

The Role of Trust in Forming a Social Innovation Service System

Thao Nguyen and Vy Pham

University of Economics Ho Chi Minh City, Ho Chi Minh City, Vietnam

thao.nk@ueh.edu.vn

thuyvypham@ueh.edu.vn

Abstract: The promotion of social innovation requires the interaction of multiple actors in a network who exchange resources to create value for customers. Adopting the Service-Dominant logic perspective, this paper explores how trust influences the emergence and evolvement of a social innovation service system. Data from a case study of One4One reveals that trust guides the activities of the social impact business and other actors in the service system to search for collaborators in a network, to lead the exchange of resources in the system for co-value creation, and to deal with other actors through the evolvement of the system. The study's findings could inform practitioners' practices conducive to creating a social innovation service system that aims to improve the quality of life for people in developing countries like Vietnam.

Keywords: social innovation, service innovation, service ecosystem, service system, service-dominant logic

1. Introduction

Social innovation refers to system-changing new ideas that could impact the perception and behavior of people to address cultural, social, economic, and environmental challenges (Pol and Ville, 2009). The promotion of new ideas would not be implemented by an organization alone because resources necessary to develop and expand the adoption of innovation would be scattered in the market instead of accumulated in one firm. Therefore, innovation requires the collaboration of various connected parties (Leite, 2022; Pol and Ville, 2009; Siaw and Sarpong, 2021). To promote social innovation, support for the emergence and development of such a network is necessary.

Existing research on the formation and dynamics of the system for social innovation (Babu et al, 2020; Chen and Lin, 2018; Polese et al, 2018) have highlighted key activities by network actors such as searching for collaborators, searching for opportunities for the innovation, implementing bilateral and multilateral resource integration in the network, and convincing others of the benefits of the social innovation. These activities strongly involve the interaction of humans. While trust has been considered a critical factor for human exchange and innovation adoption (Mitcheltree, 2021), research on how trust influences those activities remains understudied. Therefore, this paper addresses this gap in the literature by investigating how trust impacts stakeholders to form their social innovation service system (SISS). Adopting the Service-dominant logic, this study analyses the case of One4One and found that trust considerably guides the network actors to search for their collaborators, establish their relationships, and manage the resource exchanges with other stakeholders in the system.

The paper is structured in four sections. A brief review of existing literature on forming a SISS is discussed, followed by the methodological approach. Consequently, the finding presents critical ideas of stakeholders in the system. The paper ends with a discussion on how the research fits into existing knowledge and avenues for further investigation.

2. Theoretical background

2.1 Service-dominant logic

The service-dominant logic (SDL) highlights the use of resources in value creation. Vargo and Lusch (2004) define service as the application of resources to benefit other actors. They argue that the value created by service is embedded in the use of resources rather than during the delivery of that service to customers. This perspective of value creation in service has shifted the focus from treating services as goods to emphasizing the exploitation of resources from various actors involved in service provision. The key to the value-creation process is the exchange process upon which actors integrate resources to benefit the beneficiary. The actors cannot deliver value without collaboration to use critical resources for value creation. As the actors use their resources and work with others to access theirs, they are considered resource integrators rather than resource owners. Because service is designed to create benefits for the beneficiary, the value created in the service is always determined by the beneficiary.

In the contemporary service era, markets are considered systems of actors connected through network-based relationships to exchange resources and create customer value (Prahalad and Ramaswamy, 2000). The application of SDL has gained much attention in understanding how network actors co-create value for customers. The interaction among actors in a system is necessary as resources are not distributed evenly in the market (Siaw and Sarpong, 2021). Therefore, the value created for customers is created during the exchange between them and the service provider and through the collaboration of various stakeholders and actors in the system who need to jointly combine their resources to benefit the customers (Gueler and Schneider, 2021). This service system approach has been applied both in the commercial and social innovation setting to understand the value co-creation process for customers (Weiss et al, 2020)

2.2 Social innovation service system

According to Pol and Ville (2009), social innovation is system-changing new ideas that resolve social, cultural, economic, and environmental challenges and consequently impact the perceptions and behaviors of people in certain areas. Applying new ideas that change practices and behaviors system-wide innovation requires collaboration among various actors in the system, be they commercial firms, non-profit, or governmental organizations (Saji and Ellingstad, 2016). While social innovation has been considered from different views, such as public goods, service orientation, institutional change, its core attribute remains the improvement of the quality of lifestyle of people involved in the process of social innovation (Babu et al, 2020; Pol and Ville, 2009; Polese et al, 2018; Saji and Ellingstad, 2016). This study defines a social innovation service system as a relationship-based network where multiple actors exchange resources to promote new ideas or products for a better quality of life.

