Innovation in social enterprises: An intended outcome through an unexpected process?

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1. Introduction

Multiple definitions of social enterprise still abound, but as Doherty *et al.* (2014, p.420) suggest, they typically "draw out … two defining characteristics of SE: the adoption of some form of commercial activity to generate revenue; and the pursuit of social goals". Although research on social enterprise has, according to some, reached a new level of maturity, both theoretically and empirically, there are still a number of important gaps (Doherty, Haugh, & Lyon, 2014; Young & Brewer, 2016). Thus, while things have moved on somewhat from earlier controversies about how to define social enterprise (Austin, Stevenson, & Wei-Skillern, 2006; Chell, 2007; Dato-on & Kalakay, 2016; Galera & Borzaga, 2009) and now include a wider range of theoretical perspectives and thematic areas of interest (Dey & Steyaert, 2012, 2018; Maibom & Smith, 2016; Nyssens, 2007; Pinch & Sunley, 2015), there has been little systematic research specifically on the nature of innovation in social enterprise and how far this differs from innovation processes in other domains. This paper aims to contribute a more detailed and systematic understanding of innovation activity in social enterprise (SE) than currently exists in the literature.

In particular, beyond the more general presentation of SEs as socially innovative, there has been very little discussion of the varying types, processes, practices, strategic drivers and outcomes of innovation in the SE domain. In their extensive review of the SE literature, Doherty *et al.* (2014, p.423) observe that there are "limited contributions to understanding the determinants and processes of SE innovation and the relative innovativeness of SEs when

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compared with other organizational forms". The focus of this paper is on laying stronger foundations for making sense of innovation activities in SE. We offer a framework for understanding the nature, influences, and outcomes of SE innovation and we use this framework to interrogate empirical evidence collected from a three year European-funded research project on social enterprise innovation.[2]

A number of key principles have guided our research, reported in this paper. Firstly, the distinctiveness of SE innovation activities which have to address and serve competing institutional logics between commercial and social goals. Secondly a focus on what SE managers and other relevant actors actually do in relation to innovation, a practice-based approach recognising the open-ended and situated character of innovation activities. Thirdly an acknowledgement that innovation practices may exhibit a variety of characteristics, with diversity in levels of purposiveness and goal setting (e.g. Mintzberg's deliberate and emergent strategy), as well as variations in the processes of seeking to achieve these goals, characterised in terms of degree of structuring and formality.

Drawing these elements together, we focused on the following research questions in seeking to understand the unintended and unexpected innovation activities and their outcomes when pursued by SEs:

- The innovation strategies used to support the development of trading activity and/or social impact in SEs;
- The innovation practices developed by SE with a special focus on the extent to which SE plan their innovation strategies and the extent to which innovation systems and processes are formalised;
- The way the innovation practices of SEs interact with strategic challenges as well as economic and technological conditions to produce the final innovation outcomes.

The next section provides the theoretical foundation for our research. Section 3 describes the methodology of our research while Section 4 turns to the findings. Section 5 builds on the reported findings to generate a discussion on the combination of strategic challenges, economic and technological conditions that generate specific innovation outcomes. The final section provides the Conclusions of the research.

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[2] SPARK Social Enterprise funded under the European Union Interreg 2 Seas programme.

2. Intentionality, process, and institutional logics in social enterprise innovation

Frequent reference is made to the innovativeness of SEs in the achievement of their social mission (Di Domenico, Haugh, & Tracey, 2010). For some, innovation is a defining feature of being an SE. For example, Austin *et al.* (2006, p.2) argue that "the underlying drive for social entrepreneurship is to create social value, rather than personal and shareholder wealth … and that the activity is characterized by innovation, or the creation of something new rather than simply the replication of existing enterprises or practices". The assumption is that there is something almost innately innovative in supporting the creation of social value through commercial enterprise, as underscored by the closely related literature on social innovation (Mulgan, 2006; Murray, Caulier-Grice, & Mulgan, 2010).

However, beyond the more general presentation of SEs as socially innovative, there has been very little discussion of the specific forms, processes, and outcomes of innovation in the SE domain. As Doherty *et al.* (2014, p.423) observe that there are "limited contributions to understanding the determinants and processes of SE innovation and the relative innovativeness of SEs when compared with other organizational forms". Thus, a key issue here concerns how far innovation processes in SEs are distinctive compared to those in other domains. The existing literature on SEs emphasises their hybridity and the challenge of balancing between the competing institutional logics of social purpose and commercial gain (Billis, 2010; Cornforth, 2014; Maibom & Smith, 2016; Moreau & Mertens, 2013). Mission drift is a particular concern, where a single institutional logic becomes dominant (Cornforth, 2014). By focusing too much on their commercial goals, the social purpose of SEs can become diluted. Alternatively, by single-mindedly pursuing their social aims, SEs can give less emphasis to their commercial activities, which may undermine their future financial viability. The extent to which SEs concentrate their innovation activities on social and commercial goals respectively, is likely to have an important influence on how the interplay between institutional logics unfolds over time.

Nevertheless, while SEs exhibit specific characteristics and challenges setting them apart from other organisations, particularly regarding their attempt to meet both commercial and social/environmental missions simultaneously (Pache & Santos, 2012; Quélin, Kivleniece, & Lazzarini, 2017; Zahra, Gedajlovic, Neubaum, & Shulman, 2009), they also share many

similarities, typically relating to size and the sectors in which their commercial activities are undertaken (Austin et al., 2006). Thus, for example, small- and medium-sized SEs, which represent the vast majority, face similar innovation challenges to the wider population of SMEs, such as limited time, knowledge, and resources, lack of systematic innovation capabilities, problems with developing, implementing, and capturing value from potentially good ideas, and difficulties with scaling-up and diffusing innovations (Desouza & Awazu, 2006; Hoffman, Parejo, Bessant, & Perren, 1998; Massis, Audretsch, Uhlaner, & Kammerlander, 2018).

In addressing these challenges, there are important questions about how organisations, SEs or otherwise, develop and deploy innovation routines and capabilities and, importantly, the extent to which they have purposive agency in doing so. Issues of agency and intentionality have, of course, been extensively debated by social theorists across different disciplines, with a strong clustering of voices currently consolidated around institutional and practice-based theories that portray social action as emergent, recursive, and open-ended, simultaneously shaped by and shaping existing social and material conditions in an ongoing fashion (Bourdieu, 1977, 1990; Feldman & Orlikowski, 2011; Giddens, 1984; Schatzki, Knorr Cetina, & von Savigny, 2001). Not downplaying the differences within and between practice and institutional theories (e.g. (see e.g. Feldman & Orlikowski, 2011; Gherardi, 2000), a common feature is that they seek some sort of pathway between what Granovetter (1985) referred to as over-socialised and under-socialised conceptions of social action. The former emphasise anonymous, immanent, and inescapable structural influences on social action which leave little, if any, room for individual agency, while the latter reduces social action to a series of atomised interactions between individual agents endowed with high levels of agency in pursuing their own goals and interests. In other words, this is about addressing the long-standing and ultimately unresolvable tension between structure and agency. Even so, the scope for agency, either individual or collective, in institutional and practice theories is variable; it is unevenly distributed, shaped by context, influenced by power relations, motivations and capacities to act, and changes over time.

Variations in agency, including the scope for intentionality and strategic action, are important themes in organisational and management research. Indeed, it is on this basis that distinctions can be drawn between more orthodox, functionalist, and instrumentalist management theories that place managers (and usually senior managers) in the privileged position of key

organisational agents, and the myriad of approaches, drawing on a wide range of social theories, that seek to understand the social shaping of organisational activities as complex, emergent, and open-ended, shifting away from individual elite managers or organisations as the dominant units of analysis. Although the latter position is much easier to defend as conceptually more robust, it is still easy to lose sight of agency and end up back where we started with a starkly binary dualism between structure and agency and not an inseparably intertwined duality (Giddens, 1979). This is not a case of weighing up the relative benefits of strong and weak perspectives on agency, but rather an acknowledgement that, socially shaped as they are, the intention and capacity to act are not uniform, and the outcomes of action, again socially shaped and subject to alternative framing and interpretation, vary in terms of how far they are consistent with intentions. Compared to other social practices, there is a widely shared perception of management as purposive, goal-directed, and instrumental: it is about getting things done, deciding on courses of action, implementing decisions, and evaluating and communicating the (ostensible) effects of those decisions. While this is a dominant discourse, it does not mean that it is a fixed script that is dutifully acted out without variation.

