**WHITE PAPER**

**Social Innovation in and around Multinational Companies: Social Activists and their Transnational Networks**

**INTRODUCTION**

This project analysed social innovations relating to inequality that are carried out by social activists in and around multinational companies (MNCs) in five national contexts. Defined as the *“innovative activities and services that are motivated by the goal of meeting a social need”* (Mulgan, 2006, p. 146), particularly those arising from social divides within society and the corporate responsibilities towards the externalities that MNCs create, we considered when and how some actors within MNCs engage in innovative activities that address such social divides, with a view to understanding whether and how such initiatives contribute to inclusive growth and to sustainable development. Our primary focus is on the *process* of social innovation that pertains to inequality in general and the work of *‘social activists’* from both inside and beyond the boundaries of these companies. We studied social innovation as a combination of not only top-down initiatives led by executives and those close to them, but also bottom-up processes led by social activists from a range of backgrounds and positions. We sought to understand the dynamics of such social innovations as regards which actors are taking them forward, what these initiatives concern, what resources are deployed, how such initiatives span the boundaries of companies and civil societies, and whether and why they are successful. We addressed the opportunities and challenges for the scaling up of social innovations through MNCs’ transnational networks, which are a key driver of transformations in both developed and emerging economies on both sides of the Atlantic.

**METHODOLOGY**

***Progression of the Project: Data Collection***

The research was envisaged to last 30 months. One of the consequences of the pandemic was that initial access in early 2020 was challenging and we sought an extension to 36 months. Hence the project began in early 2020 and ran up till the end of 2022.

There were two phases to the project. Phase 1 was exploratory and involved the identification of cases of social innovation in a range of MNCs and their networks, which included firms in business services where social innovations took the form attempts to shed an image of being elitist through extending access to professions across socio-economic groups; in mining where past deleterious effects of the industry on indigenous communities highlighted the need for inclusive policies and economic development; and financial services, where the role of banks in combatting human trafficking and refugee inclusion was evident. This phase of research consisted of at least two interviews in each case of social innovation in over 40 MNCs and their networks across the countries (at least ten in each of the three primary countries and at least five in each of the two secondary countries. In total this consisted of 124 interviews, the vast majority of which were carried out between March 2020 and June 2021. During this phase of research, we explored the varying interests (RQ1) and resources, strategies and social skills (RQ2) of social activists and made use of dual interviewers (researchers from two countries) in some cases in order to canvass the diversity of types of social innovation and types of social activists across countries (RQ3).

The originality of the research into social innovation stemmed in part from a novel form of analysis. The data from Phase 1 of the project were analysed using Qualitative Comparative Analysis (QCA) which had not been used to address the scaling up of innovations in MNCs hitherto. The technique mapped the key aspects of the social innovation process - interests of social activists, strategies such as coalition formation among social activists, social innovation fields, and firm-level resources - onto the social innovation outcomes of reach and impact on inclusive growth or the participation in economic, social and political development and sharing of benefits. QCA provided the analytical tools and procedures to capture the diversity of causal combinations that constitute cases, to both map diversity of cases and systematically analyse combinations of conditions that are linked to an outcome. The social innovation cases were scored on their characteristics and institutional conditions upon the definition of critical thresholds to produce a ‘truth table’ which listed all theoretically possible combinations of conditions and presented the number of cases which were empirically observed. It served as the platform for the construction of multiple conjunctural causal relations (Ragin, 2008). In other words, we produced a combination of conditions (‘explanatory’ sets) that were associated with the reach and impact of social innovation.

Phase 2 explored the process and impact of social innovation in a small number of ‘critical cases’. This entailed a more in-depth analysis of the interests of the key social activists, the resources and social skills they draw on and the strategies that they pursue (RQs 1 and 2), and the ways in which they are constrained and facilitated by national differences in work context (RQ3). This phase also involved an assessment and explanation of the outcomes of social innovation (RQ4). To achieve this, we collected archival data, conducted observations and focus groups where possible and carried out a range of in-depth interviews with key individuals in each case, not just those directly linked to the process of social innovation but also with a range of NGO staff, representatives of disadvantaged communities and those from a range of points within the value chains. In total, we have conducted around 80 interviews in this phase, mainly in the second half of 2021 and through 2022. Some fieldwork is ongoing in this phase.

The instances of social innovation in Phase 2 were diverse in the nature and were selected on the basis of themes or intriguing phenomena encountered during phase 1. Given the uncertainty concerning where precisely cases of social innovation were to be found, we adopted an approach of “following the story” rather than focus on pre-determined issues. Many instances of social innovation involving MNCs are driven through networks of ‘activists’ involved in advancing a particular cause, such as inclusion of marginalised or disadvantaged groups, sustainable finance or assistance to social enterprises. Some actors within MNCs were indeed active in these processes, exhibiting a commitment to bring about social change, but their networks outside the firm were often important in bringing about change. Hence, we organised our case selection not around companies *per se* but rather around the theme or phenomenon.