Windasari et al (2017) extend the premises of SDL to the context of social innovation and argue that the main activity of a social enterprise is to provide services that are consistent with its social goals. The social enterprise will function as a service offeror who coordinates various resources of different parties in their service system to achieve their social goals. The beneficiary of a service system may be customers, and those who experience service offerings can determine the value through interaction with the social enterprise.

2.3 Formation of a social innovation service system (SSIS)

Across studies (Babu et al, 2020; Chen and Lin, 2018; Leite, 2022; Polese et al, 2018), the searching for various actors who would share an interest in addressing social issues, the exchange of resources, and the evolvement of the system to promote social innovation are found to be critical elements of a SISS which embraces social innovation. Actors joining a social innovation service system come from various backgrounds, such as public organizations, social enterprises, business organizations, universities, and customers. They usually have different goals and, in many cases, not necessarily to achieve social purposes. However, when combined, their joint efforts would address social issues related to enhancing the quality of life.

The emergence of a SISS usually starts with the initial actor's search for collaborators with complementary resources to achieve their goals. While social purposes drive the formation of SSIS, the motivations of different actors could stem from their economic desire, such as marketing purposes and market position (Leite, 2022). For for-profit organizations, the primary goal is to maximize their resource use or build brand awareness. However, they are all aware that the economic benefits they would receive are expected to couple with solving a social problem (Babu et al, 2020). A critical note of this emergence phase is that parties would explore each other's capabilities and assess their benefits from the collaboration. Trust is essential for building relationships and interactions among actors (Babu et al, 2020; Chen and Lin, 2018). The establishment of the network provides the foundation for activities of resource exchanges where value is created for stakeholders involved. Chen and Lin (2018) show that identifying a party where information passes through helps connect actors in the network. The activities of resource exchange often start after the revelation of the party who plays that central role in the network.

Most often, the integration of resources involves both operand resources (knowledge or skills) and operand resources (physical resources such as technology or equipment) shared by different network actors. During resource exchanges, value is co-created by the stakeholders involved, and the new idea is systematized from an individual level to a collective level during this process (Chen and Lin, 2018; Polese et al, 2018). Actors often need to communicate, collaborate and adjust their resources to promote social innovation. Various actors can quickly access knowledge and skills from other partners for their activities. During the value creation process to

implement social innovation, the social innovator shares the new idea and promotes its adoption on a larger scale. This phase is critical in changing the mindset and behavior of the stakeholders in the system. Windasari et al (2017) show that having a good relationship among actors to build trust, friendliness, and respect creates a fundamental foundation for collaborative actions. Polese et al (2018) argue that stakeholders create value and share across the system during the exchange resources process to benefit all involved actors. The creation of benefits for stakeholders encourages the adoption of social innovation on a larger scale.

The relational factor is critical in the formation and evolvement of a SISS. Research exploring the impact of social factors in enhancing innovation adoption has revealed that a low level of trust would inhibit the acceptance of technology for social change (Julsrud and Krogstad, 2020) because it would hinder the communication of benefits the beneficiaries would receive from the innovation. Similarly, Mitcheltree (2021) points out that trust would promote people's adoption of innovation by reducing their defensive tendencies to hold on to previous routines. In the innovation area, trust is defined as "an expectancy of reasonable and positive reactions by others in response to individual innovation attempts" (Clegg et al, 2002). At the same time, trust has been investigated to impact the adoption of social innovation (Julsrud and Krogstad, 2020; Mitcheltree, 2021; Windasari et al, 2017). However, its influence on stakeholders to collaborate and share their resources during the formation of SISS remains silent. Our research explores trust, a key element in guiding stakeholders' activities in building their SISS.

