

# SIMPACT PROJECT REPORT

Report # **D4.2**

## **Criteria & Recommendations to Strengthen Social Innovation**

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# 1 MANAGEMENT SUMMARY

“The high level of dependency of SI on its context indicates that obstacles and resistance to SI are primarily coming from the conflict between the culture of the context and the new culture that SI brings with it.” (Terstriep et al 2015: 92)

This report on “Criteria and Recommendations to strengthen SI” takes a context perspective on drivers and barriers for SI; as SIMPACT’s research shows, every driver for SI can also feature as a barrier and vice versa and SI is very much context dependant this report suggests a model for identifying stimulating or hindering factors of different contexts of SI. The following bullet points summarise the key context criteria:

## Context of roles

- 1 The individual motivation of an innovator – often rooted in personal experience of individual needs – marks the initial step of a social innovation activity and can be regarded as a main driver of social innovation.
- 2 Recognition and acceptance of groups (e.g. the social innovators) who support disadvantaged target groups seems to play an important role in supporting social innovation.
- 3 Competences and capabilities for social innovation should be placed on education agendas. Formal, informal and non-formal education could address competences needed to build and run social innovations.
- 4 Social innovation actors need to combine economic and social resources to successfully develop and sustain innovative solutions.
- 5 Social innovation actors should strive for embeddedness into larger contexts that are better perceived by policy. SI is not yet mainstreamed and does not profit from mainstream supporting structures.

## Context of functions

- 6 The “linking attitude” of leadership can be understood as a transversal driver (or barrier) for social innovations, as it spans over several “skins of the onion”, including aspects of contexts of roles, functions, structures and norms. The “linking leadership” (as a context of functions, containing

elements of individual competences which are located on the context of roles) therefore functions as an enabler for drivers and barriers on different context layers.

- 7 Evaluation and measurement of social and/or economic impact are only seldom conducted by social innovators and social enterprises. SI could profit from adopting established evaluation and measurement procedures and so link their efforts to the “language of the existing solutions”. But administrative procedures need to be adopted to the “SI style” of working which despises “paper work”.
- 8 Understanding the difficulties of “measuring” social innovation efficiency and effectiveness is a prerequisite for enabling and applying better evaluation methods that could guide social innovators in improving their efficiency and effectiveness and allowing the development of business models.
- 9 The availability of “hands on” and easy to reproduce legal forms and legal advisory entities could foster the rise and spread of social innovations. Their perspective should be to support social innovators in understanding existing solutions and restrictions, e.g. legal framework conditions or funding schemes.
- 10 Seeing voluntary work in a broader regional perspective and abstracted from the pure supply of “cheap labour”, a strong voluntary sector can be considered an enabler of social innovation.
- 11 Our research shows rare cases of social innovation that fully span three or even four actor sectors. Therefore support could try to bring together actors from all four quadruple helix sectors.
- 12 Customer satisfaction should be the objective of social innovation. But with the divergence of cost, use and benefit of the innovative solution, social innovators are challenged to identify who their “customer” is.
- 13 Co-creation of social innovations together with clients may appear as a socially desired routine and productive innovation model; but innovation research also shows that people who are too much involved in a solution might become unaware of obstacles or alternative solutions. Co-creation should involve external knowledge and insights to overcome this bias.

14

The added efforts for co-creation in comparison to top-down procedures cannot per se be covered by higher efficiency. Especially when applying the finding that many social innovations are fighting scarcity of resources and struggling with administrative challenges, an extensive co-creation process is often overburdening social innovators. This barrier could be addressed by support on administrative layers, but also by supporting the co-creation process.

15

Social innovation should build on a broad network of supporters, including target groups and all four sectors of the quadruple helix.

16

Gatekeepers are central actors in granting access to existing social systems (like the health system or the labour market) and with these to funding opportunities and target groups. Gatekeepers are installed to keep quality high, costs low or maintain the status quo. For SI it is crucial to identify gatekeepers, their functions, objectives and governance.

17

Digital means can build an important communicative infrastructure for SI; bringing together people and ideas and supporting SI in a seedbed and in a fostering dimension. The new field of “digital social innovation” is exploring this context.

18

Open scaling of social innovation requires (central or de-central) coordination and systematisation – both features that have to challenge the “bricolage” attitude.

19

SI can profit from public support in form of awareness raising mechanisms. This public awareness on the other side can stipulate public support for the SI.

20

Tailored support infrastructures and the availability of intermediaries help to successfully establish, diffuse and sustain social innovations.

### Context of structures

21

The “existing landscape” of solutions and services has to be seen from an institutional perspective, from a local perspective and from an actors’ perspective to understand the attitudes towards the SI.

22

One of the big challenges social innovators are facing is the reliability of funding and an inability to secure risk-taking growth capital. Policy and funders should address this issue by providing more long-term and more

reliable support schemes.

23

Adequate policy should be developed for the introduction of structural financial and economic measures supporting SI, as has happened in the past for other forms of innovation.

24

Policy efforts should also be directed in support of the promotion of SI, as an area of profitable investments and an emerging field of growth.

25

Free volunteer work is the major economic resource of SI. Donations can also help tackle scarcity, but raise the question of sustainability. Social innovators should strive to combine different funding streams. These challenges their administrative and legal competences – which could be understood as lack of the production factor “knowledge”.

26

Social innovations tend to challenge institutions and thus, require an understanding of institutional order and multilevel governance that direct institutions, which facilitate or impede their implementation.

### **Context of norms**

27

The rise of new (EU wide, national and regional) legal forms for hybrid entities can drive the spread and growth of social innovations and can be understood as a driver.

28

Pre-conditions like the societal esteem of innovation, failure and civil engagement can be addressed on a broad policy agenda in order to prepare a societal framework that is actively igniting and supporting social innovations.

29

SI should strive to gain recognition of public bodies and a broader public audience as these forms the context of norms. This context is strongly linked to the sustainability of the innovations, as the context of norms can hinder SI per se, but with the diffusion of new practices into legal codices (e.g. new legal “hybrid” forms of SI enterprises) SI can experience a major “push”.



## 2 ABOUT THIS REPORT

The purpose of this report is to outline *criteria and recommendations* to strengthen social innovations<sup>1</sup> in order to feed SIMPACT's analytical findings on economic underpinning for social innovation into *practice*. The report therefore functions as

1. a funnel to *collect* SIMPACT's analytical findings in the dimension of drivers and barriers for SI,
2. an analytical grid to *showcase* criteria and recommendations to strengthen social innovation and
3. a *guide* to lead actors through the process of identifying drivers and barriers in the process of social innovation.

This report is part of SIMPACT's work package "4 – Development of Stronger SI Concepts" which functions as a catalyst for improving social innovation concepts by identifying tools and measures strengthening their social and/or economic impact. Addressing the strategic level, developing stronger social innovation concepts strives to facilitate and resource new forms of entrepreneurship based on alternative business models of financing, distribution and employment. This includes the provision of good examples and applicable approaches for social innovation. Therefore this report will focus on describing *drivers and barriers* for social innovations and provides an analysis that will allow to describe criteria and recommendations to practically strengthen social innovations.

The report roots in SIMPACT's empirical base. It amalgamates findings from

1. a literature review (D1.1 and 1.2),
2. small scale stake holder experiments (WP2),
3. case studies (D3.2),
4. social innovation biographies (D3.2),
5. a partner survey<sup>2</sup> on "drivers and barriers for SI", collecting insights from the SIMPACT consortium,
6. the "Report on Existing Forms of SI" (D4.1) and

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<sup>1</sup> By "social innovation" we understand "novel combinations of ideas and distinct forms of collaboration that transcend established institutional contexts with the effect of empowering and (re)engaging vulnerable groups either in the process of the innovation or as a result of it" (Rehfeld et al 2015: 1)

<sup>2</sup> The survey was issued by TUDO in September 2015 and sent to all SIMPACT consortium members. It asked for three-five drivers and barriers that matter most in the very researcher's view. The survey template is documented in the annex of this report.

7. various external scientific sources – especially research project reports.

It brings together all drivers and barriers identified by these sources and funnels them into a concluding “recommendations” chapter.

## 3 A CONTEXT BASED UNDERSTANDING OF DRIVERS AND BARRIERS FOR SI

### 3.1 A context based model for criteria to identify drivers and barriers

SIMPACT’s preliminary research indicates that social innovation seems to be largely context-dependant: “The high level of dependency of SI on its context indicates that obstacles and resistance to SI are primarily coming from the conflict between the culture of the context and the new culture that SI brings with it.” (Terstriep et al 2015: 92) The “comparative report on social innovation across Europe” (D3.2) produces an empirically rich insight into the multiple layers of influence and dependency between a social innovation and its context:

*SIMPACT’S “COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE”, D3.2, P 75*

“(…) our empirical research shows that it also includes both a reactive and a proactive dimension: social innovators configure their innovations as remedies to the inefficiencies or the lack in public and private provisions (reactive attitude), but they also strive to find new opportunities and to generate new products, processes, and partnerships (proactive attitude). Their proactive behaviour seems to be tightly connected with the “mission driven” nature of SI: social innovators are extremely motivated and display a strong commitment, corroborating their capacity to face difficulties and overcome obstacles.”

These results can be understood as a plea to understand social innovation in the first hand from a perspective of its contexts. The context variables of social innovation that Terstriep et al (2015) reveal, include:

1. roles of actors (p 8, 12, 80), their objectives (p. 64) and capabilities and skills (p. 47, 51), their working style and modes of governance (p. 7, 56, 68, 94, 159, 161)

2. the relation between “new” and “existing” solutions (p 8, 25, 92),
3. the influence of local context like neighbourhoods, local social settings or infrastructures (p 78, 101),
4. legal forms (p. 128)
5. available resources (p. 6, 93, 161)
6. gatekeepers of societal systems and sub-systems (p. 172)
7. institutions, structures and SI ecosystems (p. 34, 78, 82, 91, 169)

and several others. This context sensitiveness influences the character of social innovations, their design, actor constellations, scaling pathways and chances for sustainability. Therefore it is widely accepted that it is impossible to take a SI out of one context and “plant” it to another one. On the contrary, a new solution for the same challenge might look completely different under different contexts.

This baseline insight functions as a horizon for an investigation on drivers and barriers for social innovation and the designing of the guide for fostering social innovation, both allocated in this report.

After agreeing on a context sensitive approach for understanding drivers and barriers for SI, in a next step a model has to be built in order to allocate, differentiate and analyse drivers and barriers and their interdependencies. This model has to pinpoint drivers and barriers - but (ironically) not in a drivers and barriers lead perspective, but following the insights on the importance of contexts as the lead motif.

Drivers and barriers of innovation – not specifically for social innovations - have been widely discussed in innovation research. For an overview van der Panne, van Beers and Kleinknecht (2003) have produced a classification based on a literature review that identifies four major issues: issued related to firms, projects, products and markets. For social innovation research this heuristic can hold as an inspiration, but its obvious market orientation can not integrate social innovations’ characteristics.

Bloom and Dees (2008) identified two main sections to look at when analysing social eco-systems: “players” and “environmental conditions”. More recent research has further developed these two strands of analysis: The “players” perspective is widely discussed in the “triple/quadruple/penta helix” discourse while the “environmental conditions” aspect can be accredited to the “ecosystems” debate.

To understand the “actors” of innovation, research can be traced as way back as Schumpeter’s concept of the entrepreneur, but more recent research has agreed on a more

**Context:**  
**Actors**

distributed role set, acknowledging the roles of several distinct actors. Building on a triple helix model (Etzkowitz/Leydesdorff 2000) – consisting of universities, industry and government as main innovation actors - the quadruple helix derived and supplemented civil society as the fourth category. Though it could be argued if “the public” can be considered a fourth helix actor (Leydesdorff/Etzkowitz 2003), the “quadruple helix” today serves as a wide spread heuristic model to differentiate the four main actor groups (government, academia, industry and civil society) involved in SI processes (Carayannis/Campbell, 2012). The notion of quadruple helix is used to emphasize an understanding of knowledge production and innovation application that takes into account the role of the public in advanced innovation systems. This includes the contribution of “bottom-up civil society and grassroots movements” (Carayannis/Campbell, 2012). In particular, the quadruple helix concept classifies the four actor groups as key actors promoting a democratic approach to innovation through which strategy development and decision-making are exposed to feedback from key stakeholders. Hansson et al. (2014) provide a fifth actor (“penta helix”) by adding citizens and social entrepreneurs. The benefit of the penta helix model should be a broader and more inclusive perspective on the innovation system as the roles of entrepreneurs, citizens and civil society are stronger highlighted. Seeing the development from a single actor model to the triple, quadruple and penta helix model, the scientific discourse can be understood as gradually implementing more perspectives into the set of important actors; building an “ecosystem”.

**Context:  
environment and  
“ecosystem”**

A rich discourse has been lead on “ecosystems” of social innovation (e.g. Sgaragli 2014, Bekkers & Homburg, 2007; Bason, 2010; Osborne & Brown, 2011, Hansson et al. 2014). This discourse defines the ecosystem consisting of the organisational and institutional environment where the SI is embedded and has produced the insight that not only supporting factors should be regarded as the “ecosystem” (like in early approaches of the “incubator” thinking), but the ecosystems also hold hindering influences for an innovation. While the analysis of an ecosystem can exclusively focus on the supportive environment for SI in order to make suggestions on how to improve support structures (Miller & Stacey, 2014); taking hindering factors into account seems to be necessary in order to access a holistic perspective on the environmental conditions for SI. To cover the whole environment of SI, it is hence considered to be part of an ecosystem rather than part of an organisational framework that only contains competitors, suppliers and customers (Bloom & Dees, 2008). Instead of a fixed framework, SI is faced by a dynamic environment with e.g. changing policy agendas or changing markets which lead to the idea of the ecosystem, analogous to biological ecosystems (Hansson & al., 2014). Obstacles to SI have to be understood from an ecological perspective (Bekkers, Edelenbos & Steijn, 2011) or what Castells (1996) defines as ‘innovation milieus’. Therefore our understanding of an “ecosystem” is holistic and includes the barrier perspective as valid as the drivers perspective, both to be reflected from a context-sensitive approach.

Bekkers/Tummers/Voorberg (2013: 5) add four more sections to Bloom and Dees' (2008) two main sections (being "players" and "environmental conditions", see above): the social and political complexity of the environment, legal cultures, types of governance and allocations of resources and so provide a first differentiation on what could be counted as Bloom and Dees' "environmental conditions". All four sections are strongly supported by SIMPACT's findings (cf. Terstriep et al 2015) which provide evidence for the impact of legal cultures – e.g. legal forms of social innovation enterprises -, or types of governance – e.g. the dominance of the "bricolage"<sup>3</sup> attitude of many social enterprises – and resources – e.g. the results from a "scarcity of resources" – for the existence of social innovations. Nevertheless, there still seems need for a more differentiated view into the notion of "environment". Bekkers, Tummers and Voorberg are counting "globalization, individualization, fragmentations and computerisation" as well as "the political and administrative problems" (2013: 5) to the "environment". This definition comprises societal mega-trends and micro- and meso-level challenges into one (very broad) category; which is hardly useful for a more detailed insight into contexts of social innovation. SIMPACT's findings argue that also local context like neighbourhoods, local social settings or infrastructures and gatekeepers of societal systems and sub-systems do play a significant role in terms of context of social innovations.

