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DOI:  
[10.46697/001c.33078](https://doi.org/10.46697/001c.33078).

*Document Version*  
Publisher's PDF, also known as Version of record

[Link to publication record in King's Research Portal](#)

*Citation for published version (APA):*

Kern, P., Alamos-Concha, P., Edwards, T., Machado López, M., Saka-Hemlhout, A., & Zhang, L. E. (2022). Social Innovation in Multinational Companies: Activists, Practices and Social Skills. *AIB Insights*. <https://doi.org/10.46697/001c.33078>.

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





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## Article

# Social Innovation in Multinational Companies: Activists, Practices and Social Skills

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Keywords: social innovation, social activists, MNCs, corporate social responsibility

<https://doi.org/10.46697/001c.33078>

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## AIB Insights

Vol. 22, Issue 1, 2022

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Social innovation initiatives in multinational companies (MNCs) respond to societal issues and can contribute to sustainable development. They are often brought about by ‘social activists’ from within or connected to the firm. Drawing on in-depth research in MNCs, we identify two key practices and three types of skills used by social activists to drive these initiatives, enabling them to build stakeholder relationships and generate organizational buy-in. We offer a series of actionable insights that allow MNCs to better support social activists within and beyond the organization, thus enhancing social innovation activity.

## INTRODUCTION

Multinational companies (MNCs) are under increasing pressure to balance their corporate objectives with wider societal needs. Often seen as profit-maximizing entities that de-prioritize social concerns and promote inequality, corporations are reckoning with their responsibility to make positive contributions to society. This issue has been mostly examined within the framework of corporate social responsibility (CSR), where it has all too often become narrowly construed as philanthropic initiatives to address external pressures and improve the reputation of corporations. Such initiatives tend to lack a viable business model and consequently become an exercise in cherry-picking “that benefit individuals, states and corporations, and rarely local communities and the disadvantaged” (Banerjee, 2008: 71).

Consequently, focus has turned to how MNCs can engage with societal issues on a deeper and more sustainable level through corporate social innovation. We define social innovation as initiatives that “create both shareholder and social value with the potential to alter the structure of innovation systems, change corporate identities and strategies to increase competitive advantage while at the same time bringing solutions to societal needs” (Dionisio & Vargas, 2020: 1). This can take various forms, such as the creation

of an international network to bring together private sector and social enterprises in order to facilitate access to pro bono services for small businesses, or collaboration with NGOs to provide banking services to survivors of modern slavery. For MNCs, social innovations enable a response to complex or ‘wicked’ societal and environmental problems, while also generating “a more socially relevant innovation system and corporate culture that can be a source of competitive advantage” (Dionisio & Vargas, 2020: 2).

Social innovation in MNCs strongly relies on individuals who actively drive initiatives. These ‘social activists’ (Alt & Craig, 2016; Sonenshein, 2016) attempt to influence corporate decision making on issues of socio-economic importance by inducing cooperation and engagement in social innovation. They are agents of change, who navigate and seek to alter the organizational and societal structures within which they operate. While we know that social activists are important in bringing about corporate social innovation, there are two shortcomings in our understanding that we seek to address.

The first is related to the question of where social activists are located. They are often from within or closely connected to the MNC, such as employees, board members, or investors, but may also be found outside the MNC, for example in third sector organizations or pressure groups. Previous work has tended to focus on either one or the other

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(Dey & Mason, 2018; Soderstrom & Weber, 2020; Waldron, Navis, Karam, & Markman, 2022), not paying enough attention to the relationship between the two groups. Considering social activists both within and outside the MNC allows us to examine how they interact to bring about social innovation and the networks they operate in.

