



# EUROPEAN POLICY BRIEF



## MEASURING SOCIAL INNOVATION IN THE COMMUNITY INNOVATION SURVEY: EXPERIENCE AND EVIDENCE FROM THE CIS2015 CONDUCTED IN FLANDERS

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### INTRODUCTION

Europe faces huge challenges in reducing inequality and social exclusion. 80 million people are at risk of poverty and 14 million young people are not in education, employment or training. We have not yet overcome the economic crisis which has led to unemployment rates of 12% in general and 20% among the youth. In order to address these challenges, the European Commission has launched several initiatives, all aimed at stimulating the development of a more inclusive society. This challenging task cannot be accomplished by the European, national, regional, and local governments alone, but will require a joint effort by all societal stakeholders, including for-profit enterprises and non-for-profit organizations.

In order to develop and evaluate policy actions in this area, monitoring the contribution of these for-profit and non-for-profit organizations to a more inclusive society becomes crucial. This project takes a first step forward by proposing a module that can be included in the Community Innovation Survey (CIS). This module measures the extent to which for-profit and non-for profit organizations engage in social innovation, which it defines as the development of product or process innovations that improve the access to basic provisions of vulnerable groups in our society. It also provides insights in the main drivers behind social innovation, and in the types of beneficiaries that were reached.

## GENERAL APPROACH

In 2015, the 8th edition of the Community Innovation Survey (CIS), which asks companies about their innovation activities, was conducted in several Member States of the European Union. In Belgium, the collection of innovation statistics is a regional responsibility, which the region of Flanders has outsourced to the Centre for R&D Monitoring at KU Leuven. The CIS is normally sent out to a stratified random sample of around 5000 Flemish for-profit companies of a variety of size classes and sectors. For the current project, we collaborated with the Centre for R&D Monitoring and:

- developed a module on social innovation and included it in the CIS2015 for Flanders;
- expanded the sample with 992 non-for-profit organizations located in Flanders, which were selected based on their legal form (selecting non-for-profits and cooperatives)<sup>1</sup>.

The main results and insights from this project will be presented below.

## CIS MODULE ON SOCIAL INNOVATION

The module was developed based on scientific studies and definitions of social innovation, and was improved through several rounds of cognitive testing, consisting of in-depth interviews with a variety of for-profit and non-for-profit organizations of different sizes and active in different sectors. For example, the module was cognitively tested with a large pharmaceutical firm, a large biotech company, a medium-sized service company installing heating systems, a large care provider, a medium-sized foundation, a medium-sized social work place, and a small non-for-profit organization active in the IT sector. Each cognitive test verified whether the interviewee understood the questions in the way they were intended, and whether he/she was able to respond to them. After each test, the module was adapted. This iterative process resulted in a module consisting of a definition of social innovation and three questions. All are presented below.

It is important to note in this respect that the current scientific literature on social innovation does not agree upon one single definition of the concept. Whereas some approaches look at both the innovation process and the outcomes of an innovation to classify it as a social innovation, the final module as resulting from the iterative process described above, focusses only on the outcomes of the innovation. It regards an innovation as a social innovation if that innovation improved the access of socially vulnerable groups to basic provisions like training, employment, food and care. It also emphasises that social outcomes do not need to be the main goal of the social innovation but can be a side effect.

### **Definition**

Social innovations aim to provide socially vulnerable groups with better access to basic provisions like training, employment, food and care.

Some product, service, process, organizational or marketing innovations respond to this. Social impact can be the main goal of these innovations, or a side effect.

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<sup>1</sup> In order to obtain a sufficiently large sample of non-for-profit organizations, we did not restrict the sample to the sectors and size classes covered in the CIS. As a result, the subsample of non-for-profit organizations has different sector and size characteristics than the sample of for-profit organizations.

**Question1**

Did your organization, in the period 2012-2014, introduce new or significantly improved goods, services, processes or methods that improved the access of socially vulnerable groups to the following basic provisions? (*Tick all options that apply*)

Quality food or drinkable water	<input type="checkbox"/>
Affordable quality housing	<input type="checkbox"/>
Quality energy or transportation	<input type="checkbox"/>
Quality education or training	<input type="checkbox"/>
Quality employment	<input type="checkbox"/>
Quality (health)care	<input type="checkbox"/>
Quality financial or legal services	<input type="checkbox"/>
Other provisions, please specify	<input type="checkbox"/>
None of the above (=> skip rest of section)	<input type="checkbox"/>

**Question2**

How many individuals from the following socially vulnerable groups did your organization reach in the period 2012-2014 with these innovations? (*Tick 'None' if a group is irrelevant*)

		None
Employees	Approximately ..... persons	<input type="checkbox"/>
Suppliers	Approximately ..... persons	<input type="checkbox"/>
Distributors	Approximately ..... persons	<input type="checkbox"/>
Customers	Approximately ..... persons	<input type="checkbox"/>
End users who are not customers	Approximately ..... persons	<input type="checkbox"/>
Other parties, please specify .....	Approximately ..... persons	<input type="checkbox"/>
.....		

