

Chapter 7

Social Innovation in the For-Profit Organization: The Case of Banca Prossima

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ABSTRACT

Social entrepreneurship and social innovation are attracting increasing attention from policy makers, practitioners, as well as academics. They represent different ways of thinking and addressing social issues often overlooked by public/private organizations and also provide a viable means of responding to multiple social, economic and environmental crises. With this in mind, this chapter leads to a better understanding of social entrepreneurship and social innovation in the non-profit sector, using one specific case followed by a more generalized discussion. The case of “Banca Prossima” illustrates engagement in social problems and trying to find and apply new solutions that simultaneously meet a social need while also leading to new or improved capabilities and relationships and a better use of assets and resources.

INTRODUCTION

Social entrepreneurship has fast become a global phenomenon (Zietlow, 2002; Robinson et al., 2009), receiving increased attention from researchers (Doherty et al., 2014; Dees, 2012; Defourny and Nyssens, 2008; Haugh, 2007; Hockerts, 2006; Mair and Martí, 2006; Short et al., 2009), including identifying its relevant societal effects (Austin, 2006; Martin and Osberg, 2007) and moving towards the definition of innovative approaches and activities to solve certain social problems (Robinson et al., 2009).

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Globalization of the social entrepreneurship phenomenon is strictly associated with the following key factors: wealth disparity at the global level; market, institutional and state failures; spread of the corporate social responsibility movement; technological developments and recognition of shared responsibilities (Zahra et al., 2008). Two additional reasons may further explain why social entrepreneurship has emerged so strongly in society. First, social entrepreneurship can help non-profit organizations define and work in innovative ways, improving efficiency in products/services and serving their communities better (Reis and Clohesy, 1999). Second, certain conditions are best served by alliances between corporate and non-profit organizations where cooperation can clearly produce a better quality of life (Jiao, 2011).

Intrinsically linked with social entrepreneurship is the concept of social innovation which refers to exploring and finding new products/services, new ways to meet social needs which are not satisfactorily met by the market or the public sector, or tackling societal challenges, empowering people and creating new social relationships and models of collaboration (European Union and The Young Foundation, 2010). These are contemplated as a major issue for the European Commission, and also considered an important opportunity to connect with citizens and to stimulate a better quality of life (Altuna et al., 2015). Consequently, the European Commission has committed to keep, define and develop the European Union social model (under a sustainable and inclusive growth agenda) to address major societal challenges through social innovation with the involvement and the collaboration of all social actors, including the public sector, large enterprises, small-medium enterprises, social economies, etc. (European Commission, 2010), utilizing the open innovation approach highlighted recently by Chesbrough (2003).

Beyond the role played by the European Union in social innovation and the emblematic cases of non-profit organizations and foundations created on an ad hoc basis, there is limited contribution from other actors, such as private sector firms. Additionally, in recent years the concept of social innovation is increasingly of interest to academics seeking to structure and to develop the field of social innovation in an appropriate way (i.e., Rüede and Lurtz, 2012; Howaldt and Schwarz, 2010; Zahra et al., 2009; Phills et al., 2008; Pol and Ville, 2009; Alvord, et al., 2004). But, the resultant empirical studies have mainly referred to cases dealing with not-for-profit organizations (Altuna et al., 2015). Relatively unexplored are other sectors and other actors involved in social innovation activities, which, better understood through empirical investigation, might lead to a better understanding of how they create, develop and launch social innovations.

To address this gap, the chapter presents and discusses a case study of Banca Prossima, a firm that is mainly involved in social innovation projects and initiatives. Banca Prossima is a for-profit independent bank within the Intesa Sanpaolo group which provides products and services to non-profit customer segments (such as social businesses, associations, foundations and religious organizations). The continuous commitment to, and focus on, social innovation activities makes this for-profit organization an ideal case for the exploratory purpose of this research. Additionally, this case represents an interesting example of a bank that has evolved its activities to ever more advanced financial services (Formisano et al., 2016), in response to the profound changes that have taken place in the last few years, such as globalization, technological innovation and increasingly demanding customers. In particular, banks are putting strategies in place to respond to increased competition and more sophisticated customer's needs (Formisano and Russo, 2011) and in doing so have begun to transition from a product orientation to a customer orientation, with the aim of better understanding and satisfying heterogeneous client needs.

In light of these trends, the chapter is structured into three sections. First, a brief review of the literature on social entrepreneurship and social innovation. Second, an analysis of the "Banca Prossima" case study, emphasizing the application of new solutions to social problems that simultaneously meet

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