Questions and Unanswers About Social Innovation

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Abstract

The Questions and Unanswers About Social Innovation seminar series brings together scholars from around the world to debate important issues about social innovation. This special issue codifies and extends several debates from the inaugural series. Consistent with the seminar format, each paper in this special issue addresses a question of importance to social innovation, presents opposing answers, then identifies contingencies that cause variation in the focal relationship, and closes with insights on how to integrate these seemingly divergent perspectives in order to move the field forward by asking better research questions.

"The more I learn, the more I realize how much I don't know."
– Albert Einstein

Look, we've been at this for a while. Decade upon decade, tens of thousands of us have been spending the bulk of our waking, and more than a few of our dreaming, hours pondering, professing, and when fortunate, publishing about most every imaginable aspect of managing organizations. A stadium-sized crowd of us continuously crank out hundreds of thousands of articles and books, filling millions of pages. We have written about nearly every conceivable aspect of the interface between business and society.

Shouldn't we have definitive answers to most of our fundamental research questions by now? Alas, our voluminous and continuous research reveals just how much we don't know. We are not finding "the" answers. Instead, we are gaining a clearer understanding of the tremendous complexities of organizations and their environments. As we reveal more complexities, we then ask more refined research questions. Our research just spurs more and more research.

Searching for answers, and then searching some more, and searching yet again – *re*searching – keeps academics busy and off the streets, which is its own significant benefit to society. It boggles the mind to imagine what mischief and mayhem people like us would get up to if we weren't institutionalized in our ivory towers. But this massive flow of research studies also has the potential to do harm. Rather than refining understanding of organizations through more and more research, we run the risk of running in circles, constantly restating, renaming, redefining, and otherwise recklessly ruminating in ways that sow the seeds of confusion, not clarity. Piled-up papers can bury insight rather than burnish it, if they are focused on the wrong questions. What a waste of expertise and energy!

We need a way to ensure we are asking the right questions so that we make good use of our time and talents toward advancing understanding of social innovation. In September 2020, I began the Questions and Unanswers About Social Innovation (QUASI) seminar series to help scholars develop better research questions. QUASI seminars are debates featuring the world's leading scholars. These debates do not produce answers. Instead, QUASI seminars bring to the fore conditions, contingencies, and conundrums related to social innovation that merit further research. The lingering pandemic cannot go away fast enough, but the forced isolation it brought has been a boon to this effort. With all of us now uncomfortably comfortable continuously interacting online, hundreds have joined together each month to discuss these topics without ever leaving their makeshift home offices. We have co-created an open and growing archive of sharp insights into myriad aspects of the most pressing issues in this critical area of inquiry.

This special issue codifies and extends most of the QUASI debates from the inaugural series. Consistent with the seminar format, each paper in this special issue addresses a topic of relevance to social innovation, presents opposing views, then identifies contingencies that cause variation in the focal relationship, and closes with insights that integrate these seemingly divergent perspectives in order to move the field forward with better research questions. With so much published work to draw from, it is far too easy and common for scholars to build and support narrow arguments based only on confirmatory studies selected from within their disciplinary silos. QUASI seminars force scholars to confront conflicting information. If we are to use our collective brainpower, energy, and resources to advance understanding of social innovation, rather than to talk past and around each other, then we must engage with alternative views. The articles in this special issue cover a range of alternative views and provide paths forward to advance some of the most critical issues we face in business and society.

Subjects to Debate

Fortunately, many leading scholars eagerly accepted my invitation or eventually acquiesced to my repeated pleas to engage in virtual debates on a range of issues related to social innovation. Some were even willing to take unpopular views that required them to step out on relatively thin ice, sometimes presenting views that they didn't personally hold but for which they nevertheless dutifully provided the evidence. Among the subjects of debate covered in the inaugural series were the methods to assess social innovation, the forces that motivate it, and the financial and ethical outcomes that may result from the pursuit of social innovation.

<u>Do firms really do well by doing good?</u> Money and morals may motivate managers. However, they may motivate in opposing directions, creating conflict between the interests of business and society. Then again, they may be in alignment and so offer "win-win" opportunities for profitable social innovation. Two of the papers in this special issue directly tackle the tricky topic of the true nature of the relationship between corporate profits and social welfare.

