Social innovation: from locust to honeybee approach to leadership theory

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Ljubljana, 7th July 2016, 9:00-10:00
Video agenda – our journey together – Part 1

- define social innovation
- elaborate on cases of social innovation
- define sustainable leadership
- provide overview of 23 sustainable leadership practices
- recommend future research: (auto)biographical research approach
- open possible research endavours
1. Based on the e-lecture or your previous experience please write what is social innovation (in a few words/sentences) and provide an argumentation for your definition.

1. Name an example of social innovation. Why do you think this is a social innovation?
Agenda – our journey today – Part 2

- context of managerial decision making
- theoretical background of the latest findings in the field of social innovation (articles and monographs summary and recommendations)
- phases in social innovation methodology – practical overview
- case studies: AIM2flourish, Fair trade, Sv. Vrh pri Mokronogu-Trebelno (Slovenia), Stanford Review on Social Innovation cases
Context of decision making

Questions I had when preparing this presentation:

- Why is social innovation necessary?
- How do we make decisions?
- How do managers make decisions?
- Why are some decisions more important than others?
- Is following intuition a good way to make decisions?

- theory is a way of imposing *conceptual order* on the empirical complexity of the phenomenal world (p. 407).

- Bacharach observed, theory offers “a *statement of relations* between concepts within a set of boundary assumptions and constraints” (1989: 496). Ultimately, theories *reflect*, in highly abstract terms, the organization of a discipline’s knowledge base (p. 407).

- However, theory does much more than simply *abstract and organize knowledge*. It also *signals the values* upon which that knowledge is built. And it is in this somewhat shadowy connection between and among *theory, knowledge, and values* that cracks in our consensus about theory begin to appear (p. 407).

- Some see theory as a means of *knowledge accumulation*. These are the *empiricists*, who clearly constitute the dominant *contemporary view*. Theorization is an essential element of how we make *sense of the world* (Weick, 1995), and randomly accumulated data are, as Coase critically observed, nothing but “a mass of descriptive material, waiting for a theory, or a fire” (1988: 230). Management researchers constituting an alternative subgroup value theory as a means of *knowledge abstraction*. These are the *rationalists*, and they serve as a useful and important counterbalance to the empiricists. Instead of seeing theory as the summation of empirical observation, rationalists see theory as occurring prior to empirical observation. That is, theory offers a perceptual lens that structures sensory experience. *Normative theorists* embrace the notion that no theory is value free. Normative scholars, thus, value theory for its ability to create new reality (p. 408).

- „business school students will need to understand business and society as a complex, dynamic, and interdependent system and to carefully explore theory, use frameworks, and build skills to match. We are seeking a new rigor that replaces *homo economicus* with a professional stance devoted to a larger purpose—where morals, ethical reasoning, and careful judgment truly matter. And where externalities are incorporated and measured as part of a holistic and systems-based analysis“ (p. 357)

- „we observe that today, social problems are being redefined as business problems. Activists observe the sheer scale and reach of our largest companies, greater than that of most nation states, and understand that it is business that has the capital, the distribution systems, the talent to take these issues on, and increasingly, the motivation to act“ (p. 358)

- „Students are eager to explore unexpected connections that lead to breakthrough opportunities at the intersection of financial success and social and environmental progress“ (p. 362)

- encourage students to question their decision models and promote long-term decision models and wider consultation (p. 364)
chemistry were never discarded, health outcomes would be awful, and we would have witnessed the amazing, albeit imperfect, progress we have seen in improving the treatment for many dread diseases.

The Dilemma of Reconciling Science With Uncertainty

Many people seek a level of certainty and clarity in research and writing on organisations and management that may not be achievable. Many, and not just those who commented on our book here, believe that if we had just reviewed more studies, had more precise, less ambiguous prescriptions for how to practice evidence-based management, had better and clearer definitions of what facts and evidence were and how to obtain them, then we could come up with a more polished or finished or complete product—book—and set of answers to provide more specific guidance to those who practice, teach, and research management. Without for a moment excusing the many imperfections and deficiencies that undoubtedly exist in Hard Facts, we don’t completely agree, although we also don’t adopt the position that everything is relative and the scientific study of people and organisations is inherently impossible.

