SIMPACT PROJECT REPORT

Report **# D3.2**

Comparative Report on Social Innovation across Europe

Judith TERSTRIEP[a], Maria KLEVERBECK[a],
Alessandro DESERTI[b] & Francesca RIZZO[b,c]

Co-authors
Tamami KOMATSU[b] & Bastian PELKA[d]

[a] Westphalian University, Institute for Work and Technology
[b] Politecnico di Milano, Scuola del Design
[c] University of Bologna
[d] TU Dortmund, sfs

August 2015

impact
social innovation
economic foundation
empowering people

Acknowledgements

We would like to thank Tamami Komatsu for her valuable contributions, the TUDO team Bastian Pelka, Megan Belcher, Daniel Krüger and Mona Markmann for their contribution to section 4 as well as research teams at CIS, NEOMA, NORD, UBATH, UEF and UM-MERIT for their contribution to the collection of Social Innovation Biographies.

Suggested Citation

Terstriep, J., Kleverbeck, M., Deserti, A. & Rizzo, F. (2015): *Comparative Report on Social Innovation across Europe.* Deliverable D3.2 of the project «Boosting the Impact of SI in Europe through Economic Underpinnings» (SIMPACT), European Commission – 7th Framework Programme, Brussels: European Commission, DG Research & Innovation.

SIMPACT

SIMPACT is a research project funded under the European Commission's 7th Framework Programme from 2014-2016 and is the acronym for «Boosting the Impact of SI in Europe through Economic Underpinnings». The project consortium consists of twelve European research institutions and is led by the Institute for Work and Technology of the Westphalian University Gelsenkirchen in Germany.

Legal Notice

Document Properties

Project Acronym	SIMPACT
Project Title	Boosting the Impact of Social Innovation in Europe through Economic Underpinnings
Coordinator	Institute for Work & Technology of Westphalian University Gelsenkirchen
Deliverable	D3.2 Comparative Report on Social Innovation across Europe
Author(s)	TERSTRIEP, Judith; KLEVERBECK, Maria; DESERTI, Alessandro; RIZZO, Francesca
Document Identifier	FP7-SSH.2013.1.1-1-613411-SIMPACT – D3.2
Work Package	WP3 – Collecting Evidence-based Knowledge
Date	2015-10-05
Dissemination Level	PU - Public
Dissemination Nature	R - Report
Document Status	Final

The SIMPACT project receives funding from the European Union's Seventh Framework Programme for research, technological development and demonstration under Grant Agreement No: 613411.

Table of Contents

Figures

Examples from the Collection of Cases

1 EXECUTIVE SUMMARY

SIMPACT investigates the economic foundation of social innovation in relation to markets, public sector and institutions with the intention of providing a dynamic framework for action at the level of individuals, organisations and networks. The economic foundation should not be interpreted as economisation of social innovation and is not limited to questions of market efficiency. Substantiating the economic dimensions of social innovation as a so far largely unexplored research field is expected to accelerate the social and economic impact of social innovation through an advanced knowledge base and tailored tools supporting policymakers, innovators, investors and intermediaries.

According to SIMPACT's understanding, social innovation refers to**: *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.*** Hence, emphasis is on social innovations addressing vulnerable and marginalised groups in society. Due to market and policy failure, these groups in society are not able to fully participate in the economic, social, political and cultural life of the society. Being marginalised is not viewed as a result of individual inadequacies, but is the result of institutional constraints. By focusing on the economic underpinnings on social innovation, SIMPACT seeks to highlight the potential for the empowerment and (re)inclusion of marginalised and vulnerable groups in society. Consequently, a shift in thinking and acting from *«marginalised and vulnerable as burden of society»* towards one that values their potential within society, constitutes a cornerstone in the social debate.

As a first step towards a better understanding of the economic foundation of social innovation, a «Multidisciplinary Literature Review» has been undertaken to advance understanding within this field. The review laid the foundation for a theoretically sound and comprehensive concept to help identify the numerous factors that underlie economic and social impacts. In addition, the theoretical research provided a joint framework for SIMPACT's empirical research, i.e. an in-depth analysis of the economic foundation of social innovation.

Based on the common understanding ***of economic principles, objectives & components related to social innovation*** a ***first categorisation*** of factors and concepts affecting social innovation trajectories has been elaborated. Subject to an iterative process of theorising and evidence collection, the theoretically deduced categories and related ***hypotheses*** required empirical verification.

SIMPACT's overall research programme is directed towards establishing strong synergies between the production of theory, strategy and appropriate methodologies. In this vein, the evolutionary character of social innovations and the dynamics of related policy streams are reflected in the distinct forms and various levels of analysis:

- ***Meta-analysis of existing social innovation cases:*** *Drawing from this rich but scattered evidence, meta-analysis was applied to systematically summarise and integrate findings from existing social innovation case studies and analyse differences in the results, thus adding value to existing knowledge while avoiding duplication of research efforts. This lead to the deduction of meta-components, -objectives and -principles and its characteristics under distinct welfare regimes across Europe (Debref et al., 2015).*
- ***Business Case Studies*** *(BCSs) provide SIMPACT with an important means of understanding the economic aspects of social innovation and of grounding design thinking by analysing the business models which inform social innovation.*
- ***Social Innovation Biographies*** *(SIBs) of successful and less successful initiatives have been carried out in order to deepen our understanding of development paths, knowledge trajectories and stakeholder interactions throughout the innovation process.*

The empirical findings can be summarised as follows:

Social Innovation Components – Institutions, Actors & Resources

1. Political, social, welfare and economic institutions are designed with the purpose of empowering targeted actors as well as providing market and non-market incentives to accelerate social change.
2. Political institutions at local, regional, national and European level constitute a building block of social innovation and foster/IMPEDE its processes.
3. Organisations in search for legitimacy and justification of their activities, are bound by isomorphic attitude rather than being constrained to act rationally.
4. 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.
5. Tailored support infrastructures and the availability of intermediaries help to successfully establish, diffuse and sustain social innovations.
6. The relevance of actors' roles as inner core, promoter, supporter, beneficiaries, follower/imitator, and opponents varies largely in the SI Ecosystem.

7 Actors from civil society are strongly involved in the iteration stage of social innovation, whereby important actors from economic and political field participate later on in the innovation process with regard to funding.

8 Social Innovations´ development paths' within a field, sector and territory are determined by the nature and extent of relationships between distinct actors from public, private sector and civil society.

9 Social innovation actors need to combine economic and social resources to successfully develop and sustain innovative solutions.

10 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.

11 Broad knowledge in distinct domains appears to be a key success factor in social innovation.

Social Innovators' Social, Economic & Political Objectives

12 Social innovators' objectives are influenced by the context within which the social innovation evolves.

13 Social innovators seldom pursue solely social goals, but follow a dual strategy of economic and social objectives.

14 Social innovation focusing on social and economic value generation apply hybrid forms of organisation.

15 Social Innovators use economic resources to support their social mission rather than investing in their economic activities which may impede social innovations from growing.

16 Empowerment and capacity building are core objectives of social innovations addressing vulnerable and marginalised groups in society.

17 To achieve set objectives, social innovation is usually configured as a frugal solution, structurally coping with a lack of resources, while social innovators act on the basis of bricoleur attitude.

Social Innovation Principles – Effectiveness & Efficiency, Business Models & Governance

18 Social innovation results from the combination of reaction to gaps and enabling conditions.

19 Context specificity and dependency are stronger in social innovation than in other forms of innovation.

20 Social innovation relies on relationships based on belonging, cooperation, trust, solidarity, reciprocity and mutuality.

21 Social innovations' barriers are very context-specific. There is a strict relationship between the configuration of the ecosystem or environment of social innovation and the emergence of obstacles and sources of resistance.

22 One of the big challenges social innovators are facing is the reliability of funding and an inability to secure risk-taking growth capital.

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

24 Obstacles derive from breakdowns in the social innovation co-design and co-production processes.

25 Social innovators do not apply New Product Development (NPD) strategies (use of prototypes, feedbacks, etc.).

26 Intangible barriers to social innovation are associated to the capacities of the human capital.

27 Scaling up social innovation combines the need to efficiently solve a problem with the need of local enabling conditions within which the social innovation can take shape.

28 Social innovation most often exhibits mechanisms of scaling out that disseminate the idea behind the SI rather than the solution itself.

29 Social innovation often shows mechanisms of «indirect scaling up», through which the solution may influence policies or trigger cultural and mindset changes.

30 Social innovation's sustainability is ensured through a unique/creative system of procuring and allocating resources.

31 A strong voluntary sector can hence be considered an enabler of social innovation generating valuable resources without heavy costs.

32 Evaluation and measurement of social and/or economic impact are only seldom conducted by social innovators and social enterprises.

33 The business models of social enterprises often use product/service sales to fund the social mission and to reduce donation, grant, and subsidy dependency.

34 Complex business structures and models frequently characterise social innovation.

35 Social innovation is often characterised by a divergent allocation of cost, use and benefit.

36 The organisational and legal form is of utmost importance to give social Innovation projects/initiatives structure, while it is context-specific due to national legislation and requirements.

37 Social innovation usually starts with a strong leadership.

38 Social innovation manifests open leadership when it develops in not-for-profit enterprises.

39 Double and triple learning loops characterise social innovations scaling up and out.

In addition to the above evidences SIMPACT's findings are positioned within the current scientific debate on SI trajectories, SI efficiency and Actors in the SI Ecosystem.

SOCIAL INNOVATION TRAJECTORIES

SI are new trajectories of innovation, where social innovators as brokers, connecting actors from the public and private field as well as civil society, are of particular importance. Rethinking and recombining in the SI process is necessary to comply with the duality of social and economic objectives, SIs context dependence, limited resources, and so forth, while implementing SI cuts across organisational, sectoral and disciplinary boundaries. What starts as a set of «experiments» in niches can evolve into new pathways which might become a new dominant logic or design. Many authors have conceptualised SI as the development and implementation of new ideas, products, services and programmes to meet social needs (Mulgan et al., 2007). Following this assumption, few models explaining the SI lifecycle in literature have until recently represented the SI process as a general process of innovation conducted to meet market opportunities. In particular, findings from the analysed cases where reflected against the stages proposed by the «Spiral Model» (Murray, Caulier-Grice & Mulgan, 2010).

Reality of the SI Lifecycle

While the «Spiral Model» describes the development of SI as the sequence of prompts, proposals, prototyping and sustaining, in reality, SI emerges in constrained contexts and develops as a frugal answer to a social problem. Neither is the phase of user demand exploration evident that prompts the need for SI, nor can social innovators afford to spend resources to support idea generation as suggested by Murray et al. (2010). The same argument applies for the phase of prototyping, which usually requires iterations and ex-

perimentation, both activities that are cost and time consuming. Contrary to the common use of prototypes and proofs-of-concept, SI as frugal solution is expected to immediately demonstrate its ability to produce outcomes and social impact. With regard to scaling, rather than scaling up the analysed cases indicate the application of scaling out mechanisms, i.e. mechanisms of dissemination, learning, adaptation, and influencing that support the core idea of the SI to be scaled and diffused rather than the solution itself. Moreover, it became evident that SIs scale through complex, open and participatory processes.

Based on the above findings it is suggested to distinguish between lifecycle models that are meant to *analyse the SI process* and those that are meant to *support the generation of new SIs*. In both cases, one has to take into account the highly resource-constraint environment in which SIs occur, as well as the fact that many organisations are not interested in extending their portfolio of services, but to create and refine only a singular functional solution. Moreover, in due consideration of the collected evidence that the target groups' needs are well-established rather than latent as with other forms of innovation, we propose to *replace the exploration of needs by the exploration of constraints*. That is, creativity in SI usually takes the form of convergent thinking rather than the common divergent one found in other forms of innovation.

SOCIAL INNOVATION EFFICIENCY

Organisational efficiency, an organisation's ability to implement its plans using the smallest possible expenditure of resources, is an important factor of organisational effectiveness. The current debate on efficiency is preliminary concerned with SI in public sector and more efficient and effective delivery of services in particular, while little information is given as to what efficiency means in the context of SI organisations. While most literature on efficiency has been developed in the field of for-profit organisations, only few authors devote attention to non-profits, highlighting their specifics (cf. Draft, 2012; Crutchfield & McLeod-Grant, 2012; Berman, 2006).

SIs are characterised by Hyper-Efficiency

The challenge of non-profit management is to combine efficiency (use of resources) and effectiveness (outcomes). As the scarcity of resources emerges as a typical characteristic of SI, its achievement is quite tough. In particular, when efficiency is measured as *«productive efficiency»*, or else as the capacity of fulfilling the mission in relation to the inputs, many SIs seem to be in a constant state of *«hyper-efficiency»*, i.e. achievement of great results with limited inputs. Our empirical findings suggest that the small dimension and the structural lack of resources of mission-driven organisations are often coupled with the strong determination of social innovators to pursue a social mission, usually also characterising team members and employees. This *«doing things on a shoestring»* attitude generates a typical state of hyper-efficiency. In the long-run hyper-exploitation of scarce resources to obtain immediate results may prevent the innovation from becoming sustainable and stable. In other words, a constant state of hyper-efficiency may lead to fragile business structures and models.

Impact Measurement is an Exception

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.

Bricolage as Common Behavioural Pattern

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.

Connecting Efficiency & Effectiveness

Moreover, we find that some SIs address challenges in ways that create high social impact, but may never be commercially viable or self-sustaining, while others are able to create social and economic impact at the same time. According to our empirical evidence, confirmed by a wide literature, in SI grants (both public and private), donations and subsidies are still the most important source of revenues. Against this backdrop, many SIs should not be analysed and assessed in the perspective of making them viable according to a traditional business perspective, but in the perspective of *making them sustainable by connecting their efficiency to their effectiveness*. This analysis and assessment should be performed in the kind of micro-economic environment in which they operate, assuming the specificity of its rules and modes of efficiency rather than superimposing a traditional business frame. This leads to the development of business models in which the structure of costs can be balanced by diverse revenue streams, typically including grants, donations and subsidies.

ACTORS IN THE SI ECOSYSTEM

The success of SI is to a large extend 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». SIs are highly context dependent particularly with regard to different actors and networks, markets, legal and policy frameworks, institutions, socio-economic contexts and challenges. SIs are part of a complex and highly case-dependent specific ecosystem. SIs 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 them-

selves 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.

Summarising, the collected evidence and the comparative analysis of SI cases provide detailed insights into the reality of SI with regard to their components, objectives and principles from social and economic perspective. These findings will feed into the further development of SIMPACT's middle-range theorising on the economic underpinnings of SI, the elaboration of SI business models and SI indicator sets as well as in the conceptualisation of modes of policy production for SI and SI impact assessment. Finally, our findings are fed into the SI simulation model to elaborate SI behaviour scenarios and small-scale stakeholder experiments.

2 SIMPACT'S RATIONAL

The idea that social innovations (SIs) are taking place against a backdrop of cuts in public expenditure, as well as against market failures, is widespread and well documented in literature, where the economic crisis is described as the first «game changer» driving SI (Avelino et al., 2014). The main effect of this situation is a generalised lack in the provision of welfare services, or the difficulty of accessing them for growing segments of the population, which is in turn increasing the rates of marginalisation and vulnerability. In this frame, state and market failures are opening spaces for SI, and are thus being interpreted as «unintentional» drivers of SI; they create diffused need of new solutions, and spaces of opportunity for new actors or constellations of actors, often going beyond the traditional distinction between public and private sectors.

While austerity measures have been adopted all across the EU and the world, societal challenges are intensifying. Youth unemployment, elderly healthcare, immigration, social inclusion, and other wicked problems are pressuring public institutions to respond to a contradictory request: to deliver new services or restructure existing ones, achieving higher effectiveness with fewer resources. As a few studies have pointed out (Ashworth, Boyne & Delbridge, 2009; Diefenbach, 2009), cutting budgets and putting pressure on public organisations to become more efficient by adopting models and practices from the private sector, is not an effective solution. On the other hand, privatisation has failed to bring about the accessible, qualified and diversified offering that it had promised.

«A positive role for the state in stimulating, sourcing and sustaining SI means moving beyond traditional ways of designing and delivering public policies» (Terstriep & Totterdill, 2014), which is based on evidence-based knowledge. The need to substantiate policy and practice by evidence is an emerging theme in SI, in particular with regard to its economic foundation. Although a growing body of examples of successful and less successful SIs exists, these are rather scattered and cover a multiplicity of aspects.

The Process at the Core

To identify what works, how and why for socially and economically successful innovations, it is necessary to gain detailed insights into the processes of SI throughout its lifecycle. This is what SIMPACT's empirical research focuses on by systematically collecting data and analysing them in a comprehensive way. Different levels of abstraction and thematic areas provide evidence and underpin the theoretical foundation of SI.

Provision of Evidence-based Knowledge

Having applied qualitative research methods, the overall goal was to empirically underpin the economic factors identified by SIMPACT's theoretical research to provide evidence-based knowledge on these dimensions.

2.1 Lines of Argumentation

« If we stop thinking of the poor (vulnerable and marginalised) as victims or as a burden and start recognizing them as resilient and creative entrepreneurs and value-conscious consumers, a whole new world of opportunity will open up. »

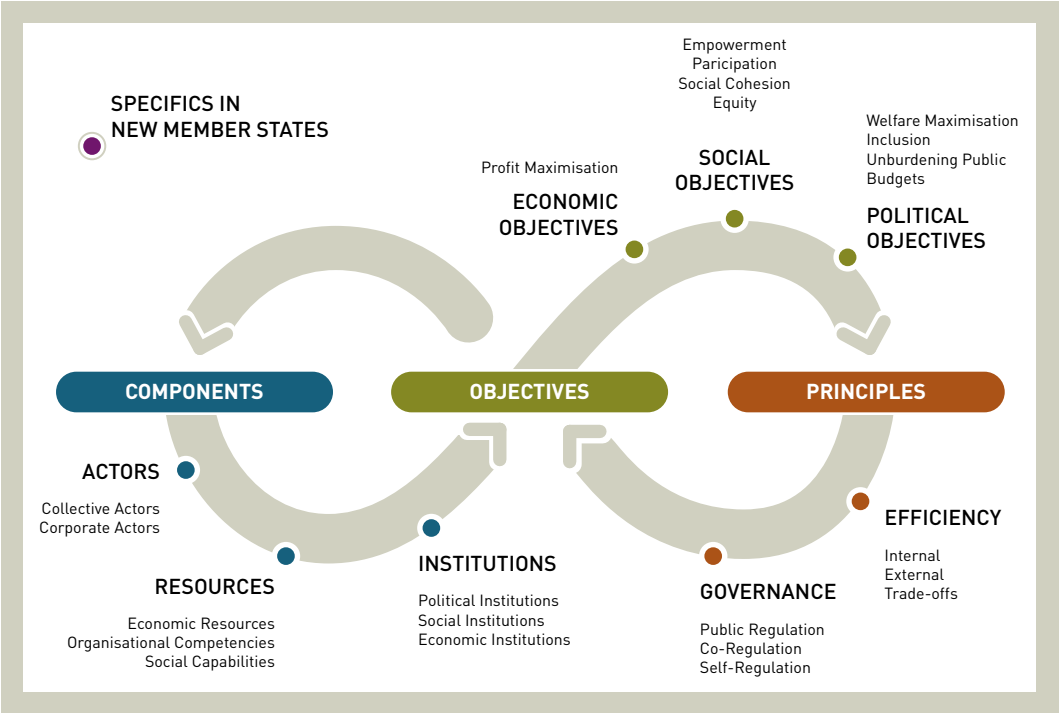
C. K. Prahalad (2005: 1; emphasis in brackets added)

Based on SIMPACT's understanding of SI, the multidisciplinary literature review as part of the theorising process resulted in a preliminary categorisation of SIs according to their economic principles, objectives and components was elaborated (Rehfeld et al., 2015).

SOCIAL INNOVATION REFERS TO 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.

With the above definition the emphasis is on SIs addressing vulnerable and marginalised groups in society. Due to market and policy failure, these groups in society are not able to fully participate in the economic, social, political and cultural life of the society. Forasmuch, being marginalised is not viewed as a result of individual inadequacies, but is attributed to institutional blockings.

Figure 2-1.
Interplay of Social Innovation's Components, Objectives & Principles



Source: Rehfeld et al. (2015: 45)

Constituted by a shared vision and a common understanding of SIMPACT's main lines of theoretical and conceptual argumentation, the elaborated theoretical framework allowed for the identification of economic factors and concepts in practice. Subject to an iterative process of theorising and evidence collection, the theoretically derived categories and related ***hypotheses*** required empirical verification, while the preliminary categorisation according to SIs' ***economic components, objectives and principles (COP)*** served as a starting point and common framework for the empirical analysis. It is anticipated that the interplay between each category's elements and the dynamics between the categories drive SIs' economic and social impact (see Figure 2-1).

Interplay of COP

For example, subject to the actors involved in the innovation process, available resources such as knowledge, social and relational capital as well as finance are expected to vary, and therewith affect the scope of action (see Section 3.2.2). Likewise, the specific institutions in which the actors are embedded may fuel or impede SI, while in turn – over the course of time – the sum of actors' innovations ideally result in institutional change (see Section 3.2.1). In addition, actor constellations and motivations on the one hand and available resources on the other decisively shape social innovators' objectives (see Section 3.3). Also changing objectives might call for the involvement of new or distinct stakeholders. The allocation of resources to achieve the defined goals is closely related to modes of efficiency and governance (see Section 3.4).

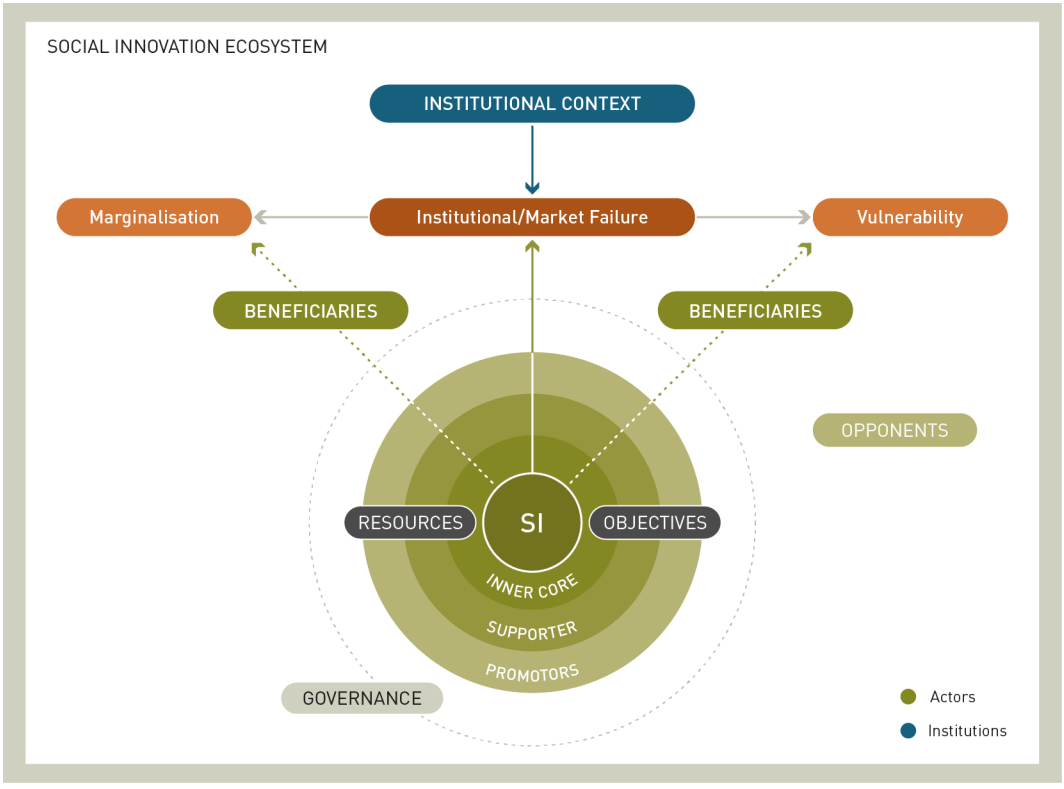


Figure 2-2. SIMPACT's Rational of Social Innovation

Focus on Institutional Change

Focusing on institutional change varying welfare regimes are of utmost importance when analysing SIs for the benefit of the vulnerable and marginalised (for further details see Debref et al., 2015; Moghadam Samen & Kaderabkova, 2015a, 2015b). Consequently, the institutional context in a given welfare regime is viewed as one of the building blocks of the SI ecosystem leading to marginalisation and vulnerability (see Figure 2-2).

Roles of Actors

In response to institutional, market and policy failure SIs emerge at the intersection of private, public, non-profit and informal sector as well as civil society with their distinct roles. Specifically, it is distinguished between the following roles:

- ***Inner core:*** Actors initiating and/or operating a SI
- ***Supporter:*** Actors actively involved in the implementation of solutions
- ***Promoters:*** Actors facilitating to operate, spread/diffuse/scale the solution (e.g. media, financiers)
- ***Beneficiaries:*** Actors who benefit directly or indirectly from the solution
- ***Opponents:*** Actors opposed to the solution
- ***Follower/Imitators:*** Actors that follow with their SI previous projects/solutions plus actors imitating established solutions.

Whereas distinct ***modes of efficiency*** are determined by the «inner core», the relations between the actors are shaped by the ***modes of governance***.

SIs go beyond singular individual activities and contribute to societal added value. Based on SIMPACT's definition, the focus of empirical research was on cases reflecting the following aspects and dimensions of SI:

- Activities of organisations that aim at strengthening the quality of life for vulnerable and marginalised populations by empowering them to engage in economic, social, cultural, and political activities;
- Such solutions may directly impact the target groups through empowerment, support and/or provision of resources or indirect by changing the institutional frame and social and political conventions;
- Initiatives taking place outside the market-instituted and/or established institutional context.

2.2 Collecting Evidence – SIMPACT's Methodological Framework

SIMPACT's overall research programme is directed towards establishing strong synergies between the production of theory, strategy and appropriate methodologies. Hence, the evolutionary character of SIs and its dynamics is reflected in the distinct forms and levels of analysis: ***Meta-analysis*** of existing SI cases was combined with ***Business Case Studies*** (BCSs) and ***Social Innovation Biographies*** (SIBs). Capturing multifaceted aspects of SI, the broad meta-analysis of existing cases led to the deduction of meta-components, -objectives and –principles in relation to the welfare regimes across Europe. Related findings were substantiated by in-depth analysis of specific economic factors through BCSs and SIBs. In this context, SIBs and BCSs are conceived as integrated research processes, adopting different but complementary ***desk*** and ***field research methodologies***. By following such integrated approach - from general meta-analysis to more concrete and determined levels of specific SI processes, value chains and business opportunities - SIMPACT provides evidence-based knowledge.

2.2.1 Empirical Research Process

Although a growing body of examples of both successful and less successful SIs exists, these are rather scattered and documented in different ways, while covering a multiplicity of thematic areas (Pelka & Terstriep, 2015).

