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INTEGRATING OPEN INNOVATION IN THE SOCIAL INNOVATION PROCESS:
AN EXPLORATORY STUDY

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Dissertation presented to Escola de Administração de Empresas de São Paulo of Fundação Getulio Vargas, as a requirement to obtain the title of Master in International Management (MPGI).

Knowledge Field: Social entrepreneurship

Adviser: Prof. Dr. Edgard Elie Roger Barki

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ABSTRACT

Innovation has become a more complex and dynamic phenomenon with the shift from the industry-based innovation paradigm, where the stress was put on product and process innovation for business, to a knowledge-based paradigm, where it can take many different shapes. Moreover, knowledge and expertise are no longer considered as being the monopoly of the R&D department of the firm. This brought some changes in innovation practices, that became more open and led firms to increasingly interact with their environment. In another concern, technological innovation, that is meant to bring value to the firm, has proved its limits for solving social problems like global warming, that are becoming more pressing. Of course, new technology has the capacity of improving people's living standards, but is not sufficient. This is where some other kind of innovation, driven by the maximisation of its positive impact intervenes: social innovation.

These two paradigms for innovation, more suitable than older ones to today's challenges, have some convergence points regarding their integration within an outside environment: society and other innovation actors. However, little has been written concerning the links and interactions between these two innovation models. This research studies the integration of these two models through an exploratory study, during which 11 social organisation leaders were submitted to in-depth interviews.

Social initiatives seem to be more likely to attract outside parties to cooperate with them, as they appear as selfless, unlike private initiatives. They seem to integrate these people and look for extra help, especially when scaling up. Even if some organisations see the institutionalisation of open innovation as a priority, others see it as secondary, or simply do not know how to do it. This results in a rather informal collaboration, that is not focused on research and development, a practice that nearly none of the firms in the sample had.

Keywords: *open innovation; social innovation; innovation process.*

RESUMO

Inovação tem se tornado um fenômeno cada vez mais complexo e dinâmico, com a mudança de um paradigma focado na inovação industrial, onde a inovação acontecia no produto ou no processo de fabricação, para outro baseado no conhecimento, muito mais amplo. Além disso, o conhecimento e a competência técnica não são mais considerados como um monopólio do departamento de pesquisa e desenvolvimento. Isto trouxe mudanças nas práticas de inovação, que se tornaram mais abertas e levaram as empresas a interagir cada vez mais com o seu ambiente. Por outro lado, a inovação tecnológica, cujo primeiro objetivo é de criar valor para a empresa, tem experimentado alguns limites para resolver problemas sociais, como o aquecimento global. As novas tecnologias têm a capacidade de melhorar a qualidade de vida de muita gente, mas não é suficiente. É nesse contexto que surge outro tipo de inovação, cujo objetivo é de maximizar o impacto positivo na sociedade: a inovação social.

Estes dois paradigmas de inovação, mais adequados aos desafios atuais, têm alguns pontos em comum na sua integração com o ambiente externo: a sociedade e outros atores da inovação. No entanto, praticamente não existem estudos integrando inovação aberta e inovação social. Este trabalho estuda a integração destes dois modelos a partir de uma pesquisa exploratória, realizando entrevistas em profundidade com 11 dirigentes de organizações sociais.

As iniciativas sociais parecem atrair mais organizações externas para colaborar do que empresas com fins lucrativos, já que são mais altruístas. Parecem integrar essas pessoas e procurar por mais ajuda, especialmente no momento de escalar o negócio. Ainda que algumas organizações têm como prioridade institucionalizar a inovação aberta, outras veem isto como secundário ou simplesmente não sabem como fazer. Isto resulta em uma colaboração mais informal, que não é focada em atividades de pesquisa e desenvolvimento, prática ausente nas empresas da nossa amostra.

Palavras-chave: *inovação aberta, inovação social, processo de inovação*

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1   INTRODUCTION AND OBJECTIVES

1.1   Introduction

Open innovation is a concept coined by Chesbrough (2003) and largely studied since then. A research in Google Scholar of the exact term "open innovation" gives 634.000 results in November 2013. It defines the fact of opening the innovation process to outside parties. This can be done by taking ideas, patents or innovations from the outside to develop them inside the firm; but also giving or selling those same things to outside organisations or to society as a whole Whether to take ideas, patents or innovations from the outside, or giving them to outside parties - outside organisations or society in general. This give-and-take action can be paid or free. Chesbrough's study (2003) focused on buying and selling patents, but further literature focused on wider sources of open innovation: open source projects and peer production (Enkel et al., 2009; Gassmann, 2006; and Dahlander & Gann, 2010); crowdsourcing (Enkel et al., 2009; Huizing, 2011); customer integration (Enkel et al., 2009; Gassmann, 2006; Dahlander & Gann, 2010; Van de Vrande et al., 2009; Roper et al., 2008); collaboration with competitors, suppliers, firms from other industries (Enkel et al., 2009; Dahlander & Gann, 2010; Huizingh, 2011; Roper et al., 2008).

Social innovation is a way to respond to market failures and unmet necessities (Mulgan 2006), typically in socially marginalised communities. Social innovation does not only include social business: the unmet necessities can of course be economical, as the lack of a decent income or a poor access to products and services; but it can also be of social inclusion, like homosexual rights or female equality (Mulgan, 2006). Social innovation is a topic studied by many (Murray et al., 2010; Mulgan, 2006; Simanis & Hart, 2009) and that has very popular defenders, like Pr. Yunus.

This very professor, when invited to the conference *Digital 4 Change*, organised by HEC Paris, called for businesses to open their innovations to social businesses and defended an open innovation in social businesses:

> *"In social business we should have copyleft. Not only we do not protect [our*
>
> *patents], we go and tell you that we have it: would you like to take it from us? It is*

the reverse of copyright; in copyright you are protecting it. In copyleft, you are giving it away, advertising it." - Muhammad Yunus (HEC Paris, 2010).

This is one of the rare cases where scholars promote the open innovation model for social business in such a clear way. However, the number of similarities between these two paradigms is striking. First, in both phenomena there are cases of relying on crowd wisdom. On the one hand, in cocreaction, a way of conducting social innovation, beneficiaries are a source of knowledge and build the product or service with the organisation providing it. They are not a mere source of demand; they participate to the definition of the offer (Simanis and Hart, 2009). On the other hand, many kinds of open innovation are built on the assumption that there are lots of knowledge to be captured outside the organisation's frontiers. Crowdsourcing, for example, is based on the belief that a crowd can perform a task in a cheaper and / or better way than experts or machines (Leimeister ; 2010).

Second, cross-organisation collaboration is a reported practice in both social and open innovation. In the former, government, private firms and NGOs are pushed to work together as partners rather than rivals (Murray et al., 2010). In the latter, collaborating with suppliers, competitors, firms from other industries or making joint ventures, among others, are examples of common practices (Enkel et al., 2009; Dahlander & Gann, 2010; Huizingh, 2011; Van de Vrande et al., 2009; Roper et al., 2008).

Finally, there is a central common point between open source - a particular kind of open innovation - and social innovation: both look for social impact. Open source projects do it by making software products or collaborative dictionaries publicly available to be changed, used or built upon. In this way, they do have a social impact, as anyone, provided they have an Internet connection and know the existence of the software solution, can access quality content and use it. Florence Devouard, former chairman of the Wikimedia Foundation, declared for instance that the mission of Wikipedia was to give access to all humanity to the entire human knowledge (HEC Paris, 2010). As it will be tackled later on, the innovation process culminates in systemic change, replacing the old norm by another (Murray et al., 2010). Its goal is thus to have an impact on society and improve the livings of certain marginalised groups.

Considering the amount of things in common, one can only suppose there is a convergence between these two worlds, and that some organisations are indeed conducting

open innovation motivated by triggering social change. However, there is virtually no literature about the combination of both phenomena. This study tries to give a framework to explore the combination of these two innovation practices.

1.2 Objective

This study aims at describing whether and how open innovation practices are integrated in social innovation. To accomplish this, some intermediate objectives must be achieved.

- Study how NGO managers and social entrepreneurs perceive innovation, and whether open innovation is an important part of this vision;
- Identify what are the objects of innovation, meaning where the innovation can be identified - in the product or service, the marketing strategy, the business model, the targeted markets, etc. This will be summarised on Table 1;
- Establish if there is a particular open innovation practice - see Table 2 - that is more widespread in social innovation;
- Determine whether there is a stage in the social innovation process, where open innovation is more common;
- Analyse the advantages and challenges of using open innovation in this sector.

To achieve this, I carried out an exploratory study and interviewed 11 social enterprises and NGOs developing innovative projects. Government was kept aside because, as stated further in this thesis, some scholars consider that social innovation happens when traditional actors - governments and traditional NGOs - have failed fulfilling a social need.

1.3 Research question

Some common topics in social and open innovation emerge. When describing social innovation, one recurrent theme is the fact that it is deeply rooted in society and interacts with it. This concept echoes the collective intelligence assertion: crowds are wise and can find better solutions than individuals to some problems. This is all the more true when the problem is social: who can be better than members of the community to solve their own problems? This point has already been highlighted by Murray et al. (2010), who include open innovation

as a way to achieve social innovation, or by Simanis and Hart (2009) who prone an embedded innovation, where the community is integrated into the innovation process. Moreover, as seen above, the open innovation process involves different sectors: the government, NGOs, firms, and hybrid forms of these sectors. Collaboration among these sectors, and thus innovating with actors outside the firm, is also a common practice in social innovation.

However, there is virtually no literature concerning the integration of these two frameworks. This is what this study is trying to address, through the following research questions: *How does open innovation is integrated in social innovation?* Because this is an exploratory study, and as of the lack of literature in the subject, there is no ground on which hypothesis could be established.

1.4   Structure of the thesis

This thesis is divided in five parts. First comes the introduction, where the pertinence of the subject and the objective of this work are presented. The second part is a review of the literature relative to business, social and open innovation. The third chapter tackles the methodology of the study; its design and participants. The fourth part consists in the analysis of the results, exploring the topics raised by the participants. Finally, the fifth part concludes the thesis, gives managerial implications and suggests future research paths.

2   LITERATURE REVIEW

There is little literature referring to both open innovation and social innovation, and there is a need to define what will be considered as innovation, open innovation, social innovation. I would also need to determine if the social innovation process is similar or completely different from the regular innovation process. For this, the literature review will be divided in three parts: (A) innovation in business; (B) social innovation and (C) open innovation. Innovation in business will be defined and categorised, focusing on the three dimensions of innovation as defined by Johannessen (2001) and on its value chain. Social innovation will be defined, focusing in its process and its similarities and particularities compared with the classical innovation process. Finally, open innovation will be explained and a review about what can be considered as such will be made.

2.1   Innovation in business

There is a lot of literature about business innovation and many dissonant definition of it. The only common definition that some scholars (Gopalakrishnan & Damanpour, 1996, Johannessen et al., 2001) trying to construct a comprehensive framework found is "something new". Innovation is often referred to as the implementation of an invention or idea (Utterback, 1971; Birkinshaw et al., 2011) or "the creation of substantial new value for customers and the firm by creatively changing one or more dimensions of the business system" (Sawhney et al., 2006, p29).

The "three dimensions of newness" defined by Johannessen (2001) allow to map innovation, and to have a better idea of where to look for it. These dimensions can be summarised as follows:"(1) what is new, (2) how new and (3) new to whom" (p 20). (2) and (3) are closely linked, as the intensity of the novelty depends on the eyes of the person or organisation experimenting it (Johannessen, 2001.), this is why I am going to discuss them in the same point, while (1) will be discussed below.

2.1.1   What is new

Scholars differ on *what* is new, *id est* what can be considered as the *object of innovation*, or the *newness*. The industrial society shaped an innovation paradigm where only products and processes were considered as objects of innovation (Howaldt & Scharz, 2010) through technological innovation. However, scholars who have tried to give a comprehensive definition of what is innovation nowadays (Birkinshaw et al., 2011; Sawhney et al., 2006;

The innovation radar displays the 12 dimensions of business innovation, anchored by the offerings a company creates, the customers it serves, the processes it employs and the points of presence it uses to take its offerings to market.
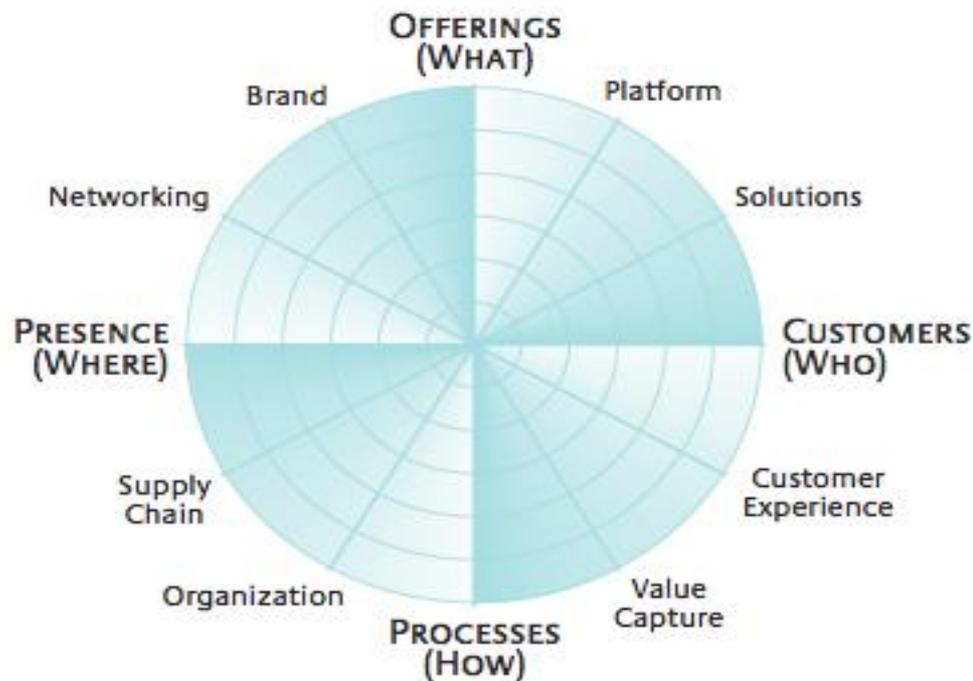
Figure 1: *Sawhney et al.*'s *innovation radar (2006)*

Johannessen et al., 2001; Garcia & Calantone, 2001) find this point of view too narrow and give a broader view of business innovation, yet without excluding its basic sources.

Birkinshaw et al. (2011) extend the innovation paradigm to the "development of new service offerings, business models, pricing plans and routes to market, as well as new management practices" (p 43). Johannessen (2001), while identifying what can be consider as an innovation (what is new), identified six different sources of innovation: new products, new services, new production methods, opening new markets, new supply sources and new organisation methods.

Garcia and Calantone (2001) and Birkinshaw et al. (2011) developed a more complete framework. They looked in the literature what kind of newness was evoked by different scholars and produced an exhaustive list of innovation sources. Their findings, as well as Johannessen's (2001) and Birkinshaw et al.'s (2011) are summed up in Table 1.