From a practice perspective, the implication for understanding the management of innovation in SEs is that the specific practices surrounding this are likely to vary, revealing different levels of purposiveness in different settings and at different times. In other words, in some cases innovations are explicitly pursued as a form of goal-seeking behaviour, while in other cases they may emerge in a more unpredictable, informal, and loosely controlled way. This brings to mind the distinction Mintzberg and Waters (1985) made between deliberate and emergent strategies, which are viewed as two extremes with a continuum running between them, recognising the potential for a variety of positions along this continuum. One of the main contributions of this paper was to question orthodox views of strategy as the deliberate achievement of planned goals, and to shift the focus from control to learning: "the fundamental difference between deliberate and emergent strategy is that whereas the former focuses on direction and control - getting things done – the latter opens up [the] notion of 'strategic learning'. Defining strategy as intended and conceiving it as deliberate, as has traditionally been done, effectively precludes the notion of strategic learning. Once the intentions have been set, attention is riveted on realizing them, not on adapting them … Adding the concept of emergent strategy, based on the definition of strategy as realized, opens the process of strategy making up to the notion of learning." (Mintzberg & Waters,

1985, pp. 270–271). Thus, while identifying the potential for a range of empirically observable strategic approaches, there is a clear preference for those that fall more to the emergent than the deliberate end of the spectrum.

This preference for an emergent view of strategy, or more broadly any form of social action, has been echoed across numerous debates within organisation theory, of which we will briefly turn to three overlapping areas as examples: strategy-as-practice (Jarzabkowski, 2004, 2005; Seidl & Whittington, 2014; Vaara & Whittington, 2012; Whittington, 1996, 2006), organisational learning (Argyris, 1999; Argyris & Schön, 1978; Brown, Collins, & Duguid, 1991; Brown & Duguid, 1991; Cook & Yanow, 1993; Easterby-Smith, Crossan, & Nicolini, 2000; Schön, 1983), and organisational routines (Becker, 2004, 2005, 2008; Cohen et al., 1996; Feldman, 2000; Howard-Grenville, 2005; Pentland, Feldman, Becker, & Liu, 2012). What connects these areas is that in each case there is an ongoing and powerful critique against rationalist ambitions for planning, control, and formal structure, and an emphasis on studying the micro-practices through which their respective domains are constituted. Influenced by the wider practice turn in social theory (Schatzki et al., 2001; Simpson, 2009), they also tend towards a process ontology, where the emphasis shifts from nouns to verbs (Bakken & Hernes, 2006; Tsoukas & Chia, 2002). Thus, in the case of strategy-as-practice, the focus of attention moves away from strategy to strategizing, placing the emphasis on what actors involved in strategy work actually do (Whittington, 1996). Similarly, in practice-based approaches to organisational knowledge and learning, the accent shifts away from knowledge a something to be possessed to knowing in practice (Cook & Brown, 1999). An important implication of this ontological shift is that the stability and durability of taken-for-granted categories are unsettled and shown to be the result of ongoing practices through which they are constituted and reproduced. If realities are constantly in the process of becoming, then a key preoccupation of practice theorists concerns how stable and durable patterns of social practice emerge from this flux, but also how, once embedded, such negotiated orders are able to change and evolve. For Jarzabkowski (2004), this is captured in the interplay between recursiveness and adaptation. Recursiveness is about maintaining continuity and stability, with social structures actively shaping, and in turn shaped by, recurring, habituated, routine patterns of action (Bourdieu, 1977, 1990; Giddens, 1984). According to Jarzabkowski (2004), the 'problem of recursiveness' is about explaining how these habituated and sedimented patterns of action are changed. Her response centres on the interactions within and between micro- and macro-contexts of practice: "Interaction between contexts provides opportunities

for adaptive practice because the macro-level is characterized by multiple social institutions, while the micro-level is heterogeneous due to the localized social movement occasioned by 'what people are doing'" (Jarzabkowski, 2004, p. 536).

The literature on organisational routines has arrived at a rather similar conclusion. Regardless of whether they are conceptualised as manifested behaviours (Cohen et al., 1996; Nelson & Winter, 1982), behavioural potentialities (Geoffrey M. Hodgson, 2008; G.M. Hodgson & Knudsen, 2004), sets of cognitive rules (Cohen & Bacdayan, 1994), socially-shaped collective practices (Dewey, 1922; Pentland et al., 2012), or a mixture of these (Becker, 2005; D'Adderio, 2008), organisational routines are usually portrayed as slow to develop and difficult to embed, but once established, resistant to change in anything more than an incremental way. Feldman (2000) argues that the potential for changing routines derives from their dual character as both ostensive and performative – the former refers to the rule-based or ideal character of the routine, while the latter refers to the specific enactment of a routine in a given setting ((see also, D'Adderio, 2008; Feldman, 2000; Feldman & Pentland, 2003). The performance of routines is a situated and active accomplishment which always contains the scope for differing degrees of variation, ranging from non-performance in a specific situation, to major or minor modifications to its content (Orlikowski 2000; 2002; Suchman 1987). Requiring active agency for their reproduction, there is always the potential for routines to change as people adapt and reshape them to according to their interpretation of the demands of a given situation (Orlikowski 1996). As Sewell (1992: 20) suggests, "[t]o be an agent means to be capable of exerting some control over the social relations in which one is enmeshed, which in turn implies the ability to transform those social relations to some degree". The critical question is to what degree? The overwhelming impression one gets from the strategy-as-practice and routines literatures thus far is of relatively modest variations in established practices as actors draw upon and improvise around their repertoire of situationally relevant actions.

Turning now to contributions from the practice-based literature on organisational knowledge and learning, there is a similar emphasis on the process through which new knowledge can emerge through the socially and materially shaped and situated practices of actors in interaction with specific settings (Brown et al., 1991; Cook & Brown, 1999; Cook & Yanow, 1993; Lave & Wenger, 1991; Orlikowski, 2002; Suchman, 1987). However, there has arguably been more emphasis on the conditions out of which more radical changes may

emerge. For example, theories of learning influenced by the American Pragmatist concept of inquiry point to the disruptive effects of breakdowns in habituated action triggered by unexpected events that get in the way of the flow of experience. Inquiry is conceived in terms of an active interplay between people and the situations they encounter in which existing norms, routines, and patterns of thinking and practice play an important part as both a condition for, but also a potential barrier to, change and development. It is presented as a dynamic, involved, and interested process where people are actively stimulated to inquire by some frustration or doubt that disrupts the flow of their experience (Peirce 1878; James 2000 [1907]). The aim of inquiry is to remove the source of doubt so that action can be resumed. Schön (1983: 68) similarly emphasised the way that disruptions to experience can set reflection in motion in an effort to resolve them and allow the continuation of practice: "The practitioner allows himself to experience surprise, puzzlement, or confusion in a situation which he finds uncertain or unique. He reflects on the phenomenon before him, and on the prior understandings which have been implicit in his behaviour. He carries out an experiment which serves to generate both a new understanding of the phenomenon and a change in the situation."

Taken together, the literature on organisational learning, routines, and strategy-as-practice have made important contributions towards a more emergent, open-ended, and situated understanding of organisational phenomena, helping to counter the rationally instrumental emphasis on goal-setting, planning, and implementation. In the examples above, the focus is largely on adaptions to existing conditions brought about through improvisations in response to localised situations and surprises encountered in the process of pursuing routinized courses of action. This is not to say that the participants do not have intentionality and purposefulness as they engaged in different practice settings, but it does suggest boundaries to the straightforward achievement of goals which, at some level, are always negotiated accomplishments. Thus, for example, Jarzabkowski (2004, p. 544) argues that "actors are also intentful in their use of these practices and the intent of the actor may not comply with the objective purpose of a particular practice. Thus, the properties of a practice are open to interpretation according to the use to which they are put. Where the intent implied in a practice complies largely with the intent of actors, habitual, routinized use may be expected, leading to recursiveness. However, the appropriation of practices for particular, unanticipated outcomes may well involve their adaptation."