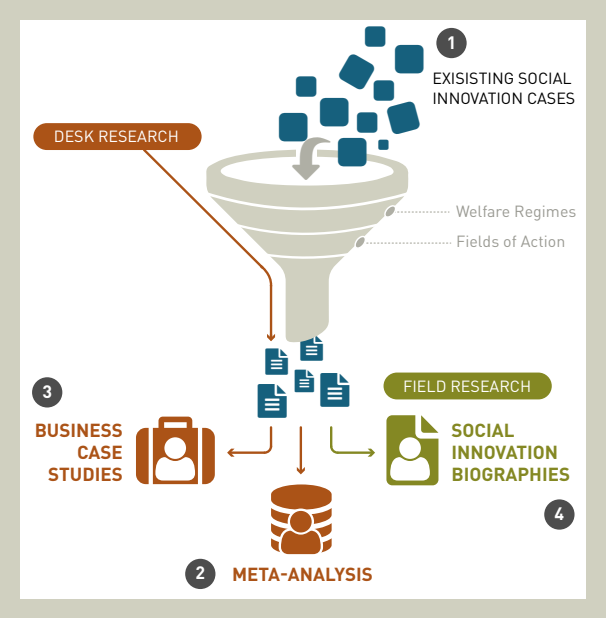
Fields of Action & Welfare Regimes as Selection Criteria

To select cases, in an initial step, SI databases were screened applying two filters: welfare regimes across Europe and field(s) of action (see Figure 2-3). With regard to the latter, the following thematic areas were defined in reply of the grand societal challenges Europe is facing: (1) ***«Employment»*** which is associated with empowerment and capabilities, in particular with regard to young people***; «Migration»*** in terms of inclusion but also literacy; ***«Demographic change»*** including both elderly people and young generations (e.g. health care, early childcare). Together with the transversal themes ***«Gender», «Education»*** and ***«Poverty»*** these fields of action constitute the unifying elements of cases across the various levels and foci of analysis. Each case is embedded in a specific context of which the welfare regime is one building block. In addition to the outlined selection criteria, a solution/initiative had to comply with the project's definition of SI and have some type of organisational structure (e.g. NGO, association, enterprise, cooperative, initiative), to qualify as SIMPACT case.

Moreover, a potential case selection bias was accounted for, due to fact that the majority of SI databases solely contain «successful» cases, by collecting successful and less successful/failed cases.

In order to guarantee a high level of quality in the development of the cases, a joint analysis framework and a minimum standard for the documentation to be retrieved was adopted.

Figure 2-3.
SIMPACT's Empirical Research Process

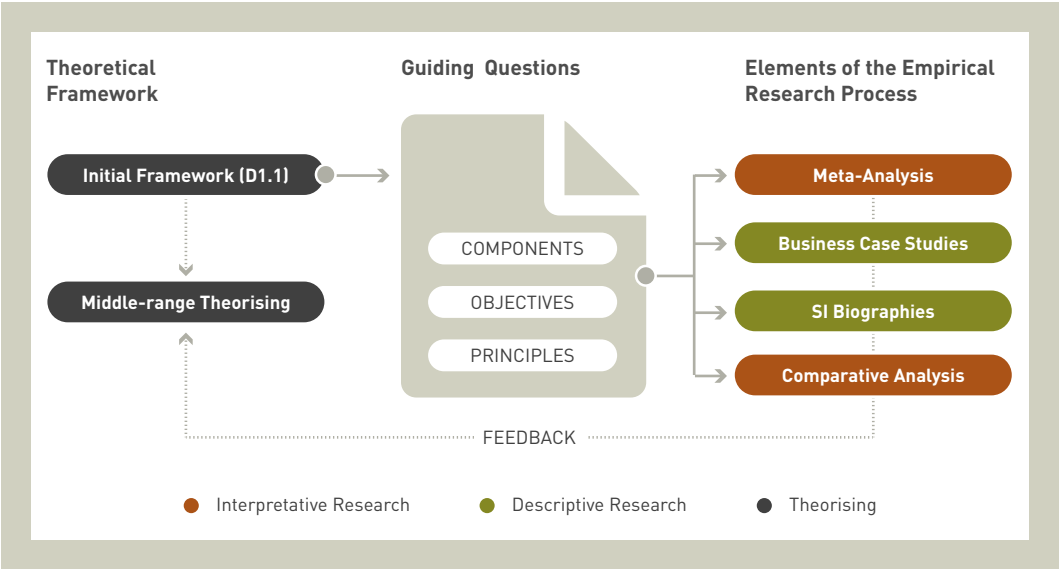


As depicted in Figure 2-3, extensive research in existing databases resulted in an internal repository of 94 SI cases, in the form of synthetic ID cards (see Annex I for an example). This repository had a dual function: First it served as data basis for the meta-analysis (Debref et al., 2015), second it was utilised to select cases for BCSs and SIBs.

Guiding Questions as Common Framework

A set of guiding questions, meant to investigate different aspects of SI, functioned as a common framework for meta–analysis, BCSs and SIBs[1]. This set of guiding questions was the result of the collective effort of the consortium: Collection was initiated in the initial theorising phased, discussed in a consortium meeting, enriched with the members' contributions and reviewed to fit in the overall SIMPACT's conceptual frame (SI principles, objectives and components). Starting from this initial structure, questions have been redistributed and assessed to feed the different empirical research processes.

Figure 2-4.
Guiding Questions - Connecting Theorising & Empirical Research

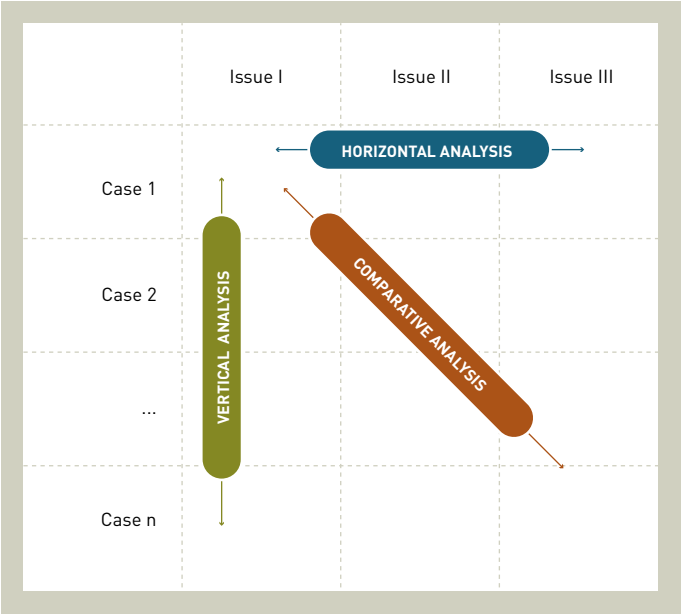


[1] Next, policy case analysis will be conducted within WP6 – Public Policy Instruments (for further details see http://www.simpact-project.eu/tools/policy.htm).

Levels of Analysis

A final characteristic of the three applied methodologies is that, albeit with a different emphasis, cases have been analysed and interpreted along three directions: (1) ***horizontally***, where the case is analysed and discussed in all its aspects; (2) ***vertically***, where specific aspects or mechanisms of SI, particularly evident in the case, are focused and deepened; (3) ***comparatively*** by combining findings along the two previous directions in a methodologically comprehensive manner.

Figure 2-5.
Horizontal & Vertical Analysis of Cases



Before delving into a closer examination of the empirical results, the chosen BSC and SIB methodologies and the triangulation of data are briefly introduced.

2.2.2 Business Case Studies

What are Business Case Studies?

BCSs are descriptions of cases of SI that occurred across Europe during the recent years, with a specific focus on their economic foundation. Their construction was based on the case study methodology, as a research frame particularly appropriate for examining a «*(...) contemporary phenomenon within its real-life context, especially when the boundaries between the phenomenon and context are not clearly evident*» (Yin, 2014: 13), or else to give answers to *«how»* and *«why»* research questions within an environment rich with contextual variables. Such qualitative approach *«(...) explores a real-life, contemporary bounded system (a **case**) or multiple bounded systems (cases) over time, through detailed, in-depth data collection involving multiple sources of information»* (Creswell, 2013: 97).

Methodological Approach

BCSs advance the understanding of the economic aspects of already-known and described cases, by means of deep ***qualitative desk research*** (Strauss & Corbin, 1990; Denzin & Lincoln, 1994), during which the authors collected and compared information coming from different sources: Scientific publications, non-scientific publications, interviews or presentations of the initiators, websites of the enterprises or initiatives among others. The use of multiple sources enabled the exploration of complex situations, allowing for the gathering of multiple perspectives. The selection of cases to be developed was conducted through the application of a set of criteria (see Section 2.2.1), taking into account the quality of the documentation, the correspondence of the cases to the above-listed thematic areas and to the different EU welfare regimes, and the different phases of the SI lifecycle (prototyping/piloting, implementation, scaling).

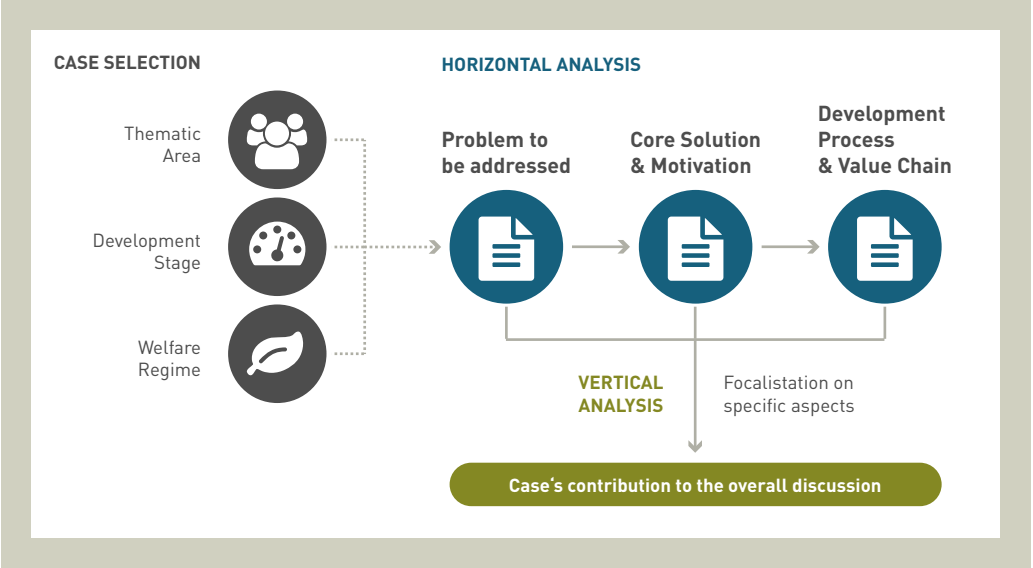
Construction & Discussion of Cases

As depicted in Figure 2-6, the ***construction*** and ***discussion*** of the cases have been articulated as two separate, sequential macro-phases. BCSs thus report objective information, avoiding judgements and conclusions, as far as possible. On the contrary, their discussions report the interpretation of the authors, or else subjective information. Both, the development of the BCSs as well as their discussion and interpretation have been constructed following a sound methodological process, adopting clear guidelines and a standardised structure that facilitates their comparative analysis.

From the set of guiding questions, for the BCSs, 26 research questions have been selected and articulated in 3 areas, corresponding to sections focusing on specific aspects of the SI (for a full list of questions see Appendix IV):

- ***Problem addressed and idea (4 questions)***
  Related questions ask for the context, the socio-economic and policy frameworks, specific problems and needs that the SI addresses as well as for the generation of the idea and of the business opportunities.
- ***Core solution and motivations (6 questions)***
  It was asked for the characteristics of the core solution, background and motivations of the main actor, and the extension of the solution in relation with communities or geographical entities.
- ***Development process and value chain (16 questions)***
  SI development process, drivers and barriers, interaction among actors, governance of systems and networks, configuration and management of the value chain, provenance and use of resources, solutions that ensure (or not) the economic sustainability, scaling up mechanisms and role played by the media both in communicating and in scaling up the SI.

Figure 2-6.
BCS – Construction Process



Generalisation of Cases

According to the case study methodology, as it was developed and adopted in the field of the social sciences (Stake, 1978, 1994; Yin, 2014), the discussion of the case studies was primarily based on the ***generalisation*** of the characteristics and processes of the described SIs. Generalisation from the single cases was not concerned with enumerating frequencies as required for statistical generalisation, but rather with verifying, expanding and challenging theoretical assumptions. Generalisations were thus formulated in the light of: (1) SIMPACT's theoretical foundation and premises, as elaborated in D1.1 Comparative Report on Social Innovation Framework, and (2) Themes and theories emerging in the current debate on SI, where SIMPACT wants to bring an original contribution. The discussion and interpretation of BCSs was articulated through horizontal and vertical analysis.

2.2.3 Social Innovation Biographies

The Solution as Case

SIBs envisage deepening our understanding of innovation processes, developmental trajectories and stakeholder interactions at the ***micro-level*** of the single SI. It is important to note that a SIB is not a biography of the organisation conducting the innovation, but rather of the innovation process. Forasmuch, a case is neither an organisation nor a policy field or theme, but the SI itself.

What are Social Innovation Biographies?

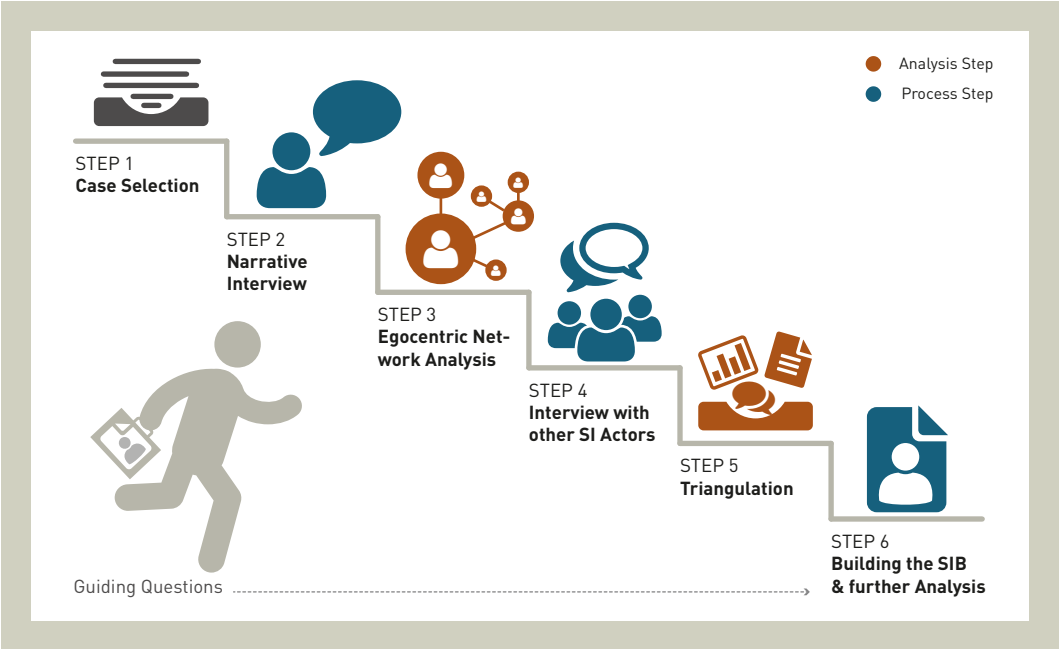
Innovation biographies are basically an in-depth *biographic-interpretative methodology* for analysing narratives of participants' experiences in relation to the larger cultural matrix of society or economy (Wengraf, 2001). Originally developed in anthropology and psychology, it has also found its way to the study of other social or economic processes (Creswell, 2013). Through the combination of interviewing techniques, network analysis and triangulation is possible to reconstruct innovation processes from the first idea to

its implementation (Butzin, 2013; Butzin & Widmaier, 2015). Applied to SI, they allow the capturing of the innovation process, relationships, contextual settings and different kinds of knowledge by providing insight into the evolution and development of SIs. By following the process of creation, the biography of an innovation is reconstructed including its components, objectives and principles. Although originally developed in the context of «economic» innovation, the methodology's application to SI is viewed as promising approach to fuel the iterative process of theoretically-informed empirical research, empirically-informed theorising and the generation of evidence-based knowledge to be translated into new modes of policy production and instruments.[2]

STEP 1
Preparation through Desk Research

A SIB contains of a number of components or building blocks, which together make up the methodology (see Figure 2-7)[3]. The foundation of an innovation biography depends on well-conducted ***desk research***. Being well prepared is crucial in order to ask the relevant questions and even more importantly to understand the context of the SI.

Figure 2-7.
SIBs - Step-wise Research Procedure



STEP 2
The Narrative

Backbone of the SIB is the ***narrative interview*** with the primary responsible person(s) for the innovation process. Or as Wengraf (2002: 141) emphasises *«(t)reated as a text, it is the pivotal focus of analysis, supplemented by material developed by further questioning»*. It is the core instrument of operationalising the open/explorative approach of SIBs.

[2] To ensure that the methodology is standardised enough to be employed without confusion and unwanted variation by eight national research teams, yet not omitting its biographic-narrative nature, partners were provided with methodological guidelines and necessary templates.

[3] The following paragraphs have been adopted from the methodological guidelines (Terstriep & Rehfeld, 2014).

In the interview, the person is asked to tell the story of the innovation process from ideation to development and implementation. Guiding questions in form of a checklist summarise the areas ideally to be covered without interrupting the «flow of words» (see Appendix V). Through this narrative interview, the biography of the SI with all its connections inside and outside the organisation will become visible.

STEP 3
Actor-Network Analysis

Based on the information gathered, subsequent desk research aims at identifying the ***actor network*** around the SI by an intensive analysis of interactions (egocentric actor network analysis). This means that selected persons (from different departments) involved in the innovation process will be interviewed. Building upon the intra-organisational interactions, the narrative interview is also the basis for an intensive analysis to identify the actors included in the innovation process outside the organisation.

STEP 4
Completing the Picture through selected Interviews

Additional semi-structured interviews[4] are used in order to enrich and complete the findings from the narrative interviews (Strauss & Corbin, 1990; Wengraf, 2001; Yin, 2014). In particular, interviews with actors outside the organisation are necessary to «follow» particular important interactions and to complete the biography. Relevant interviewees can be users, as well as actors from public, private, informal and/or non-profit sector.

STEP 5
Triangulation

Triangulation combines data from the *individual, structural and contextual level*. The various interviews constitute an individual level as they reflect interviewees' own perspectives. Egocentric network analysis provides data on involved actors, modes, frequencies, and geographical spread of interactions, i.e. the structural level. Finally, desk research by means of document analysis enriches the biography by adding information on the specifics of involved sectors and socio-economic context, i.e. the contextual level.

STEP 6
Building the SIB

The final step of ***writing and analysing*** the SIB is a process of telling a real, detailed and *«thick»* story covering all relevant aspects (Butzin, 2013). A crucial part of this step is to draw out and develop the implications of the case studies with respect to the economic components, objectives and principles of SIs. The triangulated data is summarised in a coherent story. This includes an outline of the contextual settings, impulses through which the innovative idea arose in first instance, how it further developed, the actor-network, actors' roles in the innovation process, modes of efficiency and governance, objectives etc.

[4] The content and questions to be answered are subject to the concrete social innovation and are closely related to the initial narrative interview, thus no common guidelines could be prepared. In total 2 to 4 interviews have been conducted taking on average between 1 and 1.5 hours.

2.2.4 Combining the Collected Data

The combination of the collected data and the discussion of the evidences emerging from the analysis of the cases have been organised at two levels: First, an internal discussion of cases and second a comparative analysis and synthesis.

Internal Discussion

The internal discussion of the single BCSs and SIBs has been produced by the authors of the cases, but under a «collective» management of the process, with particular reference to the *identification of the specificities of the single cases* and the choice of the points to be vertically deepened and discussed as evidences clearly emerging from the cases. Authors were thus constantly aligned by means of intermediate internal meetings meant to discuss preliminary results and to strategically direct the editing of cases.

Comparative Analysis

The comparative analysis and synthesis was primarily based on ***multiple case study analysis*** (Stake, 2006): In this sense, within SIMPACT's research frame, case studies assume both an ***intrinsic*** and an ***instrumental*** meaning[5]. The analysis of the cases produced both evidences and «lessons learnt» inherent to the single cases, interpreted as self-standing research outputs, and ***transversal*** evidences and conclusions, drawn from the comparison of the evidences coming from different cases.

Differences & Similarities

The multiple criteria adopted in the selection of the cases gave leeway to compare the emerging evidences, and to evaluate them by reconnecting the cases to their similarities and differences: Same context and different challenges and objectives; same challenges and objectives and different contexts.

Contexts, Challenges & Objectives

For cases similar in terms of challenges and objectives, but different in terms of contextual framing, the comparative analysis was particularly effective in evidencing how the relations between each case - or sets of cases belonging to similar contexts - and its peculiar cultural, social, economic and political context attribute particular characteristics to the solution. This showed how *embeddedness* can be interpreted both as a driver and a barrier in the development of SI. For cases similar in terms of contextual framing, but different in terms of challenges and objectives, the comparative analysis was particularly effective in highlighting the *«commonalities»* of SIs, or else in defining a common economic substrate of components, objectives and principles.

Enhancing Validity through Triangulation

The development of cases also adopted different research methods, so that the same phenomena could be observed through multiple perspectives. *Triangulation* was applied to confirm and to increase the validity of research results (Yin, 2014; Stake 2006). According to this methodology, «*By combining multiple observers, theories, methods, and empirical materials, researchers can hope to overcome the weakness or intrinsic biases*

[5] In accordance with Stake (2006) a case study has an *«intrinsic»* meaning, when the case itself is of primary interest for exploration; such understanding corresponds to Yin's (2014) *«descriptive» case study*». A case study has an *«instrumental»* meaning when the case is secondary to the exploration of a specific issue (here: drawing generalisation and build a middle-range theory).

and the problems that come from single-method, single-observer, single-theory studies» (Jakob, 2001).

In particular, qualitative empirical research was subject both to ***internal triangulation***, meaning that the same research result was verified by use of different sources, and ***external triangulation***, meaning that results and insights primarily gathered with *desk research methods* (BCSs) have been verified and confronted with results gathered with *field research methods* (SIBs). Constant interaction of research teams working in parallel at the two research streams - conducted by means of periodic meetings and discussions of evidences and insights emerging from the analysis of the cases - assured an effective exchange of opinions, resulting in the verification and alignment of the results.

Overall, following discussion provides answers to the set of initial questions, complements the initial theoretical assumptions and formulates new hypotheses to be reported in the subsequent work packages.

3 EVIDENCE ON THE ECONOMIC UNDERPINNING OF SI

In the preceding section SIMPACT's main lines of argumentation and methodological approach have been introduced. It has been shown, that the distinct forms and levels of analysis are most suitable, to provide evidence-based knowledge feeding into middle-range theorising, the development of stronger SI concepts as well as in the elaboration of indicators, public policy instruments and impact assessment.

This section is devoted to the findings of SIMPACT's inquiry. In response to the project's initial theoretical framework, SI *components (Section 3.1), objectives (Section 3.3)* and *principles (Section 3.4)* will structure the chapter. But first, the descriptive results are briefly introduced.

3.1 Descriptive Results

94 SOCIAL INNOVATION CASES

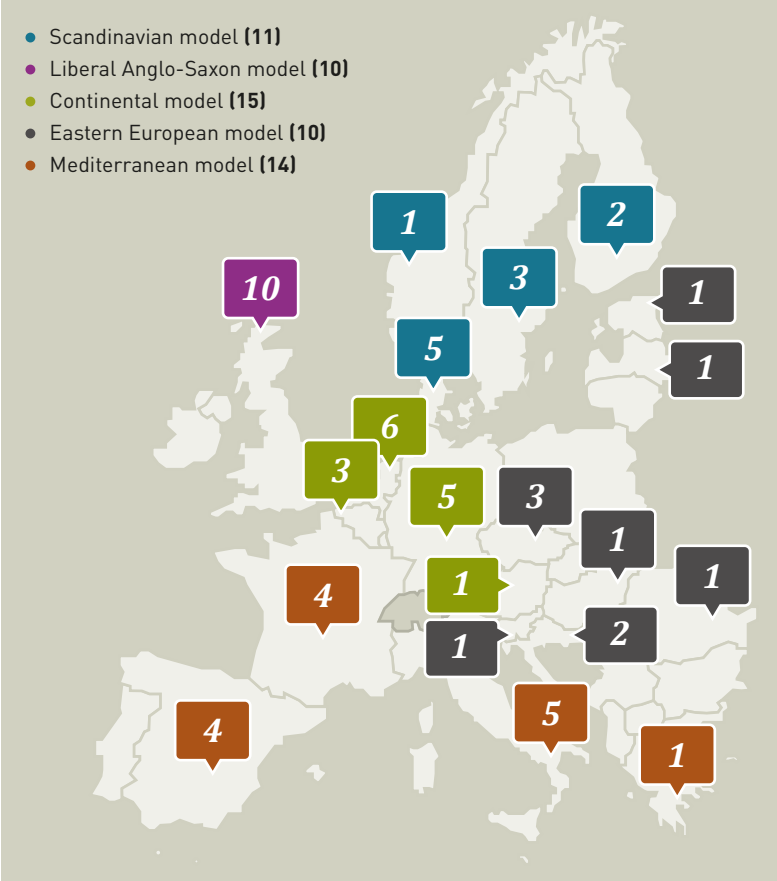
26 BUSINESS CASE STUDIES

34 SOCIAL INNOVATION BIOGRAPHIES

In total SIMPACT partners collected 94 SI cases for which ID Cards summarise the basic information on each case (see Appendix 1), conducted 26 BCS and 34 SIBs. The following discussion relates to the latter two, i.e. a sample of 60 SI cases.

As depicted in Figure 3-1, cases cover 20 European countries from the very North to the very South and East. While for Austria, Belgium, Greece and Norway only BCSs and for Estonia, Finland, Hungary, Latvia and Slovenia only SIBs were conducted, to cases in the other countries both methods were applied. Likewise, the cases are roughly evenly spread across the distinct welfare regimes. However, distinct from what was anticipated at the beginning of the empirical phase, there exists no unique welfare regime for Eastern Europe, as has been shown by the study on «Social Innovation in New Member States» carried out by Saeed MOGHADAM SAMAN and Anna KADERABKOVA (2015a, 2015b). Rather the authors hypothesise on the dominated perceptions of welfare regimes in NMS and distinguish between four distinct models «(neo)liberal (or residual) model», «mixed regime», «conservative » and «formalistic» (Moghadam Saman & Kaderabkova, 2015a: 21).

Figure 3-1.
Distribution of Cases by Welfare Regime & Country



Employment as Major Field of Action

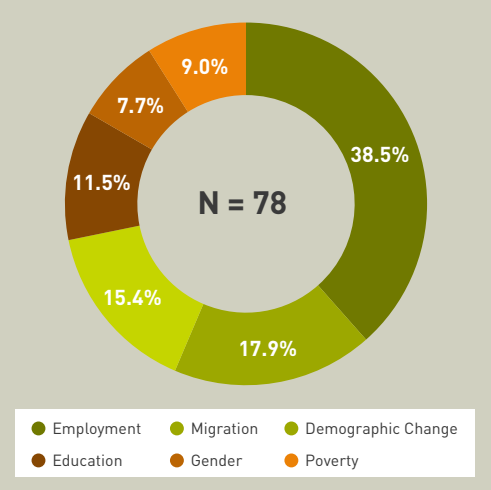
With a share of 38.5%, «employment» shows to be the ***field of action*** mainly addressed by the surveyed cases (see Figure 3-2), followed by «migration» (17.9%) and «demographic change (15.4%). These results correspond to the current situation in many European countries were unemployment, in particular with regard to young people aged 15-24, remains at high levels, while austerity measures are continued. According to the latest figures published by Eurostat[6], seasonally adjusted unemployment rate in EU28[7] was 9.6% in May 2015, while youth unemployment was double as high – 20.6%. However, there is a huge gap between countries between the Member State with the lowest rate of youth unemployment (Germany: 7.1%) and those with the highest rates, i.e. Greece (49.7%) and Spain (49.3%).