The idea that certainty is in some absolute sense achievable is a mythical idea, as several of the reviewers note. But that doesn’t mean that complete relativism should reign, or that we should be satisfied with the current state of knowledge or practice. As a colleague who is both an MBA and MD, breast surgeon commented, “everything I learned in medical school about treating breast cancer is now obsolete, but learning how to think, read the literature, and practice was invaluable.” Doctors live on a daily basis “doing” the attitude of wisdom—acting on the basis of the best knowledge they have at the moment, with the full realisation that in the future, that knowledge may be found to be partly or even wholly incorrect, so they should remain open to learning, seeing, and doing things differently. As management scholars and practitioners, we should do the same. We should both recognize that certainty is an ephemeral goal and at the same time try to use the best theory and data available to resolve as much uncertainty as we can at the moment. This process is about living with ambiguity and contradiction—something we are certainly far from effective in getting our students to accept and appreciate.

At the end of the day, not only is management a craft, so is the study and teaching of management. Practicing a craft involves perhaps the ultimate contradiction—on the one hand valuing experience and intuition, but on the other also valuing and seeking more precise answers and facts on which to base one’s practice. Hard Facts makes the argument that management, the business press, and consultants frequently have emphasized experience and practice at the expense of data and analysis that have the potential for actually learning in ways that improve theory and practice over time. To the extent we have encouraged others to engage with this issue, in the same thoughtful way as each of the reviewers here, we have been successful in our own small way in stimulating the data gathering, thinking, and writing that may make organizations not only more productive but also more humane places.

REFERENCES

Cultivating Systemic Thinking in the Next Generation of Business Leaders

J. BRIAN ATWATER
VIJAY R. KANNAN
ALAN A. STEPHENS
Utah State University

In response to criticism that they do not train students to be effective decision makers, many business schools have attempted to modify their graduate management programs. We suggest that a primary ingredient missing from these attempts is a comprehensive treatment of systemic thinking. While most business functions teach about the systems housed within them, we suggest that few teach their students to think systematically. We propose a 3-part description of systemic thinking and provide results of a survey that investigates the claim that students are not being taught to think systematically.
Business Education and Its Relationship to Student Personal Moral Philosophies and Attitudes Toward Profits: An Empirical Response to Critics

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Critics of business education (e.g., Ghoshal, 2005; Mitroff, 2004) place much of the blame for recent ethical scandals on the lack of moral development of managers and the amoral, “profits-first” theoretical underpinnings of business education. To empirically test these claims, we surveyed 1,080 business and nonbusiness students from a major research university. The results suggest that neither the personal moral philosophies of business and nonbusiness students, nor the personal moral philosophies of business freshmen and business seniors differed significantly. Based on our results, we found no evidence to support the claims of critics who suggest business education is associated with negative personal moral philosophies of students. Further, the attitudes of business freshmen and business seniors concerning profit and sustainability differed significantly, yet in the direction opposite the one Ghoshal (2005) and others would have predicted. Thus, blaming the rash of ethical scandals on the amoral and “profits-first” theoretical underpinnings of business school training might be too simplistic of an approach.

- Research on how and when to use case teaching is a great research opportunity as Mari (in Brown & Härtel, 2010, p. 726) note, that such research is surprisingly sparse given how frequently cases are part of management education.

- we routinely use insights from sociology, psychology, economics, law, political science, communication, and many other disciplines to develop explanations that help us understand specific aspects of managerial issues (p. 6)

- We have a formidable opportunity in front of us to contribute to our field by taking down walls and building bridges between perspectives (p. 10)

- Combining multiple theoretical lenses to develop new explanations of management phenomena and solve managerial challenges will continue to be a critical aspect of how research is conducted in our field (p. 11)

- We have stressed two dimensions that help define the relationships between lenses that scholars should keep in mind as they try to combine them: the degree of compatibility of the underlying assumptions and the distance between phenomena in the original theories (p. 11)

- a discrepancy exists between the popularity and prevalence of cross-sector partnerships (XSPs) and evidence of their ability to produce value with respect to the problems they address (p. 332)

- overall value of XSPs is not merely in connecting interested parties but, rather, in their ability to act—to substantially influence the people and issues within their problem domain. This ability, we argue, comes from the constitution of organizational forms that are distinct from their members and that display collective agency—the capacity to influence a host of relevant outcomes beyond what individual organizations could do on their own (p. 332-333)

- Collective agency is an emergent property that is achieved in interaction among XSP members—that is, in communication (p. 335)

- notion of communication as coorientation (p. 335), whereby two or more individuals align actions in relation to a common objective through an ongoing dialectic of conversations and texts (Taylor & Van Every, 2000). *Conversations are observable interactions—the “site” where organization is accomplished and experienced* (Cooren & Taylor, 1997; Quinn & Dutton, 2005).

