Chapter 16

Innovation, Sustainability, and Organizational Change in a Social Portuguese Organization: A Strategic Management Perspective

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ABSTRACT

Social economy has been a prominent topic among scholars, politicians, and practitioners. Social economy organizations are mission-driven with the purpose of creating social value, overcoming a social problem, and contributing to attain sustainable social development. In this chapter, a particular weakness underlying those organizations is addressed: lack of managerial skills and the importance of a well-structured process of strategic management and organizational innovation. Based on the analysis of a Portuguese case study, the goal is to increase the knowledge on the facilitating factors and barriers to the improvement of the quality of service and the efficiency of the management of a social economy organization, in order to understand how it creates and delivers social value and ensures its future sustainability. The findings highlight a number of best practices in the design of a structured innovation process which were supported by the Portuguese program Q3-qualifying the third sector, which may help similar organizations to improve their innovation and organizational processes.

INTRODUCTION

The concept of social economy has been a highly prominent topic among scholars, politicians and practitioners (Spear, 2013). However, there is no widely agreed definition of that concept (Noya & Clarence, 2007). As a working definition, social economy is understood in this chapter as integrating the set of activities with social and economic expression, managed by non-profit entities and aimed at satisfying needs not met by market mechanisms (Borzaga & Tortia, 2007). Within this context, organizations belonging to the social economy are mission driven organizations with a social purpose, since they try to meet a social need or tackle a social problem (Millar & Hall, 2013). Social economy organizations do not belong either to the public or the private sectors, they develop their activities within the economy as a whole, forming a third sector, whose role is to provide services that address social needs that are not served by the state or the market. Social economy organizations are characterized by democratic and participative decision-making processes, and profits are employed to expand the organization and improve its services to its members and to society (Bastida, Marimon & Tanganelli, 2017). In this way, they differ from the organizations of the business (or market) sector, which are profit-maximization oriented. Social economy organizations have grown in number and relevance, contributing to employment, social inclusion, democratic participation and community building (Noya & Clarence, 2007) and they have focused, particularly, on improving social cohesion, on achieving sustainable development, on protecting the environment and consumers, and enhancing/complementing social security policies (Monzon & Chaves, 2008). Examples of social economy organizations are (Pérez & Perdomo, 2017): cooperatives; mutual associations; foundations; philanthropies; social enterprises; holy house of mercy; and private social solidarity institutions.

The importance of the social economy in the overall economic context of a country is increasingly recognized (Bastida, Marimon & Tanganelli, 2017). For example, the European Commission highlights that a “significant proportion of Europe’s economy is intended to make profits for people other than investors or owners.” (European Commission, https://ec.europa.eu/growth/sectors/social-economy_en). In Europe, there are 2 million social economy organizations, contributing to about 10% of the output of the European business sector, with a share of about 6% in total employment (about 11 million people), revealing an industry that will be called to give a greater contribution to the current problems of unemployment and social cohesion due to the social and economic transformation under way. In the particular case of Portugal, this sector has a dimension as large as or more important than other traditional sectors of the economy, not only for the universe of 55,000 organizations that constitute it, for the 227,000 people it employs, but also for being responsible for 5.5% of national paid employment and 2.8% of gross value added (Decree-Law no. 172-A / 2014).

The main sources of funding for social economy organizations are (Dragan & Popa, 2017): public funds; private sources; revenues from the sale of goods and services and user contributions. However, it should be noted that, especially, for those organizations that are primarily aimed at responding more directly to the satisfaction of social needs, public funding is the major source of funds (López-Arceiz, Bellostas & Rivera-Torres, 2017). It is, however, imperative that these organizations move towards ensuring the conditions for greater financial autonomy.

In spite of the growing importance of the social economy, research on the phenomena of the Social Economy still lacks in many respects, concerning, for example, its role in the development of local, regional and national competitiveness (López-Arceiz, Bellostas & Rivera-Torres, 2017). There is a lack of

methodologies, tools and indicators appropriate to the social economy, which allow the reconciliation of the satisfaction of basic needs with the optimization of economic and social value (Granados, Mohamed & Hlupic, 2017). This could be caused by the complexity and diversity of the organizations, on one hand, which is a barrier to their comparability, and on the other hand, to their late and recent recognition on the production/provision of public services. Changes on public policies, the economic and financial crisis, the spread of unemployment and poverty, brings to the light the importance of these organizations (López-Arceiz, Bellostas & Rivera-Torres, 2017), which are ceasing to be residual in economic terms, and are becoming, alongside the State and the Market, a mainstay of the economy (Veltmeyer, 2017).

In this chapter, we focus on a particular weakness found in several social economy organizations (Cardoso, Meireles & Peralta, 2012): lack of entrepreneurial skills and the fact that social organizations managers and/or starting social entrepreneurs must be aware of the importance of a well-structured process of strategic management and innovation, in order to understand how the organization creates and delivers social value. This is an important research topic since it is in the social economy organizations that the greatest capacity to respond to new social and societal challenges can be found (Chaves & Sajardo-Moreno, 2004), by innovating, advancing, and pooling resources and wills, particularly in areas where addressing increasing inequalities, social exclusion and poverty require solidarity solutions and mobilization of the community (Kerlin, 2006).

The aim of this chapter is to contribute to the empirical literature on the organizational sustainability of social economy organizations, based on the analysis of a Portuguese case study. Specifically, in this case study we look at the process of organizational change and innovation in a non-profit institution (the Luis Bernardo de Almeida Foundation, LBAF). Departing from a review of concepts related to social economy and to strategic management and innovation in social mission organizations, an analytic framework to be used in the analysis and interpretation of the case study was designed.

The remainder of the chapter is organized as follows. Next section comprises a brief description of the conceptual framework supporting the study undertaken, where the concepts of social economy and social economy organizations are presented, a brief explanation of the Portuguese social economy sector is provided, and the resource-based perspective is described. Section 3 presents the research methodology undertaken in this study – the case study approach. Section 4 presents the case study, describing the profile of the social economy organization analyzed. Section 5 describes the process of organizational change followed by this organization, emphasizing the main findings. Section 6 discusses the main findings. Finally, section 7 draws the main conclusions of the chapter and presents avenues for future work.