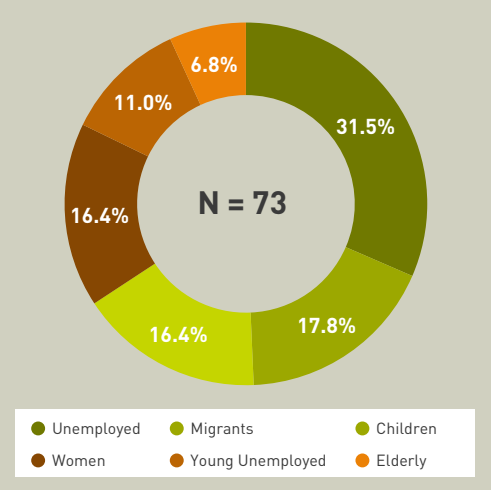
[6] Unemployment statistics. http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=unerta&lang=en (accessed July, 4 2015)

[7] EU28 comprises Belgium (BE), Bulgaria (BG), the Czech Republic (CZ), Denmark (DK), Germany (DE), Estonia (EE), Ireland (IE), Greece (EL), Spain (ES), France (FR), Croatia (HR), Italy (IT), Cyprus (CY), Latvia (LV), Lithuania (LT), Luxembourg (LU), Hungary (HU), Malta (MT), the Netherlands (NL), Austria (AT), Poland (PL), Portugal (PT), Romania (RO), Slovenia (SI), Slovakia (SK), Finland (FI), Sweden (SE) and the United Kingdom (UK).

Figure 3-2.
Fields of Action
(% of citations; multiple answers possible)

Figure 3-3.
Target Groups addressed
(% of citations; multiple answers possible)

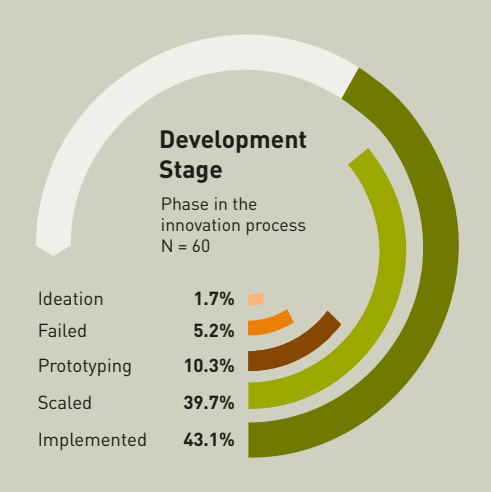


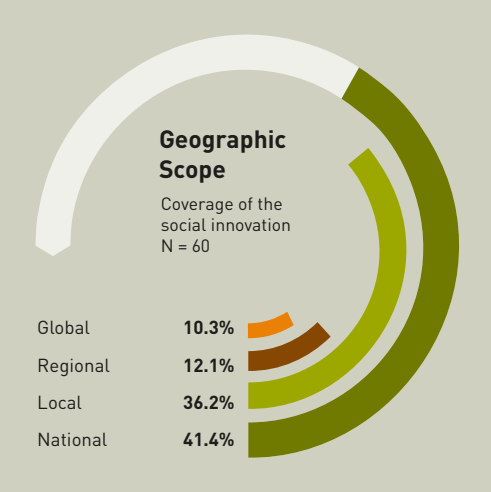


As was to be expected, «unemployed» account for the largest target group (31.5%), followed at some distance by «migrants» (17.8%). The share of SI addressing «young unemployed» (6.8%) is, however, surprisingly low.

Figure 3-4.
Development Stages
(% of cases)

Figure 3-5.
Geographic Scope
(% of cases)





Social Innovations' Development Stages

In line with SIMPACT's rational to also analyse social and economic impact, the majority of cases has either been implemented (43.1%) or scaled (39.7%). Two cases are in the phase of ideation (1.7%) and six in prototyping stage (10.3%). Next, three cases of «failed/discarded» SI were collected.

The local and national level are of utmost importance when considering the geographic scope of the studied cases, whereas SIs reach out to the regional or global scale markedly less often, accounting only for 12.1% respectively 10.3% of all cases (see Figure 3-5).

3.2 Social Innovation Components

« Components comprise the institutional context plus actors and resources as central production factors. »

(Rehfeld et al., 2015)

Institutions as «Role of the Game»

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 creditability 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.

Focus is on Formal Actors from Civil Society, the Economic & Political Field

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. From a traditional perspective firms, households and governments interact with each other in pursuit of their goals and are only recently accompanied by involvement of civil society and institutional actors. Actor´s decision-making is led by (1) maximisation of self-interest (2) concern of public goods and (3) market optimisation. According to the diverse modes of organisation and roles within the SI process, actors are differentiated in those from civil society, economic field and political field.

- Actors from ***civil society*** can either be part of the target group, social innovators or both. They can be grouped in *collective actors*, i.e. informal actors, characterised by weak organisational ties (e.g. mobs, social movements) and *corporate actors,* i.e. formal actors, which embody formal organisational structures (e.g. NGOs, associations). To identify relevant cases and approach their initiators, the empirical study focused on the latter.
- Actors from ***economic field*** (e.g. social and public enterprises, cooperatives) develop SI by elaborating new products/services, adapting business models to SI-related issues and promoting SI outside their core business.
- In addition, actors from ***political field,*** i.e. political decision-makers at local, regional, national and European level set and change institutional rules and support SI with the potential to positively affect the problem solving capacity of society.

Social innovators create a fundament for social and economic change in reaction to a wide range of imperfections in institutions, market, political rights, income distribution, use of resources etc. Moreover, actors´ motivations shape the trajectories and outcomes of SI initiatives. This is precisely why an accurate analysis of actor-networks is necessary. In this context, Actor-Network Theory (Latour, 1987, 1996) provides an effective methodology to better understand the presumption, motivations and strategies underlying SI processes.

Economic, Social & Political Resources

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 entrepreneurs 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.

3.2.1 Institutional Context

POLITICAL, SOCIAL, WELFARE AND ECONOMIC INSTITUTIONS ARE DESIGNED WITH THE PURPOSE OF EMPOWERING TARGETED ACTORS AS WELL AS PROVIDING MARKET AND NON-MARKET INCENTIVES TO ACCELERATE SOCIAL CHANGE.

In consideration of the ***social context*** it becomes evident that SI emerges where several societal problems accumulate, demand is significantly high and social change is necessary to cope with the challenges at hand. Generally speaking, SI came across in response to market and institutional failure. Exacerbated by the current economic crises and related cutbacks in public spending and welfare support resulting in virtuous circle of increasing numbers of people being excluded from societal life and decreasing public budgets.

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 chang-

es in economy with only vague future prospects leading to growing unemployment rates. Unsurprisingly, most social enterprises in Czech Republic, for example, focus on employing vulnerable and marginalised people with little or no chances in the labour market.

Box 3.2-1.
Economic Context

EXAMPLE

BEC team – Business and Employment Co-operative is a small company offering with **Active Women 50+** (Zeny 50+) *support for self-employment of women older than 50 years in Sumperk district in Czech Republic through training and employment in the cooperative for 6 to 12 months.* Women in pre-retirement age are among the most endangered with unemployment and discrimination in Czech Republic. The cooperative provides support for self-employment of the target group based on principles of social economy and social entrepreneurship.

Some SI are perceived by the initiator as an instrument to challenge institutional failure, e.g. when the target audience does not belong to the group of beneficiaries who get public aid resources. The aim is to make the target group visible for the government, in order to improve existing and develop new *national inclusion programmes*. Moreover, a few countries continuously expand the amount of public awards for SIs, social projects and social entrepreneurs, but success differs a lot.

POLITICAL INSTITUTIONS AT LOCAL, REGIONAL, NATIONAL AND EUROPEAN LEVEL CONSTITUTE A BUILDING BLOCK OF SOCIAL INNOVATION AND FOSTER/IMPEDE ITS PROCESSES.

SI responds to failure or absence of public policy measures in areas, which usually pertain to public policy tasks. Region-specific laws and regulations as well as related changes at the distinct governance levels (local, national, EU) influence SI either positively or negatively.

Policy Participation & Commitment

The analysed cases show that lacking policy participation, commitment and transparency of responsibility impede the progress of SI. Also comparative analysis indicates that exclusion of vulnerable and marginalised people results from service gaps in the institutional system, in particular, with regard adequate consultancy of these groups, rather than from a lack of individual capabilities. Despite the large amount of money spent, several public policy measures have not been successful in sustainably fighting social and welfare problems, not at least for the following reasons: First, laws, regulations and programmes are often bounded to a specific problem and/or target group inhibiting an extension to other deprived groups in society. Second, policy measures often focus on the consequences, rather than supporting those organisations that work on grasping the origin of the problem.

Policy Changes

In addition, changes in policy (e.g. austerity policy), decentralisation of governmental responsibilities as well as the state's withdrawal from welfare services, that go hand in hand with transfer of responsibility from the state to the individual, drive SI. This tendency is evidenced by economic and social transformations in regional policy impeding SI processes. In some cases, policy changes lead to significant problems for SIs, which have already been implemented. For instance, directly or indirectly publicly financed SIs need to revise their financial plan when governments cut back on public budgets. Moreover, changes in political institutions may affect social innovators' motivations slow down or modifying the SI process. Notwithstanding the above facts, engagement in SI is seldom motivated by a single motive, but rather by a mix of institutional and market failure in combination with an ill-informed civil society that is not sensitive to certain problems of vulnerable and marginalised populations.

Coordination between Governments & Social Innovators

The comparative analysis indicates that organisations are in conflict with parts of the institutions, and in particular with governments, which still work based on a vertical thematic orientation and seldom follow a holistic approach. There is a high need for coordination between several municipal sectors and further between them and third sector associations in order to achieve success in dealing with social problems. More recently, local governments', health and social care organisations' awareness for the importance of engaging with social innovators has increased in several countries. 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). Within the Scandinavian welfare regimes, the state takes on responsibility by initiating SIs through its public institutions. However, this positive example also points to some negative effects, for instance, beneficiaries receiving welfare benefits are not allowed to start their own business. Also we find evidence that, in particular, SIs that have been developed or implemented in close cooperation with municipalities or other governmental institution, do not necessarily stand in conflict with established institutions.

Box 3.2-2.
Public Sector as Driver for Social Innovation

EXAMPLES

Community Centre Gellerup *is a public enterprise that develops new cooperation models between different social services and the public library of Gellerup to better respond to the needs of the deprived citizens.* The innovation emerged in a Scandinavian welfare system that implies that the government takes care of all matters and the municipalities in Denmark have a strong power when it comes to welfare provision. This is among the reason why SI is driven by public institutions.

Crossroads, a civil society organisation initiated by the City of Stockholm, developed a new approach in combining information activities with basic needs service in order to prevent social and economic exclusion for EU-migrants. *«The city of Stockholm has shown de-*

termination in their desire to be involved in operating and financing the activities, despite the fact that the target group does not fall under their responsibility in accordance with the rules applicable in the so-called Movement Directive» (SIB Crossroads)

ORGANISATIONS IN SEARCH FOR LEGITIMACY AND JUSTIFICATION OF THEIR ACTIVITIES, ARE BOUND BY ISOMORPHIC ATTITUDE RATHER THAN BEING CONSTRAINED TO ACT RATIONALLY.

The phenomena of social entrepreneurship and social enterprise (SE) are subject to an intensive debate, not only in the scientific community, but also among policy-makers and practitioners in many European countries, in particular, with regard to legal (organisational) forms and statuses (Wilson & Post, 2013). While some countries have institutionalised the concept of SE by adopting tailored legal forms of SE, specific SE marks and certification schemes are found in others (e.g. Finland, Germany, Poland and UK). Nevertheless, the institutionalised forms of SE capture only part of the diverse field (European Commission, 2014).

Europe lacks harmonised regulations.

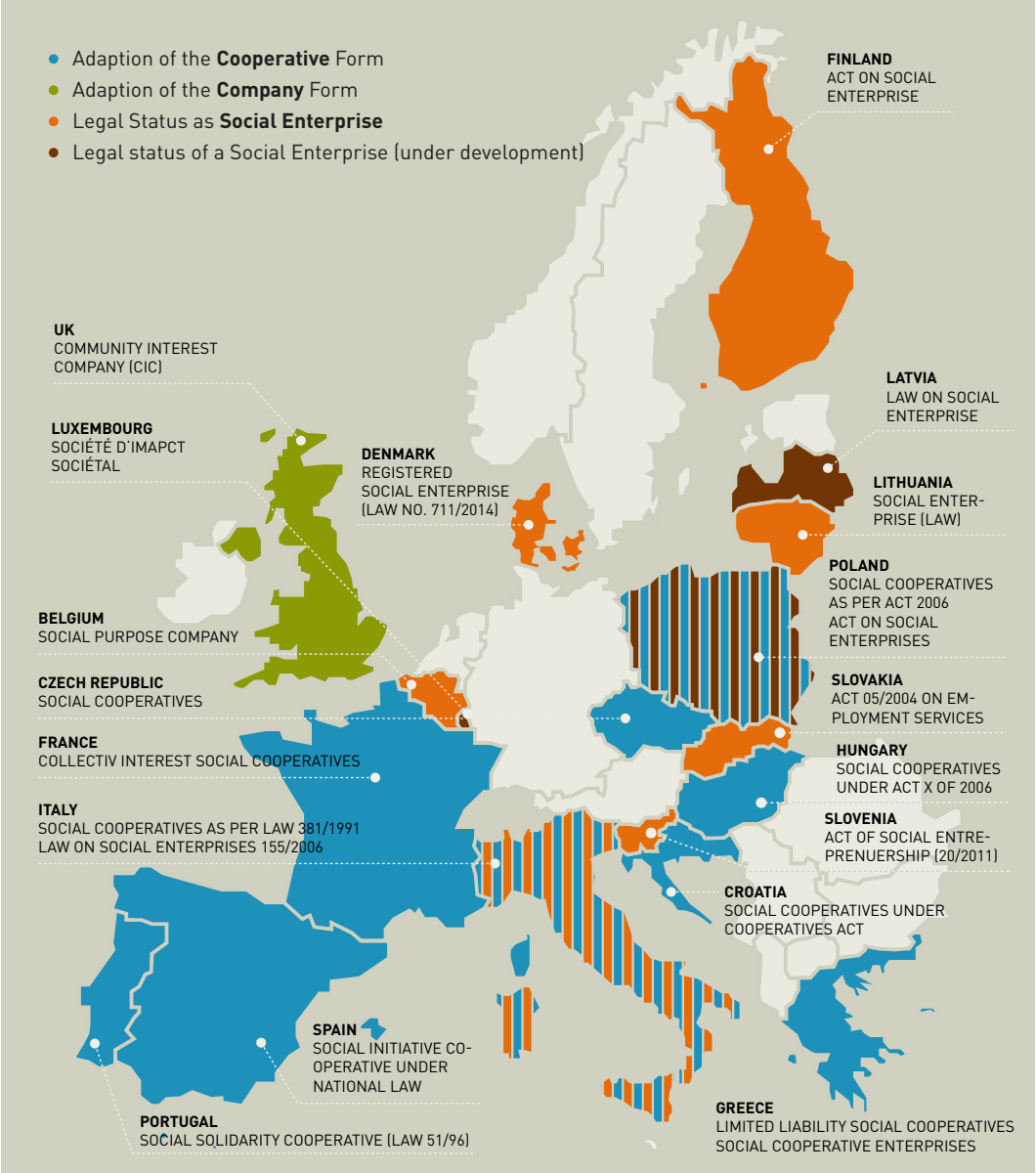
As depicted in Figure 3-6, in Europe no harmonised regulations for social enterprises' legal form and status exist. According to the recent report of the European Commission (2014), social enterprises adopt a variety of legal forms and statutes ranging from (i) existing legal forms such as associations, 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.

Box 3.2-3.
Role of Laws & Regulations

EXAMPLE

Progetto QUID, *which means a «project for something more», is a profit-generating social cooperative, providing employment to two disadvantaged categories: at-risk women and unemployed youth, while offering an environmental solution for fashion brands, salvaging their scrap material and unsold stock to create new, stylish clothes.* Being a profit-generating social cooperative, Progetto QUID is a type of organisation that is the only profit-making organisational form and can be defined as entrepreneurial organisation that work under a limited distribution constraint whose primary objective is the maximisation of social impact through the creation of employment for vulnerable and disadvantaged.

Figure 3-6.
Countries with specific Legal Forms or Statuses for Social Enterprises



Source: Adapted from European Commission (2014)

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 (for further details on organisational forms see Section 3.4.3.2). In the Czech Republic, for example, no specific financial support measures or incentives in form of tax advantages for social innovators exist, with the consequence that innovators adopt very distinct legal forms, with cooperative being the most prominent. These findings correspond with the European Commission's (2014) report stating that *«(...) social enterprises are often 'hidden' among existing legal forms, most notably amongst associations and foundations with commercial activities; cooperatives serving general or collective interests; mainstream enterprises pursuing an explicit and primary social aim».*

Box 3.2-4.
Role of Laws & Regulations II

EXAMPLES

«Education for Accommodation» (Tausche Bildung für Wohnen e.V.) *fights children's social, economic and cultural exclusion by combining learning support for children with the provision of affordable living for students and therewith, lowering high vacancy rates in Duisburg-Marxloh.* Designed as a lasting self-supporting solution, the initiatives's strategy is directed towards the permanent provision of the bartering services in local ownership under financially viable conditions. «Education and Participation Vouchers», a programme initiated by the Federal Ministry of Labour and Social Affairs and granted by the local employment agencies for children from families receiving Hartz IV support (combining unemployment and welfare benefits), account for the major part of revenues. Having the legal status of a registered association, Education for Accommodation is not allowed to make any profits, but has to re-invest its revenues in the association.

USE-REUSE *operates REUSE Centers, which as social enterprises sell products with low-carbon footprint produced from used and discarded furniture that are refurbished by trained individuals facing difficulties to enter the labour market in Slovenia.* Scaling up and developing the REUSE Centers network was next to other factors, the introduction of the Social Entrepreneurship Act in Slovenia. To qualify as social enterprise, at least on third of all employees must come from the vulnerable groups in the labour market. REUSE Centers qualified as social enterprise as at least one-third of their employs come from the vulnerable groups in the labour market, allowing them to secure co-financing of the training and education activities.

Public Authorities' Knowledge Gap

In addition, findings from the cases show, that public authorities often lack knowledge on how to work with social enterprises and what their precise role in the welfare system is. Finally, (institutionalised) legal forms and statuses influence social innovators' principles, i.e. strategies, modes of efficiency and governance (see Section 3.4). For example in Germany, registered associations (e.V.) are not allowed to make profits, but have to reinvest their profits in the association. Accordingly, economic and social activities are carried out commonly by separate organisations (see also Section 3.3).

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.

Taking a closer look at current policy activities in the field of social exclusion, poverty, migration and unemployment, it becomes evident that reactive policies are the dominated logic of policy-makers (see Section 3.4.1), while shifting responsibility to the civil society and thereby to SI projects, organisations and social enterprises. Shortcomings in the welfare system and associated vicious circles the vulnerable and marginalised are exposed to are core factors for social innovators' engagement. This results in solutions that often go beyond addressing a singular institutional failure. Moreover, we should re-

alise that welfare systems strongly differ from country to country and from region to region with a region being characterised by individual properties, which develop a ground for SI. On this ground sometimes SI compete with the existing market, e.g. commercial enterprises, public services, health and care services.

Social innovators' who are aware of the distinct welfare regimes as well as the interplay between the different governance levels are more successful. Considered as a whole, these SIs contribute to institutional change and lower institutional barriers by establishing new modes of cooperation between institutions as is found, for example, in the Netherlands.

Box 3.2-5.
Dynamics in the Institutional Setting

EXAMPLES

SODAProducties, a foundation of general public interest, offers with **VoorleesExpress** *services to enhance the language skills of children aged between 2 and 8 in 90 municipalities in the Netherlands.* The innovation is not in conflict with the given institutional setting. However, it is in some way competing with other initiatives to address similar issues, and working at the local level their «institutional setting» varies from those acting in close cooperation with the national government. The innovators being quite aware that the institutional setting is not a given fact, but changes through, for example, found in decentralisation. Thus, VorleesExpress critically reflects on the question what can best be done at national respectively local level with regard to the services they offer.

Roma Support Group *is a registered charity organisation of Roma people supporting Roma refugees by enhancing their self-esteem and motivating them to bring their culture to other people to enhance their quality of life through health services, sport activities and education.* Working with Eastern European Roma refugees/migrants, Roma Support Group had to adjust all its activities after countries such as Romania became members of the EU and therewith, the Roma lost their status as «asylum seekers» as well as related rights.

Hill Holt Wood *located East Midlands (UK) is a community-controlled for-profit social enterprise offering alternative education provision for children excluded from school and supports people struggling to access training and jobs by sustainably managing 14 hectare of ancient woodland*. It responds to changes in the UK national education policy in 2013 according to which all young people will be required to participate in some form of education until the end of the academic year in which they become 18. While the government's intention is to enhance levels of educational attainment and employability, traditional school and college education will not be suitable for many young people at this age.

3.2.2 Actors

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

Developing the initial idea and establishing an organisational form, usually necessitates the collaboration of actors from various fields. Often the initiator needs active involvement of several actors within the respective field in order to get auditory sense. On the one hand, cases that produce material, such as clothes, need a great number of private partners who supply the raw material or sell the fully machined products in their local businesses. On the other hand, some social innovators do not have the financial ability to develop and implement their solution and thus, have to involve investors, donors or funders. Besides, active involvement of citizens, volunteers and associative networks is rather common.

Actors from the Policy Field

Although actors from policy field are important players within SI processes, mostly they only engage if they have a direct bearing on the issues and problems addressed by the solution. Put differently, the more SIs correspond to policy objectives, the greater public actors' engagement by means of financial support/funding. In addition, the comparative analysis shows, that actors from the public field are involved indirectly by financing part of social enterprises staff, i.e. vulnerable people, through social benefits.

Intermediaries

Further key actors are intermediaries who establish connections to crucial partners. This could also be, for instance, the initiated organisation itself acting as a network of several organisations, social enterprises, associations and individuals with equal responsibilities. In this example the SI organisation forms an umbrella organisation with the aim to support network partners in terms of funding and strategic activities. It should also bring the network partners together in order to share their experiences and knowledge. In cases where media reporting plays a role, the public portrayal is almost always positive.

Box 3.2-6.
Actor Networks

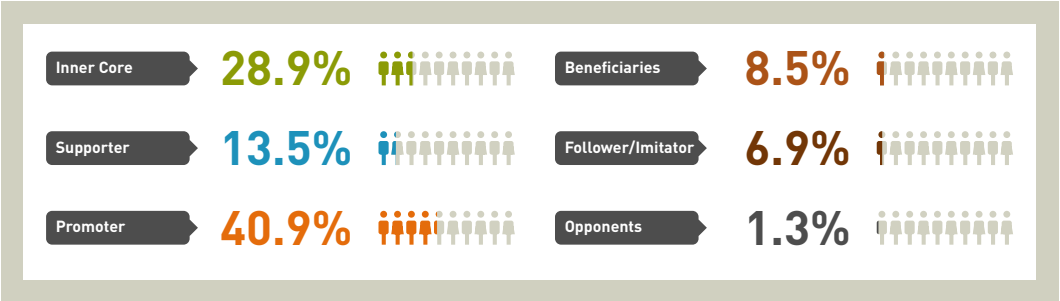
EXAMPLES

Community Center Gellerup (see Box 3.2-2) applies a horizontal management approach. Several volunteer organisations, associations and citizens are also involved in the co-operation as equal partners. By giving the possibility to all citizens to participate in the development the centre promotes an active citizenship. One of **VoorleesExpress´** (see Box 3.2-5) partners for materials is a publishing company, whereas the lawyers who give legal help in precarious situations to Roma people are important actors within the operative work of **Roma Support Group** (see Box 3.2-5).

THE RELEVANCE OF ACTORS' ROLES AS INNER CORE, PROMOTER, SUPPORTER, BENEFICIARIES, FOLLOWER/IMITATOR, AND OPPONENTS VARIES LARGELY (SI ECOSYSTEM).

The whole SI process is shaped by several types of actors with distinct roles. As Figure 3-7 illustrates, the shares of the distinct actors' roles in the innovation process.

Figure 3-7.
Share of Actors by Role (% of citations; multiple answers possible, N = 358)



Inner Core – Initiators & Operators

The inner core represents all actors who are directly involved in the initial stage of the SI as well as in the operative work of the initiated organisation. In the majority of cases the inner core consists of e.g. individuals, civil society, employees and the organisation itself.

In many cases the initial idea is induced by an individual person following his/her own objectives and experiences either personally or socially. This initiating person could be employed by a public service organisation and has a background in social projects. The initiator then takes the leading position within the initiated organisation or project, e.g. as chief executive. But even some cases are initiated by a group of people who follow a common mission or by family members, e.g. spouses, who develop together a SI idea and initiate the organisation behind. In case of two or more founders, they share the amount of responsibility, work complementary to each other and split their tasks due to their experiences and knowledge. Further, it is worth to mention that is also possible an individual person supports and motivate a group of people in initiating an organisation. Hence, it is both an individual person and a group of people who initiate a SI.

Furthermore, existing organisations that are actively involved in the initial stage of a SI belongs to the inner core and could be helpful to establish an organisational structure. Even people from acquaintances and with similar missions participate in order to develop the initial idea. But it could also be the case that the initial idea of the SI came from a person who did not participate in the implementation of the idea or is no longer operative actor in the SI process.

Another unit within the inner core are those people who are involved in the operative work of an organisation. These are, for instance, employees of the organisation itself, but simultaneously the beneficiaries of the SI, especially the target group of the vulnerable and disadvantaged. Next to employees, volunteers are included in the operative work and also are part of the inner core. They often have several skills and talents, so the operative work is quite diversely. Moreover, they are highly supported by professionals employed by the companies, which are partners in the SI.

Box 3.2-7.
Actors from the Inner Core

EXAMPLES

USE-REUSE (see Box 3.2-4) unites under its roof private entities and companies as well as non-governmental organisations. The initial idea, however, came up from the innovator´s experiences in waste management projects, which lead to the establishment of the first Reuse Centre in Slovenia.

LUDE, *a Riga-based social enterprise in the form of a weaving studio employs senior ladies and utilises textile waste to create design rugs and therewith, combines responsibility to the environment, society and modern design in one initiative.* One of the initiators is a specialist in finance and management, the other handles communication issues. They consider themselves as a great tandem.

A-GIGA Ltd.*, a commercial enterprise located in Prague (CZ), offers a system of comprehensive support services (e.g. professional training, provision of accommodation) for offenders from their time in prison to release and re-socialisation by employing inmates in the call centre set-up in prison and the two outside prison.* The husband of the owner of A-GIGA is involved in the SI, because he is a lawyer and gives the indebted prisoners legal advice.

Mothers of Rotterdam, *a local public service organisation, medically and pedagogically supports pregnant women from deprived neighbourhoods and those with children younger than 3 years to reduce stress-related problems and enhance self-sufficiency through empowerment.* Motivated to reduce the new born mortality rate, academics at the hospital in Rotterdam initiated Mothers Rotterdam. They approached Bureau Frontline (who were motivated to fight the multi-problem issue of poverty in deprived neighbourhoods) with which they jointly developed a programme. Two medical practitioners of the gynaecology department of the Erasums Hospital promoted the idea that the danger of death is a big problem concerning the unborn child.