Similarly, the literature on routines has also sought to complement their depiction as gradually and anonymously evolving through something akin to the biological notions of genetic variation and natural selection with a more agential perspective. Thus, as Cohendet and Llerena (2003: 277) have argued: "The application of the notion of routine to the competence-based approach is still too strongly inspired by a 'natural selection' vision of the organization, and does not yet give enough weight to a managerial vision of the firm." This is not to say that a concept of effective managerial action should displace the notion of change as an emergent, indeterminate, and open-ended process, but rather that an appreciation of the possibilities and limitations of active design offers an important complement to more anonymous evolutionary influences (Pandza and Thorpe 2010; Simon 1988; 1993). The notion of design can also be found in the literature on organisational knowledge and learning, highlighting the projective and forward-pointing nature of knowing (Dewey, 1917; James, 1905; Schön, 1983, 1987).

Of course, images of strong managerial agency abound across wide swathes of academic and wider discourses on management and organisation. This is precisely the depiction one finds in the traditional literatures on strategy and innovation management, dominated by visions of managers as decision-makers, planners, and implementers, driven by means-ends calculations and instrumental, if bounded, rationality. A good example is the literature on dynamic capabilities which offers a much more transformative perspective on organisational routines, knowledge, and strategy, with managers reconfiguring organisational resources, routines, and capabilities in response to existing or anticipated changes in their environment (Schoemaker, Heaton, & Teece, 2018; D. J. Teece, 2012; D. Teece & Pisano, 1994; D. Teece, Pisano, & Shuen, 1997; Zollo & Winter, 2002). While such approaches are readily criticised for their rationalism and voluntarism, they nevertheless raise questions that have arguably been neglected by practice theories, particularly concerning the relationships between intentions, purposes, and outcomes. For example, the strategy-as-practice literature has typically set itself apart from traditional process research on strategy by "its focus on the production and reproduction of strategic action, rather than seeking to explain strategic change and firm performance" (Jarzabkowski & Spee, 2009, p. 70). In response, according to Burgelman *et al.* (2018, p. 540), "practice scholars' enthusiasm with a micro-level of activity have been accused by process scholars as having let fascination with the details of managerial conduct distract them from issues with substantive impact on organizational outcomes: too often they

have seemed to be merely doing the equivalent of observing individuals 'flipping hamburgers'".

Our position is that it is both possible and desirable to draw on the strengths and insights of practice theory, while also giving more attention to the varying intentionality and structuring of organisational attempts to achieve particular outcomes. It is easy to criticise models of management action that emphasise identifying opportunities, goal-setting, planning, implementation, monitoring, and evaluation in efforts to achieve predictability and control in strategy and innovation processes. However, from a practice perspective these can be seen as precisely the things that managers do, or aspire to do, because of widely shared institutional expectations. This does not weaken the critique of the limitations of rational planning and control, nor does it deny the fact that such attempts often do not achieve what they set out to do, meet with difficulties and unexpected outcomes along the way, get diverted in different directions, or end up being derailed entirely. Suspending the issue of the effects of such practices, they are simply what some managers do. Equally, there are other managers, and this is particularly relevant for SMEs and smaller SEs, that fit much closer the emergent view of organisational action. They do not necessarily follow clear plans or undertake formal planning activities, they do not set in place goals and procedures for achieving and measuring them. This does not mean that they do not get things done – they introduce new products and processes, enter new markets or expand existing ones, they experiment with new organisational arrangements – but these are often the result of seizing immediate and unpredictable opportunities, making do, *bricoleur* like, with the ideas, materials, and resources to hand (de Certeau, 1984), and getting where they get by 'muddling through' (Lindblom, 1959). Again, leaving aside for the moment the effects of such practices and how skilfully they are performed, it is clear that management and organisational practices assume many forms, from the more planned and formalised to the emergent and informal, with innumerable variations in between.

Drawing inspiration from Mintzberg and Waters (1985), we explicitly acknowledge this variety in exploring the innovation practices of SEs. As a guide to help us map the landscape of SE innovation, we have developed a framework which considers both the extent to which innovations are pursued in an intentional fashion by SE managers and other relevant actors, as well as the degree of formality and structuring of the process through which innovations are developed (see Figure 1). The aim is to enable us to explore the potential variety of

practices surrounding SE innovation by locating them relative to the interplay between intentionality and process. The framework also seeks to incorporate consideration of competing institutional logics between social purpose and commercial activities, the varying interplay of which are a distinctive feature of these organisations and, as such, likely to be an important influence on the innovation trajectories of SEs. Needless to say, this framework, in common with similar typologies, is a huge simplification, and comes with all the usual limitations in terms of determining the boundaries between areas of the framework, the potential for different practices to be positioned in different locations simultaneously, and issues about representing changes in practices over time and their trajectories within the matrix. Nevertheless, as an orienting device in a largely uncharted territory it is useful.

PROCESS

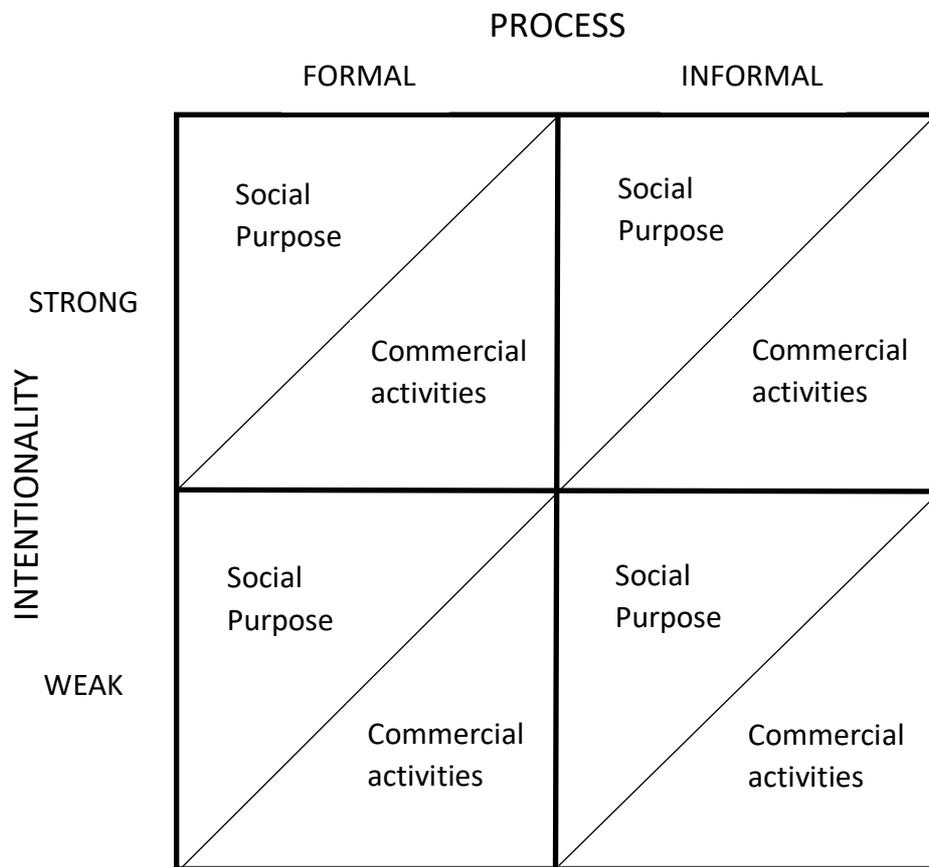|	FORMAL	INFORMAL
STRONG	Social Purpose / Commercial activities	Social Purpose / Commercial activities
WEAK	Social Purpose / Commercial activities	Social Purpose / Commercial activities

