

## THE MEDIATING ROLE OF SOCIAL INNOVATION BETWEEN BRICOLAGE BEHAVIOR AND SOCIAL ENTERPRISE PERFORMANCE IN PAKISTAN

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### ABSTRACT

The resource poor environment is the defining characteristic of the bottom of pyramid (BOP), along with the others, including simultaneous failure of government and markets in tackling the social issues. This gap is addressed by the social ventures as hybrid organizations, who struggles with the conflicting performance objectives of social impact and financial performance. This conceptual paper is an attempt to deal with this challenge of performance measurement by proposing an integrated framework that incorporates the bricolage behavior as an important antecedent to understand the dual performance of such ventures in Pakistan. This process is proposed to be mediated by the presence of social innovation that serves as a mediating link. Bricolage behavior is considered to be a key resource mobilization strategy that acts by the recombination of existing resources at hand for new purpose resulting in innovative solutions. This in turn can lead to the achievement of their double bottom line i.e. social impact and financial performance. This study can give valuable insights to the practitioners and policy makers alike about the possible scaling up strategies of the social entrepreneurial ventures despite being constrained by resource limitations.

**KEYWORDS:** Social entrepreneurship, bricolage behavior, social innovation, social impact, double bottom line, bottom of pyramid (BOP), hybrid organizations, Pakistan

### 1. INTRODUCTION

The man-made market economy with profit maximization goals is blamed for the ever-increasing void between the rich and poor. This issue is critical for the developed and developing countries alike as it is evident from the failure to meet millennium development goals set by United Nations for all the member countries, including getting rid of poverty, hunger, illiteracy, environmental degradation etc. This also seems to be failure on part of government and markets who are unable to fill that gap. Now, the focus has shifted to the sustainable solutions targeted at curtailing poverty and striving for an inclusive economy. Such shift in focus is highlighting a new form of organizations i.e. hybrid organizations.

Hybrid organizations work with the dual objective of profit making along with the desired social impact as to add some value to the society through innovative solutions (Gundry, Kickul, Griffiths, & Bacq, 2011a). Such hybrid organizations are more crucial in the bottom of the pyramid (BOP) market. BOP includes 4 billion people mostly living in the developing countries who are living with \$3000 purchasing parity and constituting the global poverty (Hammond, Kramer, Katz, Tran, &

Walker, 2007; London & Hart, 2004). Social enterprises as hybrid organizations are believed to play a crucial role in the bottom of the pyramid (BOP) economies (Prahalad, 2005) to ease out their miseries.

There has been a steady increase in interest in the social entrepreneurship for the last two decades (Austin, Stevenson, & Wei-Skillern, 2006; Janssen, Fayolle, & Wuillaume, 2018). This might be due to increasing interest among the not for profit organizations to earn revenue for their survival on one hand and among the commercial enterprises to improve their corporate image as a socially responsible organizations on the other (Dees & Anderson, 2006). However, it is very challenging for them to maintain their hybridity by earning profits while not losing sight of their track to social mission which apparently seems to exist on the extremes of the continuum (Ebrahim, Battilana, & Mair, 2014).

One such host of a sizeable BOP market is Pakistan, which has recently seen a surge in social entrepreneurship. This surge is attributed to multiple reasons; including government failure, huge BOP market and 65% youth of the total population, which is enthusiastic to solve the social issues (Yasir et al., 2016). However, the social entrepreneurs face the challenge of their performance measurement including the impact, particularly under the context of poor resources (Yasir et al., 2016). The resource poor environment is believed to be conducive environment for the social ventures as it justifies their existence (Desa, 2007) by presenting innovative solutions to societal problems (Gundry, Kickul, Griffiths, & Bacq, 2011b).

This challenge of social enterprise performance is addressed through this study which presents an integrated conceptual model that sheds light on the possible antecedent and mediator to the way of dual performance measurement of the social enterprises. The resource-based theory (RBT) is used as the underpinning explanation of this integrated framework. This theory is recommended to understand the resource management in the social entrepreneurial ventures (Dees, 1998). Bricolage behavior is considered as a desired capability that helps organization come out of their resource poor environment and make them resourceful by recombining their existing resources at hand for new purpose i.e. innovation, that ultimately leads to superior performance.