One of the most important actors in the history of **Roma Support Group** (see Box 3.2-5) is a single woman. She supported and motivated the Roma people in becoming a community with a formal structure of a charity organisation. Likewise, this applies to **Cooks without Homes** *an* initiative *in the Czech Republic that employs homeless women as cooks, providing vegan meals in different locations (e.g. farmer's markets) and empowers them via capacity building activities and provision of employment*. Here it were two women, Kristýna Ciprov and Alexandra Doleželov, who initiated the solutions.

Beneficiaries' Dual Role

Next to the initiators, the beneficiaries are one of the most important actors within a SI (see Section 3.1). They are affected mostly by particular problems, which could not be solved by their own. The beneficiaries have to become their own social change makers by both overcoming their problems and generate social as well as economic value. Evidence indicates that actors from civil society on the one hand function as social innovators or co-creators, while being beneficiaries on the other.

Subject to scope and available resources, the analysed SIs provide evidence of a large number of different target groups. This can range from children excluded from school to unemployed people, from low income families to immigrant women who have been unemployed to those having problems to re-organise their work after maternity leave and people in retirement age who are often lonely and short of cash.

Box 3.2-8.
The Beneficiaries

EXAMPLES

LUDE (see Box 3.2-7) addresses senior ladies in Latvia who have reached retirement age, not only need a place to spend their time more purposefully, but also need access to an income source to compensate for the low level of retirement pension in the country.

«O Allos Anthropos» (The Other Human) Social Kitchen is an initiative conceived by a group of citizens in Athens who prepare food for the poor and socially outcast in public places, and eat together with them to enhance solidarity and social cohesion.

Locality *is a network of community-led organisations, which promotes a «local by default» approach to community development, rooted in a community assets approach that fights against the consequences resulting from diseconomies of scale*. Locality members make up the centrepiece of the SI around which the whole organisation works. They are empowered and solicited by Locality to take an active part in their welfare provision. Their role is critical to their own wellbeing and welfare and their self-sustainment is the objective of all the other actors.

Crossics is a Belgian start up that creates drawing-based books and mobile applications to ease communication barriers between immigrant patients and doctors in different context-specific situations such as medical centres.

Seniornett is a non-profit foundation established by a group of senior citizens in Oslo, Norway, that offers ICT support for the elderly to include them in modern society and narrow the digital divide.

Supporter as actively engaged Actors

The presence of supporter is very important in the SI process. They are likewise involved in the operative work as a partner, but without being a fixed component of the organisation itself. There are evidences that several types of organisations, e.g. non-profit/for-profit organisations are mostly actively involved in supporting the initiated organisation in their operative work. Collaborations within the for-profit sector are

mostly given in form of costumer and seller relationships, in some cases even material donations. Non-profit organisations do not generally deliver any funds or appear as business partners, due to their lack of money. In the majority of cases they are partners in knowledge sharing or pro-bono support. When it comes to scaling intention of the initiated organisation, consultancy is indispensable, because it must be purchased externally and is only sometimes successful. In addition to that, individuals personally known by the initiator are important supporters in the process to establish the organisation/project. Furthermore, cases that deal with education and employment of younger people are highly supported by teachers at school and from university.

Box 3.2-9.
Social Innovation Supporters

EXAMPLES

Much of the design work in **LUDE** (see Box 3.2-7) was undertaken by architecture students at a local university. At the time architecture students were experiencing serious difficulties in finding the internships required to complete their course.

Solve et Coagula, *an Estonian social enterprise, trains individuals from social risk groups having difficulties in accessing employment (e.g. individuals with mental disorders, health-related disabilities, ex-prisoners) in craftsmanship skills such as woodworks and other handcrafts.* Some entities from the private local business companies - have helped Solve et Coagula by providing material which they do not use in their production lines for the production.

Imitator & Follower

Successful SIs are particularly popular in terms of imitation by other projects. On the one hand evidence shows that, in some cases, the analysed SI is a product of a previous SI. On the other hand, initiators' experiences and skills gained in earlier projects have accelerated the SI process.

The traditional concept of imitating a SI is to use the experiences from already existing programmes within the organisation. Then the SI is adapted to the individual context. Another approach could be that the initial idea emerged a few years ago in a specific project, which addresses a similar problem and provides a homogenous solution. When the original project stops, another project can take up the mantle and continue the original mission. In this case, the previous project acts as a precursor what leads to the result that the SI is not a reinvention as a whole.

In some other cases the SI idea has been up-scaled into other regions under the lead of interested people or organisations. In such cases the imitating organisation is supported by the original organisation or by published documents that describe the SI and the concept behind the SI. If people, projects or organisations are interested in imitating the SI idea, in the majority of cases they are interested in cooperating with the initiated organisation.

Box 3.2-10.
Imitation of successful Social Innovations

EXAMPLES

Coopaname *is a Paris-based business and employment cooperative enabling budding entrepreneurs, i.e. people with precarious job, to experiment with their business idea while benefiting from support and salaried contact with the cooperative.* Business Employment cooperatives are now spreading across the French border and some cooperatives, inspired by the French model of Coopaname, emerged in Belgium and Québec.

A-GIGA´s (see Box 3.2-7) idea of having a call-centre in prisons and employ the inmates was adopted from solutions that had already been successfully implemented in USA, Italy and UK.

Promoter as Facilitators

Promoters involved in the SI process are from political, economic field and civil society and show various kinds of promotion. In many cases a combination of public and private support is visible. Those actors are charity organisations, city councils, funds, trusts and several governmental authorities as well as European institutions. The government is one of the important actors in SIs and shows various kinds of support. It could be supporter or a part of the inner core, but the status of promoter is frequently the case. This is true because the government is involved in almost any public funding but with some exception where individuals from local governments (e.g. head of department) promote the initiation of SI.

Collaborations between the SI organisation and associations as promoter in funding or knowledge provider occur due to similar aims and addressing the same target group. Foundations and trusts are also important actors in sense of giving financial support. Furthermore, banks participate in the SI process as creditors. In conclusion, we see that promotional support often appears in connection with either public funding or private.

Box 3.2-11.
Promoters of Social Innovation

EXAMPLES

New Art Exchange *is a social enterprise and charity located in Nottingham engaging people from minority ethnics groups in the arts by means of strengthening community cohesion and social inclusion, and to support local artists and creative producers, helping them to build financially sustainable businesses.* A large portion of New Art Exchange´s funding is from the UK´s Arts Council, the remainder being spread across a number of different funders and streams including city councils, charitable foundations, EU programmes and lottery funds. At the time the Arts Council also provided support for capacity building as a means of strengthening governance arrangements in arts organisations and enhancing their ability to manage grant funding.

Education for Accommodation's (see Box 3.2-4) promoters comprise public and private as well as non-profit organisations, in particular foundations. The early engagement of

Vodafone Foundation and Social Entrepreneurship Academy as financier and consultant in the initial stage, for example, has proven to be a decisive factor to bring forward the innovation. As Christine Bleks, one of the initiators, states *« The Act for Impact award was rocket fuel for our start-up! The recognition of our idea was even more important than the high amount of prize money. »*

Broodfondsen *(Bread Funds) is an association of self-employed workers in The Netherlands, who individually invest money in a savings fund to collectively cover risks bound to temporary disabilities.* The Dutch cooperative Solidair - an association of companies and non-profit organisations that are working on new solutions for a sustainable and inclusive economy-supported the founders in giving shape to the new solution and took a concrete step providing a financial contribution to the first Broodfonds, playing a relevant role in materialising the idea of the founders.

Opponents seldom become visible

Opponents are very seldom in the business of social enterprises, but single cases show exception, which indeed cannot be used as proven evidence. Sometimes public enterprises, who are originally responsible for the target group, are not in line with the solution the SI additionally applies. Hence, the SI could produce conflict with these public enterprises. In addition, public opinion and acceptance could be significant opponents that work against the initiative. The reason for that could be a result of misunderstanding and misperception of the activities.

Box 3.2-12.
Opponents in Social Innovation

EXAMPLE

Opponents could be identified among those in the public domain who assess the innovative approach of **Mothers Rotterdam** (see Box 3.2-7) as being too disruptive.

ACTORS FROM CIVIL SOCIETY ARE STRONGLY INVOLVED IN THE ITERATION STAGE, WHEREBY IMPORTANT ACTORS FROM ECONOMIC AND POLITICAL FIELD PARTICIPATE LATER ON IN THE INNOVATION PROCESS WITH REGARD TO FUNDING.

SI is characterised by the interplay between public, private actors and civil society. The extent of involvement and the point of time they participate in the SI process differ a lot among these actors.

Actors from Civil Society

In almost all cases individuals, either a single person or a group of people, come up with the initial idea of the SI. In order to develop the idea as well as the legal form behind the SI, extensive support, promotion and especially money is necessary. The capital needed to activate the SI often comes from the initiators themselves. This is an argument for an above average participation of civil society in the initial stage of SIs. The other way

round, the initial idea of a SI is introduced by an external person from a different thematic background and will be developed by an organisation that is in line with the SI solution. In some cases, the target groups themselves take the role as social innovators.

Box 3.2-13.
Vulnerable & Marginalised as Social Innovators

EXAMPLES

While being the core target group/beneficiary, Roma people are among the initiators of **Roma Support Group** (see Box 3.2-5).

Likewise, this applies and **RODA**, *a Croatian parent association that advocates for children and parental rights of female inmates, through advocacy and lobbying measures, while supporting its activities through its social enterprise, Rodin let, which manufactures ecological cloth diapers and baby and women accessories through the employment of disadvantaged members of the community*. The SI was initiated by affected parents in cooperation with Pozega Women Prison.

Not at least the dual role of beneficiaries facilitated a fast growth of the SIs, enhancing their visibility and access to public funding.

Actors from the Political Field

Generally, it could be said that many 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».

For example, the European Commission's interest in SI addressing migration greatly exceeds UK's national government's interest. Other governments, e.g. Croatia´s, lack comprehensive policy measures and investment from public sector regarding specific target groups (e.g. women, prisoners) and therefore, do not provide any funding for SI in the initial stage. On the contrary, regional governments in Germany are dedicated to solve financial start-up problems and are committed to SI by issuing funding awards.

In Denmark SIs are often initiated by the government, resulting in a high degree of institutional support and public involvement. Here several departments are part of the inner core of operative actors and act as supporters and promoters, which are crucial for carrying out the activities of the organisation.

Actors from the Economic Field

Although social innovators are aware of the role of actors from the economic field such as business associations to institutionalise their legal status or resellers to distribute

their products, they commonly lack suitable partners in the ideation stage. In contrast, the early involvement of business consultancy, has become more common.

Box 3.2-14.
Involvement of Actors from the Political & Economic Field

EXAMPLES

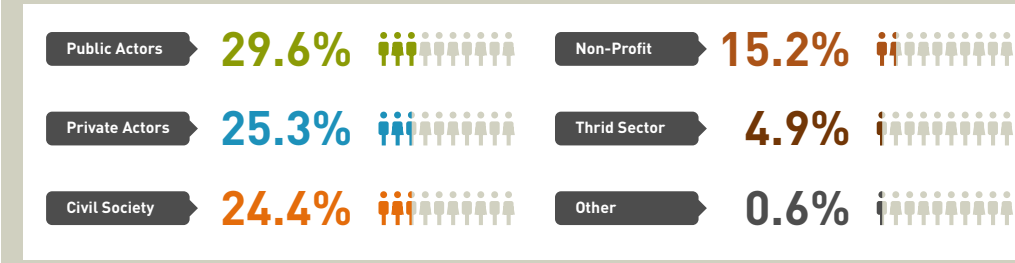
Community Center Gellerup (see Box 3.2-2) is a type of SI that is characterised by a high degree of institutional support but at the same time active involvement of citizens, volunteers and associative networks. The centre can thus be seen as an example of a «public sector bottom-linked innovation» as well as user-driven innovation where different actors in the society are working together on developing a higher quality of public service.

Work4All is a partnership of the municipality Roermond, Limburg (Netherlands) with social entrepreneurs, training and learning institutions, housing agencies, and others offering working-learning opportunities for young people, aged below 27 years, in sectors in which local governments publicly procure services.

SOCIAL INNOVATIONS´ DEVELOPMENT PATHS WITHIN A FIELD, SECTOR AND TERRITORY ARE DETERMINED BY THE NATURE AND EXTENT OF RELATIONSHIPS BETWEEN DISTINCT ACTORS FROM PUBLIC, PRIVATE SECTOR AND CIVIL SOCIETY.

In SI processes, distinct cooperation, partnerships, collaborations and cooperatives are strongly represented. The analysed cases display this by showing that various types of interactions are common practice between actors. We can conclude that the initiated organisation is frequently in cooperation with actors from public, private sector and civil society addressing the same issues that provide possibilities to exchange specific knowledge.

Figure 3-8.
Distribution of Involved Actors (% of citations; multiple answers possible, N = 358)



Even so, internal exchange of distinct knowledge among the inner core actors is crucial and common practice. So, it is clear that close relations must be based on reciprocal agreements that also include trust and confidence between actors. Figure 3-8 on the previous page shows the distribution of actors from public, private sector, civil society and third sector involved in the innovation process.

Relationships with Public Sector

Subject to the target group addressed, responsibility for affected vulnerable people is shared between social innovators and the municipality were the organisation is located. For instance, social innovators dealing with employment issues frequently cooperate with either the department of employment or the department of labour. Due to the diverse issues addressed by SIs, interactions with public authorities are multifaceted: At first there is the support in funding and secondly the support in consultancy, which is indeed not very common. But if consultancy takes place, public authorities support the initiator through creating a new legal status in order to, for example, facilitate the creation of micro-enterprises and also implement specific low tax rates. More commercially interactions with the government could be negotiations about locations where the SI can be implemented. It appears in cases where the organisation needs either a cheap rented location or a free place of business.

Involvement of Schools & Universities

SIs based on youth related problems (employment, migration) often require close collaboration with intermediaries from educational system, e.g. schools and universities, in order to successfully reach young people and implement their solution. These relationships necessitate high levels of trust among the involved actors, for example teachers, often feel offended by people who want to change their work, because they perceive such interference as an indirect criticism of the youngsters not achieving sufficiently.

Involvement of Associations

Also we find evidence that the involvement of associations in the SI process is less pronounced. Due to that we carefully conclude that there is no extensive support from associations, and if there is any, it is most likely to be financial support. It appears as if the participation of those non-profit organisations is generally not essential to survive.

Box 3.2-15.
Collaboration with Public Sector

EXAMPLES

In order to bring the idea of establishing the social enterprise **Solve et Coagula** (see Box 3.2-9) into life and fulfil the goal of sheltered employment they asked in 2013 the city government for access to a place for the workplace. Public authorities support **Coopaname** (see Box 3.2-10), through creating new legal status to facilitate the creation of micro-enterprises and implementing specific low tax rates. And, public authorities support this logic by creating subsidized contracts to be used by enterprises.

Relationships with Private Sector

In order to conceptualise a model for the SI the initiator often involves external expertise. Such expertise includes specialists, who are familiar with social entrepreneurship knowledge, e.g. management consultants. Equally important are collaborations with enterprises that focus on entrepreneurship and are well versed in regional policy. In particular, social innovators who envisage selling products or establishing their own stores, seek for relationships to and interactions with businesses and customers. Hence, we

conclude that a close cooperation with for-profit organisations is common in cases that deal with a commercial business to empower/employ disadvantaged people, were these partners get engaged as supplier of materials or reseller of products.

Box 3.2-16.
Collaboration with Private Sector

EXAMPLES

A strong element of **Progetto QUID´s** (see Box 3.2-3) success was their network of business enterprises which allowed them to have inside knowledge on potential resources in order to lower their costs.

Inspiring Scotland *is a social enterprise offering venture philanthropy by building bridges between funders and delivery partners. This is to tackle youth disadvantage in the labour market, increase play opportunities for children, improve early years support and help to empower people living in the most vulnerable communities.* The case shows that advanced contact with performance advisors can be frequent and intense during the early stages of involvement.

Dialogue in the Dark *is a program of the Dialogue Social Enterprise that offers exhibitions and workshops in total darkness lead by blind trainers and guides to raise awareness and overcome barriers between people without a disability and people with a disability.* The initiator, Andreas Heinecke, could neither convince public support groups nor banks to finance his concept and thus, successfully approached private sector.

Relationships with Civil Society

Moreover, the social innovators often have close relationships with employees and volunteers engaged in the SI; an aspect of utmost importance to ensure successful operation of the solution. Hierarchical structures might exist in an organisation, but are often less pronounced compared to purely for-profit enterprises.

When analysing the actor network, it has proven useful to also consider the local neighbourhood in which the SI is embedded. For example, some cases illustrate that many similar SI initiatives are located in a region, which bears the potential for pooling resources. Others lack SI although a large demand exists .The connection to other projects becomes also visible by memberships in local networks and consortia. Hence, we can conclude that connections to similar projects advance and expand the operative work of the organisation itself.

Even if no cooperation or connection to other initiatives exists, it is widespread practice to present the methodology and outcomes at related conferences and workshops, allowing other innovators to benefit from the experiences gained.

Box 3.2-17.
Cooperation in the Innovation Process

EXAMPLES

Coopaname (see Box 3.2-10) has set up a partnership with three other organisations to offer services that are more inclusive and support people throughout their career, regardless of their profession and status, and including periods of training, multiple activities and so on.

Mothers of Rotterdam (see Box 3.2-7) cooperates with external partners, but also with other projects run by «Bureau Frontline». For example, there is a project that continues the support for children who turn 4 years and thus, are not supported any longer by Mother of Rotterdam. The project applies the same principles and logic of intervention.

VoorleesExpress (see Box 3.2-5) bases on local collaboration and engagement, for example with schools, which is actually one of the aspects that local governments tend to find very attractive. Likewise, **Education for Accommodation** (see Box 3.2-4) cooperates with various actors at the district level based on its bartering approach, such as schools, cultural associations, the food bank, and mosque among others.

In the case of **Crossroads** (see Box 3.2-2) knowledge sharing between similar organisations in Helsinki and Copenhagen are also on-going with the two cities considering how to imitate the benefit of the information activities which are working well for Crossroads in Stockholm.

3.2.3 Resources

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

The analysed cases 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 (see figure below), while political resources were not mentioned at all.

Figure 3-9.
Economic Resources
(% of citations)

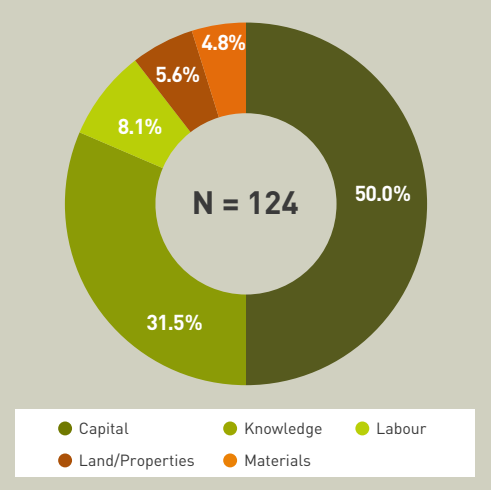
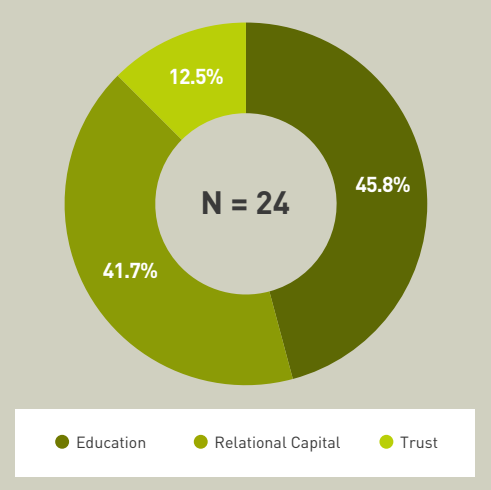


Figure 3-10.
Social Resources
(% of citations)



Turnover from Entrepreneurial Activity & Public Funding

The majority of SI organisations have two revenue streams, the turn over from the entrepreneurial activity and the financial support from public and private funds. Both, the distribution of the two income sources and the necessary amount of money differ largely between the cases. On the one hand this is because of the distinct cost structures, i.e. the amount of expenditures for the operative work of the SI (e.g. for material, consultancy, space and personal costs), and the availability/access to funding on the other. Financial support from local and national government as well as from European level is equally distributed. In some cases, a mixture of all three financial sources was identified.

Public Funding necessitates Recognition

In the majority of cases, social innovators received public funding only after having developed the solution and gained recognition. Our findings indicate that SIs having received awards become more attractive to private funders, which in turn enhances their chance to access public funding; this can also be interpreted as a first indication of policy decision-makers «risk aversion». Only in few cases external financial support is granted for a determined number of years or for a specific part of the organisation prior the proof of concept.

Box 3.2-18.
Funding without
Proof of Concept

EXAMPLES

PTCE ARDAINES *association brings together several social projects in a 7-hectare industrial area in the village of Auvilliers-les-Forges in order to tackle the deindustrialisation and accompanying long-term unemployment by using the availabilities of natural and human resources.* Its annual budget of approximately 85'000 Euro in 2014 is based on 3-year funding granted by three main actors: 50% by the Deposits and Consignments Fund (a French financial organisation and part of government institutions), 20% by the Regional Council Champagne Ardenne and 10% by the project members (adhesions and benefits).

NITTÚA is *non-profit associated work cooperation in Valencia (Spain) initiated to demonstrate to companies and society that employing excluded or those at risk of exclusion can be economically viable and profitable while socially responsible*. Half of its revenues come from subsidies from ministries and foundations and the other half from billing.

Materials & Properties

In particular, in the initial stage of the innovation process social innovators often lack financial resources, making it difficult to secure their own income, pay staff wages, necessary materials and properties. Hence, the initiator waives wages or takes loans. In some cases, the government provide free-rental space for SI activities (see Box 3.2-19). Also it proves difficult to access necessary amounts money from private ownership. Besides, in some cases raw materials and machinery are important economic resources in order to operate the developed solution. In the knowledge era, software and websites are crucially important, not only to get in contact with the vulnerable people or to advance their skills to become more efficient, but also for becoming «visible» and recognised.

In this sense, the Scandinavian welfare regime is a good example for a comprehensive supporting infrastructure: Various types of funding possibilities are offered by local, regional, national and European government. In some cases, the government pays directly for each beneficiary. It seems as it is more pronounced here than in other welfare regimes.

Box 3.2-19.
Financing Materials & Properties

EXAMPLES

Piano C, *a commercial enterprise in Milan (Italy), was established as a co-working space dedicated to women, offering a set of services for work-life reconciliation to support young mothers to re-organise their work after the maternity leave or to re-enter the labour market after birth.* The main asset of the enterprise was the space that hosts the co-working: A 200 square meter apartment, owned by Carlo Mazzola, rented at a low price with help of the initial funds of the charter members.

Granny´s Finest, *a Rotterdam-based social enterprise fashion brand, sells ecologically sustainable products knitted by people whose age is above 55 years to enhance their social lives.* Its status as private company with a foundation for public benefit as main shareholder makes it difficult to pay salaries. Forasmuch, salaries for the two founders and the full-time employees are partly financed through a loan granted by the private company to the social enterprise.

In case of **USE-REUSE** (see Box 3.2-4) seven municipalities have provided access to required spaces for the activities of the Reuse Centers, whereas in the case of **Solve et Coagula** (see Box 3.2-9), the local government has provided the critical economic resource of land for free.

Labour

Next to finance, labour is critical resource for establishing SIs. Building on a service approach, in several cases the importance of labour forces is evident, whereas the use of unpaid voluntary work is common practice. Besides we find cases where the innovation bases on the idea of employing the target group mostly for a longer term to gain their confidence. Here, the beneficiaries become an «economic resource».

Box 3.2-20.
Beneficiaries as Economic Resource

EXAMPLES

The inmates of the prison constitute the economic resource labour in the cases of **A-GIGA** (see Box 3.2-7) and **RODA** (see Box 3.2-13). Likewise, for **Granny's Finest** (see Box 3.2-19) elderly women, i.e. their core target group, as labourers are an economic resource. **De Kringwinkel Antwerpen**, *a Flemish non-profit organisation under the Special Workplace status*, employs the long-term unemployed to collect, repair and sell used goods.

Relational Capital & Trust

Social innovators are confronted with a constant changing nature of their exogenous environment/context while being constrained by limited resources. Under these circumstances sound decision-making is challenging. From the comparative analysis it appears that relational capital[8] is one of the most important social resources. In this sense, existing partnerships have proven to be a useful starting point to connect to important actors. On the one hand such networking activities help to extend the knowledge and more generally the resource base by involving different actors with complementary competences, leading to a broader recognition of the SI on the other hand. Trusting relationships between the initiator and local stakeholders build the basis to define and pursue joint goals. Trust also includes dealing with confidential information, which is exchanged between the initiated organisation and partners. In addition, trustworthy relationships between the actors from the organisation and the beneficiaries are important. In this sense, the comparative analysis revealed solidarity as additional relational asset (for more details see Section 3.4.1).

Box 3.2-21.
Relational Capital

EXAMPLES

Silta *association is a counselling centre for immigrants in Joensuu (Finland) that offers extensive services and activities to improve immigrant's social integration into the society.* In a small city like Joensuu, there are only few professionals dealing with immigrantion issues and the SI behind Silta has strengthened and complemented these structures. Working closely together they support each other and provide emotional or practical help.

[8] Relational capital is defined as all relationships – cooperation, power and market relationships – established between social innovators, public and private actors, institutions and people, which result from a strong sense of belonging and a highly developed capacity of cooperation typically of culturally similar people and institutions (Capello & Faggian, 2005).

Trust, grounded in both openness and delivery, lies at the heart of the relationships the initiators of **Hill Holt Wood** (see Box 3.2-5) have established with local stakeholders and this has enabled them to forge mutually beneficial relationships with local authorities, universities and private sector companies.

«Jek, Duj, Trin… Ánde Škola!!!» *Roma kids project is an initiative that aims at helping Roma children living in the Camp Panareo, near Lecce, Italy, find educational pathways and integrate in society.* The project's success relies partially on the economic funds available but mostly on the human and social capital as a fundamental resource. In fact, motivation and the awareness of the promoters and participants are the main driver for the project's success, while funds provide the material sustainability of the activities. The resources activated by relationships have replaced the limited financial resources. For example, the Surbo Church (a small village near Lecce) provided the association with volunteers and a place to hold the activities. Other associations working with migrants (Migrantes and Popoli e Culture) for example provided books and school supplies.

Volunteering of already trained people was fundamental in establishing and in scaling up **Seniornett** (see Box 3.2-8).

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.

Skills & Knowledge

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.

Experiences – Core Motive for Engagement & Key Resource

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.

Box 3.2-22.
Prior Experiences driving Social Innovation

EXAMPLES

Siel Bleu, *is a French association, employing more than 450 people, aimed at improving the mobility of the elderly population by providing tailored training sessions at residential care facilities.* The two founders Jean-Daniel Muller and Jean-Michel Ricard, while studying to become sport teachers were inspired to start helping the elderly overcome the various physical and psychological. Next to Siel Bleu, Piano C (see Box 3.2-19) Discovering Hands (see Box 3.2-23), Catering Solidario (see Box 3.2-24), Libera Terra (see Box 3.2-25), Semi di Libertà (see Box 3.2-24), Education for Accommodation (see Box 3.2-4) and other cases show that direct experience of the problem and desire to do something new to solve it is the core motivation of many social innovators.

Youth Competence Centre *run by the Budapest-based Artemisszió Foundation supports Hungarian youth from vulnerable social strata to bridge the gap between education levels and requirements for professional life.* Competences required for conducting Youth Competence Center´s program constitutes a critical resource, which were gained within the Foundation as well as through the initiators experiences with previous programs and projects of similar content.