Environmental  
conditions

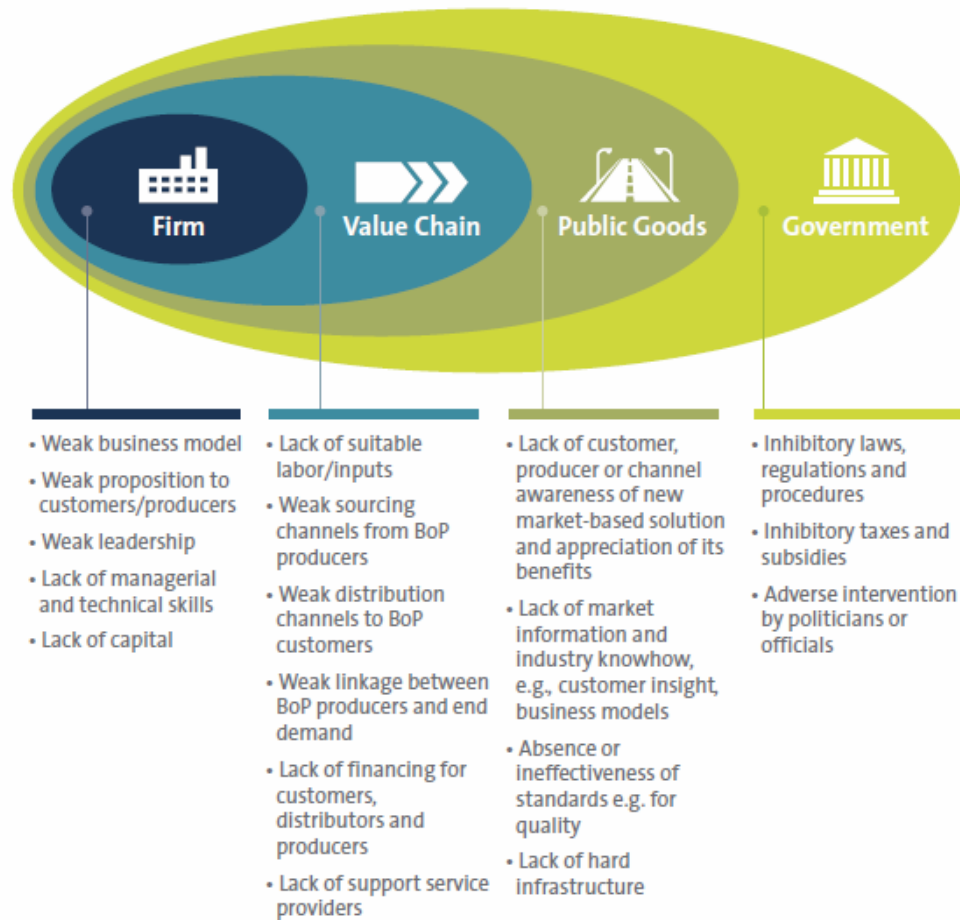
Seeing the different layers of what actually can be considered as a "context" of social innovation together, an integrating model for these different facets is needed. A first attempt is suggested by Koh/Hegde/Karamchandani (2014: 11): With their "scaling barriers" model they sketch four levels of barriers that conflict the scaling of social innovations. These levels are representing a traditional economic perception of "value chain" which transfers the context of for-profit structures to the social innovation sector. But SIMPACT's findings reveal shortcomings of this model as a heuristic for an investigation of drivers and barriers: Koh/Hegde/Karamchandani do not reflect the motivations and objectives of social innovators, while our research shows these are standing at the beginning of many SI activities. They also do only tentatively provide an insight into functions of social innovations, fading out aspects like the "bricolage" attitudes. And – most important - Koh/Hegde/Karamchandani's model does not integrate drivers *and* barriers into *one* model, while SIMPACT's insights suggest that each driver can be a barrier and vice versa (see above).

Towards an  
integrated model  
of "contexts"

---

<sup>3</sup> "(...) any process of SI consists of two dynamics: (1) «bricolage», or recombining existing and new ideas to form something novel (Levi-Strauss 1962, Arthur 2009), and (2) «contagion» or «diffusion», the adoption and spread of novel ideas or inventions (Rogers 1995, Westley et al. 2005, personal observations). "Terstriep et al (2015: 55),

Figure 1. Scaling Barriers

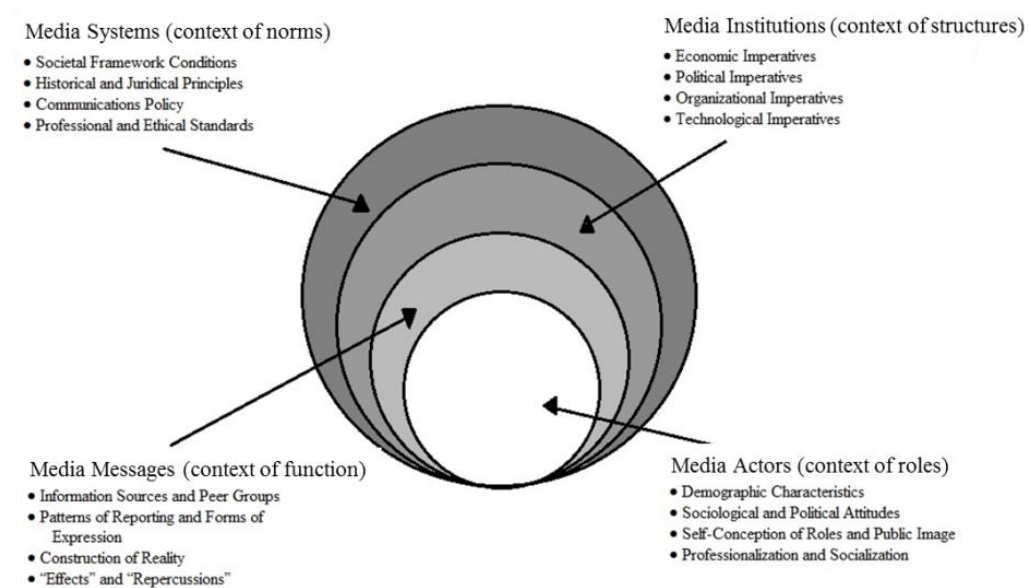


Source: Koh/Hegde/Karamchandani (2014: 11)

**A new model of “contexts”**

This brief overview on existing categories of “context” of social innovation shows that there is so far a lack of models able to describe all contexts that SIMPACT’s empirical findings have produced so far. For this reason this report is deriving a “context” model by building on a model from communication science and tailoring it for social innovation research. Weischenberg (1992: 68) introduced a model to distinguish different contexts of news production. This model was meant to guide research and analysis on factors that influence the ways that news were selected for publication in mass media like newspapers or TV. Weischenberg emphasises the strong context-sensitiveness of the production of “news” and differs four context layers: “Actor” (assembling socio-demographic features of the media actor, e.g. journalist), “function” (focussing on the process in which media are produced), “structures” (collecting economic, political, organisational and technological imperatives) and “norm” (the legal and policy context). Weischenberg places the four contexts in form of an “onion” in order to symbolise the interdependency and permeability of those contexts.

**Figure 2. The Onion**



Source: Weischenberg 1992: 68. Translated by the authors

The following model will take Weischenberg's four layers of the "onion" of context as an inspiration to devise a specific model for contexts of social innovation. Therefore "news" could not only be replaced by "innovation", but the model had to undergo specific adaptations for this new thematic setting.

### Context of roles

The first context assembles answers to the question "Who is/are the innovator/s and what are his/their roles, competences and objectives?" Preliminary research, derived from SIMPACT's social innovation biographies and case studies, indicates that the social and local environment of the innovator and his socio-demographic factors are strongly influencing the social innovation. In other words, a social innovation is always embedded into the innovators' social reality, as aggregated in socio-demographic features (like age, gender, educational background), competences, skills and knowledge, objectives and motivations, opinions etc. The "context of roles" could be roughly be understood as the "opus operatum" aspect of Bourdieu's notion of "habitus" (1983).

### Context of functions

While the context of roles concentrates on the entrepreneur, his close social reality and his "being", the next context comprises facets of his function in the social innovation process; in other words his "doing". The lead question is: What are the activities undertaken by the innovator? What is his function for the system he is active in? This layer comprises - among others services delivered -, styles of working, forms of cooperation

and impacts. This context has connections to Bourdieu's (1983) notion of "Modus Operandi"

### **Context of structures**

Terstriep et al point out that social innovations are always embedded in what is described as "the existing solutions" (2014: 25). No matter how "new" or "radical" a social innovation may appear, it always faces existing solutions, actors or institutions. The modes of dependence between the innovation and "the existing" could be diverse and reach from support to hindrance, but our empirical findings show that social innovation is strongly dependant on those existing structures. The existing structures could be used or engaged – in the notion of Howaldt/Schwarz (2010) by "better addressing social needs" – but never ignored. Therefore as a third layer we will differentiate a "context of structures", assembling elements of the existing solution like organisations, institutions, networks, communities, systems and sub-systems as well as economic, political and technological imperatives. The lead question for this context is: Which structures are influencing the function and roles?

### **Context of norms**

While the context of structures comprised "tangible" entities such as the existing actors, companies or networks and the imperatives they issue towards the SI, the fourth context comprises the "intangible" layer of societal codes - officially codified or unofficially accepted - that influence the social innovation. These could be laws, norms, standards, codes of conduct, ethical assumptions and historical and societal necessities and restraints. The lead question is: Which (official and unofficial) rules and codes are influencing the innovation?

### **"Growing" and "Cutting" the onion – transversal analytical observations**

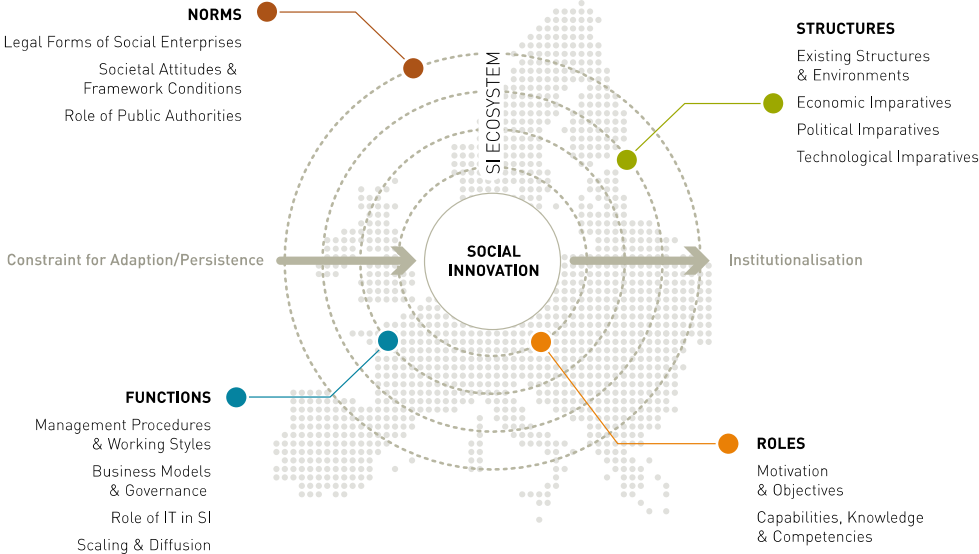
The "onion" metaphor allows two directions of "cutting" the onion layers as an interpretative process: If seeing the onion from the inner core to the outward layers (the "growing" process of an onion) , the four layers can be understood as a process of growing institutionalisation. The innovation (in its "intangible" form) permeates through persons (the context of roles), through those persons' doing (the context of function) and through organisations (the context of structures). Some innovations even influence the context of norms, for example by influencing what is considered as "ethical" or "right". Car sharing for example has in many countries today initiated new legislation, supporting car sharing by tax reduction or by assigning public places as parking lots for shared cars. This "growing" process reflects what Howaldt/Schwarz call "socially accepted and diffused" (2010: 21). In this notion, a social *invention* only becomes a social *innovation* by being actually used, spread and turned into social practice. The onion model therefore offers a model of tracing the transformation from an invention into a social practice through its different layers with a growing institutionalisation and societal diffusion.



This transversal observation accredits the insight that innovations spread through people's doing. In other words: "In the realm of the social, everything takes place as invention and imitation, with imitation forming the rivers and inventions the mountains" (Tarde 2009, 26, cited from: Howaldt/Kopp/Schwarz 2014: 6).

As a second transversal analytical process the "onion" could be "cut" from the outer layers to the inner core. This perspective reflects the process of constraints and persistence. "Existing" (see above) norms, institutions and social practices strive to prevail themselves against the innovation. This is the force that innovators experience when shaking long established practices: They see laws and norms restraining their innovativeness, institutions rejecting their support and staying in what Terstriep et al (2015) call their "silo thinking" and actors arguing that something has to be done in the "old ways". Constraints and persistences strive to suppress the innovation from macro to micro level and so reflect the process of cutting the onion from outside to the core.

**Figure 3. SI Ecosystem**



## 3.2 Context 1: Roles

### 3.2.1 Motivations and objectives

SI builds on individual motivations

SIMPACT's "COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE" (D3.2) indicates that social innovation often seems to be ignited by individual motivations of people seeing an urgent need for action in specific fields of marginalisation.

*SIMPACT'S "COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE", D3.2, P 48*

"In accelerating the innovation process, experiences and competences of innovators play a pivotal role, while direct experience of the problem or of the solution behind the social innovation is one of the strongest motivations of social innovators' engagement."

"Considering the experiences of engaged people in the SI process it becomes evident that the initiators and almost any actor from the inner core has experiences in working with vulnerable people and know the special requirements of the target group. Distinct experiences are often available from prior/similar projects or other focuses the initiator led, which showed to be related closely to their respective school and academic education. Forasmuch, we find initiators educational curriculum vitae tightly linked to objective of engaging in SI. In addition, initiators have a professional expertise in regional projects. Also, many of our cases show that social innovators knew the problem and the field/industry where the SI was to be introduced well before giving shape to it."

THEREFORE THE MOTIVATION – OFTEN ROOTED IN PERSONAL EXPERIENCE OF INDIVIDUAL NEEDS – MARKS THE INITIAL STEP OF A SOCIAL INNOVATION ACTIVITY AND CAN BE REGARDED AS A MAIN DRIVER OF SOCIAL INNOVATION.

*SIMPACT'S "SMALL SCALE STAKEHOLDER EXPERIMENTS", T2.2, WORKSHOP MINUTES*

"Both internal professional staff and volunteers in social affairs are driven by a strong internal motivation to better the situation of disadvantaged persons. This motivation is seen as one of the main drivers for social innovation on a micro level."

Our finding of individual motivations of single actors being an ignition momentum of a social innovation empirically underlines the theoretical concept of "micro layer of social innovation", as Howaldt/Schwartz (2014) explain on the basis of the social theory by Gabriel Tarde:

*HOWALDT/SCHWARTZ (2014): 77, 79*

“Researching the many small inventions, ideas, initiatives, the intentional attitudes behind them, whether and how they spread through imitation and in so doing change at the same time and in this way bring social innovations in to the world, which as part of an emergent process join together to form ever more complex constructs and therefore produce social development and transformative social change, or in other words, the dynamism based on which social innovations arise as a prerequisite and driver of social change –this is for Tarde the proper task of sociology.”

