Chapter 7
Social Innovation, Entrepreneurship, and Sustainability

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ABSTRACT

This chapter provides a summarized and objective review over the relationships among innovation, social innovation, entrepreneurship, social entrepreneurship, new business models (NBM), value proposition and sustainability (economic, social, ecological, and psychological). A study has been done in Porto region through interviews with 13 social innovators and entrepreneurs to evaluate those relationships. The conceptual base for the analysis presented in this chapter is tetrad-value theory. It has been concluded that market-oriented social innovation has a crucial role in the social entrepreneurship development. Moreover, these NBM should be adjusted to population needs towards societal well-being, by combining creation of shared value, co-creation of value, and multiple value creation. Thus, a transformational value proposition contributes to economic, social, ecological, and psychological sustainability, and consequently to human, social and territorial development.

INTRODUCTION

This chapter begins with the theoretical framework that underlies the concepts of entrepreneurship, social entrepreneurship, entrepreneurial partnerships, innovation, social innovation, sustainability, new business models (NBM), and the relations among them and their impact on regional development.

For the purpose of this chapter, the theory developed since the international presentation of Carvalho, Sousa, Ferreira, Silva, & Novo (2013), first published by Carvalho and Jonker (2015) and coined as tetrad-value theory (Carvalho & Sousa, 2015) was applied to the analysis of 13 cases of social innovation and entrepreneurship. The main characteristics of these NBM were assessed, as well as their link to a balanced value proposition (Carvalho & Jonker, 2015) that considers economic, ecological, social, and psychological factors, which contribute to a broader concept of sustainability (Carvalho, 2016).

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These case studies illustrate what is happening in Porto region in terms of social innovation and social entrepreneurship. The methodology followed is qualitative, based on interviews with the leaders of the projects and institutions. The analysis allows to draw conclusions about the new trends of social innovation in the region and in Portugal, as well as the adjustment of the social sector to population needs and towards a societal well-being, helping to reduce social exclusion.

The impact on regional and national development is perceived indirectly by the positive impact of these organizations on economic, ecological, social, and psychological sustainability. The latter is a new broad concept developed in connection to the concepts of psychological value (Carvalho & Jonker, 2015) and mental well-being (European Union, 2011).

The NBM analyzed here show the importance of the concepts of creation of social and shared value (Austin & Seitanidi, 2012b; Porter & Kramer, 2011); co-creative networks (Chatterjee, 2013; Zott, Amit, & Massa, 2011); and multiple value creation (Carvalho, 2016; Elkington, 1997).

In the end of the chapter, a new model is presented, which considers psychological sustainability as the fourth pillar of human, social, and territorial development – societal sustainability.

BACKGROUND

Entrepreneurship

The identification of business opportunities and the use of enterprise skills to create a new organization or develop an existing one is at the core of the concept of entrepreneurship, which contributes to personal and professional self-realization, active citizenship and social inclusion of the individuals (Vázquez, Lanero, Gutiérrez, & García, 2011).

The entrepreneurial activity is influenced by a set of cognitive (self-efficacy, scripts, cognitive styles, analyzing problems, etc.) and non-cognitive (creativity, autonomy, self-confidence, etc.) competences, and is conditioned by factors like education, family experience in business, access to finance (e.g., Fairlie & Holleran, 2012), and other environmental variables from the entrepreneurial ecosystem: entrepreneurial finance; government policies (support and relevance; taxes and bureaucracy); government entrepreneurship programs; entrepreneurship education (at school age; at post school stage); R & D transfer; commercial and legal infrastructure; internal market (dynamics; burdens or entry regulation); physical infrastructure; and cultural and social norms. These variables were pointed out in the Global Entrepreneurship Monitor (Kelley, Singer, & Herrington, 2016) as the nine structural conditions that facilitate or constrain entrepreneurial activity.

The analysis of the conceptual definitions of entrepreneurship in the literature leads to the conclusion that all approaches are complementary. Entrepreneurship is seen as a process of identifying and valuing an opportunity, and creating value through a package of resources in order to exploit it (Engelen, Heinemann, & Brettel, 2009; Morris, Kuratko, & Covin, 2008; Sahlman, Stevenson, Roberts, & Bhide, 1999; Shane & Venkataraman, 2000; Stevenson & Jarillo-Mossi, 1986). Other authors defend that this process should be innovative and increase wealth, and that it is based on entrepreneurial skills like risk-taking, autonomy, and pro-activeness (Nasution, Mavondo, Matanda, & Ndubisi, 2011). In the same line of thought, there are sociological points of view like those of Shapero and Sokol (1982) who state that all organizations and individuals have the potential to be entrepreneurial, and that creating new organiza-