

## Chapter 5

# Social Entrepreneurship and Social Innovation

*The chapter outlines social entrepreneurship and social innovation before going on to provide concrete examples. While it may be argued that these fields require better exploration and articulation, that does not mean that their role should be underestimated. They have already proved to be effective tools to meet social challenges and needs and contribute to sustainable development. Policy makers and investors are looking with growing interest at these areas, and have an important role to play in the provision of tailored support to aid their development.*

## Introduction

Social entrepreneurship and social innovation have, in the past decade, garnered particular attention from policy makers, academics, practitioners, and the general public. Both are important tools to tackle social challenges and to respond to them when the market and the public sector do not.

The unparalleled challenges at global, national and territorial levels demand new strategies and tools to successfully address them. The market and the state cannot, on their own, regulate and solve all problems. New approaches are needed to tackle major social issues, “most especially in the presence of the systematic retreat of the governments from the provision of public goods in the face of new political ideologies that stress citizens’ self-sufficiency and give primacy to market-driven models of welfare” (Nichols, 2006, p. 1).

If economic globalisation offers opportunities to improve living conditions, it also implies substantial and continuous restructuring and change – most especially in a time of economic crisis – and a renewed or new approach, not only to the new social challenges but also to the old ones that have not yet been met successfully. Competition keeps increasing and as a consequence, all territories have to engage more strongly in innovation, both technological and social, and in entrepreneurship, both “commercial” (for-profit businesses pursuing as a primary objective economic value and its appropriation) and social (primarily aiming at addressing and satisfying unmet social needs, and therefore creating social value).

The most urgent challenge for national governments, local authorities, policy makers and economic stakeholders is therefore to help the less well-off adapt to new and changing situations and – more importantly and more generally – to promote sustainable economic and social development so that once the economy has recovered the benefits can be widely diffused.

Social entrepreneurship and social innovation are part of the solution, as they both explicitly aim to provide innovative solutions to unsolved social problems, putting social value creation at the heart of their mission in order to improve individuals’ and communities’ lives and increase their well-being.

Even if social entrepreneurship as an activity is developing quickly around the world (Box 5.1) and social innovations are appearing everywhere, these are both relatively recent fields of research and practice and the notions are still ill-defined. A term like social entrepreneurship tends to overlap with terms such as social economy, third sector, non-profit sector, social enterprise and social entrepreneur, some of which are also ill-defined and overlapping (see the Glossary at the end of the book). Moreover, definitions are context-sensitive, in the sense that the geographical and cultural contexts matter. As some authors (Kerlin, 2006; Defourny and Nyssens, 2008) explain very clearly, social entrepreneur, social entrepreneurship and social enterprise do not have the same meaning in the United States as in Europe for example,<sup>1</sup> and this difference also complicates things. The same confusion exists over social innovation.

There is, therefore, a need for greater conceptual clarity to be developed around these areas.

This chapter examines social entrepreneurship and social innovation and explores their meaning, as well as considering concrete examples of both. It is divided into two sections: the first focuses on social entrepreneurship and the second on social innovation. It also provides recommendations as to how to most effectively support social entrepreneurship and promote social innovation.

### Box 5.1. The growth of social entrepreneurship

While empirical evidence shows that social entrepreneurship is growing in many countries, measuring it – like measuring the social economy, the third sector and the non-profit sector – is difficult. This is due not only to the variety of the entities belonging to the field, but also to the fact that these entities vary according to the geographical context and that countries recognise social entrepreneurship differently.

The “Social Entrepreneurship Monitor” is a special report of the Global Entrepreneurship Monitor (GEM) UK project to estimate the percentage of social entrepreneurs in UK society using population survey data. The GEM report found that 1.2 million people, which corresponds to 3.2% of the working-age UK population, could be classified as social entrepreneurs (defined in the survey as being involved in founding and running a social venture younger than 42 months). As the comparable number for commercial entrepreneurship is 6.2%, this points to the importance of social entrepreneurship. According to the report, social entrepreneurs in the United Kingdom are more likely to be women, young, and well educated (Harding, 2006).

According to Mair and Ganly (2010), in Japan, where a legal structure for non-profit organisations was introduced in 1999, the number of social entrepreneurship entities developed from 1 176 in 1999 to 30 000 in 2008, and this sector contributed JPY 10 trillion (USD 110 097 billion according to OECD STAT) to the economy in 2005, which represents 1.5% of Japan’s GDP.

When referring explicitly to social enterprises, undoubtedly a major expression of social entrepreneurship, recent UK data released by the Third Sector in July 2009 ([www.cabinetoffice.gov.uk/media/231495/factoids.pdf](http://www.cabinetoffice.gov.uk/media/231495/factoids.pdf)) refer to an estimated average (2005-07) of 61 800 social enterprises in England. In 2005 social enterprises had a turnover of GBP 27 billion and contributed GBP 8.4 billion to the UK economy. In 2007/08 540 000 people were employed in the third sector as a whole in England. In Italy, according to a recent estimate (2009) provided by the Iris network [www.irisnetwork.it](http://www.irisnetwork.it), there are 15 000 social enterprises employing 350 000 employees, serving 5 million users and with an economic turnover of EUR 10 billion.

In Korea from 2007 to 2009, the Korean Ministry of Labor has certified 251 organisations as social enterprises (36 in October 2007; 19 in December 2007; 30 in April 2008; 24 in July 2008; 48 in October 2008; 64 in December 2008; 26 in May 2009; 8 in July 2009) out of 515 organisations that applied (data elaborated for OECD by the Korea Labor Institute and the Research Institute of Social Enterprise).

Moving to the social economy, a recent report by CIRIEC (2007) clearly shows its diversity in European countries. Part of the study is devoted to the presentation and analysis of the different definitions of social economy existing in the 25 countries included in the study. The report presents the main figures for the social economy in the European Union, by

### Box 5.1. **The growth of social entrepreneurship** (cont.)

country and globally, differentiating three groups of organisations: co-operatives and similar accepted forms; mutual societies and similar forms; and finally, associations, foundations and other related non-profit forms. “The main conclusion to be drawn is that the social economy in Europe is very important in both human and economic terms, over 11 million paid employees, equivalent to about 6% of the working population of the EU. These aggregates underline the fact that this is a reality which cannot and should not be ignored by society and its institutions” (CIRIEC, 2007, p. 44). The study can be downloaded at [www.socialeconomy.eu.org/spip.php?article420](http://www.socialeconomy.eu.org/spip.php?article420).

In the United States, the Johns Hopkins Nonprofit Economic Data Project (NED) is generating information on the dynamics of the non-profit sector by analysing diverse datasets on non-profit organisations, including data on non-profit finances, employment and wages, and volunteering. The website of the project ([www.ccss.jhu.edu/index.php?section=content&view=9&sub=10](http://www.ccss.jhu.edu/index.php?section=content&view=9&sub=10) – accessed on 28 October 2009) reports that: “Nonprofit employment is much larger than expected and much more widely dispersed, outdistancing many major industries in its contribution to state employment and payrolls; Nonprofit employment is dynamic, growing more rapidly than overall employment; Nonprofit employment is spreading to the suburbs and rural areas; Nonprofit wages actually exceed for-profit wages in many of the fields where both sectors operate; Despite their growth, nonprofits in many states are losing ‘market share’ to for-profit firms in many fields where both sectors are operating.”

To complete the overview and to have an idea of the economic weight of co-operatives in the United States (not included in the non-profit sector in that country but belonging to it in Europe), it is important to note that more than 30 co-operatives have annual revenue in excess of USD 1 billion. Indeed, around the world the largest 300 co-operatives (in terms of turnover) – the so-called Global 300 – have combined assets of USD 30-40 trillion and annual turnover of USD 963 billion. In effect, the Global 300 is the 10th largest economy in the world (ICA, *Annual Report*, 2006).

## Social entrepreneurship

The concept of social entrepreneurship is still poorly defined and its boundaries to other fields of study remain fuzzy. While to some this may appear to be a problem, it could also be seen as a unique opportunity for researchers from different fields and disciplines, such as entrepreneurship, sociology and organisational theory, to challenge and rethink central concepts and assumptions (Mair and Marti, 2006, p. 36).

### **What is social entrepreneurship?**

Social entrepreneurship can be defined as entrepreneurship that aims to provide innovative solutions to unsolved social problems. Therefore it often goes hand in hand with social innovation processes, aimed at improving people’s lives by promoting social changes.

Social entrepreneurs link themselves to a wide spectrum of organisations that have an entrepreneurial approach and whose overall primary mission is to tackle social problems. Social entrepreneurship is, therefore, about solving social problems rather than exploiting market opportunities. Social currency is the motivation of social entrepreneurs who “... all have one thing in common: the innovative use of resources

to pursue opportunities to catalyze social change” (Mair and Ganly, 2010). Social entrepreneurs are in pursuit of “sustainable solutions to problems of neglected positive externalities” (Santos, 2009, p. 1).<sup>2</sup>

### **The challenge of defining social entrepreneurship**

Defining what social entrepreneurship is poses important challenges – and the growing interest in social entrepreneurship by policy makers as well as social investors means that it cannot be left undefined. Policy makers and investors need clarity: unclear landscapes and boundaries can limit their support, which is critical to the smooth development of these fields.

Whether it is better to concentrate on setting the boundaries or analysing the landscape of social entrepreneurship, or to adopt a more inclusive or more exclusive definition of it, remains an important discussion in the field: both approaches have advantages and disadvantages. Given that social entrepreneurship is still an evolving field of practices, it might be best to avoid narrowly defining it, so as to avoid excluding initiatives that may be entitled to be considered social entrepreneurship even if they have not met all of the essential characteristics. On the other hand, overly diluting the concept can actually serve to create confusion rather than to eliminate it, with attendant problems for the support and development of the sector.

