence of an impact on the community (results). These elements are important not only for characterizing social innovation initiatives but also to better understand: (1) the context, since SI is context-dependent; (2) the maturity, since time could be a constraining element due to the short-term characteristics of many SI initiatives; (3) the role and contribution of the main actors involved in the initiative, considering that there must be collaboration and empowerment in the actors' relationships; and (4) social transformation, as an expected result of social innovation.

We selected a small Mexican coffee-producing community, Yomol A'tel, which fills institutional voids by creating what we call in this paper a 'self-revolving system of activity expansion.' Yomol A'tel has its headquarters in Chilón, a rural town of approximately 100,000 inhabitants, located in the state of Chiapas, a jungle region in southern Mexico, near the border with Guatemala.

This choice of case is important because it shows that IVs are related to an absence of government institutions, high rates of violence and social problems, all intensified by the presence of intermediaries who exploit small producers (*coyotage*).

Taking data from the region of Chilón on population needs, 94.7% of the people have no access to social security. Another worrying figure is the lack of basic amenities

in the home, which affects 86.5% of the population. Food insecurity affects 37.9% of the population and 41.7% have no access to education services. With regard to the region's education indicators: only 55,855 people, 8.06% of the state population between the ages of 8 and 14, can read and write; and 11.8% of the population aged 15 and over just study in average 5 years in their lifetime (CONEVAL 2010).

The World Bank's report of 2011 identified that 61% of the people in rural areas in Mexico are living in poverty. The factors that determine the status of poverty are geography, the proximity to urban centres; ethnicity, with higher poverty rates in indigenous communities; and gender, with women having few employment opportunities and little or no access to production resources. According to the World Bank report, in 2011 75% of the indigenous population lived below the extreme poverty line, especially in the states of Chiapas, Oaxaca, and Guerrero. While the *per capita* income of Mexicans is US \$ 9,640, the income of the rural population is only \$ 456 per year. Indigenous families, whose rates of poverty and extreme poverty are higher than those of rural families, find themselves in a situation that is even more unfavourable. One reason for this is the concentration of the government's agricultural subsidies. Public spending in the southern states is 20 to 30 times lower than the spending in the northern states of the country. Another factor influencing this is the high rates of violence, which is often related to drug trafficking (International Fund for Agricultural Development 2014).

To collect data our research involved: (1) thirteen semi-structured interviews with key actors (directors, managers, employees, board members, producers, researchers and lecturers from associated universities); each interview was recorded and lasted about 60 minutes¹; (2) participant observation *in situ* and a narrative report, with the researchers' perceptions set down as field notes; (3) secondary data on the institutional context, based on official reports from the European Commission (BEPA 2011), World Bank (2011, 2017), CEDIAC² and Yomol A'tel documents.

In the field our main questions were: (1) What do institutional voids mean, and what do the actors who are involved consider to be missing? (2) How could a social innovation initiative meet these needs and transform the reality of this small community?

To address these questions, we considered the perspective of the coffee supply chain actors. We tried to 'bring actors back in' (Smets et al. 2014) by reconstructing the coffee-producing community's history and indicating the Critical Turning Points (CTPs).³ This helped us understand better what people do, with whom they interact, what sense their actions make and their contributions to SI. We use participant observation to guarantee greater proximity between the method and data collection through immersion in the field, as the legitimate expression of 'being there'.

To analyse the data, we used content analysis and narratives, which helped us structure and validate the content in a more comprehensive way. Four steps were used in this phase: (1) data organization (the transcription of interviews and translation from Spanish into Portuguese and later into English); (2) codification (using NVivo® software we transformed the raw data into information for research purposes); (3) data categorization (the categories that emerged from the field were: (a) macro-level: the economic, social and cultural contexts and institutional voids – addressing mainly the first question; (b) micro-level: the social innovation initiative process and expansion –

actors, practices, and diffusion. In both categories we highlighted the role and contribution of the actors involved); (4) inference (interpreting the data found in the field).

During the analysis, we identified five Critical Turning Points, according to Pel, Zuijderwijk, Dimitru's (2015) recommendations, and 'related events', such as the timeline that helped us reflect on the processes by which social innovation initiatives have transformational impacts. This reflection on Yomol A'tel's history also helps us reflect on future initiatives.