Beyond Food Foundation, *a registered charity, and* ***Brigade****, a London-based social enterprise restaurant owned by PWC and offering vulnerable people catering apprenticeship, entered into a partnership to help people at risk or having experienced homelessness into employability and employment.* Since 2004, the initiator of Brigade and Beyond Food Foundation has worked tirelessly to help homeless people across London to rebuild their lives, using food as a catalyst, imparting his passion and skills.

BROAD KNOWLEDGE IN DISTINCT DOMAINS APPEARS TO BE A KEY SUCCESS FACTOR IN SOCIAL INNOVATION.

Our empirical research shows that tacit knowledge of social innovators, coming from direct exposure to the problem and relationships with people affected by it or dealing with it, resides at the base of many SIs. Nevertheless, even if we individualised the strong personal motivations of the initiators and the presence of tacit knowledge as key characteristics of SI, we cannot judge if tacit knowledge of the problem is superior in SI than in other forms of innovation.[9]

[9] This aspect will be verified in WP4, Task 4.1 Differentiating SI from other Innovation.

In our collection of cases, we have also found situations in which knowledge can be transferred only through practical experience, but it is not always bound to the social nature of the innovation.

Box 3.2-23.
Transfer of Knowledge through Application

EXAMPLE

Discovering Hands *is a German non-profit organization, currently turned into a for-profit social business and two non-profit entities, which trains visually impaired women to perform breast examinations in medical facilities.* Here, knowledge on how to detect breast cancer early through the use of tactile perception is transmitted to blind and visually impaired women through a nine-month training programme in specialised vocational training centres, which finishes with the examination for Medical Tactile Examiner. The skills of these trained specialists are mostly based on tacit knowledge, but that knowledge has little to do with the SI per se. Evidence shows that - besides this specific SI - similar forms of knowledge transfers are normally in use for these kinds of activities.

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.

Box 3.2-24.
Entering into New Knowledge Domains

EXAMPLE

Rome-based **Semi di Libertà** (Seeds of Freedom) *is a non-profit organisation working to socially re-integrate prisoners through work by placing them on a pathway of training and professionalisation in order to break the circle of recidivism.* Its initiator, Paolo Strano, experienced first-hand the problems experienced by prisoners while working in prison, and came up with the idea of founding a microbrewery despite not having any knowledge of the sector. He simply evaluated the business growth trend and considered the possibility of involving inmates in training activities throughout the whole year thanks to the fact that beer, differently from wine, has a short and continuously repeatable manufacturing process.

Catering Solidario *was a Seville-based, food catering firm, offering fair-trade and organic breakfast and lunch snacks, that employed women coming from domestic violence.* Ana Bella Estévez, founder of Catering Solidario, knows the problems of women victims of domestic violence due to her direct experience, but came up with the idea of a food catering business without any previous experience or knowledge of that industry.

Thorkil Sonne, founder of **Specialist People Foundation** (former Specialisterne) – *a Danish-based social enterprise that provides assessment, training and education to autistic people to employ them for the IT consultancy services offered to companies* – is both famil-

iar with the problem to be addressed, as his brother is affected by the ASD syndrome, and of the industry in which vulnerable people are employed, being himself an expert of software testing.

Lack of Business or Industry Knowledge leads to Failure

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. We should thus notice how this ***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 SI.

Lack of Managerial Knowledge

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.

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*».

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 mission, 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.

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.

Box 3.2-25.
Acquisition of Knowledge

EXAMPLES

Libera Terra *is a network of profit-generating social cooperatives, employing vulnerable people to produce organic, ethical products on assets of land confiscated from the mafias in Southern Italy.* Don Luigi Ciotti, the founder of Libera Terra, was able to involve Legacoop and some of its cooperatives to provide industry knowledge, contacts and access to distribution channels.

Paolo Strano, founder of **Semi di Libertà** (see Box 3.2-24), was able to collaborate with the major Italian brew masters to produce a high-quality beer and also have some of them as trainers for the courses offered. Whereas Ana Bella Estévez, founder of **Catering Solidario** (see Box 3.2-24), went through specific training activities to bridge her gap in managerial knowledge. Likewise, Mustafa Tazeoglu and Christine Bleks, founders of **Education for Accommodation** (see Box 3.2-4), received a one-year professional consultancy (including business plan development) as part of the «Act for Impact» Award. Against the backdrop of necessary knowledge on estate and construction, they applied for a legal advice voucher at Pro Bono Deutschland e.V. (a non-profit organisation of law firms committed to provide gratuitous legal services for good/charity causes). **Granny´s Finest** (see Box 3.2-19), in contrast, makes use of the knowledge and skills embodied in the craftsmanship of the knitting grannies, i.e. the target group of the innovation, and the creativity and design skills of the young creative.

Paradoxically, while SI capacities often become an objective of the innovation (see Section 3.3), they tend not to be adequately considered as pre-requisites to kick-off and operate the innovation. In addition, innovators often lack necessary transversal capabilities (e.g. with regard to business models, operations, project management etc.), and sometimes even the vertical knowledge on the industry where the innovation is supposed to be introduced. Problematic cases such as that of Catering Solidario clearly show how all these pitfalls can make the innovation unsuccessful.

Box 3.2-26.
Failure resulting from Knowledge Gaps

EXAMPLES

Catering Solidario (see Box 3.2-24) was the third attempt of the Ana Bella Foundation of establishing an entrepreneurial venture to address the problem of providing abused women with concrete job opportunities: its idea came almost unexpectedly during a conversation with some potential clients, and it was actually launched as a small-scale experiment without a sound previous knowledge on the characteristics of the business. Ana Bella Estévez, the entrepreneur, had a strong personal motivation and was determined in building a business to involve abused women, giving them an opportunity to become independent, recover and restart. Nonetheless, she lacked both managerial knowledge and expertise in the food catering business, which ultimately led to the failure of the innovation. Catering Solidario represents a typical example of resilience in business. Running through different failed attempts, the Ana Bella Foundation finally succeeded in establish-

ing a sustainable business. In the words of the same Ana Bella Estévez: «*I have failed over and over with this company. But you can't be afraid of failing. Who cares? I look at my failures as a way to learn*» (Koteles, Casasnovas, & Vernis, 2013: 55).

Other cases, such as that of **Aspire** - *a UK catalogue delivery firm employing homeless people with the aim of providing them a job and basic training to become settled again and independent from public support* - or **Beat Bullying**, *a multi-awarded, UK charity aimed at preventing bullying by empowering peer-to-peer, on-line and off-line mentoring programmes involving schools and kids*, did not have the same happy ending.

Failure does not necessarily lead to better practice.

Empirical research thus shows that not necessarily does an initial failure lead to the establishment of a sounder business. The myth of failure, primarily bound to tech start-ups and well summarised by the Silicon Valley mantra *«fail fast, fail often»*, has become a dominant idea both in the academic and in the business world. Nonetheless - even if failure may be seen as a learning process and understanding the complex reasons behind mistakes and failure may be difficult - we have evidence that SIs are often launched without any real evaluation of their economic sustainability.

According to our empirical research, ***underestimation of the economic aspects does not seem to be limited to the social innovators themselves, but is extended to the whole environment of SI***. Institutional actors providing support to SI seem unable to evaluate economic aspects and managerial competences required by social innovators. In particular, there seems to be a lack of evaluation tools for SI, capable of taking into account both their social value and their economic sustainability.

Box 3.2-27.
Misjudgement by Institutional Actors

EXAMPLE

In the case of **Catering Solidario** (see Box 3.2-24) there were all the conditions to understand the fragility of the entrepreneurial idea before its launch. Nevertheless, the entrepreneurial venture was backed by some of the most important institutions in the field of SI. It had in fact participated in a few SI competitions at a national and international level and received grants and the support of one of the most important business schools in the EU to formulate a business plan. Throughout all this process, no one had ever noted in Catering Solidario a lack of resources and knowledge to perform the expected core business activity, something that would likely have been immediately clear if we were in other fields of innovation.

Success Rate of Social Innovations

The success rate of innovative solutions is surely low in most of the sectors, and in this, SI is likely to make no difference when compared with other forms of innovation (Mulgan, 2006). Hence, it is quite common, as is also found in technological innovation, that new solutions received endorsements, financial support and grants may fail. Nonethe-

less, in the field of SI there seems to be a general underestimation of the necessity of evaluating the economic foundation of new ventures and their potential sustainability. A lesson learnt from the Catering Solidario case is thus that the underestimation of the capacities necessary to kick-off and run a socially innovative solution may be framed in sort of an overall ***indulgence in the evaluation of the economics of SI***. The focus on the social value and objectives seems to prevent (or to make more difficult) an effective evaluation of the solidity of the SIs in terms of preliminary capacities, (and more in general in terms of resources) and the business model. Our empirical research base, including cases of failure and cases of organisations in their early stages of development, gives us the possibility to analyse this aspect. The case of Catering Solidario may be considered paradigmatic of those situations in which the strength of the social value proposition can somehow overcome or dim the capacity of performing an independent evaluation of the organisational and personal capabilities residing at the base of the SI. In other words, generalisation from the case tells us that ***in SI the strength of the mission may overshadow the lack of resources and capacities necessary to make the solution sustainable.***

The definition of a process and a set of tools for the evaluation of mission-driven businesses, to be applied in the early stages of their development would be particularly useful to funders, incubators, intermediaries and policy makers.[10] Besides the relevance of the social mission and the expected social impact, evaluation should take into account product-, firm-, project- and market-related factors.

[10] The development of this toolset will be further explored in WP4, Task 4.3 Improving Existing Forms of SI.

3.3 Social Innovation Objectives

« Micro and meso-level objectives refer to the goals and underlying motivations of actors or organisations to engage in social innovation. These objectives can be social in nature or cover social and economic goals. »

(Rehfeld et al., 2015)

It is argued that SI actors' primary objective is to generate social and economic impact, while being aware of potential trade-offs between the two. Furthermore, one may argue that SI actors' objectives vary depending on the type of organisation (see Section 3.4). Taking into account the dynamics of SI, it is further assumed that actors' objectives may change during the innovation process. For example, a social enterprise (SE) can become a for-profit company or retain its status as SE. Thus, objectives are subject to dynamic changes, which can be studied at micro-organisational level and/or macro-institutional level. Whereas, actor constellations and motivations on the one hand and available resources on the other decisively shape social innovators' objectives.

Figure 3-11.
Social Objectives
(% of citations; multiple answers possible)

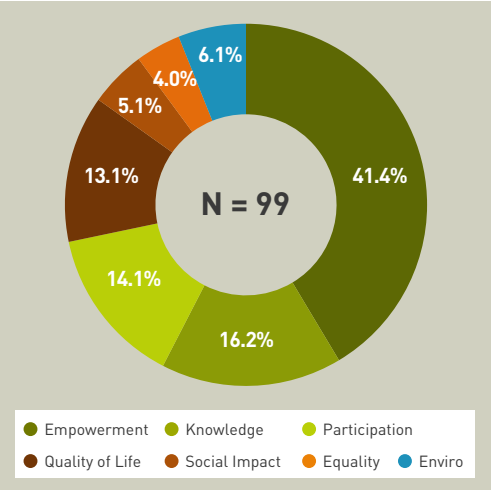
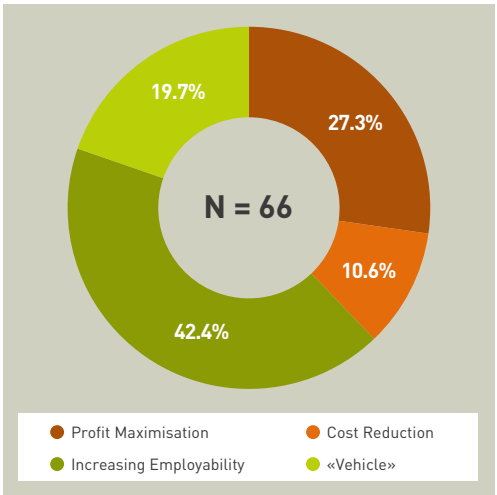


Figure 3-12.
Economic Objectives
(% of citations; multiple answers possible)



Social, Economic & Political Objectives

With its focus on SI targeting vulnerable and marginalised, SIMPACT specifically considers ***social objectives*** related to empowerment, social cohesion, participation in society, quality of life, social value, equality and environmental issues (see Figure 3-11). ***Economic objectives*** may be explicitly formulated with the goals of (i) profit maximisation or (ii) cost reduction (see Figure 3-12). They can also be of more general nature, where entrepreneurial activities function as vehicle to achieve social objectives. Besides, SIs, which do not aim primarily at economic objectives, may also result in economic effects, for example, empowerment can lead to higher levels of employability resulting in employment, which in turn enhances the target groups' economic situation. On the one hand, ***political objectives*** as expressed in policy programmes and measures at local, re-

gional, national and EU level comprise, for example, the overall goals of inclusion and welfare maximisation. On the other hand, discharge of public budgets and legitimation might form relevant objectives of policy-makers.

Social innovators need to be clear on their goals for the type and scale of social impact they want to achieve, but it's also good to be aware of more personal goals, preferences and needs. These include values, personal aspirations as a leader and financial considerations.

Therefore, 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).

3.3.1 Contextuality of Social Innovators' Objectives

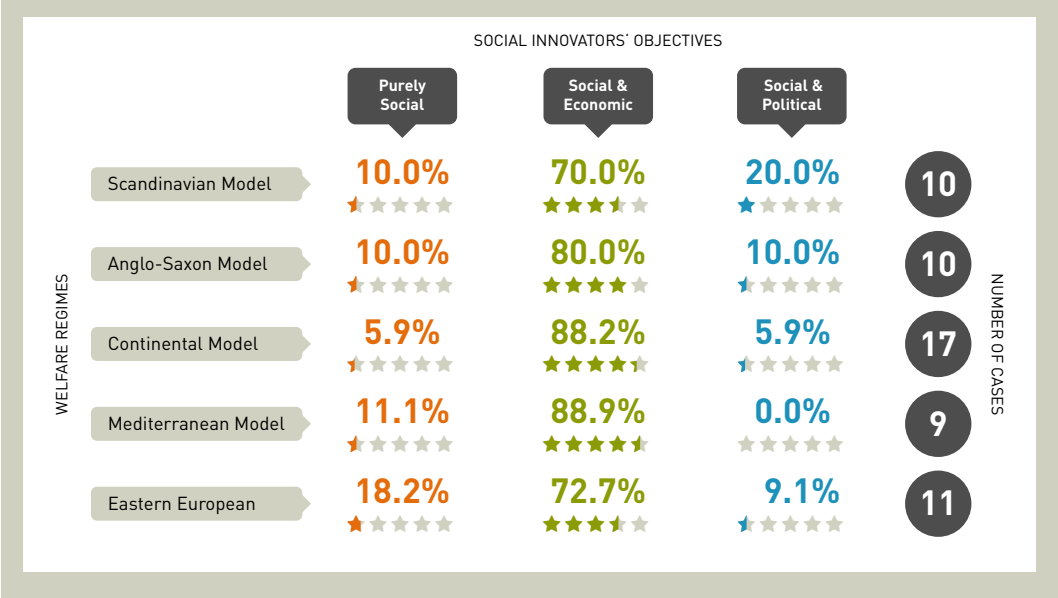
SOCIAL INNOVATORS' OBJECTIVES ARE INFLUENCED BY THE CONTEXT WITHIN WHICH THE SOCIAL INNOVATION EMERGES.

Context of Social Innovation

Following Austin et al. (2006), context, in the sense used here, is defined as those elements *outside the control of the social innovator* that impact the success or failure of SIs as well as the recognition, evaluation and exploitation of opportunities. Such contextual factors comprise, for example, economic, social and cultural factors as well as geography and institutions (see Section 3.2.1). Accordingly, the welfare regime is viewed as an important contextual factor at the macro-level. In this respect, Debref et al. (2015), emphasise as one of the results of SIMPACT's meta-analysis that the socio-economic context has been the main cause of exclusion, vulnerability and marginalisation. In particular, the «state's withdrawal» appears as one of the reasons for the flourishing of SI. As Oosterlynck et al. (2013: 4) highlight, *«(...) the emergence of socially innovative initiatives and projects in the spatial and institutional margins of the welfare state is paralleled with (and sometimes even leads to) a redefinition of the roles of market, state and civil society within the context of welfare regimes and its territorial re-organization.»* Not surprisingly, the analysed cases evidence that the majority of SIs respond to institutional and/or market failure.

Our findings indicated that – irrespective of the welfare regime – the majority of social innovators pursue social and economic aims, while the duality of the two objectives are most pronounced in the Mediterranean and Continental regime (see Figure 3-13 and Section 3.3.2). In addition, in several cases, SIs originate from the idea of solving a personal problem of the innovator or a problem that is touching the innovator as a person particularly sensible to social issues. Forasmuch, SIs objectives are directly tied to innovators' motivations to engage in SI (see Section 3.2.2).

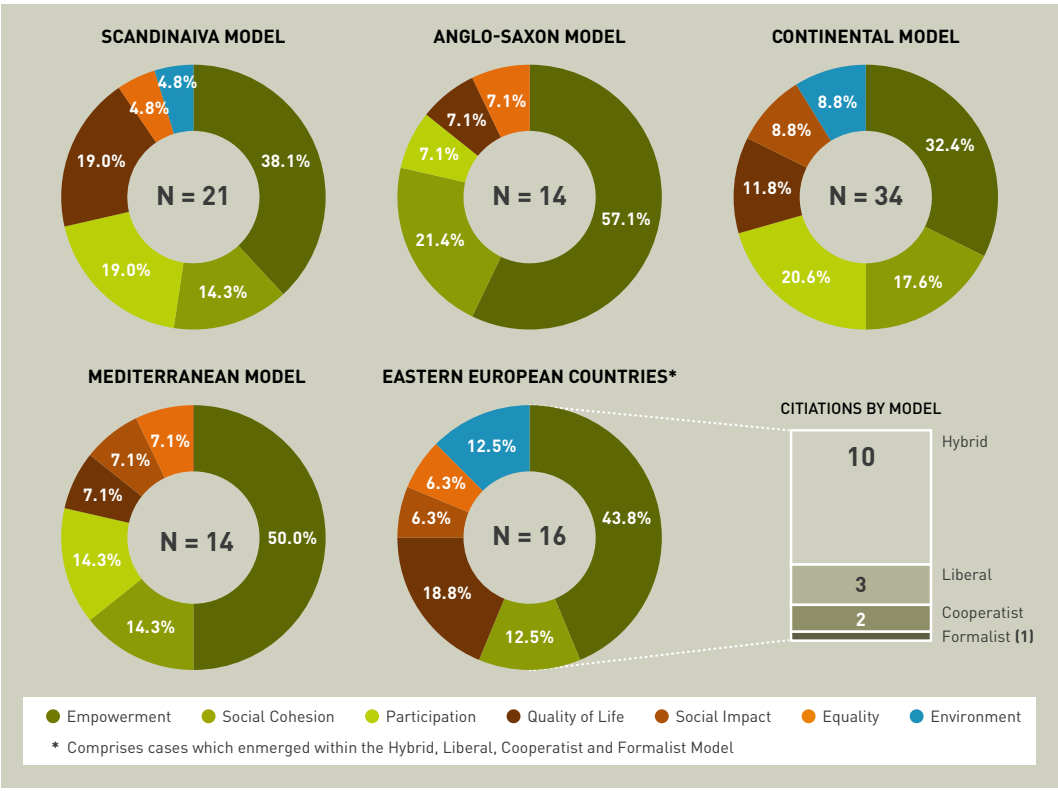
Figure 3-13.
Social Innovators' Objectives by Welfare Regimes



Social Objectives across Welfare Regimes

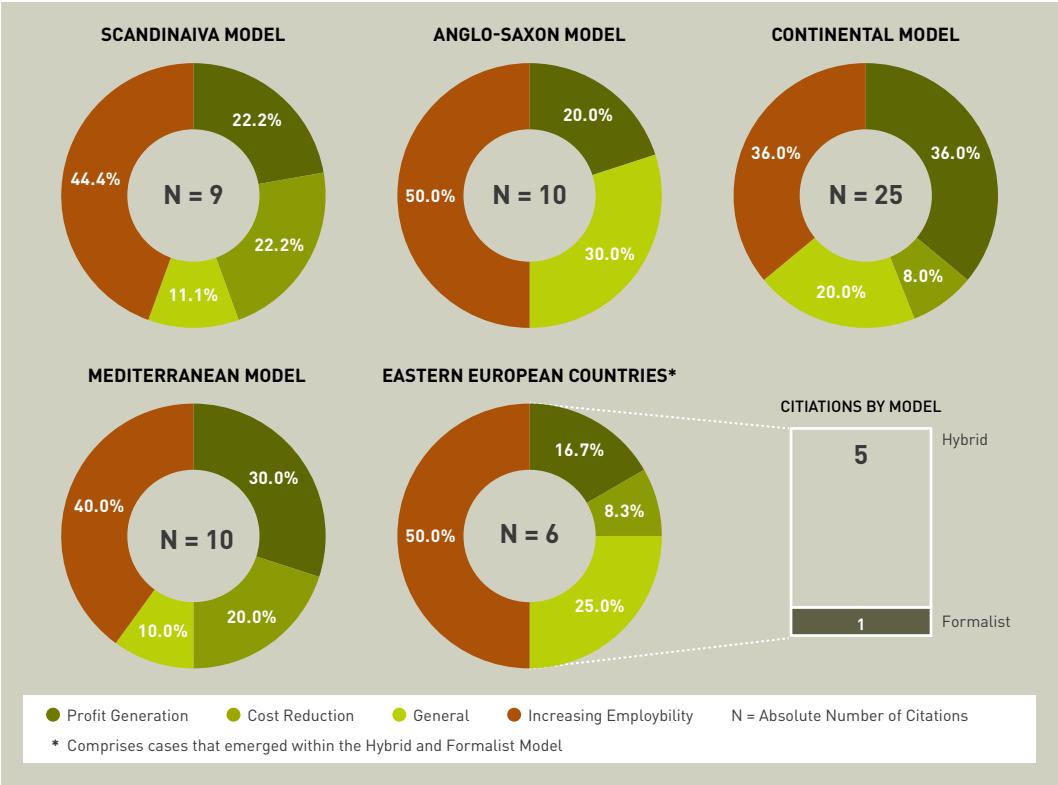
Although our results are not representative, taking a closer look at the social objectives unveils, however, differences in social innovators priorities (see Figure 3-14). Whereas the objective of enhancing the «Quality of Life» of vulnerable populations is most pronounced for SI cases within the Scandinavian Model, for cases that emerged within the Anglo-Saxon Model it is «Empowerment».

Figure 3-14.
Social Objectives by Welfare Regime (% of citations)



Likewise, for many social innovators embedded in the Mediterranean and Hybrid welfare regimes, «Empowerment» shows to be a core objective. This can be partly explained by the relative high unemployment rates one the one hand and on-going austerity policies accompanied by the interest of discharging public budgets on the other. Next to empowerment, social innovators acting within the Continental welfare regime defined «Participation» as one of their major goals, while we find no evidence for such objective in the cases from Eastern Europe.

Figure 3-15.
Economic Objectives by Welfare Regime (% of citations)



The comparison of all cases across all welfare regimes shows that economic objectives have been mentioned noticeably less frequent by the innovators compared to social objectives. As depicted in Figure 3-15, with shares of 36% and 30% the objective of «Profit Generation» is most pronounced concerning the cases embedded in the Continental and Mediterranean model. Due to SIMPACT's orientation towards vulnerable and marginalised populations, not surprisingly, the rather indirect economic objective of «Increasing Employability» is evident in SI irrespective of the welfare regime.

More than two-third of the cases studied address one or more political objectives, where «Inclusion» accounts for the largest share of citations (50.9%) followed at some distance by «Welfare maximisation» (17.5%). In the majority of cases, political objectives were combined with social or social and economic objectives.

Box 3.3-1.
Adaption of Policy Objectives

EXAMPLES

Embedded within the Liberal welfare regime of Estonia **Solva et Coagula** (see Box 3.2-9) social objective of empowerment of individuals from social risk groups through sheltered employment and their participation constitutes the main purpose, while the Pärnu city government aligned its political objectives with this goals in order to optimise the social welfare for and inclusion of the target group. The adaption of the local government's objectives was facilitated by the guidelines for coordination of social policy all municipalities in Estonia received in 2012, the ratification of the UN conventions by the Estonian parliament, pertaining to promotion and protection of the rights of people with disabilities. This interplay of social and political objectives resulted in a win-win-win situation for the target group, Solva et Coagula and the city government, while for the future social entrepreneurs expect the introduction of legislative support for social enterprises such as, for example, tax reliefs.

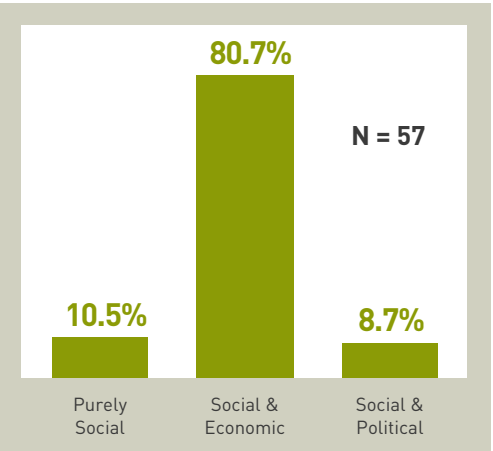
In the case of **Youth Competence Centre** (see Box 3.2-22), which emerged in the Hybrid welfare regime of Hungary, as a partnership between the Artemissizio Foundation and six public VET schools (public sector). The foundations social objective of empowerment is coupled with the legitimising role of the VET schools' participation as welfare organisation, which in turn is backed by the political objective of welfare maximisation and inclusion.

3.3.2 Duality of Social, Economic & Other Objectives

SOCIAL INNOVATORS SELDOM PURSUE SOLELY SOCIAL GOALS, BUT FOLLOW A DUAL STRATEGY OF COMMERCIAL AND SOCIAL OBJECTIVES.

Our analysis illustrates, the vast majority of social innovators (80.7%) seek to obtain a particular social objective or a set of social objectives in combination with economic respectively commercial goals.

Figure 3-16.
Duality of Social & Economic Objectives



Forasmuch, the combination of a social problem the entrepreneur is highly sensible to with economic objectives and business capacities may be described as a base for the establishment of a new generation of entrepreneurs. It has, however, to be noticed that there is not clear demarcation line between social and economic objectives, rather it is a continuum from purely social to mainly economic objectives, with most SIs combining both.

Balancing Social & Economic Objectives

Changing contexts (e.g. austerity policy) placed enormous pressure on social innovators to manage their operations effectively by achieving short-term survival goals and long-term strategic positioning through market orientation without loosing track of their social objectives (Chew, 2005, 2006; Nichols & Cho, 2006). Hence, having a social mission does not insulate a social innovator from the forces of the market and competition (Nee, 2015).

The cases analysed illustrate that creating a value proposition in which social and economic objectives are balanced is of paramount importance to ensure the sustainability of SI. Moreover, it has become evident that some of the innovators find it difficult to engender a culture that embrace social and economic (commercial) value, where efficiency and productivity are important contributions to social objectives (see also Sections 3.4.3 and 4.2). Nevertheless, creating factors of competitive advantage that go beyond the social mission is necessary to survive in a competitive business environment.