The qualitative data from the Phase 2 of the study were analysed using an inductively-oriented, iterative approach, informed by extant literature and emergent findings (Gioia, Corley & Hamilton, 2013). This analysis was aided by use of NVivo, a qualitative analysis software. Prior to coding, we prepared ‘thick descriptions’ of each social innovation case to aid in structuring the findings. Interview transcripts and field notes were fed into Atlas ti for a three-stage coding process which began with open coding, in which codes for the various interests and strategies of social activists and issue field facilitators and inhibitors of social innovation were generated. Codes and data extracts were grouped into first order concepts. The next stage, axial coding, involved relating the codes and data extracts to each other to develop second-order themes. In the final stage of the analysis, aggregate dimensions were extracted from the more abstract categories developed in the second stage, to generate theoretical categories. From this, we developed within- and cross-case analysis of social innovation processes in line with our research questions.

***The International Team and Comparative Dimension***

The originality of the research stem from the comparative dimension to the project. This was important given our emphasis on the strategies of actors and how national institutions can provide different constraints and resources for those actors who seek to develop social innovations (Mair, Wolf & Seelos, 2016). The transnational element of the research design incorporated five countries that allow comparisons both between those which have notable similarities and those with greater differences. Comparison between the UK, Canada and the Netherlands lended itself to a ‘most similar research design’ in which the cases share many characteristics, sources of variation are reduced, and differences can be attributed to distinctive features (Djelic, 1998). For instance, the Gini coefficient, a commonly used measure of inequality, demonstrated modest differences in this phenomenon: it is the lowest in the Netherlands (0.285), a little higher in Canada (0.307) and a little higher again in the UK (0.351) (OECD 2019). There are some differences in key institutions in the three countries. For example, in relation to corporate governance regime there are notable differences: legislation in the UK and the Netherlands requires corporate directors to have regard for the social and environmental impacts of their decisions (Dutch *Corporate Governance Code* 2004; UK *2006 Companies Act*) while Canadian corporate directors may take these into account without being obliged to do so (*BCE Inc. v. 1976 Debentureholders*, 2008 SCC 69). Canada is also distinct from the other two countries in its federal political structure and sheer geographical size, both of which create significant intra-national variation in institutions; devolution to provinces and regions is not nearly as well developed in the Netherlands or the UK, notwithstanding the moves towards devolution on some issues to Scotland and Wales. Therefore, the study treated the three countries not as exemplars of an identical developed economy type, but rather as countries with some core similarities and some notable variations (Crouch, 2005).

In different ways, Brazil and Mexico introduced greater degrees of differences into the research design. By so doing, the potential for a most similar research design ‘to systematically bias research by favouring some forms of explanation at the expense of others’ (Wailes, 1999, p. 1024) can be avoided. The history and motivation for MNC activity in Brazil and Mexico is different to the three other countries. In the former case, the ties between large hierarchical business groups within Brazil and foreign MNCs has become a defining feature of its form of national institutional system (Schneider 2009). In the latter, the proximity to, and dependence on, US capital has been a central element of the internationalization of the Mexican economy (Congressional Research Service 2018). In terms of inequality, the two countries also introduce much greater variation. The Gini coefficient in Mexico is 0.459 and in Brazil it is 0.470 (OECD 2019). In terms of government policy, the two countries also provide additional sources of variation. Mexico has moved towards a greater degree of regulation and an increased emphasis on reducing levels of inequality. In contrast, Brazil provides a counterpoint where during the time of our research the Bolsonaro government advanced an extreme agenda of reduced regulation and lower taxation. This set of circumstances offered a context for investigating the social innovation in comparable and contrasting institutional environments.

***Meetings and Milestones***

The three research teams in the ‘core’ countries – the Netherlands, Canada and the UK – had the resources to employ a researcher for at least a part of the project. The researcher in the Netherlands took on the chief role in coding the data from phase 1 for the QCA; the researchers in the UK and Canada have played a leading role in coding for phase 2. All three have played a role in assisting with the coding in Mexico and Brazil. The Principal Investigators in the three core countries – Professors Saka-Helmhout, Murray and Edwards – formed the leadership team of the project, meeting periodically (on average once a quarter) to discuss governance issues and to monitor progress against targets. The whole international team met monthly on Teams for a ninety-minute meeting to discuss a wide range of aspects of the project.

The pandemic had a severe impact on our original plans, of course. In particular, the coordination between the teams was much more challenging. We had envisaged that the researchers would spend time in other countries, working intensively with the other national teams, something that was not possible given the constraints on international travel. The annual get-togethers that we had planned for the whole international team were not possible in 2020 and 2021; only in the summer of 2022 did we manage to do this (with another planned for the summer of 2023). And the fieldwork was almost entirely online, in contrast to our plans for in-person field visits. The pandemic also affected the capacity of the research team (e.g. due to home schooling, see below).

Given the nature of these major challenges, some amendments to the plans were necessary. In particular, the timeline for data collection was pushed back a little and a six-month extension to the overall length of the project was agreed. Despite the challenges, the team worked very effectively to collect data on the scale envisaged (and actually exceeded the number of interviews set out in the proposal by about 40 and rising), feedback findings to those engaged in the research, begin the process of publication and meet the deadline for this White Paper.