CONCEPTUAL FRAMEWORK

Social Economy and Social Economy Organizations

Usually, the term social economy is understood as a broad concept (Araújo, Rodrigues, Telles, Vaz & Bittencourt, 2017). As underlined by Noya and Clarence (2007), several terms can be found in the literature to name the same phenomenon “without any strong delineation of the distinctions” (p. 10). Some examples of those terms are: social economy, solidarity economy, third sector, non-profit sector, and third system. The reason for this maybe be the fact that authors are trying “to capture both the social element as well as the economic element, inherent in those organizations which inhabit the space

between the market and the state” (Noya & Clarence, 2007, p. 10) and the fact that the concept of social economy has evolved in a way that reflected “the historical dimensions and developments of a range of different organizational types which have come to be identified with it” (Noya & Clarence, 2007, p. 10)¹.

Social economy is at the center-stage of the European Union action regarding active social policies (Fekete, Hubai, Kiss & Mihály, 2017) addressed to overcome problems of poverty and social exclusion of persons in a vulnerable position, and as a way to achieve the Sustainable Development Goals, contributing for a sustainable and inclusive growth (Moore, 2015). The social economy symbolizes the driving force to achieve a more stable and decent process of job creation, social cohesion, local sustainable development and social innovation (Laurentiis, Klaer & Martignetti, 2017). In fact, the social economy can be understood as an agency of social transformation, a space for social cooperation and grassroots solidarity action within a broader macroeconomic system, allowing the creation of spaces within the system for poverty reduction based on local sustainable self-development, the social capital of the poor and the empowerment and agency of the poor (Veltmeyer, 2017). Thus, as emphasized by Salustri and Vigano (2017), the social economy can constitute a powerful driver of territorial cohesion and community development, since it can be seen as the missing link between the market economy and local development, and, many times, it is backed by participative social movements. In this sense, the broader societal anchorage of the social economy can easily serve as a way to raise awareness of social change needs (Hudon & Huybrechts, 2017).

The core element of the social economy are social economy organizations, which have been growing in number and relevance whether in developed countries or in emerging or transition countries, and their relevance for balanced social and economic development is now widely recognized (Borzaga & Tortia, 2007). Those organizations put the pursuit of social aims at the heart of their economic activity, therefore embracing a holistic approach to social change (Hudon & Huybrechts, 2017), with an aspiration to transform social relationships based on self-help, mutual support and social solidarity (Vézina, Malo & Selma, 2017), and having a multi-bottom line (with both social and economic goals) and a multi-stakeholder dimension with a focus on finding sustainable solutions and empowering stakeholders (Granados, Mohamed & Hlupic, 2017). Underlying social economy organizations action (or practice) is the adoption of a bottom-up approach to solve societal challenges, because they often experiment with grassroots innovations responding to local social problems, and taking into account the needs and expectations of local communities (Hudon & Huybrechts, 2017). In fact, social economy organizations are able to compensate the lack of private and public provision of social services and to narrow spatial inequalities by fostering the connection between market and non-market economic activities and by exerting a productive and distributive function (Salustri & Vigano, 2017).

In the context of what can be called the social economy, a great diversity of organizations can be included in that sector of an economy. Taking into account that diversity and different schools of thought, Young, Searing and Brewer (2016) proposed the idea of a “Social Enterprise Zoo” to analyze the conceptual developments and practical experiences of this type of organizations. As stated by those authors “the zoo serves as a metaphor to signal that designation of social enterprise is an intentional construct, reflecting the limits within which we are willing to call something a social enterprise versus a conventional business, nonprofit, cooperative, association, or governmental entity” (p. 10) and “is particularly well suited for appreciating the complexity and diversity of social enterprise and the likelihood that no one simple model will suffice to understand social enterprise as a phenomenon or to advance it as a social strategy” (p. 10).

According to Dragan and Popa (2017), from a legal and institutional point of view, social economy organizations can be grouped in three categories of organizations: non-governmental organizations (associations and foundations, the non-market sub-sector of the social economy), cooperatives and mutual societies (the market or business sub-sector of the social economy). In this context, there are some common characteristics that allow one to classify an organizations as belonging to the social economy, as for example: independence of action, self-government and autonomy from government authorities; freedom of involvement, implying voluntary and open membership; democratic control by members; the person and the social objective taking precedence over capital, reconciling the interests of the members and the general interest; provision of services aimed at members and communities; and the protection and enforcement of the principles of solidarity and responsibility.

In a nutshell, the main motivation of social economy organizations is to overcome deficiencies of social policy and their ability to recognize both long-standing and new social needs (Laurentiis, Klaer & Martignetti, 2017), and to address them through original solutions emerging from new collaborations established among and within a variety of sectors (private sector, public sector or third sector) and scales (international, national, regional or local levels). As emphasized by Terziev (2017, p. 12), there are two main characteristics through which social economy organizations demonstrate their potential: “First, they act locally networked with multiple stakeholders and knowing well the local problems and they can offer solutions proven to work in a place like reach those groups at risk of poverty or social exclusion to which active social policies reach very rarely in comparison to purely passive assistance. Second, social economy organizations have the potential to mobilize and activate people that are themselves at risk of poverty and social exclusion and thus enable them to engage in improving their living situation”.

A Brief Description of the Portuguese Social Economy Sector

According to CASES (2010), the term social economy is ambiguous because it accommodates a wide range of concepts, such as the “third sector”, “non-profit sector”, “social economy”, and “alternative economy”, among others. It is very difficult to establish a single concept and define the frontiers of social economy. As emphasized by Parente, Marcos, Costa and Amador (2013), the themes of social economy and social economy organizations in Portugal raise in the discourse a series of concepts that are more or less associated with them, which are influenced by theoretical and ideological points of view. The Portuguese national statistics office (INE) and the non-profit institution CASES (Antonio Sergio Cooperative for Social Economy) use the definition proposed by CIRIEC (2012) on the pilot project Satellite Account of Social Economy for Portugal (SASE)-2010:

Set of private firms, formally organized, with autonomy of decision and freedom of membership, created to meet the needs of its members through the market, producing goods and services, ensuring financing, where the process of decision making and benefit or surpluses sharing is not directly linked to capital or contributions of each member, but corresponding to each member one vote. The Social Economy includes also private entities formally organized, with autonomy of decision and freedom of membership that produce non-market services for households and whose surpluses, if any, may not be appropriated by the economic agents that create, control or finance them.

