

# Uncovering Social Innovation, Corporate Social Responsibility and Knowledge Resources

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**Abstract:- Social innovation and corporate social responsibility have attracted a lot of attention in the business world in recent years. Social innovation, CSR and knowledge resources are of critical importance for companies that want to have a positive impact on society and the economy while achieving their goals. In this paper, we explore the intersections between social innovation, CSR and knowledge resources and how they can be used to create a more sustainable and equitable society. We also examine the historical development and the challenges and opportunities for social innovation and CSR. Drawing on secondary sources such as journals, books and other publications, the study found that companies that seek to use their knowledge resources for social innovation and CSR are likely to improve their reputation, attract and retain talent and create long-term value for their stakeholders. We concluded that CSR initiatives can only be effective if they are based on knowledge resources.**

**Keywords:- Social Innovation, Corporate Social Responsibility (CSR) and Knowledge Resources**

## I. INTRODUCTION

The main purpose of studying the concept of social innovation, corporate social responsibility and knowledge resources is to analyse their theoretical relevance. Most scholars have long believed that social innovation, corporate social responsibility and knowledge resources are essential components of modern society and the global economy. Social innovation is the creation of solutions to social challenges, often in the form of products or services that improve or enrich the lives of individuals, communities or the environment (Pue et al., 2015). Corporate social responsibility (CRS) is the commitment of companies to conduct their business in a way that is socially and environmentally responsible. Knowledge resources refer to the information and resources available to individuals and organisations, such as data, research and education. Corporate social responsibility (CRS) is considered as part of the operational and strategic planning process of organisations and business enterprises. Technology and other innovation services appear to be less successful than social innovation in addressing complex social, economic and technological problems (Altuna et al., 2015). Nizam Jali et al. (2017) pointed out that in the era of knowledge and innovation-based economy, social innovation is a new salient paradigm that is more sufficient and enables real change in improving human

well-being as well as economic, environmental and technological development.

Moreover, the success of social innovation depends on the soft knowledge resources generated through knowledge transfer, knowledge application and the process of knowledge creation.

Therefore, a complete insight into social innovation, corporate social responsibility and knowledge resources needs to be explored. The paper highlights the link between social innovation, corporate social responsibility and knowledge resources through historical development, current trends, challenges and opportunities.

## II. METHODOLOGY

Secondary sources such as books, reports, research papers and other publications are used in this work. 28 sources from 1953 to 2021 are evaluated to achieve the objectives of the study, which are to explore social innovation, CSR and knowledge resources and to identify the relationship between these concepts, their historical development and the challenges and opportunities for social innovation and CSR.

## III. LITERATURE REVIEW

### A. Social Innovation

Social innovation is seen as a way to address social challenges and bring about positive change. The concept of social innovation has been around for centuries. There are numerous examples of initiatives designed to improve the lives of individuals and communities. Social innovation has gained increasing attention as a means of addressing complex social and environmental challenges facing society. While social innovation offers many opportunities, it also presents some challenges. One of the challenges is the difficulty of achieving sustainable and scalable impacts (Phills et al., 2008). Due to the complex and multi-faceted nature of social problems, it can be challenging to design and implement social innovation initiatives that have a long-term impact and can be scaled up to larger populations. Another challenge is the potential for unintended consequences (Nicholls & Murdock, 2012). Social innovation initiatives can sometimes have unintended consequences that are difficult to anticipate and mitigate. This is particularly problematic in contexts where social innovation is driven by external actors who may not have a deep understanding of the local context or culture.

Despite these challenges, social innovation also offers many opportunities. One opportunity is the potential to use new technologies and business models to achieve social impact (Mulgan, 2006). Social innovation can enable the development of new products, services and business models that create social value while generating financial returns. Another opportunity is to engage new stakeholders and mobilise collective action to address social challenges (Westly et al., 2006). Social innovation can bring together different stakeholders, including community members, businesses and government agencies, to work together to solve complex social problems. The field is constantly evolving as society faces challenges and opportunities. One of the most recent articles discussing trends in social innovation is "The State Social innovation 2019: A global View of Systematic Challenges and Solutions" by Social Innovation Exchange (SIX) and Nesta (2019). Trends include the use of technology for social impact, a focus on sustainability, empowering marginalised communities, collaborative approaches where cross-sector collaboration in social innovation is becoming increasingly popular as organisations recognise the value of bringing together diverse perspectives and resources to address complex social challenges, and investing in social impact (Congo Brazil Colombia Canada South Africa Turkey Australia South Korea, 2019).