A great variety of definitions of social entrepreneurship and social entrepreneurs has been provided since the early 1980s (see Annex 5.A1 for a non-comprehensive list of definitions). But according to some authors the theoretical underpinnings of social entrepreneurship have not yet been adequately explored (see for *e.g.* Austin *et al.*, 2006; Mair and Marti, 2006; Weerawardena and Mort, 2005).

Authors such as Neck, Brush and Allen (2009, p. 15) suggest that “a lack of agreement on what defines social entrepreneurship or a social entrepreneur may not be important”, arguing that what really matters is understanding the landscape of the sector.

Careful analysis of the growing literature reveals a perceived risk that the term social entrepreneurship could become very inclusive and, as a result, represent an immense tent into which all kinds of socially beneficial activities fit (Martin and Osberg, 2007). Many authors, concerned over the problems that could pose, have attempted to elaborate more exclusive definitions (see for example Annex 5A: Nicholls, 2006; Mair and Marti, 2006; Martin and Osberg, 2007; Wei-Skillern *et al.*, 2007). In order to do so, some have revisited their previous assumptions (Light, 2008)<sup>3</sup> or have instead focused on the landscape of social entrepreneurship to suggest a typology of entrepreneurial ventures in order to identify those that could be included in the social entrepreneurship field (Neck *et al.*, 2009),<sup>4</sup> or have identified sets of primary and secondary characteristics of social entrepreneurship (Brouard and Larivet, 2009).<sup>5</sup>

### **Social entrepreneurship theories**

It appears that “... a consensus over the boundaries of social entrepreneurship remains elusive” (Nicholls, 2006, p. 7), but also that a certain clarity has begun to emerge in recent years. Arguably, a good balance between the need to include some concepts and practices from the field and to exclude others has been reached. Some recurring key words also provide clear hints as to what should not be missing when referring to social

entrepreneurship: social value, social mission, social wealth, social change, social impact, social innovation, sustainability, creativity and a business approach.

The content and approaches of definitions vary; they tend to include multiple dimensions; and they present a number of conflicting “tensions” within the notion itself. The most important of these “tensions” appears to be the following:

1. Is social entrepreneurship an individual or a collective phenomenon? That is, should one focus on individual social entrepreneurs rather than on collective social entrepreneurship initiatives? *It appears that social entrepreneurship can be both an individual and a collective phenomenon.* The reality, as some concrete examples will demonstrate later on, presents us with a few outstanding individual social entrepreneurs, many lesser-known ones, and many collective initiatives. Those initiatives include a number of social enterprises, which are often collectively owned and managed in the form of a co-operative, and initiatives realised by communities that can be seen as collective entrepreneurial actors (Peredo and McLean, 2006).
2. Is social entrepreneurship shaped by social value rather than economic value? The answer would be that, while economic sustainability is needed in order to pursue the social mission of social entrepreneurship initiatives, *the creation of social value is the essential feature of the initiatives, for the social entrepreneur’s principal aim is to produce social change.* To be more precise, the novelty represented by social enterprises and social entrepreneurship is that the economic value serves social objectives. In this sense, social entrepreneurship creates “blended value that consists of economic, social and environmental value components” (Emerson, 2003).
3. Is social entrepreneurship located only in the non-profit sector, or can it also be found in the for-profit and public sectors? *While many social entrepreneurship initiatives can be found in the non-profit sector, some social entrepreneurship “attitudes” also concern other sectors: the for-profit sector (for-profit business reaching outstanding, concrete levels of social responsibility and a high level of creation of social value) and the public sector<sup>6</sup> (central and local authorities engaging in or promoting socially innovative programmes and measures in partnership with the other sectors).*
4. Does social entrepreneurship aim to achieve incremental social impacts, or is it meant to produce radical social transformations only? While the debate here is an ongoing one, it seems that if social entrepreneurship is a way to improve the quality of life of individuals and communities through social value creation and innovative paths, it is *not essential to establish whether its impact has to be incremental or radical.* Radical changes are, of course, desirable and possible, but they are not easy to achieve and cannot happen regularly. Pursuing more limited social impacts and changes can create a virtuous circle of more systematic changes while social entrepreneurs start to successfully tackle more major challenges. Social entrepreneurship aims, therefore, at pursuing both radical and incremental social changes.
5. Is social entrepreneurship a local phenomenon or a global one? While many initiatives happen at the local level, their impact and the repercussions that flow from that impact cannot be isolated, as there are ultimately global links. The clearest examples of this would be the increasing amount of venture philanthropy made available in Europe, North American and Japan to support local social entrepreneurship initiatives (Mair and Garley, 2010).

The distinction between a commercial entrepreneur – who, in creating jobs and in providing goods and services, obviously also has a social impact – and a social entrepreneur is that social entrepreneurs create their business in order to produce a social impact (or to address a neglected positive externality). Solving social challenges is their articulated goal and the whole business project is built around this objective. For social entrepreneurs the social impact is not a just consequence of their entrepreneurial activity, as it is often for commercial entrepreneurs, but the main goal of it. Social change (whether radical or limited), not the exploitation of a market opportunity to increase personal wealth, is the explicit goal of social entrepreneurs and their business mission.

Thus, it can be said that social entrepreneurs create value but are not motivated by the appropriation of this value: “What distinguishes social entrepreneurship from commercial entrepreneurship is the predominant focus on value creation rather than on value appropriation. ... Although individuals may have multiple goals, organizations need clarity of purpose in order to engage with their environment in coherent ways. They need to choose either value creation or value appropriation as their dominant focus” (Santos, 2009, p. 13).

#### Box 5.2. Social entrepreneurship “attitudes” in the for-profit sector

Corporate social responsibility (CSR) is a concept distinct from that of social entrepreneurship; the two ideas do not overlap. Still, some commercial business can have significant CSR initiatives in the social entrepreneurship field, most especially if they support the development of this sector. One good example is *Banca Prossima* in Italy, created by *Intesa Sanpaolo*, a large Italian banking group, in November 2007. Its mandate is to create social value, operating “as a bank” – i.e. by taking deposits, making loans and providing other financial services, but not by grant awards – dedicated to the non-profit sector. In being restricted to deposits and loans, it differs from most banks working with non-profits. Much of the social-value creation of *Banca Prossima* is obtained through its loan activity. The “bank” developed its own scoring system, used alongside the group’s Basel-2-compliant rating system in the evaluation of clients’ credit standing. This takes account of factors such as fundraising ability among the general public, ability to attract public or foundation grants, internal governance, and share of revenues via market transactions – important to evaluating nonprofits with marginal assets that can be pledged as collateral.

Two years after its inception, *Banca Prossima* had: shareholder funds of about EUR 120 million (one of the largest capitalisations in its field); collected about EUR 380 million in deposits; loaned about EUR 170 million (and set up loan commitments for a further EUR 160 million); and about 6 500 clients – roughly two-thirds gained from outside the group’s previous reach. It had worked partly on its own and partly in conjunction with *Intesa Sanpaolo*, in various social interest projects including the following:

- A scheme for advancing payments from the Campania Region to a consortium of nonprofits that won a regional auction for provision of healthcare services to old and disadvantaged people; this was one of the first such schemes in the south of Italy.
- A nursery centre project run jointly with a consortium of “social co-operatives” that would train the childcare workers, guaranteeing quality standards; *Banca Prossima* grants loans with no personal guarantee required. The resulting network is currently one of the country’s largest, servicing over 8 000 3-year-olds and employing over 2 000 women.

**Box 5.2. Social entrepreneurship “attitudes” in the for-profit sector (cont.)**

- A project for setting up residences to host mentally disabled people who have outlived their parents.
- A project to finance volunteer organisations, whereby *Banca Prossima* provides loans guaranteed up to 20% by means of a fund set up by local centres servicing volunteer organisations in Lombardy and a Foundation (the *Fondazione Cariplo*).

Source: Banca Prossima.

**Social entrepreneurship practices**

Having considered the theoretical approach to social entrepreneurship, some examples of it are now presented; these show the variety of its expressions. Individual social entrepreneurs are featured (Institute for One World Health, inspired by a powerful leader), together with collective organisations (co-operatives like the Health and Social Care Co-operative in Wonju, Korea), registered charities (such as Silai for Skills) and associations (like SIEL BLU). Their organisational forms, tools and governance systems differ and their missions vary according to the problem they address – but their overall goal is a common one: to improve or to radically solve a social problem.

The Wonju Health and Social Care Co-operative (Box 5.3) is a good example of the multiple impacts that co-operatives seek at the local level:<sup>7</sup> in this particular case the core mission is to provide health services, but in conjunction with preventing illness through a wider approach to the different factors influencing illness (poor housing and diet). Moreover the co-operative aims at employing local disadvantaged workers, thus contributing to the local employment of individuals from groups who may find it difficult to get jobs. And it is inserted into a network of other co-operatives and the local community, so that it becomes a full economic actor within the community.

**Box 5.3. Health and Social Care Co-operative (Wonju, Korea)**

The Health and Social Care Co-operative in Wonju (Korea) was founded in 2002. It was established to create a healthy and safe local community by working with those experiencing or vulnerable to social exclusion, including the elderly, those living in poverty, the disabled, and low-income people with housing problems. The co-operative focuses not only on providing healthcare services, but also on addressing wider health issues, such as poor housing and diet. Another priority is to employ disadvantaged workers in service delivery areas.