In Europe, social economy activities contribute to about 10% of the output of the European business sector, with a share of about 6% in total employment (about 11 million people), revealing an industry that will be called to give a greater contribution to the current problems of unemployment and social cohesion due to the social and economic transformation under way (Dragan & Popa, 2017). According to the CIRIEC (2016) report, in spite of this important role of the social economy in Europe, its impact and weight differs among EU countries. As stated in that report, “while employment in the social economy accounts for between 9% and 10% of the working population in countries such as Belgium, Italy, Luxembourg, France and the Netherlands, in the new EU Member States such as Slovenia, Romania, Malta, Lithuania, Croatia, Cyprus and Slovakia the social economy remains a smaller, emergent sector, employing under 2% of the working population” (CIRIEC, 2016, p. 67). However, it can also be seen that regarding the evolution of paid employment in the social economy, Austria, Croatia, Cyprus, Hungary, Luxembourg, Malta and Slovenia have an important increase in this values whereas countries such as Bulgaria, Denmark, Lithuania, Poland and Sweden experienced a sharp decrease in paid employment. In terms of the types of organizations of the social economy, according to the same report, “measured in terms of employment, associations, foundations and other similar forms remain the main social economy ‘family’, comprising most of the social entities / enterprises and about 66% of the employment in this social sector” (CIRIEC, 2016, p. 67). As would be expected, social economy organizations (e.g. cooperatives, mutual societies, associations, foundations and similar entities) are in higher number on those countries with a larger population, such as United Kingdom (about 876,941 entities), Italy (350,356), France (195,584), Spain (189,538), and Germany (113,963), and are less numerous on those countries with less population (e.g. Malta, 749; Luxembourg, 845; Cyprus, 5,196; Denmark, 13,766; or Latvia, 19,611) (CIRIEC, 2016). However, if the indicator social economy organization’s density (meaning that one organization covers a given number of inhabitants) is taken into account the ordering of countries changes. Countries like Germany, Belgium, Luxembourg, Malta, Denmark, Romania, Poland, France and Austria show a higher density (ranging from 725 to 306) whereas Hungary, Sweden, Lithuania, Slovakia, Latvia, Croatia, Czech Republic, United Kingdom, and Finland show a much lower density (ranging from 151 to 38).

Regarding the Portuguese case, and following the zoo metaphor of Young et al. (2016), the panorama concerning social economy organizations is not much different from what has happened in other countries. In fact, an increasing complexity and diversity of the social economy organizations should be recognized because the ways in which these organizations can potentially address societal problems and needs are manifold. Those social economy organizations can be differentiated by their legal nature, by the way they are internally organized, by their primary area of intervention (e.g. social service, health, education, culture), by how social organizations interrelate and behave, among others. In Portugal, this sector, according to INE and Cases (2013), comprises Cooperatives (2,260 units); the Mutual Societies (119 units); a network of charities known as Santa Casa da Misericórdia (Holy House of Mercy) (381 units); Foundations (537 units) and Associations and other organizations in the Social Economy (52,086 units), involving 55.383 organizations, with a share of 5.5% of the total paid employment, representing a proportion of 2.8% of the gross value added.

According to Soares et al (2012) two thirds of the expenses of these organizations are related to the cost of goods sold and materials consumed (including the cost of food), staff costs, services and utilities costs. On the other hand, they indicate on their budget a great proportion of State contribution. The Social Economy Sector is facing a huge set of challenges and weaknesses, which include, among others,

the following: (1) the high dependence on financial support from the state; (2) the requirement to fulfill a set of criteria and rules imposed by the State, in order to maintain public support, particularly in terms of professionalism, quality and accreditation; (3) sustainability in a context of economic crisis, with a probable reduction in support and growth of social problems; (4) the need to reinvent their business models in order to avoid chronic shortages; (5) professionalization of top management; (6) economies of scale; (7) the qualifications of employees; (8) leadership; (9) equipment and facilities; (10) ICT integration; (11) demographic change; (12) asymmetries in population distribution.

To face these challenges and weaknesses it is imperative to improve the quality of the services and the effectiveness of management, thus contributing to competitiveness and sustainability. The following areas are particularly important: (1) forms of organization and management; (2) value chain of services; (3) integration of ICT; (4) improvement of procedures for quality certification; (5) development of internal skills: training and development for leaders and training for employees; (6) models of inter-institutional cooperation.

Parente (2016) undertook a study attempting to operationalize the notion of social entrepreneurship within the context of social economy organizations in Portugal, and concluded that these organizations show a fragile form of social entrepreneurship, reflected on state dependency both in terms of models of financial management and the definition and regulation of activities, recipients and social intervention. Also, Pais and Parente (2015) focused on the issue of how work-teams are represented and work in social economy organizations. Resorting to a case study methodology, they concluded that no significant differences between the way teams work in these organizations and in profit-making organizations were found.

Social economy organizations need to rethink their operating logic, without, however, neglecting the purposes for which they were established, so it seems particularly relevant the establishment of structured practices on strategic management and innovation. These weaknesses can be addressed through a program to support the development and qualification of individuals and organizations, integrating actions of training and consultancy.

Thus, one can argue that these organizations can apply principles, methodologies and practices of strategic and innovation management that for-profit organizations also regularly apply. The use of these principles and practices is not incompatible with their not-for-profit nature and, on the contrary, can provide a basis on which their activities and their purposes can be pursued and achieved on a more consistent, sustainable and effective way. In the following paragraphs elaborations are made on the concepts of strategy and innovation management and their articulation with the activities and purposes of social economy organizations. Specifically, the arguments are based on a resource-based perspective of the organization, where specific competencies provide the means by which organizations can leverage their resources and fulfil their purposes.

Strategic Management and the Resource-Based Perspective

To Rumelt, Schendel and Teece (1994, 1991) strategic management (also called “policy” or “strategy”) is related to the course of an organization, including the issues that are at the heart of top management preoccupations and those who are associated with the reasons why a business succeeds or fails. Hitt, Ireland and Hoskinsson (2011) state that “the strategic management process is the full set of commitments, decisions, and actions required for a firm to achieve strategic competitiveness and earn above-average returns”, or in other words, it is the successful formulation and implementation of a strategy

that creates value. These statements are perfectly applicable to social economy organizations, if terms such as “competitiveness” are replaced by “effectiveness”, and terms such as “returns” or “value” are understood in the context of non-profit objectives.

The basic elements constituting the cycle of strategic management are the analysis of the environment, the formulation and implementation of strategy, assessment and monitoring. The analysis of the environment includes analysis of: the general environment, the industry/sector, competition, organizational structure, organizational culture and the resources that the organization has at its disposal. The process of formulation of strategy is closely linked to the progress of long-term plans in order that an organization deals effectively with the opportunities and threats that it faces in its environment, in light of its strengths and weaknesses. Strategy formulation is then made by the mission, objectives, strategies, (comprehensive description of how the organization will achieve its mission and objectives) and policies (which are lines of action that will support decision making). Strategy Implementation is related to the execution/implementation of strategies through the explanation of programs (activities necessary for the completion of a plan), budgets (programs in financial terms) and procedures (sequential steps that describe in detail how to perform a specific task or function). Assessment and control are processes that allow the tracking of activities and results of the organization in order to be able to compare the actual to the desired performance, allowing the introduction of measures to mitigate the observed deviations.