➤ *Evolution of Social Innovation*

Social innovation is a concept that has evolved over time and has its roots in the fields of sociology, social work and economics. The term has been used to describe a range of activities and initiatives aimed at addressing social problems and improving inequality. It can be traced back to the late 19th and early 20th centuries, when social reform movements

emerged in response to the challenges of industrialisation and urbanisation. These movements sought to improve the living conditions of the working class, eliminate inequalities and promote social justice. (Mulgan, 2006) highlighted that the social house movement, which emerged in the late 19th century, was a form of social innovation that aimed to provide social services and support to the working class.

In the mid-20th century, social innovation became more closely associated with the field of social work. Social workers began to develop innovative approaches to social problems such as poverty, unemployment and homelessness. These approaches include community organising, advocacy and the development of new social programmes (Phills et al., 2008).

In the 21st century, the concept of social innovation has become increasingly important in the field of business and entrepreneurship. Social entrepreneurs are individuals or organisations that use business models and market-based approaches to drive innovative solutions to social problems. It has become a major focus of government policy, and many governments around the world are investing in social innovation activities and programmes (Murray et al., 2010).

• *Why social innovation?*

Social innovation has a variety of benefits for individuals, communities, and society as a whole. Some of the key features of social innovation are supported by various sources, such as (European Commission. Bureau of European Policy Advisers., 2014; Mulgan et al., 2007; Phills et al., 2008) are:

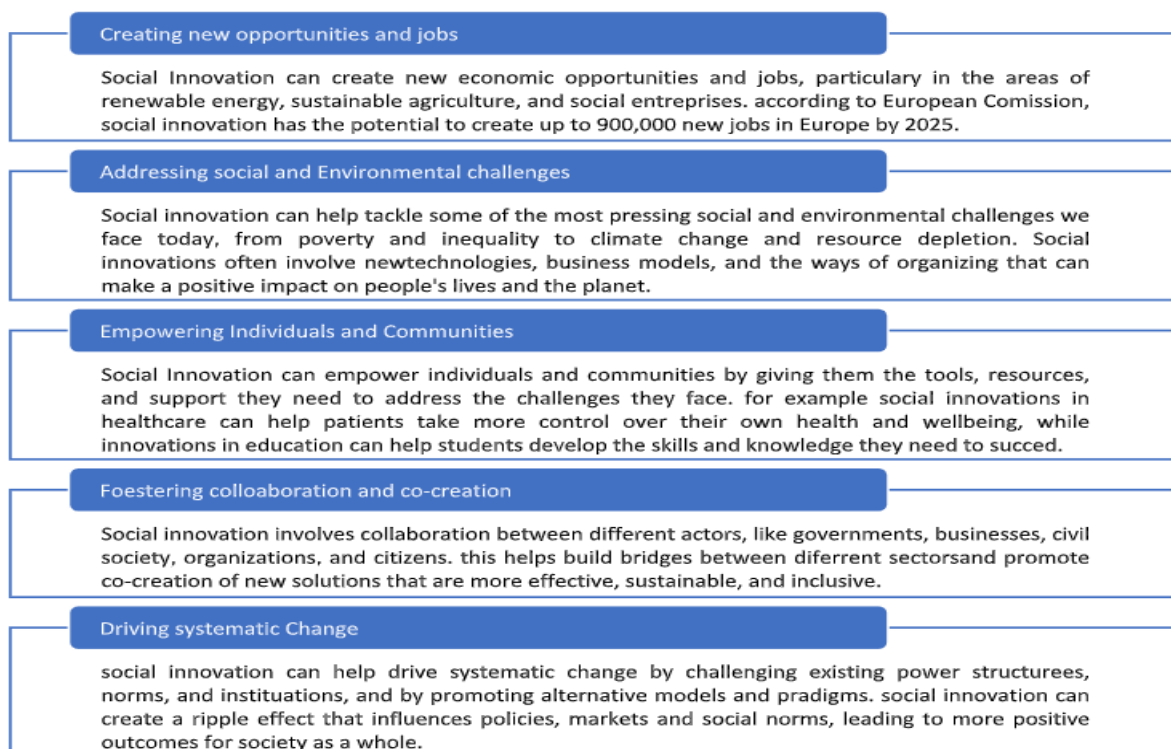


Fig 1 European Commission. Bureau of European Policy Advisers., 2014; Mulgan et al., 2007