**Question3**

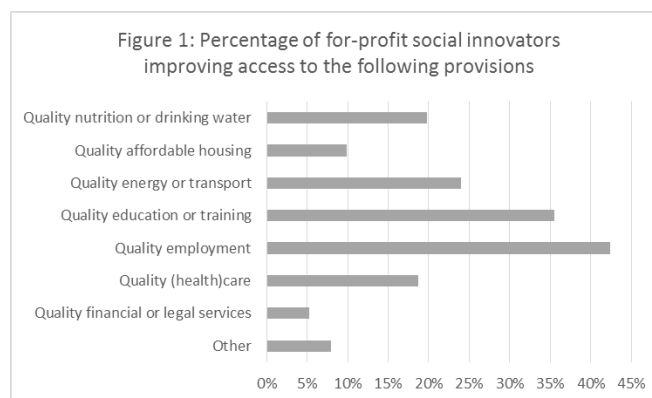
How important were the following motives for developing these social innovations in the period 2012-2014? (*Tick one box per row*)

	Degree of importance			
	High	Medium	Low	Irrelevant
Existing or expected rules and regulations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Availability of grants, subsidies or other public incentives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
An existing or expected demand/ interest from investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The potential turnover and/or profit from these innovations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Potential cost reductions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The societal vision of your organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Voluntary codes of conduct in your sector aiming to stimulate tackling societal challenges	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other factors, please specify.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## EVIDENCE ON FOR-PROFIT ORGANIZATIONS

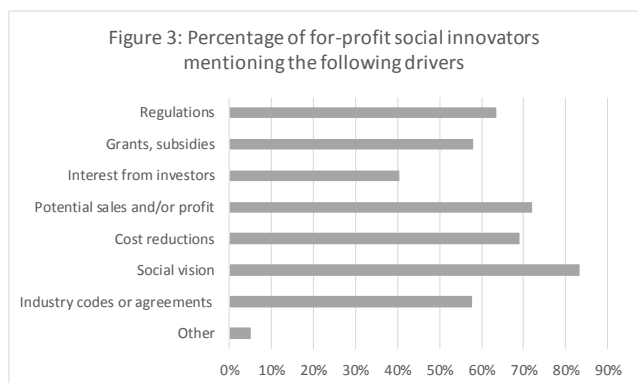
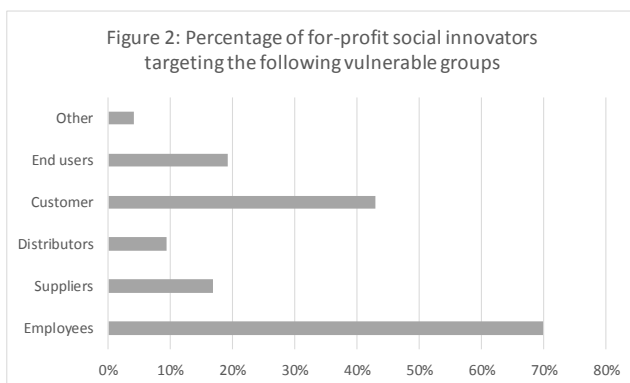
About 68% of the for-profit enterprises that reported on their innovation activities in the Flemish CIS2015, indicated that they had indeed engaged in innovation activities in the period 2012-2014, and thereby qualified to respond to the module on social innovation<sup>2</sup>. Of these 1850 for-profit innovators, 1710 (or about 92%) actually answered the questions on social innovation, which confirms that the module was not too difficult for the respondents.

262 of the responding for-profit innovators indicated that their innovation activities had improved the access of socially vulnerable groups to some basic provision, implying that **about 15% of for-profit innovators introduced a social innovation**. As shown in figure 1, access to quality employment was mentioned most frequently, followed by access to quality education or training.