Hrebiniak (2006) argued that there is a gap between strategy formulation and strategy implementation. A possible reason for that is the fact that managers are not trained to implement strategy as well as they are to plan and formulate strategic intentions (Barbosa & Romero, 2014). Another problem is related to the general conviction that strategy implementation plays a minor role in terms of the hierarchy of strategic actions, being more adequate for lower levels of management, forgetting that management commitment is essential to a successful implementation. The author also argues that the top six obstacles that managers face are: (1) inability to manage change; (2) poor or vague strategy; (3) not having guidelines or a model to guide implementation efforts; (4) poor or inadequate information sharing; (5) unclear responsibility and accountability; (6) working against the organizational power structure. The case study addressed in this article shows the importance of such items, and the role that competencies related to strategy formulation and implementation can play in the performance of the organization.

The gap between strategy formulation and strategy implementation can be analyzed through the lens of the resource-based view theory of the firm (Hadjimanolis, 2000), which, we argue, can be applicable to social economy organizations taking due account of their different motives, management preoccupations and priorities and objectives in terms of the services that are provided and to whom they are provided. In any case, whether it is a for profit firm or a non-for-profit organization, both types of organizations need to acquire, integrate, develop and deploy competencies and skills that are needed to the provision of goods and services to their customers or to the recipients of their services, in a way that it is effective and sustainable (Vézina, Malo, & Selma, 2017). The resource-based view theory of the firm tries to explain the source of sustained competitive advantage of a firm by asserting that such a sustained and competitive position is dependent on the acquisition and leverage by the organization of valuable, rare, inimitable and non-substitutable (VRIN) resources and capabilities (Kraaijenbrink, Spender and Groen, 2010). Among the many resources and capabilities that an organization can master, there are specific types that seem particularly important to achieve that aim, which are the so-called “dynamic capabilities”. According to Teece (2007) “...dynamic capabilities can be disaggregated into the capacity (1) to sense and shape opportunities and threats, (2) to seize opportunities, and (3) to maintain competitiveness

through enhancing, combining, protecting, and, when necessary, reconfiguring the business enterprise's intangible and tangible assets..." (Teece, 2007, pp. 1319).

These capabilities are intimately linked to the obstacles faced by managers and referred to above. Social economy organizations face particular challenges regarding these issues, due to a somewhat differential approach to the style and practice of management, which is not exclusively based on hierarchal systems, typical of for profit firms, but are instead based on a more cooperative and collaborative stance, where employee loyalty and common value sharing may condition the management approach of the organization (Sanzo-Perez, Álvarez-González, & Rey-Garcia, 2015).

Strategy and innovation are distinct concepts both in terms of definition and function, being innovation a source of competitive advantage which grows out of specific (dynamic) competencies that are developed inside the organization. In the context of non-profit organizations, the "competitive" advantage of the organization is translated into its capacity to deliver the goods and services in a sustainable and effective way, under certain identified resource restrictions. Thus, innovation and strategy are complementary and feed on each other (Dobni, 2010). According to the Oslo Manual (2005), which establishes the guidelines for the collection and interpretation of data on innovation, developed by the OECD: "An innovation is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations". Social economy organizations provide and develop essentially services, which have a set of characteristics that distinguish them from goods: (1) Intangibility; (2) Heterogeneity; (3) Simultaneity; and (4) Perishability. According to Dantas and Moreira (2011), and Booz, Allen and Hamilton, cited by Edvarsson et al (2000), innovation in services can be classified into categories that range from "Worldwide new services" to "Cost reductions". Social economy organizations output could also be eventually classified into those categories, although the purpose of this chapter is to look at the internal organizational innovation, and so at the innovations classified by the Oslo Manual (2005) as "process innovations", but also, and primordially, at innovations classified as "organizational innovations".

Organizational change is the process of converting an organization from its current state to a desired future state (O'Sullivan & Dooley, 2009). All innovation results in change, but not all change is innovation. The core techniques referred in the management literature for managing organizational change include: (a) Strategic planning: The changing areas are called objectives or strategies and are intended to guide the teams in the development of ideas or projects to achieve objectives; (b) Performance Evaluation: Assign measures or indicators to critical aspects of organizational performance; (c) Management of Creativity: Generating ideas or problem solving; (d) Project Management: Need to effectively manage multiple tasks and initiatives; (e) Knowledge management: How to effectively manage change for managing the information associated with the change.

All these techniques are potentially applicable within the environment of social economy organizations, with due adjustments that reflect their nature, their management ethos and practices, and their "costumers" (Rodriguez & Guzman, 2013). To define and implement a structured process of strategic management and innovation, it is important that the organization defines how it creates, delivers and gets value (business model). The business model is like a plan for a strategy to be implemented through organizational processes and systems structures. The application of this concept is new in the area of social economy (Picciotti, 2017). In the remainder of this chapter, through the presentation of a case study, it will be shown how these concepts and elements were applied in this area, namely how an organization acquired management competencies and dynamic capabilities related to strategy and innovation.

RESEARCH METHOD

The research strategy used in this work was the case study. This methodology is used as a valid way of exploring existing theory and as an exploratory way to provide an integral vision and a general understanding of a phenomena (Yin, 2009). The research qualitatively describes and analyses the phenomena of organizational change operated on a Social Portuguese Organization. It was an intentional and thought out process that the organization implemented within a defined time period and in collaboration with an external consultancy organization. The case study is focused on this specific event that changed the whole organizational structure of the Foundation and, as such, it disregards intentionally other events and phenomena, for which information was collected, but that do not have meaningful implications on the specific phenomena of organizational change. The decision to include or exclude events from the description and the analysis of the case is based on the subjective perception of the researchers. The research process was made in two distinct phases. The first phase consisted of a literature review. The two main themes addressed in this review were strategic management and the social economy. Other subthemes addressed consisted of the resource-based view and social innovation. The main, but not exclusive, query on the literature review was the search for studies that integrated the main themes and subthemes on specific situations. The second phase consisted on the collection of data from the object of study. Secondary data was extracted from reports and other documents of the Foundation. Primary data was obtained from in-depth interviews conducted with eleven managers in Luiz Bernardo de Almeida Foundation. The fact that the primary data was obtained from several managers of the organization, which occupied different hierarchical positions and had different responsibilities, made it possible to compile a much more complete perspective of the change phenomena, than it was otherwise possible if the interviews were restricted to just one or a few top managers. This primary data constitutes the main empirical evidence on which the case is based. The integration of the different sources of the primary data into a coherent perspective, and using conceptual frameworks provided by the literature review, was made by the authors.

