

Innovation Management and Cooperation in the Government of Social Economy Entities

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The Social Economy (SE) is characterized by a strong social orientation designed to meet the needs of various stakeholders, especially employers and customers. The government entity and influences innovativeness and willingness to establish cooperation agreements with a primary outcome of the entity via reflection governance policies. This paper aims at demonstrating that social enterprises have a social culture based on values and principles, which reflect corporate governance strategies based on innovation and cooperation. To this end, relationships are proposed where market decisions and cooperation with internal and external agents can be considered the key factors for success in this type of business partnerships.

Keywords: Social Economy, Innovation, Government, Cooperation

Introduction

Organizations must adopt strategic decisions in different areas, in order to adapt to the changes that society is demanding. Therefore, it is necessary to consider new more efficient government models. These new management models contribute to facilitate the governance of the entity and influence the innovative nature and willingness to establish cooperation agreements, with an important reflection on the entity's results via good governance policies. The business networks and alliances, as well as product and process innovation and the promotion of social and environmental responsibility policies are being considered in recent years as efficient policies, creating value and better results for companies. Social Economy entities facilitate the development of expectations among the people that are most in need; and government policies are aimed at the generation of social value, as well as the integration of different stakeholders, both internal, through the application of systems of democratic participation, as external, with the implementation of policies related to regional development and corporate social responsibility. The objective of this paper is to demonstrate that through their strategies of good government, entities and companies of Social Economy manage to implement innovative measures and strategies of social responsibility.

Conceptual Framework

Most of the organizations that make up the entities of the Social Economy are endowed with organizational structures that make the necessary systematization for an adequate management of innovation easier¹. According to authors such as Melián and Campos, "social economy companies arise to a large extent from social innovation, that is, from the implementation of new organizational and labor forms based on the establishment of strong social relations, both with their clients and with their workers"². In practice, compliance with cooperative principles and values generates an important social capital (intangible asset)³ that leads to the creation and development of what is known as social innovation⁴. In addition, the implementation of this form of government leads to an increase in productivity and consequently to a positive impact on business results. Innovation in both decision-making and technological innovation has become an important source of competitive advantage in the field of Social Economy and especially in farmers' cooperatives⁵ that are endowed with a special innovative character⁶. Cooperation between companies involves the sharing of certain resources and capacities, whose combination allows obtaining certain benefits or advantages. That is why it is necessary to establish cooperation agreements with similar companies in organizational terms, being a key factor for business innovation^{7,8} and obtain advantages that would be difficult to obtain

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individually. With cooperation, entrepreneurs can unite or share capacities and resources⁹, without merging¹⁰ with the aim of improving the management of their companies. They also increase their competitive advantages based on their business management skills and knowledge, seeking to create alternative strategies and carrying out cooperation agreements between various organizations¹¹. In recent decades, we are talking about the figure of the collective entrepreneur and especially within the Social Economy, as a way of creating social and institutional networks to support entrepreneurs.

Methods and empirical study

The initial sample consisted of a total of 106 companies that have been asked to answer a questionnaire, where different items related to innovation and cooperation are valued. To measure the items, a Likert scale of 7 points was used. The final valid sample for the analysis consisted of 95 companies of which 56.8% are cooperatives and 43.2% are labor companies, all of them from the Region of Murcia, Spain. The sample is formed by companies from different sectors of activity. 74.5% of the total of the analyzed companies belong to the agricultural sector and 25.5% to the services sector. First of all, we carried out a factor analysis, as a technique to reduce the dimensionality of the data applied to the items that measure innovation and cooperation in the Social Economy. We have applied the Principal Components Analysis (PCA) as a factor extraction method. After carrying out the factorial analysis, we carry out linear regressions with which we want to contrast the formulated hypotheses that relate cooperation and innovation. From the factorial analysis, a single factor has emerged from the innovation block, which consists of 5 items that measure different aspects of innovation.

The Cronbach's Alpha of this factor is 0.845, being between its recommendable values (0.7 and 0.9). This classification leads us to formulate the following proposition: Good corporate governance is one that carries out innovation strategies; investing in key technologies and specialized production processes, with a qualified staff that allows the entity to access and specialize in new market segments and thus increase the supply of goods and services. The PCA of the cooperation with the different interest groups as one of the important components of the government strategy consists of 6 items that indicate the agents with which cooperative alliances can be established. The Cronbach's Alpha of 0.869 indicates a good internal consistency; being defined a new proposition as follows: Good corporate governance must carry out cooperation strategies with different agents (suppliers, customers, public institutions, competitors, universities and research centers and other companies in the sector) and establish cooperative alliances that allow it to be more competitive. In order to contrast the first suggested proposal, we formulate the following hypothesis:

H₁: Good corporate governance has a positive and significant relationship with the innovative nature of the company. In order to check if there is a relationship between good governance and the innovative character of the company, the following analysis has been carried out:

Table 1 shows the model summary where a corrected high coefficient of determination (0.457) is observed, which indicates that the adjustment is good. The value of the Durbin-Watson (DW) statistics is 1,848, which indicates that there is no autocorrelation.