4. Context and institutional voids

This section aims to give voice to the actors involved in the Yomol A'tel initiative. To do so we present narratives that make our analysis more vivid.

When we try to understand what the actors involved in the initiative perceive as a void, we find something very similar to the institutional context of poverty, neglect and no actions from state institutions. We asked whether there are voids, and one manager quickly replied:

If there are [institutional voids], they manifest themselves in different fields, such as in health (lack of access to health clinics, where the nearest can be 3 hours away), education (a poor educational proposal that is poorly adapted to the indigenous context) and the economy (a region that depends on coffee). The region is excluded from these services. These voids may also exist even though the service is available. For example, although there is a municipal security force, this has almost no jurisdiction over the communities. Communities have their own system of responsibilities and have developed institutions according to their needs and culture; e.g. responsibility for health, conflict arrangements, the caretakers of 'Mother Earth' (Strategic Director).

In this first impression, voids are created by the state in areas such as education, health and the economy. Moreover, the situation is reinforced by the lack of jurisdiction over communities and state action in the development of public policies for the region. Other stakeholders also share this perception:

This outlines for us a little of the context in which we're living just now in Mexico; we have a very difficult government, there's a lot of insecurity in our country, and there's great inequality. There are basically five families which dominate the whole country, right?! So, there are a lot of monopolies, many things are well-defined and it's very difficult to break the paradigms. What we're looking for a little in Yomol A'tel is to break this paradigm and order and associate towards a common end (Director of cafeterias).

The economic power of a few families is another cause of these voids, and another consequence of this are the inherent social inequalities, according to the participants. The intrinsic need to break existing paradigms and reorganize society also demonstrates another kind of void that is due to an unbalanced market.

In another interview with the Project Manager, the voids he reported were the result of state and market failures. These failures relate to institutions that do not provide the necessary social assistance by default, as in the case of the state, or by negative action, as in the case of private companies and the institution the actor calls the *coyotaje*. The *coyotaje* sets the sale and purchase conditions for the coffee. This practice is institutionalized and part of local culture. There is also a failure on the part of government to prevent labour exploitation, while a failure in the market allows coffee brokers to

exploit the coffee growers by taking an exorbitant amount of commission out of final price.

The 'Rule of Law' (the State) hardly reaches the communities. That's why, historically, people continued to shape these communities and the way they behave (uses and customs). But, beyond that, not only there is no rule of law, but the institutions ('formal'/official or informal) in many cases (most of them, I dare say) are at the service of private interests (transnational power and politicians' interests). Here we think of 'coyotaje' as an entire network (which is a well-established 'institution') in paramilitary groups, transport unions, etc. These institutions don't contribute to the process of building alternatives and a good life; they do the opposite. They dismantle, attack and look for ways to destroy local communities. Why? So there's an individual or community who's disorganized and disjointed, easier to manipulate, to buy, and this person 'needs' these institutions (whether government, coyotes or state school). (Project Director).

Other aspects mentioned by the interviewees about IV involve: (1) the inconsistency of government policies and laws covering social projects; (2) a lack of control (political, military and legal) by government over the region, which causes market failure; (3) and the high rates of poverty and the underdevelopment of local communities.

As we present in the following section, the Yomol A'tel initiative has six social organizations with different legal and tax classifications. Under Mexican law, there is no way to group these six companies into a single legal entity, thus complicating internal transactions and preventing one company from investing in another.

Another important factor is the political, military and legal instability that exists in the region, in which the Mexican federal government does not intervene. These issues of uncertainty and inconsistency can generate difficulties and obstacles for the organization, preventing it from growing or entering more competitive markets.

Regarding our analysis of the cultural system, we indicate that the region is inhabited by indigenous people and that 97% of the population of Chilón speaks the local indigenous language, predominantly *Tzeltal* (INEGI 2010). Therefore, in the communities, and especially in those that are part of the Yomol A'tel initiative, there are two traditions that revolve around Christianity but maintain a unique quality: a mixture of the *Tzeltal* Maya culture and Western culture. Western culture is the culture of Christianity, which manifests itself in religious positions, evangelization, communication and community work. In the *Tzeltal* culture, 'the good life, being tzeltal and the heart' are common references for producers and local communities. Another important issue for the harmonious coexistence of the communities refers to work as the result of a collective, supportive and egalitarian process. Gender relations appear to be strong and follow a historical pattern of *machismo* (Pieck and Messina 2012).