***Evaluation***

We feel that the project was largely successful in meeting the aims that we established in the proposal. Crucially, we managed to collect the substantial body of data that we sought with 40 cases in phase one and a small number of critical cases studied in much greater depth in phase two. This is no small achievement given the extraordinary challenges presented by Covid. Moreover, we are building a body of written work from the project. The first paper – entitled “Social Innovation in Multinational Companies: Activists, Practices and Social Skills” – was published in AIB Insights in 2022 and two more papers are under review at the *International Business Review* and *Journal of International Management.* One paper was presented at the Canadian Industrial Relations Association (CIRA) annual conference and two papers were presented at SASE conference in Amsterdam in 2022. Four more papers were presented at the CRIMT conference in Montreal in October 2022 and four will be presented in a special symposium on corporate social innovation in Network K of the SASE conference in Rio de Janeiro in July 2023.

The unique context required considerable adaptability and we have reflected on the adaptations that we had to make. The most obvious was online interviewing. This does have certain advantages, notably that is very efficient in terms of time and has suddenly become routine for everyone so is no longer viewed as awkward. However, we feel that at times we did not obtain the level of trust among our respondents that in-person exchanges prior to the commencement of the formal interview would have provided. Moreover, we had hoped to carry out observations of the work context (e.g. of meetings and symbols within workplaces) that of course were impossible.

The pandemic also created hugely challenging circumstances for the project team members. For instance, many were engaged in home schooling of young children and their work became much more complex due to shifts between online, in-person and hybrid teaching, with the additional workload this involved. The development opportunities of spending time in other countries were denied to our research team and we have not been able to get people together in person for critical reflection as often as we had hoped. More specifically, one of the original national teams – in Brazil – dropped out during the first year and were replaced by Professor Candia Veiga over a third of the way through the project.

Despite the unique and profound nature of these challenges, and the adaptations that were necessary, we were able to address all four of the questions in the original proposal, as this White Paper demonstrates. We have been able to chart the variety of interests that social activists have in bringing about social innovations, analyse the skills and resources on which they draw, contrast the various institutional environments in which we examined social innovation and consider the outcomes of these processes. We have also made good progress in analysing the data and writing up the findings. Overall, we are pleased with the way the project progressed and are well placed to make significant additions to the academic literature on social innovation in the coming years.

***Summary of the Process of Carrying out the Project***

The project led to the collection of a unique body of data, comprising multiple, and novel, methods. We have begun to use this to examine the interests of those we call social activists (RQ1), the strategies that they pursue in relation to other actors (RQ2) and the nature of their interactions with the diverse institutional context that they inhabit (RQ3). We have also assessed the outcomes of the social innovations that we encountered, both in terms of their reach and the impact on inclusive growth (RQ4). The research team are engaging in ongoing collaboration to extend the published output and our dialogue with practitioners in this field.

**FINDINGS**

We structure our discussion of the findings around the four research questions.

***RQ1: In what circumstances is it in the interests of social activists within, and linked to, the multinational firm to bring about social innovations?***

Most activists we met were inspired by a strong sense of purpose. The social innovation provided them, even if they took only a peripheral part in it, with a sense of fulfillment and created a community among those who partake in it, whether within the MNC or around it. In this sense, purpose appears very relational and highlights how the networks in and around MNCs can unite a diverse group of social beings (Cooper 1983). They are, therefore, much more than a mere nexus of those engaging in contracts with one another (Jensen & Meckling 1976). One aspect of many of the cases of social innovation was that there was a strong drive from the grassroots of the MNE towards innovations in diversity and inclusion (D&I). Several case companies have D&I communities of practice and D&I champions who are passionate in driving the social inclusion initiative. Some of the activists are from under-represented or marginalised social groups, such as employees with disabilities. Pursuing social inclusion initiatives at work contained elements of both a moral case and a business case. For example, one activist expressed:

“*The knowledge on disability is a win for our business, especially on certain projects. It’s also a personal win. I have a hidden disability so my confidence in terms of sharing that with people has really increased because that's what this initiative is about. It (helps) to build that inner confidence*.”

A key factor in the motivation of activists in social innovations was whether they could see the concrete influence of their work. Such influences can be manifested in different forms, such as gaining more recognition from colleagues and the prospect of creating a cultural change within and beyond the MNE. Many believed that the cultural change they were striving to create would have benefits for the organization, such as strengthening customer and employee engagement. The vision of a community and the shared experience of achieving such cultural change motivated activists to pursue social innovations to tackle inequalities within and around MNEs. Activists were also motivated by the transformational experiences when they participated in D&I volunteer work, such as the opportunity to interact with colleagues with whom they would have otherwise not have crossed paths and the opening up of new learning opportunities for them.

Some activists attributed their interest in driving social innovation to their upbringing and cultural background. In the UK cases, for example, one activist said he had always been very political and had always had a social conscience and a social justice awareness since an early age. Another activist quoted the influence of her mother on social justice. A third activist referred to his migrant background and his personal characteristics (e.g., religion, parenthood, gender identity, etc.) were the source of moral and ethical motivation that drove them to become involved in SI initiatives. For others, their identity and lived experience (e.g., as part of a minorized group) informed the choice of social issues to be addressed and - more importantly - the best way to do so.