The function is established with the regression coefficients (B) and the following predictor variables, adjusting the model as follows:

Table 1 — Innovation strategy

Predictor variables	Standardized Coefficients (Beta)	T Test (Sig.) (t)	Collinearity		Collinearity Diagnosis	
			T	FIV	A	IC
(Constant)	,032	,291			1,310	1,000
The GCG of the internal agents (GCG_IA)	,487	4,284 ^a	,904	1,106	1,102	1,090
GCG and decision making (GCG_DM)	,391	3,698 ^a	,900	1,111	,917	1,195
El GCG y los agentes externos (GCG_EA)	,403	3,942 ^a	,993	1,007	,671	1,397
R = 0,705; R ² = 0.497; R Adjusted = 0.457		Durbin-Watson (DW) = 1,848				
Standard error of the estimate = 0.709		ANOVA (F) = 12,500 ^a				

Source: Own production. Where: Sig.: p <0.01a; p <0.05b, p <0.1c; T (tolerance); IVF (variance inflation factor); A (eigenvalue); IC (condition index); R (determination coefficients: R, R², and R corrected or adjusted); ANOVA (ANOVA table, statistical F and Sig.)
 Notes: GCG_IA (Good Corporate Governance_Internal Agents); GCG_DM (Good Corporate Governance_Decision Making); GCG_EA (Good Corporate Governance_External Agents)

Table 2 — Cooperation strategy with interest groups

Predictor variables	Standardized Coefficients (Beta)	T Test (Sig.) (t)	Collinearity		Collinearity Diagnosis	
			T	FIV	A	IC
(Constant)	-,132	-,928			1,237	1,000
The GCG of the decision making (GCG_DM)	,395	2,407 ^b	,979	1,022	1,163	1,031
The GCG and the internal agents (GCG_IA)	,388	2,660 ^b	,983	1,017	0,869	1,175
GCG and external agents (GCG_EA)	,385	2,850 ^a	,981	1,020	0,703	1,326
R = 0,612; R ² = 0,374; R Ajusted = 0,318			Durbin-Watson (DW) = 1,851			
Standard error of the estimate = 0.835			ANOVA (F) = 6,584 ^a			

Source: Own production. Where: Sig.: p <0.01a; p <0.05b, p <0.1c; T (tolerance); IVF (variance inflation factor); A (eigenvalue); IC (condition index); R (determination coefficients: R, R2, and R corrected or adjusted); ANOVA (ANOVA table, statistical F and Sig.)

Table 3 — Reasons that bring a company to cooperate

Predictor variables	Standardized Coefficients (Beta)	T Test (Sig.) (t)	Collinearity		Collinearity Diagnosis	
			T	FIV	A	IC
(Constant)	-,076	-,814			1,423	1,000
The GCG of the decision making (GCG_DM)	,436	3,557 ^a	,834	1,199	1,092	1,141
The GCG and the internal agents (GCG_IA)	,257	2,255 ^b	,826	1,210	0,933	1,235
GCG and external agents (GCG_EA)	,327	3,504 ^a	,989	1,011	0,552	1,606
R = 0,639; R ² = 0,408; R Ajusted = 0,376			Durbin-Watson (DW) = 1,465			
Standard error of the estimate = 0.709			ANOVA (F) = 12,852 ^a			

Source: Own production. Where: Sig.: p <0.01a; p <0.05b, p <0.1c; T (tolerance); IVF (variance inflation factor); A (eigenvalue); IC (condition index); R (determination coefficients: R, R2, and R corrected or adjusted); ANOVA (ANOVA table, statistical F and Sig.)

$$SE_INNO = 0,032 + 0,487(GCG_IA) + 0,391(GCG_DM) + 0,403 (GCG_EA) + u_t$$

Notes: SE_INNO (Social Economy Innovation).

Through the approach and study of the second hypothesis we want to contrast the second proposition that relates corporate governance with cooperation. The hypothesis is formulated as follows:

H₂: Good corporate governance has a positive and significant relationship with cooperation with different interest groups

The study between corporate governance and cooperation with the different stakeholders is presented in Table 2. We take as independent variables, once again, the factors of good corporate governance and, as a dependent variable, the cooperation factor with the different interest groups. The summary table of the ANOVA informs that there is a significant relationship of 99% between the independent and dependent variables, therefore there is a high joint and positive significance of the model. The 1,851 value of the Durbin Watson statistics certifies the absence of autocorrelation of the waste. The first function, corresponding to this analysis, is established with the regression coefficients (B) and the following predictor variables, adjusting the model as follows:

$$GCG_CIG = -0,132 + 0,395 (GCG_DM) + 0,388 (GCG_IA) + 0,385 (GCG_EA) + u_t$$

Note: GCG_CIG (Good Corporate Governance Cooperation Interest Groups)

In a third analysis we wanted to relate corporate governance with the reasons that lead a company to take cooperation agreements. The third hypothesis is formulated as follows:

H₃: Good corporate governance has a positive and meaningful relationship with the reasons that leads a company to cooperate With this analysis we want to contrast the hypothesis that good corporate governance has a positive and significant relationship with the reasons that leads to cooperating in a company. The results of the analysis show a continuation in the following table, followed by the function corresponding to the analysis. This function is established with the regression coefficients (B), and the following predictor variables adjusting the model as follows:

$$GCG = -0,076 + 0,436 (BG_TD) + 0,257 (BG_AI) + 0,327 (BG_AE) + u_t$$

Discussion

There are numerous authors who agree in establishing a positive relationship between social culture and innovation and even speak of a social strategy as a way to innovation. The literature supports the fact that growth strategies focused on cooperation activities are considered a measure to

improve the competitiveness of companies in general, especially in Social Economy entities, triggering collaborative relationships among agents. This study and the review of the literature, allows us to affirm that cooperation between companies involves an exchange of knowledge and greater access to innovation processes, which provides more specialization and, consequently, an improvement in the industry. Likewise, cooperation agreements allow the company to increase its size, without losing its identity, which makes it more competitive and allows the access to new resources and capabilities. The most innovative companies are those that follow a strategy of corporate social responsibility, establish cooperation agreements with the different agents, exercise greater control over the mechanisms of loyalty, responsibility and diligence of the managers and have greater results via strategies of corporate governance. Companies that establish cooperation agreements with other agents are considered socially responsible, have a more innovative character and obtain greater economic results, as a consequence of the application of good governance strategies.

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