“Because Tarde places the practices of imitation and its laws at the centre of his theory of social development, reference to the associated microfoundation of social phenomena provides vital input into an integrative theory of innovation. It enables us to discover how social phenomena, conditions and constructs come into being and transform. A sociological innovation theory must therefore examine the many and varied imitation streams, and decode their logics and laws.”

Behavioural theory, as added by SIMPACT’s COMPARATIVE REPORT ON SI FRAMEWORK (D1.1), differentiates the individual motivation as different by different actors and so highlights the need for an actor specific perspective on motivations:

*SIMPACT’S COMPARATIVE REPORT ON SI FRAMEWORK (D1.1), 39*

“The motivational aspect of objectives is further discussed in Behavioural Theory, which highlights and explicates the differences in behaviour between various economic actors, such as entrepreneurs and social activists. Whereas economic actors implement innovation strategies in order to sustain their competitive advantage, social innovation actors’ motivation is often driven by mobilising capabilities and fostering commitment and cooperation. Both, social and economic actors seek to bring stakeholders together and provide a bridge between stakeholders’ opposing views and expectations. In doing so, social innovation outcomes will depend on the ability to engage in new forms of social and organisational relationships. Other concerns consist in overcoming resistance to change and increasing the capacity to embrace new social models and practices.

Social innovation objectives need to be contextualised within different life cycles. It is assumed that different social, political and economic options carry different trade-offs (...)”

While there are strong indications that social innovators’ motivations are often ignited by the observation of actual needs and therefore mark the starting point of many social innovations, those motivations themselves can be influenced by the context within

which the social innovation evolves. This outlines a circular reference in the motivation of actors.

When we accept individual motivations as a strong ignition momentum of many social innovation activities, the question would be how to support this momentum. One answer was highlighted by stakeholders representing marginalised persons and social activists in SIMPACT's stakeholder workshop:

*SIMPACT'S "SMALL SCALE STAKEHOLDER EXPERIMENTS", T2.2, WORKSHOP MINUTES, P9*

"While social innovators in the sector of vulnerable people are establishing their efforts on their own motivation (...), recognition and acceptance of groups who support disadvantaged target groups (legal entitlement) seems to play an important role in support social innovation."

RECOGNITION AND ACCEPTANCE OF GROUPS WHO SUPPORT DISADVANTAGED TARGET GROUPS (LEGAL ENTITLEMENT) SEEMS TO PLAY AN IMPORTANT ROLE IN SUPPORT SOCIAL INNOVATION.

### 3.2.2 Capabilities, knowledge and competences

Sector specific  
knowledge  
can empower SI

While motivations and objectives of SI actors are an important topic concerning the ignition of social innovations, our second insight into the "actors" context of social innovation points to capabilities and competences of those actors and therefore to the abilities to run a social innovation and actually tackle the issues identified. In economic literature there is a broad consensus on interpreting knowledge as a crucial resource and strategic asset for enterprises. The concepts of the knowledge economy (Drucker, 1969, 1988), that of a knowledge-creating company (Nonaka & Takeuchi, 1995) and the knowledge-based view of the firm (Grant, 1996) are widely spread: As Drucker (1988: 15) pointed out «Knowledge is now becoming the one factor of production, side-lining both capital and labour». SIMPACT's case study analysis identifies capabilities, knowledge and competences of social entrepreneurs as the most eminent asset and – at the same time – deficit of social innovation:

*SIMPACT'S "COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE", D3.2, P 49*

"Broad Knowledge in distinct domains appears to be a key success factor in social innovation." (...) "Cases also show that while social innovators almost always know well the social problem, the way in which it is solved may bring them into completely unknown fields of activity and businesses. While in some cases, the social problem and the solution converge

on the same knowledge base, in other cases they may diverge, creating a knowledge gap that needs to be bridged.”

“Moreover, cases illustrate that the strong motivation of the social innovators tends to make them underestimate the need of managerial knowledge. Even if this remark is specifically related to managerial knowledge, to a certain extent it could be applied to all types of resources. (P. 51)

Bekkers et al (2013) note some prerequisites that can address the issue of missing knowledge and inadequate specialised staff in the field of ICT driven social innovation in the public sector: training offers, access to PCs, previous exposure to technology and networking, practical guides, a high technological readiness and employees commitment seem to support knowledge gain at staff level.

“Bricolage” attitude  
– its advantages and  
disadvantages”

Cases evidencing difficulties in the establishment of the innovation show that lack of transversal managerial knowledge and lack of vertical knowledge of the industry are among the most important reasons for mistakes and failures. With capabilities, knowledge and competences addressing the micro level of individual social innovators, another prominent finding of D3.2 on the meso level is the dominance of the “bricolage” attitude in the management of many social innovations:

*SIMPACT’S “COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE”, D3.2, P 48*

“Capacities, namely skills and knowledge, often become an objective of the innovation, while they tend to be not adequately considered as pre-requisites to kick-off and run the innovation. In addition, innovators often lack necessary capabilities (e.g. with regard to business models, operations, project management etc.). The majority of cases yield the same main resources next to capital in order to establish a SI. Consequently, we could distinguish several types of capacities:

- Experiences in specialising of working with vulnerable people;
- Nature of organising a project and self-financing as capacity;
- Developing the management flow and exchange of matters;
- Management of human resources; mostly a high level of experiences and flexibility of human resources use is necessary.”

This bricolage attitude is at the same time a driver and barrier of social innovation activities, as it is perceived by its actors as an attractive working style and different to more “economical” management styles, but also limits the effectiveness and efficiency of social innovation initiatives:

*SIMPACT'S "COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE", D3.2, P 68*

"Social innovators are forced to cope with resource-scarcity because they do not use financial tools, but at the same time, they do not use financial tools because of their bricoleur attitude." (P 68)

"Bricolage and improvisation rather than strategic planning emerge as common pattern of social innovators to deal with the scarcity of resources, recombining them in creative ways in order to cope with difficulties and unexpected drifts. According to our empirical findings, (i) insufficient financial assets and knowledge, (ii) lack of transversal managerial knowledge, capacities and experience, (iii) lack of vertical knowledge of the industry where the commercial branches of the mission-driven organisations operate, (iv) lack of re-investment of surplus in the organisations, and (v) the urge to achieve immediate social impact are among the main reasons for failure or for limited and suffering growth of the analysed SIs." (P. 7)

A debate during SIMPACT's stakeholder workshop was dedicated towards the welfare organisations' own staff –including employees, volunteers and even family members of vulnerable people – and their abilities and restrictions. These – often highly motivated, see above – persons are framed by financial restrictions and available time. The experts express a high appreciation of these persons' efforts and professionalization, but at the same time see the restrictions – internal or external (e.g. their limited time and financial resources, but also competences and occupational skills– of these potential innovators as a main barrier for the spread of social innovations.

*SIMPACT'S "SMALL SCALE STAKEHOLDER EXPERIMENTS", T2.2, WORKSHOP MINUTES, P11*

"The professionalization of social innovators seems to play an important role for their effectiveness and the ability of organisations to steer individual innovators in an intended direction."

When seeing individual capabilities as a core driver of social innovation on the context layer of roles, the question of education emerges. Can those capabilities be facilitated? SIMPACT's partner survey on drivers and barriers produced an insight into this topic:

*SIMPACT'S PARTNER SURVEY ON DRIVERS AND BARRIER, THESIS BY POLIMI*

"We observe a lack of specific education on SI – for example how to design, implement

and manage it. This stems from the idea that social innovators are kind of heroes and that people cannot be educated to become heroes.”

*SIMPACT’S “COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE”, D3.2, P 98*

“Strategies to overcome these kind of barriers should be linked to the development of an area of education on SI that aims at educating SI operators. More in general, while there is a growing focus on developing financial resources for SI, few resources are being devoted to labour market development – coupled with an inadequate supply of skills, across sectors related to all stages of the innovation lifecycle. Contributing to this, we notice a lack of systemic and coherent programmes as well as a scarcity of developed channels for spreading skills, knowledge and experience.”

Educational actors at the moment seem to have not discovered social innovation capabilities as an educational topic. This is a vast field of improvement, as our research indicated a link between innovators’ capabilities and the impact and sustainability of their social innovations.

COMPETENCES AND CAPABILITIES FOR SOCIAL INNOVATION SHOULD BE PLACED ON EDUCATION AGENDAS. FORMAL, INFORMAL AND NON-FORMAL EDUCATION COULD ADDRESS THOSE COMPETENCES AND SO CONTRIBUTE TO FOSTER SI.

SIMPACT’s case studies show that economic and social resources are needed in developing and sustaining SIs. According to the shares of citations, economic resources, i.e. capital, material, space, labour and knowledge are, however, perceived more important than social resources such as education, relational capital and trust, while political resources were not mentioned at all.

SOCIAL INNOVATION ACTORS NEED TO COMBINE ECONOMIC AND SOCIAL RESOURCES TO SUCCESSFULLY DEVELOP AND SUSTAIN INNOVATIVE SOLUTIONS.

### 3.2.3 Conclusions for the context of roles

From a bird’s eye view, the collection of drivers articulates a strong will of “the field” (the social entrepreneurs and actors in the social field) to provide social innovations. This will is often driven by the individuals’ perceptions of (either individual or societal) needs. Speaking in economic terms, this “market” seems to have both: a supply of inno-

vation (delivered by the field) and a demand (a large group of people with needs). Both – “supply” and “need” - are working as drivers.

The “fuel” and  
“steering wheel” to  
drive SI

Individual motivations of social innovators seem to be the ignition and fuel for keeping the innovation process alive. In this metaphor individual and institutional knowledge fulfils the function of the “steering wheel” of the innovation, providing direction and preventing the innovators from losing their target. Both factors could be regarded as drivers for the SI process, their absence as barriers. But a deeper insight reveals that high individual motivations of innovators could also hinder the professionalization of services, if this motivation is bound to specific working styles which could hinder the service in certain perspectives. Knowledge in SI seems to live in sort of a contradiction: social innovators are expected to be strong experts of social problems and committed to a social mission, but at the same time they should be (or become) experts of the managerial aspects and of the specific industry aspects of their SI. While in other forms of innovation the balance of competences emerges as the primary way to cope with the need of taking care of multiple aspects of the innovation (which means that innovation teams are typically built with the idea of complementing competences and attitudes), in SI what gathers innovators around the same venture is the sharing of the same objectives, independently from competences. In our cases, initiators often have the same background or put together teams without calling for the integration of complementary competences and attitudes. The challenge for actors supporting social innovation lies in defining efficient and effective ways for managing the innovation services but without affronting the innovators with unwanted restrictions.

Social innovators should notice how the *lack of business or industry knowledge* – particularly in those cases where for-profit branches or activities of mission-driven organisations are meant to provide surplus to be utilised to pursue the social mission – should be bridged (through the acquisition of internal and external resources, specific training, etc.) to give shape to a sound SIs. The challenge is to combine managerial knowledge with the “bricolage” attitude which runs many SIs. External actors (public bodies, foundations etc.) could foster this blending process by offering consultation, networking and knowledge.



### 3.3 Context 2: Functions

#### 3.3.1 Management procedures and working styles

As described as a “context of roles” – there with a focus on individual social innovators’ competences – many social innovations tend to follow a “bricolage” management style. This is a two-sided relation: Social innovators are forced to apply a bricolage attitude to cope with resource-scarcity because they do not use financial tools, but at the same time, they do not use financial tools because of their bricolage attitude. This should now be further investigated from the perspective of context of functions, focussing on working attitudes rather than needed competences. As our research shows, this working style is often imported by a scarcity of resources which urges social innovators to deal with issues in a non-financial way. But other factors seem to play a role, too: Social innovators seem to tend to prefer a “non-managerial” working style to established practices of administration and seem to avoid methods of evaluation, impact measurement and control that are used in “for profit” sectors. Those activities are pushed aside and activities with direct contact to clients seem to prevail on the schedule of social innovators.

Dislike for  
“managerial”  
procedures

*SIMPACT’S “COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE”, D3.2, P 75*

“Sometimes the willpower of the social innovator seems to create a blurred space where the border between the determination to pursue the mission and the blindness towards structural lacks in the formulation of the solution is not easy to be traced. In other words, obstinacy may be interpreted as a positive feature, but it may also turn into a troublesome one when it is not balanced by the capacity to frame the willpower into a rational frame. This capacity can come through learning from failure, but in our view there seems to be an overestimation of its role in business, as we will point out later.”

Another management and procedures related topic which is grounded in the context of roles is the role and function of leadership in social innovations. We found that many SIs are ignited by innovators with a strong motivation to solve a problem and find a solution to unmet needs in society. The phenomenon frequently develops from strong individual leadership that literature has already described with the “hero” concept. “Heroes in SI” are those people capable of carrying out SI, catalysing and mobilising attention and interests of stakeholders around a specific social mission. Such leadership guides the process of decision-making and takes on a strong attitude of control and communication. Motivations of heroes and their leadership are in contrast with the idea of SI as a complex participatory process and can cause irritations within the SI:

Strong leaders  
can coin visions,  
but also mislead

"The prevalence of strong leadership may be the cause of failure, but it can also open up to a process of amplification and networking that can be a source of assets and ways to scale. Leadership is a concept that in SI is still related to the personality of the single hero, but it is a subject that merits attention in terms of empowerment and individual capacity improvement. Analysing gaps emerging from our empirical research, there seem to be three core capabilities that SI leaders could improve upon.

The first is the ability to see the larger system. SI heroes concentrate their attention on the social aspects of their activity. Helping heroes to see the larger system is an essential support process of SI scaling into collaborative organisations.

The second involves fostering reflection and more generative conversations. Deep, shared reflection is a critical step in enabling groups of organizations and individuals to actually «hear» a point of view different from their own.

The third capability centres on shifting the focus from reactive problem solving to co-creating the future. Heroes would be supported to move beyond just reacting to these problems to building positive visions for the future. This shift involves not just building inspiring visions but facing difficult truths about the present reality and learning how to use the tension between vision and reality to inspire truly new approaches (p. 133 et seq.)."

The function of individual leaders is also highlighted by findings from the LIPSE project which bring the leader person in relation to the linking of structures: Leadership typically deploys a linking structure for innovation by linking people, ideas and resources; by connecting the political realm with the innovation process; by linking and balancing different values and by connecting and by building relationships between different innovation actors and their environments (cf. Bekkers et al 2013: 25).

THE "LINKING ATTITUDE" OF LEADERSHIP CAN BE UNDERSTOOD AS A TRANSVERSAL DRIVER (OR BARRIER) FOR SOCIAL INNOVATIONS, AS IT SPANS OVER SEVERAL "SKINS OF THE ONION", INCLUDING ASPECTS OF CONTEXTS OF ROLES, FUNCTIONS, STRUCTURES AND NORMS. THE "LINKING LEADERSHIP" (AS A CONTEXT OF FUNCTIONS, CONTAINING ELEMENTS OF INDIVIDUAL COMPETENCES WHICH ARE LOCATED ON THE CONTEXT OF ROLES) THEREFORE FUNCTIONS AS AN ENABLER FOR DRIVERS AND BARRIERS ON DIFFERENT CONTEXT LAYERS.

This transversal role is exemplified by the role that "leadership" has in overcoming risks:

BEKKERS ET AL (2013): 15

“(…) politicians and senior management as relevant public leaders can create an organizational climate that will either stifle or support innovation. Important in the creation of this climate is also the question how the involved political and administrative leaders define a possible innovation as risky, given the fact that innovation presupposes trial and error, and thus that mistakes can be made, while at the same time well-established practices, which create stability and predictability, are being fundamentally discussed.”