Box 3.3-2.
Balanced Social & Economic Objectives

EXAMPLES

In the case of **Granny's Finest** (see Box 3.2-19) the SI was motived by recognising the value of the solution and the ambition to develop a business opportunity. The solution combines product innovation (i.e. handmade design products) with process innovation, where the value chain has carefully been designed to serve the social purpose and organisational innovation through the interactions with designers seeking jobs. For each of these stakeholders' value propositions have been formulated: customers buy a product with a «personal story» (e.g. the sold items include a tag with a hand-written message from the granny who produced it); for the grannies the value results from the decrease of loneliness and strengthening of mental health; designers receive a share of sales. As Niek van Hengel, co-founder of Granny's Finest, explains, it is a win-win situation *«the grannies, they have the technique or skills, and the designers know what's fashionable. To create a great product, they need each other's experience and knowledge»* (SIB Granny's Finest). Here economic and social objectives reinforce each other, or in the words of van Hengel *«we grow carefully, since the high quality and the degree of personal attention (for the grannies) should remain»* (text in brackets added).

Applying «benefit stacking»[11], **Hill Holt Wood** (see Box 3.2-5) has established a wide range of income sources (e.g. grass cutting, managing specialist nature sites, litter picking) to sustain its social purpose. Karen Lowthrop, co-founder and Chief Excecutive, states *«Although it (Hill Holt Wood) is a community-controlled business, it is important to still make a surplus. Being profitable ensures the community enterprise will last»* (SIB Hill Holt Wood: 2; text in brackets added).

[11] According to Parrish (2010) benefit stacking of sustainability entrepreneurs refers to creating synergies between multiple goals by structuring organisational activities so as to stack as many benefits as possible onto each oft hem. In case of Hill Holt Wood, for example, the business model provides a valuable learning experience for the disadvantaged youth, labour for the woods restauration, and income stream for the enterprise.

In addition, several cases seek to attain a particular social objective(s) through the sale of products and/or services, and in doing so aim to achieve financial sustainability independent of government and other donors. These cases, thus share the pursuit of revenue generation with organisations in the private sector as well as the achievement of social goals of non-profit organisations.

Box 3.3-3. Entrepreneurial Activities to finance Social Objectives

EXAMPLES

In order to remain self-sufficient and, in particular, independent from public funding, **Roma Support Group's** (see Box 3.2-5) financial concept builds on selling the knowledge which comes from the years of experience. Along with Amnesty International, for example, they deliver trainings for local councils'/government employees where the concentration of Roma Communities is high. Additional revenues are generated by selling teaching materials to and conducting workshops in schools.

To finances its social objectives, **Piano C's** (see Box 3.2-19) initiator Riccarda Zezza has established two spin-off businesses selling paid services: (1) Maam (Maternity as master) is a company programme proposing workshops and coaching activities to increase leadership competences in work setting. The revenues earned are used to finance Riccarda's salary without charging Piano C. (2) WorkHer is a community web platform for women who want to (re-)enter the job market.

Libera Terra (see Box 3.2-25), **USE-REUSE** (see Box 3.2-4), **Granny's Finest** (see Box 3.2-19), **Hill Holt Wood** (see Box 3.2-5) and **Yalla Trappan,** *a social enterprise addressing the inclusion of immigrant women into the Swedish labour market and society,* are further examples where at least part of the revenues generated through selling organic food, furniture, hand-knitted cloths and services are reinvested in the organisations' social functions.

Complementarity of Objectives

Finally, cases evidence that work integration often is coupled with other social or environmental objectives, which may, although less frequently, also occur for other typologies of SIs. Empirical research thus shows that complementarity of objectives may actually bring to stronger (win-win) value propositions[12].

Box 3.3-4. Complementarity of Objectives

EXAMPLES

De Kringwinkel (see Box 3.2-20) employs people at risk of exclusion from the job market, generating at the same time environmental benefits.

[12] The question of SI value proposition(s) will be analysed in WP4. Task 4.1 Differentiating SI from other Innovation, and Task 4.3 Improving Existing Forms of SI. In particular, the contradiction between social and economic objectives, as well as the multiplicity of value propositions, will be analysed to throw light on the specificities of SI and enhance knowledge on its economic foundation.

Libera Terra (see Box 3.2-25) provides jobs to disadvantaged people and to young people living in areas of high unemployment, pursuing at the same social, cultural and environmental objectives bound to the reuse of confiscated lands.

Progetto QUID (see Box 3.2-3) cooperative focuses on providing employment to two disadvantaged categories: at-risk women and unemployed youth, while providing an interesting environmental solution for fashion brands based in the territory. The solution thus combines employment provision for vulnerable people who have a difficult time competing in the labour market, with an economic activity centred on salvaging scrap material from fashion companies operating in the local industrial cluster.

In summary, objectives of SI can be isolated and analysed in their broad frame of social change, but when shifting to the analysis of microeconomic aspects of mission-driven organisations they must be interpreted as determinants of their value propositions and as fundamental elements of their business models (see Section 3.4.3.2).

SOCIAL INNOVATION FOCUSING ON SOCIAL AND ECONOMIC VALUE GENERATION APPLY HYBRID FORMS OF ORGANISATION.

Hybrid Organisations in Social Innovation

Strengthened by the crisis and public austerity (Aiken, 2010), a convergence can be seen between for-profit companies and non-profit organizations, in which the latter are pushed by exogenous and endogenous factors to integrate profit-generating mechanisms to be sustainable and maintain relevancy, and the former are pushed to integrate social goals into their business to satisfy stakeholder and/or consumer demands. The degree to which each is pushed indicates where they fall on the dichotomy between profit and non-profit. 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).

Endogenous & Exogenous Factors driving Hybrid Organisational Forms

In our research, we discovered many forms of hybrid organisations. The majority of these cases were driven by endogenous factors linked to *set objectives leadership, funding needs* and the need *to satisfy emerging needs* and by exogenous factors linked to *changing welfare demands* and *policy frameworks*. As will be exemplified by the cases below, we have identified a distinction between formal hybrid organisations and *«de facto» hybrids*, that go beyond or mix characteristics of the nine types of business models for so-

cial enterprise (Alter, 2006, Grassl, 2012). In some of the observed cases, the innovators were pushed through both endogenous and exogenous factors to find new ways to generate income or find funding. To do so, *these organisations created separate entities, often as the sole owners, to pursue such interests.* These entities, while completely separate, often share the same resources and have complementing missions. While tied to different legal forms and organisational structures, *the two entities work in tandem to achieve their mission and often widen their impact through the creation of different value propositions for different targets and spin-off innovations.* These organisations have even furthered their institutional flexibility and are able to use whichever legal form best fits the activity or project at hand. Further study should reflect on how effective and efficient de facto hybrids are compared to formal hybrids and what advantages and disadvantages they face.

Box 3.3-5.
Cases of Hybrid Organisations

EXAMPLES

RODA (see Box 3.2-13) founded *Rodin let*, a spin-off of one line of its activities, as a separate company in which the association is the sole owner (100%). The company allows the association to generate needed income to support their advocacy efforts. The operational needs are done mostly by Rodin let, yet the company benefits from many services done by RODA, like marketing and promotion and brand management. Rodin let provides employment to disadvantaged workers and promotes an ecological solution as well that is influencing consumption patterns as well as the supply. Rodin let and RODA are thus creating and managing a set of innovations that mutually reinforce each other.

Piano C (see Box 3.2-19) started off as a co-working space for mothers, however after realizing the need to diversify its income, the founders created an association to access public and private funds – i.e. grants, donations and CSR funds. The association is becoming the income-generating side of the two, offering its consulting services to companies and collaborating with them to co-create new projects.

Libera Terra's (see Box 3.2-25) Type B social cooperatives are required to have a work force composed of at least 30% of disadvantaged people. It is the only profit-generating legal form under third sector law in Italy, which makes it the only entrepreneurial form available under the law 109/96, concerning the management of confiscated assets. Libera Terra's hybrid organization is hence driven by a top-down, exogenous input.

The fashion brand **Granny's Finest** (see Box 3.2-19) is organised as social enterprise whose major shareholder is the foundation «Granny's Finest». The role of the enterprise is to generate revenue with the fashion brand in order to secure its survival, although they still do not make a profit. The foundation's role is to secure the social benefit. Because it is difficult to combine both roles in a single legal construct, they constructed a hybrid form.

In addition to SI objectives, distinct types of organisations are central to SI business models as well as modes of governance and are further analysed in section 3.4.3.2.

SOCIAL INNOVATORS USE ECONOMIC RESOURCES TO SUPPORT THEIR SOCIAL MISSION RATHER THAN INVESTING IN THEIR ECONOMIC ACTIVITIES WHICH MAY IMPEDE THE GROWTH OF SOCIAL INNOVATIONS.

In the for-profit sector, the success of an organisation depends on its ability to develop a product or service that will drive revenue. Its ability to achieve commercial value, therefore, aligns with its ability to make money. In the social sector, enterprises are often driven by two different missions that may also result in contradictions. What we observed along the cases analysed is a prevalence of the social mission over the economic value proposition that provoked obstacles such as a bias against investment in growth and a lack of adequate cost structure.

Box 3.3-6.
Social Mission outweighs Economic Value Proposition

EXAMPLES

Place de Bleu, *a Danish hybrid organisation – comprising a for-profit and a non-profit entity – that aims at upgrading marginalised ethnic women's skills by employing and training them to create home interior design products*, **Catering Solidario** (see Box 3.2-24) and **Specialist People Foundation** (see Box 3.2-24) reinvested the money derived from the products sold into the salaries of the beneficiaries. **Crossics'** (see Box 3.2-8) prototyping phase was supported thanks to the salary of its funder. **Seniorett** (see see Box 3.2-8), **«O Allos Anthropos»** (see Box 3.2-8), **Cooks without Homes** (see Box 3.2-7) as well as Place de Bleu and many other cases analysed have been based on massive use of voluntary work.

These findings are well inline what Gugelev and Stern (2015: 43) describe as follows: «*Partly as a result, a general norm has emerged in the social sector that requires 85 percent or more of an organization's capital to go toward funding programs rather than operations (also known as "overhead"). This norm strongly limits organizational growth, which hinges on investments in structures, processes, and capabilities*».

3.3.3 Empowerment as Core Objective

EMPOWERMENT AND CAPACITY BUILDING ARE CORE OBJECTIVES OF SOCIAL INNOVATIONS ADDRESSING VULNERABLE AND MARGINALISED GROUPS IN SOCIETY.

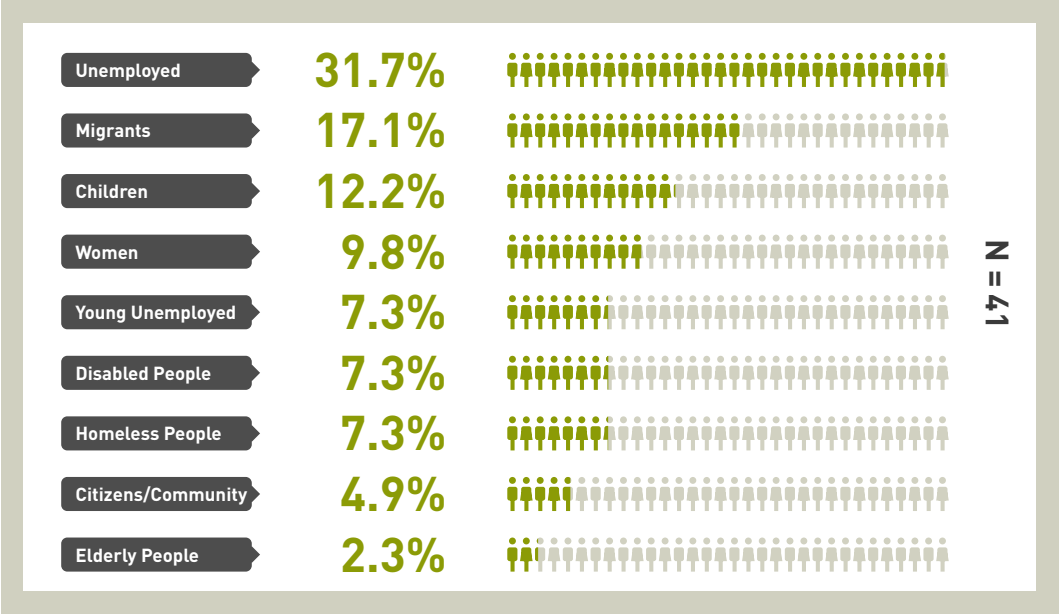
Empowerment – Means & Outcome of Social Innovation

Empowerment refers to activities and processes that help facilitate peoples' self-control, strengthen their self-esteem and self-perception and improve their knowledge and skills. According to SIMPACT's theoretical framework, unlocking the hidden potential of vulnerable groups in society through empowerment is more efficient than leaving them in their constraint situation with permanent subsidies. Empowerment and participation are both means and outcomes of SI. Or put differently, they have been recognised as en-

ablers to the growing pace of SI and an instrument to tackle societal challenges (Edward-Schachter & Tams, 2013; Franz et al., 2012; Loogma et al., 2012). As Debref et al. (2015) highlight, access to education is an important step toward social inclusion and integration into local workforce. Capacities as objectives may be framed in the educational goal of SI. Taken together empowerment and capacity building play a key role in providing individuals with the knowledge, skills and competences required to participate effectively in society and in the economy. Participation may take numerous forms from passive and formalised attendance (e.g. of education, training or employment) to active exercise of rights and power in relation to one's own life or community. Hence opening new opportunities, empowerment and capacity building helps to unfold vulnerable and marginalised populations hidden potential. Besides, Santos (2012) emphasise the empowerment of actors outside the organisational boundaries (e.g. beneficiaries, users, or partners) as central element of social entrepreneurship approach.

In roughly two-third of the cases analysed (71.9%), empowerment is defined as one of the innovators' social objectives. Hence, the case studies represent a broad range of distinct goals in respect to who is empowered and what the underlying mechanisms are.

Figure 3-17. Core Target Groups of Empowerment Activities (% of citations; multiple citations possible)



As can be drawn from the figure above, with a share of 31.7% of citations unemployed populations are the core target group of empowerment activities, followed at some distance by migrants (17.1%) and children (12.2%). Likewise applying to the target group of unemployed and migrants, it becomes evident that the social objective of empowerment often is associated to the indirect economic objective of increasing employability.

Box 3.3-7.
Empowerment of Unemployed & Migrants

EXAMPLES

Place de Bleu (see Box 3.3-6) overall objective is to increase these women's employability in the Danish labour market. Place de Bleu's approach is based on the idea of on the job training, improvement of language and social skills by employing the women to create handmade interiors and accessories where their ethnic inspiration is transformed into Scandinavian design.

Likewise, **Yalla Trappan's** (see Box 3.3-3) empowerment activities focus on long-term unemployed migrant women lacking formal education and work experience. To enhance their integration into the Swedish labour market, an initial employment is offered in a café and catering service, a cleaning and conference service as well as a sewing and design studio. All jobs are accompanied by individual support and guidance on employment, career and educational issues.

USE-REUSE (see Box 3.2-4) targets risk groups in accessing the labour market, in particular those *below* 25 years and *above* 55 years. Its approach bases on the combination of empowerment through employment and the production of new marketable products with low-carbon footprint.

De Kringwinkel (see Box 3.2-20) envisages to improve long-term unemployed labour experience, reduce their distance to real labour market and help them with legal and budgetary matters through individual counselling. The Kringwinkel model, addresses three community needs: (1) the need for stable employment and real labour market integration via supportive work environments; (2) the need for quality goods at an affordable price; and (3) the need for a more environmentally sustainable consumption pattern in society.

Empowerment through Education

In contrast to the above examples, SI that envisage the empowerment of children and adolescents are found to also envisage increased employability by following a preventive approach. Here education is viewed as means to benefit the target group in terms of broadening the options for their personal lives, improving the quality of their lives and averting labour market risks.

Box 3.3-8.
Empowerment of Children & Young People

EXAMPLES

meine Talentförderung (TalentPromotion), *a field office run by the Westphalian University Gelsenkirchen, employs talent scouts to empower young people from deprived households to recognise and exploit their talent to obtain a university to degree and therewith, enhance their employability as highly skilled workforce.* A core element of the empowerment approach is an individual consultancy tailored to the needs of the individual. Talents are systematically approached through events and accompanied through the difficult phase of transitions from school to university and working life by a so-called «Talent Scout». The objective is to give pupils a positive self-esteem, the feeling that their talent is valued.

Education for Accommodation (see Box 3.2-4), in contrast, targets children aged from 6 to 12 with the with the objective to establish a «discrimination» prevention chain through strategic volunteering. The following aspects are central to their approach: First, the combination of assistance with homework, language skills (mainly through playful learning) and basic class (e.g. math, German, English, social studies) with cultural, sportive and other leisure activities. Second, to establish trusting relationships the mentor-children ration is 1:6, i.e. one mentor supervises a maximum of 6 children. Third, the establishment of a reliable reference structure for the children in the neighbourhood.

Teach for All is *a London-based non-profit umbrella organisation of a global network of partner organisations in 36 countries that recruit young professionals to work in high-need schools with the mission to expand educational opportunity for all children.* The empowerment approach bases on the recruitment and training of young academics which after the 2-year training support pupils and teachers to overcome educational inequalities.

3.3.4 «Bricolage» as Rational for Goal Attainment

TO ACHIEVE SET OBJECTIVES, SOCIAL INNOVATION IS USUALLY CONFIGURED AS A FRUGAL SOLUTION, STRUCTURALLY COPING WITH A LACK OF RESOURCES, WHILE SOCIAL INNOVATORS ACT ON THE BASIS OF BRICOLEUR ATTITUDE.

Our cases show that organisations with a social mission display the capacity of coping with a structural lack of resources to a great extent, and that they are capable of drawing the most out of scarce inputs. As a result, SIs are usually built as frugal solutions and mission-driven organisations keep on existing at a small-scale, in a sort of constant condition of struggle for survival. They are often based on low overhead costs, and do not re-invest much of their surplus in the growth of the innovation or in the same organisation, preferring to devote it to reach immediate social impact. Also, they make use of significant quantities of unpaid labour, because they rely on volunteers or because initiators put in their labour without receiving any salary, sometimes working at their mission-driven business while keeping their original work in another organisation.[13]

Box 3.3-9.
Unpaid Labour – Common Practice in Social Innovation

EXAMPLES

Paolo Strano, founder of **Semi di Libertà** (see Box 3.2-24), does not receive any salary from the association: he is establishing the SI as a volunteer in his spare time, while still being employed part time at Rome's public health authority.

[13] These characteristics will be assumed in the description of business models of SI to be carried out in WP4, Task 4.3 Improving Existing Forms of SI, and utilised in providing advices on how to support the establishment and the diffusion of SI:

Libera Terra (see Box 3.2-25) has established *E!state Liberi!,* a structured program to make use of young volunteers that help with the agricultural work in summertime. Voluntary work for Libera Terra is not only a way to optimise resources, but also a way to achieve greater cultural impact. In this sense, it must be interpreted as a result of the high level of social consensus and of the capacity of the organisation to attract social capital.

Scarcity of resources also comes out in what we could define «the aesthetics of SI», where frugality emerges not only as an invisible ethical background, but also as a visible aesthetic character of the touch points of many of the analysed SIs.[14]

Bricolage as dominant Mode of Action

The idea of ***bricolage***, first introduced in the social field by the cultural anthropologist Claude Lévi-Strauss, and subsequently applied to the behaviour and resource management of enterprises by Weick (1993), Ciborra (2002) and others (Baker & Nelson, 2005), has already been utilised to provide an understanding of the culture, the structure and the behaviour of mission-driven organisations. In particular, the concept has been used to explain their attitude – particularly in the early phases of development – to make use of resources and capacities that are at hand, refusing to be constrained by resource limitations. According to this perspective, *«(…) the lack of resources pushes the SE to use all available means to acquire unused or underused resources that are capable of being leveraged in a different way to create social value»* (Di Domenico, Haugh & Tracey, 2010: 699). In other words, mission-driven organisations primarily «*utilise their governance and stakeholder networks to access and construct resources, and they deploy persuasive tactics to build legitimacy and financial sustainability*» (Sunley & Pinch, 2012: 110).

Usage of traditional Financial Instruments is an Exception

The bricolage view has also been adopted to explain the limited use that social enterprises make of traditional financial instruments, which is confirmed in our empirical research: «*This view implies that it is not surprising that SEs are not seeking conventional business loans or equity finance, because they have instead adapted to working in resource poor environments by re-using redundant and social capital*» (Sunley & Pinch, 2012: 111). Here we must underline how the cause-effect relationship can be easily inverted: 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. Sunley and Pinch discuss the lack of interest in traditional financial tools also in the perspective of evolutionary entrepreneurialism (Aldrich & Martinez, 2001), that places a great interest on the relation between the entrepreneur and the environment in which he operates. Building on this theoretical body and on empirical research, Sunley and Pinch recognise that nascent social entrepreneurs tend to draw on their own savings to cope with the lack of financial assets.

[14] This aspect will be investigated in WP4, Task 4.1 Differentiating SI from other Innovation.

Bootstrapping Approaches

With reference to this discussion, our empirical findings show a twofold situation: 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.

Box 3.3-10. Bootstrapping

EXAMPLES

Piano C (see Box 3.2-19) bootstrapped thanks to direct capitalisation provided by the founding partners, and its main asset (the space for the co-working activities) was provided by the main partner at a below market price. Within **Crossics** (see Box 3.2-8) the development of the prototype of the booklet was fully financed by the entrepreneur's own savings.

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.

Box 3.3-11. Inappropriateness of Financial Tools

EXAMPLES

DORV Zentrum *is a multifunctional franchising shop located in small villages in Germany aimed at meeting the challenge of rural de-population by offering the most important essential goods and services consolidated in a single location.* To launch DORV Zentrum a calculated amount of 100,000 EUR was necessary, but both the local bank and the local agriculture agency refused to fund the project. The initiators were thus forced to establish the project with the village's own resources through a forerunning solution: emitting shares that citizens could buy and constituting a financial company to manage those assets in combination with the company for operating the centre. They convinced the citizens to buy the shares on the premise that they could expect an improvement of their quality of life rather than any financial profit from their investment.

Failure of Mission-driven Business

Our findings are confirmed by the very few investigations of the reasons of failure of SIs that may be found in existing literature. These case studies perform an in-depth analysis of mission-driven businesses that bootstrapped with high hopes, and sometimes with great fanfare, and less noticeably closed, trying to draw conclusions and lessons for aspiring social innovators and policy-makers. The accounts of the failures of Cause, a «philanthropub» that closed 14 months after it opened (Cobb, Rosser & Vailakis, 2015), and that of Aspire, a social franchising experimenting a new approach to tackle homelessness through training and employment (Tracey & Jarvis, 2006), get to conclusions

quite similar to those that we draw from our empirical research. Lack of financial knowledge and assets; lack of transversal managerial knowledge, capacities and experience; lack of vertical knowledge of the industry where the commercial branches of the mission-driven organisations operate; lack of re-investment of surplus in the organisations; and the urge to achieve immediate social impact are among the main reasons for failure or for limited and suffering growth of SIs. The capacity of mission-driven organisations to cope with a structural lack of resources thus turns into a two-fold reality: on the one hand social innovators come out with frugal solutions and use their creativity to get the most out of what is at hand; on the other hand, they mistake gaps and structural lacks as potential motivations of errors and failure. Our cases confirm the strong will of social innovators, who are ready to bootstrap in lack of resources, sacrifice their own savings and time, make use of their creativity to overcome obstacles and adapt to circumstances. In our empirical research, we met social innovators who do not give up in front of great difficulties and have often retried after failure. Nonetheless, we should distinguish the capacity of adaptation to circumstances and to the scarcity of resources from the gaps in the construction of a sound organisation that can be spotted, evaluated and bridged before its establishment. Here our empirical research shows once more that specific evaluation processes and tools should be developed and adopted.

3.4 Social Innovation Principles

« Social innovation principles refer to concepts or strategies for efficient allocation of resources in reference to the set objectives, modes of efficiency and modes of governance. »

(Rehfeld et al., 2015)

Following contemporary critics of the neoclassic approach to market as a natural regulating process of the interactions among actors present in the economic context, SI Principles have been defined as those mechanisms that comprise decision making, interaction among actors and environmental forces (Mankiw, 1997). Specifically, D1.1 individualised two main principles that are considered relevant in the analysis of the economic foundation of SI: efficiency and modes of governance. Section 6 of D1.1 (Towards the Collection of Evidence-based Knowledge) has formulated an initial set of guiding questions for empirical research, comprising the analysis of the SI processes as a preliminary aspect to be investigated in order to better understand modes of efficiency, business models and modes of governance.

In the following, the main concepts that underline the SIs' principles, operationalising them from an economic theory standpoint are discussed: SI processes, efficiency and effectiveness, business models and governance. These concepts are first recalled in synthesis and then discussed against the results derived from the comparative analysis of BCSs and SIBs.

Social Innovation as Process

In our empirical research, innovation has been analysed as a process, to demystify mechanisms that make it possible. SI processes thus refer to all those interactions that: occur among the networks of actors and stakeholders to establish SIs, make them available for beneficiaries and customers and make them grow and scale up (out).

Efficiency & Effectiveness

Efficiency refers to resource allocation as subject to the set of SI objectives. In other words, efficiency defines the capability of any SI to solve the problem it deals with, making better possible use of the available resources so that it is economically sustainable. Efficiency must be thus considered in its constant tension and trade-off with effectiveness, which can be measured in terms of impacts at different levels. In other words, effectiveness refers to the capability of any SI to solve the specific problem it deals with in a satisfactory way for its beneficiaries and customers. In this regard, the goal of this deliverable is to provide inputs for the research on the measurement of SIs impacts at the micro- and meso-levels, to be conducted in subsequent work packages.

Business Models & Governance

Business models of SI are meant to provide an overall picture of the value residing behind SIs, as well as of the resources, actors and relations that make them sustainable or even profitable. The core objective of this deliverable is to set a foundation for the de-

scription of the business models of SI, defining their specificities and the characteristics of their building blocks.

In order to realise their objectives, actors have to optimise their resources and face trade-offs between social and economic goals. At the organisational level this includes strategic aspects to be considered as well as rules of internal interaction (governance) on the micro-, meso-, and in terms of external interaction, at the macro-level. Modes of governance describe how decision-making, leadership and ownership are managed in SI, primarily at the micro- and meso-levels in which SIMPACT's investigation is being conducted. SIMPACT's aim is then to investigate (new) modes of governance at higher levels, related to policy-making, self-regulation and co-regulation of private and public actors as well as delegation of tasks to regulatory agencies. In this regard, the goal of this deliverable is to provide evidence-based inputs to subsequent research activities, to better understand the relations between SI and policy making.

3.4.1 Social Innovation Processes

SOCIAL INNOVATION RESULTS FROM THE COMBINATION OF REACTION TO GAPS AND ENABLING CONDITIONS.

Reactive Attitude – Indirect Response to Gaps in the Welfare System

As emphasised in Section 2, the idea that SIs are taking place against a backdrop of institutional and/or market failures, is widespread. Exacerbated by the economic crisis, cutting budgets and putting pressure on public organisations to become more efficient by adopting models and practices from the private sector, have proven to be no effective solution, while privatisation has failed to bring about the accessible, qualified and diversified offering. This, taken together, has resulted in a lack in the provision of or difficult to access welfare services. Institutional and market failure can, thus, be viewed as «unintentional» drivers of SI. Our empirical research confirms this ***reactive attitude of SI;*** in the majority of the analysed cases, SIs were configured as a direct or indirect response to gaps in the welfare system and lacks respectively inefficiencies in the provision of public or private services.