- it is important for those who facilitate XSP discussions to sustain a degree of openness so that innovation and creativity can be fostered (p. 349).

- offer an approach that supplements **technical competences of managers** with **leadership character** (p. 302)
- Ghoshal’s impassioned message in 2005 to the management community that we need to **rethink management theory, education, and practice** (p. 302)
- Ghoshal argued: “by propagating ideologically inspired amoral theories, business schools have actively freed their students from any sense of moral responsibility
- Crossan et al. (p. 289) propose that **developing character strengths**, such as open mindedness, compassion, and **humility through reflection** can strengthen ethical decision making
- Elaborate on **pedagogical approaches to teaching character**, such as training in ethical decision-making skills, experiential methods that challenge implicit cognitive biases, reflection exercises designed to surface dissonance between the type of person one is and the type of person one might wish to become, and mentoring (p. 293)

- **organization members’ collective empathy** in response to the needs of unknown others infuses executives’ decisions, thereby affecting the likelihood, scale, and form of corporate philanthropy (p. 1)

- (p. 1): **employees** do not just passively await philanthropy decisions from the executive suite but, rather, are important drivers of and participants in corporate philanthropy initiatives from the “bottom up” (Aguilera, Rupp, Williams, & Ganapathi, 2007; Chong, 2009; Maclagan, 1999). Additionally, employee involvement in corporate philanthropy appears to be driven more by emotional mechanisms, such as a collectively shared desire to help others in need, than by individual rational considerations, such as job skills enhancement or organizational rewards (Comer & Cooper, 2002; Grant, Dutton, & Rosso, 2008; Peterson, 2004).

- (p. 2): a **major shift** away from traditional models of the philanthropic manager as a “lone actor” (Laroche, 1995: 64) making a rational, utilitarian business decision (Porter & Kramer, 2006)
This paper presents the first qualitative research study of multiple intelligences of Chinese and Slovene stakeholders at Confucius Institute Ljubljana. The empirical study illustrates multiple developmental mechanisms in order to develop leadership in the international scientific research community through validated MIDAS Assessment. According to contemporary leadership development literature review, sustainable leadership development - based on the theory of multiple intelligences - is more appropriate with the social and environmental needs than leader development. The findings demonstrate that individual differences influence cultural orientation and that management needs to integrate individual, organizational, social and environmental developmental component through sustainable leadership development.

**Key words:** national culture, leadership development, sustainability, multiple intelligences, diversity

2015: Rethinking dialogue and education between Slovenia and China: Sustainability – our common language?

The paper presents the **methodology of appreciative inquiry** with the aim of fostering understanding of the Slovenian and Chinese educational environments. Besides using various methods within an action-based, longitudinal case study, we applied a novel methodology – chain pair interviews – that were conducted by the stakeholders of the Confucius Institute Ljubljana. The findings show that **community building** is the core value of both Slovenian and Chinese representatives; we therefore propose that **sustainability represents a common frame of communication**. We recommend that the development of sustainable leadership becomes the focus of the Confucius Institute Ljubljana’s educational activities, thereby presenting it with a competitive advantage.

**Key words**: Confucius institute, leadership, sustainability, reflection, community building

**Full paper available:**

Ten years of *Global Risks* reports by the World Economic Forum show a daunting list of risks that challenge humankind, including water and food crises, terrorist attacks, cybercrime, financial crises, and extreme weather events, among others (World Economic Forum, 2015). The annual number of these high-risk events worldwide has steadily increased from around 350 in 1980 to almost 1,000 in 2014 (UN, 2015). Managing the devastation of these disaster events extends beyond concerns about mortality; economic losses are rising from around U.S.$50 billion in the 1980s to around U.S.$250 billion in the last decade (UN, 2015). Similarly, cataclysmic effects caused by climate change will, with increasing regularity, shape business and society (Howard-Grenville, Buckle, Hoskins, & George, 2014).

The purpose of this paper is to investigate implications of integrating sustainability for leadership development. We identify components of sustainable leadership development, including care for individual, organizational, social, and natural well-being. We also examine how the incorporation of sustainability influences leadership development. This study upgrades existing sustainable leadership development theory by considering the process how integration of sustainability affects leadership development by incorporating a wider range of leadership influence. Therefore, this study is novel in presenting an alternative to the majority of prior studies that focused on a more limited influence of the leader, whereas our study proposes sustainable leadership development based on symbiotic capital.


Theoretical background of the latest findings in the field of social innovation

- Articles and monographs summary and recommendations for further research
Moulaert (2010) states that social innovation research is present in the previous century in the works of great minds of social science, such as Max Weber, Emile Durkheim and Joseph Schumpeter.