In this context, we point out the three main challenges faced by communities, especially the Yomol A'tel initiative:

- (1) Interculturalism – the challenge here is to find a means of subsistence while simultaneously interacting with the market. In other words, this refers to meeting the demands of the market without losing the link with the traditions and rhythm of the community.
- (2) Communication – this refers both to internal communication, which is hampered by long geographical distances and a language barrier, and to external

communication, which stresses the characteristics of the marketed product (in line with organic and social practices).

- (3) Technical problems (like the '*roya*' fungus) – a kind of fungus that affected the coffee plantations and led to crop loss. Coffee plantations became unproductive, so the cooperative bought maize so the families did not go hungry. They also received help from specialist technicians, who replanted the coffee. These actions were developed in partnership with 'sister cooperatives.

These challenges are part of the history of Yomol A'tel, which we set out in greater detail in the next section.

5. Social innovation initiative and expansion: the Yomol A'tel case

Yomol A'tel in the indigenous language *Tzeltal* means, 'work together, walk together, dream together.' Yomol A'tel currently coordinates a coffee value chain, the most significant economic driver in the region, but also subject to social exploitation. The initiative comprises six social enterprises: Bats'il Maya (a micro-industry that transforms the raw material into a gourmet quality finished coffee that is marketed in Mexico or exported), Ts'umbal Xitalha (producers of coffee, honey and soap, closely linked to 'the Coffee School'⁴), Capeltic (coffee shops that sell coffee in large shopping centres in Mexico), Chabnichimmel (sells honey produced by the *Tzeltal* families), Xapontic (produces honey, soap made from oats and cosmetics also made from these raw materials), Comon Sit Ca'teltic (a microfinance institution).

To better understand the Yomol A'tel social innovation initiative and its expansion, we organized a timeline based on CTPs, which highlight critical events and practices (Figure 1). We also point out that social transformation is a dynamic process characterized by the collaboration of different actors.

Figure 1 demonstrates the dynamic nature of the relationships that exist between the different actors that have built the history of this SI initiative. Over the years different actors have joined the various activities and established a support network for critical events to take place and develop in advances in social transformation. We draw attention to eight different actors and six CTPs that have changed the reality of the *Tzeltal* community. CTPs represent the six organizations that go to make up the Yomol A'tel initiative. We also point out several events that were important for the CTPs to occur. The temporal perspective indicates SI as being a continuous process, in which different actors interact allowing for transformation to occur. We also observed that there are new actors over time, that their contributions are not insignificant and that once they become part of the SI initiative they remain. The process of social innovation, therefore, is dynamic, temporal and relational.

The history of Yomol A'tel began in 1958 with the Jesuit Mission of Bacharón, which worked for indigenous rights in the area. In the early 2000s, the native Indians requested help in breaking the cycle of dependency on *coyotes* (intermediaries who set coffee prices). Nowadays, we still see a strong presence of Jesuit values and Catholic symbols in the organization's headquarters.

Interculturalism is one of the factors identified as being a major challenge since integration between the two worlds (the indigenous and the market) can be a difficult