The methodology is not prone to generalizing the results, which is a characteristic of the case study strategy, and due to the specificity of the context, but it highlights a set of practices concerning the key factors for the establishment of an effective innovation and sustainability strategy for social economy organizations, based on established conceptual frameworks from the management literature.

CASE STUDY DESCRIPTION

The Luiz Bernardo de Almeida Foundation (hereafter LBAF) is located in the municipality of Vale de Cambra, district of Aveiro, Portugal, and was established in 1957 in order to fulfil the testamentary disposition of Commander (by honorable distinction) Luis Bernardo de Almeida. Its heritage consists on the assets of its founder and the other values acquired throughout its existence. The institution provides a diverse set of services aimed at the elderly and the children. The institution started functioning with a nursing home in 1972, and in 1985 implemented a Home Support Service, directed at the elderly. This service was one of the first to be created at the District level. The institution also manages a Day Centre, where the beneficiaries are also elderly people that are independent in terms of mobility. In 1999 an Office of Family and Community Support was created. In October 2004, a nursery school was built. The Family Support Service is directed at kindergarten level children.

In fact, social economy organizations with their links to local communities and their ability to harness resources from those communities, play an important role on the provision of social services, particularly for those more vulnerable groups of the society (such as the elderly and the young), and in that way fostering social inclusion (Noya & Clearence, 2007). However, due to the increasing concern with long-term financial sustainability, social economy organizations (such is the case of LBAF) need to develop new organizational structures and adopt new business models to allow them to achieve both their social and economic goals and to ensure their future sustainability (Hudon & Huybrechts, 2017). Furthermore, for those social economy organizations that rely heavily on public funding (such is the case of LBAF) that dependence may become problematic if a decline in public support is experienced. In the last six years, the Portuguese state budget was faced with severe financial constraints which prevented public funding from growing at an appropriate rate to support organizations of the social economy. In this context, revenue diversification is crucial to ensure longer-term financial sustainability.

A broader forward-looking long-term perspective is needed if the socio-economic success of the social economy organizations is to be achieved. One possibility to explore is to call for a strategic management perspective and a focus on the adequate process of organizational change and innovation. As pointed out by Kinyuira (2017), social value creation and economic performance management should be seen as a strategic process capable of making wealth creation more effective and fair, implying the adoption of a systematic management and reporting framework integrating both social and economic dimensions. In the particular case of the LBAF organization some of the most important weakness found (as will be described and explained in more detail in the following section) were: slow level of organizational response compared to environmental changes; difficulties on inter-departmental communication; narrow vision of the organizational objectives; lack of unity of command and difficulty in determining the extent of the authority and competence of managers and inadequate control range. To overcome these problems and to the accomplishment of their social and economic mission, management ability and skills need to be improved, enabling the LBAF to adapt to the new environment in which it operates.

THE PROCESS OF ORGANIZATIONAL CHANGE

The Initiation of the Process

The process of organizational change begun when the board of LBAF took certain decisions that proved to be crucial for the survival of the institution. These decisions were followed by an application to the so-called Q3 Program (Qualifying the 3rd Sector), a national program that aims at developing skills and organizations of the 3rd sector, improving the quality of their services, the effectiveness of management and contributing to their competitiveness and sustainability through participated and sustained processes of consultancy and training. The aim of the board was to ensure the sustainability of LBAF, and the improvement of the quality of services. There was a strong belief that the organization had a poor organizational performance, which was translated into weak economic and financial results and on poor service provision, so it would be extremely important to know the causes of this poor performance in order to mitigate or even eliminate them.

Besides providing financial support, the Q3 Program would provide access to an integrated, impartial and experienced vision by an external and recognized entity, that would identify the main problems that the institution was facing and provide a framework to manage the actions to mitigate or extinguish those

problematic situations, through actions of training and consulting made to fit the organization profile, its size, the problems identified and the defined objectives. The Q3 Program involves a strong partnership between some important organizations in Portugal: AEP (Chamber of Commerce and Industry), Fenacerci (National Association of Social Solidarity Cooperatives), Minha Terra Federation (Portuguese Federation of Local Development Associations), CPCCRD (Portuguese Confederation of Culture, Recreation and Sport communities), UTAD (University of Trás-os-Montes and Alto Douro), among others. The intervention follows a model, which involves several phases: recruitment and selection, conducting a diagnosis, preparation of a development plan, implementation measures, review plan and recommendations. All activities are evaluated externally and internally validated, and all actors (consultants and trainers) have certified skills in order to act in accordance with the procedures to ensure the quality and effectiveness of the intervention. The intervention on the organization had a duration of about one year and followed the steps described below.

In analytic terms, and under the resource-based perspective, this phase corresponds to the efforts of organizations in sensing and trying to learn, acquire and integrate the required resources and capabilities that would benefit the organization. The following phases, described in the following sections, corresponds to the efforts of integration and leverage of resources and new capabilities, which involved the reconfiguration of tangible and intangible assets of the organization.

Organizational Diagnosis

This phase began with the signing of the Development Contract - the document which defines the commitments between the organization and the organization that manages the intervention in order to promote the desired organizational development of the beneficiary of the intervention.

The organizational diagnosis is essential because at this stage all the problems are identified and the goals that are the target of the intervention are defined. It is, therefore, necessary to resort to the holders of the knowledge of the organizational reality, elements that experience the daily life of the organization and make the exploration of problematic situations. The idea is to maximize the participation of the whole organization in gathering problems, where the consultant only assumes the role of a listener/agent/moderator.

In the realization of the organizational diagnosis, the main reference activities that sustain it are: (1) Listening to people; (2) Documentation review, (3) Sectoral framework and context; (4) Problem tree; (5) Current Situation/Desired Situation; (6) Objectives Tree.