Box 3.4-1.
Reactive Attitude of Social Innovators

EXAMPLES

Biba Schoenmaker, one of the initial founders of **Broodfondsen** (see Box 3.2-11), tells the story of the making of the first Broodfonds as a bottom-up initiative meant to contrast a state void and an inefficient market offering: «*We saw what happened to colleagues who became ill, and what happened to their company. That's why we started a collective solution for illness*» (Broodfondsen BCS). Riccarda Zezza, founder of **Piano C** (see Box 3.2-19), talks about her personal experience with maternity leave pointing out how the lack of measures and structures supporting women in work reconciliation was at the base of the establishment of Piano C.

Even in those cases where SIs are providing alternative solutions compared to existing welfare measures, they are still configured as reactions to gaps, and they usually take shape in contrast with existing solutions.

Box 3.4-2.
Alternative Solutions

EXAMPLE

Catering Solidario run by Ana Bella Foundation (see Box 3.2-24) tries to target the core of the problem rather than to imitate and substitute traditional forms of support given to abused women, such as counselling and psychological help. Offering abused women a direct support in the form of a job and a friendly work place has the indirect objective of empowering them by helping them (re)gaining independence and stability, which configures the solution in contrast with the objectives and the modes of operation of existing measures and structures.

Reactive Attitudes are not Sufficient

Although the idea of SI as a reaction to the negative configuration of the socio-economic setting proves to be easily connected to many of our case studies, we have empirical evidence that it is actually not sufficient to explain the emergence of SI. ***State and market failures may be described as necessary but not sufficient conditions for SI.***

Proactive Frames & Conducive Conditions

To actually filling the outlined gaps also requires ***a proactive frame and attitude,*** and a ***favourable environment*** for SI. With regard to the latter, our case studies prove that favourable environmental (or contextual) conditions are fundamental in establishing SIs and in making them grow. These positive conditions can be found both at the micro level (the local environment of the SI) and at the meso-macro level (the regional or national contexts).

Box 3.4-3.
Favourable Context drives Social Innovation

EXAMPLES

Progetto QUID (see Box 3.2-3) takes advantage of local infrastructure and specialization of the industrial clusters around Verona to respond to pressing social needs such as unemployment and social exclusion. Also, it is supported by local actors both in the implementation of the network and in the funding of the innovation.

«Jek, Duj, Trin… Ánde Škola!!!» project (see Box 3.2-21) builds on a favourable regional policy of inclusion in order to support Roma children living in Camp Panareo, near Lecce, in social inclusion and educational pathways.

Likewise, **meine Talentförderung** (see Box 3.3-8) builds on the policy framework set with the federal states «Participation & Integration Act» and the municipal integration centres as one of the central measures.

Comparative analysis of case studies cannot provide a quantitative estimation of the role played by social capital, trust and cohesion in creating favourable conditions for SI, but we have empirical evidence that these are fundamental «ingredients» of SI as well (see Section 0).[15]

While literature on SI seems to be biased towards describing its reactive nature, our cases prove that reaction to gaps in welfare systems and state or market failures are primarily related to the initial motivation behind SIs, but are not sufficient to explain why and how they emerged. We actually have many empirical evidences that a support system is fundamental in making SI thrive.

Institutions, Support Infrastructures & Ecosystem

Just like the other forms of innovation, SIs are triggered by the «environment of innovation». In this respect, SIs may be interpreted as reactions of individuals and social groups to structural and cyclical transformations. Nonetheless, the fact that a favourable institutional setting (see Section 3.1.1), an ecosystem and a support and intermediation system (see Section 3.1.2 and 3.1.3) are in place to support SI is important in triggering the foundation of new social initiatives and ventures, and in establishing SIs and making them grow. Our research cannot provide quantitative data, but empirical evidence leads us to hypothesise that SIs thrive in those situations where the two previous conditions (reaction to a negative configuration of the environment of innovation and the presence of a positive configuration of the enabling factors) are simultaneously present.[16]

Linking Reactive & Proactive Aspects – A distinctive Feature of Social Innovation

The ***combination of reactive and proactive aspects*** actually emerges as a quite common characteristic of the SIs analysed in our empirical research. This combination may appear to a certain extent paradoxical, but it seems to be a sort of recurrent characteristic of the analysed cases. On the one hand, motivations behind the establishment of the SI can be triggered by state or market inefficiencies and failures; on the other hand, most of the SI analysed in our empirical research did rely on some kind of direct or indirect support coming from institutions and public or private intermediaries. SIs are thus reactions to gaps, but they can (and - looking at the question from the policy perspective - should) be proactively supported. Along this line of discussion, we would also underline how shifting the attention from the reactive to the proactive aspects of SI can also be effective in neutralising political misuse of the concept of SI to legitimate budgetary constraints.[17]

[15] This empirical evidence will feed the construction of SI behaviour scenarios (WP2), where variables taking into account the levels of social capital, cohesion and trust will be used to give shape to alternative scenarios.

[16] This hypothesis will be reported to other work packages. In particular, the presence of a support system as a driver of SI will be assumed as one of the variables of the WP2 scenarios.

[17] Potential misuse or opportunistic use of the concept of SI in the political discourse will be taken into account in WP6, Task 6.1 Policy Challenges & Dilemmas – The Economics of SI-related Policies.

Social Innovators Behaviour

Shifting from the analysis of the mechanisms of SI to that of the ***behaviour of social innovators***, 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.

Box 3.4-4.
Social Innovators' Commitment

EXAMPLES

Ana Bella Estevéz, Don Luigi Ciotti, Heinz Frey, Riccarda Zezza, Jean-Daniel Muller, Jean-Michel Ricard, Sylvia Ingmire, Simon Bolye, Christine Bleks and Mustafa Tazeoglu are only some of the many social innovators we met along our research who display this strong commitment. Their innovations - be them based on enterprises, movements, charities, foundations or on hybrid forms - would not have been possible without their personal motivation and that of many employees, volunteers, citizens, users, beneficiaries, people and institutions who supported their projects due to the strength of their ideas and core motivations.

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.

Box 3.4-5.
Learning from Failure

EXAMPLES

Ana Bella Estévez description of her many attempts to build an effective entrepreneurial venture to provide abused women with job opportunities is paradigmatic: «*I have failed over and over with this company. But you can't be afraid of failing. Who cares? I look at my failures as a way to learn*» (Catering Solidario BCS).

Filling the Gap – Reactive Aspects of Social Innovation

In conclusion, empirical research shows two typologies of opposite motives for the emergence of SI, which are paradoxically combined: On the one hand, we can describe SIs in their reactive aspects, as ways of contrasting negative facets of the environment of innovation. In this sense SI may be interpreted - according to a classical perspective of analysis of other forms of innovation - as a way of filling a gap that may be attributed to

the market, to the state or to both. Cases such as Broodfondsen, Discovering Hands, RODA - Parents in Action, Social Kitchen, Crossics and Piano C can be described as examples of SIs that surged as reactions to gaps in the welfare regime, in the provision of services, in the capacity of other agents to rapidly and effectively take care of emergences.

Social Innovation Ecosystem – Proactive Aspects

On the other hand, we can describe SIs in their proactive aspects, as innovations that took shape thanks to the existence of a favourable institutional setting, intermediaries, and support infrastructures. In this sense favourable environmental conditions may be interpreted as triggers of innovation, again in line with what has been already described for other forms of innovation, and also in the case of SI itself, with particular reference to the introduction of the concept of ***SI ecosystems*** (see also Section 4.3)**,** for which literature is still in its initial steps.

A line of enquiry to be reported to the following research activities is thus understanding the differences between SI and other forms of innovation not in the ratio per se (favourable environmental conditions will foster the establishment and the growth of SIs), but in the characteristics of a favourable environment for SI (factors that can positively influence SI), and in the specificity of the measures that can be undertaken to shape it (policies to support SI).[18]

3.4.1.1 Context Dependency of Social Innovation

CONTEXT SPECIFICITY AND DEPENDENCY ARE STRONGER IN SOCIAL INNOVATION THAN IN OTHER FORMS OF INNOVATION.

Context dependency of SI is related to multiple factors: while problems to be addressed tend to be quite transversal, ways in which they are addressed, resources employed in addressing them, and networks of actors who implement solutions tend to be reconfigured in relation to the specificities of the contexts in which SIs are introduced or diffused.

Context-dependency – Social Innovations as local Solutions

Path and context-dependency have been already described as connected to other forms of innovation, with particular reference to organisational behaviour and to the dynamics of innovation in local clusters. The idea that proximity and belonging to a local cluster may play a relevant role in the development of commercial firms has been widely discussed in different bodies of literature, ranging from that on industrial clusters, to that on technological paradigms and trajectories, and to that on organisational behaviour and change. Nonetheless, our cases show that SIs are most often configured as local solutions, widely influenced by the national and local institutional settings, and based on networks of actors that operate in specific socio-cultural environments.

[18] These questions will be analysed in particular in WP4, T4.2 Drivers and Barriers of SI, and in WP6, T6.3 Conceptualising a Mode of Policy Production for SI and T6.4 Policy Recommendations and Guidance.

Box 3.4-6.
Local Initiatives respond to Local Demands

EXAMPLES

The **«Jek, Duj, Trin… Ánde Škola!!!»** (see Box 3.2-21) project is configured as a sort of short-term inclusion initiative, based on a specific regional policy framework, supported at the institutional level, based on a local association and exploiting voluntary work and knowledge.

To establish **DORV Zentrum** (see Box 3.3-11), the founder did a lot of groundwork, visiting similar initiatives throughout Germany, building alliances inside and outside his village, mobilising the residents and doing public relations work. Direct participation of citizens, who directly invested small sums in financing the initiative, and the involvement of other stakeholders are at the base of the establishment and the success of the initiative.

De Kringwinkel Antwerpen's (see Box 3.2-20), the first and main centre, business model evolved out of several policy evolutions that allow it to be successful (e.g. subsidised labour, subsidies for waste collection, etc.). As policy is now shifting, the initiative is looking for new ways to remain relevant and sustainable.

Networks as Context Specificity

The role played by local networks in establishing and in giving shape to SIs emerges as one of the most relevant reasons behind the context specificity of SI. The relations between the characteristics of these local networks and the configuration of SIs are so strong that even in those cases where SIs are based on a single organisation with local centres or agencies spread at national or regional levels, these centres are quite different from the traditional commercial franchisee, dealers or agencies. The specific characteristics of the local networks and of the context in which they operate often call for a reconfiguration of the solution, which turns the SI into a sort of open platform that must be customised (in terms of offered services, ways producing them, subjects involved in the co-creation and co-production processes) to fit local conditions.

Box 3.4-7.
Local Manifestations of Social Innovations

EXAMPLES

All **De Kringwinkel** centres (see Box 3.2-20) perform the same main activity and are based on the same business model, promoting waste reduction through re-use by becoming a social workplace and employing the long-term unemployed. Nevertheless, the network of centres is based on a quite open franchising formula, which allows embedding each centre into the local community and responding to its needs on an individual basis, focusing more on what is relevant in that community.

Likewise, this applies to **Teach For All** (see Box 3.3-8), whose national initiatives are based on a common approach to expand educational opportunity for all children, while accounting for the distinct national educational systems and legal frameworks.

Dialogue in the Dark (see Box 3.2-16) has taken the form of a social enterprise that manages a system of temporary exhibitions and workshops that have been replicated in over 30 countries worldwide. Again the diffusion formula is an open franchising in which the enterprise provides knowledge and quality assurance and receives a license payment from local business partners that cover a broad spectrum of organizations, such as private social investors, corporates, non-profit-organizations, museums and universities. Each new exhibition is thus fundamentally relying on the configuration of an ad-hoc local network of actors, who concretely fund, implement and manage the exhibition.

Recent literature confirms our empirical findings, with particular reference to the importance of local networks and communities in establishing and managing SIs. Or in the words of Guida and Maiolini (2014: 15), «*(s)ocial innovation is a creative process, mostly collective, driven by the purpose of social utility that tries to establish a link between knowledge and competences of various actors in order to obtain a certain level of well-being starting from a community that plays the role of disseminator. This process is generated when the ability to develop innovation does not depend on the initiative of a single individual, but on a various group of players that act in a collective manner. It is characterised, therefore, by the possibility of using networks of individuals and groups to facilitate a process of co-creation and participatory management decisions».*

Social Innovations & Contexts

To clarify the relations between SIs and their contexts, deepening the concept of «context» can also be of help. Context can be framed at different scales (micro, meso and macro), with reference to different areas (economic, social, political, legal etc.), to specific systems and their connected challenges (health care, education, work etc.), and to specific kinds of environment (urban, rural, metropolitan).

Evidences from our research show that problems to be faced are often not local, but depending on transversal macro-trends that are similar - although with different degrees of intensity depending on local conditions - all across the EU, and in most cases all over the world. Population of rural areas, integration of migrants, care of ageing population, job placement of young people, establishment of equal opportunities and other similar issues are transversal challenges affecting almost all EU countries. Nevertheless, while challenges and macro-trends affecting them are homogenous, at the meso- and the micro levels a variety of ways of solving problems and of solutions to the challenges emerges. In other words, ***societal challenges are transversal, but solutions, or else the specific configuration of SIs, tend to adhere to the characteristics of the meso- and micro-environment of innovation.***

The cases related to work integration through WISEs (work integration social enterprises; cf. Pache & Santos, 2013) show how the same challenge may lead to different solutions in different places. Our research exposes a variety of ways in which SI tackles the problems of disadvantaged unemployed people at risk of exclusion from the labour

market, experimenting many new forms of integration into work and society through productive activities.

Box 3.4-8.
Work Integrating Social Enterprises

EXAMPLES

Progetto QUID (see Box 3.2-3) builds on an original mix of traditional industrial cluster value generation modes and innovative partnerships to employ disadvantaged women. **Libera Terra** (see Box 3.2-25) does the same thing with the double objective of contrasting the mafias and increasing the social capital of deprived areas. **De Kringwinkel** (see Box 3.2-20) builds on the integration of environmental and social objectives. Targeting unemployed homeless people, **Brigade and Beyond Food Foundation** (see Box 3.2-22) have entered into a partnership between a UK charity and a social restaurant to provide personal support and employment. In other cases, a peculiar configuration of the network of local actors and of the institutional setting may give way to peculiar and original solutions, such as that of **Coopaname** (see Box 3.2-10), a cooperative of entrepreneurs in which each entrepreneur is at the same time a salaried employee of the social cooperative.

Once more, these cases show how the configuration of the institutional setting, the legislative frame, and the policies play a fundamental role in making certain solutions possible. Cases related to social security reveal analogous characteristics: they may build on similar principles but configure solutions widely influenced by the meso- and micro-environment in which the innovation is established.

Box 3.4-9.
Social Innovation in the Field of Social Security

EXAMPLES

Broodfondsen (see Box 3.2-11) and **SMart** – *a Belgian-based a non-profit organisation that aims to help artists through financial support and guidance* – face most similar problems of insuring independent workers, one for local communities and the other for a specific category of workers, but give way to distinct solutions, highly dependent on the institutional setting.

Area Types as Contextual Factor

Cases also show that, apart from national specificities, there are contextual specificities bound to the area type (metropolitan, urban, rural) in which the innovation is established. Our research confirms the finding of the WILCO EU research project (Brandsen, Larsson & Nordfeldt, 2012) that challenges and solutions related to the same kinds of environment tend to be more similar than challenges and solutions related to different environments in the same country or region. That is, metropolitan environments of different countries are more similar to each the other than they are with other non-metropolitan areas in the same country, both in terms of challenges that they are facing and in ways in which solutions may take shape. The same could be said for rural areas.

Box 3.4-10.
The Role of Area Types

EXAMPLES

Piano C (see Box 3.2-19) tackles a transversal challenge such as that of the reconciliation of work and private life for women with children, but gives way to a typical metropolitan solution. Similar solutions, with local variations and supporting networks, are located in metropolitan areas all across the EU. **DORV Zentrum** (see Box 3.3-11), in contrast, tackles a typical problem of the rural areas, giving shape to a solution that is interesting with specific reference to those areas. Likewise, **Village Life Association** – *a social enterprise offering eco- and agro-tourism in cooperation with host families* – in four villages in rural areas across Romania

At the same time, our empirical research shows that, even when environment and problems are similar, solutions are normally confined to the local, regional or at maximum national scale. Apart from rare exceptions (e.g. Dialogue in the Dark), we have empirical evidence that very few of the analysed innovations were able to cross their national borders, and the ones that tried to go international faced tough barriers, showing a prevalence of solutions tightly bound to their local contexts.

Box 3.4-11.
Barriers when Crossing Borders

EXAMPLES

In June 2014 the Esmée Fairbairn Foundation provided a £30,000 grant to Radical Routes, a network of co-operatives, to enable it to commission market research and look at the feasibility of replicating the **Broodfondsen** (see Box 3.2-11) model in the UK, but the fact that in the actual UK legislative frame allowances cannot take the form of donations stands as a major obstacle difficult to be overcome, likely preventing the innovation from being transferred.

Siel Bleu (see Box 3.2-22) first scaled up through the creation of an «associative group» structured around three divisions meant to serve different customer segments at a national level. The second step of growth, based on internalisation, led to the opening of offices in Belgium, Ireland and Spain, but evidenced many obstacles in the transfer of the innovation to other contexts. In particular, the necessity to advocate for the solution and create awareness on a local and national level as a foundation to create agreements with the national and local health institutions to support the initiatives in different ways, constitute a major obstacle to the penetration of foreign markets.

Dominance of small Initiatives

Also, putting the results of our empirical research in comparison with existing knowledge on SI (Howaldt et al., 2015), we notice that SI is characterised in almost all its fields by a multitude of small operators and initiatives rather than by a small number of big players. There seems to be no such thing as a multinational SI[19], while there is clear evidence of clusters of similar solutions diffused with different characteristics through

[19] This question will be deepened in the discussion of the SI scaling up mechanisms.

processes of imitation, appropriation and reconfiguration (Evers et al., 2014; Howaldt, et al., 2015). This notion is determinant in conceiving enabling policies for SI, as it is actually contrary to the usual assumptions behind policy-making.[20]

Social Innovation & Creative Milieus

Literature has already evidenced the context-specificity of SI, with particular reference to community-based social innovation, where the relation between SI and spatial aspects has been discussed, with a special focus on territorial development (MacCallum, 2008; Sgaragli, 2014). In this perspective, SI may be described as characterised by creative milieus.[21] Even if this concept was created and discussed with reference to other forms of innovation, it seems to perfectly fit the development of SI in local environments, where complex networks of mainly informal relations occurring in a community are at the base of the establishment of new practices and solutions.[22]

Cooperation is Central

At the micro- and meso-levels, we can also observe that the success of SIs frequently relies on relationships between initiators and other organisations (see also Section 3.2.2). Such relationships can be difficult or impossible to replicate: similar organisations may not be found in other places, or the principles on which relationships are based may differ in other socio-cultural environments (see Boxes 3.2-5 and 3.2-24). While other measures may take a long time to be developed and applied, SI appears to be a fast way of responding to needs[23]. The typical small scale of solutions configures them as experiments rather than as wide reforms, which makes SI much more reactive and flexible than larger reforms.

Box 3.4-12.
Social Innovation as Small-scale Reforms

EXAMPLES

The case of **Broodfondsen** (see Box 3.2-11) throws light on the capacity of SI and bottom-up initiatives - operating outside the boundaries of institutional bureaucracy - of configuring fast remedies to needs. In some cases, the materialisation of these remedies is a sheer question of emergency: this is for example the case for **«O Allos Anthropos»** (see Box 3.2-8), while in case of Broodfondsen, a sort of momentum seems to occur, from which solutions take shape.

[20] This question will be investigated in WP6, Task 6.1 Policy Challenges & Dilemmas – The Economics of SI-related Policies.

[21] Camagni (1991: 3) defined such innovative milieu as *«(...) set, or the complex network of mainly informal social relationships in a limited geographical area, often determining a specific external 'image' and internal 'representation' and sense of belonging, which enhance the local innovative capability through synergetic and collective learning processes»*.

[22] The hypothesis of the existence of creative milieus of SI will be reported to the discussion on the relation between SI and other forms of innovation to be carried out in WP4, Task 4.1 Differentiating SI from other Innovation.

[23] At a first sight this character appears as a positive aspect, but we must underline how it may also drive to the urgency of achieving impacts, which may prevent long-term investment or continuous reinvestment without immediate results as a base for the establishment and systemic growth of the organisation.

Experimental Attitudes of Social Innovators

At the same time, 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 larger 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.[24]

Box 3.4-13.
Decontextualising Social Innovations

EXAMPLES

In the case of **Broodfondsen** (see Box 3.2-11), the solution emerges from the multiplication and the interrelation of the actors taking care of diffusing and scaling up the innovation: the single already-built or to-be-built associations, the cooperative «Solidair» providing an umbrella frame, and the BroodfondsMakers as an agile structure that gives administrative support to the existing funds and advice to the new funds to be built.

Likewise, **Teach for All** (see Box 3.3-8) functions as umbrella organisation for the national partners applying a franchise system that is open to adaptions to different educational systems and social structures. Although Teach for All supervises the partner organisations, they remain legally and financially independent.

In other cases, such as **De Kringwinkel** (see Box 3.2-20), **Dialogue in the Dark** (see Box 3.2-16) and **DORV Zentrum** (see Box 3.3-11), the solution emerges from the adoption of an open (or flexible) franchising formula. A solution also foreseen for **Education for Accommodation's** (see Box 3.2-3), for which a social franchise model is currently under development.

Context Dependency as Obstacle for Scaling Social Innovation

Context specificity may be described not only as a trait of SI, but also as an obstacle or challenge in its diffusion and scaling up.[25] Empirical research evidences that the processes of diffusion of SI are more complex than those of other forms of innovation: the need of adaptation to the context may become a relevant factor preventing the innovation from being easily transferred. We already mentioned cases where we observed the difficulty of transferring SIs from one context to the other, due to social, economic, legal and cultural issues. In almost all the cases, we observed processes of adaptation of the solutions to the local environments in which they were being transferred. Variations of the same solution with different actors involved are more frequent than replication led by the initial actor.

[24] This question will be deepened in the discussion of the scaling up mechanisms.

[25] This question will be deepened in the discussion of the obstacles to SI.

Box 3.4-14.
Context Specificity as Obstacle

EXAMPLES

Piano C (see Box 3.2-19) is explicitly based on the experience of Third Door, a co-working space with a nursery located in London: imitation and adaptation to local conditions are the main drivers behind the diffusion of similar solutions. In the same city of Milano, QF - a new co-working space specifically dedicated to women with children - has recently been founded along this process of imitation, replication and adaptation. Piano C itself preferred to scale establishing «Piano C Partners Network», a network of independent local organisations endorsed by Piano C, rather than creating directly controlled subsidiaries. Likewise, **A-GIGA** (see Box 3.2-7) and **Coppaname** (see Box 3.2-10) base on the adaption of already existing solutions.

Our research shows how imitation, replication with adaptation and conditions for adaptation of innovation must be taken into account as fundamental mechanisms and factors in understanding and evaluating the potential of diffusing SI. Thus, ***scaling out*** mechanisms in comparison to traditional scaling up trajectories will be thus investigated in the following.

3.4.1.2 Cooperation, Trust & Solidarity

SOCIAL INNOVATION RELIES ON RELATIONSHIPS BASED ON BELONGING, COOPERATION, TRUST, SOLIDARITY, RECIPROCITY AND MUTUALITY.

The creation of these forms of relationships emerges as a fundamental aspect of the SI process (see also Section 0). Relationships are actually established at two distinct but interwoven levels.

Relationships at the Micro-level

At the micro level of the organisation, social innovators can proactively build relationships with other actors and stakeholders, and use them as the base to establish the SI or to make it grow. These relationships are often at the core of the establishment of networks, which may often be shaped as networks of scope for a specific solution, and then become active in the development of other solutions or in the scaling out of the initial one. At this level, the notion of social capital can be interpreted as a resource available to individual social innovators who make use of it to establish or exploit networks and social relations.

Relationships at the Meso- & Macro-Level

Vice versa, at the meso- and macro-level, relationships belong to the context in which the SI takes place, and may be seen as features of the SI ecosystem, or else as enabling conditions for SI. At this level, belonging, cooperation, solidarity and trust can be described as features of a community, a region or an entire nation, and thus become elements of the social capital, intended as an attribute of collectives rather than a resource possessed by individuals.

Nevertheless, our cases show a continuous interplay between the two levels, since the environment or ecosystem can determine or influence SIs, but at the same time SIs (and ideas, movements and organisations behind them) can modify or reshape the environment in which they occur, feeding back on its social, cultural, economic and even technological aspects.[26] In the following section, this interplay will be analysed with reference to the specific forms of relationship and then be connected to our empirical research.

Sense of Belonging

Relationships and feelings of *belonging* are at the base of some of the SIs analysed. In particular, some of our cases evidence that a community with a strong sense of belonging () and care for the problem to be faced may play an important role in the establishment of SIs. In some of the cases analysed during our empirical research, the presence or the construction of a community actually prepared the ground for the establishment of the SI. Experiencing similar difficulties, sharing similar values and developing solutions together emerge as key factors that give shape to the sense of belonging characterising many SIs. Under these conditions, SIs often result from a two-step process:

A Two-step Approach towards Social Innovation

1. At first, there is the construction of a movement or a community primarily focused on building awareness on specific problems and challenges, orienting opinions, changing culture and mindsets and finally, proposing new ways to tackle problems and new solutions. In these cases, the innovation follows a *«from macro to micro»* trajectory. Social innovators start building pre-conditions and end up leading or stimulating the materialisation of solutions: starting from the wider mission of the community, they find ways or occasions of taking concrete steps to realise it. This process often gives way to double or sometimes multiple legal entities, created to manage the different steps of the process. Most often in the first step a foundation or an association assumes the overall mission and starts taking care of the problem, raising awareness, building consensus among stakeholders and gathering the community. In this frame, consensus building has already been described as a positive indicator of social capital. Collective action (our second step) is thus a secondary indicator of increased social capital, resulting from a shared vision of the problems and from the agreement among various actors and stakeholders on how to tackle them (Arefi, 2003).
2. In the second step different types of organisations - whose legal status also depends on the different national legal frames – develop and manage SIs. In this case, new solutions descend from knowledge, relational assets, consensus and cultural backgrounds built in the first step.

[26] This point will be analysed in WP4. Task 4.1 Differentiating SI from other Innovation, discussing the shift from deterministic to systemic theories of innovation and change.

Box 3.4-15.
«From Macro to Micro»
SI Process

EXAMPLES

Libera Terra (see Box 3.2-25) is a paradigmatic representation of a «from macro to micro» process. Libera association was founded in 1995 with the aim of raising awareness on the problems caused by the mafias in Italy; around the association a relevant community was gathered, and the continuous dialogue with stakeholders brought consensus and the possibility of reshaping the institutional context, fostering the enactment of a law regulating the use of confiscated lands. At this point, the space for concrete action was built, and in 2001 Libera was ready to launch Libera Terra, the first social co-operative that uses confiscated assets to generate public good. The wide community gathering around Libera is at the base of the success of Libera Terra.

Although different, the cases of **RODA** (see Box 3.2-13) and **Catering Solidario** (see Box 3.2-24) also followed a «from macro to micro» pathway: behind the concrete actions undertaken by social enterprises we find grounding work done by foundations or associations.

Nonetheless, empirical research also shows that some SIs can undertake the opposite pathway. In these cases, the innovation follows a trajectory *«from micro to macro»,* and the innovators start from concrete localised solutions and then extend their range of activities to take care of the wider mission and problems that stand behind them.