As can be seen in Figure 2, the vulnerable groups most frequently targeted by for-profit enterprises can be found amongst their employees and customers.

Finally, Figure 3 shows that the main reason why for-profit enterprises develop social innovations are (1) their social vision, followed by (2) potential sales and profits and (3) cost reductions.



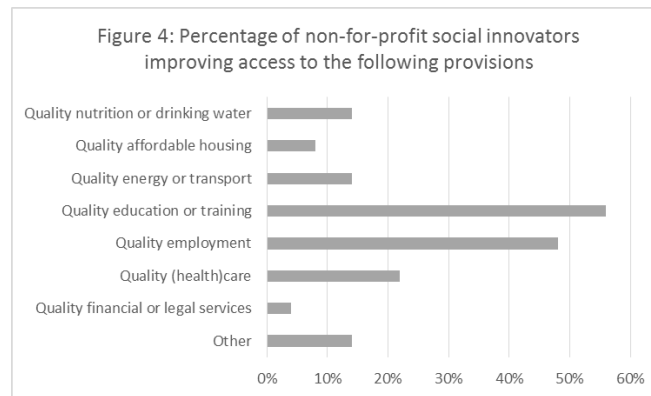
## EVIDENCE ON NON-FOR-PROFIT ORGANIZATIONS

About 47% of the non-for-profit organizations that reported on their innovation activities in the Flemish CIS2015, indicated that they had indeed engaged in innovation activities in the period 2012-2014, and thereby qualified to respond to the module on social innovation. Of these 134 non-

<sup>2</sup> Organizations that had not undertaken any product, process, organizational or other innovation activities did not receive the questions on social innovation.

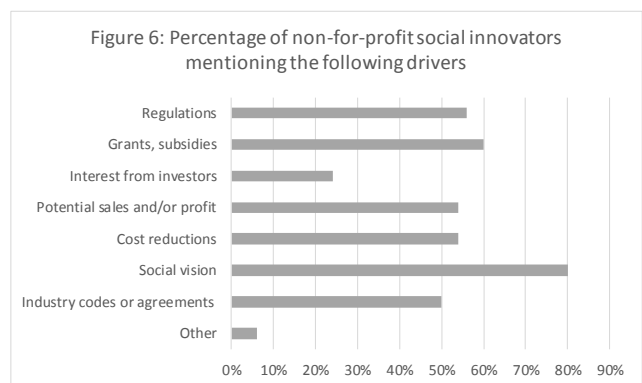
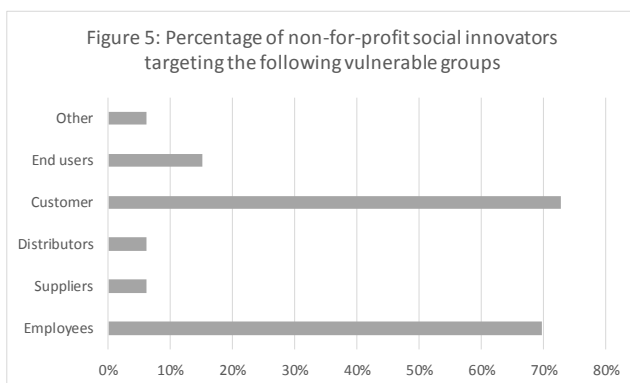
for-profit innovators, 121 (or about 90%) actually answered the questions on social innovation, which confirms that the module was not too difficult for the respondents.

50 of the responding non-for-profit innovators indicated that their innovation activities had improved the access of socially vulnerable groups to some basic provision, implying that **an impressive 41% of non-for-profit innovators introduced a social innovation**. As shown in figure 4, access to quality education or training was mentioned most frequently, followed by access to quality employment.



As can be seen in Figure 5, the vulnerable groups most frequently targeted by non-for-profit organizations can be found amongst their employees and customers, as in the case of the for-profit social innovators.

Finally, Figure 6 shows that the main reason why non-for-profit organizations develop social innovations are (1) their social vision, followed by (2) grants and subsidies.



## POLICY IMPLICATIONS AND RECOMMENDATIONS

If policy makers at the European, national, and regional level want to launch and evaluate policy actions aimed at the development of a more inclusive society, they should be able to monitor the evolution of for-profit and non-for-profit organizations' contributions to this inclusiveness. We propose to include the module developed and validated in this project in future editions of the Community Innovation Survey to monitor (a) the extent to which for-profit and non-for profit organizations engage in social innovation, (b) the types of beneficiaries they reach, and (c) the main drivers behind their social innovation activities.