3. Methodology

We adopted the case study method approach as it is suitable for exploratory purposes (Eisenhardt, 1989; Yin, 2009, Myers, 2013), appropriate for a nascent study. Data were collected through multi-time in-depth interviews with the founder of a social enterprise. There were four semi-structured interviews. The two first interviews explored the firm's background and its development path. In the 3rd interview, learn about this social enterprise's business models and social impacts. Based on the captured data, the 4th interview focused on the resource mobilization and the collaboration aspect of the co-creation process. Both authors attended the interviews and subsequently discussed the findings from the information provided by the interviewees. The analyses were conducted in Vietnamese transcribed text, while all selected quotes have been translated into English in the final report. The translation might not cover all the subtle meaning of language (Marshall & Rossman, 2014). The analyses focused only on the narrative story; then, themes were validated via triangulation by discussing findings within the two researchers. We captured 43 codes and subcodes, aggregating them into four main themes: (1) searching partners, (2) collaboration activities, (3) resources exchanges, and (4) system evolvement.

3.1 The case of One4One

One4One is a social enterprise with the mission to re-establish a fair-commercial and eco-balance lifestyle. One4One's philosophy focuses on humans' connection with humans, the environment, and the products they use. They believe that centralization practices and the pursuit of economic rent have caused numerous problems in the quality of life. The crux of those problems is the commercial business mindset that emphasizes the value creation of the end-product to the customers and disregards the connections among actors whose interaction creates value during production and distribution activities. One4One operates multiple projects, three of which are chosen for the analysis because they reflect the formation of a SISS that One4One has successfully built.

- Coconut project - Ben Tre province (CO_BT): since coconut is a specialty of Ben Tre, One4One builds small factories, helps farmers reconnect with the coconut tree, and improve their living quality through planting, making, and using coconut products. One4One's coconut oil is distributed to urban consumers who share common beliefs and values with One4One.
- Peanut cooking Oil - Ha Tinh province (PO_HT): this project started when One4One met local change agents. At that time, One4One was searching for a cooking oil solution, while a Ha Tinh teacher was engaging himself with a mission to help his dwellers in the community improve their lives based on the local resources. They made peanut cooking oil at Ha Tinh, then sell to both consumers and restaurants in cities.
- Enzyme cleaning product - Da Nang city (Enz_DN): a product made by farmers, One4One helps build a brand and sell to their existing customer base. The product received positive feedback, so One4One plans to open a hundred zero-waste re-fill stations in Vietnam.

4. Findings

This paper studies the impact of trust on the formation of a SISS created by One4One. Figure 1 presents the network relationship of stakeholders and their main activities in the SISS.



Figure 1: The network of One4One

4.1 The value captured by stakeholders

We recognized different values captured by various stakeholders in the system. Value to the customers is in the form of green and organic products, which removes their worries about unhealthy products or ensures them of their contribution to protecting the environment. The stability of outcomes and sustainable production practices to the local farmers, workers, and the local change agents. One4One's employees feel assured of their employment and enjoy a stress-free working conditions, whereas logistics providers are satisfied with their economic rent. To One4One, we are happy with making green products and creating a sustainable system where all stakeholders collectively generate value, the benefit from which they all could enjoy.

4.2 Impact of Trust in the formation of SISS

Trust in the innovation area means the belief that the other party would adopt and commit to the innovation (Mitcheltree, 2021). Results of our analysis reveal the impact of trust in all the three critical phases of developing SISS of One4One in all three projects (see Table 1)

As a social entrepreneur, the desire to build a sustainable system to sell organic/ green products has always been the critical focus of One4One. However, the idea for a green product does not always come from One4One, but in many cases, it is initiated through discussion with local change agents. Notably, the idea is guided by the local knowledge's trust. The arguments for products of the two projects of this study come from the local change agent, and One4One trusts the local people to make an excellent green product that would contribute to the consumers' quality of life.

When building their SISS, the extension of their network is always influenced by trust as they would look for people they believe would share the same value. Their experience taught them not to waste time with people who would not understand and share their purpose. In the absence of trust, they would not proceed with the party, as seen in their experience of the PO_HT project. In the Enz_DN project, when they trusted the local change agent that she would try her best to produce a good quality product, One4One was persistent in supporting her for a long time before her product would be qualified to be sold to their customers. With trust, One4One is willing to start with a small number of farmers to ensure the latter follow their instructions for product quality.