Sawhney et al. (2006) present what they call the *innovation radar* (Figure 1). For them, "innovation can take place on any dimension of a business system" (p 77) and is systemic,

thus can be found in many dimensions at the time. In their radar, that has twelve dimensions, they identify four key dimensions in innovation:

- **Offerings**: innovate in the product or service sold
- **Customers**: innovate in the targeted costumers or answer to unmet costumers needs
- **Processes**: innovate in the way the firm works, to increase productivity and efficiency
- **Presence**: innovate in the distribution channels

The eight remaining dimensions are embedded between those ones (see Figure 1)**:**

- **Platforms**: innovate by exploiting commonality between offerings to rationalize and create a set of derivative offerings faster and cheaper
- **Solutions**: use assortments between offerings and integrate them to increase costumer value
- **Costumer experience**: innovate in the interaction between the costumer and the firm
- **Value capture**: improve the value capture abilities through the interaction with costumers and partners
- **Organisation**: rethink the way the company is structured
- **Supply chain**: reorganise and innovate in the activities that moves offerings from source to the costumer
- **Network**: innovate in the information systems
- **Brand**: innovate in the symbols of the company

One tentative of clustering the different innovations I created can be seen on Table 1 and is defined as it follows:

- What is sold to the consumer (a)
- The way the company produces or creates what is sold (b)
- The markets where the company sells its products (c)
- How the company sells its products (d)

This table summarises the vision of scholars specifically focusing on the question of *what* is new when talking about innovation. I only took into consideration authors clearly defining the different kinds of innovations, in an exhaustive way. This classification is very similar to Sawhney et al.'s (2006) four main innovation dimensions, its main difference only being that presence was coupled with value capture and marketing in (d).

	Sawhney et al. (2006)	Birkinshaw et al. (2011)	Johannessen et al. (2001)	Garcia and Calantone (2001)
What is sold to the consumer	"Offerings" (= products and services)	Products	Products	Product line
				Product benefits/features
				Product design
				Improvements/changes
		Service offerings	Services	Service
				Quality/benefits
	Brand			
	Solutions[a]			
	Customer experience			
How it is produced	Processes		Methods of production	Process
	Platform			
	Organization	Management practices	Ways of organising	Managerial skills
				Development skills
	Networking[b]			
	Supply Chain		Sources of supply	
Targeted markets	Customers (new customer segments / unmet needs)		Opening new markets	Customers
				Consumption patterns
				Uses
				Competition
				Customer need
		Routes to market		
How they sell	Value capture	Pricing plans		
		Business models		
	Presence			Distribution skills
				Sales
				Marketing

[a] Combination of products, services and information for the costumer)
[b] In the example given in the paper, it refers to information systems

Table 1: What is new: a recap of the literature

Distinguishing what is new can also tell us more about the scope of the said innovation. According to Elkington (2009), the scope of innovation is defined by the combination of the level of risk and the value for business that the innovation brings. As it is widely known in the finance word, risk and profits come together. This is also what happens with the scope of innovation (see Figure 2): operational processes are both low in risk and value; product and service innovation are in an intermediate position; and markets and business models are both risky but of high value to the firm. In the case of social innovation, the value goes to society in priority, thus this model can be extrapolated by changing the axis from "value to the business" to "value to society", thus making markets and business model innovation more valuable (and risky) in that context too.
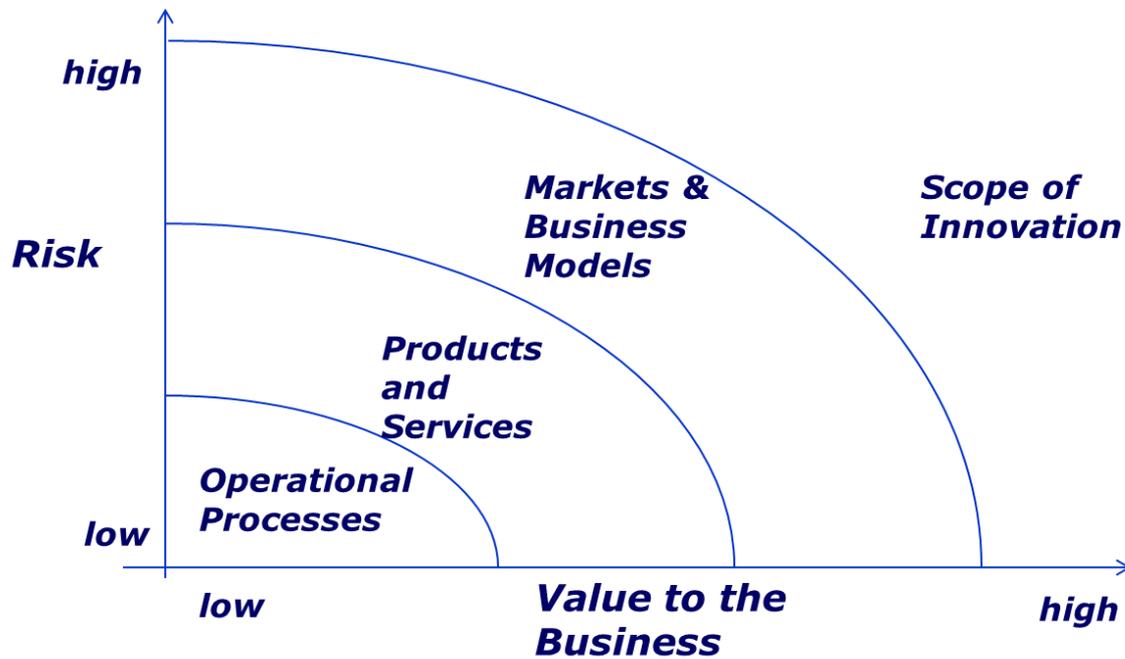
Figure 2: The scope of innovation (Elkington, 2009)

2.1.2 How new and to whom

Innovation is often characterised by its intensity: the classical distinction in this dimension is whether the innovation is *radical* or *incremental*. However, Hendersen and Clark (1990) argue that this categorisation is incomplete. Focusing on product innovation, they argue that the innovation can be the result of a change on its core components and/or in the links between them. Following this logic, they develop a new framework, illustrated in Figure 3.

Change in the linkages between components

Architectural innovation	Radical innovation
Incremental innovation	Modular innovation

Incremental change in the components ← → Radical change in the components

Continuity in the linkages between components
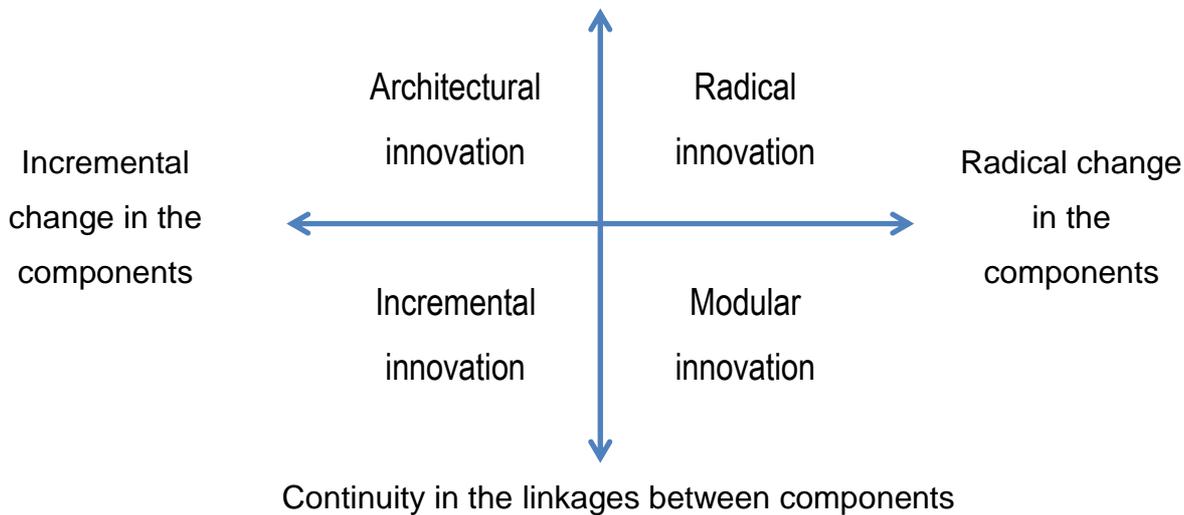
Figure 3: Hendersen and Clark's (1990) framework for defining innovation

- **Incremental innovation** is "built upon well-practiced technological capabilities" (Christensen, 1997, p30). The product stays the same, except for some marginal improvements.
- **Modular innovation** consists in changing the components of a product leaving its overall architecture unchanged (Hendersen & Clark, 1990). One example of such an innovation can be replacing an analog dialing device on a phone with a digital one.
- **Architectural innovation** only modifies marginally the core components of a product but modifies the way they are linked (Hendersen & Clark, 1990). An example of such an innovation is rethinking a ceiling fan to become a portable one, only changing the size of the components and the way they are assembled to adapt its size and its utilisation.
- **Radical innovation** modifies both the core components and the links them between them in an entirely new way (Hendersen & Clark, 1990). The result is an entirely new product unknown to the market.

Even if this qualification is centred in product innovation, it might be generalised to study other kinds of innovation, including social innovation, but this have to be proven.

Those categorisations imply that there are different intensities in innovation. As Johannessen et al. (2001) state it, there is no required intensity in the change to consider something as an innovation. Moreover, the intensity also depends varies depending on the eyes of the person seeing it. Innovation can be considered in a macro, micro or intermediate level. It can thus be (1) new to the world, (2) to the industry, (3) to scientific community, (4) to the market, (5) to the firm and (6) to the customer (Garcia & Calantone, 2001).

2.1.3   The innovation value chain

For determining if the social innovation process is any different from the regular innovation process, I will review what the literature says about the innovation process or value chain. As in this section I focus on innovation for business, the innovation process has to be linked with value creation. Some scholars have written about the innovation process (Utterback, 1971; Robertson, 1967), but others have used the "innovation value chain" terminology (Hansen and Birkinshaw, 2007; Roper, Du & Love, 2008).

The innovation processes and value chains that they establish are quite similar and only vary in some points. One of the main points of discrepancy is the inclusion or exclusion of the innovation diffusion in the innovation process. Utterback (1967) distinguishes three innovation phases in the process: (1) idea generation; (2) problem solving and (3) implementation. According to him, phases (1) and (2) culminate in an invention and phase (3) results in an innovation, *i.e.* in the introduction of an invention to a market. Nevertheless, he argues that diffusion, which he defines as the spread of the innovation once it has been launched, could be considered as part of the innovation process, but he keeps it out as it occurs outside the firm's boundaries. Ruttan (1959) uses Usher's innovation process and combines it with Schumpeter's theories. He refutes the Schumpeter's idea of distinguishing an invention from an innovation, and classifies an invention as a technological innovation, a subcategory of innovation equivalent to innovation in sciences or art. He does not see innovation as the adaptation of an invention to market needs. For him, the innovation process is divided as follows: (1) perception of the problem; (2) *setting the stage* (trying out different solutions to the problem); (3) the *act of insight*, through which the best solution is adopted; (4) the critical revision of the solution, which can lead back to (3) if the solution is proven unsatisfactory.

Hansen and Birkinshaw (2007) also limit their vision to the firm's point of view, and divide it in three different phases, including diffusion:

(1) **Idea generation:** they distinguish the cases where ideas are generated within the same business unit, across-units but within the same firm or are sourced outside the firm;

(2) **Idea conversion:** this step is divided in two sub-steps - idea selection and idea development;

(3) **Diffusion:** it is when the innovation is spread outside the firm.

Although they include diffusion in the innovation process, it seems that Utterback's (1967) step (3), is partly present in the diffusion, as the latter supposes the invention to be developed outside of the firm, which is Hansen and Birkinshaw's (2007) definition of diffusion.

Roper, Du and Love (2008) adapted their innovation value chain so it could be applied to any level of openness in a company. The value chain is composed of three phases: (1) the consolidation of knowledge coming from inside and outside the firm's R&D department; (2) the transformation of that knowledge into a physical innovation; (3) the exploitation of that innovation.

A synthesis of all the authors' definition of an innovation value chain or process is presented on Figure 4.

Critical revision

Idea generation → Testing ideas and selecting them → Diffusion
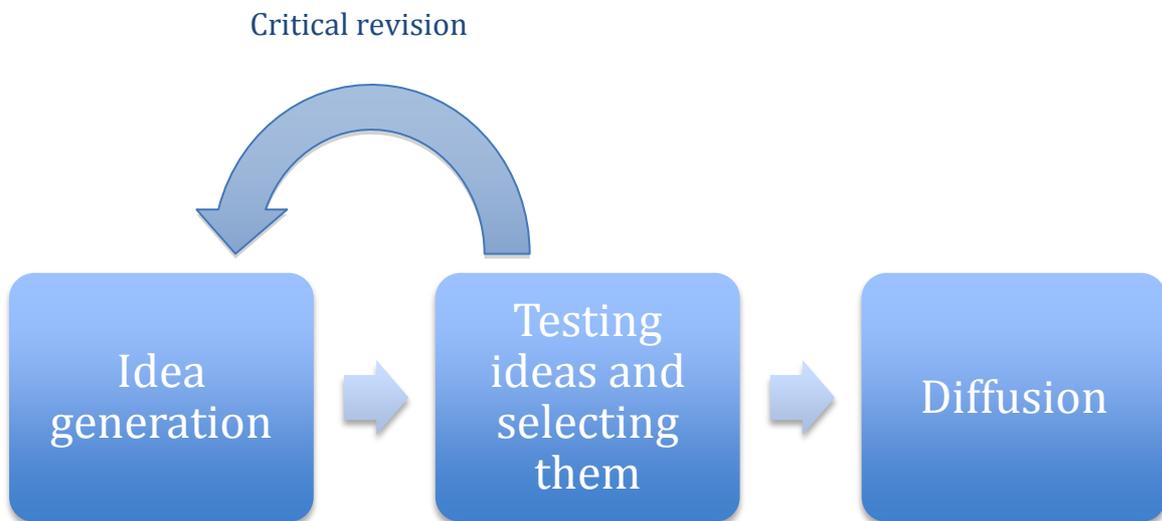
Figure 4: A synthesis of the innovation value chain in business

2.2 Social innovation

2.2.1 What is social innovation?

One way to define concisely social innovation is as an innovation that is social in its motivations or priorities and in its genesis. Social innovation is a way to solve social problems and respond to unmet necessities (Mulgan 2006) caused by market failures. For some scholars (Murray et al., 2010), social innovation creates value by finding solutions to these failures where government and civil society could not by lack of flexibility and/or the means to solve them. However, among the social innovators cited by Mulgan et al. (2007) politics and

government as well as civil society movements like the fair trade movement are included. Other social innovators cited are markets, universities and social enterprises. Some authors (Murray et al. 2010; Mulgan, 2006; Mulgan et al., 2007) stressed that social innovation and business innovation differ because of different motivations: the latter seeks profit maximisation while the former focuses on meeting social needs. However, motivation is hard to measure, as it is seldom unique and, often, social objectives are mixed with other considerations. This is why Phills et al. (2008) chose to focus their definition on the particular distribution of value resulting from the innovation: a social innovation will lead to a preference in distributing it to society rather than private individuals.