SIMPACT'S "COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE", D3.2, P 117

“Most of the SI failures are bound to:

- Non adequate balance of social and economic goals;
- Non adequate evaluation of the resources necessary to kick-off and run the SI.”

With these two reasons for failure our empirical findings indicate a connection between failure of an SI and management tasks – challenging the issue of the “bricolage” attitude we have discussed on the “context of roles”. The “bricolage” attitude of many social innovations and their actors’ antipathy for administrative or managerial processes hinders evaluation and impact measurement of their efforts. This attitude towards evaluation roots in the pure economical focus of many evaluation procedures and blocks the view on more “social” evaluation procedures and their added value for the increase of efficiency and effectivity of social innovations.

SIMPACT'S "COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE", D3.2, P 7

“Besides, the comparative analysis indicates – that despite the broad scientific debate and even if impacts are perceived and pursued as ultimate goals – the evaluation of SIs social impact is rather an exception. The sheer difficulty of application of most of the existing methods to evaluate impacts, their disproportion to the average size of organisations, the limited resources of these organisations and their attitude of using them to pursue their social mission rather than to perform activities that increase overhead costs, emerge as the main reasons for the limited adoption of social accounting and reporting methods.”

EVALUATION AND MEASUREMENT OF SOCIAL AND/OR ECONOMIC IMPACT ARE ONLY SELDOM CONDUCTED BY SOCIAL INNOVATORS AND SOCIAL ENTERPRISES.

UNDERSTANDING THE DIFFICULTIES OF “MEASURING” SOCIAL INNOVATION EFFICIENCY AND EFFECTIVENESS IS A PREREQUISITE FOR ENABLING AND APPLYING BETTER EVALUATION METHODS THAT COULD GUIDE SOCIAL INNOVATORS IN IMPROVING THEIR EFFICIENCY AND EFFECTIVENESS AND ALLOWING THE DEVELOPMENT OF BUSINESS MODELS.

### 3.3.2 Business Models and Governance

Lacking knowledge of legal forms can hinder SI

Many of the observed social innovations tend to mark a hybrid between different legal statuses. Whilst core activities certainly address the “not for profit” sector, side strand activities can touch for profit sectors<sup>4</sup>. In the existing legal frameworks, this hybrid character causes irritations in the SI’s ecosystem: social innovators need to engage in legal and administrative issues, which – see above – are not in their core interest; supporters are faced with tax and depreciation issues which are different for not-for profit and for-profit entities; and beneficiaries are confronted with different behaviour of their care takers – in dependency of the system the care taker is employed in.

Seeing this from a “drivers and barriers perspective”, our cases actually show that social innovators lack preliminary knowledge on legal forms, which would be particularly useful in the initial phases of establishment of initiatives/solutions, but also in subsequent phases of assessment and scaling up. Empirical research provides evidence that in quite a few cases, initiators of SIs had to change, adapt and integrate the legal form of their enterprises during the process of development of the SIs.

THE AVAILABILITY OF “HANDS ON” AND EASY TO REPRODUCE LEGAL FORMS AND LEGAL ADVISORY ENTITIES COULD FOSTER THE RISE AND SPREAD OF SOCIAL INNOVATIONS.

In a socio-economic framework of resource scarcity social innovations build on free labour, mainly in form of volunteer workers. These can be regarded as one of the key assets, substituting other productions factors like capital and land. Our research suggests that “knowledge” could be brought into the social innovation by volunteers, but this is a rare case; many social innovations struggle with sector specific knowledge, this being an important barrier on the “role” context. But our research highlights that volunteer work is more than just “cheap labour”:

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<sup>4</sup> The sustainability of some projects are based on the exchange of working in a voluntary capacity to develop social inclusion. In other words: “making a profit from working for free”.

*SIMPACT'S "COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE", D3.2, P 109*

"Volunteers not only support the causes of non-profit organisations but also represent the social capital of the territories in which these organisations act and hence a local resource that if highly embedded into the business model could prevent the solution from scaling."

SEEING VOLUNTARY WORK IN A BROADER REGIONAL PERSPECTIVE AND ABSTRACTED FROM THE PURE SUPPLY OF "CHEAP LABOUR", A STRONG VOLUNTARY SECTOR CAN BE CONSIDERED AN ENABLER OF SOCIAL INNOVATION.

### 3.3.3 Actors and the process of co-creation

Social innovation entities are often characterised by strong intra-organisational and inter-organisation ties. Strong networks and communities and an often very friendly atmosphere seem to root in shared values and objectives.

**Networking is strong in SI, but not including all important actors**

*SIMPACT'S "COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE", D3.2, P 88*

"In this sense, cooperation remains strong also when it takes place among different parts of an organisation, such as the different legal entities that are combined to shape a solution (e.g.: among the single cooperatives in a group of cooperatives (...)) or among associations in a constellation of associations, (...). Here cooperation actually takes the shape of mutuality (...)

The construction of networks and its communicative infrastructure seems to be a strong driver for social innovations; and - unlike for managerial skills -, communicative and networking skills seem to be wide spread among successful social innovators. Our research also shows a wide landscape of existing networking platforms and entities supporting this. "Best practice" collections, repositories, online platforms and events for social innovators are widely spread and actively used.

Further support on this dimension could be sustained by actively employing the local or regional momentum of social innovations: While national or EU-wide networking seems to be pretty available, the quantity of social innovations are active on a very small local level where networking is more unofficial and sometimes lacks official backup.

Quadruple helix construction is a basic construction mode of SI

Another handle for support is the “quadruple helix approach”: It serves as a heuristic model to differentiate the four main actor groups involved in SI processes (Carayannis, Campbell, 2012). The notion of quadruple helix is used to emphasize an understanding of knowledge production and innovation application that takes into account the role of the public in advanced innovation systems. This includes the contribution of «bottom-up civil society and grassroots movements» (Carayannis & Campbell, 2012). In particular, the quadruple helix concept classifies government, academia, industry, and civil society as key actors promoting a democratic approach to innovation through which strategy development and decision-making are exposed to feedback from key stakeholders.

OUR RESEARCH SHOWS RARE CASES OF SOCIAL INNOVATION THAT FULLY SPAN THREE OR EVEN FOUR ACTOR SECTORS. THEREFORE SUPPORT COULD TRY TO BRING TOGETHER ACTORS FROM ALL FOUR SECTORS.

With the divergence of cost, use and benefit it is important to identify the “customer” of a SI

Social innovation differs from pure “for profit” innovations in various aspects. One of them is the relation social innovators maintain towards different actors which hold different roles than in “for profit” entities. While in “for profit” organisations cost, use and benefit of a service or product are unified in one actor (the organisation that is paying for a service is using it and drives the profit from it), in social innovation these three matters can fall apart. We often can see the state, volunteers, individual supporters or charities as “buyers”, while vulnerable people are using a service and the overall impact can not only be seen in the individual persons, but also on societal level. This complexity of the divergence of cost, use and benefit is an important feature of distinction between social innovation and “for profit” activities and can cause problems for social innovators, as their revenue schemes do not match with established procedures. And...

SIMPACT'S “COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE”, D3.2, P 119

“(…) quite often social innovators tend to think of their customers as beneficiaries. Depending on the social issue they aim to address, mission-driven organisations should distinguish beneficiaries from customers. Most of the time, beneficiaries play an active role in producing the value of the enterprise and represent a distinctive group with respect to the SI customers (divergence of cost, use and benefit). SI entrepreneurs should clearly keep in mind that customer satisfaction is the primary aim of each business. For social innovators targeting beneficiaries as the only «customer» it shows to easier to pursue the commitment to produce social value, while the economic dimension is bound to the sustainability of the SI.”

CUSTOMER SATISFACTION SHOULD BE THE OBJECTIVE OF SOCIAL INNOVATION. BUT WITH THE DIVERGENCE OF COST, USE AND BENEFIT OF THE INNOVATIVE SOLUTION, SOCIAL INNOVATORS ARE CHALLENGED TO IDENTIFY WHO THEIR “CUSTOMER” IS.

While SI applies a different concept of “buyers” of a service than “for profit” innovations, we can also observe a characteristic role pattern that social innovators apply to the “customers” of their services. Many of the cases analysed in SIMPACT show a co-creation process of the innovator and its clientele, promoting co-creation as a dominating relationship type of social innovation. The research project LIPSE has identified this process as a driver and as a barrier for SI at a time:

In SI “customers” often become “partners in Co-creation”

BEKKERS ET AL. P 16-17

“The second relevant driver during the innovation process refers to the involvement of end-users, given the emphasis on the ‘social aspect’ of public sector innovation. Given the supply-oriented nature of many public services it is the question, if these voices are really heard. In the literature it is argued that new, innovative ideas come from actors who are not at the centre of a network. It can be noted that relative outsiders, who are only loosely connected with the key players in the network, are more often a source of innovation, than the actors who are closely linked with each other. Actors who know each other quite well are not surprised by each other’s ideas and insights. Actors who do not know each other very well, often represent new insights, ideas and perspectives (Powell & Grodal, 2005). Public sector innovation research shows that new insights stem from taking into account the ideas, insights and experiences of groups of end-users which voices are often ‘weakly institutionalized voices’, like:

- Citizens as end-users (Davenport, 1993; Oudshoorn & Pinch, 2003; Alam, 2006; Von Hippel, 2007; Vigoda-Gadot et al, 2008),
- Middle management of public organizations (Behn, 1995; Borins, 2001; Fuglsang & Pedersen, 2011),
- Civil servants who are engaged on a daily basis in rendering services to society, known as ‘street level bureaucrats’ or ‘street level professionals’, like police officers, teachers, doctors, nurses and social workers (Borins, 2001; Alam, 2006; Fuglsang & Pedersen, 2011; Tummers, Steijn & Bekkers, 2012).

In order to take account of insights from various groups, the literature talks about the importance of seeing innovation as a process of co-creation with these end-users (Oudshoorn & Pinch, 2003; Von Hippel, 2007). The involvement of end-users can range from passive to active (Lowndes et al, 2001; Bekkers, 2012). Passive involvement of end-users implies that information is gathered about the wishes and characteristics of end-users, for instance through the use of data mining methods thereby combining existing but different data sources and data or through the use of surveys.

**Co-creation is a  
challenging  
and “expensive”  
production form**

CO-CREATION OF SOCIAL INNOVATIONS TOGETHER WITH CLIENTS MAY APPEAR AS A SOCIALLY DESIRED ROUTINE; BUT INNOVATION RESEARCH SHOWS THAT PEOPLE WHO ARE TOO MUCH INVOLVED IN A SOLUTION MIGHT BECOME UNAWARE OF OBSTACLES OR ALTERNATIVE SOLUTIONS. CO-CREATION SHOULD INVOLVE EXTERNAL KNOWLEDGE AND INSIGHTS TO OVERCOME THIS BIAS.

Co-Creation of solutions together with target groups and other stakeholders seems to be a characteristic element of SI. This is often declared as a result of the appreciation social innovators express for their co-workers and their clients, following a specific understanding of value creation. This understanding can be described by the notion of “nothing about us without us” which deals as a claim for many movements of marginalised people. But the strong role of co-creation also challenges governance processes:

*SIMPACT'S “COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE”, D3.2, P 101*

“(…) co-creation and participation can be interpreted as tools to build consensus «in the making», aligning different actors and stakeholders around a shared vision of the future. Their management is in fact much more complex than the old top-down practices, since they require a culture of negotiation to deal with many actors with contrasting motivations and objectives. At the same time, participatory practices call for the continuous management of the trade-off between the horizontal nature of participation and the vertical nature of the specialised skills required to perform specific tasks within knowledge silos. In this frame, public actors that lead projects must combine the perspective of citizens who want to contribute in determining new solutions with that of specialists who are able to give concrete shape to them and to make them real, managing the many vertical tasks that are necessary to do so. Taking decisions and managing productive processes within a participatory frame, where there is the need of governing the interactions of a relevant number of subjects with different interests, is the challenge that projects (...). Public participation is in fact emerging as a potential solution to the downsizing of public trust that is affecting many European countries.”

AS INDICATED IN THIS CITE, THE ADDED EFFORTS FOR CO-CREATION IN COMPARISON TO TOP-DOWN PROCEDURES CANNOT PER SE BE COVERED BY HIGHER EFFICIENCY. ESPECIALLY WHEN APPLYING THE FINDING THAT MANY SOCIAL INNOVATIONS ARE FIGHTING SCARCITY OF RESOURCES AND STRUGGLING WITH ADMINISTRATIVE CHALLENGES, AN EXTENSIVE CO-CREATION PROCESS IS OFTEN OVERBURDENING SOCIAL INNOVATORS. THIS BARRIER COULD BE ADDRESSED BY SUPPORT ON ADMINISTRATIVE LAYERS, BUT ALSO BY SUPPORTING THE CO-CREATION PROCESS.



After “customers” and “buyers” of the innovation, our research suggests to focus on involvement of other actor types, too. To paint a broader picture of the actors involved in SI, we can say that SI usually tends to involve a broad variety of actors, linking to the concept of the “quadruple helix” (see above). SIMPACT’s research shows that...

Involvement  
of various actors  
is a key for SI

*SIMPACT’S SURVEY ON DRIVERS AND BARRIERS FOR SI, CITE FROM “NORDREGIO”*

... “involvement of multiple actors, including general public, social network and third parties (outsiders) can act as a driver for SI. Support from and cooperation with outside actors with experience in social innovation can be an important driver, as they can improve knowledge capital and bring in other perspectives, promote the SI, evaluate the development etc. This also relates to bringing together actors from different sectors and on different levels in the organisation (Microloans).

A supportive social network of people working within the field can be a driver for establish and carrying out SI activities. A social network of people with experience in SI requires either that the people involved already have an informal relationship or there is an official network to engage in and share knowledge. The network is crucial because the knowledge exchange can work as a platform of receiving advice regarding the problems occurring in the process.

(...)

Multi-actor involvement enables to develop a more holistic and integrated approach which is likely to better respond to the needs of the target group.”

The implementation of all four quadruple helix actors can enhance the innovators’ capabilities. For the economy sector, SIMPACT partner CIS derived the following insight:

*SIMPACT’S SURVEY ON DRIVERS AND BARRIERS FOR SI, CITE FROM “CIS”*

“In cooperation with the business sector the social sector increases its productivity and innovation intensity, applies new methods of organization, communication and marketing, impact assessment approaches, new forms of working with target groups.”

When agreeing on a broad involvement of different stakeholders in the SI process as a main driver, one must also see the barriers in this process. The prominent difficulty in managing and maintaining a community of different actors is described by SIMPACT partner MERIT:

*SIMPACT'S SURVEY ON DRIVERS AND BARRIERS FOR SI, CITE FROM "MERIT"*

"The stakeholders involved in social innovation all have different motives and objectives for themselves, and potential impact they might experience. Insights to what SI can mean for others (each-other and the whole community) positively effects the emergence of even better solutions, and the uptake of SI by others, and elsewhere. Discussing, distributing and sharing benefits or impacts works best in open communication, transparent networking, context of trust.

(...)

Awareness among the stakeholders of all the (potential) impacts, for the various stakeholders and the local community and society at large, is a driver for the emergence and diffusion of social innovations."

