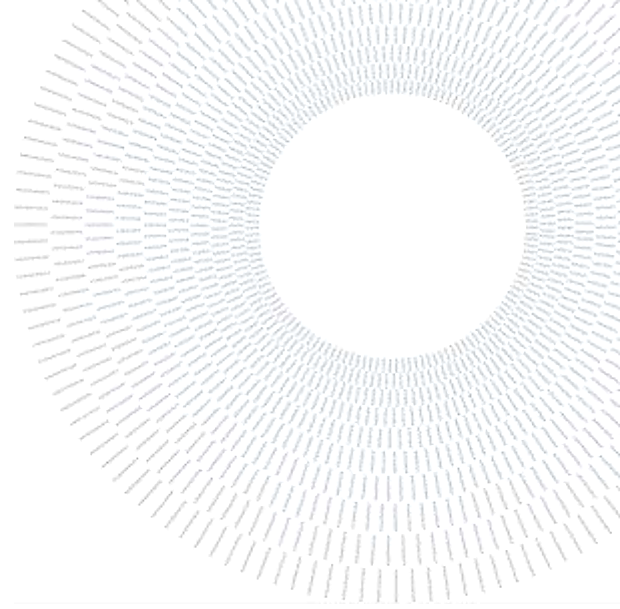




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SCUOLA DI INGEGNERIA INDUSTRIALE  
E DELL'INFORMAZIONE



EXECUTIVE SUMMARY OF THE THESIS

## Exploring MNEs' Social Business Innovation: quantitative and qualitative analysis in multiple contexts.

TESI MAGISTRALE IN MANAGEMENT ENGINEERING – INGEGNERIA GESTIONALE

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### 1. Introduction

New rules and expectations for companies are making people and literature pay more attention to Corporate Social Responsibility (CSR) and to how businesses are actively working to solve social problems through Corporate Social Entrepreneurship (CSE)'s models involvement. Considering these growing global social and environmental demands, findings highlight that CSE application by multinational large companies like Zurich Company, could play a pivotal role in addressing similar challenges. However, to analyze what are the determinants of CSE's attitude in large companies becomes essential to support the innovation of corporate purposes. Indeed, it is important to redesign resources for the simultaneous creation of social and economic value (Austin & Reficco, 2009; Scuotto et al., 2022).

### 2. Research Purpose

The purpose of this research is to conduct a comprehensive analysis of Corporate Social

Entrepreneurship (CSE) within large multinational corporations, focusing on understanding the factors that drive CSE. The primary objective is to address an existing identified research gap by examining, through quantitative statistical analysis, the antecedents of CSE within large corporations' context. In collaboration with Zurich Insurance Company, real data have been collected to validate initial theoretical hypothesis based on literature analysis. Additionally, this research seeks to explore practical applications of social innovation through qualitative research methods. The type of social innovation proposed belong to the inclusive business typology, which refers to profitable and socially responsible business initiatives including low-income community in the value chain and aiming to improve their quality of life (Pineda-Escobar, 2022). Specifically, it examines the potential development of tailored insurance solutions for Peruvian microenterprises dealing with climate-related challenges, leveraging partnerships with local entities.

### 3. Research Methodology

The study entails a three-step approach: a comprehensive systematic literature review (SLR), a company-side analysis involving the creation of a statistical validated model describing determinants of CSE (supported by the responses to a survey collected from company's employees), and finally a market-side application involving a focus group with potential consumers, particularly those within the Bottom of the Pyramid (BOP).

At first, the systematic literature review methodology adopted aims to explore the emerging trend of businesses adapting to new social and environmental demands and requirements. It focuses on the concepts of social business evolution and corporate social responsibility, collaborations, and partnerships for the enabling of social innovations addressing the Bottom of the Pyramid market's concept and main characteristics.

After having set this critical foundation for the study, a research articulation section has been developed setting the stage for subsequent chapters' deeper analysis and discussion. It starts by outlining the research context, presenting the selected Zurich Insurance Company, the Peruvian NGO FIAD and the microinsurance product. Then, this section provides an overview of the study objectives and the methodologies used. Finally, it provides a concise explanation of the steps taken to establish the case study setting, the case study application and relative results' analysis.

The company-side quantitative analysis, instead, involve analyzing the main Zurich Company approaches and mechanisms to conduct business activities in a social entrepreneurial manner and creating a theoretical model of corporate social entrepreneurial intentions' antecedents. A survey has been conducted to a large sample of the selected insurance company's employees and the results analyzed through an exploratory factor analysis, confirmatory factor analysis and structural equational modelling analysis on data collected. This allows to understand at which level the hypothesis of the theoretical model developed were effectively linked together and to make some related modifications to the primary model when necessary.

The market-side qualitative analysis involves analyzing the Peruvian market as a potential business opportunity for Zurich insurance

services' implementation. It provides firstly an overview of Peru general information like macroeconomic landscape, social statistics, economic considerations, and climate-related vulnerability, and secondly a Peruvian insurance and microinsurance market overview. This allows to set the basis for a secondly deeper insight into needs, expectations, and possible reactions to this social innovation implementation, developed by administering a focus group with potential customers participants. The focus group results have been analyzed adopting an abductive reasoning methodology, based on making deductions or hypothesis towards the most plausible interpretation of collected information (Bandini et al., 2023).

So, this study also proposes a real-world application of social innovation through the company's development of customized insurance solutions for Peruvian microenterprises facing climate-related challenges, exploiting the collaboration with local entities.