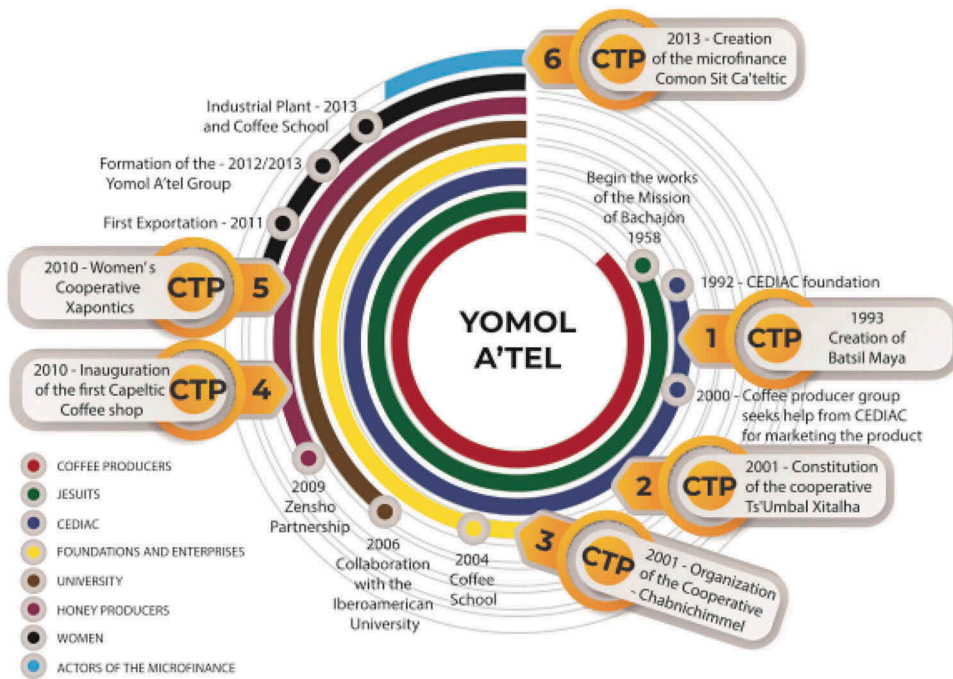


Figure 1. Yomol A'tel timeline: description of the CTPs and the actor's role.

balance to achieve, as we detail below. The first organization, Bats'il Maya, a coffee roasting micro-industry, emerged in 1993 as an economic alternative to the exploitative practices of the local market, thus ensuring that the wealth generated by transforming and selling coffee beans finally reached the hands of the producing families. This organization started coordinating the two worlds, thereby balancing the *Tzeltal* pace of doing things with the overall pace of the market.

The second company, the Ts'umbal Xitalha coffee cooperative was founded in 2001, also has firm roots in the indigenous communities and respects the rhythm of life and culture of the local people. Its contribution is that it organizes the work and improves the income of the coffee-producing families. Ts'umbal Xitalha and Bats'il Maya together started the added value aspects of the operation and selling direct, while at the same time investing in the ecological production of the beans. This allowed for improvements in the quality of the coffee and for access to new and better markets. Due to the cooperative form of organization, dependence on intermediaries and the local *coyotaje* started being eliminated.

The meetings held for structuring the strategic planning group, which follow the principles of the *Tzeltal* culture, are intercultural. There is a Mayan altar in the company's headquarters and before any event, meeting or decision, members get together and make their offerings. In front of this Mayan altar is a Catholic cross and an image of Loyola, the founder of the Jesuit Mission, the religious order which founded the project. One of the planning meetings lasted approximately 24 hours and members could not come out from behind the altar and therefore could not go to the bathroom or eat. For *Tzeltal* members this ritual is natural and part of their

culture and beliefs, but for those members who are part of a Western culture, such as the managers or directors who live in Mexico City, these rituals can be difficult and even incomprehensible. One of the directors mentioned that despite the cultural differences,

'(...) Inexplicably, at different times, it seemed that everyone understood what should be done and what was necessary for the people who believe in 'Mother Earth' to strengthen their work, become established in the territory and maintain their culture.' (Director of Institutional Strategy)

The initiative's members determined that their actions would always be grounded in an attempt to balance the *Tzeltal* pace and the frantic pace of the market and that *'their steps would always be short but firm.'* (Project Coordinator).

The third social enterprise of the initiative is Chabnichimmel – which was set up in 2001 to sell the honey produced by the *Tzeltal* families. The cooperative's mission is to be a social enterprise for producing and marketing organic honey and its derivatives that are of an internationally certified quality standard. It brings together the beekeepers from the indigenous communities of Chipas in a social development and self-management scheme that provides them with a sustainable lifestyle, while respecting the local culture. It has 31 producers of organic honey, which benefits 242 indigenous families and 1550 people who are currently living in an economically-vulnerable state.

To ensure control over distribution, a fourth company, Capeltic, was formed in 2010, which sells coffee from coffee shops located in large shopping centres. It represents a cultural bridge between the *Tzeltal* and Western cultures. Nowadays, the coffee produced by farmers in the south of the country is part of a single project that has a cooperative that adjusts and balances the price of raw materials, a company that industrializes and markets coffee, and another that sells the coffee in a cup. The cooperative estimates that one kilogram of parchment coffee generates 32 Mexican pesos for the farmers, whereas if it is industrialized it is worth 160 Mexican pesos, and if it is sold in as the drink by Capeltic, it generates 1500 Mexican pesos.