Financially supported by local credit co-operatives, other co-operative support organisations and small contributions from local residents, the Health and Social Care Co-operative also received support from the local community through volunteering activities, and local government and non-profit organisations through joint service provision. The co-operative is a democratic organisation, and significant emphasis is placed on the participation of local residents.

Source: OECD (forthcoming).

**Box 5.4. Institute for OneWorld Health (United States)**

One World Health is the first non-profit pharmaceutical company created in the United States. Founded as a medical research organisation by pharmaceutical scientist Victoria G. Hale in 2000, it aims to address the developing world's need for affordable medicines to treat infectious diseases that otherwise would be overlooked due to the absence of a viable market. One World Health seeks to challenge the assumption that pharmaceutical research and development is too expensive to create new medicines for the world's poor. Through partnership and collaboration with pharmaceutical scientists, non-profit hospitals in the United States and abroad, biotechnology industries, companies, universities and organisations, drug research is brought from the lab into the clinic and on to regulatory approval and manufacturing for patients in the developing world. An experienced team of pharmaceutical scientists is assembled to identify the most promising drug and vaccine candidates to be developed into medicines. They then partner with companies and non-profit hospitals and organisations in the developing world to conduct medical research on new cures, and manufacture and distribute medicines to populations at risk.

One World Health also creates interesting opportunities for industry, government and academia, and developing world partners. Pharmaceutical and biotechnology industries are key to the success of new drug development; One World Health's non-profit model benefits industry by offering dual market opportunities through its role as global development partner and by taking responsibility for markets in developing countries. It also obtains resources from private foundations and governments to fund the development costs of taking a new drug through to market in the developing world, and provides international regulatory expertise to increase the number of countries in which an important new drug is marketed. Furthermore, One World Health can help to serve as a bridge between government researchers, academia and industry by advocating access to key industry resources such as chemical libraries, so as to advance research into development. Finally, collaboration with developing world partners in clinical trials, pharmaceutical manufacturing, and the distribution of new medicines for neglected diseases is important. One World Health undertakes this task and also acts as an advocate for increased funding for academic laboratories in the developing world. It builds capacity by training healthcare workers and scientists in clinical drug development, which in turn stimulates new avenues of economic development.

Source: [www.oneworldhealth.org/](http://www.oneworldhealth.org/).

Health-related problems are at the core of the initiative of pharmaceutical scientist Victoria G. Hale, founder of the Institute for One World Health (Box 5.4). There the concern is to tackle the issue of health at the global level through an entrepreneurial approach (like the Korean co-operative, but in this case its reach is local). As in the case of the Korean co-operative in Wonju, a partnership approach is adopted here, both inside the United States, and with companies and non-profit hospitals and organisations in the developing world. While the primary goal of the Institute is to produce affordable medicines to treat infectious diseases in developing countries, other impacts are also pursued. One that can readily be seen is the capacity-building opportunities offered to healthcare workers and scientists, with a possible further impact on economic development.

Silai for Skills (Box 5.5) provides an enlightening example of how social enterprises (here with the legal status of a registered charity) pursue multiple social goals to empower people. Several elements need to be underlined. The choice of location – a difficult area in Bristol – shows the willingness to create, or recreate, a positive socio-economic dynamic in

### Box 5.5. **Silai for Skills (England)**

Silai for Skills is a long-established women's training and employment project based in the inner city area of Easton in Bristol, England. This innovative social enterprise (a registered charity) has as its main objective to help build women's skills, to later start a business or simply to further their education, while at the same time increasing their self-confidence. In fact, many of the students pursue further goals in education or in the workplace, or move on to self-employment. The positive results gained from its work with women across Bristol have led to the project's longevity: Silai for Skills has been in operation for 19 years. Women of all ages, backgrounds and skill levels are welcome, and to facilitate their diverse origins all training material information has been translated into six of the most commonly used languages in the Bristol area.

To further accommodate the needs of their clients, Silai for Skills offers bilingual tutors and numeracy and literacy support. It can also provide a free day nursery service in the building for parents and certain courses run between 10 a.m. and 3 p.m. to fit around school hours, although evening courses are also available. For those seeking further help in finding education and learning opportunities locally, and help with career planning and job applications, the project offers information, advice, and guidance services free of charge to all (students and non-students alike).

A wide range of courses in practical, specialised fields in fashion and art design (garment making), and home craft skills (general sewing, upholstery, machine knitting), as well as courses to gain essential skills in mathematics and English, are provided. There is a charge for courses, but prices are affordable (with the help of concessions), so that all students can have access to the services regardless of their financial situation.

A new development for Silai for Skills is an "enterprise unit" in which current and past students can receive counselling and training on setting up a new business, or just to gain greater confidence for later endeavours. Also, each year a number of students desiring to start their own business can set themselves up on their on-site workshop, running their business from there for one year while at the same time receiving expert advice from the unit.

Source: [www.silai.org.uk/index.htm](http://www.silai.org.uk/index.htm).

a deprived area. This is very often the case for social enterprises that choose to go where traditional for-profit business do not, but where services are most needed by a local population that is not always in a position to pay for the services that traditional for-profit business would provide at a higher price. In fact, as social enterprises can mix their financial resources [combining public subsidies, grants and donations, market revenues and (limited) voluntary work], they can provide services at a lower, more affordable, price.

SIEL Beu (Box 5.6) is a French social enterprise promoted by Ashoka, an organisation whose main aim is to support social entrepreneurs in building their activity. Disease prevention among elderly people, as well as the prevention and limitation of dependency, is the focus of the association's activity. Given the challenges represented by an ageing population, this mission is an important one. Its expansion from the initial start in a few retirement homes through to home care for the elderly and disabled, training for healthcare professionals and training to help companies prevent accidents through regular physical activities in the workplace demonstrates the importance of the services it delivers. Focusing on preventative health has the result of reducing public spending on healthcare, as well as improving the lives of individuals and their families. For this reason,

### Box 5.6. SIEL Bleu (France)

In 1997, SIEL Bleu (acronym for Sport, Initiative And Leisure) was created in Strasbourg, France. It is a legally recognised non-profit organisation that offers elderly people low-cost programmes of adapted physical activity, thus focusing on prevention as an immediate and more effective response to problems, and reducing their future dependency on expensive medical care. SIEL Bleu has developed a number of customised preventive programmes and training sessions that include gymnastics practiced on chairs, strengthening, stretching, balance exercises to prevent falls, and Alzheimer's gymnastics to slow down degeneration. Thus, in just under a decade, it has grown from the original 12 retirement homes it used to serve and from its unique Strasbourg location to now working in more than 1 700 retirement homes in 70 "départements" (administrative territories) across France.

Since 2008, SIEL Bleu has followed a diversification strategy by targeting different audiences. Apart from providing physical activity courses to nursing homes, it has developed specific training departments. There is DomiSIEL, which was created to offer programmes of adapted physical activity for elderly and disabled people in their home, and SIEL Bleu Formation, which works as a training department for healthcare professionals working with the elderly. There is also GPS Santé, a commercial venture created to help companies prevent accidents and muscular-skeletal disorders among its workers through regular physical activity exercises in the workplace.

With the help of strong national and local networks and allies, SIEL Bleu has been able to build awareness; build funding mechanisms (it self-finances 70% of its 6 million EUR annual budget by selling its services to institutional care providers); and develop a well-trained staff. Partnerships have been built with the French government authorities and ministries such as the Department for the Elderly and Department of Sport. In 2002, the National Education Ministry set up a sport and physical training degree programme, with a related diploma, aimed specifically at care for the elderly. Programme and funding schemes are also in place through the Department of Social Welfare and healthcare insurance companies that help to pay for SIEL Bleu's services. Moreover, SIEL Bleu makes sure to keep its costs low so that programmes are easily accessible to everyone. If someone is in need of its services but is unable to pay for them, the association works with the person to reach a compromise.

Source: [www.sielbleu.org](http://www.sielbleu.org).

and because of the quality of the services offered by SIEL Bleu, the French government has lent its support to the services offered by the association.

## Social innovation

"The financial and economic crisis makes creativity and innovation in general and social innovation in particular even more important to foster sustainable growth, secure jobs and boost competitiveness." – José Manuel Barroso, President of the European Union, 20 January 2009

### What is social innovation? The OECD definition

In 2000, the Local Economic and Employment Development Committee (LEED) of the OECD provided a definition of social innovation, in the framework of its Forum on Social Innovations (FSI). This multi-stakeholder Forum was created in April 2000 with the main

objective of facilitating international dissemination and transferring best policies and practices in social innovation. Some eleven organisations from six countries signed the Charter of its establishment.<sup>8</sup> The definition of social innovation was adopted by all the signatories.

For the OECD social innovation implies conceptual, process or product change, organisational change and changes in financing, and can deal with new relationships with stakeholders and territories:

“Social innovation seeks new answers to social problems by: identifying and delivering new services that improve the quality of life of individuals and communities; identifying and implementing new labour market integration processes, new competencies, new jobs, and new forms of participation, as diverse elements that each contribute to improving the position of individuals in the workforce.

Social innovations can therefore be seen as dealing with the welfare of individuals and communities, both as consumers and producers. The elements of this welfare are linked with their quality of life and activity. Wherever social innovations appear, they always bring about new references or processes.

Social innovation is distinct from economic innovation because it is not about introducing new types of production or exploiting new markets in themselves but is about satisfying new needs not provided for by the market (even if markets intervene later)<sup>9</sup> or creating new, more satisfactory ways of insertion in terms of giving people a place and a role in production.”