Social science strengthens its interest for researching social innovation again towards the end of 1980s.

Moulaert et al., (2014) claim that there are three main social innovation dimensions:

- needs satisfaction
- social relations
- empowerment

Wider context

- **number of poor people**, that have the lack of basic resources needed for survival has increased
- **Social exclusion** does not enable them to take their active part in society
- That kind of state has brought the need for social innovation which **primary goal is social** instead of economical and is based on **collaboration of social actors** (Harrisson, 2012).

Why social innovation in contemporary society?

- Existing social structures **powerless** in tackling global challenges (Murray, Caulier-Grice & Mulgan, 2010, p. 3)
- Innovation till recently only a **business concept**, however due to **economic crisis** innovation is also present in society (Nastase, Lisetchi & Bibu, 2014, p. 189)
- Innovation is a **creative collaborative process among stakeholders**.
- Social innovation is **context and path bound**, therefore everybody that wishes to contribute to social change must take into consideration global and local facts and act firmly inside of the theoretical and practical boundaries (Moulaert et al., 2014).

Nastase et al. (2014, str. 189) claim that **opening the innovation process towards social needs** represents an innovation in itself. Social innovation transforms critical social **problems** into business, social and environmental **opportunities** by including community actors. In order to move from society of knowledge into innovative society the transformation of the innovation process is crucial – **innovation process needs to include the whole society**.

Role of business in fighting socio-environmental challenges

- Data show that the scale of corporate giving has increased in recent years, even as charity from other sources has stagnated (GivingUSA, 2011 in Muller, Pfarrer & Little, 2014, p. 3):

- Corporate philanthropy also takes various forms, limited not only to cash and in-kind donations but increasingly including employee matching programs and employee time in the form of corporate volunteering (Fry et al., 1982; Grant, 2012; Marquis, Glynn, & Davis, 2007).

- Research suggests that companies are more likely to give, and to give more, when the human need in question is related to business considerations (Dunfee, 2006; Dunfee & Hess, 2000) or is geographically proximate to the organization – local community / personal contact (Crampton & Patten, 2008; Muller & Whiteman, 2009), but the underlying motives are only inferred and the decision itself remains a black box (research opportunity for curious PhD students).
Social economy laboratory for social innovation in Europe

- sector of social economy represents 2 million organizations or 10% of all European companies
- 11 million employees, total of 6% of whole working population in EU (the largest percentage is NGO (70%); European Commission, in Ulcej, 2013)
- Social enterprise (Slapnik in Ulcej, 2013) assumes three principles: (1) entrepreneurial spirit; (2) social well-being act; (3) investing profit into running of the company or local community
Social innovator (= social entrepreneur)

- Dees (in Ulcej, 2013, p. 61) defines social entrepreneur as a change agent: (1) follows social values, not only personal; (2) recognizes new opportunities and executes them (3) gets involved in processes; (4) does not allow himself/herself to be stopped by limited resources; (5) big responsibility towards local community and results

The circular economy (Scott, 2016, p. 33-34)

- **restorative** and **regenerative** by design
- aims to keep products, components, and materials at their highest utility and value at all times.
- It is more than recycling as its goal is to minimize waste and maintain the value of materials rather than downgrade them. It also promotes sharing, reuse and maintenance.
- **Challenges ahead:** whole supply chains will have to work together, hazardous materials could undermine recycling streams, and waste regulations must be reoriented to promote resource reuse
- **Efforts to create circular economy:** the Netherlands, Scandinavia
- **Strategic goal of EU:** Transfer from **linear** (products and materials are used once and then discarded) to circular economy (products are designed to be recycled and their raw materials endlessly reused)
Phases in social innovation methodology

- Practical overview
Murray et al. (2010): 6 Social innovation phases
1. Prompts  (Murray et al., 2010)

- crisis, saving, budget cuts, new technology, paradigm shift, role changes
- key: identification of a „real“ problem and not a symptom
- Identification of a challenge has in it also the possible solution
- system thinking
- understanding of consumer‘s usage

2. Proposals

- idea generation
- include as many stakeholders as possible
- idea market, idea banks, contests, proposals boxes
- WHO runs the proposals gathering – experts in different fields, campaign planers etc.
3. Prototypes

- **testing ideas in practice**, identify their faults, mistakes and improve them, reduce costs, **feedback from the market**
- **types of prototypes**: fast (see what works, fasten the entry to the market), slow (new capacities are needed for market entrance), partner, public, demonstration of the whole system
4. Sustaining

