

# Social Innovation and Strategic Knowledge Management Processes: A Critical Conceptual Overview

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## ABSTRACT

This paper conceptually explores social innovation as a new innovation outcome strategy and its association with strategic knowledge management processes. The result of this paper found that social innovation is an outstanding solution in addressing social and economic issues highlighted above, because the outcome of social innovation encompasses social, economic and technological payoffs concurrently. Furthermore, this paper highlights strategic knowledge management processes, creates superior knowledge resource that is regarded as a new and novel solution that can be embedded into products, processes and services which in turn leads to the outcome of improving the quality and quantity of people's life, stimulate economic growth and enhancing technological advances i.e. social innovation. Finally, this paper concludes that social innovation and strategic knowledge management processes must be seriously considered by the policy makers, private sectors and also public institutions given the massive contribution that it might afford to many nations' core aspirations.

**Keywords:** Social innovation, strategic knowledge management, knowledge resource.

## I INTRODUCTION

The outcome of innovation strategy is regarded as the vital ingredient to produce superior products, processes and services which in turn stimulates economic and social growth. In recent economic environment, social innovation is gaining an overwhelming recognition from the policy makers, private sectors and public institutions worldwide due to its massive contribution in solving social, economic and technological problems concurrently (Pue et.al., 2015; Lee & Restrepo, 2015). According to Doherty et.al., (2014) and Altuna et.al.,(2015) technological and other innovation outcomes appear to be ineffective as compared to social innovation in addressing complex social, economic and technological problems. As a result, social innovation has secured an important place within many nations' core policies worldwide. For example, developed countries among others in the UK, USA, highly industrialised European countries and few Asian

countries for example Malaysia have recently included and incorporated social innovation as an outcome strategy in their main agenda of national economic policy initiatives (Shaw & De Bruin, 2013; Westley et.al., 2014; Benneworth & Cunha, 2015; Lee & Restrepo, 2015; Malaysian Economic Planning Unit, 2015).

On the other hand, present economic environment is moving into knowledge based society where new knowledge is regarded as the most strategic intangible resource that can be embedded into products, processes and services in order to make them superior (Chiva et.al., 2014). With that, the association of social innovation as an innovation outcome strategy with strategic knowledge management processes that can produce superior knowledge resource is immensely important considering the outcome of both towards social, economic and technological aspects. Thus, a complete and extensive understanding on the insight of how social innovation and strategic knowledge management processes is linked and connected must be seriously engaged (Battisti, 2012). This is the primary purpose of this paper.

This paper is set out in three sections. First, the paper contributes to the existing social innovation literature by exploring social innovation as an outcome strategy. Secondly, this paper highlights the association of strategic knowledge management processes with social innovation within the context of economic and business environment. This paper will also discuss the Resource Based View (RBV) theory and Knowledge Based View (KBV) theory for understanding as to why superior knowledge resource is an essential resource for social innovation. Thirdly, the paper ends by encasing the conclusion of the thought.

## II REVIEW OF SOCIAL INNOVATION LITERATURE

In the literature, the early concept and definition of social innovation is describe as the innovation outcome whose primarily purpose is to achieve social needs and predominately diffused by social organization (Mulgan, 2007). Moreover, Phills et al., (2008) defined social innovation as new solution that creates significant value to solve society problems. However, it is specifically focussed to add value to social aspects of society rather than economic and commercial value. The two descriptions of social innovation mentioned above indicate that the early

concept of social innovation is very much connected with social parlance, where Pol and Ville (2009) term that as 'pure social innovation'. As a result, social innovation does not include private market but merely to satisfy social aspects. From the above statements, social innovation is seen as an old paradigm and centered within the field of public policy and sociology within the literature (Klein, et al., 2010). This situation creates under-investment in today's economic perspectives because of the significant value in the social innovation that might be brought forward to contribute towards improving the quality and quantity of people's life, stimulate economic growth and enhancing technological advances.

From the above paragraph, literature highlighted only recently that social innovation includes and integrates economic and technological approach in order to add value to its existing social purpose approach. This is in order to meet demands in a new economic environment and also because of the massive recognition given by the various policy makers, private sectors and public institutions worldwide (Bitzer & Hamann, 2015). With the integration of economic and technological approach, there is a collective dynamic interplay between social, economic and technological aspects that helps various parties to use social innovation as an outcome within the economic environment that they operate (Altuna et al., 2015).