Table 1: Summary of interviews with terms related to trust and collaboration

Dimension/ Actors	Social Innovation Ideation	Search for collaboration Partners	Resource exchange	Evolution of SISS
One4One	<p>"I am maintaining the traditional production approach. And I want to help the worker who made this product use the products they made. At least, they can involve more in the stories of the products for their body and natural environment" (One4One)</p>	<p>"I am lucky because I have found people who share our common value system" (One4One) "There are many people who have different value systems with me. I don't think I had wasted my time with them. Because I must try (to know), then I let them go" (One4One) "No, they (local change agents) don't have a salary. They contribute their labour" (PO-HT) "We search and find a person who has common value in each local community" (One4One)</p>	<p>"At that time, we didn't know what product testing is. We had to learn so many times. We met some university professors in industrial tech, went to coffee chats, then they instructed us." (CO-BT)</p>	<p>"One4One made products by us. So even though we are not strong in production, we are also self-taught/ self-learn. During the production procedure, there would be problems which we can take. So that we can enhance and complete our models, then imply to manage other projects." (CO-BT)</p>
Employees		<p>"And people who come to join One4One have a common value system with us. A few members had a different value, but they left. So, if they stay with us, they are strongly engaged because they know here is their place. Nowhere is similar this place that has this value, so they are engaged" (One4One)</p>	<p>"The staff left in a very humane way. They knew I can no longer afford to pay their salary on time. So they left but still worked hard for me. Just left to release me from paying for them." (One4One)</p>	<p>"Each manager will work with them, then the program and operation plan changes all the time that I sometimes can't get it either. [...] Staffs on my side are good at it. As long as my guys can do it, it's fine (with me)" (One4One)</p>
Consumers	<p>"Because we can tell our consumers that currently, our products are only 70% of good quality. We are not satisfied with this 70%, so can you accept this product? However, we are sure that this 70% is so much better than the product which told a lie about the "good 100%" (One4One)</p>		<p>"Because we can tell our consumers that currently, our products are only 70% of good quality. We are not satisfied with this 70%, so can you accept this product? However, we are sure that this 70% is so much better than the product which told a lie about the "good 100%" (One4One)</p>	

Dimension/ Actors	Social Innovation Ideation	Search for collaboration Partners	Resource exchange	Evolution of SISS
Local Change agent	“It is not difficult to find a product idea. We just need to ask local dwellers. The residents who have been living there for decades know. Their parents’ grandparents know. It’s so convenient; we ask around that we capture a ton of ideas.” (On4One)	“It was many times when we went to the farm, even the organic farm. But it is impossible to communicate because ours and theirs are two different approaches. Even if we wanted, we couldn’t do it due to this difference. In contrast, if people have the same value system, we can <i>plant the tree on any stone</i> (local idiom)” (CO-BT) “We visited many places, but until when we came to Ha Tinh province that we found a teacher who has the same concern about his hometown.” (PO-HT) “They have been lived there for some decades, so they know who (farmers, dweller) is good, who is not” (PO-HT)	“They are very reputable. They are teachers in the village in a remote area [...] When the teacher said one thing, it is to be done immediately” (PO-HT) (during the Covid-19 pandemic) “We still buy their peanut. In the future, we plan to hold some agriculture professionals training. But now, our work is still based on the prestige of the change agents (teacher)” (PO-HT)	“They are so talented. They are more talented than us. (when we ask them to fix this factory) they know much better than us” (PO-HT)
Local farmers and workers		“I was convinced by her stories that I accompany her (in this business)” (Enz-DN) “We began with only 2-3 farmers. They are his (the local change agent) relatives – aunts, uncles and so on.” (PO-HT) “It is not difficult to find another farmer. At that time, we found an experienced farmer who had been living with a peanut tree for a long time. And he was also a leader of a local farmer association. So we just need to sell (their products), then they will join. We do not lack of farmers there” (PO-HT)	“Human is the most important resource. It (the same value system) is so that we can communicate and they understand immediately” (One4One)	<i>(when farmers break the rule, sell peanut to another seller)</i> “... we said we were said. We confide with them. But we empathize them... so they come back, with a new mindset and attitude” (PO-HT) “I have learned to appreciate the people who, no matter what problem comes, still stay with me. They always share difficult times with me. So no matter what difficulties or conflicts in work, I also learn how to empathize with overcoming” (One4One)