## **2. LITERATURE REVIEW**

### **2.1 Social Enterprise Performance**

It is meaningful to integrate different dimensions while measuring performance as it is considered to be a multidimensional concept (Gerba & Viswanadham, 2016). This holds particularly true for the social enterprises due to their underlying objectives of achieving substantial financial and non-financial performance simultaneously (Bacq, Ofstein, Kickul, & Gundry, 2015). However, despite growing trend (Blundel & Lyon, 2015), there is still lack of ample researches on the performance measurement of the social enterprises (Ebrahim & Rangan, 2014).

Since there is no strict check and balance in the social sector unlike the commercial sector, therefore, it is imperative to adopt some adequate performance measures (Thompson, Alvy, & Lees, 2000). However, the path is not as straight forward as it may look like. This is due to the limitations of the social ventures as hybrid organization including resource constraints and maintaining a balance between contradictory competing logics of social impact along with the financial performance (Doherty, Haugh, & Lyon, 2014).

Though profit maximization is not the sole objective of the social ventures (Bocken, Fil, & Prabhu, 2016), however, it is considered imperative in order to cast a social impact (Upadhyay, Rawal, & Awasthi, 2017). Despite all the challenges, the trend among the social ventures to measure their performance is increasing at a rapid pace (Blundel & Lyon, 2015). It is of utmost important in the developing markets as the resource poor environment is the natural breeding ground for social enterprises (Desa & Basu, 2013). But how does social ventures make it happen, under the context of the informal economy of the BOP, still remains an important question mark.

## 2.2 Bricolage Behavior

Social enterprises, working at the BOP market, are surrounded by the resource poor environment (Desa, 2007). It leaves them to either opt for resource seeking behavior, avoid or escape it or engage in bricolage behavior. Bricolage behavior is peculiar to resource poor environment which is characteristic of BOP markets and can be explained as a resource mobilization behavior to make do with the existing resources, considered worthless by other organizations, to find innovative solutions of the exiting problems (Baker, Miner, & Eesley, 2003; Baker & Nelson, 2005).

The effective mobilization of the resources is believed to cast a significant impact on the performance of the social ventures. All the efforts to grow and cast a social impact requires additional resources which is particularly difficult to access in the emerging economies. Bricolage can help solve this mystery that how social enterprises manage and perform despite limited resources. Bricolage is believed to be impact firm performance in a positive manner (Bojica, Istambouli, & Fuentes-Fuentes, 2014; Jaouen & Nakara, 2015). This leads us to propose that:

*P1: There is a positive relationship between bricolage behavior and social enterprise performance.*

## 2.3 Social innovation

Social innovation is considered crucial to make money for the improved performance of the organizations (Pol & Ville, 2009). But it is considered social only when it can benefit multiple parties including consumers and competitors and not merely the inventor, to serve the purpose of fulfilling the social needs (Martinelli, 2012). The term 'social innovation' was badly ignored by the policy makers (Mulgan, 2006) until 1997, when it gained popularity as a potential area of research (Dees & Anderson, 2006).

It is believed that social innovation can tackle the prevailing social evils and problems residing at the BOP market (Upadhyay et al., 2017), including Pakistan. It is the creative solution of the social problems and can help transform the society. In this study, social innovation is defined as all those new products, services and models that are social both in their ends and means and meet the social needs along with the creating new social relationships (Murray, Caulier-Grice, & Mulgan, 2010).

## **2.4 Bricolage Behavior and social innovation**

Despite the identification of the social enterprise behavior as very creative, it is widely an under researched topic (Bacq et al., 2015). This behavior becomes even more interesting when social ventures encounter the limited resources. The resource poor environment with its innate constraints including both material and social, is a source of innovative upshots (Fisher, 2012; Moreau & Dahl, 2005) especially in the BOP market (Linaa, 2013).