- business model that is sustainable (open, innovative, collaborative, alternative sources of financing)
- leadership model (map, control, responsibility, protection of the idea)
- financial resources
- relationships and communication
- risk management
5. Scaling

- we strengthen and scale what works well
- organizational growth
- social franchising
- connecting similar business partners
- social impact indicators: social return on investment; level of life satisfaction
6. Systemic change

- **final goal** of social innovation
- Internet, mobile telecommunication, Fair trade
- common elements of strategy: (1) coalitions with different partners; (2) intensive process of building a common vision; (3) building critical mass of practical examples; (4) new rights; (5) education of new knowledge and perspectives; (6) change implementation and supporting tools; (7) empowerment of users of the new system.
Future research

- (auto)biographical research method of environmental leaders’ development
Who leads environmental management initiatives?

- **Research method:** „The narrative approach assumes that a person feels, thinks and acts from a „meaning system“ that enables him or her to analyse and interpret reality in a way that gives it a personal meaning“ (Kegan & Lahey in Shamir et al., 2005, p. 17).

- **What do research participants have from research participation?**

  The story of leadership development is also a story of self development where leaders attempt to answer the questions „Why have I become a leader?“ and „How have I become a leader?“

- **Aim**

  distil from the many stories (depositories of meaning) the central themes of leadership development (Shamir et al., 2005, p. 19)

Further research on intuition is important not only for building theory on this particular construct but also for increasing our field's attention to nonconscious processes more generally (Dane & Pratt, 2007, p. 50).

EXPLORING INTUITION AND ITS ROLE IN MANAGERIAL DECISION MAKING

ERIK DANE
MICHAEL G. PRATT
University of Illinois at Urbana-Champaign

We review and reconceptualize "Intuition," defining intuitions as affectively charged judgments that arise through rapid, nonconscious, and holistic associations. In doing so, we delineate intuition from other decision-making approaches (e.g., insight, rational). We also develop a model and propositions that incorporate the role of domain knowledge, implicit and explicit learning, and task characteristics on intuition effectiveness. We close by suggesting directions for future research on intuition and its applications to managerial decision making.
Case studies

7th July 2016, 10:00-11:00

- "Case studies are an excellent means of providing concrete examples of and real substance for some of the abstract concepts of sustainable development" (Ali & Frew, 2013, p. 106).

- AIM2flourish international platform, Fair trade, Sv. Vrh by Mokronog-Trebelno (Slovenia), Stanford Review on Social Innovation cases, GAP Foundation case study (empowerment of women)
Fair trade story (8 minutes):

https://www.youtube.com/watch?v=NhQJrz-aDfl
AIM2flourish international platform

http://aim2flourish.com/
The impact of environmental pollution through the use of chemicals in personal care product compositions has become a very significant issue since 2000 in Indonesia. Many personal care products are labeled natural, but only as branding.

Starting with an interest in the concept of using truly natural ingredients in personal care products, Nadia Saib, then a student majoring in pharmacy, began to test the composition of apple soaps that are labeled as natural. The result of her testing proved that the soap did not contain extracts of apple, but did contain many chemicals less friendly to the body. In addition, she found that there are no regulations governing the use of chemicals or discerning when a product can use the word natural on the label.

Nadia Saib, now CEO of Wangsa Jelita, was inspired to create a business making personal care products that really are natural. In addition, they created Wangsa Jelita to empower rose farmers in the Lembang and Sarongge communities in Cianjur.
Inspiration

- Nabila Saib was inspired to create a social enterprise called the Wangsa JELITA, which literally means "the Beautiful Dynasty," committed to helping the marginalized farming community produce natural ingredients, such as roses, to produce world-class quality natural beauty products.

- "We committed to purchase their crops at a fair trade price and find ways to incorporate their crops in our product lines," explained Nabila during our interview.

- "Also, we give back 10% of the profits from the sale of each product to fund the development of a processing facility allowing farmers to process their crops to create higher-value, more sustainable products."

- http://aim2flourish.com/innovation/view/14/empowering-rose-farmers-for-a-better-life
„When you put your finger into the sea you are part of the whole world.“

Assistant Professor Daniela Garbin Praničević, PhD, 27th April 2016
Location of smart bench – Marjan hill
Functional eco-bench in Split
### Key Ideas

First Croatian and European company which is in trend with the latest technology of smart benches. Steora™: (1) the most awarded Croatian Start-up with the best innovation in 2015; (2) solar powered smart bench; (3) basic and exclusive features.