Similarly, the local change agent’s act of recruiting farmers into the system is also guided by trust. They would also look for farmers who would commit to a proper production process. To One4One employees, they also trust

their employer for providing a desirable working conditions. It can be seen that trust influences the network stakeholders to search for and recruit other network partners. Besides looking for complementary resources possessed by the partners, the beliefs that the other party would embrace and promote the innovation are critical to the decision whether to include or not to include them in the network. During the collaboration process, the trust in others would encourage their exchange of resources. One4One trusts the experts for sharing their technical knowledge, so they reach out to university professors for their advice in the manufacturing process. Employees trust that One4One is creating a good value for society, so they are willing to work for One4One during the tough time of the pandemic. The local farmers believe that the instructions of the local agents are appropriate, so they would just quickly follow them. One4One also trusts the farmers to adopt their innovation, so they feel at ease when sharing their knowledge. Finally, the customers trust the reliability of One4One's message and social value, so they would support the firm even if the product would not fully meet the desired standards.

The evolvement of One4One's SISS is not linear and would experience some changes or disruptions. Positive change is seen when social innovation is promoted and adopted widely by other stakeholders. In contrast, negative change occurs when an existing member contributing to the co-creation process wants to leave the system for better benefits. The existence of trust in either way would facilitate the evolvement of the SISS into a more concrete form. For example, at One4One, the trust in the employees that they would commit to the firm's core value would help the social entrepreneur decentralize the decision-making process to her staff. Thanks to this decentralization, the idea of innovation is quickly spread to other people and adopted to the next level. Not only is decentralization observed within the firm but also across the actors in the system. Thanks to trust in the local change agent, One4One encourages them to decide what is best for a manufacturing system at the local worker's site. This decentralization helps to expand the practices for social innovation on a larger scale that spread throughout the system. When looking at the adverse incidents where local farmers left the system for better value, the trust and empathy with the farmers led One4One to have a peaceful resolution instead of engaging in any conflicting behavior. The caring behavior adopted by One4One later encourages the farmers to rejoin the system when they realize the benefits received at One4One out-weigh what they would earn in other options. From this evidence, we see that trust speed up the evolvement of SISS to expand the adoption of social innovation.

5. Discussion

This paper attempts to understand how trust influences the formation and development of a social innovation service system. The analysis shows that adopting social innovation from the individual to the system level is strongly influenced by trust. It is a critical factor that guides social entrepreneurs to search for their collaborators. Previous research has shown that the essential purpose of partner selection is to locate complementary resources (Hardyman et al, 2021). This study provides an additional perspective on the need for trust. In addition to looking for complementary resources, social innovators would pay more attention to the willingness of potential partners to promote the new idea. While Julsrud and Krogstad (2020) point out that the adoption of social innovation at the system level depends on customers' trust in the value of the innovation, this research examines the trust from the other side, which is of the social innovator. This research also corroborates existing studies showing that relational factors (Windasari et al, 2017) are essential in speeding up the adoption of social innovation on a larger scale. This research suggests that social enterprises should invest in getting to know their partners to develop a service system effectively. In addition, they need to signal their value proposition to all stakeholders to reach collective goals.

Although the findings are encouraging and helpful, it has specific limitation. We only interviewed one social enterprise to investigate the phenomenon. Further studies can consider the impact of trust on the efficient use of resources in the system. Additional studies on how power, another relational factor, influence a SISS's development would be fruitful to promote social innovation on a larger scale.

6. Conclusion

The adoption of social innovation relies on a network of various stakeholders who interact and collaborate to share resources to promote the new idea. While human interaction is essential in promoting social innovation, there is a lack of study on how trust – a critical component in human interaction – influences network actors to exchange resources to adopt social innovation. This research investigates the case of One4One, a social enterprise who have built multiple systems for social innovation, and found that trust plays a vital role in guiding

network stakeholders to identify their partners, maintain their relationships and encourage their resource exchange activities for the adoption of social innovation. These findings highlight the role of trust in promoting social innovation at the system level, which extends current knowledge on how trust influences activities to build value-cocreation competence for stakeholders in the system.

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