*SIMPACT'S SURVEY ON DRIVERS AND BARRIERS FOR SI, CITE FROM "MERIT"*

"Social Innovation is mainly a demand-driven innovation process. Carefully listening to people, identifying and analysing, discussing their real needs are a resource-full starting point of SI processes."

**SOCIAL INNOVATION SHOULD BUILD ON A BROAD NETWORK OF SUPPORTERS, REPRESENTING ALL FOUR SECTORS OF THE QUADRUPLE HELIX.**

Seeing "the existing" from a system theory point of view, "the innovation" is striving for inclusion into existing systems which on their side strive for fulfilling their own objectives. Our research points a crucial role in this structure towards central actors which can grant access to those existing systems; we call them "gatekeepers". Examples for "gatekeepers" are entities in charge of recognition for e.g. new medical procedures, for the funding of employment innovations or for granting labour statuses to migrants. Especially when there is a strong structure that SI has to adapt in order to enter the market, to raise awareness or to be recognised, gatekeepers could become crucial for SIs success.

As gatekeepers are positioned by the existing systems, they often guard the interests of the system's entities and can be understood as their agents, trying to keep the existing system stable. They often strive to keep quality high, costs low and protect existing constellations such as actors, investments, procedures and/or structure. Gatekeepers have a double function: They can grant access to services and/or open the system for innovations. Among the ways of granting access to the closed system we found procedures

such as indicator-based checks (as used in context with immigrants), recognition procedures (as used in the education system), control of cash stream or applying laws and regulations. Gatekeepers can range from actors to systems, but within an ecosystem they all retain the same importance, as found within the cases. The analysis proves that overwhelmingly an SI needs access to gatekeepers in order to move into an existing market, to get access to structures, actors and to keep functioning.

GATEKEEPERS ARE CENTRAL ACTORS IN GRANTING ACCESS TO EXISTING SOCIAL SYSTEMS (LIKE THE HEALTH SYSTEM OR THE LABOUR MARKET). GATEKEEPERS ARE INSTALLED TO KEEP QUALITY HIGH, COSTS LOW OR MAINTAIN THE STATUS QUO. FOR SI IT IS CRUCIAL TO IDENTIFY GATEKEEPERS, THEIR FUNCTIONS, OBJECTIVES AND GOVERNANCE.

### 3.3.4 The role of ICT in SI

Though the ways to foster social entrepreneurship are widely discussed, a tentative conclusion can say that an environment that supports transparency of available solutions and actors and that supports communication between social entrepreneurs is able of fostering the important social act of imitating social routines that one finds suitable for a specific problem. In other words: “In the realm of the social, everything takes place as invention and imitation, with imitation forming the rivers and inventions the mountains” (Tarde 2009, 26, cited from: Howaldt/Kopp/Schwarz 2014: 6). If we follow this approach, an environment that offers transparent research on existing activities and possibilities of interchange is suited for supporting social entrepreneurs. These are the axioms the worldwide social entrepreneur database “Ashoka Changemakers” is built on and that SIMPACT’s research indicates as important factors for the support of SI.

ICT means can support SI by enabling communication and information

Digital networks – and the communities and discourses they carry – have recently become a major topic of research on social innovation and formed the discourse on “digital social innovation” (Bria 2014, Millard/Capenter 2014) or “ICT enabled social innovation” (Misurarca et al 2015). As a consensus from this field of research digital means can be seen as important drivers and seedbeds of SI. To some extent online peer support and crowd-sourcing can be understood as means to manage diverse actor settings, as they are implementing the target group into the process of solution design which seems to be a good means to assure actual use of the designed solutions. The “user generated content” paradigm could be employed to tackle technological issues: As social platforms such as social network sites, blogs or wikis could be understood as social innovations themselves, because they are representing a network of individuals that are brought together in a social routine, and spaces that are capable of initiating social innovations (cf. Pelka/Kaletka 2010), the potential of users and customers for changing user unfriendly technology could be exploited. Following the “prosumer” approach, the “users”

“Digital Social Innovation” is coined as a new research field

of such platforms should be implemented into the definition of the outcome and process of social innovation themselves.

**Social media are not only a supportive technology, but can be understood as SI itself**

The project “ICT-enabled Social Innovation in support to the Implementation of the Social Investment Package” (Misurarca et al 2015) strives to support the implementation of the EU Social Investment Packages (SIP) by addressing how ICT-enabled social innovation can support social investment policies. Preliminary results enhance the understanding on how ICT-enabled social innovation initiatives can contribute to simplifying administrations: better targeting benefits and services (e. g. through simpler procedures, better information or one-stop-shops), improving the management, provision and coordination of services, designing high-quality and cost-effective services meeting the needs of citizens, and supporting access to and take-up of services.

SIMPACT’s partner survey identifies the seedbed and fostering function that digital means have for social innovations:

*SIMPACT’S SURVEY ON DRIVERS AND BARRIERS FOR SI, CITE FROM “MERIT”*

“Applying ICT changes the way people communicate and share information. New solutions emerge. ICT is therefore not only enabling innovation in Business and public sector, but also with and within civil society. Although the access to ICT may be lower for marginalised groups (and in some contexts non-existent), they still may contribute to social innovation as a solution and process. Investments which are needed in ICT infrastructure, capacities or capabilities can form a barrier”

DIGITAL MEANS CAN BUILD AN IMPORTANT COMMUNICATIVE INFRASTRUCTURE FOR SI; BRINGING TOGETHER PEOPLE AND IDEAS AND SUPPORTING SI IN A SEEDBED AND IN A FOSTERING DIMENSION. THE NEW FIELD OF “DIGITAL SOCIAL INNOVATION” IS EXPLORING THIS CONTEXT.

### 3.3.5 Scaling

**Social innovators do not necessarily aim for scaling their SI**

The interest in scaling of innovations is widely spread in economics. In for-profit sectors scaling is a means to maximize profits by allocating standardised solutions to diverse target groups. Social innovation hence does not – at least not as a primary ambition – aim for profit maximisation. The objectives of social innovators are more widely spread, less pointed and sometimes even unclear. It can often be observed that in SI the replication of the solution “as is” fails to happen or is painfully slow: SI is frequently characterised by growing mechanisms<sup>5</sup> different from closed scaling up. The concept best linked

<sup>5</sup> SI scaling options will be further analysed and discussed in Deliverable 4.1 Report on Existing Forms of SI, where SI will be differentiated from other forms of innovation.

to scaling in social innovation is the idea to create sustainability for the innovation, often meaning a wide-spread use. When the objectives linked to scaling are different in social innovation than in for-profit innovations, the difference in expectations bound to scaling are also different. Some innovators explicitly resent any scaling of their innovation, as they see their solution bound to a specific context which they regard as not scale able.

*SIMPACT'S "COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE", D3.2, P 82*

"(...) the experimental attitude of social innovators normally gives birth to punctual solutions, rooted into specific contexts and focused on clear and limited objectives even when they go along with a wider vision or when they are framed in larges societal challenges and goals. Context specificity of SIs places a great tension on how to turn small-scale experimentations into widely adopted solutions, on how to shift from a local perspective to a general one, and on how to make the contextual nature of the solution co-exist with the necessity or will of diffusing it to reach higher impact."

But even for SIs interested in scaling, the question of scaling objectives and scaling trajectories remains. In SIMPACT's D3.2 - "COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE", we argue that scaling up social innovation combines the need to efficiently solve a problem with the need of local enabling conditions within which the SI can take place. Our second finding is that in SI "open scaling" – meaning that multiple subjects (public or private, alone or in the form of a network) undertake the adoption/adaptation of a solution, bringing it from the original site to new sites – prevails over "closed scaling" – "pushed" by individual actors. Seeing this innovation process from a drivers and barriers perspective, scaling in social innovation inherits some of the challenges of closed innovation, such as the need for a strong promoter and the interest and willingness of the owner to scale the solution, but also faces challenges grounded in the openness of "open innovation. Such challenges as the communication and coordination of different actors, the agreement on responsibilities and objectives and a shared understanding of the mission as the most important driver of many SIs.

**In SI, "scaling" needs to enable local conditions**

**OPEN SCALING OF SOCIAL INNOVATION REQUIRES (CENTRAL OR DE-CENTRAL) COORDINATION AND SYSTEMATISATION – BOTH FEATURES THAT HAVE TO CHALLENGE THE "BRICOLAGE" ATTITUDE.**

When agreeing that SI can profit from a full quadruple helix set of actors and aiming on a scaling and diffusion process, awareness for the SI is crucial. As in "for profit" innovations, target persons need to be aware of the solution provided by the innovator; but for SI the target groups of awareness raising initiatives differ, as SIMPACT partner IAT illustrates in a cite collected with a partner survey for drivers and barriers:

*SIMPACT'S SURVEY ON DRIVERS AND BARRIERS FOR SI, CITE FROM "IAT"*

"The implementation and diffusion of SI often needs public awareness. Public awareness is a driver of SI.

(...)

Public awareness results in increased attention of several parties: policy, funders, volunteers. Policy contribution is beneficial in case of funding and bureaucratic hurdles. A close connection to funders promotes a rapid development of SI."

SI CAN PROFIT FROM PUBLIC SUPPORT IN FORM OF AWARENESS RAISING MECHANISMS. THIS PUBLIC AWARENESS ON THE OTHER SIDE CAN STIPULATE PUBLIC SUPPORT FOR THE SI.

### 3.3.6 Conclusions for the context of functions

The preliminary analysis of the context of functions shows an insight: a cooperative and communicative environment, including the quadruple helix of actors seems to build the backbone of social innovation activities.

Social innovation is depending on a rich, trust based and powerful collaboration environment. Features of this environments include: Involvement of stakeholders and all actors of the "quadruple helix" in the policy making process, new and effective ways of knowledge creation and sharing, a common mindset of actors and the approach to blend different "perspectives of thought": While a "silo thinking" (each profession stays in its routines) would hinder social innovation, remarkable results are achieved by bringing different actors together and fostering them to take other actors' perspective on problems or solutions. A collaborative environment can be fostered by a solid network communication infrastructure. The experts accord to the statement that there are enough networks and platforms in the social innovation sector, but that the existing networks should be used to a better extent rather than adding new services.

There seems to be a strong link between social media (such as social network platforms) and the communicative infrastructure of social innovation activists. Social media are used as cheap and easy-to-use tools for interlinking actors, exchanging knowledge and empowering vulnerable people to articulate their opinion.

The local layer – meaning problem solving based on local activities - seems to have outmost relevance for social innovations. The local layer is sensitive to individual needs, but also brings in a good understanding of local provisions and strengths. The local layer

seems to blend a good indicator function with a strong acting function, both interwoven by both individual and organisational links and networks.

Many social innovations are characterized by their strong roots in co-creation, networking and community building. This process links to the ambitions and objectives of the social innovators and to the working style of “bricolage”. It also roots in paradigms of social work that set the target groups’ needs at the heart of their activities. However our research shows that the network building and stakeholder implementation procedures and experiences of many SIs are not covering all four actor types as suggested by the quadruple helix discourse. Again, path dependency and knowledge gaps can be seen as two of the reasons; others might be antipathy and lacking trust. Overcoming the barrier of trust is typically a long process that requires cultural changes, paradigm shifts and change in everyday practices. The process of building networks of stakeholders that share commitment for specific societal challenges and jointly try to find a solution is the dominant strategy applied to encompass the lack of trust in the initial phase of the SI.

*SIMPACT’S “COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE”, D3.2, P 109*

“Building collaboration, cooperation, coordination and trust is an area of opportunity in the field as well as a lack that needs to be filled. SI is intrinsically based on collaboration and co-production. It strongly depends on the alignment of groups of stakeholders in partnerships that share a commitment to the problem to be addressed and collaborate on at different levels to develop a solution.”

*SIMPACT’S “COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE”, D3.2, P 98*

“Regarding the diffusion of Design Thinking as the most suitable methodological approach to developing successful SI, we argue that the debate here is still superficial and lacks a serious elaboration in the field of design practices and how it can be applied to SI development. In particular, Design Thinking is advocated today as the method to design solutions without distinguishing the strategic level of policy from the operative level of the solutions.

If, at the general level, we observe the contradiction between the idea of SI as a kind of bottom-up process of innovation and that of design as a process of innovation led through the application of specific design competences (design-driven innovation); we also want to underline a bias that is occurring in the field of SI. Design culture has been applied until now to analyse ex-post processes of SI. With this respect, we have assisted to a proliferation of studies that has tried to demonstrate how SI development can be described on the basis of user-centred design principles calling for the involvement of end-users and beneficiaries in the process of development of the solutions. While there is much buzz about

design for SI, real practices seem to be quite distant from the application of basic principles of design.”

During SIMPACT’s stakeholder workshops (T2.2), stakeholders of marginalised people in Europe were asked to think about a scenario “how to most effectively block social innovation” in order to reflect drivers and barriers from a different perspective: The reflection shows that the main approach to block social innovation is to stay in each actors’ own logic and to avoid co-operation and taking other actors’ perspective. If policy tries to steer in a “safe” way that is not “disturbed” by external influence; economy tries to gain short impact, research avoids the risk of “investing” in this new field and society applies risk-aversion by the reason of saving existing practices, each actor will stay in its inherent logic. The “eco-system of social innovation” hence seems to build on a co-operation of these actors, widening or leaving their own fields of interest.

TAILORED SUPPORT INFRASTRUCTURES AND THE AVAILABILITY OF INTERMEDIARIES HELP TO SUCCESSFULLY ESTABLISH, DIFFUSE AND SUSTAIN SOCIAL INNOVATIONS.

### 3.4 Context 3: Structures

The “context of structures” assembles contexts that affect the relation of the SI with other actors and actor groups with structures being the linking and organising elements between them. In this understanding SIMPACT’s D3.2 identified three context aspects (social, economic and political resources) that partly match with Weischenberg’s initial understanding of the “context of structures” building blocks (economic, political and technological imperatives):

*SIMPACT’S “COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE”, D3.2, P 25.*

“The nature and extent of resources mobilised throughout different cycles of innovation affect SI. Hence, resources refer to economic, political and social resources. With regard to the former, next to traditional resources such as factors of production (namely land labour and capital) intangible resources (knowledge, human and relational capital) play an increasingly pivotal role in today’s economy. We assume that resources can be transferred across sectors, but the question is how does it work in terms of costs and regulation restrictions? Commonly, social innovators have to combine economic, social and political resources to bring their solution into life, as none of them operate on their own. According to management theory and knowledge-based view of the firm (Teece et al., 1997; Augier & Teece, 2006), in particular, knowledge is assessed as an essential economic resource through en-



trepreneurs seizing opportunities. Social resources, that are regarded when dealing with collective, interdisciplinary and cross-sectorial nature of SI, interact with economic resources and include human and social capital. The consideration of social resources also implies the investments in human relational assets, knowledge sharing routines, complementary resources and capabilities. In addition, political resources such as social and human rights influence or complement the use of economic resources.”

In this understanding the following sub-chapters will lay a focus on the aforementioned economic and political imperatives, but guide this from a social perspective. This social perspective is bound to what our research defined as the “landscape of existing solutions”.