### 4. Main Findings

The findings highlight the imperative of aligning business objectives with social and environmental goals, to forge sustainable and inclusive solutions for the Base of the Pyramid. They underscore the potential for multinational corporations to drive positive social and environmental change, especially in developing and vulnerable markets.

From literature review analysis, it has been highlighted the increasing interest of companies toward Corporate Social Responsibility (Samaibekova et al., 2021; H. Wang et al., 2016) and its role in addressing needs of vulnerable consumer segments living at Base of Pyramid conditions (Singh et al., 2015). Notwithstanding that, many corporates are still slow in this kind of progressing, acting only as charitable donors (Michael Porter & Kramer, 2011). Strategic alliances and corporate entrepreneurship are essential to multiply impacts and combine core competencies toward corporate shared value creation (Austin & Reficco, 2009). However, there is still lack of consensus about social entrepreneurship and there is few evidence about determinants of social entrepreneurship to big

organizational level (García-Jurado et al., 2021; Marjerison et al., 2021, Kaptein, 2019).

Regarding the case study analyzed company-side, the large multinational Zurich Insurance Company has been taken as a reference. Indeed, the insurance business hold a huge potential to help emerging economies, under its economic and social roles of financial risk transfer, encouraging risk reduction and significant capital accumulated to invest (Benno Keller, 2014). Moreover, it has been recognized the Zurich Company's effort to become an impactful business, in addition to the core business of providing insurance protection. Their efforts materialize in Z Zurich Foundations, Zurich Flood Resilience Alliance creation and in the participation as founding member of Blue Marble Microinsurance to support economic development of unserved populations (Zurich Insurance Group, 2021a).

The study's results main practical contribution is offering new insights into the conceptualization of CSE determinants starting from Hockerts, 2017 study. Applying that concept to the context of large corporations, a CSE's antecedents' model in the following figure have been created. This has been validated through real data collection from Zurich Company and statistical analysis, making the findings significant. In particular, the results of the tests conducted reveal:

1. The importance of Social entrepreneurial intentions as a mediator between Awareness and Partnerships. Therefore, the intention's positive effect as both a predictor and mediator in shaping partnerships underscores its importance in driving meaningful company's collaborations in the context of social entrepreneurship.
2. All three chosen mediating variables (empathy, interactions, and corporate's support) are strong predictors of intention.
3. Among the mediating variables, perceived corporate social support is the most influential, followed by interactions. This confirms the hypothesis that both company support and collaboration with various entities and beneficiaries of social initiatives are crucial for

fostering employees' social entrepreneurship in a large corporation.

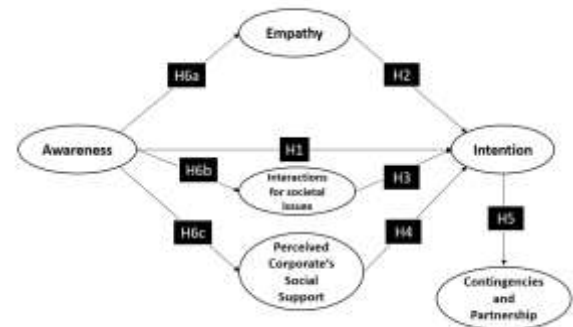


Figure 1 Antecedent Factors Structural Model

Then, considering that Zurich operates in Latin America, but not in Peru and not offering themselves microinsurance products to the market, the development of this type of products tailored for developing country like Peru has been identified as a potential social innovation for the company. Indeed, microinsurance represents an effective social safeguarding tool, as designed to be affordable, accessible, and applicable to those who typically lack access to traditional insurance services (Churchill & Matul, 2012). Moreover, it can enhance the company CSR efforts by being an innovation pertinent to the core business. So, the Peruvian country as a possible BOP market to enter in has been studied and, considering the growing global social and environmental demands, Peru emerges as a significant context to explore the role of Corporate Social Entrepreneurship (CSE) and corporate social responsibility (CSR) in addressing the needs of microenterprises facing climate-related challenges. Indeed, Peru stands among the most vulnerable nations in Latin America regarding climate variability and change and, consequently, smallholder farmers in remote areas face substantial challenges from adverse weather and climate events (Gubler et al., 2020).

In gaining more insights, the conducted exploratory qualitative market analysis, consisting of a Focus Group with potential local target clients and beneficiaries, revealed critical concerns for the country and potential customers' expectations and reactions.

Finally, the proposed strategy to reach Bottom of the Pyramid (BOP) consumers in Peru would be starting from urban areas of the country with existing insurance access. Once confidence has been established, expand to non-urban regions with affordability and risk challenges. Moreover, the application of shared value creation involving local organizations as effective partner for the scope, like the Peruvian NGO FIAD, increases the potential to bring about meaningful change in the Peruvian BOP market.

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## 6. Research limitations

It is crucial to acknowledge the limitations of the focus group and of the CSE determinants' model created. Indeed, a limitation of the company-side part of the work could be the generalizability of the results considering the single case study. A possible improvement that following studies could develop, could be the adoption of multiple case studies across different countries and businesses, to evaluate the replicability of the CSE determinants' model findings. Moreover, regarding the market-side of the study about microinsurance product development for Peru, it has to be emphasized the need for future research to go in-depth into a concrete business model, to verify the feasibility of this impactful insurance solution's development by Zurich Company, taking into account the diverse contexts within the target market.

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