The key distinction is that social innovation deals with improving the welfare of individuals and communities through employment, consumption and/or participation, its expressed purpose being to provide solutions for individual and community problems” (OECD LEED Forum on Social Innovations, [www.oecd.org/cfe/leed/forum/socialinnovations](http://www.oecd.org/cfe/leed/forum/socialinnovations)).

It is worth noting that the OECD definition was the first one ever provided by an intergovernmental organisation and, more generally, among the first to be produced.

It is a definition that clearly links social innovation to local development, as social innovation is seen as a way to improve the welfare of individuals and communities and explicit reference is made to new relationship with territories. One instance of this is the relationship that some kinds of social enterprises put into motion by including local authorities, as shareholders, in their governance system. Examples include the French SCIC – *société coopérative d'intérêt collectif*, co-operative of collective interest – and the British CIC, community interest company. This should enable local authorities to directly participate in projects that, because of the collective/community interest they take into account, are likely to have a positive impact on local development in terms of social capital, sustainable employment, provision of services of general interest and so on. The local authorities play a direct role here in the local development dynamics by supporting projects explicitly seeking to make a positive impact in the territories in which they operate and contributing to a response to social needs that had not yet been not satisfactorily tackled.

Nevertheless, even if not explicitly mentioned in the OECD definition, the so-called “global challenges” are not excluded from the definition, as social innovation finally aims to provide social change for improving people’s quality of life.

Many of the elements presented in the OECD definition have been taken into account by other definitions at a later stage.

### **Theories of social innovation**

The notion of social innovation has not yet been totally explored. Many definitions exist (see Annex 5.B), but more analysis is needed. Like social entrepreneurship, social innovation has blurred boundaries. Nevertheless, the term has been widely used to refer to different ideas and approaches to address unsolved social problems. As with social entrepreneurship, a balance between inclusive and exclusive definitions has to be found.

Social innovation is needed because many social challenges are resistant to conventional approaches to solving them. Social innovation is about new responses to social needs and challenges. Both the process and the outcome of social innovation are relevant. The changes that social innovation can produce are of a different intensity: some social innovations are incremental (as they build on what already exists), while others are radical and transform approaches and situations. “Innovations can be disruptive and generative – that is, they can disrupt patterns of production, consumption and distribution and generate further ideas and innovations (like the move to a low-carbon economy or the creation of a preventative system of criminal justice)” (Caulier-Grice and Mulgan, 2009). The scale of these changes can be large – fighting global climate change and reducing poverty, or small, such as creating a community garden (Goldenberg *et al.*, 2009, p. iv). Provision of new and effective social services to individuals and groups, or fighting disease, or tackling problems associated with ageing, or youth unemployment or environmental sustainability, are other examples of the different levels at which social innovation can be achieved.

In order to address complex social issues and challenges (NESTA, 2007) transformative action is needed across the various sectors involved (non-profit, for-profit, and government). Indeed, meeting the economic and social challenges of the coming decades will increasingly require fundamental improvements in public services, and social innovation is critical to this process (NESTA, 2008a). “Social innovation can take several forms. These include public sector innovation within public services, to improve performance or to save money, and innovation in the non-profit sector or for profit private sector that improves public services or provides new ones. Social innovation from the third sector (voluntary and community groups and social enterprises) may be ‘spun-in’ to mainstream public services provision” (NESTA, 2008b, p. 1).

Social networks based on Information and Communication Technologies (ICT) are also gaining importance both as social innovation in themselves and as producers of social change (De Biase, 2009), and should no longer be neglected as channels. The increased use of ICT by social enterprises and by civil society is strengthening the links between technological innovation and social innovation, and widening the impact that social innovation can have at global level.

Social innovation neither takes a single form, nor is the monopoly of one sector, but can happen in all sectors – including households,<sup>10</sup> which are usually disregarded. Social innovation can be driven by governments (new models of public health), the private sector (open source software) or civil society (fair trade) (Mulgan *et al.*, 2007). It can also start in one sector and be taken up by another, such as the private sector taking on a social innovation produced in the non-profit sector. While in the past emphasis was placed on the non-profit sector as the “homeland of social innovation”, the private and the public

sectors have since adopted the idea of social innovation, and this has obviously resulted in its wider application and new impetus and energy. Still, the non-profit sector plays an important role in fostering and implementing social innovation because it does not have a profit-making dimension as its main goal, and can therefore pay attention to long-term social issues.<sup>11</sup> At the same time the non-profit/social economy sector is increasingly adopting an entrepreneurial approach to further pursue its social objectives (which has been identified as the “new wave of social entrepreneurship”, as underlined by the GEM symposium in September 2009).

It is important to recognise that successful social innovation requires a range of actors. In the initial stages it relies on highly skilled individual “champions” and the enthusiastic support of a small but dedicated and influential community. The absence or loss of either of these can prove a significant setback (NESTA, 2007). Therefore, a critical problem for social innovation is to scale it at the appropriate level, meaning that it has to be effectively adapted to a local context and have the potential for a feeling of local ownership to develop around the innovation (NESTA, 2007).

“Scaling social innovations, requires ‘bees’ – small organizations, individuals and groups who have new ideas, and are mobile, quick and able to cross pollinate to find big receptive ‘trees’, that is big organizations – such as governments, companies or non-governmental organisations, which are generally poor at creativity but good at implementation and which have the resilience, roots and scale to make things happen. Much social change is a result of a combination of the two” (NESTA, 2007, p. 3).

The real problem here seems to be how to connect “bees” and “trees”. In order to create the necessary links between them, intermediaries are needed. There must be acknowledgment of a need or demand within society, and then the effective supply, which comes first from innovative ideas and secondly from the transformation of these ideas into concrete projects. However, there is a notable absence of intermediaries able to connect demand and supply and to find the right organisational forms to put the innovation into practice (NESTA, 2007). This is certainly an area to be addressed by policy makers.

### **Social innovation in practice**

Some concrete examples of social innovations follow. It might be surprising to see that all of them deal with financing. Obviously social innovations appear in many other fields: charter schools, community-centred planning, emissions trading, fair trade, habitat conservation, international labour standards, socially responsible investing, supported employment (for disabled and disadvantaged workers) and individual development accounts are all examples of recent and important social innovations (Phills, Deiglmeier and Miller, 2008). But financing is an area in which much innovation is happening and has happened in the past, and is therefore worthy of a specific focus. For instance, for the Stanford researchers in social innovation (Phills, Deiglmeier and Miller, 2008), microfinance is the “quintessential” social innovation.

Furthermore, the OECD definition explicitly indicates changes in financing as a main aspect of social innovation. Apart from the case of Individual Development Accounts (Box 5.7) (which the OECD has studied in depth: OECD, 2003b) and Bank Palmas (Box 5.8), the innovations presented here are extremely recent. The Equisol fund (Box 5.9), which has started operating at the beginning of 2010, represents a very innovative partnership among different actors to support social enterprise development, and is a social innovation worth underlining.

Social Impact Bonds will be piloted in 2010 in the United Kingdom in the context of reducing re-offending by ex-offenders. The field of social innovation is an evolving one: social innovations keep appearing. Here we give a sense of the variety of initiatives, actors and approaches that can be found. The examples also show that social innovation does not happen alone; it is the result of the joint efforts of multiple stakeholders.

#### Box 5.7. Individual Development Accounts (IDAs)

IDAs are matched savings accounts held with financial institutions – usually banks and credit unions but also non-profit organisations – which enable people with low incomes to improve their economic and social status. IDAs are the primary vehicle for asset building in the United States. A typical programme provides saving incentives by matching small savings with official (government agencies) or private (non-profit organisations and companies) subsidies on a 1:1, 2:1 or even higher basis, up to limits fixed by the programme rules. The client commits to making a small regular saving, weekly or monthly depending on the client's income flows, for a period of up to three years. At its end, the client can draw on the money saved plus the matching funds for a capital expenditure allowed by the programme. The most common uses for matched funds include home ownership, education, and starting a small business.

Accompanying this is a programme of financial education, with attendance at training sessions in financial management and economic literacy usually mandatory as a condition of participation. Programme workers also maintain close personal contact with clients to provide counselling and encouragement. The programme sponsor is responsible for recruiting participants and the provision of counselling and financial education support. Once recruited, the IDA participant opens an IDA account with a partner financial institution and begins saving. Although only four IDA schemes existed as recently as 1996, a key Washington-based, private organisation, the Corporation for Enterprise Development (CFED), started a trend in 1997. It created and obtained foundation financing for the American Dream Demonstration (ADD), a large-scale, five-year IDA pilot project with 13 competitively selected community partner sites operating 14 programmes in a mix of urban and rural locations across the country. The first accounts opened in 1998, and by mid-2000 there were 2 378 of them. CFED itself has played a major role in getting IDAs onto the US political agenda and pushing legislative and administrative developments supportive of the movement at both the federal and state levels. Moreover, similar innovations copying the IDA formula have originated in developed countries, such as Canada and the United Kingdom, as well as in developing countries, including Peru and Uganda.

Many successful programmes have been realised through Individual Development Accounts. One such example is the Belmont Shelter Corporation in Buffalo, New York. This company aims to provide people with affordable housing in the western New York region. In addition to administering rental assistance programmes, they offer a number of housing-related programmes and services promoting home ownership, educating renters and landlords, improving existing housing stock, and developing and managing affordable housing. Currently, they provide direct services to more than 10 000 low-income households annually.

Asset building for low-income people programmes have also been developed in countries such as Chinese Taipei and Singapore, and have recently received attention in Korea as well.

Source: OECD (2003b).