Supplementing these early life experiences were those gathered from work; many of the activists we studied had worked both for NGOs or social enterprises on the one hand and within the private sector or multinational firms on the other. These experiences had led them to feel that the differing interests of these different types of organization could be bridged; it was possible to create common ground in other words. In other cases, the exposure of "white executives" to realities radically different from their own, through close working relationships with minority groups and historically marginalized people was the trigger for their social involvement. Contact and partnerships with NGOs appeared to open some managers to initiatives relating to diversity and provided leverage and impetus for experimentation on social issues. The pattern of social activists having experience within MNCs and NGOs was also evident in the Mexican cases. Some employees brought to MNCs social and environmental sensitivity and knowledge on how to engage communities and promote deeper impact. They also functioned as brokers with NGOs and local actors due to their social capital and networks. For example, before beginning working in a Mexican MNC, a social activist worked in an NGO and she had volunteering experience in Africa too. In her voice this experience working with communities in extreme poverty “had an important scope in my sensitivity to social problems that afflict humans”. Beginning working in the MNC enabled her to develop an initiative to work with indigenous communities involving a set of products being tested in order to evaluate their efficacy to improve the quality of life of those communities. She stated that this was a great opportunity for her to make a long term and real impact in people’s life.

In this way, some NGOs are helping MNCs to achieve their social responsibility goals and to pass from philanthropic actions to social innovation. Inside those collectives, we can find actors who lead, those who follow, and those who broker. Lead actors develop the initiatives. Followers share an interest in the initiative and place some resources to achieve main goals. Brokers function as mediators between the different groups involved in the social innovation, institutions, and beneficiaries. All of these actors have a degree of common interests in enhancing social impact by working together. Indeed, one of our respondents framed this as “the power of being together”.

***RQ2: The resources, strategies and social skills that social activists deploy in pursuing social innovations in MNCs***

Resources

One of the resources that appears to be crucial in the development of corporate social innovation is the expertise and ‘insider’ knowledge (Wiklund & Shepherd, 2003) that actors obtain through their professional trajectories. In particular, social activists with knowledge and experience in the third sector are at the forefront of many successful social innovations in and around MNCs. As mentioned in the previous section, a number of social activists we interviewed had experience working for social enterprises and other non-profit organisations and this often had a positive impact at the individual and firm levels. On the one hand, the interviews suggest that MNCs’ employees with such profiles are highly committed and motivated to contribute actively to social innovation, with many seeing their corporate roles as a continuation of their previous professional experiences, as conducive to professional growth and experimentation at a larger scale and with more resources, and as an opportunity for exercising ‘responsible autonomy’ (Guest 2002). On the other hand, this increases the firm’s potential for engaging with the third sector and wider civil society (de Lange, et al. 2016).

The idea that the knowledge developed through prior experience of social innovation is supplemented to the point that the wide life experience of many actors could also serve as a resource was also evident among our interviewees. For many activists, their identity (i.e., immigration history, ethnicity, member of an indigenous grouping, etc.) is a resource that allows them to better understand the issues experienced by the target beneficiaries of the social innovation (e.g., refugee inclusion, promotion of diversity in the supply chain, indigenous allyship, etc.). All of the research teams found that activists also mobilize their identity and experience to provide legitimacy to the social innovation, convince top management of its relevance, and build trust with its target populations.

Access to data was a different type of resource. Struggles over the legitimacy and validation to carry out social innovations where corporate partners have a leading or critical role were observed in our research. Quite poignantly, in countries in which the economies were largely dependent on natural resources and in the cases developed by MNCs in the financial and technology sectors, social innovation raises concerns around the social license to access public goods and the legitimacy of corporations to pursue these activities. To tackle such concerns, there have been increasing efforts to introduce more metrics to measure impact. Therefore, data becomes a vital resource for actors involved in social innovation.

Activists recognised that traditional metrics cannot always be used to measure or advance the impact of social innovations. Collecting relevant data and maintaining up to date records of the social innovation activities, as well as information about key allies and stakeholders, financial performance, and market trends constitutes an important part of many social activists’ day-to-day work. Data also allows SI teams to be more accountable to senior management. Demonstrating impact through traditional and newly developed indicators and metrics can be a particularly useful way of securing continued support and funding from senior decision makers. As mentioned by an interviewee, data also contributes to deliver more ‘joined up’ projects. As the initiatives grow, data becomes a critical resource to develop new innovative projects, and activists in managerial roles put more emphasis in the recruitment of ‘system-thinking’ and ‘data-driven people’.

Strategies

To make a case for social innovation and design the projects, activists tend to engage in systematic intelligence gathering and knowledge sharing (Wang & Noe 2010). Intelligence or information gathering can be done through informal exchanges with actors in the activists’ networks or formal research within and beyond the organisation and its industry. The purpose is to prove the initiatives’ alignment with the MNCs’ core values and strategic priorities and to identify key stakeholders. The importance of undertaking these initiatives is further established through ‘light touch’ competitive analysis and risk assessment. Many social activists conduct context and market research to prove the viability of the initiative.