In addition, Unceta et al., (2016) argued that social innovation is not necessarily tied up to address specific social purposes but its significant value encompasses wide range of innovation outcomes that includes social, economic and technological aspect. Despite the integration of economic and technological aspects within social innovation, literature also highlighted, various recent studies predominantly focusing on the conceptual part of social innovation rather than giving a useful empirical insight on how social innovation as an outcome strategy integrated with social, economic and technological aspects (Lizuka, 2013; Krlev et.al., 2014). The review of social innovation literature as an outcome strategy above provides a point of departure in answering how social innovation integrated with social, economic and technological aspects that led to improve quality and quantity of people's life, stimulate economic growth and enhance technological advances. This is the primary goal of this paper. The next section explained the question above by reviewing the association of strategic knowledge management with social innovation.

### **III STRATEGIC KNOWLEDGE**

**MANAGEMENT AND SOCIAL INNOVATION**  
According to Nonaka (1991), in an economy where the only certainty is uncertainty, the one sure resource

of lasting new innovation and competitive advantage is knowledge resource. Based on the previous statement, this paper explores the association of strategic knowledge management processes with social innovation. Within the literature, strategic knowledge management can be defined as the ability to identify, create, harness, transfer, integrate and apply superior knowledge resource resident in the individuals, teams or organizations that involves wide range of activities and interactions to improve and creates new innovation i.e. quality products, processes and services which is the key aspect of competitive advantage and to fulfill social needs (Alavi & Leidner, 2001; Meier, 2011; Cajaiba-Santana 2014). Moreover, strategic knowledge management processes create three prominent processes namely; knowledge creation, knowledge transfer and knowledge application (Meier, 2011). To elaborate further, knowledge creation is associated with the development of new knowledge (Nonaka & Takeuchi, 1995; Gourlay, 2006), knowledge transfer refers to the transmission process whereby knowledge is transferred within or across organization boundaries (Argote & Ingram, 2000) and knowledge application is describes as how such knowledge is embedded and applied to create value, new innovation and competitive advantage (Grant & Baden-Fuller, 2004). These three processes of strategic knowledge management provide superior knowledge resource that can be embedded into products, processes and services (Nonaka & Von Krogh, 2009).

In line with the above paragraph, new paradigm of social innovation is defined as a new and novel solution that can be embedded into products, processes and services in order to fulfill social, economic and technological needs and to improved quality and quantity of people's life (Altuna et al., 2015). From the above statement, in ensuring the success of social innovation as an outcome innovation strategy there must be a presence of a new and novel solution (Krlev et al., 2014). Battisti, (2012), Chiva et al., (2014) and Makimattila et al., (2015) describe the new and novel solution which is the main element of social innovation refers to the superior knowledge resource. This superior knowledge resource is embedded into products, processes and services which make them highly innovative and in turn lead to the outcome of improving the quality and quantity of people's life, stimulate economic growth and enhance technological advances (Unceta et al., (2016). Furthermore, the creation of superior knowledge resource is within the processes of strategic knowledge management namely; knowledge creation, knowledge transfer and knowledge

application (Turner & Makhija, 2006; Meier, 2011; Audretsch & Caiazza, 2015). In addition, according to Van Wijk et al., (2008) and Cajaiba-Santana, (2014) university-industry partnership is the strategic platform to implement strategic knowledge management processes in producing superior knowledge resource.

To show evidence, Kanter (2015) states that, social innovation helps to improve societal, economic and commercial related problems by creating new knowledge resource which acts as a novel solution into products, processes and services that work to meet pressing social, economic and technological needs and to improve quantity and quality of people's life. An empirical findings by Surikova et al., (2015) and Kanter (2015) found that in the aspect of poor public education system, social innovation offers new solutions i.e. superior knowledge resource; that contributes to a better future knowledge worker.

Scheuerle et al., (2015) also revealed that the result of deployment of superior knowledge resource within social innovation outcome on the issues of massive unemployment, contributes towards increase in employment among people and also increase in consumption of economic benefits. Moreover, Cajaiba-Santana (2014) and Spiess-Knafl et al., (2015) highlighted that social innovation with the presence of superior knowledge resource leads to the introduction of superior products, processes and services that have a multiplier effects on the economic value in terms of profit maximization, market share monopoly and increase in private performance. El Arifeen et al., (2013) also stressed on the positive effects of social innovation and knowledge resource on the issues of social health. Knowledge resource leads to the establishment of superior medical products that can improve and enhance people's health.