In order to involve producers' wives, generate better prospects for them and empower them locally, the fifth company in the project is Xapontic – *nuestra japon, nuestro esperanza*, which was set up in 2010 and produces honey, and soap and cosmetics made from oats.

In 2013, despite the numerous advances made in the quality of life, the producers still depended on external credit to cover their health, education and other expenses. Furthermore, in the north of Chiapas, a region with limited infrastructure, the farmers only had access to credit at high rates of interest which, once again, were often determined by the *coyotes*. As a result, the farmers were caught in an economic trap because of the scarcity of lending institutions and limited access to credit alternatives. The *coyotes* had merely changed the way they exploited the situation; first, it was low prices offered in the coffee market, and later it was high interest rates for loans.

Because of this reality, the initiative in the cooperative for industrializing and selling coffee regressed, with the income going to the *coyotes*, this time in their capacity as loan sharks. In 2013, therefore, a group of Yomol A'tel entrepreneurs provided funds to establish a microfinance institution (MFI), Comon Sit Ca'teltic, the social entity's sixth

enterprise. The MFI currently offers low-interest loans that are divided into fair and reasonable repayment instalments that families can afford.

There are three main phases in Yomol A'tel's history. The first phase was characterized by the necessity to change and to develop a new mentality and a system that could break the dependency on intermediaries that coffee producers must marketing their goods. This period started in 1958 and continued until 1992. In the second, a consolidation phase, local producers started to organize themselves into small organizations that could control their own production, thus avoiding intermediaries (from 1993 to 2000). The last phase, which started in 2001, is characterized by the expansion of SI. In this phase we observed the integration of six social organizations and a continuous movement of scaling out social innovation.

Besides the six social organizations, we indicate the role of different actors for consolidating and disseminating Yomol A'tel as a social innovation initiative. At the core of Yomol A'tel, as we mentioned before, are *Tzeltal* farmers and their families producing coffee and honey. They belong to the *Maya Tzeltal* tribe. Few speak Spanish or have any connections with Western culture. These are key actors in any social innovation, since they are the main beneficiaries and, at the same time, the main transformers of their own reality.

Another important actor is the Company of Jesus, which conceived the social innovation initiative, Yomol A'tel, in the Jesuit mission at Bachajón and created CEDIAC in 1992. We notice that in SI initiatives external actors may initiate and drive the first ideas by creating the necessary conditions, choosing local leaders and encouraging new social formats.

There is also the management team, which currently has 69 employees, distributed between the industrial plant in Chilón, the central office in Mexico City and the Capeltic (coffee shops in Mexico City, Puebla, Guadalajara, and Chilón). The life story of many project managers is heavily influenced by their academic life. Many of them were encouraged to participate in extension projects at Yomol A'tel in the classrooms of Jesuit universities. From identifying with the principles of the project, they have now become members of its staff. The employees in the industrial plant in Chilón come from local communities and many are members of the producer's own families. The collaborators who join the SI initiatives usually become an integral part of this community; they understand the historical processes and become part of the transformation.

Universities are also important in this process, since they have assisted with their technical and academic knowledge. Several extension and research projects started in 2006, having been mainly instigated by Mexico's Jesuit universities, such as Universidad Iberoamericana, which have encouraged and helped improve management techniques and introduced standardization. The numerous mobility and extension projects involving students and researchers have allowed Yomol A'tel's functions to be improved, such as its marketing, design, quality and production, for example. Autonomy and empowerment have also had a central role to play in consolidating SI in the local communities. Universities have helped develop these new skills through their research and studies, in addition to the courses and training they provide for these communities.

Several foundations and organizations have actively participated in the initiative at Yomol A'tel in different ways (e.g. Ford Foundation, Ashoka, Caritas Sweden, Zensho

Group, etc.). Foundations have played an important role in funding projects that have aided growth and development. Nowadays, however, projects are responsible for just 12% of the revenue. The Zensho group, for example, has played an important role throughout the project's history. The group owns a chain of restaurants in Japan and the US, and Yomol A'tel supplies its gourmet coffee. In the beginning it was hard to meet the quality standards demanded by the group. Negotiations with the Japanese began in 2009, but the first 200 kilos of coffee were only exported to the group in 2011; it took three years of adjustments and regular visits by Zensho employees to the headquarters of Yomol A'tel in Chilón to establish the first coffee supply partnership.