Evidence for Flanders shows that in the period 2012-2014, 15% of for-profit innovators and 41% of non-for-profit innovators introduced an innovation that improved the access of socially vulnerable groups to basic provisions. Both for-profit enterprises and non-for-profit organizations in Flanders most frequently tried to improve vulnerable employees' and customers' access to quality employment, education, and training. Whereas the key drivers for social innovation in for-profit enterprises were their social vision and economic benefits including potential sales, profits and cost reductions, the non-for-profit organizations were mainly driven by their social vision and the availability of grants or subsidies.

## RESEARCH PARAMETERS

SEFORIS is a flagship multi-disciplinary, multi-method international research project on social enterprise funded by the European Commission. Through the generation of robust evidence and internationally leading research, SEFORIS aims to better understand the role that social enterprises play in the EU and beyond in the development and evolutions of inclusive and innovative societies.

SEFORIS investigated key processes through which social enterprises deliver inclusion and innovation (spanning a range of domains, from organisation and governance, over financing and innovation to behavioural change) as well as the contexts in which social enterprises thrive. In terms of methodology, we started from policy and social enterprise practitioner questions and challenges together with critically scrutinising existing academic literature. We used this first step to develop theoretical frameworks that then serve as a basis for thinking systematically about innovation and inclusion processes in context. This was followed by field and lab experimentation with social enterprises and in-depth case studies to expand and enrich our understanding of social enterprises. Unique longitudinal survey data will be collected across 9 distinct countries to test new (and at times counterintuitive) hypotheses to reach novel insights and generalizable conclusions. We engage policy makers and social enterprises throughout the research process to ensure that our research is relevant for them and can inform their practice. The project is divided into 10 work packages. WP1 to WP3 are mainly concerned with data collection. WP4 through WP8 different themes are studied and analysed. In WP9 results are disseminated and timely transfer of knowledge is ensured, while the objective of WP10 is to ensure successful delivery of the project through effective coordination.

- WP1: Development of new evidence through interaction with key stakeholders
- WP2: DEEP DIVE: Development of 25 in-depth cases of SEs in Europe and beyond
- WP3: SELUSI 2.0 DATA on 1000 social enterprises in 9 nation states
- WP4: The organization of social enterprises in market and society
- WP5: The private and public finances of social enterprises
- WP6: The innovations of social enterprises
- WP7: Social enterprise in context
- WP8: Social enterprises and their impacts
- WP9: Dissemination and valorization
- WP10: Governance and project management

## PROJECT IDENTITY

<b>PROJECT NAME</b>	Social Entrepreneurship as a Force for more Inclusive and Innovative Societies (SEFORIS)
<b>COORDINATOR</b>	Koenraad Debackere, KU Leuven Leuven, Belgium koenraad.debackere@kuleuven.be
<b>CONSORTIUM</b>	Aston University – Aston – Birmingham, United Kingdom Centre for Economic and Financial Research – CEFIR – Moscow, Russia Hertie School of Governance – HSOG – Berlin, Germany I-Propeller NV – I-Propeller – Brussels, Belgium Katholieke Universiteit Leuven – KU Leuven – Leuven, Belgium Libera Università Internazionale degli Studi Sociali Guido Carli – LUISS – Rome, Italy NESsT Europe Nonprofit Korlatolt Felelossegu Tarsasag – NESsT – Timisoara, Romania Non-Profit Incubator – NPI – Shanghai, China Oksigen Lab - Brussels, Belgium Stockholm Institute for Transition Economics – SITE – Stockholm, Sweden The Foundation for Social Entrepreneurs LBG – UNLTD – London, United Kingdom Universidade de Aveiro – UAVR – Aveiro, Portugal
<b>FUNDING SCHEME</b>	FP7 Framework Programme for research, technological development and demonstration under grant agreement no 613500.
<b>DURATION</b>	January 2014 – April 2017 (40 months).
<b>BUDGET</b>	EU contribution: 2,483,908.40 €.
<b>WEBSITE</b>	<a href="http://www.seforis.eu">www.seforis.eu</a>
<b>FOR MORE INFORMATION</b>	Contact: Alain Daou, Research Associate KU Leuven Leuven, Belgium Alain.daou@kuleuven.be
<b>FURTHER READING</b>	Petra Andries and Alain Daou (2016). ViaVia Yogyakarta: Choosing the Right Strategy to Maximize Social Impact. <i>Sustainability</i> .