Jill Brown, Jerry Davis, Rob Phillips, and Sandra Waddock were the panelists in our first-ever QUASI debate. They directly took on the field's fundamental question, *Can shareholder-owned corporations maximize profits without harming their stakeholders?* As with all QUASI debates, the "answer" they give is yes. And no. And it depends. In support of profiting without plaguing stakeholders, they argue that firms have financial incentive to treat stakeholders well, and studies and practice have borne this out so clearly for so long that intentionally harming stakeholders is practically unthinkable. Those firms that harm stakeholders suffer reputational damage and financial loss, while those that maintain favorable stakeholder relations bolster their reputations and improve financial returns. Yet, in countering this position, they also point out that corporate wrongdoing continues unabated and is worsening in many ways. Thus, despite the now dogmatic acceptance of a positive relationship between profit and stakeholder welfare, it is evident that the true relationship must be the reverse. To reconcile these opposing views, they offer a glimpse of the complexity of defining who profits when a corporation profits and who is harmed when stakeholders are harmed. Lacking clarity about the people underlying these positions, the answer is unclear. Of course, the aim is not to provide an answer, but to explore each perspective and then develop a better view for future research. To move the field forward, they reframe the question, asking how businesses need to be transformed so that the answer can become an unequivocal yes.

A quartet of Rutgers researchers – Tobey Scharding, Wayne Eastman, Joanne Ciulla, and Danielle Warren – took things a step farther by focusing not on earnings but on ethics as a driver of social innovation. What happens if a firm calculates that it will not profit from doing good but recognizes that, nevertheless, it should do good? In this QUASI session, they debated: *Can ethics drive firms to do the right thing if there is no business case?* Using a real-world scenario to frame their argument, they first make the "Naysayer" case against ethics as being amply powerful to overcome lack of a business case. Simply, both utilitarianism and Kantian ethics offer grounds to argue that it is ethical for profit to take priority in corporations. But countering with the "Optimist" view, they distinguish between a permission and a right to argue that utilitarianism and deontology give managers permission to act in ethical ways even absent a business case. Bridging these perspectives, they then provide the "Centrist" perspective, playing off the Kantian "ought implies can" notion by noting that firms may have the will to act in the absence of a business case but lack the ability. This creates opportunities for scholars to theorize how businesses can become more able to act on their consciences and for practitioners to act upon this theory. They conclude by reframing the issue for future research, encouraging investigation of situations in which firms choose financial bankruptcy over moral bankruptcy, as well as the reverse.

<u>Can we make the invisible hand more visible?</u> Social innovation has many potential upsides for firms, but it also can help to protect their backsides. Firms face risks of upheaval from burgeoning social movements and the changes in laws and enforcement that may follow. In two QUASI seminars, our scholars debated the effects of social movements on corporate behavior and examined the ways in which corporate lobbying can shape the degree to which corporations seek to benefit society. The influence of social movements and lobbying on corporate performance, and especially the players in these efforts, are often opaque. Making these drivers more visible is a key step in better understanding what drives social innovation.

Jerry Davis reappeared to debate with Brayden King and Sarah Soule: *Do social movements improve corporate behaviors?* Especially in the digital age, social activism against corporations is prevalent. Angry hordes direct Twitter storms and more at firms daily. While it creates a great deal of outrage, does it change how firms behave? As they argue, yes, social movements can affect sales and harm reputations, but rarely do they force firms to change course in ways that substantively offset the most harmful corporate behaviors. Firms find that symbolic and partial responses often suffice. Moreover, activists often settle for a response from a single firm, though entire industries may need to change to make a real difference. Toss in the complexity of multiple and conflicting social movements targeting the same firms, with virtually no firm going untargeted in some way, and the results get messy. As they note in closing, this leaves room for a great deal of further research, especially studies that are revised to account for how social movements work in a digital world.