• *Social innovation models*

Social innovation is about development and implementation of new solutions to social problems or challenges, in order to create positive social change in society. The main three model of social innovations are;

Design Thinking	Collective Impact	Social Business
Design thinking is a problem-solving approach that involves understanding user needs, prototyping and testing solutions, and iterating until a successful outcomes is achieved. Widely used in social innovation, as it emphasizes a human-centered approach to problem-solving.	This the model that emphasizes the importance of collaboration between different organizations and sectors in order to achieve a common goal. This Approach requires a shared vision and clear communication among partners, and encourages the use of data-driven decision making.	Social business is a model that combines the principles of traditional business with a focus on social impact. Social businesses aim to create sustainable solutions to social problems, while also generating profits that can be reinvested into the business or used to expand its impact.

Fig 2 main three model of social innovations

Sources: Havard Business Review (Creating Shared value, Design thinking Comes to of Age); Sandford Social Innovation Review (Collective Impact); Tamarack institute (collective impact 3.0); IDEO.org: Design kit; Muhammad Yunus (building social business)

*B. Corporate Social Responsibility (Crs)*

The emergence of CSR in the late 20th century provided an opportunity for companies to contribute to social and environmental concerns. In the study by (International, 2017), CSR was found to be increasingly important among consumers. 55 per cent of consumers said they would pay more for products and services from companies that have a positive impact on society and the environment. This means that CSR is not only a moral imperative, but also a business opportunity. Other studies have looked at the impact of CSR on financial performance. A meta-analysis by (Orlitzky et al., 2003) found that there is a positive relationship between CSR and financial performance, although the size of the effect varies depending on the measures used. In terms of CSR implementation, a study by (Qing & Jin, 2022) found that companies are more likely to engage in CSR when there is a strong CSR culture within the organisation, when the CEO is committed to CSR, when there is a clear understanding of the potential benefits of CSR and when there is a strong relationship with stakeholders. Another area of research looks at the role of CSR in addressing social and environmental problems. A study by (Lu et al., 2021) concludes that CSR can be an effective tool for addressing global challenges such as poverty and climate change, but that close collaboration between government, business and civil society is required to achieve meaningful impact. (Schwartz & Carroll, 2003) emphasise in their study the importance of transparency and accountability in CSR, noting that companies need to be transparent about their CSR practises and outcomes and

accountable to their stakeholders. The study highlights the need for a comprehensive approach to CSR that takes into account environmental, social and governance issues that are most important to the company.

➤ *CSR Evolution*

Corporate Social Responsibility (CSR) is the concept that a company has a responsibility to act ethically and contribute to the betterment of society. Its history is long and varied, dating back to the Industrial Revolution in the 18th and 19th centuries, but the modern concept of CSR did not emerge until the mid-20th century. In the early days of industrialisation, companies focused primarily on maximising profits and meeting the needs of their stakeholders. However, as the negative social and environmental impacts of industrialisation became more apparent, calls for greater corporate social responsibility grew louder. One of the first surviving examples of corporate social responsibility dates back to the late 1800s, when the British chocolate manufacturer Cadbury introduced social welfare programmes for its employees. Cadbury built a factory in a rural area outside Landon and created housing, schools and community facilities for its workers and their families.

In the 1950s and 1960s, a number of books and articles were published that challenged the traditional view of economics as being focused solely on profit maximisation. In 1953, the economist (Bowen, 1953) published his seminal book Social Responsibility of the Business, in which he argued that companies should consider the impact of their decisions on society as a whole. Other influential works of the time were "The Social responsibilities of Business" by (Oppenheimer E. P, 1954) and "The concept of the Corporation" by (Druker, 1946).

