The Rise of the Hybrid Domain:
Collaborative Governance for Social Innovation

Y. Aoyama, with B. Parthasarathy
(December, 2016)
One Restaurant’s Recipe For Social Good: Same Meals, Different Prices

September 2, 2016 - 7:00 AM ET

NPR STAFF

Everytable sells healthful food in low-income neighborhoods like South Los Angeles at prices competitive with fast food. The restaurant’s outlets will have different pricing structures depending on the neighborhood.

Courtesy of Everytable
The hybrid domain -- ‘swelling of the middle’

**Missions**
- Social
- Economic

**Organizations**
- Non-profit
- Leveraged-NGOs
- Social Enterprises
- For-profit

**Finance**
- State
- Foundations
- Impact Investment
- Conventional finance
- Commercial Enterprises
Table of Contents

- Chapter 2: Rescaling Collective Action for Governance in the 21st Century
  - Governing Global Public Goods
  - Polycentric and Network forms of Governance

- Chapter 3: The Hybrid Domain: Bridging the State-Market Divides
  - The Rise of the Hybrid Domain
  - Domain and Scalar Flexibility
  - Actors in the Hybrid Domain

- Chapter 4: Social Innovation in Global Contexts
  - Social Innovation
  - Collaborative Governance for Social Innovation

- Chapter 5: Social Innovation in India
  - Failure of the State to Provide Public Goods
  - Failure of the Market to Provide Public Goods: The Myth of the BOP

- Chapter 6: Designing Solutions for “Wicked Problems”
  - Designing Solutions
  - India as a Laboratory for Social Innovation
Private R&D Facilities in North India, 2015
District Level

Private R&D Facilities in South India, 2015
District Level

Number of Facilities
- 1 - 2
- 3 - 5
- 6 - 12
- 13 - 22
- 23 - 40
- 41 - 58
- 59 - 89
- 90 - 120

Developed by Rishi Singh (Clark ’17)
Research on India: 2012-15

Methodology:
Questionnaire Survey of Multinational Enterprises (MNEs): 158 valid responses

Semi-structured Interviews: 115 stakeholders (MNEs, NGOs, Social Enterprises, Foundations, etc.)

The Global Shift in R&D Alliances: Multinational Enterprises (MNEs) and the Quest for the ‘Base of the Pyramid’ (BOP) markets.
National Science Foundation Grant (BCS-1127329), Geography and Spatial Science Program, 2012-16

Bellagio Academic Residency Fellowship, Rockefeller Foundation, 2015
Table of Contents (cont’d)

• Chapter 7. Case Studies from India
  • Innovating on Healthcare Delivery and Medical Diagnostics
  • Resolving Information Asymmetries for Small-scale Farmers
  • Promoting Inclusive Development for Rural Populations
  • Sustaining Livelihoods in the Informal Sector
  • Introducing Renewable Energy

• Chapter 8: Domain Flexibility
  • From CSR to Shared Value Creation
  • Learning through Collaborating
  • The Rise of Hybrid Organizations

• Chapter 9: Scalar Flexibility
  • Globalizing Social Enterprises
  • The Role of Universities in the Global North
  • Looking for Impacts, Practice-oriented Research
  • Accessing Transnational Financing
Governance Gap

• ‘Polycentric Governance’
  • Ostrom
    • Cohesive norms
    • Allocation and management
    • Territorial boundaries

• Network Governance
  • Powell, Jessop
    • ‘heterarchy’
    • ‘Asymmetry’

• ‘Bricolage’
  • Levi-Strauss, Cleaver, Mittelmann
The Rise of the Hybrid Domain

Governance Gap
- ‘Double failure’
  - State failure
  - Market failure

The Hybrid Domain
- Organizational arrangements
  - Cross-domain collaborations
  - Hybrid organizations

Social Innovation
- Solutions
  - New designs for social impacts
  - Applications of new technologies
Social Innovation

• "Innovation for social change" (Michelini, 2012)
• designed to satisfy unmet social needs (Van Dyck and Van den Broeck, 2013)
• “Innovation in meeting social needs of, or delivering social benefits to, communities”
    • 19C: “A period of very great social innovation.”
      • “governmental and a political act.”
        • Social security system (Bismarck)
    • 20C: “government seems to have lost its ability to do effective social innovation.”
      • “largely become the task of the manager.”
        • Corporate research laboratories (GE, Bell Labs, DuPont), mass media, farm agents
    • 21C?
21C Social innovation?