### 3.4.1 Social imperatives: Existing structures and environments

Innovations will always find a landscape of existing solutions, as SIMPACT’s comparative report on social innovation across Europe illustrates. The struggle or cooperation with this existing landscape shapes the innovation itself and has massive impact on development pathways and success or fail of a social innovation. Seen from another perspective, these existing solutions could be utilised by social innovations as repositories to draw expertise and support from. This struggle between cooperation and confrontation of “the existing” with “the innovation” is an important factor in stimulating and banning SI.

**Innovations always find a – often strong – field of existing solutions**

*SIMPACT’S “COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE”, D3.2, P 6.*

“The success of SI is to a large extent influenced by its ecosystem’s (e.g. framework conditions, intermediaries, support infrastructures etc.) current state of play and the openness of the system allowing the entrance of «new» actors. Earlier research has been focused on scrutinising «the new», while SIMPACT’s results suggest realigning the focus from «the new» to the virtuous circle of «the new» and «the existing». SI are highly context dependent particularly with regard to different actors and networks, markets, legal and policy frameworks, institutions, socio-economic contexts and challenges. SI are part of a complex and highly case-dependent specific ecosystem. SI are new - by definition - and will need to step into a system (an environment) that is already shaped by legal, economic or social structures and actors. Existing systems tend to protect themselves against modification by rules and procedures; they define regimes. These are aiming at protecting the existing actors and their interests, securing the quality of the system’s service and/or controlling efficiency. From the perspective of the existing systems, those regulations are positive in order to sustain achieved constructions; from the perspective of the innovation they tend to shut down possibilities of innovations and block new actors. According to our empirical findings following

actors showed to be of relevance in the ecosystem of SI addressing vulnerable and marginalised: (1) Charity organisations are important welfare actors granting access to funding opportunities, raise awareness and contribute to recognition; (2) academia as knowledge provider can guide SI and identify both gaps and interfaces to existing solutions and actors; (3) the state functions on the one hand as promoter of SI providing resources such as funding, physical spaces or working alongside the SI, on the other hand the state acts as initiator of SI (e.g. in Denmark); finally (4) gatekeepers, as actors with a central function in the ecosystem just as intermediaries showed to be important due to the bridging function.”

In this “existing landscape” the “local context” is a key element

Our findings indicate a strong role of the local context of “the existing”:

*SIMPACT’S “META-ANALYSIS OF SOCIAL INNOVATION ACROSS EUROPE, D3.1, P 22*

“The scaling-up dynamics is determined by the local context within which social innovation emerges. Social innovations emerge within a local context in reaction to the shortcomings and deficiencies such as lack of support programs by local authorities. Population diversity, social exclusion and demand by vulnerable communities are among the main factors that affect the process and stages of social innovation. The local context is in turn, affected by the process of social innovation and its subsequent development. It appears that Internet has come to play a pivotal role in expounding local demand. This is mostly done through community blogs, social community websites and social networking where online platforms are used to disseminate information and facilitate exchange among users.”

Institutions can reduce uncertainty by providing norms and rules and the necessary information to decision makers. They enable actors to deal with potential conflicts, provide incentives and organisational support to organisations and actors by channelling resources and reconfiguring decision processes. Thus, social innovations are embedded in the institutional context, but become efficacious by adopting particular features of institutions and disrupting other ones: Accordingly, social innovation could lose some of its specificities through mimetic behaviour and by adopting practices that fail to meet new economic and social demands. The intentional efforts by social innovators to promote, create, maintain and disrupt social practices are likely to affect both intangible and tangible components of institutions, namely the social rules and norms as well as social system components such as identity and network development (Lawrence & Suddaby, 2006) (ibid. p. 36 et seq.).

The “existing landscape” has to be seen from an institutional perspective to understand the attitude towards the SI

*SIMPACT'S "COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE", D3.2, P 35.*

"Actors as well as resources are embedded in a specific institutional context that is made up of formal constraints (e.g. laws, rules, constitutions) and informal constraints (e.g. norms of behaviour, conventions, codes of conduct). The analysis of SI, targeting vulnerable and marginalised groups in society, puts a spotlight on institutions within the welfare regimes across Europe. Accordingly, SIs are assumed to emerge in a social field which is structured by existing institutions, while at the same time SIs are calling these institutions into question. Actors' social embeddedness (Granovetter, 1985) and underlying institutions shape their behaviour and interactions, whilst reducing uncertainty in the innovation process. Striving for legitimacy and credibility by being embedded in society, SI is viewed as an ongoing process of institutionalisation (Colyvas & Powell, 2006), which goes hand in hand with conformity to established rules and norms. This stands in contrast not only to SIMPACT's understanding of SI as solutions that transcend established institutional contexts, but also to social innovators' aim to change institutions.."

*SIMPACT'S "COMPARATIVE REPORT ON SI FRAMEWORK", D1.1, P 39*

Institutions constitute the building blocks of social innovation and as such, foster the process of social innovation at micro-, meso- and macro levels. Political, electoral, social and economic institutions can be designed with the purpose of empowering targeted actors as well as providing market and non-market incentives to accelerate social change. As discussed in section 4.3, institutions shape actors' behaviour and are crucially important with respect to actors' interactions. They lower (or increase) transaction costs and ease (or impede) the generation of cooperation benefits, as they enhance the predictability of potential cooperation partners' behaviour. With respect to social innovation, it is assumed that organisations are embedded in specific institutional contexts.

The existing landscape of solutions can hold barriers, but also drivers for new solutions. Drivers can be identified by the improvement of structures like cooperation, by a stronger involvement of public authorities or a higher recognition of social innovation as a rewarding investment. Otherwise a low level of governance or unclearly defined institutional settings operate as barriers for the spread of SI.

Nordregio Driver 1: "A long-term cooperation between the public sector and third sector organizations can act as a driver for SI. (...) Such cooperation often emerges if the issues addressed by the SI are in line with the overall political priorities and focus areas of the local governments.

Nordregio Barrier 2: "Social entrepreneurs find it challenging to work within the existing institutional settings as they are considered neither public nor private actors. The public authorities often lack knowledge on how to work with a social enterprise and on the role of this kind of companies in the welfare system. There are difficulties also stemming from the public procurement rules, as the companies providing lowest prices still win over social enterprises. Small social enterprises have difficulties to compete with large companies that can set their prices much lower."

UEF Driver 3: "Public authorities are important as enablers of the social innovation. Social innovations will have better possibilities to survive and originate, if there is a strong support from the public administration as it will enable social innovators to draw parallels and identify patterns to understand what factors drive and enable local social innovation."

Sinnergiak Barrier 1: "Low levels of social, organizational or sustainable governance can negatively affect the capacity of a community, an organization or the public sector to conduct and approach socio-innovative initiatives. Governance and also cooperation are key elements of the process of innovation in itself, because its' through these cooperative and governance strategies that innovations can be conducted, and therefore have positive or negative social impacts."

POLIMI Driver 1: "The governments and the economic actors in the market still do not recognize SI as a field of employment and investment (like any other kind of innovation)"

THE "EXISTING LANDSCAPE" HAS TO BE SEEN FROM AN INSTITUTIONAL PERSPECTIVE, FROM A LOCAL PERSPECTIVE AND FROM AN ACTORS' PERSPECTIVE TO UNDERSTAND THE ATTITUDE TOWARDS THE SI.

### 3.4.2 Economic imperatives

SIMPACT's "comparative report on SI frameworks" (D1.1) stresses the importance of resources and the imperatives behind them for SI:

"Economic resources, organisational competences and social capabilities constitute the basis for entrepreneurial choices and actions when engaging in social innovation. Social capital is of particular importance. Drawing on and expanding COLEMAN (1988), one may specify the role of social capital as a basis for collective actions in socially driven initiatives. One should distinguish between:

- Obligations and expectations which depend on the trustworthiness of the social environment;
- Information capacity that flows through existing social structures as a basis for innovation and innovative action;
- Norms accompanied by effective sanctions that push towards behaviour based on collective interest as opposed to self-interest. (ibid. p. 34).

The following assumptions can be made as to the role and impact of resources:

- Organisations that design and implement innovation processes and engage in social innovation must combine economic, political, and social resources.
- The mobility of resources across sectors needs to be investigated. The question is whether or not resources can be transferred from one sector to another, at what cost, and under which conditions. Most business models of the new economy, for example, tend to focus on the transfer of social resources such as network members and participants as economic resources. The massive data stored and retrieved from marketing, advertising, social media databases (big data) show the growing importance of intangible resources.
- Likewise, social resources are of crucial importance when dealing with collective, interdisciplinary and cross-sectorial nature of social innovation. In this respect, the capacity to make use of benefits accrued through inter- and intra-organisational cooperation and competition are to be considered. The relational and dynamic capability view in strategic management (see section 3.2) emphasises the necessity for investments in human relational assets, knowledge sharing routines, complementary resources and capabilities, and effective governance structures. This view is closely linked to concepts such as open, embedded and cyclical innovation. In this regard, cooperation or non-competitive interaction between organisations creates value that can be seen as an additional resource."

More specifically, our research results are putting emphasis on financial resources which are scarce in SI. As – per SIMPACT's definition – SI is "not for profit", social innovators seek for other streams of financing resources:

**Financial resources are scarce in SI**

*SIMPACT'S "COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE", D3.2, P 93*

"SI is heavily dependent on grant financing. Many organisations within the field of SI are dependent on grants – this includes charities, community and voluntary organisations, associations, foundations, as well as a significant number of social enterprises. This dependence on grants stands as a key barrier to the long-term sustainability of SI as a sector that produces growth and employment."

The main economic perspective of SI is the scarcity of capital – being at the same time a frequent ignition momentum for SI (see "context of roles", "motivations"), a major influence on the working style of "bricolage" (see "context of roles", "Capabilities, knowledge and competences") and the economic conditions ("context of structures"). Scarcity of capital seems to be an underlying condition with effects on different context that at the same time shape social innovation behaviours and are a product of these. A frequently observed answer to deal with this scarcity is the substitute of capital or paid labour by voluntary work:

*SIMPACT'S SURVEY ON DRIVERS AND BARRIERS FOR SI, CITE FROM "CIS"*

"Volunteers and in-kind donations compensate for lack of resources and decrease costs of social innovations. They can also increase the level of engagement (individual and community) in social innovations and in networking. The driver is related to the barrier of lacking resources and engagement (mobilization) of social capital (ownership of social innovation)."

Another answer to resource scarcity is the use of public funding:

*SIMPACT'S SURVEY ON DRIVERS AND BARRIERS FOR SI, CITE FROM "NORDREGIO"*

"Access to public funding can be a decisive factor when it comes to initiating the SI activities. Ensuring public support from the beginning reduces the financial stress and releases capacity to focus on the content and quality of the SI. Some SI initiatives require rather costly investments.

(...)

EU funded projects can also function as the basis for building competence, knowledge base and networks that can be utilised when moving on from project-based working to social entrepreneurship (...).

Looking at this issue from another angle, lack of specific financial support measures for social enterprises has been identified as an important barriers for SI"

ONE OF THE BIG CHALLENGES SOCIAL INNOVATORS ARE FACING IS THE RELIABILITY OF FUNDING AND AN INABILITY TO SECURE RISK-TAKING GROWTH CAPITAL. POLICY AND FUNDERS SHOULD ADDRESS THIS ISSUE BY PROVIDING MORE LONG-TERM AND MORE RELIABLE SUPPORT SCHEMES.

ADEQUATE POLICY SHOULD BE DEVELOPED FOR THE INTRODUCTION OF STRUCTURAL FINANCIAL AND ECONOMIC MEASURES SUPPORTING SI, AS HAS HAPPENED IN THE PAST FOR OTHER FORMS OF INNOVATION.

POLICY EFFORTS SHOULD ALSO BE DIRECTED IN SUPPORT OF THE PROMOTION OF SI, AS AN AREA OF PROFITABLE INVESTMENTS AND AN EMERGING FIELD OF GROWTH.

Beyond seeing economic imperatives as barriers for SI, our research links economic conditions with the ignition of SI:

**Scarcity of financial resources can support the ignition of SI**

*SIMPACT'S "COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE", D3.2, P 26.*

"The economic context is a further important driver of SI, because malfunctions in traditional economic markets on the one hand foster marginalisation, while creating markets for SI on the other. Several regions across Europe are confronted with structural changes in economy with only vague future prospects leading to growing unemployment rates."

*SIMPACT'S "COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE", D3.2, P 51.*

"While in some cases there is the possibility to outsource knowledge by acquiring it on the market, in the majority of the cases that we observed the scarcity of resources has forced social innovators to find creative solutions to cope with the lack of knowledge, or to build it through training as well as trial and error."

FREE VOLUNTEER WORK IS THE MAJOR ECONOMIC RESOURCE OF SI. DONATIONS CAN ALSO HELP TACKLE SCARCITY, BUT RISE THE QUESTION OF SUSTAINABILITY. SOCIAL INNOVATORS SHOULD STRIVE TO COMBINE DIFFERENT FUNDING STREAMS. THESE CHALLENGES THEIR ADMINISTRATIVE AND LEGAL COMPETENCES – WHICH COULD BE UNDERSTOOD AS LACK OF THE PRODUCTION FACTOR "KNOWLEDGE".

### 3.4.3 Political imperatives

**Withdrawal of the state can ignite SI**

Missing financial resources can ignite social innovations; social innovators can try to substitute public care by social innovations. This insight was revealed by SIMPACT's research and depicts an important driver of SI:

"For all analyzed countries, we observe that the economic crisis and cost reductions in welfare provision seems to be the common interest of policy makers. Yet, many differences exist in terms of priorities. This seems to depend on the level of decentralization of power (top-down - bottom--up). On the one hand, we observe a "bottom up" perspective based on partnership such as in Continental countries, but we also note that such systems might require new social support services and the development of new forms of cooperation. There is also extreme decentralisation of social care in Mediterranean countries (i.e Italy and Spain), and depends on the specific regional economy (i.e Barcelona). On the other hand, Anglo-Saxon countries operationalize a "top down" approach with multi-scaled partnerships to preventative solutions while Scandinavian countries seem to be oriented towards national based projects.

As SIMPACT's stakeholder workshops produced, the withdrawal of the state – either by cuts in funding or a shift in balance between statutory and non statutory provisions – seems to reason individuals' and organisations' actions for vulnerable persons. In this thinking, social innovation is assigned to "fill the gap" between withdrawing public aid and remaining or enlarging individual needs. While the withdrawal of the state can function as a driver for SI, we also found constellations in which public actors actively support SI. The role of local and federal governments in supporting socially innovative initiatives is of paramount importance. This is the case of support programs in favour of social economy, solidarity among social groups and social entrepreneurs who engage in high impact social activities (Casson, 1982; Dees, 2001; Nicholls, 2010;).

According to SIMPACT's D1.1 - "COMPARATIVE REPORT ON SI FRAMEWORK", "The government is not viewed as an omniscient planner [...] but rather as a collection of institutions, subject to pressures exerted by its constituencies" (ibid.: 31). It can be concluded that the possibility to influence governmental bodies towards specific interests can be a driver for SIs. However asymmetrical relationships among actors can also be a threat for the development of an SI when small actors are lacking influential possibilities, compared to large players. A similar approach can be found in the multi-level governance theory. Among the main actors, the involvement of policy makers to provide solutions for "grand challenges" is particularly important at regional and national level. European administrations are particularly concerned about challenges posed by the arrival of immigrants, social services including healthcare provided to the ageing population and educational and training programs addressed to the disconnected youth. Gender, education, employment and migration issues are predominantly debated when looking for solutions at local and national levels.