In the 1970s and 1980s, interest in CSR grew. Companies undertook various initiatives to demonstrate their commitment to social and environmental issues. In 1971, economist and Nobel laureate (Friedman, 1970) coined the term "corporate social responsibility" in an article for the New York Times Magazines. Friedman argued that the only corporate social responsibility was to increase profits while complying with the law. Notwithstanding this view, a number of companies launched CSR programmes, including charitable causes, waste reduction, and promoting diversity and inclusion in the workplace. In 1973, Ben & Jerry's was one of the first companies to adopt a formal social mission and commit to using its business to effect social and environmental change (Carroll, 1991). In the 1990s, global standards and guidelines for CSR emerged, such as the Global Reporting Initiative (GRI), which established a set of principles for corporate sustainability reporting. In 2000, the United Nations Global Compact was also launched, providing a framework for companies to adopt socially responsible policies and practises (Carroll & Shabana, 2010).

In recent years, CSR has continued to evolve and expand, with many companies taking a broader approach to sustainability that includes the United Nations Sustainable Development Goals. Several companies are now integrating CSR into their overall business strategy and working to align

their practises with the values and expectations of their stakeholders (Brammer et al., 2012; Moir, 2001).

Corporate social responsibility (CSR) is a concept that refers to the responsibility of companies to operate in a way that benefits society and the environment. CSR offers many opportunities for companies, but it also presents a number of challenges. Here are some of the challenges and opportunities of CSR (Carroll, 1991; Porter M.E & Kramer M.R, 2011):

- *Opportunities of CSR:*
  - ✓ Enhanced employee moral and productivity: CSR can boost employee morale and productivity, as employees may feel more engaged and prouder to work for a socially responsible company.
  - ✓ Improved reputation and brand image: companies that engage in CSR initiatives can improve their reputation and brand image, which can lead to increased customer loyalty and sales.
  - ✓ Access to new markets: companies that engaged in CSR initiatives can access new markets, as customers may be willing to pay more for the products and services from socially responsible companies.
  - ✓ Improve risk management: CSR initiatives can help companies identify and mange risks, such as environmental risks, social risks and reputation risks.
- *Challenges of CSR:*
  - ✓ Difficulty in measuring impact: measuring impact of CSR initiatives can be challenging, as it may be difficult to quantify the social and environmental benefits.
  - ✓ Increased costs: Implementing CSR initiatives can increase costs for companies, as they may have to invest in new technologies, processes and program.
  - ✓ Balancing competing interests: companies may have to balance the interests of various stakeholders, such as shareholders, customers, employees, and the environment which is difficult.
  - ✓ Greenwashing: Some companies may engage in “greenwashing,” which is the practice of making false or exaggerated claims about their environmental or social performance.

#### C. *Social Innovation And Corporate Social Responsibility*

Social innovation and CSR are two interrelated concepts that are often discussed in the context of sustainable development. Social innovation refers to the development and implementation of new solutions to social problems, while CSR refers to a company's responsibility for social and environmental action. According to (Chesbrough & Vanhaverbeke, 2011), social innovation and CSR are complementary concepts that can reinforce each other. By promoting social innovation, companies can develop new solutions to social problems, which in turn can help improve their social and environmental performance. At the same time, through CSR activities, companies can build relationships with stakeholders, improve their reputation, and gain valuable insights into social and environmental issues that they can incorporate into their social innovation efforts.

In summary, social innovation and CSR are two important strategies that companies can use to address social and environmental challenges and create value for both society and the company itself.

#### D. *Social Innovation And Knowledge Resources*

Several researchers have highlighted that social innovation and knowledge resources are closely linked, as the development and implementation of new solutions to social problems often requires the use of knowledge and information from a variety of sources. Social innovation can be seen as the process of generating and applying knowledge to solve social problems in new and more effective ways. According to (Mulgan et al., 2007), social innovation involves the creation and use of new knowledge resources, including scientific and technical knowledge, social knowledge, and practical knowledge. These knowledge resources can be used to develop innovative solutions to social problems such as poverty, inequality, and environmental degradation. Social innovation can be seen as a way to use knowledge resources to advance social and economic development.