### Innovation

**Solar Power:** The solar panels generate around 110W of electricity per hour. Steora's solar panels are situated under the seat, cover the whole upper surface and enable maximum solar power absorption.

**Mobile Device Charging:** Steora is equipped with an independently developed wireless device charger, allowing newer generations of smart phones and watches to charge without a cable. It also provides two smart USB connectors with an output power of 10 W, providing fast charging for mobile devices whilst ensuring battery protection.

**Mobile Internet:** Internet access is constantly available within a four-meter diameter of the bench, delivered by a superfast 4G mobile router. It is also possible to limit each users access to enable equal access to everyone. It is able to provide Internet packages in association with the best network agencies available in each country.

**Resistant to Vandalism:** Steora is bolted down and locked to prevent any unauthorized opening. There is also a sophisticated tracking system, enabling us to pinpoint its exact location at all times. If Steora is ever shut down, an alert is sent through to the internal tracking system to ensure immediate notification of the clients.

**High Quality Build Materials:** Steora is made from high quality materials to ensure protection against weather and rusting. 3mm thick steel plate with a bearing capacity of 1000kg which is sand blasted and laminated to achieve a high gloss finish. Panels and screen are covered with homogenous polycarbonate, which is often used in things like police shields.
Smartbench – part II  (Statovci, 2016)

### Business Benefit

By implementing smart bench Steora, business has the opportunity to be part of the global trend, smart cities. Furthermore by installing advertising options in Steora’s display and internet connection can be used to deliver advertising in order to generate revenue. Another benefit for business comes with built-in sensors of movement which enable counting passing pedestrians. This data can be very useful both for statistical and commercial purposes.

**High Definition Display:** Steora has the option of a 19” weather and vandalism resistant screen that can be used to display any desired information, picture or video. The Screen is built in to fit design perfectly and positioned sideways for optimal visibility.

**Advertising:** Advertising with Steora is backed by newest software that combines best characteristics of internet advertising and street advertising. By installing one of Steora’s three advertising options, Steora’s display and internet connection can be used to deliver advertising in order to generate revenue.

**Reach Analytics:** Steora comes with built-in sensors of movement which enable counting passing pedestrians. This data can be very useful both for statistical and commercial purposes.
Smartbench – part III (Statovci, 2016)

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<th>Societal &amp; Environmental Benefit</th>
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<td>The innovation faces environmental problems that bustling and very populated cities have today. Steora is the latest in smart bench technology, creatively harnessing green solar energy to provide practical solutions to increasingly pressing problems. From providing smart USB charging, mobile Internet, local information, to data gathering and revenue generation from advertisements. Steora is more than a bench. Steora is the future. Steora is suited to any environment, whether bustling town or national park.</td>
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<th>Overall Impact</th>
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<td>employing young local students, developing entrepreneurship in the local community, “role model”</td>
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<th>UN Global Goals Solution</th>
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Green Hotel (Milat in Aim2flourish, 2016)

The main focus is on:
- sustainability
- competitiveness
- cost reduction
- practicality
- ecologically friendly
- social responsibility
- social and ecological awareness

Full business story available online on AIM2flourish platform
The business innovation of Hotel Split is the construction and managing a family-owned hotel with an extraordinary location as a Near Zero Energy Hotel (neZEH).

It was a new business model based on cost reduction and sustainability through environmentally friendly materials during the construction, raising the awareness of employees, local community and tourists as well as the improved process of energy management.
It was primarily the location, architecture, luxury, design and the green facet of the innovation and overall good management that has the positive impact in raising the attractiveness, competitiveness, number of tourists and consequently rising of the revenues and profits.

The overall impact on profits is the best attested by the fact that the profit growth rate in 2015 is 90.94%, according to the Poslovna Hrvatska’s database. As the first project of that type in Croatia they had a great impact on local community and environment. Since then Croatia has only one Near Zero Energy Hotel (Adriatica in Supetar) and 41 hotels certified by Sustainable Hotel Certificate by UPUHH (Croatian Hotel Business Association), such as Palace and Esplanade in Zagreb, Astoria, Hotel Iadera Zadar, Punta Skala Resort or Hotel Križ in Trogir.