The second is about the routine actions of social activists operating in networks within and beyond MNCs, and how they navigate and change the complex environments they are part of. Social innovation may well mean different things to different people involved, who may also have different ideas on how to bring it about. This means the key assumptions underpinning a case of social innovation may be contested and the 'field' or 'space' within which it forms may be volatile. Social activists not only need to make sense of these 'interstitial spaces' (Furnari, 2014) in which people interact, but also find themselves subject to pre-existing institutions – organizational and societal 'rules of the game' – which are rarely of their choosing yet to which there are pressures to conform. Developing and implementing novel solutions to social problems in a corporate context therefore involves the re-negotiation of seemingly settled institutions among diverse actors or the building of new institutions, so as to change the basic routines and beliefs of the social system in which the social innovation is to occur.

In order to do this, we expect social activists to be creative and inventive, able to exploit ambiguities in structures and power asymmetries, form coalitions to extend their influence, engage in learning and recursive processes, and instigate new behaviours that can become forms of social innovation. Their 'activeness' can be understood as a performative act of creation and co-creation that brings about innovation (Andriani & Herrmann-Pillath, 2015). In order to pursue their objectives, they are likely to draw on resources under their control and jostle for position and influence with a range of other actors. We expect them to engage in a range of practices and to mobilise their skills, including a core set of 'social skills' (Fligstein & McAdam, 2011), to achieve buy-in and induce cooperation with others. We therefore need to understand how social activists, both within and outside MNCs, navigate the spaces within and between these fields and the resources and social skills they require to do so.

## THE PRACTICES AND SKILLS USED BY SOCIAL ACTIVISTS

We examined the role of social activists in eight social innovation projects, conducting a total of 29 in-depth, semi-structured interviews. All projects involve MNCs engaging with third-sector partners to address issues related to social inequality. To ensure anonymity of our respondents, identifying details have been concealed. [Figure 1](#) below provides an overview of the cases.

Our analysis suggests two key practices, which are linked to three types of skills in varying configurations. The practices identified here are not the totality of those deployed by social activists, but rather those we found to be most crucial to their social innovation projects. We assessed the skills that social activists mobilize in terms of their importance to

engaging in these practices.

### PRACTICE AND SKILLS 1: BUILDING STAKEHOLDER RELATIONSHIPS THROUGH KNOWLEDGE SHARING AND COMMUNICATION SKILLS

The first key practice is to build relationships with stakeholders to increase awareness and achieve buy-in. This entails strategically collecting, making use of, and diffusing knowledge and expertise from sources both internal and external to the MNC. While gathering and diffusing of knowledge can be conceptually separated, our findings suggest they are deeply intertwined, leading us to present them as part of one practice.

Social activists draw on their knowledge to shape the design and delivery of social innovation initiatives, to bring on board partners within and outside the MNC, and to manage ongoing relationships with these partners. While our findings suggest a variety of knowledge sources used, strategic conversations with people from outside the organization were of particular importance, as respondents in cases D and G emphasized. Knowledge can then be deployed to bring others on board, whether external partners or internal key decision makers, as in case B: "I need to prove if this can work to then take it to the CEO, to then take it to some senior people and say this is achievable."

Ensuring continued support from relevant stakeholders was also crucial. Within the MNC, this may mean being accountable to senior management and demonstrating impact. As participants in cases D and F suggested, keeping track of metrics and impact can be a particularly useful way of securing continued support and funding from senior decision makers. Outside the boundaries of the MNC, we found sharing knowledge to be crucial for building and maintaining credibility in the eyes of the stakeholders: "I think they quite liked the fact that we could keep them up to date with evolving policy discussions and programme discussions at government level. And introduce them to people that they wouldn't otherwise have had introductions to" (case C). Social activists are often eager to build engagement among their industry peers. They do so by sharing their knowledge and experience, for example through online seminars or engagement with industry bodies (cases A and B) or governments (case G).

We found building stakeholder relationships to rely primarily on activists' analytical and communication skills. Respondents suggested that analytical skills are crucial to effectively gather and process information, which then allows them to engage with stakeholders credibly and on business terms, as highlighted in case D. Communication skills, including the ability to adapt their style depending on the audience, were found to be important to disseminate knowledge among stakeholders and achieve the intended engagement.