Rami Kaplan, David Levy, Kathy Rehbein, and Brian Richter tackle the tricky issue of corporate influence over regulation. *Does corporate lobbying benefit society?* It's hard to imagine how it would. How can firms securing a sometimes secretive say in the rules that govern their behaviors possibly lead to favorable social outcomes? Yet there are good reasons why lobbying began, why it has evolved as it has, and why it is still allowed to exist. They begin by defining lobbying as a form of corporate political activity, and then go on to explain the merits of corporate lobbying for society in terms of the provision of critical information to resource-constrained politicians. Absent this information, legislators may make less optimal decisions that fail to represent the broad interests of their constituents. Yet, as they counter thereafter, the facts on the ground don't seem to bear out this theoretically noble pursuit. Corporations have outsized voices that drown out others and can drive legislators to overweight narrow corporate interests rather than to broaden their political perspectives. There is, nevertheless, a middle ground in which corporations can use their loud voices to lobby for changes that jointly or even primarily benefit society. As they explain, this becomes more likely if firms fully and openly disclose their full range of lobbying activities, as this provides their stakeholders with the information necessary to influence corporate political activities. They conclude with a call for further research on many aspects of the understudied topic of corporate lobbying, with a special emphasis on the need for better understanding of how transparency shapes the types of lobbying that firms pursue.

<u>What are the measures and mechanisms at work?</u> How do we know if this is really working? Our measures can be rather subjective, and the mechanisms that underpin any outcomes may go unstated. As a result, managers may have a hard time connecting the dots and figuring out which levers to pull, as they seek to meaningfully engage in social innovation. In two QUASI seminars, we debated how to measure the reputation of a corporation and whether or not focusing on the role of corporations is meaningful when studying social innovation.

Jon Bundy, David Deephouse, Naomi Gardberg, and Bill Newburry took on the task of assessing how well we can measure the primary intangible asset of a firm. Firms do good things for society in no small part because they seek to boost their valuable reputations. But: *Can we adequately assess corporate reputation?* If so, then firms have prospects for calibrating their efforts at social innovation. If not, then managers may be playing fast and loose in deciding which projects to take on. The authors first argue that a single measure of a corporation's reputation is meaningless. One number cannot possibly capture the complexity of the various and often deeply differing views of the various constituents of any given corporation. Even within the scope of a single constituent, there are nearly infinite perspectives, depending upon what the reputation is for and the context in which it is being analyzed. Yet, as they next argue, corporate reputation need not be a perfect measure. It only need be adequate, and its frequent use in research and practice suggests that it is. They then suggest that the key to improving its adequacy is to develop consensus on the definition and domain of corporate reputation. To push forward, scholars must better account for context and communicate across our disciplinary domains.

Irene Henriques, Johanna Mair, and Christine Beckman debated the appropriate level at which to study social innovation. Specifically: *Is the firm a meaningful unit of analysis for social innovation?* Many of the problems we face as a society are immense. It is not obvious that analyzing the role that individual firms play in addressing these challenges can aggregate in ways that lead to meaningful solutions to these problems. Yet, that is the level of analysis often employed in the social innovation literature. They begin by clarifying that organizations, and not just firms, are often the focal unit of analysis, and for good reason. This is the level at which action takes place, where innovative ideas are formed and varied plans are implemented and perfected, so that the successful efforts at this level can be adapted and scaled up in ways that allow for substantive social impact. Then again, as they counter, we have seen little substantive impact on social problems from decades of firm-level efforts, and so factors in play at the ecosystem level are a more appropriate focus. These problems are not bounded by firm-level concerns and actions, and our research designs must match this complexity. That is a rather tall order, though, as undertaking the system-level analyses needed to study these complex problems are themselves rather complex problems to undertake. They close with a revised set of questions to help push such research forward.

Where We Go From Here

Social innovation is critical to addressing and overcoming the many social, environmental, and economic challenges that our world faces. Scholars have heeded this call to help, producing a great volume of studies germane to social innovation. But more studies from more scholars can produce more confusion rather than more clarity. To get the latter and not the former, scholars must ask informed and engaged questions that reach beyond their narrow disciplinary silos. QUASI seminars force scholars to reconcile with conflicting viewpoints, increasing the odds that they and others in their fields then develop more enlightened research questions. We will never find "the" answer in a social system like ours, but we can and must ask questions that account for prior findings in ways that help us to cumulate knowledge rather than to talk in circles.

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Special Issue Editor

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