INTENTIONALITY

Figure 1

3. Research method

For this study we use a type 3 holistic multiple-case study design (Yin, 2003) to compare the varieties of innovation in social enterprises highlighted in our framework. We obtained data

from 93 SEs operating in three European regions: Flanders in Belgium, North Holland in the Netherlands, and Sussex in the UK. The context of each case was the SE's historical development and the region it operates in, as each region presents different political, institutional, and legal conditions that influence the nature of SE and, by extension, SE innovation. For the innovation activities and processes, the unit of analysis was a completed innovation project the SE had embarked on recently, where outcomes and perceived impact were known. The interviews with SE owners and managers were conducted between November 2016 and February 2017. The purpose was to understand the relevance of innovation for SEs and to identify their current innovation practices and outcomes. To this end, questions focused on the role innovation has played in the historical development of the SE, in order to identify key factors that affected and shaped current innovation activities. These were followed by questions about a specific innovation project embarked by the SE, covering key stages of the innovation process, such as ideation, development, and outcomes or perceived impact (either social or financial). The interviews, each lasting between one and one-and-a-half hours were recorded and the data were subject to a template analysis of themes relating to the background of the organisation, the development trajectory and strategic direction of its commercial activities, its social and environmental mission, and the nature, evolution, and outcomes of its innovation practices. For the purposes of this paper, we are focusing on evidence from this analysis providing information about the intentionality and purposiveness of innovation goal-setting, the structure and formalisation of innovation processes, and the interplay of competing institutional logics in shaping innovation practices.

4. Varieties of innovation in social enterprise

To address our research objective, we report in more detail two exemplar cases for each quadrant of the framework, focusing on evidence of both intentionality in their innovation activities and the formality of their processes. For each of the cases selected we discuss the context of these in relation to their innovation activities, that is to say, the strategic, economic or technological factors that may have interacted with their innovation intent and their innovation processes to produce the final outcomes.

4.1. Strong intentionality and formal processes

UKSE18 is an ethically-oriented supermarket aiming to provide sustainable, locally-sourced products at affordable prices while also pursuing ethical employment, product sourcing, and supply-chain practices. The initial idea for the venture was influenced by the previous experiences of one of the founders who had worked in traditional supermarket supply chains. As she explained, this experience of negotiating with supermarkets led to "disillusionment with animal welfare, food wastage, and exploitation of workers and the general way in which the food industry operates." The overall aim was vey clear and driven by the strong values of the founders in terms of offering an alternative to the usual supermarket offering. They "were fed up with the way supermarkets do business and thought there must be a better way that supermarkets can treat employees fairly, promote good food, try to make good food more affordable, support fair-trade, tries to normalise these things, and doesn't just exist to make money for its shareholders". The goal was to "make supplying and purchasing food fair and affordable for everyone, supporting great suppliers, local foods, local people, and ethical production". The planning that went into realising this vision was meticulous and, as a consequence, very time-consuming, placing high up-front cost pressures on the enterprise. It took three years from the initial idea for a robust business plan to be drawn up and for the first shop to be opened. This involved extensive research into food standards, animal welfare, supply chain management, costing, stock control, health and safety, employment law, shop layout, branding, and so forth, often bringing in external expertise in the form of specialist consultants. There was also a purposeful strategy to establish the first shop as a pilot venture, with the intention of learning lessons from this that could be implemented as the business scaled-up with the opening of new branches. This reveals both a degree of formality and purposiveness to the innovation process, but also a recognition that there needs to be a strong element of experimentation and adaptation because of the uncertainty entailed in establishing a new and untested venture. However, this was not simply a case of 'muddling through', but rather a matter of explicitly creating opportunities for learning. The founders refer to the pilot shop as an example of "co-invention", building feedback loops with customers, employees, and suppliers to refine what their offering. For example, there was a suggestion board in the shop where customers could provide their feedback; things they liked and disliked, products that were missing, or things that could make the shop better. In terms of the interplay between the institutional logics of social purpose and commercial gain, the founders expressed a clear determination for the former to take priority and not be diluted, especially with the planned expansion into new stores. At the same time, close attention is paid to the financial viability of the enterprise. Perhaps emblematic of this managed tension is the practice whereby "when

customers make purchases, at the till they can see how much money goes to suppliers, staff, and [the shop] on their receipts". As well signalling the value-driven conduct of the business and an appropriate marketing message for the target clientele, this transparency also suggests clarity about financial position built into the enterprise's systems and procedures to enable it to provide such information.

BESE03 describes itself as an 'eco-social enterprise' which systematically strives to incorporate economic, environmental and social goals in an integrated and coherent way in its entire business flow. There is a strong value-driven orientation to the SE, including the basic principle of putting labour before capital. The business used to be 100% owned by the government but in 2009 funding cuts forced its privatisation. An experienced Director was recruited who was asked to reform the organisation to enable a shift from government grants to market focus. This was successfully achieved: in 2009 as much as 87% of revenue came from the local government; by 2014 this has been dramatically reduced, with 93% of revenue now coming from commercial trading. The support of innovation by the senior management of the SE has been crucial for ensuring that the generated innovation is embedded in the organisation. It transformed successfully from a public sector entity to a healthy privately-owned SE with part of success being down to the senior management, who held the opinion that innovation is necessary for the long run survival of the SE. The senior management team of the SE puts emphasis on the involvement of employees in innovation activities. In the Director's words: "innovation needs to be carried not only by the market but also by the organisation, so you have to be able to explain it to your vulnerable employees and convince them to go along." As such, the SE "keeps their eyes open" for innovation opportunities and sets clear goals for achieving them. A good example of this was an opportunity spotted in the upstream value chain where there is a scarcity of recycled and sustainable materials because of growing demand by "consumers … businesses and government departments jumping on board" in terms of responsible consumption. Once major innovation opportunities are identified, the enterprise establishes a new unit, each branded to reflect the particular activities of that unit building and construction, recycled wood furniture, cleaning statues and monuments, a restaurant with recycled interior, and a recycled design shop. This separation into different business units gives the opportunity to the relevant people to develop new routines, systems, and processes and allow for the emergence of a culture that is consistent with the new offerings. This is a structured process, but the SE also sees innovation as a strenuous activity, involving a lot of experimentation, disappointments, and retreats. The

determination to overcome these obstacles is sustained by the strong values expressed by the business and the attempt to balance different priorities: "It is a special challenge to be creative and human at the same time". For instance, SE are usually facing high training costs (e.g. regular training of new employees, vulnerable people can only be employed for a limited time).

4.2. Strong intentionality and informal processes

NLSE04 is a debt collecting company seeking to establish a socially responsible approach to personal debt relief. Currently debt collectors do not take into account the mental health issues faced by those in-debt, specifically when we see that they are focused on things like unemployment and other social issues. Working with NGOs, they purchase debt and then provide a wide range of social services to those in debt, giving them a wider range of options in order to pay it back. The enterprise has a clear vision of what they want to achieve, led by their social aim. Innovation activities revolve around their primary aim of changing how the personal finance industry deals with debt collection and debt management. Their primary innovation objective, therefore, is to develop a portfolio of services to resolve personal debt issues sustainably while at the same time stopping individuals from entering into debt again. The aims is to "offer a holistic approach to debt relief for individuals by purchasing their debt and then providing a more humane form of debt repayment with less social stress and less confrontational form." While innovations are strongly driven by the social purpose of the SE, the business has no set processes or routines for their innovation activities. Instead they follow an ad-hoc approach when identifying and addressing specific challenges as they arise. This is grounded in the identification of numerous challenges and having to adapt at every stage in order to address each challenge. The identification of both problem and solution may typically emerge after a series of conversations with partners and stakeholders. According to the SE: "At the moment there is no clear innovation process, instead it is ad-hoc when it comes to identifying what problem we have and how we will then go about solving it. This is so that we have the flexibility to be creative."