### PRACTICE AND SKILLS 2: CREATING MEANING THROUGH STORIES USING FRAMING AND ANALYTICAL SKILLS

The second key practice is to create meaning through stories that resonate with others and create engagement. What

**Table 1. Summary of the social innovation projects**

Case	MNC	Nonmarket stakeholder	Description
A	A North American asset management firm	A UK-based non-profit organization advocating labour rights	A key activist within the asset management firm in the UK was an early supporter of the NGO's initiative and has more recently begun to encourage other companies to sign on to the initiative as well. The firm's 'responsible investment' team leads the social innovation.
B	A British retail bank	An international NGO	Key actors within the British bank initiated a project to aid survivors of modern slavery and human trafficking. They brought on board an international NGO to develop and deliver the initiative.
C	A North American bank	A UK-based NGO	The North American bank was contacted by the UK-based NGO in helping promote gender and ethnic diversity among British start-ups. The bank's philanthropic arm engages with a UK-based NGO for this purpose.
D	A North American business services firm	NGOs worldwide	The North American firm created a global network of associated firms offering pro bono services to social enterprises. The company's philanthropic arm initiated the project and designed the network themselves in order to bring together service providers and NGOs seeking free advice.
E	A Western European food retailer	Western European NGO operating internationally	Sustainable trade development manager pioneered the responsible sourcing of fresh fruits from Africa with the initial aim to 'do something good'. He built the network and recruited the farmers. The NGO was involved in the training of the farmers to improve the quality of the produce.
F	A Western European conglomerate providing primarily health technology	Western European NGO that works towards a healthy and strong Africa	The business manager for primary and community care solutions took over one of the ventures from the African incubator when it was moved to the business side of the company. The aim was to provide vital primary care but also to turn health facilities into community hubs with additional service offerings in Africa. The NGO's role was to develop 'bankable' solutions together with the company to bring them to scale.
G	A Western European bank	A Western European Labour Inspectorate, an academic, Financial Intelligence Unit	The head of environmental and social risk advisory and monitoring was inspired by talks on human trafficking at a conference organised by the Guardian. She set up a public-private cooperation to find ways of detecting human trafficking with an academic, the Public Prosecution and the Labour Inspectorate, which eventually grew to enrol the Financial Intelligence Unit.
H	A Western European science-based company active in nutrition, health and sustainable living	An Indian NGO and a dairy cooperative	The application development manager and her team in the Innovation Centre aimed to address animal feed need in India by developing feed mix that could increase cows' milk production. Some Board members saw the initiative as philanthropy. They were sceptical as to whether the initiative would be feasible in the long run. The scepticism was also felt by the receiving business units. The Indian dairy cooperative was tasked with selling the feed to the farmer. The NGO was responsible for reducing the calving period to increase the hit rate of artificial insemination.

is meaningful to others is strongly context-dependent and therefore requires social activists to be receptive to the needs and frames of reference of their audience. Depending on their cultural frames, activists are able "to decide 'what is going on' and what courses of action are available to them as interactions proceed" (Fligstein, 2001: 109). They interpret the actions and positions of others, identify their interests, provide identities, and understand the ambiguities and certainties of their field (Fligstein, 2001) to gather support for the initiative within and beyond the organization.

One element of this practice is to craft a message that appeals to, and is in the language of, the audience: "When I speak with the fund managers, I need to craft a message in a way that makes sense from a financial perspective [allow-

ing] them to lobby for [the initiative]" (case A). In the absence of this, the social innovation initiative can fail, as illustrated by case H.

When crafting the message, activists do not uniquely rely on emotional responses. Indeed, a good business reason can create more sustained engagement than "making people feel warm and fuzzy" (case D). Alternatively, presenting a stark moral choice to decision makers can lead to success, as highlighted in case B: "we either get behind this initiative if we want to support and help diminish exclusion in society for this group of people, or we don't. It kind of had to come down to that." Reducing an issue to a binary choice, even if in practice there are many variants of possible action, makes the situation more conducive to nego-

tiation and helps construct collective identities (Fligstein, 2001: 114).