### Box 5.8. Bank Palmas (Brazil)

In 1998 the first community bank of Brazil, Bank Palmas, was opened in Conjunto Palmeiras, a community in the northeastern region of Brazil with approximately 30 000 residents. Confronting significant local difficulties, including a lack of basic services such as water, electricity, transport and health services, the Association of Residents of Conjunto Palmeiras proposed a community bank as way of helping themselves.

Palmas Bank has three main characteristics: management responsibilities are borne by the community; there is an integrated system of local development that promotes credit, production, commercialisation and training; and the bank issues a local currency (Palmas currency), which complements the official currency (real) and is accepted and recognised by local producers, merchants and consumers, thereby creating an alternative and solidarity market within the community. The Palmas currency is pegged to the Brazilian real (1 Palma is worth BRL 1), which allows productive entrepreneurial activities within the community, e.g. commerce, industry and services, to exchange currency each time it is necessary to replenish stocks of products that are not produced in the neighbourhood.

The Bank has also developed an economic system that has an alternative micro credit line (for producers and consumers), incentive tools for local consumption (credit card and social currency) and new ways of commercialisation (fairs, solidarity shops/stores) promoting local job creation and income generation.

The Palmas currency is accepted by 240 businesses, which offer discounts from 2% to 15% to encourage people from poor neighbourhoods to buy with the social currency. Local public administrations are also supportive of the currency, and pay between 5% and 20% of salaries in the Palmas currency to those employees who live in the neighbourhood.

Aside from the currency, the Palmas Bank seeks to engage with communities' needs by initiating programmes to provide training to vulnerable young people and women; to raise awareness of the community benefits of consuming local goods and services, and the wider benefits of the solidarity economy; to help build a network of local producers and traders; and to promote the development of local co-operatives.

In order to promote the social innovativeness of the bank, in 2003 it was decided to create the Palmas Institute. Today the Institute heads a network of 47 community banks throughout Brazil and built around the model of Bank Palmas. In 2005, an agreement to enter into partnership with the *Secretaria Nacional de Economia Solidária* (National Secretariat of Solidarity Economy) and the *Banco Popular do Brasil* was signed. The agreement allowed not only Bank Palmas but also the rest of the community banks to have access to credit and to act as banking correspondents of *Banco Popular do Brasil* (now integrated into the Bank of Brazil) and contributed to growth in the number of community banks in Brazil.

Community banks are located in areas characterised by poverty and banking and financial exclusion, such as areas dominated by indigenous people and isolated districts in the semi-arid northeast and the urban periphery. Through the partnership with the Bank of Brazil, the Palmas Institute organises and manages a credit fund, which transfers a start-up sum of BRL 30 000 for each new community bank that is created. In addition, through its partnership with the Bank of Brazil, there is BRL 1.5 million (EUR 575 000)'s worth of credit available which can be directly invested in the neighbourhoods

Each community bank functions as a Civil Society Organisation of Public Interest (OSCIP) of micro credit. The Palmas Institute acts as an umbrella organisation, managing the network that provides legal support to all the community banks; the majority of these are just local associations with no institutional structure. As an OSCIP, The Palmas Institute can also establish partnerships with the public sector and official banks, generating resources and technologies for the benefit of the community banks that are part of the network.

Source: [www.banquepalmas.fr](http://www.banquepalmas.fr).

Bank Palmas represents a powerful example of a social innovation driven by the community as a methodology for the sustainable eradication of poverty in disadvantaged neighbourhoods. Community banks represent a hybrid economy – locally connected but market driven – which helps to promote the attractiveness of an area and the proper development of the community. Supported by the Brazilian National Secretariat for Economic Solidarity, partner of several Brazilian “traditional” banks, supported by global networks of social economy organisations; spread throughout Brazil and also Venezuela (3 600 banks have been created following the example of Bank Palmas) and soon to South Africa, Mozambique, Panama, Ecuador, and Chile, the development model set up by the Bank Palmas is already a well-known reference point in Latin America and research centres worldwide.

#### Box 5.9. Equisol (France)

The Regional Council of Ile-de-France launched on 21 September 2009 Equisol (a combination of the words equity and solidarity), which is an investment fund specifically targeting social enterprises. It aims to fund hundreds of projects “with a social and/or environmental objective” during its 15-year lifetime. With a budget of EUR 1.75 million provided by the region, plus funding from other sources, this fund will enable capital to be provided to social enterprises during their creation, operation and development phases. The region has a 49% share of the fund, and has sought out other partners (including MACIF, Credit Co-operative, *Crédit Mutuel*, etc.) to finance socially useful business. With the funds from these sources, Equisol will have a budget nearing EUR 4 million. Esfin Gestion has been appointed to manage Equisol.

Through Equisol, Ile-de-France – home to 15% of the social enterprises in France – will be the first French region to cover all of the financing needs of the social enterprise sector. Designed to complement the overall financing offer already present in Ile-de-France, Equisol will ensure that there will be a range of financial tools, including micro-credit, repayable advances and bank guarantees, available to social enterprises.

To be eligible, the activities or the headquarters of a social enterprise must be based in the Ile-de-France region. The funding available ranges from EUR 10 000 to 100 000 and can be provided for a period of between five and ten years.

The originality of this partnership is built around the innovative relationship of the stakeholders involved, which shows, once again, that social innovation is often the result of networks and partnerships. The fund has adopted the co-operative form: the financial partnership is public and private and has been extended to networks of social economy organisations.

Source: [www.iledefrance.fr](http://www.iledefrance.fr).

Social Impact Bonds represent a very innovative way to engage private investors. They are innovative in three ways. First, they bring in private investors; secondly, the latter invest in a programme of actions targeting a selected group (such as ex-offenders); and third, the investment is based on a commitment from government to use a portion of the public spending savings resulting from improved social outcomes to pay back the private investors, potentially more than their initial outlay. The Social Impact Bonds are an example of a new financial tool to facilitate a more efficient market in social investment.

### Box 5.10. Social Impact Bonds (United Kingdom)

Social Finance was created from the Commission on Unclaimed Assets, chaired by Sir Ronald Cohen, a leading social venture capitalist. The Commission had recommended that a Social Investment Bank be established to accelerate the flow of non-governmental pools of capital to address social issues.

Social Finance provides access to new sources of capital to tackle those issues. In some areas, government spending is tied up in meeting the high costs of the consequences of deep-rooted social problems; little is spent on addressing the problem itself. For example, significant funding is tied up in the prison system rather than working to prevent re-offending.

Social Finance developed a new social investment product, the Social Impact Bond, to target such social problems. The bonds raise investment to fund prevention programmes. Investors receive returns from government when targets are met on improved social outcomes, such as reduced re-offending, that deliver cost savings to government. This will drive significant investment into addressing the causes of deep-rooted social problems and create a new way of working between government and socially motivated investors. The Social Impact Bond can be applied to a range of long-term social problems, including health provision for the elderly, truancy and school exclusions, and re-offending. In March 2010, the first Social Impact Bond was agreed with the Ministry of Justice. It will be used to reduce re-offending among sort sentence prisoners and returns will be provided from the government savings generated by success.

Source: [www.socialfinance.org.uk/downloads/SIB\\_report\\_web.pdf](http://www.socialfinance.org.uk/downloads/SIB_report_web.pdf).

The following provides an outstanding example of how social media and social networks can contribute to connect people and good causes. In this case a web based platform has opened up the boundaries of donation mechanisms to support – among others – also social enterprises and socially innovative initiatives.

### Box 5.11. ammodo: A global platform harnessing social media for social goods

ammodo is a global platform which connects nonprofit organisations, socially-responsible companies and engaged individuals in a unique environment of shared interests. It supplies the tools necessary to support online campaigning, fundraising, engagement and communication. This global platform has levelled the playing field for receiving and giving donations, embracing the breadth and power of Web 2.0.

It was founded as a mission-based, for-profit enterprise, in Dublin in 2005 by a serial entrepreneur, Peter Conlon, and Dr. Anna Kupka who travelled the world meeting with over 1 500 companies and nonprofits to understand their needs and challenges in harnessing social media for social good.

- After four years of building the ammodo platform the site was launched in June 2008 and is currently available in 12 languages (Dutch, English, French, German, Italian, Japanese, Korean, Polish, Portuguese, Spanish, traditional and simplified Chinese) connecting individuals from 130 countries and over 4 000 nonprofit organisations worldwide. These nonprofits range from large, internationally known organisations such as the Amnesty International, US Red Cross, UNHCR, WWF, Habitat for Humanity, right down to tiny organisations working on the periphery of communities around the world. ammodo provides a platform for:

**Box 5.11. ammodo: A global platform harnessing social media for social goods (cont.)**

- nonprofits to promote their cause(s) and solicit donations;
- Corporations to manage their Corporate Social Responsibility (CSR) activities (both internal and external); and
- individuals to research, engage with and support causes and organisations.
- The integration of company profiles, vast and various web tools and a secure donation interface called the “Giving Circle” make ammodo a “one-stop shop.”

ammodo facilitates charitable contributions from everyone, worldwide, in 33 currencies using virtually every payment method. The ability to make micro-donations reinforces the every-drop-counts approach to giving, as one can donate online to their organisation of choice anywhere around the world.

In the past grassroots nonprofits were often unable to utilise most online fundraising tools due to numerous limitations (countries, currencies, language, payment methods). This did not and does not apply only to countries physically distant from donors or developing economies but also to organisations in developed countries: take for example the Italian Red Cross. At the time of the massive earthquake that rocked the region of Abruzzo, the IRC was not activated to receive donations on ammodo. A wave of response from Italians and others around the world wanting to send immediate relief was being thwarted by a series of difficulties on the IRC site, from language (many 2nd – 3rd generation Italians do not have command enough of the language to navigate an Italian-language site) to payment methods accepted (to date, many Italian npo sites require a bank transfer or Italian credit card, limiting international donations). As a stopgap, the Irish Red Cross and American Red Cross accepted donations through ammodo and spread the word about their initiative. Had the IRC been active, they could have received the first emergency donations from around the world minutes after the quake struck.