Therefore, social innovation is regarded as an important outcome of innovation providing new and novel solution i.e. knowledge resource; in dealing with social, economic and technological issues and other global issues which are becoming more crucial and requires continuous solutions to cope with (Krlev, et al., 2014).

#### IV RESOURCE BASED VIEW (RBV) AND KNOWLEDGE BASED VIEW (KBV)

The Resource based view explains how a firm is able to gain a competitive edge using resources available to the firm. According to Barney (1991) a strategic resource meets certain criteria – it is valuable, such that it reduces costs or increases value to customers. It is also rare enough such that competitors do not use the same resource to compete away the value. A strategic resource is also difficult to imitate or

substitute. This quality of inimitability keeps competitors from gaining parity.

Barney (1991) further argues that if resources are mobile and homogenous across the industry, it is not possible to conceive a competitive advantage since any other firm with the same resources can conceive the same strategy and implement it. Building upon the foundation and the criteria of RBV theory, knowledge resource has emerged as the valuable, rare, inimitable and not substitutable resource that can lead to social innovation (Lavie, 2006; Battisti, 2012; Sanzo-Perez et al., 2015). Within the KBV theory, knowledge is regarded as the most significant resource (Nonaka & Takeuchi, 1995; Grant, 1996). KBV theory focuses specifically on the nature and role of knowledge in order to achieve new innovation (James, 2004). The creation of superior knowledge resources that are embedded into products, processes and services provide long term solution and competitive advantage and subsequently contribute towards solving social and economic needs (Bramwell et. al., 2012; Perkmann & Salter, 2012).

Figure 1 illustrates the conceptual view of the association between strategic knowledge management processes with social innovation as an outcomes innovation strategy.

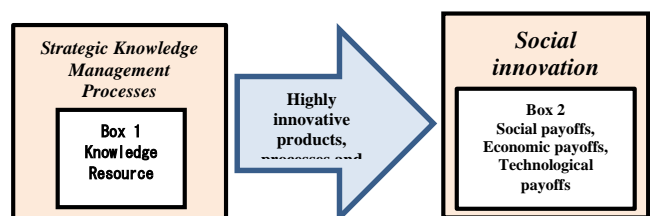


Figure 1. Conceptual View

Figure 1 provides summary of the association between strategic knowledge management processes with social innovation. Box 1 in the strategic knowledge management indicates the output i.e. knowledge resource and box 2 signifies the contribution of knowledge resource on social innovation i.e. social, economic and technological pay offs; by producing highly innovative products, processes and services.

#### V CONCLUSION

This paper provided an overview of the existing literature on social innovation as an outcome innovation strategy and discussed the association of strategic knowledge management processes with social innovation; the discussion is based on the foundation of RBV and KBV theory in understanding as to why superior knowledge resource is an essential resource for social innovation. Building upon the

above statements, the increasing public awareness on social, economic and technological problems had put social innovation as a new paradigm of innovation strategy in the main agenda by various governments, private sectors and also public institutions worldwide with the aim to improve social well-being and economic growth (Pue et al., 2015). According to Ruede & Lurtz, (2012), economic and social growth of a country is very much dependent on the outcome of social innovation through the integration of strategic knowledge management processes. For example, the application of new novel solutions i.e. knowledge resource; into new products, processes and services in many economic sectors such as in medical, technology, science, education and businesses sectors is said not only to advance the technical aspects but most importantly to improve and enhance quality and quantity of peoples' life (Pol & Ville, 2009; Westley et al., 2014).

However, the literature of social innovation highlighted considerable amount of studies focusing mainly on the theoretical part of social innovation and its association with strategic knowledge management processes. Hence, there is an urgent need for various empirical evidence as to how social innovation and strategic knowledge management processes are connected with each other; subsequently benefitting social, economic and technological aspects. In addition, more empirical studies on social innovation and strategic knowledge management processes will help governments, private sectors and public institutions to learn valuable lessons in dealing with social innovation and strategic knowledge management processes in a more efficient and effective way. Therefore, this paper identifies and provides some promising avenues for future research and offers an improved understanding of the association between social innovation and strategic knowledge management processes within the context of economic and business environment.

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