UKSE24 is an organic vegetable smallholding and educational establishment whose commercial activities include a produce shop, vegetable box deliveries, farmers' market, events and courses, and venue for community activities and weddings. The initial impetus for

establishing the enterprise came from the owner's desire to remedy the lack of green and ethical businesses in her local area. However, as the effects of the economic downturn were increasingly felt around 2010, this created a new catalyst and sharpened the focus on needing to open up a wider range of revenue streams by adding additional services and activities to the venture, recognising that the business would not survive without these. However, to be able to deliver these services the business needed to build a new venue and educational centre because the existing agricultural buildings were unsuitable. This required raising a significant capital sum, but a clear target was set to achieve this and there was a strong determination among the owner, employees, volunteers, and supporters in the local community to realise the goal. In particular, the owner's desire to deliver her vision of encouraging greater awareness of environmental issues in her local area was an important driving force behind these efforts, as she actively assembled support from wherever she could find it. In addition, as she explained, her previous career in the military meant that she was accustomed to setting clear objectives and doing everything possible to attain them: "Being ex-army taught me about having goals and going for it. We were determined that the business would survive". However, while the goals for this innovation were clear, the means for achieving them were not. There was no formal business plan and the owner did not have any experience of running a business or fundraising: "I learned on my feet and don't always get it right. I learned some valuable lessons along the way about having to be flexible to survive, adapting to challenges and changing situations. You can't stand still. We need to come up with new ideas, new lines of products, new courses. We need this to be a viable business. I've learned this as I've gone along with a lot of support." This determination to find a solution using whatever means available is consistent with the depictions of SEs as *bricoleurs,* with limited resources forcing them to make do imaginatively with whatever is to hand (Baker, Miner, & Eesley, 2003; Di Domenico et al., 2010). As well as resource constraints, this is arguably also shaped in this case by the values and ethos of the organisation, with its emphasis on reusing and recycling materials, as shown by its use of plastic bottles to build greenhouses and disused electric blankets for seed propagation. Through a variety of initiatives, the funds were eventually raised for the new centre and the SE was able to expand its range of activities. However, this has come at the cost of a lot of personal pressure on the owner, limiting her attention and capacity to identify the future opportunities and direction of the organisation. In common with many small businesses, they are "so busy focusing on the day-to-day that they don't do enough strategically, but hoping to change that. Always struggle to follow new directions. Never get to the end of a to-do list". The owner acknowledges that this is not personally or

organisationally sustainable and has sought to draw in additional assistance, in particular by recruiting a new chairman of the board of trustees who is more business focused. Even so, it is clear that the environmental values of the business are preeminent in shaping the way that it evolves, even if this comes at the cost of potential financial gains. For example, the owner has turned down funding from a major supermarket chain's corporate social responsibility initiative on the grounds that the practices of the latter are, as a whole, inconsistent with the values of the SE.

4.3. Weak intentionality and formal processes

NLSE16 aims to promote and facilitate a more sustainable form of consumption through their online consumer-to-consumer platform. Their main offering is a rental platform that connects people who are geographically local and allows them to borrow items from each other. The company is constantly searching for new way to connect people, first through their borrowing platform, then through renting platforms, and in the future they hope to help people co-buying products for communal ownership (such as a neighbourhood lawnmower). However, overall they do not have clear innovation priorities, even while remaining open to new ideas and new applications to their technology. Innovation efforts are primarily determined by existing resources and capabilities, leading to a small portfolio of offerings all related to the technology developed in-house. The enterprise was founded as a result of how they could use the technology to connect people at the local level and help the adoption of collaborative consumption, focusing on collective consumption and the technical capacity and platform to do this. Although potential innovations are not clearly defined, when they do arise the innovation process follows a clear path. A new idea is assessed against the overall social aim, the level of internal support, and whether there is a demand for it. The SE then engages with consultants in order to plan the marketing strategy and revenue streams. Given that their services are digital, they are able to monitor user behaviour and general trends and make further improvements accordingly, which introduces a purposeful element of learning to their innovation efforts.

BESE12 is an employment and training company which has expanded into helping people with autism to find a job. The company screens, trains and coaches people with autism to be software testers and quality assurance operators, thus using the skills of those involved in tasks at which they excel. The enterprise became increasingly aware of issues facing

individuals with autism who have special skills to offer that are often ignored. This was because a growing number of people with autism approached the company about their services. This 'forced' an innovation move on the SE since its existing products and processes were not appropriate for this group of beneficiaries. As such, there was an accidental element to their innovation priorities, with new offerings and new processes created specifically for highly experienced and senior level people with autism, linking them with suitable tasks such as big data analysts, statistics, software testing, and programming. These people needed a different kind of coaching than the one provided traditionally. After the new offering was introduced and a new market opened up, it became apparent that employers also did not have sufficient skills to manage people with autism. The SE subsequently set up a new programme offering training to managers and other executives of their customers to equip them with the new skills and attitudes to make the most out of employing people with autism. Although the direction of this innovation journey was unpredictable, once it was underway the process for implementing it was quite formalised. The development of the new offerings for a new market required a significant organisational restructuring because, to their opinion, the new offering was not compatible with the routines or the culture of the host organisation. They established a new legal entity, in which the SE is the majority shareholder, to enable the development of new training and coaching products and the creation of new processes, marketing strategy, and so forth. The enterprise, which achieved a growth of about 30% in one year, discovered that this success posed new organisational requirements: according to the SE's manager "the challenge when growing is to keep up the internal growth". They also set up a think tank to explore opportunities, possibilities and models for social enterprises working with their target groups (people with autism). At the same time they started actively searching for partners by giving inspirational talks (about 50 per year) to raise awareness about their model of social entrepreneurship. It selects very carefully the regions to establish a presence based on the extent that the customers (e.g. banks and other financial institutions) are prepared to collaborate with them. For instance, they recently opened a second facility in one region because the market was ready to pay for their services compared to another region they were exploring where it was clear the market was not ready.

4.4. Weak intentionality and informal processes

Several SE have consciously decided to slow down the pace of innovation or to target incremental (rather than radical) innovations to minimise risk and preserve the engagement with (vulnerable) social groups and a variety of other stakeholders. An example of this is BESE05 which is a producer of organic cheese. The SE has a rich history of improving its organic quality products and fine-tuning its production, taking many years to improve the production process and the quality of the cheese, resulting in an organic product of very high quality. This has been driven by having to respond to strict regulatory requirements and problems with the contamination of batches by fungi and bacteria. The organisation has had the opportunity to grow faster but refused to do so because it wanted to remain small in order to maintain the quality of its products and involvement from its employees. According to one of the founders, the company is not interested in innovation, but evolution: "we want to grow organically, keeping our core business in mind." The SE is proud of rejecting the idea of formal relationships both within their organisation as well as with their suppliers and partners. The company calls itself "a co-operative of employees with biological products" while their relationships with suppliers as well as other partners, are also made in an open and democratic way. For example, in a recent venture with another four local enterprises to develop a joint open market space, an important consideration was to find parties that have the same values and to build consensus with them: "the development of [the market] took its time because all active partners were involved and consensus was needed. … negotiations were interrupted several times".

NLSE03 provides a number of services for and by the deaf, including music events, event management, and corporate training. The company was founded by a musician who set himself the personal challenge of helping the deaf enjoy music, leading to the launch of a multi-sensory music event. Since then, the SE has expanded its services by providing employment for deaf people through event management and corporate training. While having an overall mission to support deaf people, the SE does not have a clear vision of their innovation priorities, which are instead guided by emerging opportunities. The ideas that have resulted in new offerings have emerged from the founder's personal experience, taking advantage of opportunities as they emerge. For instance, while managing music events, the founder noticed that deaf people are highly skilled in reading body language. He then saw this as an opportunity to provide body language training to executives. Not having precise and narrowly fixed plans for innovation, the SE has been flexible and opportunistic in responding to unpredictable opportunities, helping it to explore and develop a wide variety of

offerings, from music events to corporate training. As the founder explained: "…getting [the events] to work did not come from a specific social need, instead it emerged from a personal challenge that was worth pursuing. The idea was to see how and under what circumstance it would be possible to get deaf people to enjoy music." As well as having an open and opportunistic approach to setting innovation goals, the SE's approach to implementing these is also quite ad hoc. Each innovation project will begin with an idea, which is then developed into a prototype. It is during the prototype stage that potential applications, markets, challenges, and solutions will emerge. The resources and skills needed to address these challenges differ from project to project. For instance, their music events required collaboration with electricians and light engineers, while their corporate training service required different partners specialising in recruitment, marketing, and education. The variety in offerings and innovation activities has meant that no set routines have emerged. These were done through trial and error, where each new feature added on to the innovation came as a result of feedback from the people taking part in the events and training. In this sense, the design and the development was iterative, working closely with deaf people and other people other people involved to provide feedback and ways of refining their offering.

