# Social innovation

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Social innovation has recently been gaining attention as a way to address social and economic problems that are overlooked or not effectively addressed by existing systems.

Social innovation is an overarching term for a variety of practices that aim to address social problems, and provides a new lens to understand the role of the social in innovation. Social innovation takes the form of products, processes, services and models that meet social needs.

The concept has special appeal in policy and not-for-profit circles based on the promise of transformative change for the good of society using innovative means. Examples of successful social innovations include Alcoholics Anonymous (1935), Open Source Software (1998), Microcredit (1976), the National Health Service (1948), Open University (1969), Fair Trade Labelling (1988), Participatory Budgeting (1989), The Big Issue (1991) and Wikipedia (2001).

### Lack of clear definition for social innovation
Social innovation is a bit like United States Supreme Court Justice Potter Stewart's definition of pornography: 'I know it when I see it'. There is no agreed definition of social innovation.

The Stanford Center for Social Innovation provides this working definition: "[Social innovation is a] novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals" (Phills, Deiglmeier and Miller 2008: 36).

While useful, this definition does not adequately capture the complexity and breadth of the idea and its practices. The field of research is cross-disciplinary, the scope of action cross-sectoral, and social innovations can address issues of a local, national or global scale.

### Key theme: a new way of thinking about innovation
Social innovation is a new way of thinking about the role of the social in innovation and reflects a shift in perception of how innovation occurs and benefits human beings. This paradigm shift emphasises the social purpose of the innovation, the product or outcomes of the innovation, the process of innovating, the diffusion of the innovation and the value created by the innovation.

### Innovation paradigm shift
Traditionally, the innovation paradigm is framed in terms of technological and economic innovation, which refers to the development and diffusion of new products and processes and significant technological changes to existing products and processes, based on a model of science, research and development. Social factors are considered primarily as a requirement, side-effect or result of technological innovation.

The new paradigm recognises that the world's most pressing problems cannot be solved through technical innovations alone and that non-technological measures in the form of social changes are necessary. Social innovation operates at the level of social practice, and social factors become not an ancillary to technological innovation, but take centre stage as the subject of social innovation efforts.

### Social innovation is a different way of specifying the objectives of innovation.
Social innovations are designed to meet social goals, and identify and address social problems. The purpose and desired outcome is to alter one or more of the cultural, normative, institutional and regulatory structures to bring about change that benefits society as whole.

Put simply, a social innovation is a socially desirable innovation. The notion of 'doing good' or social justice (as opposed to profit maximisation) is a key motivating force for many engaging in social innovation, but is problematic from an analytical point of view because of its normative characteristics, that

is, implicit value based judgments about what is 'good'. This is where one of the key debates on social innovation resides. In pluralistic societies, different purposes and interests coexist and a social innovation regarded as 'good' by a certain rationale may be ambivalent or negative if seen from a different standpoint.

Conversely, while social and political pluralism can be the cause of fragmentation, the interaction of contrasting value sets can also act as the ferment that gives rise to new ideas and new ways of working. To be successful, social innovations often need to operate within and across communities or collective structures. And it is just this pluralism that allows many social innovations to recognize and act upon social issues that are intractable in other ways, thereby allowing for a multiplicity of social 'goods' to co-exist.

**Three broad outcomes of social innovation:**

**1. The provision of solutions to pressing social needs**
This is concerned with issues like work insertion for vulnerable groups; health care and health; education (e.g. school retention, truancy, teenage mothers); childcare; aged care; homelessness; and indigenous issues. Grameen Bank, which pioneered microfinance to (re)integrate marginalised people into the formal economy, is amongst the most prominent examples. The Community of San Patrignano in Italy and the Basta Arbeits Kooperativ (Sweden), which are drug rehabilitation communities, are other successful examples.