This is strongly linked to knowledge sharing among activists within the social innovation process. According to the interviews, this practice may entail informal conversations, formal meetings, workshops, newsletters and other digital resources to educate and convince stakeholders of the importance of the initiative, and media campaigning. As one interviewee put it:

*“it was clear that, okay, we have to take a broader approach and, on the one hand, clearly educate them; show them how it helped other institutions that already introduced (a similar policy). They were convinced, and it was also very clear that it was a cultural conviction usually”.*

The strategy of ‘educating’ others took a number of forms, including capacity building within the MNCs and providing specialist support and training to key stakeholders and beneficiaries. Inside the corporations, knowledge sharing activities that aim to educate typically originate in the need to ‘change mentalities’ and cultural beliefs, as well as to introduce new skills or professional knowledge. One interviewee said:

*“Part of what we were trying to do was to make sure that people understood (about) educating the network …. I also had to educate my team, who were non (specialists) in the sort of issues that arose and I had to do it in a way that meant that people didn’t get terrified if I started talking about (those issues)”.*

In the early stages of the social innovation, knowledge sharing focuses on emphasising the minimal risks and relatively low costs and effort for the MNC compared to reputational and commercial gains, such as the opportunities for expanding the customer base and attracting more loyal customers. Appealing to the new generation of socially minded consumers and businesses is one of the arguments used by social activists to engage stakeholders and achieve buy-in, alongside the more broadly used claims about the organisation’s moral duties to society. For instance, a social activist claimed that:

“*Business reflects the society in which it is involved; if you want to have bigger markets and serve those markets, you need to connect to that talent in your business”.*

In the project development phase, social activists also underscored the synergies of new initiatives previous projects and practices to demonstrate its feasibility and alignment with the organisations’ history, values, and priorities. Some interviewees mentioned similarities and connections with the work deployed by MNCs’ foundations to further validate their points, and negotiate the allocation of resources for the initiative, the adoption of commitments in the form of statements (e.g., sustainability, inclusivity) and internal policies, and the formalisation of agreements with external partners. At latter stages in the social innovation process, support from relevant stakeholders is sought through information sharing focused on impact.

Skills

Tackling complex social issues requires the concerted efforts of actors in different fields. The data from across all countries testifies to social innovations typically taking the form of multistakeholder platforms in which highly networked activists deploy social skills (Fligstein, 2001) to increase awareness and achieve buy-in. Communication and analytical skills contribute to building and maintaining stakeholder relationships, as activists demonstrate their ability to engage with other actors credibly and on business terms. Activists generally deploy their communication and analytical skills through the strategies of ‘issue selling’ (Alt & Justin Craig, 2016) or ‘framing’, in other words, creating meaning and stories that appeal to others and mobilize ideas and beliefs to take action (Fligstein, 2001; Snow, 2004). By analysing the context, activists can evaluate the courses of action and select the best approaches to engage with different stakeholders. Consequently, social activists adapt the tone and the content of their messages to the audience. One strategy that seemingly yields positive results is to build on cultural sensitivity and to put local communities or beneficiaries at the centre of the social innovation. The most innovative initiatives are those that build genuine partnerships with communities or social groups and allow them to make decisions or occupy key positions in the network.

Inside the MNCs, activists sometimes persuade colleagues and senior management through appealing to emotions and using the language common in the respective communities of practice (Wang & Noe, 2010, 118). An interviewee explained that showcasing the stories of people impacted by inequality is an effective strategy because “*people can see the results, because that tends to be more motivating”.* To explain how they persuaded colleagues of the need to fund and develop the social innovation another interviewee said:

“*The people I’m talking to understand that there is a definitive risk that goes with that, but all risk can be managed and it just depends on what your appetite to manage the risk is. So, by talking in a language and a terminology that they understand, that resonates with them, I can say, there is a risk, we fully accept that, but there are also different was to manage that risk”.*

***RQ3: The characteristics of the national and local institutional environments that facilitate or inhibit social innovations***

The process of social innovation is inevitably affected by the institutional contexts in different countries. One of our cases looked at the issue of ‘sustainable finance’ (SF) which involved a broad cluster of actors and institutions. One set of actors is related to where finance stems from, typically institutional investors. A second concerns the recipients of the financial resources, typically private sector actors ranging from public listed companies to social entrepreneurs. A third refers to those actors that operate as pressure groups, think-tanks and sometimes non-for-profit organisations. A common element of a range of these actors is their joint interest in mobilising concerns often referred to as environmental, social and governance matters (ESG) to change the institutional logics in the field of finance.

To some extent, their actions have increased the regulatory and normative transnational pressures on financial providers such as investment banks or pension funds “*that no longer can fly under the radar”* as one respondent put it (also see Latif et al., 2020). In some instances, investment flows are cut due to concerns about “unethical” or “amoral” activities in accordance with criteria and measures related to ESG. Social and environmental issuesthat are frequently mentioned are modern slavery, decent working conditions, wage distribution and externalities with reference to climate change. The social movements behind issues such as making the financial system more sustainable have created a set of pressures that are global. Certainly, for highly internationalised MNCs the ways in which they are held to account are to do with their global operations, whatever the local legislation might say. In some cases, international bodies with the power to set normative or even regulatory standards are active in consolidating these. For instance, a range of issues relating to human rights stem from the UN and its agencies, such as the SDGs and the UN’s Guiding Principles. While some of these are partial in their coverage and, as one of our respondents put it, “*lack binding commitment”*, they can nevertheless affect the decisions of those who provide and seek finance, with many MNCs seeking to alter what they do in order to maintain an attractive profile for investors and to achieve a degree of civil legitimacy.