Social innovation is also social in its genesis, as one of the key characteristics of social innovation is transcending organisational boundaries (Murray et al, 2010; Mulgan, 2006; Lettice & Parekh, 2010). Following this assertion, Phills et al. (2008) prefer studying breakthroughs such as microfinance through the lenses of social innovation rather than "social enterprise" or "social entrepreneurship". The former focuses primarily on what happens inside the firm and the latter on the personality of the founder or director of the project, which limits the understanding of a much more complex phenomenon, involving more than one person or organisation. In the logic of social innovation, government, firms, NGOs and civil society are partners and not rivals to find responses to social problems (Phills et al., 2008; Mulgan et al., 2007).

This collaboration results in the integration of outside ideas in the organisation (Mulgan et al., 2007), following the open innovation paradigm, as defined by Chesbrough (2003) and which will be discussed further in this review. Embedded innovation (Simanis & Hart, 2009) is another example of openness of the firm's innovation process. In this innovation paradigm, the market where the social business is acting is treated as a community and is actively included in the innovation process, for it is considered as a source of latent ideas rather than consumption. This leads to a close, personal relationship between the firm and the community, with the purpose of developing a project that will change the community's life and habit positively.

This cross-sectorial cooperation takes advantage of the complementary of certain sectors, especially in the phase of scaling up a social innovation. Murray et al. (2010), Mulgan (2006), Mulgan et al. (2007) stress the complementarity of innovative individuals pushing an

idea ("bees") and the institutions that have the monetary and political means to implement these ideas in big scale ("trees"). If bees and trees would collaborate in tackling social problems, they can be effective and efficient. Brugmann and Prahalad (2007) stressed the great opportunities NGOs and companies had from collaborating in developing hybrid solutions to social problems. Firms understood NGOs' huge potential as paths to markets, and non-profits realised the considerable resources they could get by applying business models to solve social problems.

These two major characteristics of social innovation – being social in its motivations or priorities as well as in its conception, make it impossible to directly transfer innovation's best practices in a profit-oriented paradigm to a social-oriented one (Murray et al., 2010). First, its success is difficulty quantifiable, unlike for conventional businesses innovation, for which its market share or its sales can be used to measure performance. Moreover, one of social innovation's essences is to challenge conventional ways of considering a result being "good" or "bad". For example, maximizing a product's price may be "good" for a conventional business but "bad" for a social entrepreneur who wants to make its product available for underprivileged populations. Second, the willingness to make innovation an open process, including civil society and other actors, and the awareness that innovation is more likely to come from outside the boundaries of the organisation, results in original processes and structures, used to facilitate this interaction.

2.2.2   The social innovation process

The social innovation process is described by Mulgan (2006) and Murray et al. (2010). Their models are consistent with each other as the latter's fits in the former's (Figure 5). A comprehensive framework of the social innovation process allying both points of view would be:

Stage 1: Generating ideas

a. By identifying needs (diagnosing the problem)

b. And finding a theoretical way to fulfill them (proposing a solution)

Stage 2: Testing them in the field

a. Making a prototype in small scale (a specific community) to test the idea

b. Reaching sustainability: the idea becomes common practice and the organisation promoting it becomes financially sustainable
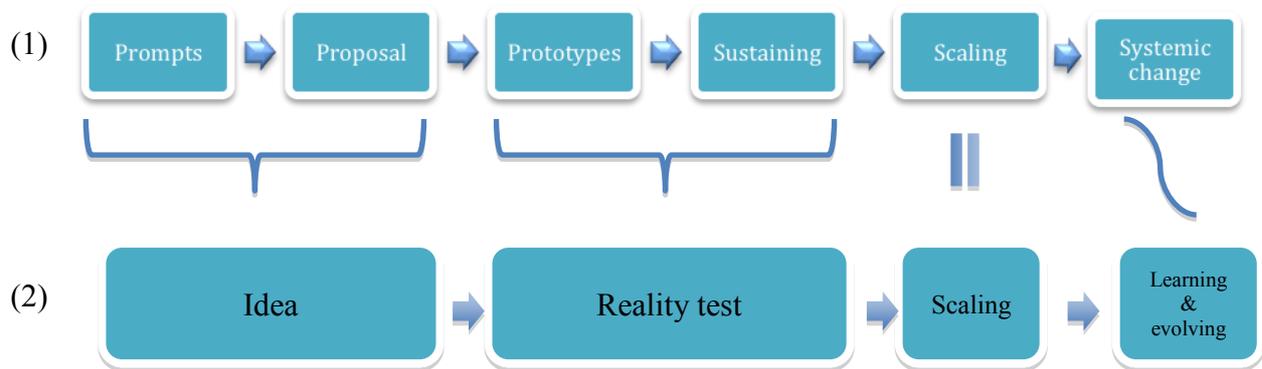
Figure 5: The social innovation process according to (1) Murray et al. (2010) and (2) Mulgan (2006)

- **Stage 3: Scaling the project.** Reaching new communities through organisational growth or through other entities
- **Stage 4: Reaching systemic change.** The old status quo is replaced by this novelty (disruptive innovation). New sources of innovation regarding this innovation will be incremental: the object(s) of innovation will evolve by learning and adaptation.

This innovation process looks quite similar from business innovation processes as defined in I.A.3. However, it is not limited to the organisational boundaries and includes the diffusion process.

2.3 Open innovation

2.3.1 The concept and its relevance for social innovation

Open innovation can be defined as a new innovation paradigm opposed to the one of closed innovation. The main characteristic of firms following an open innovation model is that their innovation process is not limited to the boundaries of the firm. Ideas used to innovate can come from inside or outside the firm, and ideas created inside the boundaries of the firm are not necessary developed by the firm (Chesbrough, 2003). The basic assumptions behind this are that:

1. In today's economy of knowledge, talents and knowledge are more likely to be outside the boundaries of the firm than inside them, and thus only using an internal R&D laboratory means missing many innovation opportunities.

2. Some inventions developed by a specific firm are maybe not directly useful for it, but can have potential within another organisation or by being developed through a start-up (Chesbrough, 2003).

In spite of the novelty of its terminology, open innovation is, for some (Trott, & Hartmann, 2009), just "old wine in new bottles", as firms never exclusively used inside resources for innovation.

The terminology of open innovation is mainly used to talk about product innovation or new technologies. However, it is never clearly stated that the concept is limited to this technological aspect. Vrande et al. (2009) consider "product-, process-, organisational- or marketing-related innovation as defined by the Oslo manual" as being potentially part of open innovation. For the purpose of this paper, I will consider that the open innovation process can be applied to all the ways to innovate identified in the part "business innovation" of this thesis.

A big advantage of open innovation is that it diminishes research costs, as companies buying patents do not need to invest in an R&D laboratory and companies having a laboratory can sell the 75-95% of their patents that are dormant and make more profitable their research laboratory (Chesbrough, 2007). This is an interesting point for social innovation, as it can be expected that some for-profit companies would be willing to give to an organisation acting for social change the permission to use its patent without charging, as proposed by Prof. Yunus in the conference "Digital for Change" (HEC Paris, 2010).

2.3.2 Delimiting the concept

Open innovation is quite a wide concept, which some scholars have tried to frame. Many (Enkel et al., 2009; Gassmann, 2006; Dahlander & Gann, 2010; Lichtenthaler, 2011; Huizingh, 2011; Van de Vrande et al., 2009) distinguish two kinds of knowledge flows: the inside-out and outside-in open innovation processes. The former consists in having innovations inside the firm go beyond the organisational boundaries. This can result from a voluntary policy or from an illegal initiative, like intellectual property infringement through piracy (Chesbrough, & Appleyard, 2007). The latter refers to the process of bringing innovative ideas from outside the organisational borders inside. Both inbound and outbound open innovation processes include different practice. Table 2 presents all the open innovation

practices researched by scholars who studied the different types of open innovation. The table is divided in two parts. The items contained in (1) refer to innovation interactions involving individuals and the organisation studied, whereas (2) comprises outside formal organisations interacting with the target organisation. Even if when conducting open innovation with individuals they become part of an innovation group, which is *stricto sensu* an organisation itself; as the group only exists for the purpose of innovation, we differentiate it from pre-existing organisations that form (2).

	1	2	3	4	5	6
OS* projects and PP communities**	x	x	x			
Crowdsourcing	x			x		
Mass customization	x					
Customer integration	x	x		x	x	x
Lead users	x	x				
Non-R&D workers					x	
Innovation intermediaries*	x					
External networking					x	
Universities or research organisations	x			x		x
Partners from other industries / fields	x		x	x		x
Suppliers			x	x		x
Competitors			x	x		x
Venturing/joint ventures/ alliances	x			x	x	x
Spin-offs	x		x			
Outsourcing R&D					x	
Licensing or selling intellectual property	x		x	x	x	

(1) — rows from "OS* projects and PP** communities" to "External networking"
(2) — rows from "Universities or research organisations" to "Licensing or selling intellectual property"

[1] *Enkel et al. (2009);* [2] *Gassmann (2006);* [3] *Dahlander & Gann (2010);* [4] *Huizingh (2011);* [5]*Van de Vrande et al. (2009);* [6]*Roper et al. (2008) *open source; **peer-production ; *** firms "selling" open innovation*

Table 2: Open innovation practices in the literature

Below, (1) and (2) are explained in detail.

(1) Individuals outside the organisation's R&D department:

As evoked below, individuals taking part in the innovation process of organisations they are not part of are often organised in networks. Total outsiders to the firm can be part of peer-production communities. The principle of these communities is gathering a large number of collaborators, often put together through information technology, who work in a common project, with little hierarchical organisation Benkler and Nissembaum (2006, p 394) give the following definition of commons-based peer production:

"Commons-based peer production is a socio-economic system of production that is emerging in the digitally networked environment. Facilitated by the technical infrastructure of the Internet, the hallmark of this socio-technical system is collaboration among large groups of individuals, sometimes in the order of tens or even hundreds of thousands, who cooperate effectively to provide information, knowledge or cultural goods without relying on either market pricing or managerial hierarchies to coordinate their common enterprise."

Open source projects are a specific type of peer production projects, where people are free to join the community and the product or service developed is open and free to use. Gacek and Arief (2004, p 34) give the following definition:

"The term "open source" frequently refers to a software development process that relies on the contribution of geographically dispersed developers via the Internet. One basic requirement of an open source project is the availability of its source code, without which the software's development or evolution is difficult, if not impossible"

They can also be organised in crowdsourcing networks, when a firm's function, that could be performed internally, is outsourced to the crowd (Howe, 2006). The firm turns to the outside to make many people collaborate to the task, or to find a particular person amongst the crowd who can do it. Crowdsourcing is typically paid, unlike peer-production. Consumers or users can also be integrated to the firm innovation, in a customer-centric way of developing a product or a service. In this case, the conception is delegated to the very clients - or a part of them, typically leaders or early adopters. There is also the case of employees that are not involved with innovation in their normal work but that are punctually pushed to innovate.

Integrating individuals in large networks to the innovation process is generally an attempt to take advantage of "collective intelligence". Indeed, under certain conditions, a group of average people can outperform any individual of the group taken separately (Leimeister, 2010). Crowdsourcing takes advantage of this looking for solutions in the crowd. It is defined by Brabham (2008) as « a new web-based business model that harnesses the creative solutions of a distributed network of individuals through what amounts to an open call for proposals» (p 76). In the literature (Kittur, 2010 ; Brabham, 2008; Leimeister, 2010), crowdsourcing examples are generally associated with platforms of « professional crowdsourcers » that, collaborately or individually, perform the requested task given by the company. Non-professional networks like users generating content, peer-production networks and open source projects also fit the definition. Other forms of innovation that are not

mentionned in the open innovation literature like cocreation with communities in social projects (Simanis & Hart, 2009) are also a way of taking advantage of the community knowledge and can be added to this category.

(2) Other organisations:

Organisations integrated in the innovation process can both be interacting in an usual basis, like suppliers or B to B customers. They can be competitors, but also from an entirely other industry, or even research institutions or partner universities. This cooperation can be made directly or through networks and take the form of punctual alliances, joint ventures, and venture capital. It can also happen by allowing spin-offs to exploit a particular technology developed in the firm's R&D lab that is not relevant for the firm. The goal of all these cooperation is to develop or keep an eye on a series of innovations that are generated outside - or with the help of outside partners - to be sure not to miss any novelty that could be useful for the firm. A more indirect way of interacting with other firms for innovation is to purchase or sell intellectual property and patents to outside firms. Finally, firms can also outsource their R&D activities.

External networking is in between the two categorisations above, as it can involve individuals and/or companies. It is also a complicated concept to delimitate, as networking can be formal and informal, in a context related to the organisation or to the social life of a manager and can be done with the purpose of working in an innovation or not. As it will be pointed out later on in the analysis, some reported cases are a source of debate in whether it can be included in this study or not.

2.3.3   Open innovation and value creation

Lichtenthaler (2011) underlines that a central characteristic of open innovation, is that it is able to capture value through an adequate business model, which differentiates it from some forms of open source innovations that do not do it. However, in the social innovation paradigm, as discussed above, added value is distributed in priority to society. Here, value capture is not limited to the organisational scale, but to society.

Thus, we can consider that open source projects are indeed capturing value for society, allowing it to access some high added value products and services free for use. It is the case

of Wikipedia, which gives access to an online encyclopaedia to everyone having an Internet connection and speaking one of the languages used there. Linux gives also access to a free-for-use exploitation system that allows cheaper access to computers. In this sense, open source can and should be considered as being part of open innovation in the social innovation paradigm.

3 METHODOLOGY

3.1 Design.

"Researchers explore when they have little or no scientific knowledge about the group, process, activity, or situation they want to examine but nevertheless have reason to believe it contains elements worth discovering." (Stebbins, 2001, p 6)

For the purpose of this study, I conducted an exploratory study. Even if literature in open innovation is extensive in the academic world, and is fairly abundant in social innovation, there is very little literature examining how the two processes interact, and none of it gives an integrative framework of this interaction. As Creswell et al. (2003) pointed out, when there is not enough literature background, a qualitative approach is the most adequate way to enlighten the subject.

Regarding data collection methods, this study is based on in-depth interview rather than focus groups. This is because the respondents are busy people, sometimes entrepreneurs, which makes more difficult to schedule a common meeting; and because of the importance of considering the respondents' answers in the perspective of their organisational background and their sectors (Ritchie & Lewis, 2003). As the goal is to understand how open innovation can be integrated in each stage of social innovation, having a detailed knowledge of each company's process is desirable.

The interviews lasted a total of 7 hours, namely 38 minutes in average, and were divided in two stages. The interviewees were first asked questions related to the background information of their project. In a second stage, they were asked questions about innovation in their projects, insisting on the role of open innovation. Questions were open and non-directed, to let the interviewees express themselves as freely as possible.

3.2 Participants

3.2.1 Sample composition

As pointed out above, there is not a framework on the combination of social and open innovation. I have undertaken a qualitative, exploratory study to try to construct a framework around this. For this purpose, I decided to perform interviews directly with managers of social projects and organisations. I chose to interview managers, for they are likely to have a broad

view about the innovation activities of their project or organisation. I included social projects into my sample, as, according to Murray et al. (2010) and Mulgan (2006), the process of social innovation starts before the formal creation of the firm. The former authors detected two phases that can be previous to the formalisation of a social organisation, and the latter, one:

- The phase of prompts, during which a diagnosis about the social problem is made (Murray et al., 2010)
- The phase of gathering ideas to solve the identified problem (Murray et al., 2010; Mulgan, 2006)

My sample is composed of 11 organisations, to have a size that allows me to have sufficient information to analyse and to provide a comprehensive framework out of it. As this is a qualitative study, the relative small scale of the sample is justified. Jane Ritchie and Jane Lewis (2003) explain this with three points:

- If data analysis is correctly overtaken, there is a point where additional respondents will bring little extra knowledge;

- There is no need to have a statistically pertinent sample, as the goal of a qualitative study is not to establish the incidence of a phenomenon;

- A qualitative study is rich on details, and an exaggeratedly big sample would demand a considerable amount of time that is not justified by the first point.