5. Discussion

An important thing to acknowledge is that there is a variety of innovation practices in SEs, ranging from strong intention actions and formal processes to weak intention and informal processes. The existence of informal processes for innovation is not surprising, we know from previous literature contributions that a large proportion of SMEs, probably the largest, employ informal processes for the selection and screening of new ideas, the development of prototypes, the introduction to the market etc. What is more surprising is that several of the discussed cases have very weak intentions to innovate, yet they end up with developing innovative solutions and offerings for a significant number of beneficiaries and customers. The very nature of the sector -which requires both elements of generating financial income and social impact- makes it inherently innovative; this has obviously the power to transform a SE with weak intention to innovate to an organisation developing and delivering innovative solutions. This is a typical clash between the strategic objectives the SE has (consciously or unconsciously) committed to and its actual intentions with regards to innovative activities. Once a social enterprise decides to commit to entrepreneurial actions while simultaneously it serves an important social cause, it inevitably comes across a significant pressure to innovate.

If the social enterprise is sufficiently responsive, it will detect this pressure and it will develop innovation activities to deal with it. This research has revealed a number of intentionality/formality combinations across the 8 discussed cases (see Table 1).

PROCESS

		Formal	Informal
INTENTIONALITY	*Strong*	UKSE18 BESE03	NLSE04 UKSE24
	Weak	NLSE16 BESE12	BESE05 NLSE03

Table 1: Positioning discussed cases in the Intentionality-process matrix

What is interesting to discuss is different combinations the relation to innovation outcomes. Each of the cases were assessed in terms of strength of commercial activity and strength of social impact. These assessments were juxtaposed with the innovation intentionality and the process formality to understand how different combinations of intentionality and formality levels can interact to generate different levels of innovation performance (Table 2). The institutional logic of each cases is also discussed to understand its impact on the innovation performance. A number of interesting insights were generated from this analysis.

Firstly SE with *strong intentionality and formal process* have produced a well performing SE (UKSE18) with strong trading activity and strong social impact. A strong intentionality is necessary when a SE operates in a new technological regime such as the energy saving and renewable project of UKSE18. A new technological regime is in effect translated for the SE reality to several unknown parameters, an increased amount of trial and error and a number of unfamiliar problems. Strongly planned innovation activities are useful for assembling the necessary efforts and resources to overcome these challenges and achieve innovation outcomes. The formal character of innovation activities serves as a defence to the unknown character of the innovation activities which ensure at the very least that sufficient learning is generated for the company, even in cases of unsuccessful pursuit of innovation ideas.

Table 2: Innovation intentionality, innovation process and institutional logics for SE

ID	SE	Intentionality[3]	Process[4]	Institutional logics[5]	Trading activity	Social Impact
Strong intentionality, formal processes						
UKSE18	Community energy saving and renewable energy projects	**Strong:** Clear innovation purpose driven by social and environmental values with the aim to offer an alternative to traditional supermarket offerings.	**Formal:** Detailed, meticulous, and formal approach to planning and implementation, with opportunities for learning built into the process.	Prioritisation of ethical values at the heart of the operation, although with a clear understanding of commercial demands.	Strong	Strong
BESE03	Construction, recycled wood furniture, monuments restoration and restaurant	**Strong:** Innovation goals driven by the need to survive the transition from a public sector to a private organisation.	**Formal:** Structured approach to innovation with the establishment of new business units to support new activities and markets.	Relative balance between social and commercial purpose, although main drive provided by the need to raise income and survive privatisation programme.	Strong	Medium
Strong intentionality, informal processes						
NLSE04	'Human' debt collecting services	**Strong:** Innovation priorities are clear and determined by the social purpose of the SE in offering a more socially responsible approach to debt collecting.	**Informal:** Identification of new challenges and formulation of solutions are done informally in response to problems and opportunities as emerge.	The social purpose of the SE is dominant and central to its activities. Commercial purpose is secondary.	Strong	Very Strong
UKSE24	Organic vegetable smallholding and educational establishment	**Strong:** Innovation goals are explicit and shaped by the social and environmental values of the founder and other members and supporters. At the same time, changing economic circumstances brought economic necessities into sharp relief.	**Informal:** Innovation processes are ad hoc and informal, involving 'learning on their feet' from mistakes, as well as coping with the stresses and strains of keeping current operations going.	The social and environmental purpose of the SE are predominant, to the extent of turning down financial opportunities that are not consistent with the values of the organisation.	Strong	Strong

[3] Degree of clarity and purposefulness in innovation goals
[4] Degree of formalisation and structuring of innovation processes
[5] Interplay between social values and commercial activities

ID	SE	Intentionality[3]	Process[4]	Institutional logics[5]	Trading activity	Social Impact
Weak intentionality, formal processes						
NLSE16	Platform for responsible consumption through collective purchase	**Weak:** Innovation priorities are unclear and opportunistic, driven by potentially new activities arising from the core technology platform.	**Formal:** When innovation opportunities arise there are formal processes for developing and implementing them.	While innovation projects are evaluated on both their social and commercial value, potential commercial impact plays a more decisive role in selecting new projects	Strong	Strong
BESE12	Working with the talents of people with autism	**Weak:** The shift to offering services for people with autism occurred organically in response to demand and a growing recognition of the needs and expertise of this client group.	**Formal:** Once underway, innovation projects are pursued in a relatively structured and formal way.	Although motivated by the need to make people with autism more employable, the financial power of the new customers played a significant role in the development of innovative activities.	Very Strong	Very Strong
Weak intentionality, informal processes						
BESE05	Organic cheese producer	**Weak:** The SE operates in a traditional market segment and aims at evolution not innovation in maintaining the quality of its product and upholding environmental standards.	**Informal:** Innovations are incremental and arise through informal processes of problem-solving and refinement of existing ways of doing things.	Social and environmental values are preeminent, with commercial considerations and economic growth taking a subordinate position.	Very Strong	Very Strong
NLSE03	Music events for the deaf community	**Weak:** Innovation priorities are determined in an open way by emerging opportunities, influenced by the founder's personal experiences.	**Informal:** Innovation processes are ad hoc and based on experimentation, trial-and-error, and feedback from user groups.	Social purpose of SE has historically been the dominant driver, although founder has now deliberately moved towards a balance between social and commercial activity.	Strong	Weak

In another case, BESE03, the strong intentionality and the formal innovation processes were used to deal with economic uncertainty. The SE was the product of a privatisation process whereby the government has (gradually) stopped providing the main business for the focal SE. The SE had to reinvent itself, changing drastically its culture, its mindsets as well as its operational routines. In fact, the combination of strong intentionality with the highly structured and formalised innovation processes gave coherence and direction to the implementation of innovation actions, directing attention to the achievement and monitoring of the survival goal, i.e. the sharp increase of economic income from trading. However, at the same time, it reinforced the biases incorporated in the thinking of the senior management team. As a result, the strong interest of the senior management team on the economic turnaround of the SE has resulted in innovation actions neglecting the social impact dimension, ending up with a lower performance in terms of social impact. This is exactly the risk with using this approach, a combination of strong intentionality with formal innovation processes: it exposes the SE to the biases of the senior management team while it can potentially reinforce strategy rigidities, limit improvisation, and reduce learning from unexpected outcomes of innovation because they are treated as deviations from the plan.