We realized that although each actor involved in the project has different activities and makes a different contribution to Yomol A'tel, their objectives are complementary. The *Tzeltal* families achieve their goals by continuing to produce and finding ways of subsisting and increasing their income. The Jesuit mission and *CEDIAC* serve their purpose of guaranteeing indigenous rights and securing better living conditions for local communities, while the foundations work towards achieving the solidification of social projects by way of agroecological, social or humanitarian practices. Partner companies nurture their social responsibility goals. Finally, the social initiative has reached different stages of fulfilling individual objectives, which together have transformed the reality of a community that used to live under extremely vulnerable conditions.

The change in the quality of life for many of the contributors to the initiative was significant, as many left a large city to live in a small village and left behind their thinking as technicians, which they learned in school, '*to move on to a more social and spiritualized thinking*' (Administrative Coordinator of Bats'il Maya in Chilón). Trips to Chilón are long and exhausting, but everybody mentions the joy of being able to visit the industrial plant and experience the rhythm and culture of what they are defending and helping maintain. In the words of all the employees, regardless of their position, we observe the importance attributed to the ideals of the cooperative and how this has changed their perception of the world.

The initiative has also become institutionalized in daily practices and allowed scale up SI, which has reached new levels, such as its policies having an influence over local attitudes. There is an impressive scheme to integrate SI and IVs, based on three types of scalability: scaling out – to grow in volume or numbers; scaling up – having an impact on institutions and other external factors that facilitate the initiative; scaling deep – innovation affecting people's values, culture, and mentality (Moore, Riddell, and Vocisano 2015; Riddell and Moore 2015).

There was, therefore, a process of institutionalization to formalize SI practices and create an expansion system that went beyond economic innovation and reached more profound levels of social change (SI scaling deep). We consider this social innovation scaling movement to be more significant than just measures or quantitative growth (scaling out). Changes are becoming strong and the intention to improve techniques and expand them is real and necessary.

The power relationship, which relates mainly to the value chain, was evident. The initiative has succeeded in eliminating intermediaries and finding alternative ways to empower communities in negotiations directly with the market. From the viewpoint of IVs there has been a break with the institutions that dominated the market, which have

Table 1. Scaling out, up and deep.

	Scaling out	Scaling up	Scaling deep
Yomol A'tel	<ul style="list-style-type: none"> • Growth in coffee production. • Growth in the number of clients served. • Increase in the number of products exported. • Number of clients served. • <i>Tzeltal</i> families involved in the project. 	<ul style="list-style-type: none"> • The initiative helped raise environmental awareness and the consumption of organic products. • It promoted the empowerment of the local community, which developed its own alternatives for credit, production, and consumption. • Created and improved institutions to assist in filling gaps, such as those existing in health, work, and education. 	<ul style="list-style-type: none"> • Transformation of the culture and values took place within the cooperative. • Transformation of relationships was marked by interculturalism involving <i>tsental</i> and western cultures. • Identified change in the mentality of the external community, evolving towards better environmental awareness and consumption of organic products.

been replaced by community empowerment. We also observed a social transformation movement that has obtained scale by creating a group of social enterprises (scaling up).

Table 1 illustrates the scalability dimensions of Yomol A'tel and indicates the practices that are transforming local reality.

We observe increases in SI based on a 'self-revolving system of activity expansion,' comprising the six social enterprises and the different actors and organizations. As these initiatives become formalized (institutionalized) and a virtual circle of prosperity is created, resulting in a social impact on the local culture, personal relationships and a gradual breaking away from the dominant institutions. This system increases social innovation and promotes the integration of the coffee supply chain and the appropriation of more value-added activities (such as branding and access to distribution channels).

6. Discussion and conclusions

This paper aimed to understand what institutional factors influence social innovation and how a coffee production initiative has transformed the reality of a Mexican community. In doing so we focused our discussion on understanding the relationship between IVs and SI, especially considering the long-term perspective.

Initially we focused on the influence of institutional factors on the SI initiative considering a small community in Mexico (macro-level analysis). We indicated that SI is context-dependent and we were able to understand the economic and social context in which the community is located. We pointed out three main challenges in this context that are related to interculturalism (the balance between *Tzeltal* Maya and Western cultures), communication (language barrier and geographic distances) and technical problems (a fungus that devastated the coffee plantation).