   I tried to have a relatively diverse sample:
- Regarding the stage of social innovation they are in, to have at least one respondent by innovation stage. However, because of the relative newness of social innovation and its constant evolution, I was not able to find an organisation declaring to be in the last stage of innovation;
- Geographically, by interviewing in Brazil and France and have insights from social projects and organisations in developed and developing countries;
- Regarding their juridical status: both NGOs and firms were interviewed, to capture the different approaches non-profits and for-profits have.

More concretely, my sample is composed of the following organisations:

- **4you2** is a Brazilian social business, which offers English lessons to favela children at a discount. Its teachers are foreigners who get their stay in Brazil financed in exchange of giving classes to those children.

- **Aoka** is a Brazilian social business which defines its activity as designing experiences through travel. In fact, it combines two main services. The first one is the organisation of sustainable tourism, making tourists get immerged in the host country's culture. The second one is an original service, which consists in organising a mixture of think tanks and trend tours to gather professionals to discover and discuss a subject while traveling to discover best practices abroad.

- **CDI** is a Brazilian social business group that has a wide series of activities around the access to technology for underprivileged people in order to empower them. Its activities go beyond the Brazilian borders, as it is also present in other Latin American countries, and even in the United Kingdom. There are two particularly interesting activities among those of CDI. The first one is the construction of a network of Lan houses (CDI Lan) across Brazil and Latin America. The second one is the development of the project "CDI Apps for Good", in which they promote coding apps for social change.

- **Kialatok** is a French social business offering cooking lessons to firms and physical people. The goal of Kialatok is to promote foreign cultures through gastronomy and to empower socially vulnerable immigrants through work.

- **MakeSense** is a network of social enthusiasts that organise a variety of event around social business. The goal of these events is to promote social business and help social entrepreneurs with their projects. MakeSense is an NGO that is present in many countries but was created in France.

- **Pote emploi** is a French NGO. It is a social network and workplace where users exchange advices and experience to help each other find a job. Its goal is to help less privileged youngsters to palliate the lack of equal opportunities for everybody and help them find a job.

- **Pro Bono Lab** is a French NGO whose main activity is to organise pro bono events, where a firm puts its employees at the disposal of NGOs for some projects. The firm was born after its founders went to the United States to learn best practices from pro bono institutions there and joined an international network of pro bono associations.

- **Projeto Pipa** is a social enterprise that brings mobile saving services to Brazilian favelas. The project was first developed within the International Development Design Summit (IDDS) organised by the MIT. The three founders then decided to go further in the project and opened their businesses. One key characteristic of this project is that it was built using cocreation.

- The **SenseCube** is a spin-off of MakeSense. It is a project that was developed to offer a coworking space for social business, promoting a creative environment. It uses some of MakeSense's assets, like its brand, and has access to its community to organise conferences and other special events.

- **Spear** is a French cooperative that allows social enterprises and NGOs to finance their projects at low rates, by connecting them to people willing to put their savings at the service of social projects. Spear's goal is to promote a transparent and social savings system.

- **Vidéaux** is a French NGO that produces communication videos for social business, NGOs and social projects in general. These videos are produced by volunteers and sold at a "fair" price, which depends on the resources of the organisation. The service is free for the most vulnerable structures.

Table 3 summarises the participants' information and recaps:

- The name of the organisation they represent;

- Their code name, which is built by putting a number, depending on the alphabetical order of the organisation's name on the list, after the letter "I", referring to the "Interviewee";

- Their country where their headquarters are located (some of them can be present in various countries, like MakeSense);

- The type of organisation they are. The possible values for this are "social enterprise" or "NGO";

- Their main activity, as described by themselves;

- Their innovation stage, explained in the literature revue.

Organisation	Partici-pant	Country	Type of organisation	Activity	Innovation stage
4you2	I1	Brazil	Social enterprise	Language school	Scale-up
Aoka	I2	Brazil	Social enterprise	Experience design through travel	Scale-up
CDI Lan	I3	Brazil	Social enterprise	Promote the use of new technologies to solve social problems	Scale-up
Kialatok	I4	France	Social enterprise	International cuisine workshops by immigrants living in precarity	Reality test
MakeSense	I5	France	NGO	Network connecting social entrepreneurs to people willing to solve their challenges	Scale-up
Pote Emploi	I6	France	NGO	Social network for mutual assistance in employment	Reality test
Pro Bono Lab	I7	France	NGO	Consultancy for NGOs	Scale-up
Projeto Pipa	I8	Brazil	Social enterprise	Mobile savings service	Idea / Reality test
SenseCube	I9	France	Social enterprise	Co-working space for social business	Reality test
Spear	I10	France	Social enterprise	Transparent and ethical savings solution	Scale-up
Vidéaux	I11	France	NGO	Production society for NGOs and social enterprises	Reality test

Table 3: Sample composition

3.2.2   Sample construction

> *"Working through organisations which provide services to or represent particular populations can be an useful way of generating a sample frame for groups which cannot be identified through official statistics or administrative records, and which are too scattered or small to be identified easily through a household screen"* (Ritchie & Lewis, 2003, p93)

As social projects and their managers cannot be identified through official records and are not all organised around the same networks, sampling through an organisation is a suitable

method. To find a population fitting my sample, I have acted through two kinds of organisations:

- Educative institutions collaborating with social projects for research or educational reasons. I will contact professors teaching social business in my two universities, HEC Paris and the Fundação Getulio Vargas.
- Networks and structures helping social entrepreneurs. I am going to contact social projects managers having work with Make Sense, a social business helping social enterprises find solutions to various challenges encountered by them.

Moreover, to have a more diverse sample, I have also contacted social project managers through snowball sampling, to reach people outside the above networks. This sample procedure consists in accessing informants through the recommendation of other informants, who direct you to someone who is also part of the target population (Noy, 2008).

3.3 Data analysis.

> *"The statistical focus on the p value in quantitative research is replaced in qualitative research with pattern seeking and the extraction of meaning from rich, complex sources of linguistic (narrative) or visual (image) data."* (Suter, 201, p 352).

In order to extract meaning from the interviews, they will be recorded, transcribed and coded. Following Suter's (2011) description of successive coding patterns, a first coding tentative will be open, to identify different concepts, and will then be narrowed down into categories. The researcher will then make links between them, to elaborate a tentative answer to the research question. In this context, the link will be made between social innovation processes and open innovation practices, the goal being to understand their interactions and combinations.

4 ANALYSIS

4.1 Vision about innovation

The respondents were asked what they thought was the role of innovation to solve social problems. The answers to this question vary a lot, and tackle different conceptions of innovation. In this analysis, I will discuss if a difference between social and regular innovation can be established from the respondents' answers and what the importance of innovation to solve social problems is.

4.1.1 Is it different from business innovation?

Some interviewees have pointed some particular innovation theories as more pertinent for this field of study. I3 considers that *"disruptive and reverse innovation"* make easier for firms to offer *"products and services that directly tackle a social problem"*. I4 "find[s] frugal innovation interesting" and very pertinent to solve social problems, as he *"find[s] the role of technical innovation very interesting, because it allows to test things at a lower cost and replicate them quickly"*. The fact that the respondents spontaneously referred to a certain theoretical framework when talking about social innovation shows that there is a perceived particularity in it, that makes it different from regular innovation, therefore confirming the pertinence of studying it separately.

The object of innovation was something the interviewees tackled by themselves, insisting that not only technology and new products should be taken into account. They insist that, for them, innovation has to be taken in its broader meaning, confirming the pertinence of setting the theoretical background around a diversified vision of innovation. According to I9, social innovation is not only about radical change in a product, it *"can [also] happen at other levels: in [...] its economical model, the actors involved in it, the way it integrates its stake holders, and the way it is built"*. I1 shares this point of view:

> *"People only focus on [...] creating new needs and innovative ways to generate new things. But we already have a lot of unsolved problems that demand an answer. In my opinion, we also need to look at [...] creative ways to offer a basic and super old service: education".*

4.1.2   The importance of innovation in social change

All interviewees agreed that innovation has an important role to play in solving social problems. None of them saw it as being irrelevant or secondary. However, they do not all agree to what extent it does. Some of them see it as a *sine qua non* condition to do it. I2, thinks that *"it is not possible to solve a social problem without having any kind of innovation, otherwise those problems would not exist anymore"*. According to I1's definition of social business, it is based on three pillars: quality, accessibility and sustainability of the product or service offered to the community. Innovation *"is an intrinsic condition"* to achieve the three of them at the same time*: "If there is no innovation, then the quality will be low, the accessibility will be low or it will not be sustainable"*, he argues.

Furthermore, innovation in the social field is sometimes associated with a paradigm shift and is thought both as responding to it and provoking it. According to I11, innovation is developing a lot in this field because people

> *"Do not want to take up traditional models, where they would knock at big firms' doors to ask them money. [...] This does not work anymore. Thus, if we want to have an impact today, we necessarily need to innovate. [...] There is a new paradigm, [...] particularly among the youngster. We believe more and more in the social entrepreneurship model, which is sustainable [...] and truly stimulates young people."*

For I5, innovation - in general - is:

> *"Setting the cat among the pigeons and make things change. Good innovators are those who manage to set the cat among the pigeons and create a new institution at the same time."*

However, as some participants underline, the role of innovation should be relativized. Sometimes, the reason why a problem is not solved is not that a solution has not been found, but a lack of resources to implement it. As I10 reports, one of his business partners once told him:

> *"Today, all calls for project and subventions [...] are focused on innovation. However, there are solutions that have been working well for a while, that are being neglected under the pretext that they are not innovative. Of course they are not, they have been there since the 1980s, like work-integration social enterprises for example. [...] We could spend some time to extend what was innovative once and is still working well, instead of always being looking for novelty."*

I9 shares this point of view: *"Innovation is very valuable, but we should not always solely focus on innovation, sometimes we can bring an answer to social problems with already*

existing solutions." There is a real risk of innovation cannibalizing funds from solutions that have already proven to be effective, thus not letting them pass the scale up stage and achieve a systemic change.

These solutions can be old ones used in social innovation, but can also come from different industries. *"There are a lot of solutions that exist in other sectors, in other conditions, in other things, and we often do not open our minds and we do not realise that we can really go further"* states I7. Moreover, a lack of best practices centralization does not let social organisations innovate upon already existing solutions. I6, who looked for solutions online that might help his NGO notes that *"you have only a few website with best practices"*. Many entrepreneurs and NGO managers thus have to start from scratch, when they could have taken advantage of their peers' experience.

Overall, innovation is widely viewed as one of the key solutions to tackle social problems. It is certainly not the only one, as there are old solutions that have proven to be effective, that should not be neglected. However, one could argue that if the old solutions are not financially viable, it is because they should innovate in their business models, or on in its cost structure, to become sustainable solutions. However, innovation has to adapt to this different sector, as efficient solutions for business problems are different from social problems.

There is a need to rethink already existing products and technologies for a public that does not have access to them or simply does not have the same consumption patterns. As the interviewees pointed out when asked about their perception of innovation, this happens by going beyond mere product or technology innovation. Social innovators are on line with recent literature about innovation, that stresses its variety. This proves the pertinence of using the extended framework summarised in Table 1 for the following section instead of the old-school innovation paradigm, where only product and technology were considered as legitimate innovations.

4.2   The objects of innovation

In this section, I will analyse the objects of innovation for social organisations and determine if they fit the framework developed in the literature. However, before doing it, I will make a review of what are, for me, the main innovations developed by each organisation in my sample. Table 3 summarises these main innovations and quickly evokes the other innovations that my respondents mentioned.

- **4you2**'s main innovation is having been able to cut its costs dramatically to be affordable for poor Brazilian families. Knowing that language skills are very scarce in Brazil, which makes quality English courses very expensive, 4you2 decided to bring their own teachers from abroad. These teachers cost them less than normal because they offer them a package that covers their travel to and expenses in Brazil, in exchange for a short-term meaningful job. Paying the teachers with both monetary and non-monetary rewards and offer them an exceptional experience allows 4you2 to sell their English classes far below market levels. It is an innovation in how the service is produced, and particularly in HR policies.

- **Aoka**'s main innovation is related to the services it offers to its costumers. The service that goes deeper in its innovation practices is their learning journeys. I2 describes it as being a mixture of trend tours - an alternative way of doing tourism - and think-tanks. In fact, Aoka sells in a way open innovation, by allowing people from different backgrounds to innovate together. This service is so innovative that it was quite complicated for I2 to describe it very simply, as no analogy with an already existing service could be made.

- **CDI** has a very diverse set of innovations, as it has different activities that are innovating in different fields. However, their main innovation, which is common for all their activities, is that they target a widely underserved market: the low-income population. This market is not usual for technology companies, which makes CDI's experience all the more valuable as they have gained an unique expertise throughout the years.

- **Kialatok** mainly innovates by selling cooking classes, a service that usually targets individuals, to both individuals and firms. Thanks to this innovative business model, it can finance the salaries of their chefs, who often are refugees seeking social insertion. The fact that the chefs do not have any recognised diploma is also very original in the cooking classes sector.

- **MakeSense**'s innovation is mainly focused on one strong point: it tries to bring open source philosophy and practices to non-software services. This resulted in a community-based organisation organised both online - like open source communities - and offline, to be able to adapt the open source model to non-digital activities. For this reason, MakeSense innovates a lot in how it provides its services, and has a very original organisation structure.

- **Pote emploi**'s major innovation relies on developing a social network around mutual help in finding a job. It is half way between corporate social networking, like LinkedIn, and more informal networks were people are able to chat in a more relaxed way, like Facebook or Twitter. This hybrid personality is what makes this project innovative.

- **Pro Bono Lab**'s main innovation is to include the firms whose employees are doing a pro bono activity to the process. Pro Bono Lab does not only put the individuals looking for punctual skill-based volunteer activities with NGOs. It also encourages firms to sponsor projects and to promote them among their employees. By transforming pro bono into a service billed to private firms, Pro Bono Lab found a sustainable way of both financing itself and easily find their volunteers.

- Being a cocreation project is what makes **Projeto Pipa** particularly innovative. It is targeting an underserved market by including their potential costumer in the construction of the service it will provide them. Even if cocreation is a well-known practice, few mobile banking solutions use it to develop their services.

- The **SenseCube**'s main particularity is being a spin-off of MakeSense. Spin-offs are very common in the technology environment, much less in social business. The core of this innovation is that SenseCube was supposed to pay a licence for using the MakeSense brand to sell its coworking space services. When I conducted the interview, the SenseCube was a very new project, and the modalities of that contract had not been established yet.

- Financing social projects at a lower rate, **Spear** is innovative regarding the market it serves. Savings solutions are dominated by standard banking services, which are focused in financing standard businesses or loans to physical people. By financing these kinds of projects, Spear is fulfilling an unmet need in a specific market.

- **Vidéaux**'s business model is one of its principal innovations. By having a flexible billing policy, where the price of a communication video is determined by the financial means of

the organisation ordering it, they found a way of being both fair and sustainable at the same time.