In addition to listening to people, there are also, at this stage, activities that promote their participation in all stages of the process: (1) Meetings with Top Management; (2) Meetings/contacts with an internal facilitator; (3) General Sessions held for the entire organization. On the analysis of the tree problem, a key tool of the diagnosis, it was found that the general problem of LBAF was a poor organizational performance. Seven intermediate problems were identified as causes of this general problem: poor organizational structure; poor planning of activities; poor management practices in human resources; scarcity of financial resources; poor implementation of quality and a lack of employee skills, having been detected 85 terminal problems as causes of these intermediate problems.

To analyze the organizational structure, five basic components of it were considered (Mintzberg, 1999), where some terminal problems of LBAF were fit:

- **Strategic Level:** The strategic level comprises the organizational decision makers, here materialized in the board function. The problems identified relating to this component were, among others: poor strategic management and reduced operational presence of the board.
- **The Techno-Structure:** Comprising the rules and procedures for managing the behaviors of employees. In this component were identified, among others, issues of horizontal and vertical differentiation, which were manifested in a poor communication between hierarchical levels and lack of team spirit; problems of formalization as a poor definition of roles and tasks and also problems located at the level of centralization, such as an excessive number of tasks and responsibilities centralized in the Technical Director.
- **The Support Staff:** Includes employees that are not directly involved in producing goods or services. However, they have the responsibility to support the primary activities, such as, for example, cleaning and feeding. In this field, several problems were detected, including deficient HACCP (a quality norm related to food processing) and cleaning practices.
- **Intermediate Level:** Includes managers who make the connection between the strategic level and the operational level. The services and technical direction, as well as the sector supervisors, are included in this level. In this component, problems such as poor management of teams (inadequate control range), lack of sectoral meetings, lack of performance evaluation, and a poor distribution of tasks were identified.
- **Operational Level:** Includes all employees of the institution running the production of goods or services. Here problems were also detected, among others, difficulties in interpersonal relationship, resistance to change and lack of a training plan.

Although the weaknesses of each component of the structure were identified above, the weak points in this structure, in general terms, were due to a slow level of organizational response compared to environmental changes, to inter-departmental communication difficulties, to a restricted vision of the organizational objectives, to a lack of unity of command, to a difficulty in determining the extent of the authority and competence of managers and to inadequate control range.

The Process of Implementation

The Development Plan

In this section the development plan established to bring change to the organizational structure is presented, showing the main results of the actions made. A summary of the evaluation of these actions is made in the next section.

On this phase, it was crucial to develop two enabling dimensions: (1) an active participation of all members of the organization in order to promote an open debate, generating and sharing ideas to jointly achieve the targeted objectives and (2) an approach based on management by objectives (MBO) in order to establish appropriate objectively verifiable indicators, using the SMART (Specific, Measurable, Assignable, Realistic and Time-related) philosophy to monitor and evaluate the implementation and to decrease the resistance to change.

The Development Plan establishes the training actions which allows the transition from the current situation to the desired situation. The plan is based on the following tools: (1) Actions tableau; (2) Actions tableau by activities; (3) Project Planning by Objectives Matrix; (4) Implementation Schedule. In the development plan we look for appropriate and feasible solutions to solve the problems of the current situation and achieve the goals of the desired situation. The technical expertise of the consulting team and of the elements of the organization was instrumental, seeking to expand the use of the knowledge hold by these elements, and using creativity to find the most appropriate, diversified and financially encompassed solutions.

Under the Q3, all the predicted actions are of a training nature, and may fit into the following types:

- **Employees Qualification:** Within this typology the following training activities directly related to the problems of organizational structure identified above were established: (1) Operations Management; (2) Interpersonal and conflict management; (3) Quality Management - Food Area and (4) Customer Service.
- **Implementation of Improvement Projects:** Within this typology, the following training activities aimed at solving problems related to organizational structure were established: (1) Strategic Management Practices; (2) Quality Management System; (3) Cooking Techniques; (4) Geriatrics; (5) Team management and (6) Human Resources Management.
- **Thematic Workshops.**

The development plan was pre-validated by the management and was discussed with everyone in the organization before the final version, benefiting, therefore, of the participation of all in the definition/specification of the actions to implement. The presented development plan solely corresponded to the set of eligible actions under the Q3 Program, although the board itself draw up a set of own actions in order to simultaneously eliminate or mitigate problem situations not eligible by the Q3 Program.

Implementation Schedule

The capacity to monitor and control the development plan was essential to the success of the implementation. There were some mandatory mechanisms and requirements which were necessary to achieve that: (1) an external team of consultants that provided a detached and an independent view of the work; (2) a high degree of commitment and skills of the liaison consultant in charge of the process, namely his capacity to monitor and control the process and his capacity to articulate the functioning of a team, in particular regarding the specialists consultants in charge of the implementation of the specific measures and actions, through a clear and fluid communication channel; (3) knowledge of the development plan and active participation of the members of the organization in its execution which established a commitment of the entire organization with the external team in order to achieve the goals without deviations from the original plan.

A timeline was stipulated for the implementation of training activities leading to the resolution of identified problems, which had a duration of five months. The entire project had a one-year duration, and it was composed of approximately one hundred hours of consultancy and two hundred and forty hours of training activities.

In the initial diagnosis eighty-five terminal problems were detected that resulted in eighty-five goals. Thirty of these were not achievable by conducting training activities, so the eligible objectives supported by Q3 funds were fifty-five. These resulted in twenty-three results to be achieved. In addition to the actions recommended in the Q3 Program, eight actions were established in conjunction with the board of the organization, in order to achieve the objectives not covered by the Q3 Program. An activity tableau of ten actions/activities was prepared, but it was possible to perform one more action in addition to the initial proposal (Management Control).

Results of the Actions

Results Achieved

All twenty-three expected results were achieved. In addition to these, the intervention allowed for several changes, which affected several areas of management and operation of the organization, particularly with regard to its organizational structure. From the results achieved, it is particularly important to stress those that are most directly related to the organizational structure. A new organizational structure was defined whose main goal was to move from a mechanistic bureaucratic structure to a horizontal structure. The main motives which motivated the development of this type of structure were related to greater customer proximity based on speed, efficiency and quality of services, a greater flattening of the organizational structure, the search for competitive advantage in a turbulent external environment, the creation of real teams and the facilitation of collaboration, a greater emphasis on operational processes as a creator of value, a delegation of work to the lowest level.

In order that the implementation of the new organizational chart was successful, the chart was redesigned, adding activities and services actually rendered by the organization and which were not reflected in the older chart, having as a direct result the ability to clearly define the roles, tasks and responsibilities of each member in the organization.