In addition to online donation capabilities, ammodo offers giving vouchers and interactivity with other social networks like Facebook and Twitter. Nonprofits can add the “Donate Now” box to their Facebook Fan Pages.

The ammodo donations widget is one of the platform’s latest features. The cutting-edge micro-donations software is a compact, vibrant space, the same size as an iPhone screen and can sit on any website, blog or social network profile that can accept embeddable HTML. It has a welcoming image which invites visitors to donate. By clicking “donate” they are brought through the donation process then and there without navigating away from the site/blog.

In 2008, Edelman Goodpurpose released a study on “Mutually beneficial marketing: Why business and brands need a good purpose”, which stated that, “New findings ... reveal that nearly seven in 10 (68%) consumers would remain loyal to a brand during a recession if it supports a good cause”. That same study stated that “76% of consumers globally like to buy from brands that make a donation to worthy causes”.

In June 2009 ammodo was honoured as Laureate of The Computerworld Honors Program for its achievement in the application of information technology to promote positive social, economic, and educational change. It is the only donations platform to date where Chinese credit cards can be used (directed at Chinese nonprofits) and Chinese nonprofits can receive donations from around the world.

Sources: [www.ammodo.com/](http://www.ammodo.com/).

The discussion now turns to the increased interest in social innovation among some OECD member countries and the *ad hoc* structures and special measures created as a result. These are important in moving social innovation towards the mainstream of public policies.

Initiatives presented here draw on examples from the European Union, the United States, the United Kingdom, Spain, France, Portugal and Australia.

As to the European Union, a two-day event was organised in January 2009 to explore ways to boost the social innovation dimension of the EU's renewed social agenda. The meeting gathered a number of experts and social innovators, and concrete examples of existing social innovations were discussed. As a follow-up to the meeting the Commission plans to support social innovation through various programmes – in particular through the use of structural funds – and will encourage the creation of networks for further reflection and sharing of good practice. Many initiatives are being undertaken with the support of the European Union, such as in the United Kingdom where a “Social Innovation Lab for Kent” was established in 2007, and in Spain, where a “Silicon Valley of Social Innovation” is being realised in the Basque Region.

In the United States, the recently established White House Office of Social Innovation and Civic Participation will co-ordinate efforts to enlist all Americans – individuals, non-profits, social entrepreneurs, corporations and foundations – as partners in solving social challenges. Located within the Domestic Policy Council, it will seek to: catalyse partnerships between the government and non-profit organisations, businesses and philanthropists in order to make progress on the President's policy agenda; identify and support the rigorous evaluation and scaling of innovative, promising ideas that are transforming communities; support greater civic participation through new media tools; and promote national civic service (Chronicle of Philanthropy, 2009). President Obama asked Congress to allocate USD 50 million in seed capital for the Social Innovation Fund, to identify the most promising results-oriented non-profit programmes and expand their reach throughout the country. The idea is simple: to find the most effective programmes and then provide the capital needed to replicate their success in communities around the country that are facing similar challenges. It will focus on priority areas, including education, healthcare and economic opportunity. It will partner with foundations, philanthropists and corporations that commit matching resources, funding and technical assistance. This is a national initiative but it will have to be articulated and implemented locally. The reference points for the Obama administration are local initiatives throughout the country that are “transforming communities”. It will include collaboration with individuals, non-profit organisations, business, social entrepreneurs and foundations, and “catalyse partnerships” with government.

In the United Kingdom, NESTA – the National Endowment for Science, Technology and the Arts – was established as a non-departmental public body (thereby operating at “arm's length” from government) with a GBP 250 million endowment from the National Lottery. The interest is used to fund and support innovation in science, technology and the arts, including social innovation, through research and contributing to the policy agenda and through funding start-up companies.

A critical element of its work on social innovation is “The Lab”. The Lab is a concept rather than a physical space, which includes projects aimed at creating better public services through social innovation. The work of The Lab is divided into three distinct parts. Challenge Lab looks at the contribution innovation can make to services, with an initial

focus on ageing, health and climate change; Methods Lab examines how public service innovation can be fostered; and Learning Lab seeks to disseminate what works and what does not work ([www.nesta.org.uk](http://www.nesta.org.uk)).

Social innovation and entrepreneurship are also considered critical factors for economic development in Portugal, a view reflected in the recently approved Portuguese Government Programme. They are mainly addressed by two programmes: the Specific Programme to Support Social Economy Development (PADES), which includes support for social innovation, and the INOV-Social programme, which aims to support the modernisation of institutions and job creation through the annual inclusion of 1 000 qualified young people in social economy institutions.

France launched in December 2009 a “Large Loan” facility at the national level (*Grand emprunt*) to finance investment projects in order to increase growth in some priority areas as a response to the economic crisis. EUR 35 billion will be invested by the state and it is hoped that this could leverage from the private markets a further EUR 25 billion. The Large Loan facility will create a fund of EUR 100 million to support social entrepreneurship and social innovation.

Social innovation is also an area of growing interest in Australia. In 2008 the South Australian government announced the establishment of the Australian Centre for Social Innovation and committed AUD 6 million over three years to fund the organisation. The Centre is only now becoming operational (appointing its first Chief Executive in August 2009). It is anticipated that the centre will focus on challenging issues, such as health and ageing, as well as the multifaceted problems contributing to social exclusion.

## Preliminary recommendations

Social entrepreneurship and social innovation aim to meet unsatisfied social needs and to respond to social challenges. There are tight links between the two fields. Social entrepreneurship is a vehicle and agent, though not the only one, of social innovation; social innovation very often originates inside the social entrepreneurship sector and can be taken up by other sectors later on. Social innovation is also about social change and refers more broadly to the processes and outcomes of that change.

Each of the two fields requires its own forms of support, and these are obviously to be provided with an understanding of the different geographical and traditional contexts in which support is provided. Some preliminary recommendations are provided here.

### **Social entrepreneurship**

- *Build enabling environments and implement supporting policies*
  - ❖ Specific enabling environments (legal, fiscal, regulatory) might be needed for social entrepreneurs, according to the form that their initiatives take. Social enterprises, like associations or co-operatives, need an ad-hoc legal status and regulatory measures designed in order to allow them to fulfil their social and economic goals while pursuing medium and long-term sustainability on the market.
- *Provide sustainable finance*
  - ❖ A social capital marketplace should be fostered. Policy measures should include offering fiscal incentives to attract investors; offering multiple forms of credit enhancement; and, spearheading and monitoring innovative institutional arrangements between civil society, governments and financial institutions. Seed

funding is critical in the early phases of a project as it covers the costs linked to a start-up and also the costs of capital investments. This could be provided through small loans or grants.

- *Support further research*

- ❖ Governments should support further research into the field of social entrepreneurship and its main components (social enterprises, social economy organisations, social venture business, non-profit organisations, etc.), in order to assess the different needs of the entities belonging to the sector.

- *Provide training opportunities to social entrepreneurs and include social entrepreneurship in school and university curricula*

- ❖ Social entrepreneurs might need special training to help them hone and develop their entrepreneurial and creative skills. At the same time a culture of inclusive entrepreneurship needs to be nurtured to encourage role models of successful businesses and to include social entrepreneurship in school and university curricula.

- *Support market development for social enterprise and provide training for public officials and social enterprises to deal with public tenders*

- ❖ Public procurement measures should be further developed so that social enterprises can consolidate and expand their growth. European procurement law allows local authorities to insert certain social clauses in their procurement procedures terms of reference, for example to encourage the employment of long-term unemployed or disadvantaged people. Involving social enterprises in public service delivery can bring many community benefits. However, public officials are often not well acquainted with those benefits, while some small social enterprises are not familiar with public tenders and need skills and networks to successfully compete in public bids. Training both for public officials working on procurement and for social enterprises should be provided and encouraged.

- *Evaluate the impact of social entrepreneurship in selected areas*

- ❖ This will require the identification of quantitative and qualitative measurement tools, including the social return on investment measures and the balanced scorecard.

### **Social innovation**

- *Support further research*

- ❖ Governments should support further research in the field of social innovation. More work is needed to develop a clear definition of social innovation, and to increase a general knowledge and understanding of its key elements and components and of the conditions that can help design, develop and foster it.

- *Establish innovation funds for social innovation*

- ❖ Dedicated funds are needed to support social innovation development. These could be dedicated to specific fields where social innovation should happen (or to support experiments and models at national and regional levels).

- *Create incubators for social innovations and foster the emergence of intermediaries who can connect social demand with the supply of social innovations*

- ❖ Incubators play a critical role in spreading social innovations, as they bring together the skills and expertise necessary to help sustain and develop a social enterprise;

provide a space to experiment and assess new ideas in practice; allow fast learning across a community of innovators; and, establish clear pathways for scaling up the most promising models. The absence of intermediaries in the social field is a key reason why too few innovations succeed. For intermediaries to be effective, they must be embedded across sectors – the state, the private sector and the social economy/non-profit sector.

- Evaluate the impact of social innovation in selected areas
  - ❖ This will require work on accountability, and the identification of quantitative and qualitative measurement tools, including Social Return on Investment measures and the balanced scorecard.