• “The creation of new products, services, organizational structures or activities that are ‘better’ or ‘more effective’ than traditional public sector, philanthropic or market-reliant approaches in responding to social exclusion.”
  • (Moulaert, et al, 2013:1)
Stakeholders: Actors in Transition

- Benefit corporation movement, social entrepreneurship, strategic CSR, BOP
- Leveraged NGOs, hybrid organizations
- Corporate and private foundations
- Ethical/Impact investment
- Regulatory changes (e.g., CIC (UK), L3C (USA))
- Institutionalize CSR (Companies Act of 2013, India)
Examples from India
## Macro-economic indicators: BRICS countries

<table>
<thead>
<tr>
<th></th>
<th>India</th>
<th>Brazil</th>
<th>China</th>
<th>Russia</th>
<th>South Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per capita GDP 2014 (current USD)</td>
<td>1591.7</td>
<td>11384.6</td>
<td>7593.9</td>
<td>12735.9</td>
<td>6477.9</td>
</tr>
<tr>
<td>Population earning below poverty (%)</td>
<td>58</td>
<td>11</td>
<td>27 (b)</td>
<td>0.6</td>
<td>n.a.</td>
</tr>
<tr>
<td>% Urban Population</td>
<td>33</td>
<td>86</td>
<td>56</td>
<td>74</td>
<td>65</td>
</tr>
<tr>
<td>Net FDI inflows (as a % of GDP) 2013</td>
<td>1.5</td>
<td>3.4</td>
<td>3.1</td>
<td>3.3</td>
<td>2.2</td>
</tr>
<tr>
<td>Rank in Global Innovation Index 2015</td>
<td>81</td>
<td>70</td>
<td>29</td>
<td>48</td>
<td>60</td>
</tr>
</tbody>
</table>

Notes: (a) In 2011 Purchasing Power Parity which corresponds to US$2/day in 2005; (b) data for 2010

Source: (i) World Bank (2015b) for data on per capita GDP and population earning below USD 3.10/day; (ii) Dutta, et al. (2015) for the Global Innovation Index
<table>
<thead>
<tr>
<th></th>
<th>India</th>
<th>Brazil</th>
<th>China</th>
<th>Russia (b)</th>
<th>South Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adult literacy rate 2010 (a) (%)</td>
<td>69</td>
<td>90</td>
<td>95</td>
<td>100</td>
<td>93</td>
</tr>
<tr>
<td>Government expenditure on education (% of GDP, 2010)</td>
<td>3.30</td>
<td>5.60</td>
<td>n.a.</td>
<td>4.1</td>
<td>5.70</td>
</tr>
<tr>
<td><strong>Health</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Life expectancy at birth (in years, 2013)</td>
<td>66</td>
<td>74</td>
<td>75</td>
<td>71</td>
<td>57</td>
</tr>
<tr>
<td>Public health expenditure (%) (2013)</td>
<td>32.2</td>
<td>48.2</td>
<td>55.8</td>
<td>48.1</td>
<td>48.4</td>
</tr>
<tr>
<td>Out-of-pocket expenditure (% of total health exp, 2013)</td>
<td>85.9</td>
<td>57.8</td>
<td>76.7</td>
<td>92.4</td>
<td>13.8</td>
</tr>
<tr>
<td>Health expenditure per capita (in current USD, 2013)</td>
<td>61</td>
<td>1085</td>
<td>367</td>
<td>957</td>
<td>593</td>
</tr>
<tr>
<td><strong>Infrastructure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electric power consumption (in kWh, 2012)</td>
<td>744</td>
<td>2462</td>
<td>3475</td>
<td>6617</td>
<td>4405</td>
</tr>
<tr>
<td>Mobile cellular subscriptions 2014 (per 100 people)</td>
<td>74</td>
<td>139</td>
<td>92</td>
<td>155</td>
<td>150</td>
</tr>
<tr>
<td>Internet users 2014 (per 100 people)</td>
<td>18.0</td>
<td>57.6</td>
<td>49.3</td>
<td>70.5</td>
<td>49.0</td>
</tr>
</tbody>
</table>

Notes: (a) refers to literacy rate among those 15 years and older; (b) 2008 data. Source: World Bank (2015b)
India’s development policy

• Nehruvian ideal
  • Science and Technology Self-Sufficiency

• Gandhian ideal
  • Decentralized Self-reliance
    • Active Civil Society Sector
      • 3.2 million registered NGOs

• Inclusive Development, 2005-
BOP products

Unilever

Tata Nano

Nokia
Solutions and designs

• Affordable hand sanitizer

• Cloud-based self-diagnostic medical devices

• GPS-enabled temperature tracking system

• Voice-enabled Internet bulletin board platform

• On-demand school exam certificates delivery
Two Features

• Domain Flexibility
  • Socially Sustainable Business Model (SSBM)
  • Hybrid organizations
    • From NGO to SE
    • NGO established by SE
    • The Robin Hood Model
    • Corporation established by NGO
    • Joint-NGO Corporate Set-up