**2. Solutions to societal and environmental challenges**
Examples include the Red Cross, founded by Henri Dunant in 1863 to help injured civilians; the Open University, which provides access to knowledge and university degrees to persons not otherwise able to follow a classic academic course; and Finnish Complaints Choirs that allow people to come together and list their grievances, set them to music and perform them in what is an innovative form of consultation and community building.

**3. Social innovations for systemic change**
Amongst which are participatory budgeting (Porto Alegre, Brazil and Cologne, Germany) which facilitates a more even redistribution of resources; and initiatives aimed at changing behaviours to reduce people's environmental footprints and encourage sustainable behaviours and consumption (e.g. Urban EcoMap) and new approaches to urban development (e.g. greyfields).

This group of social innovations exhibits a strong socio-political governance dimension that focuses on the social change potential of new institutions and practices to promote responsible and sustainable development of communities as well as more democratic governance structures, as for example the Global Ideas Bank, anti-globalisation movements, indigenous populations' resistance practices, protests in Latin-American countries and most notably the World Social Forum.

**Process of innovation**
Social innovations are *innovations that are social in their means* as well as their ends.

The technological/ scientific paradigm of innovation is based on a model of problem identification, research and development, and marketing. It is usually conducted by specialised firms and organisations. In social innovation, on the other hand, social factors are central to the generation and implementation of innovations. The processes and mechanisms of social innovation are among the theoretically less developed aspects of social innovation.

There are two lenses on how social innovations occur. One points to the *role of extraordinarily creative and driven individuals in producing social innovations*. One may think of exceptional people like Robert Owen (founder of cooperatively run factories) and Octavia Hill (inventor of many ideas of housing management, heritage protection and community housing) who combined an ability to communicate complex ideas in compelling ways with a practical ability to make things happen (Mulgan 2006: 148).

The second lens recognises that the *majority of social innovations arise from a process of collective creation*. It points to institutional interdependencies in innovation processes where innovation is not seen as episodic, but as interactive, iterative and continuous. It implies a 'democratisation' of innovation where consumers and citizens, not just institutions, have a voice in the innovation process and collaborative capacity is critical for innovation.

This is theorised in terms of the interactions within and between groups and organisations, with an emphasis on the role of networks and new forms of partnerships and collaborations, often across different sectors (private, public, not-for-profit and civil

society), fields or industries. Social innovations are not necessarily new; they often draw on existing ideas or models from disparate fields and reconfigure them to create something new or apply them in novel contexts.

Actors operating at the interface of established fields, sectors or industries encounter divergent views, ways of doing things and values - social innovations arise from this dissonance. It also highlights the critical role connectors (persons, groups, organizations or institutions that are successful in linking different people, ideas, money and power) and knowledge networks play in an innovation process that is multi-dimensional, complex and dynamic (Mulgan 2007; Moulaert et al. 2005; Howaldt and Schwarz 2010).

### Criticl role of new information and communication technologies (ITC)

New means of creating networks and collaborations (within and across sectors, geography and societal groups) allow social innovations to arise and diffuse. This is evidenced by the many social innovation labs, incubators and accelerators, or the fact that unexpected and unplanned social uses of new technologies can lead to social innovations (e.g. Wikipedia or Open Source Software). Thus the spread of networks and global infrastructures for information and social networking act as facilitators of new social practices which engender social innovations.

### Social entrepreneurship and social enterprise

Social innovation is often conflated with social entrepreneurship and social enterprise, but they are not the same thing. The social entrepreneur uses entrepreneurial skills to achieve a social purpose (not necessarily involving social enterprise) and operates at the level of the individual. Social enterprise is an organisational form trading in the market to achieve social aims, but is not necessarily a social innovation. Both social entrepreneurship and social enterprise are encompassed by social innovation, which operates at the inter-organisational and system levels.

### Policy settings to support social innovation

Social inventions or new social ideas only become social innovations if they successfully take hold through a process of replication, scaling and diffusion. The problem is that many social ideas and social enterprises cannot be successfully scaled and replicated in different contexts thereby preventing them from becoming social innovations.