	What is sold to the customer	How it is produced	Target Markets	How it is sold
4you2	**Service features:** accessibility, sustainability and quality	**HR:** Rethink the value of work, compensation is a mix of salary and self-fulfilment		
Aoka	**Service:** Learning journeys. **Customer Experience:** Moving people deeply	**Service provider:** empowerment of these people, who are at the margin of the society		
CDI	**Service features:** CDI Apps for Good: apps for solving social problems		**Underserved mkt:** the public they work with (low income) is not a target for most technology companies	**Distribution, pricing and value offer** is different for low income
Kialatok		**HR:** empower employees, who are immigrants with limited access to employment	**Unusual market:** B2B business, when cooking classes are usually B2C	
Make Sense	**Service:** put a network of people willing to help at social entrepreneurs disposal	**Organisation:** community-based; collaborative creation. Problem-solving oriented. **Open source.**		**Business Model:** Licencing the brand for peripheral business to use it (like SenseCube)
Pote Emploi	**Customer experience:** philosophy of equality between the tutor and the person been			**Marketing:** a close, relaxed tone; **Distribution:** using social media to promote employment
Pro Bono Lab	**Service features:** "marathons" - consulting missions in some hours- and NGO needs diagnosis	**Org.:** increase the implication of the board of directors; own volunteers at the service of other	**Underserved mkt:** consulting for NGOs; **Unusual mkt** a new way of involving private firms' employees	**Business Model:** sell the service to firms to serve them, their employees and the NGOs
Projeto Pipa		**Process:** cocreaction with the community	**Underserved market:** the use of mobile phones for financial and saving services in Brazil	
Sense Cube		**Organisation:** self-managed co-working place. **Being a spin-off**		
Spear	**Service features:** transparent and socially responsible savings + financing social projects		**Underserved market:** finance social projects at rates they don't have in the mainstream market	
Vidéaux		**HR:** mix competences on each mission so volunteers learn; **Process:** open to anyone and **open**	**Underserved market:** make videos for players that did not had access to it	**Business model:** flexible pricing (depends on the means of the client)

Table 4: Objects of innovation in the sample

4.2.1   What is sold

In this sample, all the organisations are service-based, so there are no examples of product innovation. The two sources of innovation involve the service itself and the costumer experience. The differentiation between innovating on the service or the service features is based on the intensity of the innovation. Innovating in features - which could be the equivalent on changing a product component - could be assimilated with modular innovation. Innovating in the service, however, supposes it is more than only changing some features, thus can be close to radical innovation. The limit with this categorisation of innovation intensity is that the framework was though for product innovation, and all the firms in the sample are based on a service. The components and architecture between the components have to be made by analogy, thus a less certain categorisation. In this case, I only identified radical and modular innovation and did not find any example of incremental or architectural innovation.

4.2.1.1   Service features

Most of the innovations in what is sold to the customer are modular: they are often adaptations of an already existing service and only involve some changes in its features. I7, for example, provides a pro bono service, which has existed for a while, but innovates in some of its features:

> *"[We had] two innovative ideas. The first one was the diagnosis of associations'*
> *needs, whose format allowed us to understand quickly the NGO, how it works and*
> *what it needs. The second one was the "marathons", that is organising events*
> *where teams of volunteers make free consulting missions for NGOs [during one*
> *day] on the issues that were defined during the diagnosis"*

It is also the case of I1, who did not invent language schools nor English lessons, but achieved *"quality, accessibility and sustainability"* at the same time for its service. As he explains, *"the quality of a regular [language] school is very high, it is very sustainable, but it is not accessible at all"* and for English classes by NGOs, the sustainability and/or the quality can be at stake to assure accessibility.

I10 did not invent banking nor saving accounts either, but, as he says: *"We thought about giving transparency to savings and if we were going to go for transparency, we might*

as well finance meaningful projects.” The features he brought to the original service - savings- are transparency and meaning.

I3 is also in a modular innovation logic, as it was *“one of the three first organisations in Europe to develop mobile applications to solve social problems”.* Mobile apps are a well-known service, but the social goal behind them is the novelty in this case.

4.2.1.2   The service

It is more difficult to define if a service can be considered as completely new, and hence consider a radical innovation. I2, for example, created something called *“learning journeys”*, which he describes as being a mix of *“think tanks”* and *“trend tours”*.

> *“My business is not simple. I think that one of my biggest challenges is how to explain it in a superficial, easy way. It is very difficult, because I do not have many references. [I cannot say] ‘You know Facebook? It’s like [Facebook] but like this: …’ ”.*

His difficulties explaining his service by analogy - and for me to understand it easily - is a sign that it is quite innovative, and can be considered as radical innovation.

I5’s service can also be considered as radical, it is quite difficult to explain what the service his NGO offer is. Instead, he stated his challenge:

> *“How do we do, on the 21st century, to link social entrepreneurs with people who are willing to help them, in a very fluid way. For this, we use web technologies, social medias and mobile technologies”.*

And in fact, the service offered, which is organising all these people into a network, engage them to solve social challenges and participate to events within the community is quite innovating. The online/offline articulation of the community is quite original too, so I considered it to be more than only an innovation on features of an already existing service.

4.2.1.3   Customer experience

Sometimes, the innovation is not (only) in the service or its features, but also on how the customer perceives it. This can be done on purpose, as Pote Emploi did, by installing an

equality policy, that puts people willing to help and people looking for help on an equal footing.

> *"We are in a logic of equality, we are all in the same boat and we will help each other. And something that shows it well is that when you sign up to be helped, you fill the same questionnaire than people who want to help. Meaning that you can ask for help and be contacted one week later to help someone."*

Other innovators see a different customer experience emerge as a result of their innovation, without looking for it. I2 explains how this happened in his project when he brought tourists to meet people from marginalised communities:

> *"We realised people came back [from our trips] deeply moved [...], [thinking] 'what am I doing with my life, this guy earns 10% of what I do and he is so much happier than me. [...]'. And we started realising we were moving people's head a lot. [...] We were dealing with things people were not used to."*

This made them take a closer look at what they were provoking, and thought that *"it could be a very strong self-development tool",* and worked on top of it to develop their offerings.

4.2.2 How it is produced

4.2.2.1 Organisational

In this sample, organisations innovating on the organisational part declared to have special governance, a special use of volunteers, or having a particular way to organise work. I7 declared to have unusual governance, implicating the board of directors more deeply than in a normal NGO: *"We have a board of directors to whom we present our strategy and validates everything"*

I7 also describes quite an original way to organise volunteers, who are whether external or internal, and are whether assigned to work at the service of the beneficiary NGOs or Pro Bono Lab.

> *"We have [...] our Pro Bono volunteers. We hired 700, and they are at the service of the NGOs that they advise. And we also have about 60 Pro Bono advisors, who are internal volunteers who do internal consulting"*

I5 and I9 also have different ways of organising their structures. I5 describes them as following:

> *"It's quite a new way of working, very collaborative, challenge-oriented and based on problem-solving. There are not many organisation based on problem-solving in a hyper collaborative way. [...] The others are organised around projects and business units"*

I9, who is still building her co-working platform, wants to organise it in quite a different way as regular offices:

> *"I would like to develop a space that would be as self-manages as possible, [...] a space whose functioning and organisation come from people working there and is even manages by them."*

To these organisational innovations, one could add the open source functioning of I5 and I11 NGOs, as it implies a different way of organising the workforce, which is sometimes outside the organisational borders. The open source functioning of these organisations will be studied in more depth further in this paper.

4.2.2.2   Processes

The creation process is another example of innovation. I8 is one clear example of such innovation, as he co-created his project with the community he was targeting. This practice is of course not completely new, as I could find it in the literature, but it is still an innovative way of creating a service.

> *"It is a service adapted to the community's necessity, and it's the community who gives us feedbacks for us to always improve. [...] I do not know if you have heard of the lean startup, which consists on changing [the project] as you go. When we see that something is going wrong, we receive a feedback, we change it and we carry on. It is a quick change, not really structured"*

They also follows the lean startup movement, which is not completely new, as it has already been theorised by Eric Ries[1], but is still the exception, not the rule. The combination of both cocreaction and lean startup can maybe be considered as an innovation, a marriage between social business practices and the today's startup philosophy.

4.2.2.3   Human Resources

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[1] Ries, E. (2011). *The Lean Startup. How today's entrepreneurs use continuous innovation to create radically successful business.* United States: Crown Business.

Human Resources (HR) is also a dimension that is being revisited by the social businesses and NGOs I interviewed. This difference means having different recruitment processes and criteria, original ways of building up working teams or giving another meaning and retribution to work.

I4, for example does not recruit his chefs in a conventional way:

> *"We are innovative in HR because we answer to an unmet social need, as [our employees] are not people who are usually employed. And when they are, most of the time they end up at the back of the kitchen or in low-skilled jobs. Put them on the centre of the stage."*

His innovation is to take people from the margins of the labour market and give a greater value to their work and improve their self-esteem. I4 is not necessarily employing people who are already operational or who will be paid less, but will train them and give them a reasonable wage.

I11 is also in the perspective of training his volunteers and is not only performance-driven:

> *"We mix people who have very diverse skills [...], our criteria to build up a team to produce a video is not to select the best and make the best video. We have different preoccupations. We want of course on the one hand people who know how to make a video as a quality guarantee, but also in the other hand people who do not have those skills and who are going to learn them."*

Making it possible for volunteers to learn new skills is a non-monetary way to reward them for their time and to go around a tight budget. I1 also uses non-monetary rewards to motivate his English teachers, but sees it as a hybrid way to pay them:

> *"What is our innovation about? We want to promote the concept of working for a purpose. It is not voluntary work nor paid work [...] We think that, as social business is the 2.5 sector, we have to take what is best from NGOs, what is best from enterprises, and stay in the middle. This is the way we want to innovate in our HR. We want to promote this concept, guide it, because it is an idea that already exists in the academic literature. [...] But only a few firms, nearly none of them, really apply the idea of working for a purpose."*

Behind I1's HR strategy, there is a global agenda of expanding this view of work, make it reach a greater scale by acting locally and changing globally.

> *"The 'act locally' part is what we are doing. Giving English classes or doing another think is the same. The work this person does is very gratifying [...], [and has] a pleasant environment [...]. If it is sustainable, meaning if you are paid enough to survive and live well, if it is funny, if you have space to create, to be creative, to give your ideas and see them being implemented [...] it will be possible*

to implement it on a bigger scale. When you replicate this, you can change something in a global scale. Having people work for a purpose makes them never want to stop.”

4.2.2.4   Service providers

During his *“engaging experiences”* and *“learning journeys”*, I2 resorts to unusual service providers. Following the same precept as I4 does in his HR policy, I2 choses people at the margin of the economy as service providers:

> *“Our firm has many social impacts: revenue generation; social integration, that is taking this people inside the market. So we help them in their personal development. [...] We teach them how to receive someone, how to talk to that person. Sometimes, when we go to a [poor] community, we help them to start up their business.”*

These firms and NGOs, who are not very traditional in their activities, are also quite innovating in how they organise their structures, their processes, but also in their HR policy and their relationship with their service providers. The two latter points can be explained because employees and service providers are, in some cases, part of the target beneficiaries of social organisations. The two former can mean that, to provide an innovative service, the way it is produced also has to be innovative.

4.2.3   The markets where it is sold

4.2.3.1   Underserved markets

Underserved markets are markets where some products or services are not available because of resource scarcity, being far from the centre of the economy, or because conventional firms just do not know how to deal with those markets. Many social businesses and NGOs innovate by targeting these markets or by finding a better way to provide them a service. Sometimes they outperform conventional businesses in those markets thanks to their *savoir-faire*. CDI is one of these social businesses that learnt to work with those markets by innovating:

> *“Considering CDI as a whole, I would say [...] [that we are innovative in the markets we target], because we act on a public that is of great interest for firms,*

but only few of them have the knowledge, the capillarity or the intelligence accumulated by CDI, to work with this public, with this target market."

Even if some solutions meant to provide a service to the bottom of the pyramid already exist in some places, like mobile banking, implementing them in a community where the solution did not exist is a market innovation. I8 even states his offer is innovative because *"in that particular social sector, in Brazil, the use of mobile phones to offer financial or saving services has not been much exploited".*

Underserved markets are not always markets from the bottom of the pyramid. It might be the case of some organisations that do not have access to a product or service because of a tight budget. It is sometimes the case of NGOs, who do not have the means to afford consulting services: *"it is innovative for NGOs to receive consulting services from volunteers"*, says I7. Some social businesses also face this problem, a situation that I10 and I11 took into account, including them in their target. I11 talks about *"a market innovation [...] as we produce videos for players that traditionally did not have access to them."* I10 offers *"to project-bearers [...] a social financing that did not exist before."* *"We even offer them cheaper rates than what already exist."*

4.2.3.2 An unusual market

I4 sells cooking classes to corporate clients, which is quite an unusual target, knowing that the main buyers of such services are private individuals. Because of this, he adapts his offering to the needs of his target market and does not directly sell cooking classes, but rather transform them in other kinds of services.

> *"We offer cooking classes for private individuals and firms. The training workshops for firms that we want to develop do not really exist for the moment [...]. We use cooking as an excuse to bring awareness to cultural diversity issues. [...] We also have cross-cultural management trainings. In this case, the idea is that, in ethnic cuisine, we take ingredients that have their own flavours and identities, and we mix them to have something very tasty [...]. It is exactly a metaphor for a multicultural team, where everyone keeps his personal identity but contributes to the group strength. [...] [We also organise] multicultural team buildings. [...] If [a firm is] going to do a team building, they might as well do it with a socially responsible partner. [...] We would like to develop commercial trainings too, [...] [to teach executives] culinary codes, as many businesses are closed around diner. [...] This also works for expatriation."*

I7 sells his services to enterprises, when the most obvious beneficiaries are the NGOs, who get consulting missions for free. However, Pro Bono Lab does provide a service to the firms who finance the consulting projects, as it *"accompanies [firms] in their employee's implication"* in social projects. This can be seen as a part of the firms corporate social responsibility, or a way to motivate its employees and, at the same time, develop some of their skills.

Market innovation is very present in social organisations mainly for two reasons. The first one is that their goal is often to serve a marginalised market and thus need to adapt traditional offerings to this market, resulting in additional innovations. The second one is that, as many of them point it out, they are looking for financial sustainability. A solution some of them found is selling to firms services that normally is not sold to them.

4.2.4 How it is sold

4.2.4.1 Business Model

Being sustainable is quite a challenge for organisations looking above all to have a social impact. This is why this kind of innovation is particularly useful to achieve both social impact and economical sustainability. I11 found a way to reconcile both goals through his business model:

> *"There are not many production firms who have an hybrid business model or prices adapted to their clients. If we work with a small social entrepreneur, who is just starting up, we will produce his video for free. If we work with a medium-sized NGO, we will look for a fair price depending on its budget. This results in flexible prices that do not depend on our workload for each project, but rather on our partner's budget.*

As seen above, Pro Bono Lab has a business model based on charging the firm putting its employees at the NGO's disposal and not the beneficiary NGO. However, it can be argued whether or not this is an innovation, as I7 himself points out that other organisations already do it - but not Pro Bono structures though. I5 also found an original way to finance his NGO by making the social business built on top of his NGO for using its brand. This will be examined in bigger depth further in the analysis.