## Notes

1. Kerlin (2006) analyses the commonalities and differences of the notion of social enterprise in the United States and Europe, and identifies ways in which Europeans and Americans can learn from each other. The broader definition of social enterprises in the United States (“... a wide spectrum of entities along a continuum from profit-oriented business engaged in socially beneficial activities (corporate philanthropies) to dual purpose business that mediate profit goals with social objectives (hybrids) to non-profit organisations engaged in mission supporting commercial activity (social purpose organisations)” (2006, p. 2) and the narrower one in the EU (usually enterprises with social and commercial aims, located in the third sector, i.e. the community, voluntary and social enterprise sector) can be explained by the differences in the history and in the institutional and legal frameworks for social enterprises in the two regions of the world.

Defourny and Nyssens (2008, p. 203) explain that the notions of social entrepreneurs, social entrepreneurship and social enterprise were used in an interchangeable way until recently and that “social entrepreneurship was seen as the process through which social entrepreneurs created social enterprises”. More recently though, the notions have been differentiated: “social entrepreneurs” in the United States are individuals launching activities dedicated to a social mission, while in Europe the emphasis is put more on the result of the activities of social entrepreneurs – that is, on the social enterprises themselves, which are usually of a collective nature, rather than on the individual social entrepreneurs themselves. The US approach to social entrepreneurs is therefore an individual, vocational one, while the European approach is a collective one. As far as the notion of social entrepreneurship is concerned, while the Americans tend to stress the blurred boundaries among institutional and legal forms, Europeans tend to stress the fact that social entrepreneurship is located inside the “third sector”. With reference to the notion of social enterprises, while in the European context this usually indicates non-profit entities pursuing the benefit of the community through the provision of goods and services, in the USA they are seen as “non-profit organisations more oriented towards the market and developing ‘earned income strategies’ as a response to decreasing public subsidies and to the limits of private grants from foundations” (p. 204).

2. Santos (2009) argues that if there are perceived positive externalities, government will act to address them, either by provisioning the activity themselves, or by creating public subsidies for the private provision of these activities. Still, some types of positive externalities, whose benefits will stay local and empower the most disadvantaged people, might be systematically neglected by governments. Here social entrepreneurship gives its full contribution. An example of this is the *Unis-Cité* initiative in France: this social enterprise was created to offer young people opportunities for civic service in order not only to increase their skills but also to foster their social integration. Only ten years later the French government, experiencing riots in some neighbourhoods, understood the importance of this service, and the way in which it made links between the problem of youth integration and the positive externalities generated by a civic service programme. It therefore funded such a programme on a large scale among French youth. This is an excellent example of how social entrepreneurs operate to address neglected positive externalities and then influence governments to act in the field.

3. In 2006 Light identified four components of social entrepreneurship: entrepreneurs – the people who pursue change; ideas – how change can be achieved; opportunities – for disrupting the equilibrium; and organisations – which seek to bring about change (Light, 2008, p. 17). These components, and the assumptions underpinning them, were formed based on the analysis of the

existing literature at that time, which had led him to a very inclusive definition of social entrepreneurship. Thus he suggested that it is “an effort by an individual, group, network, organisation or alliance of organisations that seeks sustainable, large scale change through pattern-breaking ideas in what governments, non-profits and business do to address significant social problems” (Light, 2008, p. 12). Later he challenged his assumptions through an evidence-based analysis approach and many of those he rejected in 2006 turned out to be true. This resulted in a more exclusive (that is narrow) definition of social entrepreneurship based on the idea that “there are special sets of attitudes, skills and practices that make social entrepreneurs and their work distinctive from more traditional public service” (Light, 2009, p. 21) and built around the following assumptions: 1) social entrepreneurs are not like other high achievers; 2) socially entrepreneurial ideas are big; 3) opportunities for grand changes come in waves; 4) socially entrepreneurial organisations are built to make changes.

4. Neck et al. (2009) focus on the landscape of social entrepreneurship rather than on defining it. In order to do so, they analyse four types of entrepreneurial forms; social purpose ventures; traditional ventures; social consequences ventures; and enterprising non-profits. Each of these has its own characteristics. They argue that only social purpose ventures (for-profit) and enterprising non-profits belong to the landscape of social entrepreneurship. “Regardless of profit orientation, social entrepreneurs identify opportunities to solve social problems: both people and planet problems” (p. 18).
5. Brouard and Larivet (2009) analyse most of the existing definitions of social entrepreneurship and identify a set of primary and secondary characteristics of it. The primary characteristics are as follows: social entrepreneurship represents a variety of activities and processes; it wants to create and sustain social value; it encourages more entrepreneurial approaches for social use; it displays various degrees of innovation and change; it is constrained by the external environment (p. 10). Among the secondary characteristics – that is, less recurring features – one can find various degrees of positive social transformation; various uses of business concepts, principles and models tools; a variety of legal forms, etc. (p. 10). Building on these characteristics, the authors define social entrepreneurship as follows: “Social entrepreneurship is a concept which represents a variety of activities and processes to create and sustain social value by using more entrepreneurial and innovative approaches and constrained by the external environment” (p. 11).
6. The public sector may be included because of the entrepreneurial nature of some of its social projects, which it employs in creating social value for the public good.
7. Somehow the ideal type of social enterprise.
8. The specific objectives of the Forum on Social Innovations are: to identify some key locally led actions for social innovation that are recognised as being successful in meeting their objectives but are not well known elsewhere; to review available evaluation evidence and research studies to explore their strengths and weaknesses and transfer potential; to raise external awareness and understanding of transferable policies and promote their take-up in a way that takes account of differing local contexts; and to reinforce international networks of policy makers in this field.
9. It was recently argued (Pol and Ville, 2009) that the distinction between social innovation and economic innovation made by the OECD is too rigid, and that this results in an empty intersection between the two. What the OECD definition wants to make clear is that the final goal of economic innovation is different from that of social innovation, which pursues the improvement of the quality of life of individuals and communities. This is not the articulated goal of economic innovation. Social innovation often happens as a consequence of a market (and government) failure in targeting needs. If the market intervenes later, this does not mean, as the authors suggest, that the innovation is no longer social.
10. Mulgan (2009) includes households as actors in the creation of social movements, such as the Slow Food Movement, initiated in Italy and now spreading internationally.
11. A comprehensive debate on the contribution of social economy organisations to local development through long-term projects, not constrained by the need of making profits in the short term, can be seen in Xavier Greffe’s chapter in Noya and Clarence (2007).

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## ANNEX 5.A1

## Definitions

Table 5A.1. Definitions of social entrepreneurship

Author(s)	Year	Definition
Fowler	2000	"Social entrepreneurship is the creation of viable (socio-)economic structures, relations, institutions, organisations and practices that yield and sustain social benefits." (p. 649)
CCSE	2001	"Defines 'social entrepreneurship' broadly to encompass a variety of initiatives which fall into two broad categories. First, in the for-profit sector, social entrepreneurship encompasses activities emphasising the importance of a socially engaged private sector, and the benefits that accrue to those who 'do well by doing good'. Second, it refers to activities encouraging more entrepreneurial approaches in the not-for-profit sector in order to increase organisational effectiveness and foster long-term sustainability". (p. 1)
Dees, Emerson and Economy	2002	"Social entrepreneurship is not about starting a business or becoming more commercial. It is about finding new and better ways to create social value." (p. 326)
Hibbert, Hogg and Quinn	2002	"Social entrepreneurship can be loosely defined as the use of entrepreneurial behaviour for social ends rather than for-profits objectives, or alternatively, that profits generated are used for the benefit of a specific disadvantaged group." (p. 288)
Institute for Social Entrepreneurs	2002	"Social entrepreneurship is the art of simultaneously pursuing both a financial and a social return on investment (the 'double bottom line')." (p. 1)
Thompson	2002	"Although social entrepreneurship is in evidence in many profit-seeking businesses – sometimes in their strategies and activities, sometimes through donations of money and time." (p. 413)
Lasprogata and Cotton	2003	"Social entrepreneurship means non-profit organisations that apply entrepreneurial strategies to sustain themselves financially while having a greater impact on their social mission ( <i>i.e.</i> the 'double bottom line')." (p. 69)
Mair and Noboa	2003	"SE [Social entrepreneurship] is seen as the innovative use of resource combinations to pursue opportunities aiming at the creation of organisations and/or practices that yield and sustain social benefits." (p. 5)
Pomerantz	2003	"Social entrepreneurship can be defined as the development of innovative, mission-supporting, earned income, job creating or licensing ventures undertaken by individual social entrepreneurs, non profit organisations, or non-profits in association with for-profits." (p. 25)
Sullivan Mort, Weerawardena and Carnegie	2003	"Social entrepreneurship, the entrepreneurship leading to the establishment of new social enterprise, and the continued innovation in existing ones." (p. 76) "Conceptualises social entrepreneurship as a multidimensional construct involving the expression of entrepreneurially virtuous behaviour to achieve the social mission, a coherent unity of purpose and action in the face of moral complexity, the ability to recognise social value-creating opportunities and key decision-making characteristics of innovativeness, proactiveness and risk-taking." (p. 76)
Mair and Marti	2004	"The innovative use of resources to explore and exploit opportunities that meet a social need in a sustainable manner." (p. 3)
Haugh	2005	"Social entrepreneurship is the process of creating social enterprise." (p. 3)
Roberts and Woods	2005	"Social entrepreneurship is the construction, evaluation and pursuit of opportunities for transformative social change carried out by visionary, passionately dedicated individuals." (p. 49)
Seelos and Mair	2005	"Social entrepreneurship creates new models for the provision of products and services that cater directly to basic human needs that remain unsatisfied by current economic or social institutions." (pp. 243-244)