Like the owner said: "People around us were a little astonished by the fact that we were looking for the certificate that all detergents and cleaning agents are biodegradable, or that parquet is made from natural wood, without any venom (...) or any similar certificate. People were numb when we asked for the waste bins for recycling products.", it was really huge impact on the local community.
Business benefit  (Milat in Aim2flourish, 2016)

- The hotel is recognised as the first a green hotel in Croatia.
- As such it ought to remain trendy and keep innovating.
- Business benefit from the innovation is definitely strengthening the brand position and image through the identity of green hotel, reducing the cost (using renewable materials such as aluminium and glass the innovation was also taking care of sustainability), attracting and motivating the local employees (stimulation, good reference) and potential investors (working long term and also profitable). One of the business benefits is sales increase and market share increase. For example, 3.61% (451 overnights) of total (12,494) overnights from the United States tourists has been made in Hotel Split which is a huge number as it has only 40 rooms. As Americans are the leaders in green tourism it is an important fact as well as the fact that the majority of the guests of Hotel Split come from Western Europe (Great Britain, Germany, Belgium, Switzerland and France) which are also known as eco-tourists.
“As it is the first green hotel in Croatia it had a great impact on society as we are the paragon, the orientation to our employees, local subjects and others” said Mr Tomić. They employ 18 people during whole year and 40 during summer season which is really great amount as they have only 40 rooms. They also cooperate with local businesses and providers, hospitals, local artists, schools and faculties, domestic associations, organizations and European projects such as Near Zero Energy Hotels.

Croatian Ministry of tourism has supported their project as they clean the beach and the underwater in front of the hotel what resulted in gaining of White flag. The impact on the environment is definitely positive as it is designed by the principles of green and environmentally friendly construction.
Eco-ethno Village Škopljanci is family estate which has preserved the past for the future. In the center of the village are 20 years old, stone houses of which 12 of them are fully restored to the smallest details in order to preserve the original format, respecting tradition and architecture of the area. Members of the family Škopljanac represent the pioneers of rural tourism, and thanks to the rural Olympics, Bullfights, Mid-summer nights, beauty contest Dalmatian hinterland is the most famous tourist complex of its kind in Croatia.

Innovation
It covers an area of up to 300 000 square meters of village with 20 houses There is an increased growth in profit and number of tourists which shows great influence on the tourism market in the region. On a daily level there is always about 300 people arriving, some of them in groups and some of them individually. They organize many manifestations which connect people with their roots of the past. An example of that is bullfights, a traditional manifestation, where people are coming, not only to see bulls, but also to hang out together in the nature, eat traditional food and enjoy in the fresh air. In 2015 there were 15 000 visitors, mostly families with their kids.

The main competitive advantage of their business model is that they grow their own food. A farm with domestic animals and BIO garden makes possible to serve organic food in their tavern, so you can be sure you eat a healthy food. Food in Škopljanci is prepared according to the original recipes of our ancestors who passed their knowledge and experience from generation to generation.

A village, which the Ministry of Culture has protected as a protected monument, currently has two apartments and three taverns where they can accommodate about 130 people, with a large hall for 250 people, and a myriad of small taverns. Except bullfights, this place is well-known by "Ojkanje" singing, a tradition of polyphonic folk singing, which was in 2010 signed in UNESCOs List of Intangible Cultural Heritage in Need of Urgent Safeguarding as representative of Croatia. In this way they preserved culture of this area and introduce it to the people around the world.

Village Radošić, where ethno-eco village Škopljanci is places, is covered with centuries-old pubescent oak forest (Pubescent oaks), a protected natural monument of Croatia. Cultural Club "Ognjiste" started a project "preserve oak to our honor " which tries to educate younger generations with the importance of preserving natural resources. Through educational workshops and school in nature they are trying to introduce to children the beauty of the flora and fauna of the Dalmatian hinterland.
**Eco village** *(Đurđević & Zovko, 2016)*

### Business Benefit

Everyday concerns about a healthy living without stress brings visitors to eco-ethno village. This kind of business innovation opens the door to new concepts in sustainable tourism and the way in doing business. Most towns are highly polluted and noisy. People are concerned only about their jobs and don't have time to relax. That kind of living is not giving opportunities for healthy diet and taking some time for their own families. The power of this concept could be seen through constant growth, not only in aspect of guests, but also in profit. This concept has been approved by numerous business people and it can be said that this concept is of great importance. Numerous celebrations like weddings, birthdays and anniversaries are celebrated in this area. Also, you cannot bypass the business aspect that these areas offer: Business meetings, team building and conferences are indispensable events.

### Societal & Environmental Benefit

This village is doing its business in a small local community. Today we still have many areas that suffer from the consequences of war that happened during the end 20 of century in this region. As a result of that, in the area of Lećevica there is less than 200 people, so anything what can start progress of the community is welcome.