Secondly, a couple of other SEs employed strategies with *strong innovation intentionality but more informal innovation processes*. This combination is used to deal with situations of uncertainty, which although they exert high pressure to the SE, they are not conceived as life or death issues. These are situations where the existing uncertainty is combined with wicked problems, i.e. problems that require continuous and systematic improvisation but they are not necessarily life or death issues. Take for instance NKSE04, which decided to go 'against the stream', and tackle the debt relief "in a more human way", which inevitably includes softer approaches for the debtors but also the support of the debtor to learn new behaviours and attitudes. This is clearly a business model that goes against the predominant model of the sector and strong intentionality is needed to enable this approach. The very nature of the job in hand includes a number of wicked problems; for instance it can never be predicted how a debtor will react to an approach by debt collecting people. The emphasis here is on muddling through, bricolage, and learning from mistakes and other feedback in order to refine and improve past actions and potentially lead to new more efficient approaches.

A combination of strong intentionality with an informal innovation process seem also to be a good strategy for diversification purposes where the company has to strike the right balance

between the determination to diversify and the flexibility to diversify into a new market. What makes this process more challenging than a standard diversification attempt in a more 'conventional' enterprise is that the diversification of a SE should serve not only the economic case but also the social impact case, making the relevant task much more complex. UKSE24, in order to compete successfully with the large supermarkets, had to introduce an integrated package of producing organic vegetables together with training and education. An informal innovation process has been developed to enable its people to "learn on their feet" and cope with stresses and strains that are inherent in operations that try to combine new purchasing behaviours with training and education and allow them to learn the new skills and approaches required by the diversification.

However the informal innovation processes can be inefficient in resource terms, which is potentially dangerous given the resource pressures on smaller SEs and the personal stress it can place on their owners and managers. The informal innovation process can also act a big deterrent of scaling-up since the informal character of innovation processes needs to give its place to a more standardised and therefore more formal operational processes, once the innovation has been developed. This can be a big issue, given that one of the biggest SE problems is the lack of scaling-up and the inability to reach a critical mass of customers.

Thirdly the combination of *weak intentionality with formal processes of innovation activity* work quite well when there is a strong market driving developments in the sector. Take for instance the case of BESE12, which has 'delegated' the process of scoping new opportunities to its market, namely banks and other financial institutions. Banks and other financial institutions are dynamic organisations enjoying an abundance of resources. As a result, they have the capability to identify new opportunities and 'guide' the SE into the development of innovative solutions that can respond to these new opportunities. All the SE has to do is to build a formalised process to enable the quick and efficient response to these new opportunities; once the new opportunity is recognised, an innovation project is pursued in a structured way, enabling the quick response to the identified opportunity. A similar story with NLSE16 where the engaged customers have an obvious interest from using the collective purchase platform since it allows them to enjoy higher savings and therefore lower cost.

Interestingly, the combination of weak intentionality with formal innovation activity produces one the best performing regimes in SE. BESE12 has been enjoying a very strong

performance in terms of trading as well as of social impact. However it is only possible when the SE is lucky enough to operate a dynamic market which can carry out the scoping of new opportunities in an competent way. Incidentally the strategy of relying on a dynamic market to sort out the new opportunities job for you is not possible without the presence of a formal innovation process. Dynamic and powerful customers would be reluctant to engage, if the SE is not able to turn around its request for a new solution in a relatively quick and efficient way.

Finally the combination of *weak intentionality with informal innovation process* is an interesting situation. According to our evidence, this combination gives ground for 'polarised results' with one SE doing very well in both terms of trading and social impact and another one performing less well. BESE05 is in a competitive environment that is not quickly changing. The pace of technology change is relatively low, the competitive situation is relatively stable, so the focus is on the continuous generation and introduction of incremental innovations. BESE05 is using the informal innovation processes to allow employees, suppliers and other partners to contribute ideas which will enable the continuous stream of incremental innovations. Building the space for developing partnerships with similar values and build the necessary consensus with them requires informal innovation process but also a very flexible approach to innovation planning. Indeed the presence of either a strongly planned innovation strategy or a very formal (and therefore inflexible) innovation process will turn these contributions impossible to thrive and produce results for the SE.

This approach can be much less effective in conditions of radical change or significant innovation. Typical example is NLSE03, which facing a strenuous financial situation, decided to rely on "innovation priorities determined in an open way by emerging opportunities" and ad hoc and trial-and-error feedback from user groups. This was clearly a limiting approach. NLSE03 needed a strong driving hand to stir it towards a sophisticated business model that generates income but also delivers social impact. The existing user communities and the potential customers did not have the capability to generate the sophisticated business model required for the SE, so NLSE03 ended up with a strong position in trading but a weak social impact.

6. Conclusions

This paper was set to deepen and extent the discussion of innovation in SE and offer a more detailed understanding of the different forms, influences, and outcomes of innovation in these settings. There have been no real attempts to explore in detail the specific characteristics, practices, and forms shaping SE innovation and how they unfold in different settings.

SE operate in a regime that is by default innovative since they have to develop new business models that deliver not only a sustainable income (a challenging job for most of the SMEs) but also social or environmental impact. This makes SEs quite distinct entities with innovation scholars required to study in great depth and in great detail and the management and support of innovation in SEs. A crucial element of such an enquiry is how the interplay between social and commercial logics affect innovation intentions and innovation activities within SE.

It can be argued that SE are required to deliver innovative outcome to fulfil the strategic missions they have registered to. According to the evidence collected and analysed, there are some SEs that have developed a strong intentionality for innovation and formal routines and systems to enable it. These SE are doing well provided they do not lose sight of the fact that economic and social impact activities need to be in good balance to justify their special mission.

However, in most cases, the senior management teams of SEs are not aware of the pressing need to innovate. A lot of SEs exhibit weak intentions to innovate combined in several cases with loose, rather informal innovation routines. The lack of awareness is perhaps responsible for the shortage of SEs that manage to scale-up to a critical mass of customers and beneficiaries. The drive and determination of their founders together with their strong values to achieve social impact enable these enterprises to carry on regardless.

What has been more surprising is that SE can deliver good innovation outcomes despite weak innovation intentions and/or informal innovation processes, depending on the economic and technological circumstances. For instance, relying on weak intentionality and informal process is good when aiming at continuous stream of incremental innovations from several stakeholders, given that the strong value systems of these SE enable them to connect easily

with large number of actors. Furthermore, a combination of weak intentionality with a formalised process can deliver powerful innovation outcomes when the SE has managed to link-up to dynamic customers with an appetite for new and innovative solutions. Equally an informal innovation process can deliver for a SE in circumstances of required continuous improvisation or diversification and radical change when it is combined with a strong planning capability, given the needs for a steep learning curve on how to diversify under the interplay of economic considerations with social impact.

Open questions for future research are what are the mostly used innovation pathways for SEs, how SEs move from one pathway to another over their lifetime and most critically, and how they can be supported in developing their innovation capabilities to support their strategic aims. If the indications provided by this piece of research are confirmed by a larger sample, the largest share of SEs have not developed strong innovation intentions combined with formal processes. It looks like SEs have a clear vision of what they want to achieve, often driven by their social purpose, but seek to achieve this in a relatively informal and unstructured way. This is often a matter of determination and muddling through which, again, are shaped by the intense value-orientation of many SEs and the economic and technological regimes they operate in.