There has been an increase in the studies of innovative outcomes in the resource constrained environment by recombination of the existing resources at hand for a new purpose i.e. bricolage (Beckett, 2016; Guo, Su, & Ahlstrom, 2015; Senyard, Baker, Steffens, & Davidsson, 2014). The social ventures are believed to be more innovative as compared to their commercial counterparts due to their innate characteristics (Dees & Anderson, 2006). The poor resources act as a conducive environment for the social enterprises to display the bricolage behavior that ultimately leads to the innovative solutions to bring positive social change (Gundry et al., 2011b). Therefore, it can be proposed that:

*P2: There is a positive relationship between bricolage behavior and social innovation.*

## **2.5 Social innovation and social enterprise performance**

The social innovation is the most appropriate term to understand the social change (Cajaiba-Santana, 2014), created as a result of its adoption across various social and economic sub-sectors to spread the social impact (Bocken et al., 2016). Unlike commercial innovations, the inventors of the social innovations are not interested to keep the benefits to themselves and promote its adoption by the consumers and even the competitors. The more adopts it, the more social impact is created, that leads to the improved performance of the social ventures.

Therefore, the social problems can be effectively solved by the introduction and scaling of the social innovations which is believed to be the growth of the social ventures (Davies & Julie Simon, 2013). However, this scaling of is not possible unless the ventures also show satisfactory financial performance. Hence, it is argued that social innovation should be capable of scaling the social impact along with appropriate financial performance as well (Upadhyay et al., 2017). Therefore, this leads us to propose that:

*P3: There is a positive relationship between social innovation and social enterprise performance.*

## 2.6 Social Innovation as a possible mediator

Social entrepreneurs are not motivated by the financial performance only just like the bricoleurs (Stinchfield, Nelson, & Wood, 2013) but also give due rather preferential importance to the social mission as well. However, this route to the dual performance cannot be followed unless reaching the milestone of innovation. It is examined the innovators in thrift environment make use of their existing resources and technologies in an intelligent and creative way (Prabhu & Jain, 2015). Therefore, it can be inferred that bricolage behavior can assist in the creation of social innovation that in turn can lead to the superior performance of the social enterprises that can bring the intended social change. Similarly, it is suggested that the conditions that translates the bricolage behavior into organization performance also needs to be examined (Bojjicaa, Jiménez, Navab, & Fuentes-Fuentes, 2018). Therefore, the following proposition can be drawn based on above arguments:

*P4: The relationship between bricolage behavior and social enterprise performance is mediated by the social innovation.*

Theoretical framework based on the above-mentioned propositions is presented in the figure below.

**Figure 3.1:**  
**Proposed theoretical framework**



## 3. PROPOSED RESEARCH METHODOLOGY

As there are only two legal structures for organization performing in Pakistan i.e. for profit and not for profit, therefore, this study will take into account only hybrid organizations. These hybrid organizations work with the dual performance objectives in their mind and mission irrespective of their legal structures. Data will be collected through the existing adapted questionnaires.

## 4. CONCLUSION

This conceptual paper is in response to the call to explore and delve into the supportive broader conditions that helps the social ventures in achieving the dual objectives of the social enterprises i.e. scaling of social impact and financial performance (Ebrahim et al., 2014). Though resource-based theory (RBT) is used in mature or developed markets, but its expansion to the developing markets especially the BOP to understand the process through which the resources are assembled for the superior performance of the social ventures in under researched. This study will address this gap by

proposing, the recombination of existing resources at hand for a new purpose, i.e. bricolage behavior as the required strategy to be followed by such hybrid organizations to come up with innovation in resource scarce environment that in turn can lead to the superior performance.

Existing studies have investigated the effect of bricolage behavior on social enterprise's performance (Houtbeckers, 2011). However, it is proposed that social innovation can mediate this path towards social enterprise performance (Bacq et al., 2015). Therefore, this route to the dual performance cannot be followed unless reaching the milestone of social innovation which is proposed as a mediator in this study. The inclusion of social innovation as a mediator under the umbrella of RBT is a unique contribution that will add value to the literature.

Along with the theoretical contribution, this study will also help the policy makers to understand the behavior of the social ventures in the resource poor environment and come up with the customized solutions to their problems. It can also guide the social entrepreneurs to focus on their strategies that can bring them out of the resource scarce conditions without paralyzing them.

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