However, it is also clear that there are different institutional forms that affect social innovation at national level. One element of this is that MNCs are commonly most concerned about conforming to legal and normative demands where their investors reside and where they were originally incorporated, rather than that of there where the business practice takes place. One perspective on this is that MNCs can increasingly be held to account to norms established in countries in which the most progressive institutional framework exists and that this framework can become a global standard of sorts. In relation to sustainable finance, for instance, there was a perception among our respondents that the regulations and criteria embedded in these initiatives tend to be stronger in Europe compared to Northern America. As one representative of an international organisation involved in setting principles around sustainable finance explains:

*“….the regulatory environment in, actually, all of North America is generally less stringent than, for example, in Europe….We typically hear from asset managers that a lot of the demand is typically driven by the client base….and maybe where the ultimate beneficiary base typically puts a lot more pressure on these institutions [asset management]. Countries that we often hear referred to are the Netherlands or the Nordic Region.”*

An alternative perspective on this is that business practice is less attuned with local needs and more to that of where the financial flows are sourced, leading to a disjuncture between the institutional pressures at play. One instance of this was the view-point held by a representative of a Dutch pension fund:

*“In my experience, the same topic talking [sustainable finance disclosure regulations] to US companies, that's way more difficult, because they are still catching up on how to deal with sustainability. And the mindset is often quite different. I mean, when I engage with the industrial platform on PE [private equity], for example, for European investors, it is very easy to say, hey, we need to focus on climate change, we need to get people to disclose more. Then you often have a lot of pushback from US investors, right.”*

On other issues, the countries with the institutional frameworks most conducive to social innovation are quite different. For example, in relation to diversity and inclusion (D&I) and disability the Northern American region and the UK are seen as the driving force of progressive legislation. A respondent of a large publishing company provides the insights:

*“….the UK, US, in particular, much faster. And I'd say 90% of our active members are based in the UK or the US, one or two people in other nations. And those are more because they've got roles already as part of the workers councils in Germany, that mean that they're involved with disability as part of their job. Which has meant that they want to contribute, otherwise, they wouldn't necessarily contribute. It's just not a done, there's still a lot of difficulty due to just attitude. And also, I think, the setup of the German and Dutch employment laws as well, it just makes it more difficult for people to join. And I'd say in some Asian cultures there's a real shame to speaking about disability, it's seen as a real shame.”*

Institutional differences in relation to disability and inclusion also presented opportunities for MNCs to learn from different practices. For example, some respondents refer to the MNCs learning through their operations in different institutional environments*:*

*“I must say that I've been happy to see that in India, for instance, the subject of disability has been very taken to heart. You know, they've been, these champions, in India”* (representative of Large French MNC).

In other instances, it appeared to be a matter of rethinking what D&I covers. As respondents of a pioneering telecommunications company from the Middle East advanced their practice in relation to disability they did so in ways that explored the complex intersection between this and matters of religion, family and marriage configurations.

Another of our cases related to *pro bono* legal work.This is a long-established practice in the legal industry so is not really innovative, but the case we looked at was of an innovative structure that encourage it to spread internationally. This structure sought to link the providers of pro bono legal work - the law firms who are often multinationals - with the recipients of free legal representation, typically social entrepreneurs. This is an area in which the institutions and norms concerning the activity are different across countries. While in many countries there are norms concerning an ‘appropriate’ amount of *pro bono* work that each practitioner ought to engage in – typically around 20 hours a year - in Brazil for instance the practice of *pro bono* legal work in the past became frowned upon due to a perception that it was distributed to certain favoured recipients and adversely affected competition quality assurance.

This activity created some interesting dynamics concerning institutions. There are several examples in our data illustrating the practice of “scaling deep” (social innovation practices influencing norms) and “scaling up” (SI practices influencing policy) in which the link between law firms and social entrepreneurs across borders contributes to changes to the normative and regulatory environment. One example relates to an Indian law firm in Kenya:

“*So in Kenya the laws are rather at a nascent stage, they don't have laws for a lot of things, they need to enact a lot of laws. So that was the reason why they were proposing that. Drawing on the Indian background of our full SRA scheme (Slum Rehabilitation Authority), we developed and proposed a paper in terms of what is possible and then they developed a scheme which was to be proposed to the government.”* (Attorney of a law firm based on India)

***RQ4: How can we characterise the outcomes of social innovation?***

Scaling Up

As mentioned in the methodology, data from the first phase of data collection were analysed using QCA analysis. In terms of the outcomes, this shed light on the ‘pathways’ through which corporate social innovation initiatives are scaled up.