*SIMPACT'S "COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE", D3.2, P 27.*

"Some governments have already taken action to create space for SI (experimentation) by programmes (e.g. Germany's «National Action Plan on Integration», UK's «Places of Change Programme 2»). Furthermore, EU programmes have been launched to tackle, for example, the challenge of high youth unemployment (e.g. Youth Guarantee)."

Moreover, public actors seem to be the main actor for supporting SI:

*SIMPACT'S "COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE", D3.2, P 40.*

"Generally, it could be said that any organisation initiating a SI is in some way or the other connected to the government, whether it is at local, regional, national or European level. Whereby the extent of collaboration with the government is determined by the type of SI and the specifics of the context in which it emerges. Political actors' readiness to tackle societal challenges by the means of SI is a key factor in the perception of socially innovative solutions, the willingness to take an active role and to fund related initiatives. Hence, we observed that low readiness goes hand in hand with later engagement of political actors', which also illustrates their «risk aversion».

SOCIAL INNOVATION ACTORS SHOULD STRIVE FOR EMBEDDEDNESS INTO LARGER CONTEXTS THAT ARE BETTER PERCEIVED BY POLICY.

SOCIAL INNOVATIONS TEND TO CHALLENGE INSTITUTIONS AND THUS REQUIRE AN UNDERSTANDING OF INSTITUTIONAL ORDER AND MULTILEVEL GOVERNANCE THAT DIRECT INSTITUTIONS, WHICH FACILITATE OR IMPEDE THEIR IMPLEMENTATION.

### **3.4.4 Conclusions for the context of structures**

Social, economic and political imperatives are influencing SI. The main perspective of social imperatives comes from the "existing landscape" of solutions, which can hinder or support innovations. The challenge for innovators is in finding allies, exploring buying arguments and demonstrating the added value of their innovation in comparison to existing solutions – acting under to domain of scarcity of resources. While scarcity of resources (as a main feature of the economic imperatives) is taken as "normal" by many social innovators, the third dimension on the context of structures aims at the political layer. Again, our research shows stipulating factors (the withdrawal of the state and public actors actively supporting SI, but also hindering mechanisms (policy behaving in

a “silo thinking” state that is hindering cross sectoral cooperation). While the “eco-system of social innovation” was characterised as a main feature of distinction between SI and other forms of innovation and as the seedbed and driver of SI, it can also be understood as a main barrier. The professionalization and available resources of (potential) innovators, the knowledge offered by researchers, the communication and cooperation within the eco-systems and conflicts of interest within it can overburden social innovators.

*SIMPACT'S “META-ANALYSIS OF SOCIAL INNOVATION ACROSS EUROPE” , D3.1, P 88*

“The processes of social innovation are based on the emergence of bottom-up and top-down perspectives (1). On the one hand, we observe that a bottom-up process is based on the evaluation of local needs. Solving social problems (i.e family carers, school children suffering from bullying, need for autonomy, elderly people) needs the development of relationships between vulnerable people, experts and community researchers. The goal is to evaluate, help and prevent social problems through the collaboration of local municipalities.

On the other hand, a top-down process is implemented mainly in response to a specific national issue, such as an ageing population (Scandinavian, Continental, Mediterranean welfare regimes) and the lack of resources for employment training. (...)

These processes could be linked through three relationships (2).

Firstly, there are no pre-existing relationships between experts and vulnerable people (2.1). Secondly, if pre-existing relationships could exist, they would be basic between people from neighbourhoods, local municipalities and government (2.2). Thirdly, some solutions, based on New technologies and the Internet, can increase the disconnection between people and experts concerning social/health care. This is in part due the fact that vulnerable people want to find solutions by themselves (2.3).

The relationship strength (3) is divided into five levels.

The first one (3.1) is when vulnerable people have no real relationship with others. The second (3.2) represents limited strength via the existence of social cohesion in neighborhoods and the existence of intra-generational cohabitation in Mediterranean and Scandinavian welfare regime. The third scenario (3.3), where relationship strength is moderate, is represented by the development of social interaction between volunteers (old people) and professional partners, such as artists. The fourth level (3.4) where relationship strength is good, is represented by a labour market which provides for people to gain better business education and trade relationships. The fifth level (3.5) where relationship strength is regarded as very strong is manifested via relationships developed between municipalities/policy makers and people.

### 3.5 Context 4: Norms

When understanding SI as a change of paradigm in the way a society is addressing its needs, SI can be seen as a bottom-up process that challenges existing top-down approaches. Therefore a conflict between SI activities and existing norms is obvious:

*SIMPACT'S "COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE", D3.2, P 95*

"Social innovation suffers from unfavourable policy: Laws, regulations, lack of long-term funding options, all of which impede its development.

The following chapter will therefore scrutinize the context of norms and its conditions for SI.

#### 3.5.1 Legal forms of social enterprises

Our case studies reveal a broad variety of legal forms that social innovators use in order to perform their services.

*SIMPACT'S "COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE", D3.2, P 128*

"The broad range of legal forms that can be adopted to establish a SI emerges from our empirical research as an element of complexification of the SI process. Providing an overall picture of the legislation of European countries in the field is not among the objectives of this research, and would be in any case a difficult task. Even if there are several partial studies, literature is fragmented, and often focused on specific aspects, such as governance (Travaglini et al., 2010) and policy making (Cafaggi & Iamiceli, 2008), or on specific typologies of organisations and fields of activity (Defourny & Nyssens, 2008a). The construction of a comparative analysis would thus require a broad investigation. Moreover, the evolution of the national legislations of EU member states regulating social enterprises and mission-driven organisations has been and still is quite tumultuous, and any given picture would be soon outdated.

EU member states display peculiar and characteristic types of social enterprises, reflecting different social, economical and political histories but, despite differences (...), the complexity of the single national legislations emerges as a quite transversal feature. Most of the national legal frameworks for social enterprises display a relevant number of legal types, partly reflecting the specificities of the context, and partly built "importing" typologies from other countries, or creating hybrid solutions in the attempt to cope with a variety of socio-

cultural and economic needs and situations. Charities, associations, foundations, mutual companies, social co-operatives, social enterprises, companies limited by guarantee with charitable status, community interest companies, industrial and provident societies, etc. are just some of the possible legal configurations of organisations dealing with SI.

The complexity of most of the national legal frames emerges in a purely empirical way within our research, as a problem clearly revealed by the cases where newly established social ventures faced difficulties in defining a proper legal status and had to look for support and advice to a larger extent than what would be normal for the foundation of trading companies, and finally came out with a different legal form or combined multiple legal forms in order to pursue their mission in an economically and legally viable way.

A variety of hybrid forms do exist (e.g. CIC - Community Interest Companies, for-profit social cooperatives, and other forms of «low-profit» enterprises that differ from country to country), but our empirical research shows that in many cases, social innovators prefer (or end up) building more than one enterprise in order to combine differently focused legal structures, rather than adopting a hybrid form. In these cases, the different enterprises are formally independent, but they actually share resources (primarily knowledge and human resources, and in some cases also spaces and equipment). One of our findings is thus that, besides formal hybrid organisations, SI can be characterised by «de facto» hybrid organisations.

Many of the observed social innovations tend to mark a hybrid between different legal statuses, known from other forms of innovation. Whilst core activities of SI certainly address the “not for profit” sector, side strand activities can touch for profit sectors – a blend of activities which confuses existing legal concepts:

*SIMPACT'S “COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE”, D3.2, P 62*

“This dialectic has led to the rise of hybrid organisations, which can be defined as actors placed on both sides of the demarcation line between for-profit/non-profit, who pursue a social mission like non-profits while generating income from commercial activities like for-profits in order to pursue that mission (Rago & Venturi, 2014; Grassl, 2012). Hybrid organisations produce systemic innovation, or rather a set of interconnected innovations mutually influenced (Mulgan & Leadbeater, 2012), whose benefits can only be realised in conjunction with related, complementary innovations (Chesbrough & Teece, 1996) and that require adjustments in other parts of the entrepreneurial system they are embedded in (Maula et al., 2006).”

This complexity of legislation is confirmed by a preliminary review – done in D3.2 - of literature (Cafaggi & Iamiceli, 2008; Defourny & Nyssens, 2008a, 2008b; Varga, 2012; OECD/European Union, 2013). Moreover, it is confirmed by the publication of different national handbooks and guides meant to support social innovators in choosing the legal structure of their social enterprise (i.e. UK Government. Department for Business Innovation & Skills, 2011; Morrison & Foerster, 2012).

*SIMPACT'S "COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE", D3.2, P 69*

“On the one hand, social innovators are not familiar with financial aspects and confident in financial tools. They tend to give shape to frugal solutions and to adopt a bootstrapping approach based on a lean budget with limited start-up capital, often using their own savings and assets. In many of our cases, we observed that SIs were based on the self-financing of the entrepreneurs, and that initiators worked at their SIs without a salary, or with a very low salary, sometimes for quite a long time. On the other hand, traditional financial tools are often not suitable to the governance and revenue sharing models underpinning SI and, apart from some exceptions, many SIs found difficulties in being supported by traditional financial tools, even when they were taking the form of a for-profit enterprise.

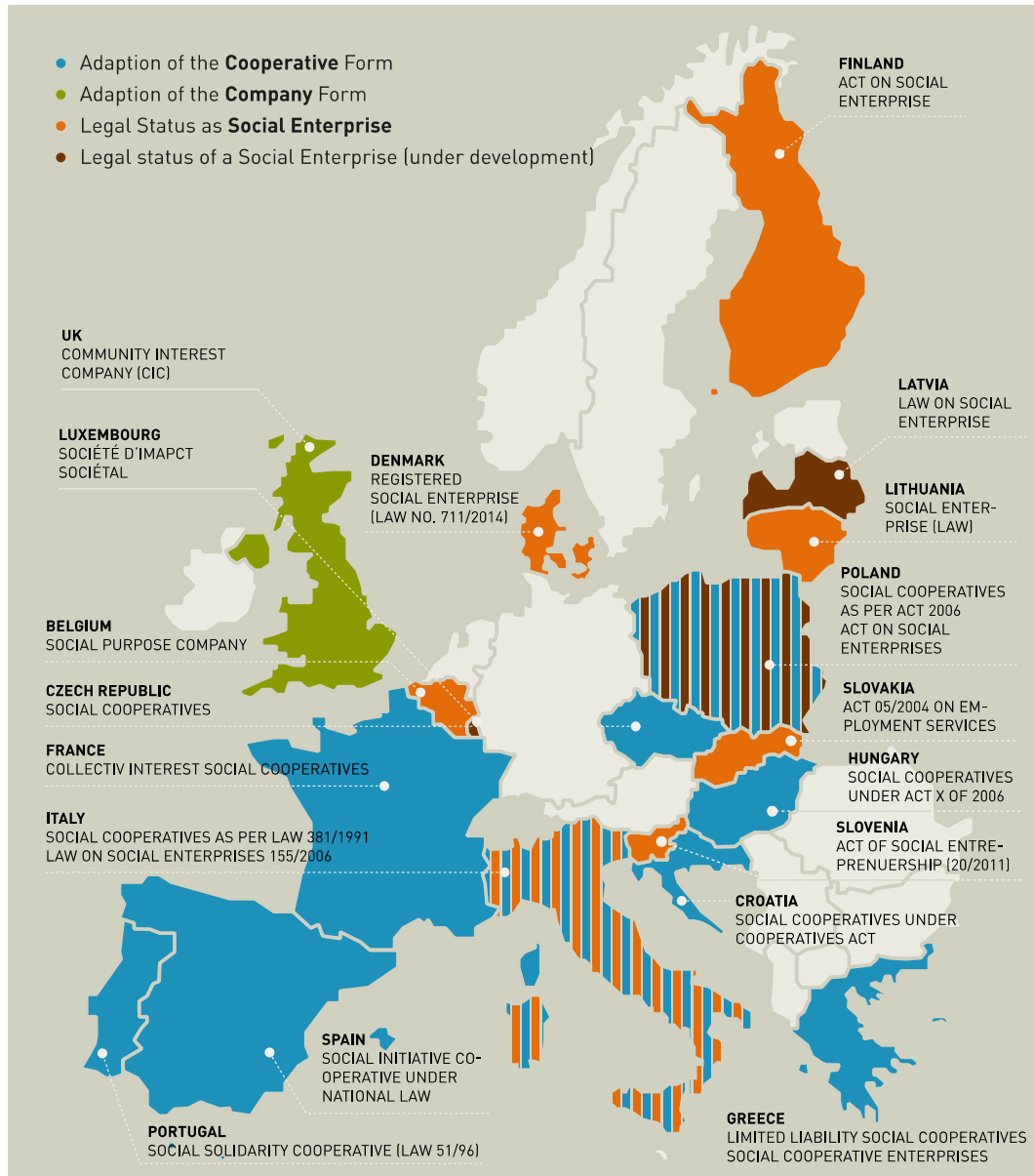
Our case analysis suggests that a broader set of available legal forms can support the rise and spread of social innovations:

*SIMPACT'S "META-ANALYSIS OF SOCIAL INNOVATION ACROSS EUROPE, D3.1, P 25*

“In terms of legal form and ownership chosen for the SI projects, the majority of the Continental SIs has adopted associative or cooperative status where reliance on such legal forms ensures democratic decision-making. Moreover, new legal statuses are emerging which recognize effective new practices. The Mediterranean SIs evidence a diversity of status ranging from simple association to full company status e.g. social enterprises, groups of associations, cooperatives and corporations. The Anglo-Saxon and Central and Eastern European SIs also use different statuses such as charities, foundations, associations or social enterprises depending on their goals and activities.”

"(...) in Europe no harmonised regulations for social enterprises' legal form and status exist. According to the recent report of the European Commission (2014), social enterprises adopt a variety of legal forms and statutes ranging from (i) existing legal forms such as associations, foundations or cooperatives to (ii) those exclusively designed for social enterprises (e.g. cooperatives in Italy, Community Interest Companies in UK) to (iii) legal status obtained by any legal form, which comply with defined criteria (e.g. social enterprise in Italy, Social Purpose Company in Belgium) and also to (iv) new types of legal forms allowing non-profit organisations to undertake economic activity (e.g. Non-profit Institute in Slovenia). In addition, neither a common definition of the term «social enterprise» nor «social entrepreneurship» exists."

**Figure 4. Countries with specific legal forms**



Source: Terstriep et al. (2015: 30)

Resulting from this, social innovators – especially in countries lacking institutionalised legal forms – find themselves in the constraining situation of neither qualifying as commercial enterprise nor as a social enterprise.

THE RISE OF NEW (EU WIDE, NATIONAL AND REGIONAL) LEGAL FORMS FOR HYBRID ENTITIES CAN DRIVE THE SPREAD AND GROWTH OF SOCIAL INNOVATIONS AND CAN BE UNDERSTOOD AS A DRIVER.

### 3.5.2 Societal attitudes and framework conditions

The experts participating in SIMPACT's stakeholder workshops (T2.2) described an "institutional resistance to change" as one of the macroscopic challenges of social innovation diffusion processes: Social systems, financing bodies, organisations, enterprises, families and even individuals seem to inhere an animosity to changing – even poor – states. This basic resistance – or just slowness - could be found in legislation as well as individual behaviour and could only be addressed by high lightening positive facets of change. However, motivating a society for a new way to act is described as a complex challenge.