We then analysed the Yomol A'tel case and explored how this initiative has changed the community reality. At this micro-level of analysis, we focus on understanding SI and its scalability based on a timeline and historical events, CTPs and the way that different actors collaborate to create what we called 'a self-revolving system of activity expansion'.

We considered Yomol A'tel to be an SI initiative, since it: (1) is characterized as being a constellation of actors (organizations and people) who have changed their relationship, thus stimulating social and economic empowerment in the community; (2) has reconfigured its practices (into six social organizations), allowing for better integration of the production chain and adding value to the coffee that they produce; (3) is coping better with the needs (economic, social and cultural); and (4) is diffused throughout society (by scaling up, out and deep).

Figure 2 summarizes the main theoretical contribution, indicating the relationship between SI and IVs and referencing our initial proposition that *SI initiatives involve multiple actors and multiple institutions to the solution of institutional voids*. *Institutional voids are filled when the process of social innovation is institutionalized, thus empowering communities to assume a role as protagonist*. First, we have the macro level, at which institutional factors (economic, social and cultural) influence SI and indicate SI's context-dependency. At the same time, we highlight the micro level and the main elements of SI (actors, practices, needs and diffusion) that allow us to understand its dynamics. When SI is perceived as a consolidated initiative it is possible to change the reality in a virtual cycle. IVs were filled, based on a 'self-revolving system of activity expansion' that allows the initiative to formalize core practices over the long term, thereby scaling SI. This new reality has an influence at the macro- level and leverages systemic change, and so the cycle goes on in a continuous movement.

In this paper we considered the intrinsic relationship that exists between SI and the institutional context in which it occurs (a path-dependent view). This outcome emerged from the data and found support in the literature, from authors such as Moulaert, Maccallum, and Hillier (2013). Then we started debating the context of

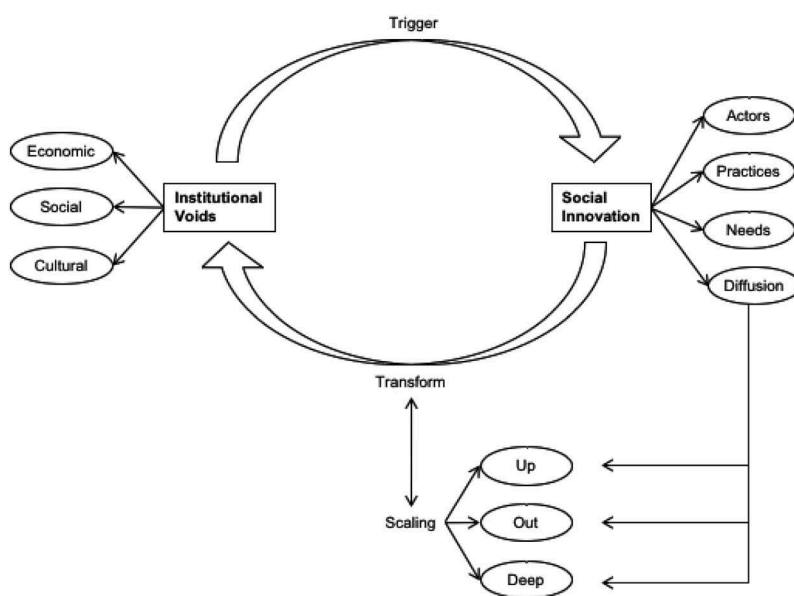


Figure 2. Self-revolving system of activity expansion.

vulnerability and institutional voids that characterized emerging countries and particularly the region where the case study is located.

Institutional voids are failures, caused mainly by the absence of the state and asymmetry in the market. This perception is partially supported by the stakeholders of the social innovation initiative. The state is largely absent and the private sector occupies spaces from which they exploit the economy and the community. The literature about IVs mentions state and market failures and greater or lesser intervention in economic activities. This perception, which focuses exclusively on the economy, cannot represent the complex context of social inclusion, which also involves social and cultural issues. In order to understand the complexity of the social context, therefore, it is vital to consider the different perceptions and goals of the stakeholders involved in coffee production.