4.2.4.2   Marketing

Marketing and consumer experience are very close, and some examples I gave for the latter could be mentioned in this section. However, there is a specific case that I6 explicitly named it as an innovation in how mutual-help employment platforms are marketed:

> *"We want [to have a project] with a young spirit, something that appeals the youngster who are not always naturally attracted by people wearing suit and tie who want to help them. Thus it is innovative in its marketing: our name and logo, our video…"*

According to I3, *"distributing to low-income markets has a new distribution, pricing and value offer logic. Well, it is quite different."* This is why he thinks that, by achieving a successful strategy in targeting BOP markets, his firm has successfully innovated on this field.

This object of innovation is not always due to the particularities of the low-income market. It can be also because of the demographics of the targeted market that make them more receptive to certain communication channels. As I6's NGO targets youngsters, he developed his offering as a social media. *"We are innovative because we take something that is widely adopted, namely social networks, modern media, and we apply it to a sector where it is not very widespread."*

As it can be seen by comparing Table 1 and Table 4, social businesses and NGOs' innovation can be studied through the conventional business innovation paradigm, as none of the respondents mentioned an object of innovation which was absent from the framework. Nonetheless, as also believed by interviewees, older paradigms that only focused on product or technological innovation are clearly not suitable to explain the complexity of social innovation and its goal, which is becoming more a more a dual objective: solving social problems and achieving economical sustainability.

Another issue regarding the objects of innovation is to analyse their scope. Table 5 is divided in three categories, corresponding to the different scopes of innovation presented on Figure 2: operational processes, products and services, markets and business models. For

every category, the researcher has counted the number of organisations having declared at least one innovation corresponding to it. Concretely, if an organisation has both a market and a business model innovation, it was only counted once. As it can be seen, innovation in social businesses seems to be focused on higher scope practices rather than less risky and impactful ones. This can be due to a willingness to have an impact and, in some way, to produce a change of paradigm. However, this can also be because operational process innovation is not very suited to service companies, or because this particular object of innovation is not really perceived as one, thus interviewees forget to mention it.

Object of innovation	Operational processes	Products and services	Markets and business models
Occurrences	1	7	7

Table 5: Analysis of the objects of innovation and scope

4.3   The kinds of open innovation used in the social sector

Open innovation is quite a large concept that has blurred delimitations. As underlined in the literature review, "networking" is quite a vague concept, considering what the interviewees said when asked to give examples of networking. For instance, I1 gave the following example about interacting with social parties: *"You are chatting with someone and that person gives you an idea, you take it and sometimes you even forget that it was his and think it was yours"*. Although it does involve exchanging ideas with third parties, talking about one's project with any outsider cannot always be considered as being part of open innovation. One key point for considering that this example is not open innovation is that those chats happened outside the organisational structure and were part of I1's private life.

Another practice that I am not considering as open innovation is market and competitor monitoring, when there is no direct interaction with those parts. One example is I4's experience, who mentioned *"two sources of inspiration"* for his firm a *"social culinary incubator"* and a *"culinary work integration social enterprises"*. However, he never directly spoke to them, even if he intended to do so. Not having had a direct contact with those firms fails to integrate them in the innovation process. It is all the truer for they were in a closed innovation perspective, thus Kialatok did not have access to all the components of those innovations. On the contrary, implementing an innovation from an open project that made it publicly available can be considered as an outside-in open innovation practice. This is because the innovation was publicly available in the explicit goal of being copied thus spread. However, none of the respondents mentioned such a situation.

A further issue is to know what kind of outside cooperation can be considered as open innovation. I6 states that Pote Emploi *"need[s] quite a few skills. For instance, we found someone ready to make a video for us"*. Someone else taught them *"how to animate [their] Facebook community"*, and a third person advised them *"to go on Twitter"*, given the nature of their project. Kialatok is *"followed by coaches for commercial prospection and selling techniques"* and also *"a lawyer, for the juridical side"*. Is being helped in technical aspects a sort of open innovation? I think it is not if there is no dialog about the idea of building something new together or sharing an innovation. In my opinion, coaching CEOs for commercial skills or giving community management advices cannot be considered as innovating, but rather as the transmission of standardised knowledge that could be taught at

universities. On the other hand, being incubated or accelerated, like Aoka, 4you2, Pote Emploi and Kialatok, is not only about technical skills, but also supporting the organisations in their innovation, thus it has been considered as close to what the literature calls "outsourcing R&D".

Finally, it is very difficult to draw a line between normal customer feedback and customer integration in the innovation process. Having a customer-centric attitude is very common in business, thus being open to feedback is not a particular sign of open innovation. Is there a question of intensity in the integration? In the kind of added value the customers give? Or do they need to directly contribute to the innovation implementation? According to Enkel et al. (2009), "companies will be able to draw their customers, suppliers, or other partners in the heart of their product development e.g. through online idea management or community participation in product development". This presupposes a willingness from both the organisation and the consumer to innovate together, and not only user data recollection or feedback questionnaires that are not integrated with a deeper participation. In this analysis, customer feedback will be included, because many interviewees mentioned it. However, it should be studied more in depth how this feedback takes place to be certain whether it is open innovation or not.

To conduct this analysis, I retook the framework defined in II.C.2. and added a third point, "going further in the open model", as I found that some of the participants sold or offered open innovation to their clients or beneficiaries. In part (1), I rephrased the practices that consist in using "non-R&D workers" for innovation, as none of the organisations I studied had a proper R&D department as far as I know. Instead, I am considering people inside the organisation whose normal role does not involve them in the innovation process. This will be explained more in depth below.

4.3.1 Resort to individuals outside the organisation innovation activities

4.3.1.1 Consumer and beneficiary integration

One very common practice among the sample is integrating consumers and beneficiaries into the innovation process. *"We also listen to our final beneficiary, who are the*

users in low-income communities" I3 says with no further details. This integration is quite diverse though, and can go from basic feedbacks to cocreaction. I4 is actively seeking for customer feedback, but presents it as a circumstantial measure:

> *"As we are in a launching phase, we ask a lot for customer feedback [...]. [We ask them] what they thought [about the workshops], and this is what has been completely guiding our offer."*

I11 also counts on its beneficiaries' views to improve its service, and sees it as something to do at all times during his project:

> *"It's more than customer feedback, they help us, and we have big discussions with some of them. They tell us: 'I would find your project more effective if it was built like such and such, or if we would have worked together like such and such'. So we really try to involve our stakeholders and our partners in the improvement of this project"*

I1 explains how his students are making his project evolve continuously:

> *"We arrived with a ready-to-implement offer, but it's them [the students] who are helping us to change everything, to change many things. So, whether we want it or not, it's an innovation. We have feedback questionnaires for the students, but not only. We question and talk to them continuously, we listen to what they think could be different, what is bad... We are not afraid of complaints, we like that."*

I8 goes beyond feedback, and integrates his customer into the innovation process. In his point of view, Projeto Pipa *"is a cocreaction project"*:

> *"Everything started little by little, talking with people, looking at their problems, their habits, their financial behaviour: how they spend their money, how much they save - if they do save - if they have loans or not... And little by little we have been developing solutions with them."*

Plus, I8 stresses that Projeto Pipa's innovations *"were basically created by the community. Thus, the innovations are simply a mirror of the necessities and problems that people communicate us."* These statements seem to confirm that Projeto Pipa is a cocreaction project, as defined by Simanis and Hart (2009)

4.3.1.2 Non R&D workers

As explained above, in this context, talking about non-R&D workers does not really make sense. I will thus take into consideration people inside the organisation who are not directly involved in innovation activities. I1, for example, says that their best source of ideas is *"people totally different from [them]. It is the teacher who comes from Kirghizstan, who*

talks about something that is being done in his country and which has everything to do with what we are doing". Even if this does not relate to a concrete experience, this shows 4you2's willingness to include all its workers in its innovation. I7 is also keen on having feedbacks from its volunteers:

> *"We send questionnaires at different points to all the volunteers having participated, to all the NGOs, and we evaluate all those feedbacks internally for one or two months. We formalise this under the form of presentations that help us orientate our programme, to know which programme modifications we will implement, to identify what did not really work."*

4.3.1.3   The board of directors

Spear and Pro Bono Lab organised innovation poles around their board of directors. I10 mentions the following situation: *"We created a board of directors, whose role is to really accompany us in our innovation. It played a very important role in the beginning, and still does when we have some questions".*

I7 deeply integrated his board of directors in the NGO's governance:

> *"We present our strategy to a board of directors for validation. And in our governance, in this board of directors, every administrator is responsible for a committee, which is linked to one of our support functions. So we have a strategy committee, a communication committee, an evaluation committee for social impact, a finance committee and an HR/organisation committee. In fact, each committee works on internal consulting, internal strategic consulting for the Lab. So it is animated by an administrator, but it is constituted by volunteers, Lab's stakeholders and people who want to help us in our development."*

The main question about this practice is whether it can be considered open innovation or not. The first point of discrepancy is to know if they can be considered as being part of the organisation or not. In fact, they seem to be in an intermediary stage between external networking - as most of them are part of other organisations and act more as consultants - and proper members of the organisation. If the administration board and its members are considered as being part of the organisation, then it should be determined if they are involved in the innovation process or not. As the explicit role of both boards in this case is to be involved in that process, if we consider they are part of the organisation, then they should not be considered as being part of open innovation. The current state of the literature does not allow me to decide whether this is a case of open innovation or not, but it is interesting to see I7 and I10 consider it as such.

4.3.1.4   External networking

For this analysis, only external networking as defined in the introduction of V.C. will be taken into account. Many respondents declare to use their network in an informal way in their innovation process. I11, for example, uses it to challenge his work:

> *"I really appeal to my network at a large scale, and I turn to people according to their function or affinities. I always have very different discussions, but I want to let them know how the project is evolving, have them challenge my choices and help me think and go further in my project."*

I3 invites in a more formal and organised way the stakeholders and partners of the project to present and discuss its novelties:

> *"When we create or evaluate a creation of a new product, service, or we think about expansion, we show this to a small network, a* 'petit comité' *of partners. We try to encompass a variety of fields, but [we] mainly [call] the users from the communities, sometimes people from the academe and partners from the private sector basically".*

Reaching to one's network does not always happen in an informal way, it can be institutionalised. Establishing a board of directors, as already mentioned, can be one way of doing it. I2 developed another way to organise its external networking as a response to the enthusiasm his project caused.

> *"[…] We receive a lot of resumes [and messages] from people, partners or firms saying: 'Oh, I like your business, I want to participate'. And we used to do nothing with this. Then we though: 'Let's make an event, let's open up'. […] At least twice a year, we organise something we call 'social ebullition'. We basically invite everyone who likes our project to chat."*

4.3.2   Resort to third-party organisations

4.3.2.1   Collaborating with competitors, who turn out to be partners

Not many examples of competitor collaboration emerged from the interviews. However, Pro Bono Lab is a notable difference. The project itself started by collaborating with other pro bono associations in the United States:

> *"We started by developing a study project in the United States [...]. The goal was to prove the impact of pro bono on firms. This allowed us to volunteer in two structures, which are in fact our counterparts and from whom we learnt a lot."*

Today, they are part of an international network of Pro Bono institutions and even participate to international Pro Bono summits.

> *"The Americans gathered us for the first time last February, at the Global Pro Bono Summit. And we realised, by meeting all these people, that we have a lot of things to say to each other and to share. Our 'marathon' in particular is of great interest for everybody"*

I7 *"cares deeply"* for the constant exchange he has with his competitors, who look much more like partners. In this case, the will to expand Pro Bono around the planet seems more important than being the n°1 platform in the market. This is maybe because these organisations are mainly NGOs and are not in a profit maximisation logic.

However, not all participants share this point of view. I5, for example, does not see the point in collaborating with competitors, mainly because his organisation is looking to develop as big a network as possible, and helping the competition would be cannibalising their own market.

> *"If we collaborate with another open source social entrepreneurship community, [...] whether they will be lagging behind, we will help them tremendously and we will create a MakeSense copy-cat - and lose our network effect -, or they will be doing something completely different and we will complement each other, or they will be well ahead of us and we will be the only ones taking from them [...]. There is no win-win situation"*

The visions of these two NGOs are conflicting. This is maybe because I7 is not in direct competition with his counterparts, at least for the moment, when I5's NGO is present worldwide, thus in direct competition with any similar network that would emerge. It can also be because I5 and his potential competitors need to have a big enough network around their project, which is not the case for I7.

4.3.2.2   Partners from outside the industry

Partnering up with organisations that are not present in the same market seems to be more common. I6 directly contacted other actors offering complementary services to the same population his NGO was targeting.

> *"We went round a great deal of NGOs working in the integration of young people into the world of work. We presented our project to them [...] to get some advice on what they thought was more pertinent. Typically, what the biggest needs of the youngster are. Do they need help to write their resumes or cover letters? Do they need career guidance? Do they need a coach; someone telling them it is possible, encouraging them?*

A further case of trans-sector cooperation can be observed between firms or NGOs that share the same organisational model. It is the case of I11, who is working with his partners for a greater integration.

> *"We have a community-based and open model, like MakeSense, the NGO Jerry Do It Together, or Disco Soup [...]. [We collaborate] because there are not so many of us, we cannot read a book and learn how to be the best [...]. This means that [...] I have been chatting a lot with them. Besides, we would like to go further and create a working group to collect our best practices."*

There are also organisations partnering up with players from other industries to develop some offerings. *"Accenture and Société Générale decided to help us develop marathons and diagnosis,"* stated I7 for example. This partnership is more diverse than the ones cited above, especially with Société Générale, whose activity is very different from pro bono consulting. However, Accenture has some commonalities with Pro Bono Lab, as it also offers consulting services.

4.3.2.3 Partners from the academia

Whether the focus is put on individual scholars collaborating with an organisation in its innovation or a University developing a special programme to support or create social innovation, it can be considered that the university as a whole is taking part in the process, as the scholar is doing it as part of his research activities. For this reason, I am putting all partners from the academia in the "third-party organisations" category.

I3, for instance, names *"a professor from FGV, who is also a fundamental partner in the process of listening to the academia on the subject of [social] innovation"*. I6 and I4 are also in contact with academia, as HEC's social incubator incubates their projects. However, they are rather using the business school's network than being in contact with professors and researchers, as the incubator mainly puts them in contact with tutors - mostly HEC alumni - on top of providing them offices.

Some projects, like Projeto Pipa, are deeply integrated with the academia. In fact, this particular project was born from "*IDDS*", an MIT programme. I8 says about his project:

> "*[Our project] arose from a dialogue with the community, but not with us. It is in fact a process that started six months before the [student] groups arrived to the community. At that moment, [the MIT programme] identified various general problems and the groups adjusted to those general problems, which progressively were narrowed down.*"

It is interesting to see that, by working with an University, I8 also met other social innovation enthusiasts and enlarged his network, which also helps him to innovate:

> "*The very IDDS community, from the class we took, is always there, open to help us with the problems we have. This is very important. The community, in fact, is another important point about IDDS.*"

Scholars and universities also help some organisations with technical difficulties. I6 got HETIC, a computer science school, to give as an assignment to some of its students the development of Pote Emploi's website. However, this might not be considered as an innovation, unless some particular functionality were developed by the students, which is an information the NGO did not specify. In cases where the technology developed is innovative - unlike a standard website - collaborating with scholars can be considered as open innovation. I8 is in that situation: *"We are in contact with the Colorado State University. There is a professor there who is helping us through the MIT to improve our technological base".*

4.3.2.4 Spin-offs

There are some cases of firms which were born as spin-offs of other social organisations. It is the case for I2:

> "*Our social impact part was something we learnt from an NGO. Before Aoka was created, one of my partners worked in an NGO called Projeto Bagagem. Today, this NGO is 'on stand-by'. Its role was to understand which was the best way to achieve generation of income, social inclusion, culture valorisation… It was this NGO that developed our know-how. It created products following this philosophy, but it did not know how to sell them. So we created Aoka to sell its products.*"

It is interesting to see that in social organisations, spin-offs can emerge from the incapability of the parent organisation to commercialise its innovation. In the example above, an NGO did not have the commercial skills to sell the products it designed, which led to the creation of a firm.