One element of this is that scaling up occurs when ***dual motives and goal alignment are both present***. MNCs that pay equal heed to strategic and moral motives and successfully align CSIs with their core strategy can either *engage in tripartite stakeholder partnerships* (configuration 1) or *enhance their absorptive capacity to innovate* (configuration 2) to scale their CSIs. What is common to these configurations is that MNCs need to have moral and strategic motives *and* a clear corporate strategy to deliver their social innovation project as part and parcel of their business portfolio. MNCs can achieve the same result by either improving their ability to acquire, assimilate and apply knowledge or relying on three-way partnerships with governments, NGOs/community, and other private sector actors. This is irrespective of whether they sustain CSI initiatives by embedding these in organizational cultural and structural systems. In addition, MNCs can *focus equally on strategic and moral motives and align the initiative with their core strategy* to foster CSI as they gain the commitment of their stakeholders through capacity building and knowledge sharing and align structures with new organisational routines (configuration 3).

The other pathway is where scaling up occurs through ***tripartite stakeholder engagement*** (configurations 4 and 5) indicates that partnering with multiple stakeholders has a significant role in scaling CSIs even when the MNCs are constrained in their capacity to innovate. In spite of limited capacity to regularly acquire, assimilate and apply knowledge, MNCs can scale their initiatives by coordinating their equally moral and strategic initiatives through tripartite stakeholder partnerships and institutionalisation (configuration 4). Alternatively, they can encourage stakeholder commitment and integrate initiatives in organisational structural and value systems by improving their capacity to continuously acquire, assimilate and apply knowledge, align their initiative with the firm’s core strategy and foster public-private partnerships (configuration 5).

Characteristics of successful social innovation initiatives

Our in-depth analysis of social innovation across the five countries found that successful SI initiatives tend to share the following characteristics, though not necessarily all of them.

First, they have a clearly defined purpose. Clarity of purpose makes it easier to bring others on board, whether within or beyond the MNC, to support the initiative with resources or active participation. This enables decisionmakers to justify their commitment to the SI project and ensures that the actors involved work towards the same goal – avoiding ambiguities or working at cross-purposes.

Second, they solve a problem for participating firms. At a minimum, this means giving firms an efficient way to discharge their moral or societal obligations. Highly successful SI initiatives go beyond this, however, by opening new opportunities for firms. As illustrated by our case of the *pro-bono* business services ‘clearing house’, this could mean pre-vetting beneficiaries or offering a wider selection of projects than participating firms would ordinarily have access to.

Third, they involve the right set of stakeholders. What makes the right set of stakeholders appears to be context dependent. In the UK’s liberal economy, for instance, involving peer firms and market actors tends to create visibility and legitimacy. In Canada’s resource extraction sector the participation of indigenous communities is paramount and helps sustain the positive impact of SI initiatives. In Brazil, multistakeholder arrangements with presence of public authorities are particularly important.

SI projects as drivers of globalization

Multinational companies are usually seen as key drivers of globalization and the increasing integration of business activity across the world. Intriguingly, we found evidence of SI initiatives driving greater globalization on two levels.

First, SI projects can lead to norms spreading to countries that have a very different tradition of tackling a social issue – or none at all. For instance, *pro-bono* professional services work is well established in the US as a way of giving access to professional advice to those unable to afford it. The global pro-bono clearing house we examined is spreading this particular approach to countries like Germany, where this was traditionally seen as the responsibility of the state, or developing countries where free advice might only be offered to friends and family in need. This global spread of an SI initiative and associated norm inevitably interacts with local customs and may lead to new varieties or displace prior norms, neither of which is an inherently superior or inferior outcome but rather is dependent on the circumstances.

Second, SI initiatives can drive the globalization of firms themselves. This may take the form of greater integration among constituent parts of the firm, for example through various parts of the company working together on an SI project that would otherwise be in little contact. We found such global interactions to be a highly desirable side-effect of SI initiatives that managers sought to reinforce and that employees perceived as rewarding. We also found examples of how SI projects can form linkages between actors in different countries which enables the globalization of smaller firms, for instance by giving them opportunities to work with beneficiaries in other countries, allowing them to gain experience in those countries and expand their business more easily.

Organizational effects

Our results suggest that a diverse workforce is conducive to social innovation and experimentation. In addition to expertise and professional identities, personal identities and lived experience contribute to more favourable SI outcomes by making the initiative more authentic, relevant, and legitimate.

We also found SI initiatives to create positive outcomes within the organization by creating a sense of purpose, fulfilment, and community among those who partake in it, whether within the MNC or around it. Purpose appears thus very relational and highlights how MNCs may be more organization-uniting social beings (Cooper 1983) than a mere nexus of contracts populated with self-centred homo economicus (Jensen & Meckling 1976). Social innovations can therefore challenge capitalist logic (Jessop et al., 2013: 118), even within the corporate sphere. While our data is too circumscribed to allow us to draw firm conclusions on the transformative potential of these social communities within and around MNCs, an alignment between the institutional, organizational, and individual sense of purpose seems to be an essential ingredient of social innovations’ success.