In such an economic situation, the eco-ethno village has enabled economic development of the region. Before they started their own business, there was emphasized emigration and the withering away of the area. From the moment when this project started, it allowed the people who live there to be also involved in the project. Eco-ethno village makes this possible in a way that they enable everything they need for the business, if they do not have in sufficient quantities, purchased from the local community.

Other thing that shows social benefit from their innovation is hiring local people. As the village is far from the big cities, need for extra workers is satisfied by people in the community. Most of the work is done by family Škopljanci, but because of increasingly growth there is need for extra workers. On daily levels there are 10 to 20 workers. On the other hand, for some manifestations like bullfights there are around 200 people who work on that kind of events.

It is interesting that the visitors, in the rural complex in Škopljanci, are not served by waiters. The family Škopljanc developed a specific relationship with guests who are not more guests when they come there. Everything is open, everything is available, to serve themselves, eat and drink what they want, when they want and where they want. Former stables, barns and rural farm buildings were converted into favorable facilities.
Eco village (Đurđević & Zovko, 2016)

**Overall Impact**

Focusing on tradition, environment and local community gives them opportunity to improve community in many ways. This way of doing business is environmental friendly and does not harm the nature, even promotes the awareness about the importance and dependence upon nature and its fruits. By buying different natural products from neighbors around them and hiring them, they also effect the development of the local community. Eco-ethno village has enormous impact on society and environment around it.

**UN Global Goals Solution**

Goal 3; Goal 8; Goal 11; Goal 13
Sv. Vrh by Mokronog-Trebelno (Slovenia; Mateja Podgoršek, 2016)

- critical analysis of potentials of rural local community
- Hamdouch (2014, p. 259): role of the researcher is: 1) to help participants/inhabitants to be aware of their potentials, resources and abilities; 2) collaborate with them in implementation of co-creation of solutions that will function on a longer term
- Local community needs to be aware that SI is a positive change that concerns not only several individuals but community as a whole; it is a decision for a vital living environment that provides also employment opportunities for local inhabitants (future generations)
Stanford Review on Social Innovation cases
GAP Foundation case study (empowerment of women)
education on sustainability issues: The Environmental Association for Universities and Colleges (UK; http://www.eauc.org.uk): integrate education for sustainability across the further and higher education curriculum, thus aiming to tackle macro-level issues for those likely to enter management positions

BEST Education Network (http://www.besteducationnetwork.org/): focus on sustainable tourism education offers; case studies Innovation for Sustainable Tourism

INNOTOUR (www.INNOTOUR.com): operated by the University of Southern Denmark offers an open platform for educators, researchers, students and businesses, committed to the development and dissemination of knowledge in the field of tourism innovation; ICT is utilised in the INNOTOUR site as the education medium permitting upload and download of material related to sustainable tourism development and encouraging tourist engagement

The Travel Foundation (http://www.thetravelfoundation.org.uk)

Sustaining Tourism (http://www.sustainabletourism.net)


Hawthorn, VIC: Swinburne Leadership Institute.


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Recommended references (Part 3)


Social Innovation

„One of the most significant questions I ask myself is how, in the pedagogical context, responsibility and responsible decision-making can be taught effectively in a higher education learning environment."

Olivier Brenninkmeijer, Associate Dean at Business School Lausanne
Possible research endavours

- **Re.think** initiative of environmental management partnership between higher education institution and company
- **Center for social entrepreneurship University of Ljubljana** youth initiatives in environmental management
- **Eating City Summer Campus**: sustainable food management
- **AIM2flourish** community of social innovators in environmental management
- …
PARTNERSHIP RE.THINK
Center for social entrepreneurship (Središče za socialno podjetništvo Univerze v Ljubljani)
A new Villarceaux Declaration
from the third Eating City Worldwide Summer Campus: United 4 Food!

Read the declaration
AIM2flourish social innovation research

Innovation:
- WHAT is the innovation?
- HOW did the innovation emerge?
- WHO was involved in the creation of the innovation?; What did they do?
- Quotes from the interview that best describe the innovation?
- DOES the innovation relate to a sense of mission, purpose or meaning? If so, HOW?

Impact:
- HOW the innovation benefits the business, society, and/or the environment.
- WHAT was the impact of the innovation both on the business and society and/or the environment?
- WHAT were the short-term effects? What were the long-term effects?
- WHAT concrete evidence suggests that this impact has occurred?
- Quotations from the interview that describe the impact?

AIM2Flourish.com
Several possibilities for presenting and improving your Master’s/PhD research on the topic