There is also the case of MakeSense, which is an NGO which uses social business spin-offs to get funds. I5 explains: *"We do not earn any money through MakeSense, but we have a way to monetise some of its assets through CommonSense and SenseSchool. [...] It is an hybrid model."* I9, who is working on a *"social business on top of MakeSense"*, explains how this monetisation works:

> *"[...] We are an independent structure built around the MakeSense ecosystem, so we are thinking about implementing a licence system that would allow to remunerate the assets of MakeSense that we are using."*

In fact, MakeSense encourages social business to build themselves around its project, to be able to monetise its network and thus finance the development of the NGO. It can also be because the NGO does not want or does not have the means to develop the innovation that each structure develops, like in I2's case. Plus, the spin-offs and the parent organisation are in constant interaction: *"I lean on MakeSense, CommonSense and SenseSchool, and on their experiences, advices and feedbacks"*, says I9.

4.3.3 Going further in the organisation openness

4.3.3.1 Build a project following open source precepts

In the above analysis, the focus is put on outside-in knowledge flows, and when there is an inside-out knowledge movement, it is limited to some targeted third parties. However, some organisations also allow an inside-out knowledge flow from the organisation to society, taking inspiration from the open source model. They try to adapt a model that was born in the software industry to services in the social sector, as I5 explains:

> *"We were inspired by existing projects in other industries, like Linux or WordPress in the software industry. We just applied this to build methodologies for solving challenges. Our code lines are the protocols to solve challenges [...].*

More concretely, I11 is building its project and knowledge base with anyone willing to give some time to the NGO:

> *"We try to build our project with people from the community. It is kind of hard to say if it is open innovation or not, because these people are part of the project, but anyone can participate, the project is open in essence. [...] People who are volunteers and who will maybe participate once a year, take part in knowledge creation."*

I5, whose project is more developed, explains that the MakeSense community is formalising some processes and increasing its knowledge imitating the way open source software is built:

> *" We lean on our community, and we have something that we call the loops. Any member of the MakeSense community can start a loop to invent new challenge resolution methods or improve MakeSense processes."*

These two NGOs are close to the open source model, even if they have to adapt it to more physical services, like production communication videos or helping social entrepreneurs. However, they achieved to organise both an outside-in and inside-out flow of knowledge between their organisations and the outside. They made their project public and at the same time built it by letting anyone contribute to it.

4.3.3.2   *Make internal knowledge public*

Some organisations are more in a "privately built, publicly shared" perspective, and focus more in an inside-out flow. Even if they do take profit of ideas and innovations in an outside-in flow, it is not in an universal, open-source approach, like described in (3) (a). Their sources of knowledge are selected, and the cooperation they have is more personalised. I1, for example, has always viewed his project as something to share with others:

> *"Since the very beginning, I always made a point of being open. For instance, I am now telling you everything we do and how we do it [...]. Not even the name was my idea, 4you2 came from a brainstorming we organised"*

His statements are completely opposite to a proprietary vision of his project and model. This is also the case with I7:

> *"[We want to] increase our capacity to [...] pass on our know-how. [...] We want to share our methodology with other players in France and worldwide, in an open-source logic, and this demands a huge formalisation about how and why we do it."*

These two approaches show a will to expand their solutions to other organisations that would replicate them, maybe as a way for the solution to succeed and have a chance for it to become the new norm.

4.3.3.3   *Selling or providing open innovation*

> *"In a certain way, I sell open innovation. [...] We form a group of people and organise a trip to discuss [a subject] [...]. We discover the realities, discuss with different people, and help [the participants] to destroy their prejudices, destroy their paradigms and think something new."*

By organising its *"trend tours"* mixed with the concept of *"think tanks"*, Aoka sells a certain kind of open innovation, bringing different people from one particular field to discover foreign best practices and discuss a particular topic. It is the case with *"Education Revolution"*, a tour where Aoka brings education professionals through some Europeans countries to discover different ways to teach and discuss education together.

There is the case of MakeSense, which I considered as a sort of crowdsourcing platform, for it puts individuals with different skills in contact with social businesses and NGOs for different missions. There are some organisations in the sample, I1 and I8, which declared having worked with MakeSense. MakeSense helped I8 *"to create ideas for the project and to improve the technology base too"*.

4.4   When is open innovation more practiced?

The respondents do not all agree on whether open innovation should be integrated throughout all the social innovation process or only in some parts of the process. Some of them think it is better to alternate open and closed phases, while others think openness is always good. None of the respondents considered that it was better to conduct a fully closed innovation process.

Being open is sometimes part of their philosophy and identity, and it would be nonsense and contradictory to close the innovation process at any time. This is what I11, whose NGO tries to adapt open source rules to social business, thinks: *"We* are *open innovation, this means that our volunteers are the ones who will make this project evolve as we go along."*

Others, like Aoka, see open innovation as a pragmatic way to adapt their organisation to today's realities:

> *"I think it is a question of working on one's resiliency, because if we look at the world and how it is constantly changing, going on a straight line is very risky. You need to be open to innovation and you need to find tools to absorb these innovations, thus I think it is important [to open the innovation process] at every stage."*

This can be seen as a way to build a competitive advantage, as being constantly watching what novelties are being used outside help the organisation to be reactive.

If it can be consider that being open is always good for the organisation, one has to wonder if the kind of openness stays the same or varies across the phases. I9, who thinks openness is always positive, says that this openness varies though:

> *"I think it is a good think to get inspiration at all times, but maybe you do not always look at the same things. [...] First, it will be very concrete sources of inspiration [...] when you are in front of a blank sheet, you try to get some points of references. [...] Then, when you grow, you have already tested your own formats of events, your own equipment, so you have a better idea about where you are heading to, and you do not have to necessarily focus on very concrete aspects, but rather [...] on transversal, organisational ones. I think that the more you grow, the more you focus on organisational aspects and not on your product or service, as you have already tested and adapted them [...], you do not need to seek inspiration outside, as you already have it inside."*

However, there are some stages that are favoured for open innovation. The scaling-up stage seems to stand out among them, as explained further on. Some others aspects, as identifying and solving social problems or testing a solution have a more mixed result, as some respondents see open innovation as an obstacle and others as a plus. The maturity of the innovation is less cited as being particularly adapted for open innovation, probably because it is a particularly quiet stage.

4.4.1 Identify a social problem and bring solutions

The respondents have quite divergent views on whether open innovation is an asset, a burden or simply inefficient at this stage. The ones seeing it as an asset do it sometimes because of their convictions on how it is better to innovate, as illustrated by I3:

> *"[When identifying social problems and bringing solutions], we mostly try to work [with open innovation] to have a bottom-up rather than a top-down innovation process"*

Others see its utility in bringing inspiration when facing a blank sheet:

> *"At the beginning [...] it is important to resort to outside [ideas], because at that moment you do not have anything in mind, you are new in the field. That was the moment when we got inspired by the NEF"*

Others, in the other hand, see it as an obstacle, a complication when putting the project in place. I1 considers that, at the beginning, it is all about narrowing the project down. Opening the innovation process at that moment does the exact opposite, thus brings even more confusion: *"It is complicated at the beginning [...]: innovation brings confusion, it opens possibilities instead of closing them. At the beginning it is good to close, to test a very concise idea."*

Closing the innovation process at the beginning can reflect the willingness of some entrepreneurs to tackle one specific problem they are particularly interested in, as I4 explains: *"Outside parties are not supposed to provide you with [an identified social problem], because you have to have a certain affinity with it"*

Defining which specific problem to tackle and how to do it also determines the organisation's identity. Laying the foundations of the project before building on top of it is preferable for I7: *"Maybe the first test needs to be conducted by oneself, because there has to be an "I" before there is a "we".*

Finally, opening or closing the innovation at the beginning sometimes does not make a huge difference. This happens when outside opinions converge with what the founders, like I6, had in mind: *"We had hardly changed anything [in our original idea] because of external opinions. They confirmed it instead."*

4.4.2 Testing them in the field

During this stage, some organisations choose to maintain a close dialogue with their clients or beneficiaries following the lean start-up philosophy. I8 describes how it applies to the evolution of his service:

> *"It is a service that is adjusted to the community needs: it is the community that gives us feedbacks so we always improve our service. We follow the lean start-up process, which consists on changing as you go. We see if something is wrong, we receive a feedback, we change it and we go on."*

The lean start-up calls for open innovation, as customers are integrated. However, the level of openness can be nearly non existent or completely open.

During the testing phase, having a very concise pilot project can help successfully conducting this trial-and-error phase. I1 saw that as a need to maintain the innovation process closed: *"The pilot has to be concise, very limited. If you want to know whether a particular thing works, you have to test that alone."*

These two assertions are not necessarily contradictory. It is possible for an organisation to define a very concise pilot alone, as I1 recommends it. Then, outsides parties, particularly consumers or beneficiaries can give feedbacks, recommendations, or even directly contribute to improve the product or service, opening in that sense the innovation process.

Even though this phase seems particularly prone to open innovation, only I4 and I8 cited it as the most important phase to use open innovation. Moreover, these two entrepreneurs are only at the beginning of their projects and did not go beyond phase 2, which can be a determinant factor for giving this answer. One reason for it might be that this phase

of openness is quite common, and adapting to feedback might not be considered as open innovation but rather as regular way of developing an organisation.

4.4.3   Scaling the project

This stage is seemingly where open innovation is more used. The firm or NGO leaves its comfort zone and has to deal with markets it does not know, costumers it does not understand, or business it does not master. When the original innovation is extended to other sectors, there is a knowledge gap between the original and the new sector. The organisation can fill by reaching to outside parties, as I6 says:

> *"We think that once the site will be launched, once we have our first project ready, we will need to improve it by creating new categories. Then I think that we will need people who are more experienced than us. This is because we launched something based on an idea we are comfortable with. However, if we have to grow and for example integrate job offers in our website, we will need people who feel comfortable with this new subject. We will maybe need to make the association grow, integrate new people."*

Unfamiliarity with a new target market is an obstacle that can be overcome with open innovation too. The organisation has to adapt to a different culture with different values and consumption habits, among many other things. I10 see this difficulty and, for that reason, reached to outsiders to adapt:

> *"When expanding the project to other communities or markets, which we are doing now, yes, we turn to outside people, we are not going to do it ourselves. We do not always know these communities. For example, we do not know how to deal with the African diaspora in France, so we do it through a partner who does."*

The idea of cross-sectorial cooperation, under the form of "bees" collaborating with "trees", as explained in the literature review, is somehow referred to by I1, who talks about the complementarity between people carrying ideas and people having the skills and experience to give it some scale. He sees it as a good reason to collaborate with outsiders during the scale up phase:

> *"Where to grow, how to grow. I think these are the challenges where we really need [openness], because there are only a few people who have experience in scaling-up businesses. Or when they do, they do not have an idea to scale, which we do have."*

Finally, this stage is also particularly suitable for open innovation as one way of scaling up a project. Outside partners turn out to be very efficient in expanding the innovation

to new communities or countries. This can be done through what I3 calls *"social franchising"*:

> *"Our organisation achieved this scale and impact in the last 18 years because we have partners replicating our methodology. We have a sort of social franchising. Basically, nearly every regional CDI, both in Brazil and abroad, are local organisations that partner with CDI. They get the brand, the methodology and some advantages of being part of the CDI network, and they turn into CDI Venezuela, CDI Argentina or CDI Rio Grande do Sul."*

4.4.4   Reaching systemic change

This stage is intuitively the less important for open innovation. However, open innovation can also be present in this phase, especially when a community is supposed to direct and define the project. It is the case of I11, whose project is entirely based on open innovation and directly inspired by open source:

> *"It is the members of our community who will transform the project, and it is our partners who will continuously give us some feedback [...] and will make the project evolve. So, even if we reach maturity, we will still depend on those outside players."*

The lack of enthusiasm for open innovation in this stage can be explained because any change happening at this point is seen as the beginning of a new innovation cycle that goes back to previous steps. This iterative view of the innovation cycle has been mentioned in the literature review and explained by I7:

> *"We already have some solutions that we have tested. We 'industrialised' some of them, some others came back to the 'Lab' to be adapted and then go back to be tested on the field, and so on. It is an iterative process."*

4.5   Opportunities and challenges of resorting to open innovation

4.5.1   Opportunities

4.5.1.1   Capture knowledge from the outside

Many people in the sample are young entrepreneurs with little or no experience in creating a firm or a social project. For this reason, some of them use open innovation, resorting to people who can give them good advices and transmit them best practices. *"We save a lot of time because [our partners] have a lot of experience, so they do not let us make the same mistakes that they did"* - says I4. It is also the case of I9, who underlines the possibility of catching more skills thanks to their partners' experience: *"You learn so much faster, you can have [...] access to a huge amount of skills because of [your partner's] experience".* Taking advantage of outside parties' experience can also happen within a network, and not only through a one-to-one relationship, as I8 shows:

> *"[The IDDS Community] are professionals with more experience in development projects and social business, who try to help us giving us suggestions for solving problems thanks to their experience".*

Another benefit of opening up for innovating is bringing variety to the discussion. This is because having *"different perspectives enrich the process"* according to I3. This is one of the reasons I8 decided to work with MakeSense:

> *"MakeSense is a community of professionals working in different kinds of projects, and I think this variety in professions helps a lot".*

Variety is all the more important when the organisation lacks this quality because of the similarity of its members or its limited size. It is the case of Pote Emploi, as I6 points out:

> *"When it is a three people conversation, everything seems simple, logical, evident. It's only when you discuss it with other people that you realise something cannot possibly work [...]. We are 3 founders and we have the same background. So this really helps, because different people have different perceptions"*

According to I2, *"the advantage* [of open innovation] *is that you use collective intelligence".* It is also I4's opinion: *"I really believe in collective intelligence. The more you lean on other people, the better ideas come out."* This is an advantage pointed out in the literature review for reaching out to the crowd for innovating.

Open innovation allows organisations to capture outside knowledge and compensate their internal lack of resources. This can be because of experience or size-related

limitations, the lack of variety, or simply because collective intelligence brings richer ideas than internal resources.

4.5.1.2 Help a firm to adapt, change and evolve

Taking into account an outside perspective on one's project can make managers aware of challenges they had not considered and push them to change or adapt the organisation. "[Open innovation] *takes you out of your comfort zone, it helps you see the world from a wider perspective",* said I2. *"It makes you think about new things, and it forces you out of your comfort zone".* Different perspectives give I5 and I2 a wider perception of their challenges and the realities around their organisations, thus put them in a better informed position and gives them bigger means to respond to otherwise unexpected situations.

