

Expanded abstract

Social innovation in social economy and its promotion in a regional environment. The Principality of Asturias case

Objectives

A global context characterized by the existence of huge social and environmental challenges and a growing interdependence derived from knowledge-based societies has encouraged research interest in social innovation. Although different types of actors can promote and be involved in social innovation activities, including public, non-profit, and for-profit organizations, social economy enterprises present a high potential for undertaking these initiatives. Under such a scenario, the aim of this paper is to analyze in depth the social economy sector of a particular regional environment, i.e., the Principality of Asturias (Spain), to ascertain whether social innovation initiatives developed by these entities have been strengthened throughout the last two decades. The Principality of Asturias represents an example of a small and peripheral region marked by a constant decline and aging of the population, as well as by activity rates below the country's average, so entrepreneurship and innovation activities can be crucial to revert these dynamics.

As 'social innovation' and 'social economy enterprise' represent the key constructs of the study, the research begins with an exhaustive literature revision of these concepts.

Regarding social innovation, both economic-oriented definitions (focused on outcomes and value generated) and sociological conceptualizations (which emphasize the processes involved) usually coexist, revealing four basic dimensions that any innovation should share to be called a social innovation: (1) *social goal-oriented innovation* (it attempts to provide solutions aimed at the common good that address problems related to the 17 Sustainable Development Goals of the 2030 Agenda for Sustainable Development, adopted by United Nations on September 25th, 2015), (2) *social process-oriented innovation* (it is deployed through new forms of collaboration in which bottom-up initiatives are present to a greater extent than in other types of innovation, for example by means of involving stakeholders in the decision-taking process of the organization or in co-creation activities, promoting community initiatives so that stakeholders can self-manage and become directly involved in solving the social problem, or fostering participation of stakeholders through information and communication technologies), (3) *sustainability* dimension (it involves a new solution to a social problem that is more effective, efficient, and sustainable, that is, it involves a greater capability for using resources in a more long-term sustainable way compared with previous solutions), and (4) *transformational impact* dimension (the innovation changes certain behaviors or social practices developed by individuals, organizations, or the whole society, ultimately generating a systemic change).

In sum, a social innovation is social in its *goals* (it attempts to address a relevant current social need), in its *means* (the innovation activities are developed through a collaborative process involving relevant stakeholders), in its *long-term orientation* (with a focus on a sustainable use of resources and future generations), and in its *final consequences and impact* (changes in social practices and behaviors, ultimately leading to a systemic change).

For its part, social economy enterprises are characterized by their hybrid nature. They are usually defined as organizations whose purpose is to achieve a social mission using market mechanisms. Literature on this topic remarks that the attempt to combine social and economic missions is the critical factor that differentiates social economy enterprises from activities dominated by primarily an economic mission (e.g., commercial entrepreneurship, SCR) or social mission (e.g., nonprofit/philanthropic organizations).

And it is precisely because of their dual nature that a high potential for social innovation is usually assigned to them. First, they pursue an explicit and primary social aim. Second, they are engaged in an economic activity, so they must generate income from market sources, and face the need and pressure to innovate, but with the objective to achieve their social mission. Third, the constraint of limited distribution of profits improves their capability to invest in new goods or services oriented to reinforce the participation of local communities in the firm's activities. And fourth, they can access both revenues from service provision or other market sources, and funding from public administrations.

Once the critical constructs of the research were conceptualized, and with the aim of conducting the analysis of the social economy sector of the Principality of Asturias, the research encompassed three stages. First, we revised different quantitative studies to describe the current situation and trends of the social economy, both in Spain and within the international context. Second, a census of social economy enterprises located in the Principality of Asturias was obtained and described in terms of variables such as their typology (cooperatives, labor societies, etc.), size, age, or activity sector, among others. To this end, we used the data provided by the Foundation for the Promotion of Social Economy of the Principality of Asturias, one of the main institutional entities of this sector in the region. The third stage involved a qualitative-based study. Between October and November 2020, we conducted a total of 21 personal online interviews with a sample of 9 social economy enterprises, 4 regional public institutions, 2 local public institutions, 2 business associations, 2 unions, and 2 other associative entities of the sector. Several techniques supported the reliability, as well as the external and internal validity of the data.

The analysis of the social economy sector of the Principality of Asturias shows lights but also shadows related to social innovation. First, in terms of the *social goal-orientation of the innovation activity*, the social economy sector of the Principality of Asturias stands out for its resilience and involvement in coping with systemic crises, focusing on the common good by solving significant problems that impact on social well-being, although it also suffers from several structural deficits that harm its capability to address those problems (related to strategic planning and the development of new products and/or services, as well as the lack of knowledge about the sector's real contribution to achieving the Sustainable Development Goals).

Second, and regarding the *social process-orientation of the innovations*, it is a sector in which participative and collaborative processes exist, although there are some gaps related to participative management and the use of technology to foster collaboration. Third, the sector shares some features that favor its capability to provide more *sustainable and effective solutions* to different social problems, but efficiency remains a challenge for this kind of organization, and initiatives to improve the competitiveness and efficiency of the sector are in a very incipient stage. And fourth, evidence supports the *transformational impact* of the sector on social or business infrastructures of the region, but this impact is conditioned by some weaknesses of the social enterprises and some environmental threats.

Therefore, the general conclusion of the research points to the fact that the Asturian social economy sector has adopted during the last two decades a set of practices and processes in line with the underlying dimensions of what a social innovation represents, although some limitations hinder the potential impact of the initiatives. Among others, these limitations are related, for example, to the low rates of entrepreneurship, limited experience in the management of this particular type of organization, small size, operational discrepancies, governance problems, and deficiencies in quality management, digital transformation or internationalization.

Policy makers and public administrations can find this diagnosis useful as it can help them design appropriate policies to avoid the deficits and improve the capability of the sector for social innovation. Particularly, it is necessary to create an institutional environment that favors the competitiveness of social economy enterprises, including both institutional and cognitive measures (e.g., legal reforms, the elimination of legal and administrative barriers, the promotion of the visibility of the sector, ...). In addition, the promotion of social enterprises should be conducted on both the demand and supply sides. On the demand side, it would be advisable to encourage socially responsible public procurement or encourage the development of commercial strategies and policies that stimulate the final demand for goods and services offered by social enterprises. On the supply side, it is necessary to call on the different sectoral entities to promote the development of social innovation in companies with different initiatives such as the identification and diffusion of examples of good practices of social economy companies that are focusing on socially innovative and highly strategic sectors, the participation of social enterprises in innovation clusters, the development of training courses related to innovation, digital transformation, funding, or other critical areas, the possibility to take part in projects linked to the Europe's Recovery Plan 'Next Generation Europe', the creation of a Social Innovation Centre, etc.

As the main limitation of the research, it is important to highlight that its nature is exploratory and qualitative. However, it can serve as a solid foundation to undertake a quantitative study whose results can be compared to other studies carried out in other Spanish or European regions.