It was also implemented a methodology for evaluating the individual and team performance and development, identifying the training needs of each element in order to maximize their performance at the individual level or at the level of working groups. In order to simplify procedures and minimize the resistance of employees in its implementation, two training actions were undertaken in quality management systems, and the organization decided to move forward in the implementation of the ISO 9001: 2008 standard in its five dimensions.

A final observation is due related to the conduction of training activities directed to all managers, in order to develop skills in implementing effective leadership, and two training activities designed to improve the skills of employees in teamwork and conflict resolution.

Summary of Actions Assessment

In order to know if the problems were solved and what improvements the organization experienced, the opinion of the organization leaders and the facilitator were sought considering the Actions or Activities implemented and the most important results, either in the immediate or short term. There was a strong commitment in the implementation of the Actions and in achieving the expected results, which led to a successful result. All the implemented measures were considered very important by the leaders and the

facilitator. The measures that were believed to have a greater impact in the organization, and that fitted the problems related to the Organizational Structure of LBAF identified above, were the following:

- Quality Management System.
- Quality Management-Food Area.
- Strategic Management Practices.
- Human Resources Management.

Regarding the results achieved which had the greater impact, they were those derived inherently from the above actions:

- Implementation of Quality Management System in Social Responses.
- Implementation of HACCP System.
- Strategic objectives definition.
- Organizational Structure Restructuring materialized in the design of a new organizational chart, with a consequent redefinition of roles, tasks and responsibilities.

In general terms, it can be said that the following constituted good practices in the implementation of the organizational process of change:

- The involvement of Top Management.
- The involvement of the operational teams.
- The existence of a structured, tested and friendly methodology.
- Independence, experience, openness and involvement of the external consultant.
- Tailor made to the problems of the organization.

DISCUSSION OF FINDINGS

Social economy organizations are being promoted as a responsive and innovative way for the provision of public services (Millar & Hall, 2013), based on the idea that such social organizations have the potential to deliver greater responsiveness, efficiency and cost effectiveness. But at the same time, those organizations are increasingly requested to demonstrate the social and economic value they create. In this context, such organizations need to have (or implement) formal standards and administrative procedures that allow to measure their performance. However, it is often argued that emphasis on outcomes and evidence-based performance misses out important features of the social economy organizations functioning (Millar & Hall, 2013).

From the findings presented in the previous section, one can have an idea of the perception of the Board of LBAF about the strengths and weaknesses of the Q3 model intervention, and the results of the external evaluation, conducted by UTAD (University of Trás-os-Montes), regarding the implementation of the program. The board of LBAF recognized that the positive aspects or strengths far outweigh some of the negative aspects or existing weaknesses. The managers interviewed even had some difficulty in identifying negative aspects or weaknesses of the intervention. The concentration of the implementation of the various steps/activities within a relatively short period of time, five to six months, was the weak

point mentioned by the interviewees. This resulted, for example, in the reduction of the availability of time by managers and employees in the implementation of the actions, which in some periods was very demanding. In general, the strengths of the intervention were highly valued by the leaders of the organization.

The Q3 project increased motivation and the degree of participation of the people in the organization; it identified in a clear way the existing needs; it improved internal operations (e.g., by redefining organizational structure, new processes and services); it forced members of the organization to look inward and to look for solutions; it allowed new learning through training focused on very specific needs; it allowed to have an enlarged, both external and internal, vision. Essentially, the project's strong point was the creation of favorable conditions for change in the organization which, as mentioned above, involved large parts and several dimensions of the organization, and which is a fundamental dynamic capability that fosters innovation and sustainability of the organization.

The methodology of participatory action training, implemented by external elements with facilitation skills and processes in the field of management, as well as sensitivity and experience in the context of non-profit organizations, is an efficient and effective tool for organizational change, adaptable to various circumstances. However, their success depends largely on its appropriation by the organizations, through the commitment and participation of managers, technicians and employees. In addition, the state of necessity and awareness of the urgency of change in organizations is also a factor of great importance (Baptista, 2011).

The final evaluation report of the implementation of the Q3 Program, conducted by UTAD in partnership with CETRAD praised the implementation of the Q3 program in LBAF, considering it an example of best practice in implementing change that crossed several fields of management and operation of the organization. It highlighted the participation of the leaders, including the Board, its commitment and permanent participation (it followed daily activities, being present in the training sessions), the degree of employee involvement, which was marked by adherence to the process and the interest and potential that they saw on it. These results corroborate the idea of Granados, Mohamed and Hlupic (2017) that social economy organizations may rely on external sources of knowledge to support their operations and strategies. This knowledge transfer is essential to accurately tackle and assess their social impact. Furthermore, Bastida, Marimon and Tanganelli (2017) stressed that alliances with other stakeholders are important for social economy organizations, because they are mainly of relatively small and medium size and need to collaborate to improve their access to resources and knowledge, so that they can improve their performance and enhance their creation of social and economic value.

This case study showed how the process of change in a social economy organization was sustained by an approach based on the acquisition of competencies related to strategy formulation and implementation, and to practices of innovation management, leading to the development and consolidation of dynamic capabilities, which, according to the resource-based view of the organization, are important factors that provide competitiveness and sustainability to organizations, and in particular, to social economy organizations, that can benefit from this management perspectives to improve their service providing potential. Dynamic capabilities that were acquired during this process included capabilities related to developing and integrating learning processes, capabilities to strategically manage processes and procedures and capabilities related to establishing and maintaining a network of external relations. Resources developed by these processes included the new organizational layouts, the improved processes for interdepartmental communication and the revised roles for managers and employees, among many others. The acquisition of competencies was made possible through the financial support of a government program and by the

intervention of a set of external actors that acted as vehicles of knowledge transfer. As stated above, it is difficult to generalize the perceptions of this case study, but it seems that some factors may be very important points to have in consideration: a structured approach to strategy formulation and implementation, a systematic consideration of innovation practices, an interface between external knowledge providers and the organization to enable effective knowledge transfer and a capacity and willingness to acquire and absorb knowledge.

Social economy organizations play an extremely important role not only in attaining economic growth but also achieving sustainable social development (Juliani, Silva, Cunha & Benneworth, 2017). Taking into account that those organizations cannot grow or develop without a forward-looking long-term perspective, adequate processes of strategic management and of organizational change assume a preponderant role also in these organizations of the social economy. Some of these organizations succeed, while others fail, so the strategy adopted by their top decision-makers is important (e.g. in terms of social value creation, meeting the needs of their target public/community, and the motivation of their employees). The definition of this strategy is based on the identification of the actions that the managers intend to put into practice, in order to achieve a higher level of performance and a competitive advantage.