Table 5A.1. **Definitions of social entrepreneurship (cont.)**

Author(s)	Year	Definition
GEM	2006	"Social entrepreneurship is any attempt at new social enterprise activity or new enterprise creation such as self-employment, a new enterprise, or the expansion of an existing social enterprise by an individual, teams of individuals or established social enterprise, with social or community goals as its base and where the profit is invested in the activity or venture itself rather than returned to investors." (p. 5)
Leadbeater	2006	"One way to define social entrepreneurship would be through what motivates the actors, <i>i.e.</i> they want to create social value and put higher value on their social mission than financial one [...] Another way to define social entrepreneurship would be through outcomes: anyone who creates lasting social value through entrepreneurial activities is a social entrepreneur." (p. 241)
Mair and Marti	2006	"First, we view social entrepreneurship as a process of creating value by combining resources in new ways. Second, these resource combinations are intended primarily to explore and exploit opportunities to create social value by stimulating social change or meeting social needs. And third, when viewed as a process, social entrepreneurship involves the offering of services and products but can also refer to the creation of new organisations." (p. 37)
Nicholls	2006	"Innovative and effective activities that focus strategically on resolving social market failures and creating new opportunities to add social value systematically by using a range of resources and organisational formats to maximise social impacts and bring about changes." (p. 23)
Peredo and McLean	2006	"Social entrepreneurship is exercised where some person or group: 1) aim(s) at creating social value, either exclusively or at least in some prominent way; 2) show(s) a capacity to recognise and take advantage of opportunities to create that value ('envision'); 3) employ(s) innovation, ranging from outright invention to adapting someone else's novelty, in creating and/or distributing social value; 4) is/are willing to accept an above-average degree of risk in creating and disseminating social value; and 5) is/are unusually resourceful in being relatively undaunted by scarce assets in pursuing their social venture." (p. 64)
Perrini	2006	"Entailing innovation designed to explicitly improve societal wellbeing, housed within entrepreneurial organisations that initiate this level of change in society." (p. 247)
Weerawardena and Mort	2006	"Social entrepreneurship strives to achieve social value creation and this requires the display of innovativeness, proactiveness and risk management behaviour. This behaviour is constrained by the desire to achieve the social mission and to maintain the sustainability of existing organisation. In doing so social entrepreneurs are responsive to and constrained by environmental dynamics. They continuously interact with a turbulent and dynamic environment that forces them to pursue sustainability, often within the context of the relative resource poverty of the organisation." (p. 32)
Zhara, Gedajlovic, Neubaum and Shulman	2006	"Social entrepreneurship concerns the processes related to the discovery of opportunities to create social wealth and the organisational processes developed and employed to achieve that end." (p. 12)
Cochran	2007	"Social entrepreneurship is the process of applying the principles of business and entrepreneurship to social problems." (p. 451)
Haugh	2007	"Social entrepreneurship, the simultaneous pursuit of economic, social, and environmental goals by enterprising ventures [...] Social entrepreneurship is first and foremost a practical response to unmet individual and societal needs." (p. 743)
Martin and Osberg	2007	"We define social entrepreneurship as having the following three components: 1) identifying a stable but inherently unjust equilibrium that causes the exclusion, marginalisation, or suffering of a segment of humanity that lacks the financial means or political clout to achieve any transformative benefit on its own; 2) identifying an opportunity in this unjust equilibrium, developing a social value proposition, and bringing to bear inspiration, creativity, direct action, courage, and fortitude, thereby challenging the stable state's hegemony; and 3) forging a new, stable equilibrium that releases trapped potential or alleviates the suffering of the targeted group, and through imitation and the creation of a stable ecosystem around the new equilibrium ensuring a better future for the targeted group and even society at large." (p. 35)
Wei-Skillern, <i>et al.</i>	2007	"We define social entrepreneurship as an innovative, social value creating activity that can occur within or across the non-profit, business, or government sector." (p. 4)
Brock and Ashoka's Global Academy for Social Entrepreneurship	2008	"Innovative approaches to social change" or "using business concepts and tools to solve social problems." (p. 3)
CASE	2008	"Innovative and resourceful approaches to addressing social problems." (p. 1)
Zhara, Gedajlovic, Neubaum, Shulman	2008	"Social entrepreneurship encompasses the activities and processes undertaken to discover, define and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organisations in an innovative manner." (p. 118)

Source: Brouard and Larivet, 2009.

Table 5A.2. Definitions of social innovation

Source	Year	Definition
OECD /LEED Forum on Social Innovations	2000	<p>"The OECD working definition of social innovation implies conceptual, process or product change, organisational change and changes in financing, and can deal with new relationships with stakeholders and territories. 'Social innovation' seeks new answers to social problems by:</p> <ul style="list-style-type: none"> <li>• identifying and delivering new services that improve the quality of life of individuals and communities;</li> <li>• identifying and implementing new labour market integration processes, new competencies, new jobs, and new forms of participation, as diverse elements that each contribute to improving the position of individuals in the workforce.</li> </ul> <p>Social innovations can therefore be seen as dealing with the welfare of individuals and communities, both as consumers and producers. The elements of this welfare are linked with their quality of life and activity. Wherever social innovations appear, they always bring about new references or processes. Social innovation is distinct from economic innovation because it is not about introducing new types of production or exploiting new markets in itself but is about satisfying new needs not provided by the market (even if markets intervene later) or creating new, more satisfactory ways of insertion in terms of giving people a place and a role in production.</p> <p>The key distinction is that social innovation deals with improving the welfare of individuals and community through employment, consumption or participation, its expressed purpose being therefore to provide solutions for individual and community problems."</p>
<i>Centre de recherche sur les innovations sociales (CRISE/UQAM)</i>	2003	"A social innovation is an intervention initiated by social actors to respond to an inspiration, to provide for a need, to benefit from an opportunity to modify social relationships, to transform established patterns of behaviour, or to propose new cultural orientations."
Skoll World Forum on Social Entrepreneurship and Social Innovation	2007	Social innovation "can simply be understood as 'new ideas that work which address social or environmental needs'. It may occur as a result of addressing new needs, reframing circumstances to make unmet social needs clear and urgent, or changing organisational structures to grasp new opportunities to add social value. New programmes, models, or ways of thinking – sometimes a combination of all three – may be the result. Social innovation is more than just invention. Diffusion or the scale of ideas is an integral part of making its impact effective, as is co-ordinated action by a wide range of people and organisations spanning social, government and business sectors." (Skoll, in Westall, 2007)
EMES	2007	According to the EMES, social innovation can be seen "As arising from a new kind of entrepreneurship focused on social goals, new products or new qualities of products, new methods of organisation and/or production (often involving different partners and resources), new production factors such as atypical employment and involvement in governance, mixing voluntary and paid employment, as well as new market relations such as the changing welfare mix, or new legal forms such as the social co-operative in Italy which encourages entrepreneurial and commercial dynamics and formalising multi-stakeholding." (Westall, 2007)
	2007	<p>"Innovation is often given complex definitions. We prefer the simple one: 'new ideas that work'. This differentiates innovation from improvement, which implies only incremental change; and from creativity and invention, which are vital to innovation but miss out the hard work of implementation and diffusion that makes promising ideas useful. Social innovation refers to new ideas that work in meeting social goals. Defined in this way the term has, potentially, very wide boundaries – from gay partnerships to new ways of using mobile phone texting, and from new lifestyles to new products and services. We have also suggested a somewhat narrower definition:</p> <p>Innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly developed and diffused through organisations whose primary purposes are social. This differentiates social innovation from business innovations which are generally motivated by profit maximisation and diffused through organisations that are primarily motivated by profit maximisation. There are of course many borderline cases, for example models of distance learning that were pioneered in social organisations but then adopted by businesses, or for-profit businesses innovating new approaches to helping disabled people into work.</p> <p>But these definitions provide a reasonable starting point (and overly precise definitions tend to limit understanding rather than helping it)" (Mulgan <i>et al.</i>, 2007)</p>
Mulgan <i>et al.</i>		
NESTA	2008b	<p>According to NESTA (2008) social innovation refers to</p> <ul style="list-style-type: none"> <li>• "new ideas (products, services and models) developed to fulfil unmet social needs;</li> <li>• many of those supported by the public sector, others by community groups and voluntary organisations;</li> <li>• social innovation is not restricted to any one sector or field;</li> <li>• it can take the form of a new service, initiative or organisation, or a new approach to the organisation and delivery of services;</li> <li>• social innovation can either spread throughout a profession or sector – like education or healthcare – or geographically from one place to another."</li> </ul>

Table 5A.2. **Definitions of social innovation** (cont.)

Source	Year	Definition
Stanford Social Innovation Review	2008	"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. A social innovation can be a product, production process, or technology (much like innovation in general), but it can also be a principle, an idea, a piece of legislation, a social movement, an intervention, or some combination of them." (Phills, Deiglmeier and Miller, 2008)
EMES	2007	According to the EMES, social innovation can be seen "as arising from a new kind of entrepreneurship focused on social goals, new products of new qualities of products, new methods of organisation and/or production (often involving different partners and resources), new production factors such as atypical employment and involvement in governance, mixing voluntary and paid employment, as well as new market relations such as the changing welfare mix, or new legal forms such as the social co-operative in Italy which encourages entrepreneurial and commercial dynamics and formalising multi-stakeholding." (Westall, 2007)
Harris and Albury	2009	"Innovation that is explicitly for the social and public good; innovation inspired by the desire to meet social needs which can be neglected by traditional forms of private market provision or be poorly served or unresolved by services organised by the state. Social innovation can take place inside or outside of public services and can be developed by the public, private or third sector, users and communities; however, some innovations developed by these sectors do not qualify as social innovation because they do not directly address major social challenges."