Communities need to find ways of subsisting and becoming included in the market, employing alternatives that do not result in them becoming dependent on other institutions. The Yomol A'tel initiative is a food production and consumption paradox. It supplies coffee to sophisticated markets, such as urban Mexico City or Japan, but the growers have no political representativeness and live in a context of instability and vulnerability. The world's coffee supply chain is characterized by its Southern Hemisphere-centred production and its mainly Northern Hemisphere-centred consumption. Growing coffee preserves the identity of these communities and guarantees their livelihood. We consider this case to be emblematic, since the life stories of those living in these agricultural communities are part of the marketing strategy for consumers living in developed countries who have concerns about sustainability and social problems (such as fair-trade labels). Even in such an uncertain environment, coffee production means survival for this indigenous people.

Yomol A'tel mobilizes multiple institutions and actors (*Tzeltal* producers, Jesuits, CEDIAC, the management team, foundations, organizations and universities) and six social enterprises that are financially sustainable and include families in the market. These social enterprises coordinate the coffee value chain and create a 'self-revolving system of activity expansion' (scaling out, up and deep SI) and at the same time filling IVs. These companies: (1) produce coffee (plus honey and soap on a smaller scale); (2) manufacture, market and export coffee; (3) sell coffee in large shopping centres and coffee shops; (4) sell honey, which leads to producers' wives becoming included in the business; (5) produce honey and soap from oats, as well as cosmetic by-products of this raw material; and (6) offer low-interest rate loans to the community. This 'self-revolving system of activity expansion' is based on the collaboration of different actors and the integration of the coffee production chain. More specifically, this system and the actors involved promote economic and social development due to: a) a better productivity relationship with small producers; b) adding value to the coffee; c) stimulating economic and social empowerment in the cooperative; and d) organizing local economic activities.

Finally, as practical implications we highlight (1) the critical role of the international community. We identified that it is essential to introduce new concepts and learning to local communities. Communities, which are often isolated and excluded from the system, do not always have access to the benefits and ideas that drive social innovation. The engagement of external institutions at the beginning of the process

can result in incentives, but in order to be self-reliant communities need to have a certain level of autonomy. We also found (2) that the decision-making process in social innovation initiatives must preserve the culture of the local community and aim at achieving benefits for it. One of the management contributions linked to this factor is finding alternatives for emancipating the community. This will only happen, however, if there is investment in training and technical improvement, with constant attention to the culture and to community roots. Collective meetings and an information exchange process can be useful tools when moderated by qualified people who know how to exercise control of a large group and consider the opinion of all those involved.

This paper also has some limitations, such as access to data and interviewees. Data collection was hindered by access to the location where the initiative is being carried out. This is a jungle region, far from urban centres and subject to high rates of violence. During data collection the researchers became besieged in the community because of an armed conflict in which protesters closed down the town and did not allow people or goods to enter or leave. We were unable to visit the industrial plant or observe meetings of the board of directors because all activities were suspended. This experience was enlightening, however, since other evidence became apparent because of our coexistence with the community, such as the mixing of cultures and the personal involvement of collaborators and local actors.

As a possibility for further investigation we suggest:

- Analysing the process of co-creation when multiple actors/institutions create social innovation. In contexts in which there are institutional voids, we suggest observing the objectives, the difficulties, the maintenance, or not, of original values and identities in SI initiatives and the behaviour of the actors during the course of the initiative from a timeline perspective.
- Considering social innovation as a process, observing the variable time based on the CTP method for investigating power relations and the conflict that arises when the process becomes mature and institutionalized.
- Investigating social innovation initiatives considering different degrees of maturity to better understand the relationship between maturity and scalability.

Notes

1. The participants were told the purpose of the research and the intervention, and they signed the Written Informed Consent Form (WICF). WICF is an explanatory document in which all issues that might influence the research results and disclosure are addressed. Both the initiative and the participants agreed to have their names and data disclosed for academic purposes.
2. *CEDIAC (Centro de Derechos Indígenas)* or Center for Indigenous Rights.
3. CTPs refer to 'moments or events in processes at which initiatives undergo or decide on course changes' (Pel, Zijderwijk, and Dimitru 2015, 25). They represent the main challenges that have a direct impact on SI initiatives.
4. An initiative with the purpose of training and including the sons and daughters of the cooperative's producers in the work to form the staff that can dynamize and lead the work in each of the communities that are part of the Ts'umbal Xitalha' Cooperative.

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No potential conflict of interest was reported by the authors.

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