While this practice is often about engaging with individuals, there is also an element of bringing together multiple stakeholders around the initiative. This can mean building a sense of community in tackling a bigger societal challenge (case C) or making explicit how other firms have benefitted from engaging (case A). Since social activists need to convince multiple stakeholders that the social innovation initiative will work in their interest, this practice is often sustained by intensive “behind the scenes action” (Fligstein, 2001: 114).

Analysis of our cases suggested that creating meaning and stories that resonate with others is a practice that relies strongly on social activists’ communication and analytical skills. Negotiation skills also played an important, though less central, role.

## ACTIONABLE INSIGHTS

Social activists can play an important role in ameliorating societal inequalities through social innovation initiatives within and around the spaces they inhabit. MNCs can either nurture social activists internally or partner with them externally. We identify the following ways in which they can do so.

### CREATE CHANNELS FOR EMPLOYEES FROM LOWER-LEVEL POSITIONS, AND THOSE EXTERNAL TO THE ORGANIZATION, TO VOICE INNOVATIVE IDEAS

Social activists are not necessarily located at the upper levels of the multinational but are often from lower-level positions within the organization or indeed in one of the partner organizations. Many MNCs have multiple layers of hierarchy and reporting lines, with challenges in communication from employees and partners on the ground to leaders in decision-making positions. Participative communication channels can encourage employees and partners to come forward with innovative ideas and discuss collective solutions. Internally, MNCs can make use of employee resource groups, for example, to provide a space for social activists to gather and develop their ideas, allowing leadership to spot and nurture social activism. To engage with external activists, MNCs can establish stakeholder advisory boards to give voice to ‘critical friends’ and harness expertise on social and environmental issues.

### PROVIDE COMMUNICATION AND ANALYTICAL SKILLS TRAINING TO POTENTIAL ACTIVISTS

MNCs operate in diverse environments around the world and for individuals there are significant barriers to successfully navigating around the firm. While potential social activists may have sufficient communication and analytical skills to initiate the innovation within a structured space, MNCs can provide further training to strengthen these two skills which are crucial to the successful implementation of social innovations. Such training needs to ensure the applicability of acquired knowledge in concrete work settings. Examples include longitudinal analytical skill training, sce-

nario planning training and critical incident analysis training.

### EXPOSE KEY EMPLOYEES TO GREATER DIVERSITY AND UNDERREPRESENTED PERSPECTIVES

In areas where MNCs seek to advance social innovation, leaders must make sure that key employees receive sufficient exposure to a diverse set of new ideas. This can be achieved internally by engaging with employee resource groups and bringing on board marginalized groups, or externally by partnering with third sector organizations. Another important source of exposure to diversity is international experience, which may be gained through assignments in other countries, but also through membership of virtual global teams and international communities of practice.

## SUMMARY

The practices and skills identified are particularly important when social activists are not in senior roles within the MNCs or are new to the organization. They are similarly key for activists to convince multiple stakeholders with often diverging interests. Social activists’ practices and skills constitute an entry point to understanding how awareness and buy-in can be attained and social structures can be negotiated within and around MNCs. The insights discussed here highlight the need to develop systemic and ecological approaches from within and around MNCs to tackle wicked societal and environmental problems.

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## ACKNOWLEDGMENTS

This research was funded by the The Trans-Atlantic Platform for Social Sciences and humanities (T-AP-Social Innovation) in collaboration with the Economic and Social Research Council, United Kingdom (grant reference ES/T015225/1) and Netherlands Organisation for Scientific Research - Social Sciences and Humanities (grant reference 463.18.220).

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Submitted: September 12, 2021 EDT, Accepted: February 09, 2022 EDT



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