In addition, CSR can play an important role in creating and disseminating knowledge resources that can be used to support social innovation. CSR initiatives such as community development programs, stakeholder engagement, and sustainable practices can help companies build relationships with stakeholders, address issues, and develop new knowledge and expertise that can be leveraged for social innovation efforts. Overall, social innovation and knowledge resources are interdependent concepts that are essential to solving social problems and creating sustainable value for society.

#### E. *Corporate Social Responsibility And Knowledge Resource*

Corporate social responsibility and knowledge resources are two important elements that are interrelated in several ways. Research has shown that knowledge resources can support the development and implementation of CSR initiatives, while CSR initiatives can contribute to the development and management of knowledge resources. One way knowledge resources can support CSR is through the development of sustainability strategies (Maon et al., 2009). By leveraging their knowledge resources, companies can identify and assess key sustainability issues and develop effective strategies to address them. Knowledge resources can also help companies communicate their CSR initiatives to stakeholders and monitor and report on their progress.

On the other hand, CSR initiatives can also contribute to the development and management of knowledge resources. For example, companies that invest in employee training and development programs as part of their CSR initiatives can build a more knowledgeable and skilled workforce (Figiel et al., 2018). Similarly, CSR initiatives that focus on community engagement and development can help companies better understand local contexts and build relationships with stakeholders, which can impact their knowledge resources. The relationship between CSR and knowledge resources is

symbiotic, with CSR initiatives relying on knowledge resources to be effective, and CSR initiatives also contributing to the development and management of knowledge resources.

#### IV. DISCUSSIONS

Before we begin, it is important to describe the term social innovation, corporate social responsibility and knowledge resources are three concepts that are likely to be interrelated and can help the company to achieve the sustainable development goals. Social innovation refers to the development and implementation of new ideas and solutions to address social, environmental, and economic challenges facing society. It can be viewed as a means of addressing societal problems while creating new business opportunities (Mulgan et al., 2007). Corporate social responsibility is the commitment of companies to act in ways that benefit society beyond the traditional economic bottom line. It includes actions such as ethical practices, sustainable environmental policies, and philanthropy taken by organizations to support social, environmental, and economic sustainability goals (Carroll & Shabana, 2010), while knowledge resources are the knowledge and skills available to organizations that can be used to support social innovation and CSR initiatives.

Resources can be networks, data, research, and expertise. Companies can leverage these resources for social innovation and CSR strategies and collaborate with stakeholders to create sustainable solutions (Westly et al., 2006). It is critical for companies to consider social innovation and CSR, although there may be some challenges in doing so, such as measuring impact, increased costs, lack of local culture or context, difficult measurement of impacts associated with initiatives, so companies must ensure they are accountable for all impacts.

#### V. CONCLUSION

In summary, social innovation is a critical driver of economic and social development, especially in light of the significant context that societies face. Social innovation can be used to address complex economic challenges and promote social change. Social innovation presents both challenges and opportunities. While it can be difficult to achieve sustainable and scalable impact and avoid unintended consequences, social innovation also offers the potential to leverage new technologies and business models and engage new stakeholders in promoting social impact. Knowledge resources also play a critical role in social innovation by enabling innovators to develop new ideas and solutions that can address social challenges. Therefore, it is important to invest in knowledge resources to support social innovation and create a more equitable society. Social innovation has a long and rich history that spans multiple fields and disciplines. From the settlement house movement of the late 19th century to social entrepreneurship of the 21st century. Social innovation and knowledge resources are interdependent concepts essential to solving social problems and creating sustainable value for society, while the link between CSR and knowledge resources is symbiotic, with

CSR initiatives relying on knowledge resources to be effective, and CSR initiatives also contributing to the development and management of knowledge resources. It shows that there is increasing recognition that companies have a responsibility to act in the interests of society as a whole, and that this responsibility goes beyond maximising profits for shareholders. While much remains to be done to ensure that companies fully embrace their social responsibilities, the evolution of CSR over the past two years shows that progress is possible. Companies committed to CSR are likely to benefit not only from financial performance and reputation, but also to have a positive impact on society and the environment. Companies can take a comprehensive approach to CSR, collaborate with stakeholders, and be transparent and accountable in their CSR practises.

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