**SUMMARY**

The process of creating and implement a social innovation is evidently a complex one. Much of the analysis of MNCs assumes there to be a top-down and linear process, involving ideas originating at senior levels and being cascaded down through hierarchical channels; other studies look at how innovations can move horizontally within the company through such structures as international divisions and global teams. Our analysis shows that the transnational spread of social innovations often takes other forms with the diffusion being between a wider range of actors ‘in and around MNCs’ that operate within social movements. The origin of some of our social innovations was sometimes among Chief Executives and their exchanges at locations such as Davos, but in many others it was through those who work in NGOs, charities, social enterprises and those who work within MNCs but do not have the authority stemming from hierarchy. As we have shown, the motivations of this range of actors is varied.

Given the range of motivations that actors have, and the differing priorities associated with these motivations, the process of bringing an idea for a social innovation from conception through to execution is inevitably challenging. Social activists need to be skilled, therefore, in activities such as ‘issue selling’ and ‘framing’ that convince others of the merits of their initiative and be able to secure resources that help them to advance their plans. The need to be able to deploy such skills and draw on key resources is particularly evident in the transnational spread of social innovations. Institutional differences mean that some social innovations take on a different form across countries and social activists need to be able to navigate these challenges. Our data show that national differences in the context can also be a resource, however, as activists can utilise the distinct institutions with which they have expertise to be creative in finding solutions to the challenges they face.

Our data also reveal much about the outcomes of social innovation. They appear to ‘scale up’ most easily where there is an alignment between the motives and goals of actors – particularly where they address a problem that the multinational in question is facing – and where there are multiple types of actors engaged in an aligned manner. At the heart of some of the successful social innovations that we studied was a ‘coordinating actor’, one that had the vision, dedication and resources to persuade and induce a range of others to engage in a social innovation.

**REFERENCES**

Alt, Elisa, and Justin B. Craig (2016). "Selling Issues with Solutions: Igniting Social Intrapreneurship in for-Profit organisations". Journal of Management Studies 53 (5).

Barbosa, N., Faria, A. P. (2011). Innovation across Europe: How important are institutional differences? *Research Policy*, 40: 9, 1157-1169, <https://doi.org/10.1016/j.respol.2011.05.017>

Cooper, R. (1983). The Other: A Model of Human Structuring. In G. Morgan (ed.), 1983, *Beyond Method: Strategies for Social Research*, Newbury Park, CA: Sage, 202–218.

Crouch, C. (2005). *Capitalist Diversity and Change: Recombinant Governance and Institutional Entrepreneurs*. Oxford: OUP.

de Lange, D. E., Armanios, D., Delgado-Ceballos, J., & Sandhu, S. (2016). From foe to friend: Complex mutual adaptation of multinational corporations and nongovernmental organizations. *Business & Society*, *55*(8), 1197-1228.

Djelic, M.-L. (1998). *Exporting the American Model: The Postwar Transformation of European Business*. OUP.

Fligstein, N. (2001). Social skill and the theory of fields. *Sociological Theory*, *19*(2), 105-125.

Gioia, D.A., Corley, K.G. & Hamilton, A.L. (2013). Seeking qualitative rigor in inductive research notes on the Gioia methodology. *Organizational Research Methods,* *16*(1): 15-31.

Guest, D. (2002). Human resource management, corporate performance and employee wellbeing: Building the worker into HRM. *The journal of industrial relations*, *44*(3), 335-358.

Jensen M.C. & W.H. Meckling (1976). The Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure, 3 *Journal of Financial Economics*. 305.

Jessop, B., Moulaert, F., Hulgård, L., & Hamdouch, A. (2013). "Chapter 8: Social innovation research: a new stage in innovation analysis?". In The International Handbook on Social Innovation Collective Action, Social Learning and Transdisciplinary Research. Cheltenham, UK: Edward Elgar Publishing. Retrieved Feb 24, 2023.

Latif, B., Mahmood, Z., Tze San, O., Mohd Said, R. & Bakhsh, A. (2020) Coercive, Normative and Mimetic Pressures as Drivers of Environmental Management Accounting Adoption. *Sustainability* 2020, *12*: 4506, <https://doi.org/10.3390/su12114506>

Mair, J., Wolf, M. & Seelos, C. (2016). Scaffolding: A process of transforming patterns of inequality in small-scale societies. *Academy of Management Journal,* *59*(6): 2021-2044

Mulgan, G. (2006). The process of social innovation. *Innovations: technology, governance, globalization,* 1(2): 145-162.

OECD (2019). OECD.Stat, Income Distribution & Poverty by country – Inequality. https://stats.oecd.org/.

Snow, David A. (2004). "Framing Processes, Ideology, and Discursive Fields". In *The Blackwell Companion to Social Movements*, eds. David A. Snow, Sarah A. Soule, Hanspeter Kriesi, Blackwell Publishing Ltd., 380-412

Stone, D., Porto de Oliveira, O. & Leslie A. Pal (2020) Transnational policy transfer: the circulation of ideas, power and development models, *Policy and Society*, 39:1, 1-18, <https://doi.org/10.1080/14494035.2019.1619325>

Wang, S., and Noe, R. A. (2010). Knowledge sharing: A review and directions for future research. *Human resource management review*, *20*(2), 115-131.

Wiklund, J., and Shepherd, D. (2003). Knowledge‐based resources, entrepreneurial orientation, and the performance of small and medium‐sized businesses. *Strategic management journal*, *24*(13), 1307-1314.