A difficulty that social economy organizations face is related to the fact that their main source of revenue is, essentially, government funding (López-Arceiz, Bellostas & Rivera-Torres, 2017). Given the financial constraints on which the Portuguese economy, in general, and the public administration, in particular, went through in recent years, this state-sponsored support is becoming increasingly scarce, causing an important negative impact on those organizations. Confronted with this situation, the challenge that social economy organizations face is to find other sources of revenue and forms of funding, in order to ensure their future sustainability. In this context, it is understood that the implementation of a strategic action that takes into account an adequate process of organizational change coupled with a clear focus on social entrepreneurship initiatives is essential to contribute to the creation of social value while ensuring its economic-financial viability. However, as pointed out by Noya and Clarence (2007, p. 20), it is necessary to recognize that “there is no simple solution to how social economy organizations can achieve financial sustainability, although it is evident that social economy organizations need the opportunity to exploit the full range of potential resources”. In this context, sharing knowledge, experiences and good practices across social economy organizations might play an important role if these organizations intend to have a major impact upon the lives of individuals and communities.

The practice of social economy organizations points to a successful and sustainable experience due to the multiple interactions and social relations established with all the stakeholders. Thus, their impact is felt not only on the social and economic dimensions but also on the cultural and territorial ones. They contribute to community development, through job creation, increased income and poverty eradication, and to overcome problems of social exclusion, especially those affecting more vulnerable and disenfranchised groups of the society. As highlighted by Hudon and Huybrechts (2017), in the practice of social economy organizations, democracy, a participatory mode of governance and collective action are implemented to empower stakeholders that are not traditionally given a voice in the shaping of organizations, promoting social justice and social change and helping to increase the well-being and social capital of people as well as to respond to the emergence of new societal needs.

CONCLUSION

Due to their characteristics, social economy organizations have been responsible for the existence of a different approach to socio-economic activity, which is to privilege people instead of capital. Until recently, the frontiers of the social economy were seen as a blurred concept between the market and the state (Defourny & Nyssens, 2013). However, nowadays social economy represents an important part of the economy and social economy organizations face significant challenges in terms of management ability and knowledge, resource allocation, social entrepreneurship, and social accountability (Besana, 2017), while, at the same time, they thrive through the effort of dedicated individuals and organizations committed to ethical entrepreneurship (Amin, 2009). Those organizations can be seen not only as organizations producing goods and/or services, but also as enablers of social connections and collaborative action, a fundamental aspect for the creation of social value and social capital. Actually, these kind of organizations are well-placed to address the grand challenges of the 21st century, namely ageing of population, high rates of unemployment, inequality in income distribution, and social exclusion problems, as well as, to foster active citizenship, solidarity, and democratic participation (Cunha, Benneworth & Oliveira, 2015).

The current empirical study offers a significant contribution to the literature on the use of the strategic management approach and the process of organizational change in the context of a social economy organization, providing an important contribution to assessment of the validity and appropriateness of those tools in that kind of organization. However, it should be bear in mind that the empirical study was focused on only one case study, within the specific context of a social care provision institution, and conducted at a particular point in time. Thus, one should be careful when trying to generalize the findings to other contexts. From the actions and/or activities implemented the following main results were achieved. Firstly, a new organizational structure was defined, whose main goal was to move from a mechanistic bureaucratic structure to a horizontal structure. Secondly, the organizational chart was redesigned, adding activities and services actually rendered by the organization and which were not reflected in the older chart, having as a direct result the ability to clearly define the roles, tasks and responsibilities of each member in the organization. Thirdly, a methodology for evaluating the individual and team performance and development was implemented, identifying the training needs of each element in order to maximize their performance at the individual level or at the level of working groups. Finally, it should be stressed that a strong commitment in the implementation of the actions and in achieving the expected results, which led to a successful result, was observed. As underlined by López-Arceiz, Bellostas and Rivera-Torres (2017), it is most likely that the success of social economy organizations is due to their capacity to seek new opportunities, diversify their activities, innovate, and develop new strategies and management models.

The social economy can be seen as an important incubator for the support of social innovation initiatives (Hubrich, Bund, Schmitz & Mildemberger, 2012). Social economy organizations might be a fruitful ground for social and organizational innovation contributing to solve social needs and to achieve social change (Juliani, Silva, Cunha & Benneworth, 2017), which means that start-ups and innovation in the social economy need to be encouraged. In fact, the development process of social economy organizations shares some characteristics with the social innovation process, namely in terms of being a localized, bottom-up process, with multiple actors, democratic governance, a social inclusion and cohesion perspective (Benneworth & Cunha, 2015), and with an objective of transforming the policy framework in order to advance new agendas (Vézina, Malo & Selma, 2017).

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KEY TERMS AND DEFINITIONS

Organizational Change: Occurs as a response to the drivers of change, leading organizations to implement new strategies and management models that can ensure success in the process of adaptation to the environment in which they operate.

Organizational Innovation: Relates to changes in an organization's organizational methods and structures in order to gain a competitive advantage over its competitors. This type of innovation has a more intangible nature than product or process innovation.

Social Economy: Includes those organizations with their own management and positioned between the market and the state. Such organizations view the possibility of profit as a mere instrument rather than an end in itself, since they are more focused on accomplishing social goals. The main objective is to serve the population, always based on the private sphere of the society.

Social Economy Organization: An organization that delivers a service and is social mission oriented in order to create social value.

Social Entrepreneurship: A field of action involving different kinds of actors, in which sociocultural and historical contexts emerge as key features, where individuals, the social entrepreneurs, construct outcomes, using entrepreneurial alertness and motivation to solve societal problems.

Social Innovation: A true social innovation is systems-changing by developing novel solutions in border spanning learning communities to create social value and promote community development, challenging existing social institutions through collaborative action developing wider networks.

Social Mission: The willingness of an individual or organization to pursue social goals focused on helping social excluded citizens, improving the quality of social services, and contributing to increase social responsibility.

Social Value: The value that accrue to society from social entrepreneurship/social innovation initiatives and that allow to solve social problems and create social capital.

Strategic Management: Relates to the definition by the top management of an organization of its main objectives and action plans to achieve those objectives, taking into account the resources available in the organization and an assessment of the internal and external environments in which the organization operates.

ENDNOTE

- ¹ A review of the literature about the concept of social economy is beyond the scope of this chapter. The working definition presented in the introductory section is assumed to fit the needs of the current chapter.

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