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Appendix 1: Details of interviews with social enterprises

Case ID	Sector	Social/Environmental Aim
BESE01	Employment	Preserve the employment of people who cannot and probably will never be able to work in a traditional enterprise.
BESE02	Employment	Wants to integrate people with underused talents in the job market, in cooperation with the business world.
BESE03	Environment, employment	An eco-social enterprise. It chooses implicitly for sustainable and responsible entrepreneurship. It strives to systematically incorporate economic, environmental and social grounds in an integrated and coherent way in its entire business flow. It prioritises the realisation of certain societal added values and does this using certain basic principles. One of those is to put labour before capital.
BESE04	Development, environment	A cooperative for biodynamic agriculture. They grow vegetables that are offered by vegetable packages.
BESE05	Development, environment	Employee cooperative with biological products which are made in an open and democratic relationship with suppliers.
BESE06	Environment, employment	Re-use of materials (collecting goods that can be re-used and recycled and selling these goods in the 7 recycling shops that they manage. Providing jobs to people excluded from labour market.
BESE07	Environment, employment	The group combines social and sustainable goals, mainly through social employment.
BESE08	Social care	Organisation that offers shelter and activities to the socially disadvantaged
BESE09	Social care, environment	Aims to give children a safe and healthy living environment. For this purpose, they make toys, produce biological food and have their own nursery.
BESE10	Employment	Their mission as a telemarketing agency is to give people excluded from the job market a new challenge via customized clerk jobs.
BESE11	Education, employment	A talent development company with the aim of helping homeless and disadvantaged people.
BESE12	Social care, employment	Working with the talents of people with autism in IT activities: testing of software.
BESE13	Environment	Ecological painting company. They promote durable materials like natural paints, linoleum, chalk, clay paint, clay, wallpaper, parquet, insulation...
BESE14	Energy	Promoting renewable energy.
BESE15	Environmental	Helping to close the material cycle. They convert waste streams into new raw materials, thanks to the larvae of the black weapon fly. This is a completely natural process, which they refer to as biotransformation or bio-conversion.
BESE16	Transport, environmental	Impartial orchestrator for transport and logistics. Proactively prepares, designs and operates horizontal partnerships and collaborative communities among shippers. By bundling and synchronizing logistic activities across multiple supply networks, we create double digit gains in cost, customer service and sustainability for our clients.

Case ID	Sector	Social/Environmental Aim
BESE17	Environmental, agriculture	Urban agriculture project, linked to vegetarian catering. Their mission is to bring healthy and ecological food closer to the public. Giving a new chance to people who fell out of the job market is one of their goals as well, which they realise by means of social employment.
BESE18	Social care	A network and a space to actively search for a new balance in life where work, personal development and family are covered, but also balance in society. They want to encourage people to take initiatives themselves and to help each other more in order to make the whole society better.
BESE19	Environmental, agriculture	Uses shipping containers to produce herbs, vegetables, fish and shellfish in a durable way in the city.
BESE20	Fashion	Sustainable sunglasses.
BESE21	Social care	Wants to harness the power of life stories, empowering people to reflect on their lives, give meaning and pass on lessons learned. Telling life stories creates new ties, relations between generations, younger generation learn from elderly people and get to know them more.
BESE22	Social care	Offers a new housing and care format for the elderly.
BESE23	Urban development	City lab that gives space for experiment and runs a large community of makers.
BESE24	Environmental	Reduction of production of goods because people are enabled to share goods.
BESE25	Printing	Environmentally friendly printing and social employment for disadvantaged groups.
BESE26	Retail	Protect the environment by selling second-hand products whilst creating and preserving employment for risk groups.
BESE27	Wholesale	Offer organisations an easy way to purchase from social enterprises.
BESE28	IT	An application that promotes sustainable consumption in 3 domains: food, mobility and energy.
BESE29	Food	Produces healthy and tasty products from food industry waste or fresh food that is thrown away for aesthetic reasons.
NLSE01	Environmental	Helps other firms accomplish sustainability objectives
NLSE02	Environmental	Responsible and sustainable consumption
NLSE03	Entertainment	Organises music events for deaf people
NLSE04	Finance	Provides more human debt collecting services
NLSE07	Energy	Support local initiatives in building collective sunroofs/ energy transition
NLSE08	Food processing	Producing healthy chocolate on a fair-trade basis
NLSE09	Environmental, agriculture	Healthy and sustainable city-based agriculture
NLSE10	Retail	New retail concept for small makers of sustainable goods
NLSE11	Finance	Fundraising organisation working for charity organisations
NLSE12	Transport	CO2 reduction by cutting on transport of agri-goods by organising a regional delivery system
NLSE13	Energy	Work with organisations to provide concept development for sustainable energy

Case ID	Sector	Social/Environmental Aim
NLSE14	Environmental	Knowledge brokers and maintainers of climate related data
NLSE15	Environmental	Creates industry index reports for environmental aims
NLSE16	IT	Creates a platform for collective consumption, such as sharing or group buying
NLSE17	Development	Helping rebuild after natural disasters in developing countries, and developing propositions for more sustainable living.
NLSE18	Development, energy	Providing cheap LED lights to developing countries
NLSE19	Energy	Develop environmentally friendly energy storage technology
NLSE20	Employment	Small business that hires long-term unemployed
NLSE21	Gardening products	Creates biodegradable gardening tools from biological materials
NLSE22	Finance	Non-profit funding platform for SMEs
NLSE23	Employment	Jobs for long-term unemployed
NLSE24	Publishing	A publishing company providing jobs for unemployed people
NLSE25	Finance	Helping young people deal with debt
NLSE26	Employment	Helping find jobs for unemployed, and local sustainable living
NLSE27	Employment	Helps people with disabilities find a job
NLSE28	Furniture	Creates furniture with fallen trees from the Haarlem municipality
NLSE29	Office space	Brings people together for sustainability in office space.
NLSE30	Agriculture	Developing knowledge and methods to cultivate vegetables in salty soil
NLSE31	IT	Creating space for 3D printing technology development
NLSE32	Ceramics	Ceramic/pottery firm working with unemployed people
NLSE33	Finance	Independent investment specialist focusing on sustainability
UKSE01	Social care	Care services and community outreach for children and young people with special needs, as well as support for local people with dementia.
UKSE02	Social care, education	Provision of early stage support for children and families affected by autism.
UKSE03	Social care, employment	A range of services for people with learning disabilities, including training and advice, employment services, and supported living.
UKSE04	Social care, employment	Support for people with special learning needs, including work training and horse riding therapy.
UKSE05	Social care, employment	Support for people with vision impairment.
UKSE06	Social care, employment	Employment and training opportunities for people with learning disabilities and mental health issues.
UKSE07	Environment, education	Forest school for pre-school children.
UKSE08	Social care	Women's centre offering a range of support, advice, and therapies for vulnerable and disadvantaged women in the Arun and Chichester area.

Case ID	Sector	Social/Environmental Aim
UKSE09	Education	Forest school targeted at primary school children, able to support people with physical and learning disabilities.
UKSE10	Social care	Housing, support, and care for elderly people in the Ferring area.
UKSE11	Social care, employment	Accommodation, support, and training for homeless and vulnerable people.
UKSE12	Environment, employment	Wood recycling project with employment opportunities for the long-term unemployed and those with special needs and mental health issues.
UKSE13	Social care	Horticultural therapy for elderly people with dementia and other support needs.
UKSE14	Education	Support for people with dyslexia and other special educational needs.
UKSE15	Environment	Community energy saving and renewable energy projects.
UKSE16	Employment	Recruitment consultants with an emphasis on inclusion and community projects.
UKSE17	Development	Aid to orphans and underprivileged children around the world.
UKSE18	Environment, fair trade, sustainability	Supermarket with an emphasis on fair, sustainable, and ethical trading.
UKSE19	Employment, environment	Support for social enterprises and training and skills development for unemployed people and those with disabilities and mental health issues.
UKSE20	Environment	Sustainability focused training and network events.
UKSE21	Social care	Free antenatal courses and postnatal support for those unable to afford such services.
UKSE22	Employment, education	Sailing based training designed to improve life skills with support for disadvantaged people.
UKSE23	Education, social care	Participatory music opportunities for marginalised groups.
UKSE24	Environment, education	Promotion of sustainable lifestyles and care for the environment.
UKSE25	Social care, employment	Supported employment, training, and education for learning disabled adults and children.
UKSE26	Social care	Support services and training for people with dementia and those helping them.
UKSE27	Health, social care	Provision of alternative and complementary therapies to marginalised groups.
UKSE28	Social care, education	Support for people with learning disabilities.
UKSE29	Development	International promotion of social enterprise and provision of educational, training, and consultancy courses.
UKSE30	Social care, education	Support for learning disabilities using Makaton communication.
UKSE31	Education, employment	Support for developing work and life skills of people with learning disabilities and mental health issues.