• Scalar Flexibility
  • Transnational collaborations
  • Transnational SE
  • Transnational Social Finance
<table>
<thead>
<tr>
<th>Objectives</th>
<th>Examples</th>
<th>Roles of stakeholders</th>
</tr>
</thead>
</table>
| Distribution scale-up            | Affordable medical devices                         | MNE: Global distribution, R&D  
                                  |                      | NGO: Training, maintenance  
                                  |                      | Others: SE (R&D, local distribution) |
| Cross-sectoral synergy          | Online education                                   | MNE: Technological platforms  
                                  |                      | NGO: Service/contents development  
                                  |                      | Others: State (contracts) |
| Last-mile solutions             | Financial services, telemedicine                   | MNE: Service architecture  
                                  |                      | NGO: Service architecture, training  
                                  |                      | Others: Banks (credits), hospitals, SE (software) |
| Reputational synergy            | Services for urban slum dwellers                   | MNE: Funder (CSR)  
                                  |                      | NGO: Financial/digital literacy  
                                  |                      | Others: SE (micro-credit) |
| Rural empowerment                | Improving agricultural productivity                | MNE: Buyer, product development  
                                  |                      | NGO: Institution-building, training  
                                  |                      | Others: Cooperatives |
| Catalytic                        | Renewable energy                                   | MNE: Funder (CSR)  
                                  |                      | NGO: Buyer, funder (foundation)  
                                  |                      | Others: SE (new business model) |
| Experimental                     | Logistics, training, affordable diagnostics        | MNE: Research methods, R&D  
                                  |                      | NGO: Pilot studies, training  
                                  |                      | Others: SE (R&D) |
| Cross-domain synergy            | Digital certificates                               | MNE: Technological application, “know-how”  
                                  |                      | NGO: Problem identification, “know-who”  
                                  |                      | Others: State (contracts) |
Multi-stakeholder relations

• Scenario #8:
  • MNE – international distributor
  • NGO1 – R&D
  • NGO2 – training, maintenance
  • Social Enterprise – products
    • E.g.: medical devices

• Scenario #9:
  • NGO – service architecture, buyer
  • Social Enterprise – R&D, products
  • University – funding, basic research, consulting
  • Global foundations – grants to SE and NGOs
    • E.g.: public health, energy
Example: Telemedicine

- Branded, Internet-based healthcare service franchise
  - Run by a NGO
  - Franchisees may be ‘quacks’
  - Technological/diagnostic platforms developed by SE
  - Mobile phone applications for Internet deficient areas
  - Mobile pharmacy
  - Receives support from a corporate foundation
Examples: ICT

- Voice-based interaction application
  - Innovation on interface, usability, authentication process
- Usage:
  - Service offerings (e.g., carpentry)
  - Public transit information (e.g., bus arrival time)
  - Matrimonial ads
  - Tribal areas

- Micro ATM
  - Collaboration with the banks, state, corporations, local merchants
Example: renewable energy

• Portable Solar Generator
• “Lights on Lease”
  • Micro-franchising/micro-entrepreneurship
  • Payment system: accommodates irregular wages, permit micro-payments
  • Credit structure: serves as a guarantor
Example: Health

- Teleradiology equipment designed to be operated by non-specialists
  - Cloud-based platform
  - Integrates two separate systems
    - Radiology information systems (RIS)
    - Picture Archiving Communication Systems (PACS)
  - Works in limited bandwidth environment
  - A training module for non-specialists
  - SE
Transnational social enterprises
Book Conclusion

• From ‘double movement’ (Polanyi) to ‘triple movement’?

• Hybrid logic as a new form of governance?
  • the limits of the two-sector model
  • public goods delivery under rescaled governance.
  • leverages global reach, using technologies, accessing financing, and transferring knowledge and skills that are crucial in scaling up solutions.
    • stakeholders coordinate actions, neither state-directed nor administered.
    • elite institutions in the Global North nurturing socially-minded entrepreneurs
  • aims at developing solutions and resolving issues that have broad societal implications.
    • membership or non-membership based
One Restaurant’s Recipe For Social Good: Same Meals, Different Prices

September 2, 2016 - 7:00 AM ET

NPR STAFF

Everytable sells healthful food in low-income neighborhoods like South Los Angeles at prices competitive with fast food. The restaurant's outlets will have different pricing structures depending on the neighborhood.

Courtesy of Everytable
Moving Beyond:
Why social good delivery by corporations?

• Opportunity-driven agnostic
  • Just another niche market

• The role model effect
  • Bill Gates, etc.

• Change in mindset
  • ‘Prosocial rationality’
Rationality of the hybrid domain

- Altruism
- Social incentives
- Prosocial rationality

- Self-interest
- Monetary incentives
- Utilitarian Rationality
Thank you!

yaoyama@clarku.edu