It is here that much of the policy interest in social innovation is concentrated, driven by the recognition that it may be a way to address complex and intractable (wicked) policy problems that governments struggle to resolve. Rather than seeking to generate and engage in social innovation themselves (though there is some evidence of social innovation in public administration and governance processes), governments are endeavouring to create systemic enabling conditions (e.g. legislative, regulatory frameworks and structural conditions) that will allow social innovations to flourish elsewhere in the business, not-for-profit and civil society sectors. The availability of finance to sustain and grow social innovations has been identified as a key issue and has led to the development of new models of social finance, such as social impact bonds.

### Theory and practice

While the idea of social innovation appears in the first half of the 20th century in the work of Joseph Schumpeter, a key writer on innovation and economic development, social innovation as a distinct area of study is still emerging.

The majority of writing on social innovation falls within the domain of grey literature in that it is primarily produced by governments, policy think tanks, practitioners and facilitators of social innovation. This highlights that the field is action oriented rather than theoretically driven.

Despite the proliferation of individuals, organisations, associations and groups engaging in and promoting social innovation, there is still no agreed upon concise definition of the term or its scope, nor are the key debates informing the concept comprehensively theorised and articulated. Instead, debates draw on related discipline fields such as economics and management, innovation studies, not-for-profit studies, public policy, and urban planning and development. More recently, the social sciences have shown budding interest in social innovation as it provides an attractive model for conducting research, increasing the impact and relevance of research outcomes and explaining and promoting social change.

On a practical level, social innovation is hampered by insufficient knowledge about the processes that give rise to and sustain it, limited support of grassroots and social entrepreneurship activities, lack of adequate finance and financing models, poor

diffusion and little scale-up of good practices, and poor methods to evaluate impact and effectiveness.

On a theoretical level, much of the appeal of social innovation derives from its location at the intersection of established debates around norms and values; the need for new ways of addressing increasingly complex and intractable social problems; social capital and social inclusion; and sustainability and regional development. It seemingly offers a new lens on social change, governance and civic agency – in other words, social innovation stems from the social capital of civil society (Novy and Leubolt 2005). Paradoxically, while a key tenet of social innovation is its focus on social justice rather than profit maximisation, it is often advocated, especially in policy discourse, on the basis that it will help stimulate economic performance and productivity.

Social innovations are embedded in time, place and culture and this has implications for its socio-political dimensions. There is a need for a sharper outline of the concept that also points to its path and context dependency, including social justice. Sustained and systematic analysis of an interdisciplinary nature must consider a range of questions about the purpose of social innovation; the transformation of social relations, organisational aspects, and governance relations; and the role of special agencies and policy initiatives.

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## Social Innovation Organisations and Information

Australian Social Innovation Exchange (ASIX), Australia

The Australian Centre for Social Innovation (TACSI), Australia

Centre for Social Impact (CSI), Australia

Centre for Research on Social Innovations (Centre de Recherche sur les Innovations Sociales), Canada

**Center for Social Innovation**, Stanford Graduate School of Business (USA) http://csi.gsb.stanford.edu/

European Commission and the Europe 2020 Programme, The Hope Institute, Korea

National Endowment for Science, Technology and the Arts (NESTA), UK

**New Zealand Social Innovation and Entrepreneurship Research Centre** (NZ) http://sierc.massey.ac.nz/

OECD LEED Forum on Social Innovations, Europe

Office of Social Innovation and Civic Participation (OSICP), USA

SIG@Waterloo Institute for Social Innovation and Resilience (Canada) http://sig.uwaterloo.ca/

Social Innovation Europe, Europe

Social Innovation Exchange, UK

Social Innovation Park (SIP), Singapore

**Sozialforschungsstelle Dortmund** (Germany) http://www.sfs-dortmund.de/v2/index.php

The Young Foundation, UK

**Zentrum fur Soziale Innovation** (Austria) https://www.zsi.at/

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