*SIMPACT'S "COMPARATIVE REPORT ON SOCIAL INNOVATION ACROSS EUROPE", D3.2, P 98*

"Incubators, accelerators, and cultural institutions that promote SI, as well as SI laboratories and academic centres, are occupying different spaces in the field of SI through specialisation of their role and mission. Academic centres are producing knowledge from cases and experiences with the aim of disseminating, as well as educating, in the field of SI; cultural or public institutions are amplifying and disseminating SI, as well as, lobbying for SI; accelerators are pushing SI through management programmes for rapid funding; incubators are devoted to SI prototypes and turning them into stable solutions.

Intermediaries are operating in order to enrich the SI environment with a series of tangible and intangible infrastructures and tools aimed to support the SI processes. Intermediaries are becoming strategic gatekeepers of SI. We here recognise as a main trait of intermediaries the fact that they are assuming the role of facilitators of SI. We also notice a general alignment among the different intermediaries in Europe around: the vision of open innovation as the most suitable innovation paradigm to support SI; and the culture of Design as the most promising methodological approach."

On the contrary, macro trends could also stipulate social innovation by a positive support environment: A society's openness to change and the preparation of a "social innovation ecosystem" could foster individual innovation. Other supporting factors can be seen in an intimate relation between society and innovation, naturally perceived co-operations and a policy to support a pro-active SI framework.



"Throughout the Continental countries, the evidence suggests that legislation can provide either opportunities or constraints. A business model relying too heavily on public funds can threaten SI development when public organization budgets are decreasing. Some public rules and classifications can impede the emergence and development of SI at the boundary of many traditional practices/disciplines and when it employs a wide set of resources. The renewing of public policies such as decentralization, changing social practices and the increased spread of the SI concept represent opportunities for the development and recognition of new initiatives.

PRE-CONDITIONS LIKE THE SOCIETAL ESTEEM OF INNOVATION, FAILURE AND CIVIL ENGAGEMENT CAN BE ADDRESSED ON A BROAD POLICY AGENDA IN ORDER TO PREPARE A SOCIETAL FRAMEWORK THAT IS ACTIVELY IGNITING AND SUPPORTING SOCIAL INNOVATIONS.

### 3.5.3 The role of public authorities

Social innovation is closely linked to public bodies – in the ignition phase (see context of roles), the support, the funding or various other forms of relation. Public actors seem to play an important role for SI. Bekkers et al scrutinize this relationship and suggest to understand the civil service culture as one important condition for SI:

"Innovation in the public sector is dependent on the discretion that public sector organizations have to explore and implement new ideas, to get involved in a process of 'trial and error'. It can be argued that the state and governance traditions in a country, or even in a policy sector, influence the degree in which these organizations have the willingness, the capacity and capabilities to embark on an innovation journey. In line with this argument it can also be argued that the dominant civil service culture in a country or even in a policy sector echoes the dominant state and governance tradition.

Next to the civil service culture, Bekkers et al identify the legal culture as another important context factor:

“In the literature, it is argued that the dominance of a legal culture can be seen as constraint for the willingness of the public sector to innovate. Hence, a strong legal culture can act as a barrier for innovation. Very often this legal culture also influences the way in which civil servants in general think and act (Kickert, 2007). Based on the idea of this legal culture, three elements seem particularly important.”

First, a strong legal culture can result in stressing standardization and formalization practices. Standardization and formalization also refer to the ‘Rechtsstaat’ in which the rule of law, providing legal security and equality before the law, is considered paramount (Damanpour, 1991; Borins, 2001; Kelman, 2008; Sörensen & Torfing, 2011). Standardization and formalization foster these values because they add to stability and predictability. On the other hand, they discourage initiative, creativity and risk-taking (Schumpeter, 1942; Burns & Stalker, 1961; Damanpour, 1991; Scott, 1998; Walker, 2007). More mechanistic, rule driven organizations seem to favour incremental innovations instead of transformative innovations (Damanpour, 1991). Although standardization and formalization are often viewed as barriers to innovation, they also guarantee universal free and equitable access.

Related to this, standardization and formalization generate a lot of ‘rules’, which are translated in procedures, routines and systems and other grown practices that are taken for granted (March & Olsen, 1989). In doing so specific rule-driven ‘path dependencies’ may emerge which limit the way in which new concepts, methods, technologies as well as handling processes are accepted (Pierson, 2000; Bernier & Hafsi, 2007).”

Drivers and barriers of social innovation are represented by official and unofficial rules and codes in this context. Examples for the official ones are at the one hand different types of extensive administrative guidelines which can act as a barrier. At the other hand current regulatory institutions allow only a small scope for alternative solutions:

Nordregio Barrier 1: "When receiving support for SI from EU funded projects, the administrative reporting required by some of the EU programs (i.e. ESF) is seen as a limiting factor to developing SI. A heavy workload related to reporting for the EU programmes is an extra burden on the social innovators. This is causing an additional pressure on the people engaged in the SI and limits their time dedicated to the actual work and the realization of SI"

UEF Barrier 1: "The inflexibility of the public authorities will slow down or prohibit the initiative of social innovation. Administration has a very important position in initiating processes as an enabler for the activities. It is evident that traditional modes of governance may also change as city administration is acting as initiator."

MERIT Barrier 2: "Current regulatory institutions protect the old solutions, and prevent the experimentation and emergence of new solutions for problems of the marginalised. Taxation rules for instance may favour the provision of public services, and prevent the emergence of social innovations outside the public domain. Rules concerning 'profit' in relation to charity foundations can be a barrier to the growth and economic impact of social innovators, since they may only spend surplus on relieving the needs of marginalised directly, and not invest it in the capabilities of the social innovating organisation."

### 3.5.4 Conclusions for the context of norms

The relevance of the context of norms for SI is by far not enough explored yet. But recent research indicates the strong role of public bodies for SI: Public bodies see SI as a new solution to societal problems ("withdrawal of the state"), depict an important role in the "landscape of existing solutions", support innovators and innovativeness at a larger scale, fund incubators, founders and entrepreneurs and function as an advocate for marginalised people's needs. The relation between public bodies and SI is ambivalent, as tasks, responsibilities and standards still have to be negotiated and differ between local contexts, sectors of operation (health system, labour system etc.) and welfare states. Such welfare states with a strong role of public bodies show a different relation between public bodies and SI than those with weaker public bodies or weaker civil society tradition. Our research shows cases where SI is strongly ignited and supported by public bodies, but also cases in which public structures are hindering SI.

SI SHOULD STRIVE TO GAIN RECOGNITION OF PUBLIC BODIES AND A BROADER PUBLIC AUDIENCE AS THESE FORM THE CONTEXT OF NORMS. THIS CONTEXT IS STRONGLY LINKED TO THE SUSTAINABILITY OF THE INNOVATIONS, AS THE CONTEXT OF NORMS CAN HINDER SI PER SE, BUT WITH THE DIFFUSION OF NEW PRACTICES INTO LEGAL CODICES (E.G. NEW LEGAL "HYBRID" FORMS OF SI ENTERPRISES) SI CAN EXPERIENCE A MAJOR "PUSH".

## 4 PRACTICE: THE SIMPACT CONTEXT UNDERSTANDING GUIDE. HOW TO IDENTIFY DRIVERS AND BARRIERS FOR SOCIAL INNOVATION

This guide is addressing actors that seek to support social innovations – you could be entrepreneur, policy maker, funder or any other actor type. We therefore have not distinguished drivers and barriers per actor; neither could the guide specify importance or impact, not even relation between different drivers and barriers. The insight of the high context sensitivity postulates a guide that puts its focus on exactly this issue: The contexts of social innovation. But as there are as many contexts as social situations, the guide will not “fix” (in the American double meaning of “mending” and “determining”) drivers and barriers, but will leave this decision to those who want to support a social innovation. The idea of this guide is to guide those actors’ thought to the different “contexts that matters” that we described in chapter 3.

The “SIMPACT context understanding guide” is a structured collection of guiding questions. Its ambition is to guide through those questions one would have to answer in order to understand the contexts that a very specific SI is moving in. It will facilitate a self-reflective process on which knowledge, skills and competence you have and will reveal missing bits. The ambition of this guide is to support the actor in identifying possible drivers and barriers; not to pinpoint drivers and barriers by itself. The guide can function as a gateway to further instruments if necessary (like market research methods, benchmarking tools or poll systems)<sup>6</sup> and is therefore a “guide towards toolboxes”. The guide’s questions will be differently relevant for different social innovations and the answers will differ between different actors that are asking these for one and the same SI. The guide therefore is not a strict action guide, but rather an instrument to facilitate the overall reflection process between different actors of the emergence, change, scaling and diffusion of a SI that this guide is supporting.

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<sup>6</sup> Such tools are developed in SIMPACT’s deliverable “D4.3 – Business Toolbox” and “D6.2. SI Policy Toolbox”.

## 4.1 Understanding the eco system of social innovation

1. **“The new” and “the existing”.** Innovations always enter a stage that is settled with existing actors. When considering the complexity and diversity of SI initiatives the analysis of engaged stakeholders, i.e. actors involved in the innovation process, is a key element. They all have ambitions, aims, purposes and open or closed agendas. In most cases these “existing” landscapes are controlling funds, norms and structures and are able to push or block “new” solutions. It therefore is of extreme importance to understand “the existing”.

a. Who are relevant actors (persons and institutions) in the field the SI wants to address?

- What are those actors’...  
...functions?  
...aims?  
...personal or institutions ratios and ambitions?
- Where does “silo thinking” – meaning that actors are kept within their institutions’ logic – exist?
- What is the perspective of each actor on the problem the SI is addressing and which solutions does each actor offer?

b. Which solutions do already exist to tackle the problem the SI addresses?

- What are those solutions’ benefits and costs?
- Who takes profit from the existing solutions? Who not?

2. **Bottlenecks and Gatekeepers.** After analysing “the existing” solutions, actors and institutions, the next step is to identify bottlenecks and the actors guarding them – we call them “gatekeepers”. Imagine the existing actors as interested in keeping their behaviour conserving the state of the art. There are several instruments to do this: norms, rules, budget restrictions or “usual behaviour” are some examples that strive to control social practices. And there are persons to guard these bottlenecks. Sometimes it is more efficient to ask for the gatekeepers guarding the existing systems than trying to understand the systems’ gates. The following questions will guide you in identifying them.

a. Which societal systems does your SI address (like the health system, the education system, the labour system...)?

- b. Which are prominent actors are guarding access to these systems?
- c. What are their aims?
- d. Which sub-systems (e.g. universities as sub-systems of the education systems or employment agencies as sub-systems of the labour system) can you identify and how relevant are they?
- e. How are “quality”, “efficiency” and “effectivity” in each system defined?
- f. What are main means to ensure them? Who is responsible to assure these standards?
- g. Who is able to set norms, standards and regulations?
- h. Which role do recognition processes and certificates play?

3. **Target groups.** In social innovation, target groups have a twofold role: They are not only “consumers” or “addressees” of an innovation or a service, but in many cases they are part of the solution or service. Many SIs build on a strong target group involvement in form of co-creation processes or distribution or scaling of the innovation. Therefore different target groups and their different roles and functions should be reflected.

- a. Who is the addressee of the innovation (e.g. migrants)?
- b. Who are target groups’ stakeholders (e.g. networks or associations of people with disabilities)?
- c. Who is involved in the innovation process?
  - How are co-creation processes and involvement of target groups and their stakeholders designed? What are objectives, key elements, actors and responsibilities in the process?
  - What are (special) needs of people involved in the co-creation process? Are all people empowered to bring in their ideas, especially people of the target group?
  - Are target groups and their stakeholders involved and empowered to participate? What are the restrictions of these target groups?
- d. Who are (potential) supporters?
  - Who could grant access to social systems (e.g. health provisions)?
  - Who could provide research, education and advice?

## 4.2 Running a social innovation

1. **Funding.** SIMPACT's empirical evidences show that funding is rare in social innovation. But social activists can build on strong voluntary activities and public (non-monetary) support and try to surrogate capital by labour. Who could provide production factors needed to perform the SI?
  - a. "land": like offices, vendor spaces or exhibition areas?
  - b. "capital": funding, access to funding entities, payment of labour costs etc.
  - c. "knowledge": Who could support the SI with specific knowledge (e.g. on business sectors, standards, target group, management procedures)?
  - d. "labour": Who could support the work force of the SI (e.g. volunteers, student research etc.)
  - e. There are different types of support actors for each production factor. Which could be supporting your social innovation?
    - Public bodies (such as ministries, regional entities, education or labour authorities). Typical support activities include offering offices, consultation or salaries for staff.
    - Funds, foundations. Typical support activities include providing platforms, supporting dissemination, offering financial support.
    - Charities. Typical support activities include financial support, networking, supporting dissemination.
    - Enterprises and their CSR departments. Typical support activities include financial support, creating events for dissemination and awareness raising.
  
2. **Legal form.** Entrepreneurs are struggling with the legal form of the entity they use to perform their services. The "clash of systems" runs along for-profit and not-for-profit activities. While not-for-profit activities can be carried out in tax free and funded entities, many actors strive to support their services by additional revenue streams – such as offering their services for-profit to companies. These two strands need to be legally separated and administered. As legal frameworks differ extensively between member states, the following guiding questions can only point attention towards this issue:
  - a. Does your organisation strive to go for-profit revenues, such as selling goods or services or consulting?

- b. Which legal forms for social enterprises are offered in your country/region? Which activities do they allow and which are preconditions and running efforts?
3. **Processes.** Many SIs are led by a “bricolage” attitude: problems are solved when they appear and are tackled by intuitive means. This form of management is at the heart of the innovativeness of social innovations, but also causes problems in terms of effectiveness and efficiency. The adoption of established management procedures from technological innovation and for-profit innovation sectors could make social innovation more efficient.
  - a. Which management procedures are performed within the SI? E.g. design thinking is an established process of co-creation of solutions together with their target groups. Coming from technological design, this process routine can be adopted to service design and the design of social innovation. Does the SI adopt management procedures that are appropriate to combine the SI’s objectives with needs addressed by the system it operates in?
  - b. Target group involvement is crucial for most social innovations. But the target groups of “marginalised” or “vulnerable” people need specific approaches. They should be based in appreciation of differences, value of individuals and a perspective on assets rather than disadvantages. The involvement of marginalised persons also asks for specific pedagogical approaches and competences.
  - c. Stakeholder involvement
4. **Activists, competences and capabilities.** Individual **motivations** lay the basis for many social innovations. Therefore the “ignition momentum” of social entrepreneurs represents a valuable asset of the innovation process. Actors supporting the social innovation should focus on keeping motivations high. On the other side many social innovations seem to lack competences and knowledge in the field they are dealing in. This could be addressed by the establishment of administrative processes and individual personal development.
  - a. What are the objectives, motivations and ambitions of people running and supporting the social innovation? Do they see a specific societal need? Do they focus on a specific target group? Are they self concerned?
  - b. How could these motivations been kept high? What would spoil them?
  - c. Which competences do actors in the social innovation entity have? What are strengths, weaknesses, threats and opportunities?



- d. Which competences, knowledge and skills does the sector the SI is active in need? Where are gaps between what the SI actors have and the solution needs? How could those gaps been addressed? Who could bring in needed competences, knowledge and skills?

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