Moreover, it pushes entrepreneurs to rethink their business or NGOs, especially when they are developing a disruptive project and are evolving in a highly uncertain environment, as I2 points out:

> *"As I am blazing a trail, outside ideas are very important to me. They are very important, they help me a lot to think, to rethink my business, to listen, [to consider that], maybe, there is another way"*

I11 agrees with this point of view, and couples it with the need for an experienced point of view:

> *"From the moment you have a project that has some novelty, you need to have as many feedbacks as possible to test the idea, to be sure that it is an interesting idea, to check all the possible alternatives, to have the opinion of older people, who have more experience in the sector, for example."*

Not being alone while innovating can reassure entrepreneurs and pioneers on the pertinence of their ideas and projects by confronting their opinions with the outside reality. It can be a way to avoid groupthink or be trapped in one's own paradigm and not being able to see all the stakes around project. This can also be related with collective intelligence: the crowd will find a better solution than most of the people taken individually, managers included.

4.5.1.3 Facilitate the creation and diffusion of innovation

Open innovation can help a firm grow and develop faster if it is created on top of pre-existing knowledge or processes. It is the case of the SenseCube, which is a MakeSense spin-off. I9 explains that, if they had not built the SenseCube project together, *"they would have*

[had] to build it on new basis". I5 also sees it as a way to *"really accelerate the process"* of creating the SenseCube.

Not only it can accelerate the process, but it can also simplify it. *"It is easier to innovate, we find more ideas"*, declares I7. This easier way to innovate is praised by organisation with very limited means, like I6: *"As we are only 3, it is quite convenient, because we are unable to do everything by our own."* It is also the case of I4:

> *"It teaches us to be humble, to realise that we are unable to do everything by ourselves, that we can use some [outside] competences."*

However, as it will be stated later on, everyone does not praise the rapidity and simplicity of open innovation, as some of the interviewees think the exact opposite.

Organisations do not only use open innovation for their own advantage, but also think about the diffusion and adoption of their innovation regardless of being the ones benefiting from it. I7 explains it very clearly:

> *"First, we do not do anything by ourselves. Second, doing the same thing together has more value to us than doing it by ourselves. [...] [This way,] we have a bigger impact."*

The quest for impact is in the spirit of social innovation, whose main goal is to bring value to society and ultimately change paradigms. An organisation cannot always achieve this by itself, which makes organisations collaborate to have a bigger strike force. It is the case of Pro Bono Lab, which collaborates with other pro bono institutions:

> *"[By resorting to open innovation,] we will not be the only ones defending a methodology a concept or an idea. By doing it together, we are going to defend it together and [the project] will go far.*

4.5.2   Challenges

4.5.2.1   Managing diversity

As mentioned above, opening the innovation up can also be a source of complications. Diversity was praised for its advantages in innovation, but it has to be managed correctly. Having outsiders taking part in internal processes can be difficult because they do not know the organisational culture and can have difficulties understanding its processes. For I5, the challenge comes when:

"outside parties do not understand your processes. It is difficult, but when you are within the [MakeSense] community, you are within the same culture, it is much simpler. With outside parties, you have to take the time to get to know each other."

These complications can be overcame by explaining the culture, which can be more difficult when the cultural difference lies on different perceptions of innovation, as I3 describes it:

"I think that government and a few academics work with innovation in a shier way. Innovating in formal education and in government is very difficult. I think it might be because it is a more hostile environment for innovation. Thus discussing [innovation] with these sectors is more difficult.

One logical consequence of having to deal with these differences is slowing down the innovation process, as I3 explains:

"I think there is a risk of diminishing the speed of an organisation, diminishing the implementation and validation speed. It is a challenge. The more stakeholders you bring to your creative process, the slower it tends to be."

This time loss has to be compared with the time gained by using outside ideas evoked before, to determine if, in the end, open innovation slows down or speeds up the innovation process.

Anyways, conducting open innovation with people and organisations that function and think like one can be of limited interest. This is I5's point of view:

"If we collaborate with another open source social entrepreneurship community, [...] whether they will be lagging behind, we will help them tremendously and we will create a MakeSense copy-cat - and lose our network effect -, or they will be doing something completely different and we complement each other, or they will be well ahead of us and we will be the only ones taking from them [...]. There is no win-win situation"

As seen in 1., diversity does have a central role in the utility of open innovation. Dealing with it is inevitable, and organisations should be prepared to do it to adopt open innovation.

4.5.2.2 Institutionalise open innovation

Open innovation, especially open source, is still marginally adopted by organisations and known by society. This brings many institutionalisation-related problems, like having people understand its implicit rules when they are used to a proprietary paradigm. I7 expalins this challenge:

"How do we learn to work together in an environment where people do not trust each other, to work together, to share, to open up, etc. [Open innovation] is in the mood of the times, but at the same time only a drop in the bucket. [...] We have a spirit of openness, but many players think in a proprietary paradigm"

This tension between the norm - proprietary innovation - and the exception - sharing knowledge - can bring to frustration and the organisation feeling swindled, as I11 describes:

> *"There might be some risks. Someone can take without giving back [to the community]. We can share our project's strategy, and someone can just take advantage of it without giving anything back. I do not know if it is a risk, but it is not in the spirit [of open innovation]."*

However, I11 thinks such situations are exceptional in the social sector:

> *"In general, open innovation happens between both sides in social entrepreneurship. It would not be fair otherwise. It is not only about opening up to outside ideas, for example. If we do it, we will often give something back. This is why I think social entrepreneurship will get a lot of inspiration from the open source model, from the basic principle to upload more than you download."*

Plus, it can be argued that the social sector always gives back what it receives, as it is giving value uppermost to society.

Another consequence of poor institutionalisation of open innovation happens when organisations are unable to control the idea flows and are overwhelmed by an impressive amount of information. I1 once found himself with his walls full of post-its after a brainstorming and realised he could only implement one idea among all. He got to the conclusion that open innovation has to be channelled and centralised:

> *"It is important to put some limitations to creativity for it to exist [...]. If you give too much freedom to creativity, [innovation] does not happen. It becomes [...] something merely [...] intellectual, far from reality. [...] In the beginning, [the innovation process] has to be more centralised."*

I2 thinks an internal work has to be conducted before calling from outside parties to innovate, as open innovation has to be adapted to different situations:

> *"When you are only looking for deconstructing, coming up with new ideas [...] you only have advantages [in open innovation]. You manage to take advantage of everyone. Nonetheless, when you need to develop the idea, it is much more difficult. Because you have a lot of people, a lot of different interests, a lot of perspectives. Then you have to develop tools to deal with this problem. Typically, what helps tremendously is to have your vision, your processes and your goal very clear. [...] In fact, you need to have a good understanding of your firm's capability in dealing with that. Then you know when to open and when to close [the innovation process]."*

Open innovation needs to be managed; one cannot solely focus on calling people from outside and wait for the magic to happen. It is the manager's role to know when and how to open up its firm's innovation process, keeping his objectives in mind.

4.5.2.3 Being attractive to third parties

Managing open innovation is also knowing how to attract and retain the right people and organisations to integrate the innovation process. I11 considers this to be a great challenge:

> *"Finding the right people to push us, because there are many people in this sector, but it is not easy to get the people with the most experience or valuable ideas to spend time on your project".*

However, it is also vital to keep these people interested in the project and avoid turnover, especially when one is dealing with people or organisations that bring an central added value. After having gathered very skilled and experienced people around his project, this is I10's main challenge:

> *"Our challenge is to keep [the outside parties] interested in our topic, because they are people giving some of their time on a voluntary basis. And they are very busy people, who work a lot because they are high executives"*

To achieve this goal, I9, whose project depend directly on the community involvement around her project, says that people participating to open innovation for free should get some kind of compensation for this:

> *"I think we have to find a win-win situation. I mean that people are going to help selflessly maybe once, without thinking what they would get in return. But in the end, you have to find something. If two structures collaborate, there has to be something in it for everybody, and that it does not misrepresent anyone's objective.*

5 CONCLUSION, FUTURE RESEARCH AND MANAGERIAL CONSIDERATIONS

5.1 Conclusion

Innovation is paramount for NGOs and social enterprises aiming to social change, even if they agree it is not the only solution to solve social problems. One legitimate question is if social innovation is any different from business innovation. What emerged from the literature review is that they are very close in their process. Plus, NGOs, social enterprises and regular enterprises have very similar objects of innovation, as it appears comparing Table 1 and Table 4, even if their scope seems particularly important for social organisations. Only the objective of the innovation varies from social and business innovation: the latter's is profit maximisation, while the former's is maximising social impact. This difference appears in the preference for some innovation paradigms such as frugal innovation or cocreation in the social sector. The respondents do not spontaneously mention open innovation as more adapted to social innovation, but all of them think it is an interesting point for their innovation process and declare to practice it.

The perception of innovation can also vary among organisations from the social sector. One factor that can affect its perception and the practices that are privileged is the country of origin of the social enterprise or NGO. Indeed, Brazilian organisations seemed to be more focused on achieving social interactions in their projects: 4you2 wanted to bring foreign English teachers and favela children together; Aoka to bring tourists to the contact of local population and Projeto Pipa even created its project following a dialogue with its potential customers. On the other hand, French projects were particularly worried about the sustainability of their business model and developing original business models. Kialatok, Pro Bono Lab and Vidéaux looked for alternative ways to finance their projects - typically resorting to private firms or high-budget NGO - to develop a sustainable project. In the case of Pro Bono Lab and Vidéaux, these financing solutions allowed them to offer their services for free to their vulnerable beneficiaries.

Another variable that affects, in a minor extent, their vision of social innovation, is their juridical form. For social enterprises, sustainability is not an option, which pushes them

to find a solution to finance their projects without resorting to donations. However, this does not make all NGOs in my sample fully dependent on donations. As I have mentioned just above, the two French organisations that have a particular billing policy happen to be NGOs, trying not to rely solely on donations and their volunteers' time.

Furthermore, the respondents adopted many open innovation practices, especially the integration of individuals from outside the organisation's innovation process. Customers and beneficiaries, people interested in the project, and even employees that are not normally part of the innovative activity were integrated to the innovation process. Even if social organisations seem to privilege a rather informal way to cooperate, thus interact more with individuals than with organisations, the latter should not be neglected. The interviewees declare to collaborate with competitors, that are largely seen as partners rather than rivals; organisations from other sectors; universities; and some even declared to have developed spin-offs to go beyond the innovations they could handle alone. Sharing information and knowledge is important for many of them, as they developed open programs or even private innovations that they unilaterally made public.

However, there are some kinds of open innovation that were found in the literature revue - yet not practiced by any of the respondents - such as:
- IP licensing
- Supplier integration
- Joint ventures
- Lead users
- Mass customization

This can be the result of a sample bias, as all firms were services, which changes the nature of suppliers, who may have a greater role in product rather than service creation. Also, limited means and little R&D resources of the interviewees are likely causes for no IP licensing, lead users or mass customisation, as their organisation is not that easy. Including larger NGOs and social enterprises in the sample might have changed this result. However, the small size of the actors is maybe a particularity of the social sector and makes these results normal.

Open innovation can be present in any step of the social innovation process. However, it appeared that the scaling up phase was more prone for this kind of practice, followed by the

problem-solving phase. This can be explained by the uncertainty around these two phases, where an external eye might be more useful. Scaling up might be more popular for open innovation as it requires particular skills that the organisation might not have, as it focuses on unknown markets, when generally entrepreneurs create their organisations in sectors and markets they have an affinity with or that they already know, thus there is a smaller lack of skills.

The advantages of open innovation are many. They allow organisations to go beyond their boundaries and capture outside knowledge. By integrating this, organisations can change and evolve, adapting to outside trends. Opening up their innovation process also facilitates the creation and diffusion of innovation by adding outside to inside ideas and sharing inside ideas with third parties and society, thus pushing towards expansion. To benefit from them, however, social organisations have to be able to manage the diversity brought by outside parties, be able to successfully integrate open innovation practices in their processes and be attractive to third parties.

A major advantage for social organisations compared to for-profits is their primary objective: creating added value for society. This selfless goal pushes more people to collaborate with them, as I2 underlines:

> *"We solve a lot of our problems collectively. Being a social business is of great help. If we were a normal firm, I do not think we would have the support of so many stakeholders. People help me because they believe my project has a bigger potential. They are not worried that I fill my pockets and disappear with the money. I think this really helps, and I feel that my partners trust me a lot."*

Social innovation is theoretically more suitable for open innovation practices as it has positive externalities that benefit society, thus can attract people who want to have an impact on society and help the organisation conducting the innovation for the sake of the community. This is also probably why very experienced people, with high responsibilities entered the board of directors of Spear. The novelty, coupled with the feeling of making a difference by participating to a project that adds value to society as a whole, probably attracted them. It would have been more difficult for a classical financial start-up to motivate such busy and important people. The idea of working for purpose, as developed by I1, can be extended to the willingness to collaborate for purpose and for impact. People helping social entrepreneurs to develop their innovation probably do that because they value the purpose of such

collaboration. This is one point social projects could exploit to bring outside people and organisations together for their projects.

5.2   Future research

As this is an exploratory study, it is supposed to open new research paths for future studies. All the four themes tackled in this study - how social actors see innovation in their field; what the objects of innovation in an NGO or a social firm are; what kinds of open innovation they use; when in their innovation process they integrate open innovation and what the opportunities and challenges of open innovation are in this sector - could be treated more deeply conducting a quantitative study based on the results of this thesis.

Another interesting study could be comparing traditional business with social organisations in their use of open innovation, to see if they resort to the same open innovation practices and at which innovation stage. Focusing on the outside parties collaborating with both and comparing their motivations could be another topic to explore and see if the objective of an organisation influences the willingness of outside parties to collaborate.

This study could also be conducted in his totality or partially in other countries, to avoid cultural bias in the answers, and could be extended to less innovative structures, such as government agencies or bigger and institutionalised NGOs.

5.3   Managerial implications

All the respondents, who have all used it - or believe having used it - at some point, see open innovation positively. It does not mean every organisation should use it, as it needs to adapt the organisation to such practices and demands time to be effective and not only an object of confusion.

The first thing managers have to keep in mind is that open innovation has to be in line to the firm's strategy and not only implemented because they like the idea. This practice has to be institutionalised and the objectives of resorting to outside parties have to be kept in mind

throughout the whole process. Outside parties' ideas have to be channelled to achieve the objective and avoid getting lost in an ocean of useless ideas. It is also important for the organisations to have an understandable project that can capture third parties' interest.

Managers wanting to create a network of outside parties interested in taking part to the organisation's innovation process have to work on creating a win-win situation, where the organisation gives back something to people and other organisations collaborating with it. The rewards do not necessarily need to be monetary: it can be learning new skills; giving network opportunities; having access to a better product or service oneself; self-fulfilment; among others. If there is not perceived counterpart, outside parties might collaborate for a while but then move away from the organisation quickly, creating negative consequences analogue to employee turnover.

Open innovation is not the answer to innovation problems, but can be a tool to attract outside knowledge and expand one's innovations to new markets. The latter is a critical point for organisations wanting to create a systematic change and impact as many communities as possible. Sometimes their organisation structure is not big enough to achieve this quickly, but opening up to the outside can accelerate and improve the process.

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