Box 3.4-16.
«From Micro to Macro»
SI Process

EXAMPLES

The the founders of the first **Broodfondsen** (see Box 3.2-11), were initially interested in solving their own personal problem, and only later they have taken charge of the scaling up of the solution through the establishment of an overall community. From then on their main role has become that of providing advice and support for the creation of new groups, which has led them to found the BroodfondsMakers co-operative.

The case of **Siel Bleu** (see Box 3.2-22) presents some similarities and confirms this trajectory. Here, the expansion of scope included the creation of an educational branch of the Siel Bleu group, with the aim of establishing collaborations with Universities, raising awareness through conferencing and delivering or supporting educational programmes for professional caregivers.

In December 2008, Thorkil Sonne, founder of **Specialisterne** (now Specialist People Foundation, see Box 3.2-24), donated all shares of Specialisterne to the Specialist People Foundation, a non-profit organisation he founded with the aim of helping people with autism and similar challenges having equal opportunities in the labour market through a global change in mindset of companies.

Yalla Tranpan (see Box 3.3-3) started its work in the ethnically segregated area of Rosengård in Malmö, but has now also been up-scaled in other parts of the region of Skåne. An ESF-funded project (2013-2014) called Mera Yalla i Skåne («more yalla in Skåne») was established to spread the experiences, lessons learnt and working methods of Yalla Trappan. The project also supported the establishment of similar kinds of social enterprises around Skåne. As a result, platforms for work integration social enterprises were established in Landskrona, Kristianstad and Malmö.

Solidarity as Relational Asset

The analysis of the types of relationships activated and exploited by social innovators in our case studies also confirms some expected findings: in many cases ***solidarity*** emerges as an important relational asset in the establishment and the scaling up (out) of SIs. In its simpler manifestation, solidarity can be interpreted as based on the similarity of interests, objectives, culture and values of social groups. In this frame, solidarity resides at the base of the peer-to-peer nature of some SIs, in which solving the problem together enforces the idea of belonging that we already introduced.

Box 3.4-17. Solidarity as Relational Asset

EXAMPLES

Broodfondsen (see Box 3.2-11) and **Coopaname** (see Box 3.2-10) are clear examples of this kind of relationship among participants of a SI. In these cases, processes of co-creation of value lead to a situation where the fine line between those who make and those who benefit from the innovation disappears.

Broader Meaning of Solidarity – Bonding & Bridging

Nonetheless, our research shows also cases in which solidarity assumes a broader meaning (its true meaning, according to many), taking place outside kinship, among groups who do not share the same culture, values and social position. Our findings actually correspond to Putnam's description of bonding and bridging types of social capital: bonding involves within-group identity formation and includes some degree of differentiation between group members and outsiders; bridging is about connections among and between groups. «*Bonding capital is good for under-girding specific reciprocity and mobilizing solidarity (…). Bridging networks, by contrast, are better for linkage to external assets and for information diffusion (…). Moreover, bridging social capital can generate broader identities and reciprocity, whereas bonding social capital bolsters our narrower selves (…). Bonding social capital constitutes a kind of sociological superglue, whereas bridging social capital provides a sociological WD-40*» (Putnam, 2000: 7f.). In most of the cases where the innovation deals with inclusion we found solidarity as the base of bridging social capital.

Box 3.4-18.
Bonding & Bridging related Solidarity

EXAMPLES

Vielfalter *is a consortium made up of Western Union, Interkulturelles Zentrum and the Federal Ministry of Education and Women's Affairs in Austria, who puts on an annual competition for educational projects that focus on diversity as an asset with the aim to influence the discourse and public opinion on education in Austria*. Solidarity occurs here as an interaction among different social actors and groups, resulting in cooperation. In all these cases, even though mechanisms of cooperation and co-production may be in place, deliverers/carers and beneficiaries are clearly distinguished, and the innovation typically takes the form of aid with no expected reward from beneficiaries.

Likewise, this applies to, for example, «**Jek, Duj, Trin… Ánde Škola!!!»** (see Box 3.2-21), **Education for Accommodation** (see Box 3.2-3), **Active Women 50+** (see Box 3.2-1), **Community Centre Gallerup** (see Box 3.2-2) and **Crossroads** (see Box 3.2-2)..

The relevance of cooperative relationships in SI was another clearly expected result of empirical research. However, our findings show that its presence goes beyond the co-production processes that are at the base of the creation and the delivery of collaborative services. In particular, case studies throw light on forms of intra-organisational and inter-organisational cooperation as fundamental factors in the establishment of SI.[27]

Intra-organisational Cooperation

Intra-organisational cooperation primarily emerges in the employer-employee relations, and is sustained by different factors, such as having experienced the same problems and sharing values and mission residing at the core of the SI. In some cases, SIs are initiated by individuals who have directly experienced the problem and are based on the idea of involving others who have suffered the same experience. In some cases, cooperation just stems from solidarity among peers, while in others the idea of transforming vulnerable people from problems and burdens for society into resources through capacity building emerges as a core feature.

Box 3.4-19.
Intra-organisational Cooperation

EXAMPLES

Broodfondsen (see Box 3.2-11) is based on cooperation among peers to provide mutual help, and can be thus described as the actualisation of long-standing concepts of mutual help residing at the base of medieval guilds.

Coopaname (see Box 3.2-10) is based on the cooperation among single independent professionals, who share a set of services and an employment scheme, and can start specific «cooperations of scope» within the cooperative when possible.

[27] Here we should notice how cooperation is not only a feature of the SI process, but also a main trait of many of its forms of governance.

Ana Bella Foundation in Seville, who run **Catering Solidario** (see Box 3.2-24), has been founded by a woman who used to be a victim of domestic violence and employs other female victims with the double objective of making them productive and of giving them a chance to become economically independent and get rid of their molesters.

Intra-organisational cooperation seems particularly strong in social innovation, since ties that connect employer and employees are not only based on economic transactions, but on the sharing of principles and objectives. 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, such as in the case of Libera Terra; or among associations in a constellation of associations, such as in the case of Broodfondsen). Here cooperation actually takes the shape of *mutuality*, in two distinct and interwoven forms well described by the Italian law: *«mutualità prevalente»* (the one that benefits the associated, such as in the case of Broodfondsen) and *«mutualità allargata»* (the one that benefits society at large, such as in the case of Libera Terra).

Inter-organisational Cooperation

Inter-organisational cooperation is also emerging from our empirical research as a typical characteristic of social innovation. The construction of strong collaborative relationships among different organisations in order to establish or manage a social innovation emerges as a frequent feature of SI.

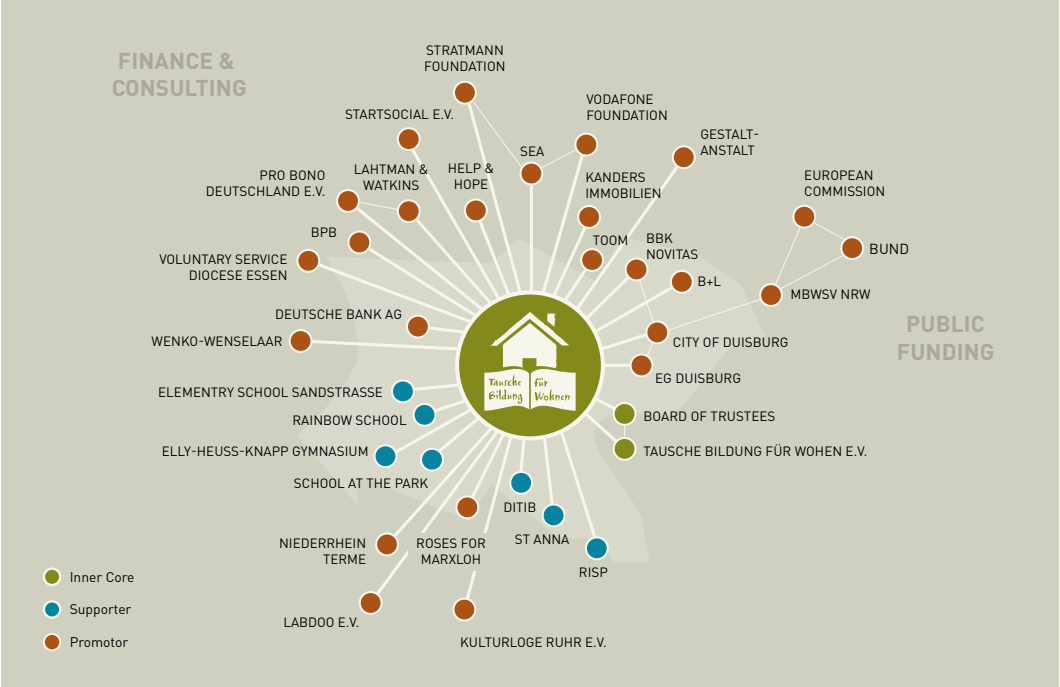
Box 3.4-20.
Inter-organisational Cooperation

EXAMPLES

The cases of **Broodfondsen** (see Box 3.2-11), **Libera Terra** (see Box 3.2-25), **Locality** (see Box 3.2-8), **USE-REUSE** (see Box 3.2-3), **Work4All** (see Box 3.2-14), **Community Center Gellerup** (see Box 3.2-2) and many others are clear examples of SIs based on inter-organisational relationships. Each of these innovations (or, in the case of Locality, structures meant to support SI) would not have been possible if some external actors would not have come into play providing support to the innovators.

In the case of Broodfondsen, the cooperative Solidair, provided core knowledge to define a sustainable scheme. Likewise, Legacoop provided priceless manufacturing knowledge and access to distribution channels in case of Libera Terra. In the case of Locality we are in front of a SI intermediary, whose very scope is to cooperate with local communities to launch projects, creating value for the same communities. Work4All's «Social Return Scheme» bases on the collaboration of the municipality with trainings centres and companies, whereas Community Center Gallerup applies a horizontal management approach involving several volunteer organisations, associations and citizens as equal partners and therewith promotes active citizenship.

Figure 3-18.
Actor Network Education for Accommodation



Source: SIB Education for Accommodation

These collaborative relationships are mostly similar to those described for networks of commercial enterprises, but in SI, inter-organisational cooperation seems to be characterised by particularly strong ties among actors, since it is not based on sharing entrepreneurial risks or prospect profits, but the mission and the values residing at the core of the main organisation. As can be drawn from Figure 3-18, these networks can be quite divers and large, as the case of Education for Accommodation (see Box 3.2-3) exemplifies.

Mission as Tool for aligning Actors

Inter-organisational cooperation actually calls for mutual sympathy and understanding, and here is where trust primarily comes into play (see also Section 0). At the micro level of the single initiatives, trust can be described as a pre-condition for SI, based on the sharing of values among different actors and stakeholders. Here we should notice that alignment of different actors and stakeholders constitutes a major problem in the construction of networks that are often necessary to establish SIs. The creation or the presence of these networks frequently resides at the base of the complex business structures and models characterising SI. In this regard, one of our main empirical findings is that *in SI, the mission does not represent only the overall objective* (or set of objectives) *of an organisation, but also a tool for the alignment of actors***.** Faith in the mission, and in the values residing at its core, sorts the actors, selecting those who can properly join a network. At the same time, the social mission may be interpreted as an instrument to convince actors and to create common understanding and faith in the goodness or in the potential success of initiatives. We may actually find many similarities between the role that missions play in SI and the role that visioning plays in scenario thinking, which has already

led to a first attempt to integrate scenario thinking in non-profit organisations (Scearce & Fulton, 2005).

On the other hand, we should observe that networking in SI is of paramount importance, but paradoxically more difficult than in other forms of innovation. The necessity of sharing the same mission and values may actually create difficulties in networking, since alignment is not only a matter of opportunity.

Tactical Alignment

Nevertheless, our cases show that also in SI we may find «tactical» or opportunistic forms of alignment of actors, where they may find cooperating convenient on a specific objective, without necessarily sharing the same overall vision and mission. In particular, we should notice that this may be the case of CSR tactics of trading enterprises, which can sometimes be opportunistically tied to SI, as they can provide funds and receive indirect benefits from the social initiatives that have been carried out and the consequent social impact achieved through their support. In this sense, the relation between SI and CSR should be investigated both in its potential and positive aspects as well as its downsides.

State-led Social Innovation

Rising again from the micro level of the single SIs and of the networks of actors and stakeholders behind them to the macro level of the environment (ecosystem) where SIs take place, trust can be described as a character trait of society. In this sense, it is often used as an indicator to measure the level of social capital, and can be assumed as an enabler of SI. A high level of social trust will thus create favourable environmental conditions for SI. Vice versa, lack of social trust constitutes a barrier to SI. In this frame, we can explain the presence of forms of SI that we observed in our empirical research, and that we would define ***«State-led SI»***. These forms of SI can be interpreted as manifestations of high levels of trust of individuals in institutions, which may legitimate public actors as initiators or leaders of SI.

Box 3.4-21.
State-led Social Innovations

EXAMPLES

Community Center Gellerup (see Box 3.2-2) construction of the new **Urban Mediaspace in Aarhus** – *the is the new public library building in Aarhus, Denmark, whose identity, values, spaces and services have been designed through a participatory process that involved citizens, architects, library staff, various stakeholders and public authorities* – are examples of state-led SIs. Cases have been selected because they show the evolution of participatory practices adopted in rethinking the use of public spaces in Denmark. In both cases, the public actor plays a leading role, but since they can be placed in a ten-years time sequence, the latter shows how participatory decision making and design practices have evolved and how they are now supported through the adoption of structured processes and tools.

Co-creation & Participation

In both cases, 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 such as that of the Urban Mediaspace Aarhus – Dokk1 have been experimenting with. Public participation is in fact emerging as a potential solution to the downsizing of public trust that is affecting many European countries. While some contexts are traditionally more used to public participation, in others its introduction calls for a relevant organisational and cultural change of public bodies (of their private counterparts and of third sector organisations), which seems far from being simple and easy to be achieved.[28]

3.4.1.3 Obstacles & Challenges

SOCIAL INNOVATIONS BARRIERS ARE VERY CONTEXT-SPECIFIC. THERE IS A STRICT RELATIONSHIP BETWEEN THE CONFIGURATION OF THE ECOSYSTEM OR ENVIRONMENT OF SOCIAL INNOVATION AND THE EMERGENCE OF OBSTACLES AND SOURCES OF RESISTANCE.

Understand Obstacles from Ecological Perspective

The assumption of the ecological perspective (Bekkers & Homburg, 2007; Bason, 2010; Osborne & Brown, 2011) on SI has already been outlined in this report where we discussed the strong relationship between the specific configuration of the SI solution and the characteristics of the context in which it takes place. If the ecosystem of SI is the context in which it is designed and delivered; than factors that primarily impede its development relate to specific characteristics of the local area, as well as the organisational and institutional environment where it is embedded. We, thus, argue that obstacles to SI have to be understood from an ecological perspective (Bekkers, Edelenbos & Steijn, 2011) or what Castells (1996) defines as 'innovation milieus'; and they can be encountered, as SI scales, at all the levels its ecosystem.

First, we observe that obstacles are present in the environment that immediately surrounds the SI (when SI is in its initial stage); in the environment where the solution

[28] In this respect it will be interesting comparing our empirical findings at the micro- and meso-level, with the macro level findings of the EU research project TRANSIT (TRANsformative Social Innovation Theory).

takes form (when it is piloted and tested); and finally in the environment where it exists (when the solution meets its market).

Box 3.4-22.
Obstacles in the Lifecycle of Social Innovation

EXAMPLES

When **Siel Bleu** (see Box 3.2-22) started to sell its programme it faced the problem of how to demonstrate to its customers (the retirement homes for elderly people and the elderly) the effectiveness of its approach to active aging with respect to the predominant approach promoted and supported by the French health system. The entrepreneurs run numerous free sessions working directly with the elderly. Siel Bleu developed many small agreements with single retirement homes on the basis of the request coming from the elderly who had tried the programme.

By the time **Libera Terra** (see Box 3.2-25) first started, the cooperatives in many local places received threats and intimidations aimed at stopping the flourishing of the initiative. Libera Terra had triggered a shift in power and control in the local territories from the mafias to civil society.

When **Catering Solidario** (see Box 3.2-24) started to sell its services the lack of a professional kitchen and the lack professional competences became evident. Both factors can be considered at the basis of the failure of the initiative.

Culture of Change

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.

Literature on organisational change has already underlined the role of innovation as a factor that provokes changes in the culture of the context in which it is produced (typically the culture of an organisation) as well as delivered. One of the discussed issues is that often cultural changes are not planned or pursued as a value to be achieved in the process of innovation. Rather efforts towards innovation include attempts to produce it within settings that already exist.

On the contrary, solving social problems and social change are primary goals for SI. The pursuit of the social change is declared as the mission of SI and it represents one of the most significant impacts SI may generate[29]. Resistance to social change is often encompassed through strategies such as: lobbying actions to change laws or regulations; the introduction of new ways of doing things; and the configuration of innovative forms of partnerships to generate SI.

[29] The difference between planned and unplanned change as the difference between SI and other forms of innovation will be further analysed in WP 4. Task 4.1. Differentiating SI from other Innovation

Box 3.4-23.
Culture of Change

EXAMPLES

RODA - Parents in Actions (see Box 3.2-13) is the result of the lobbying activities carried out in Croatia by working mothers. They aim to change state regulation on maternity leave and public childcare in the first 3 years of life.

Urban Mediaspace Aarhus – Dokk1 (see Box 3.4-21) is the result of a change in the processes the Municipality of Aarhus uses to lead public/urban intervention in the city, shifting from a top down model to a participatory approach open to citizens.

Action Acton – *a charity, Development Trust, Limited Liability Company and social enterprise, based in West London, which aims to promote economic and community regeneration addressing disadvantaged people* – operates by developing partnerships with local associations and actors operating in London's neighbourhoods to help local communities economically regenerate themselves.

Obstacles to SI are also found in the structural conditions of the contexts and hence fight against: a) structural lacks of funds, as it is far from being considered an area of innovation in which to systematically invest[30]; and b) structural lacks in policy that prevent experimentation and bottom-up solutions or are incapable of learning and collecting feedback from the field.

ONE OF THE BIG CHALLENGES SOCIAL INNOVATORS ARE FACING IS THE RELIABILITY OF FUNDING AND AN INABILITY TO SECURE RISK-TAKING GROWTH CAPITAL.

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.

Box 3.4-24.
Reliability of Funding

EXAMPLES

Catering Solidario (see Box 3.2-24) exploited prizes from the national government (as the most promising social enterprise in Spain) and from the Ashoka network. Likewise, **Education for Accommodation** (see Box 3.2-4) was awarded several prizes (of which one that allowed to finance staff costs was most important), received donations and finnally funding

[30] The problem of how to boost a culture of investment on SI within both the private as well as public sector is mostly related to the difficulty of having instruments and tools that can help measure the economic value of SI. This problem will be faced in Deliverable 4.3 SI Business Toolbox, where tools and methodology for designing business models will be produced.

from the local government for pilot testing the solution, but had to finance the initial phase (2 years) solely from the initiators private money. **Beat Bullying** (see Box 3.2-26) received important grants from the EU, as well as from the UK government, and private donations. **Aspire** (see Box 3.2-26) started with a grant from the Prince's Trust, as well as donations from local businesses and residents. **Discovering Hands** (see Box 3.2-23) received a grant for the development of the initial products, whereas **Cooks without Homes** (see Box 3.2-7) was funded through public grants. Born out of two projects, **Yalla Trappan's** (see Box 3.3-3) initial phase was financed by ESF-Funds, just as **Active Women 50+** which also emerged a number of projects applying the BEC (Business and Employment) methodology (see Box 3.2-1).

Place the Blue – *a Danish hybrid organisation, consisting of a for-profit and a non-profit entity that aims at upgrading marginalised ethnic women's skills and work by employing and training them to create home interior design products* – was established as a two-year project and funded by the Municipality of Copenhagen, the Ministry of Integration, a mix of public funds, private funds, self-earnings, voluntary donations and CSR funds.

A consistent number of SIMPACT cases suggest that in Europe different funding schemes are available at the local, regional, national or EU level in the form of donations, prizes, subsidies, and grants. All these instruments are especially available to catalyse, incubate, and launch SI at a small scale and support prototyping and start-up phases of SI.
While financing is clearly an issue, the analysed cases specifically show the need to think more broadly about the kinds of support SI is in lack of through all the various stages of the SI lifecycle to avoid the risk of indefinite extension of the prototyping phase. Funding programmes should be developed that could support the larger lifecycle process of SI, from prototypes to testing and from exploitation to scaling. In this regard, we highlight here two specific obstacles:

Specific Obstacles

The first one is the paradox of social enterprises that show a high degree of adversity to use financial tools as an asset of growth and the tendency they have to exhibit different forms of *bricolage*[31] to circumvent the problem of resource scarcity (Di Domenico, Haugh & Tracey, 2010; Sunley & Pinch, 2014, see Section 3.3.4). This phenomenon quite often results in a high level of frugality of the implemented solution that, in turn, produces fragile solutions, which prevent investments and scaling up. The second one deals with the non-profit nature of most social enterprises, in which revenues of profit-generating activities cannot be redistributed among investors. This is one of the most important causes preventing private financial systems to invest in SI.

[31] In this deliverable, the principle of bricolage as one of the main strategies that social innovators exhibit to deal with resource scarcity, under which SIs develop, has been already described where we discussed the use of resources in SI.

Lack of structural reliable Funding

In general, empirical research shows that there is a large gap in terms of economic support for encompassing the phase of testing and incubation of SI. More than this, there is a lack of structural reliable sources and long-term funding able to support scaling up and diffusing SI, among them: structural investment plans at the European, national and regional levels; lines of credit and adequate financial tools from banks; and long-term investments from banks as well as from private financial systems. Adequate policy[32] 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.

SOCIAL INNOVATION SUFFERS FROM UNFAVOURABLE POLICY: LAWS, REGULATIONS, LACK OF LONG-TERM FUNDING OPTIONS, ALL OF WHICH IMPEDE ITS DEVELOPMENT.

The context in which SI operates and develops includes the policy that governments at each level introduce (see Section 3.2.1). Quite often, SI is constrained by policies that do not allow experimentation and are not open to change. Governments face a general difficulty in taking advantage of SI.

Social Innovators as Change Agents

Literature on the public sector innovation (Bason, 2010; OECD, 2011; Bekkers, Tummers & Voorberg, 2013) has already shown the potential that SI has to innovate public services. Our empirical research quite often confirms that SI acts as an agent of change in public procedures, regulations, and laws that might prevent its positive development[33].

Box 3.4-25.
Social Innovation & Public Sector Services

EXAMPLES

Libera Terra (see Box 3.2-25) started from a movement that brought about a new law regulating the management of confiscated assets by social cooperatives in Italy. **Siel Bleu** (see Box 3.2-22) introduced physical exercises into the French Healthcare system for elderly people to keep them active; **Discovering Hands** (see Box 3.2-23) is currently under evaluation as an alternative procedure to be introduced in the German health system to detect breast cancer in women.

Some of the most recent European research projects have concentrated their attention on how governments can help to accelerate the widespread adoption of SIs, to stimulate the creation of new markets and to spread and mainstream emerging innovations.

[32] We will further investigate the development of adequate financial and economic policies in support of the SI field in WP6, Task 6.4 Policy Recommendations & Guidance.

[33] The relation between SI and public sector innovation will be deepened in WP6. Task 6.4 Policy Recommendations & Guidance.

Removing Barriers – Governments' Role

Barriers to SI can be overcome through a formal political decision that could change a specific legislation or through the adoption of innovative tools that can support SI in its different stages. For example, public procurement can be used by governments to support SI in its initial phases. While public procurement can be a strategic tool for governments to experiment SI and to fund it, as, for example, Work4All (see Box 3.2-14) illustrates. Governments can also stimulate the SI market by: becoming "early adopters" of the new solutions, supporting organisations in the phase of testing and piloting via direct participation in the process of design and refining the solution.

If until now we discussed the obstacles and barriers that belong to the ecosystem where SI originates, there are other barriers inherent to the process of SI.

OBSTACLES DERIVE FROM BREAKDOWNS IN THE SOCIAL INNOVATION CO-DESIGN AND CO-PRODUCTION PROCESSES.

SI is first defined as a process of collaborative innovation that occurs between the actors and stakeholders that populate its environment, including beneficiaries and customers. Effective SI also requires the ability to engage several actors with different skills, knowledge, and background as was emphasised in Sections 3.2 and 3.4.1.2. It also requires the capability of managing the complexity of these relationships at the different levels of the ecosystem to which they belong. The literature highlights the problems for social innovators to make connections to established networks, as their issues seldom fit with existing categories. In addition, social innovators may deficit of specific skills to manage collaboration since it also raises the problem of conflicts and alignment of different vision, objectives and resources. Lack of trust is a good example of a barrier that belongs to the process of developing a SI.

Box 3.4-26. Social Innovators' Difficulties in Collaboration

EXAMPLES

In the case of **«Jek, Duj, Trin… Ánde Škola!!!»** (see Box 3.2-21), the lack of trust between the community of the beneficiaries and the citizens of the City of Lecce in Apulia (Southern Italy) are impeding the further development of the project. Whereas in the case of **Aspire** (see Box 3.2-26), the lack of commitment of the homeless people with their job has been one of the causes of failure of the enterprise.

Action Acton (see Box 3.4-23) is a case where the inclusion of migrant women in the larger Swedish society is developed through a series of actions carried out by intermediaries and facilitators finalised at building trust between the community of residents and that of migrants.

Roma Support Group (see Box 3.2-5), in contrast, illustrates how to overcome barriers to access the target group by integrating the beneficiaries as innovators. Likewise, **Brood-**

fondsen (see Box 3.2-11) illustrates how overcoming the resistance of the beneficiaries/customers of taking part in the programme, was fundamental in maintaining the programme's competitiveness in the market, which was pursued through the implementation of a strategy of building trust and solidarity. In turn, the introduction of Broodfondsen has triggered changes and innovations in the insurance market in The Netherlands.

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 try together to find a solution is the dominant strategy applied to encompass the lack of trust in the initial phase of the SI.

Collaboration, Coordination & Trust as Opportunity

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 (see also Section 0).

Box 3.4-27. Collaboration & Co-Production

EXAMPLES

Vielfalter (see Box 3.4-18) is made possible thanks to a partnership between private and public actors engaged in addressing the problem of inclusion of immigrant children in the Austrian society; close partnering with schools makes up large part of **TalentPromotion's** (see Box 3.3-8) and **Education for Accommodation's** (see Box 3.2-4) success. **Catering Solidario** (see Box 3.2-24) is the result of a collaboration between a big company and the Ana Bella Foundation; **Village Life's** (see Box 3.2-10) partnership with PACT Foundation help to identify cities that qualify for eco-tourism. **Urban Mediaspace Aarhus – Dokk1** (see Box 3.2-21) is the result of a strong collaboration between the Municipality and the citizens; **Action Acton** (see Box 3.4-23) operates on the basis of the collaboration with the communities that live in London's neighbourhoods where the charity operates.

One of the trends that today is characterising the field of SI is in fact the flourishing of a meso-level, populated by intermediaries and composed by different types of tangible and intangible infrastructures.

Learning, Sharing & Disseminating

Highly innovative fields are always showing strong levels of networking that support the processes of learning, sharing and disseminating best practice and new models. The best example today remains that of the Silicon Valley area, whose success can be largely attributed to the high level of connectivity and infrastructures that has enabled networks, alliances and collaborations to flourish.

Infrastructures

Infrastructures that help to framework conditions to support the development of SI, by linking and brokering connections between ideas, resources, people and methods, are playing a key role in fostering the kind of open, networked and collaborative approach to innovation that was discussed above.

Incubators, Accelerators & Academia

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

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.

Open Innovation & Design Thinking

Open innovation and the culture of Design Thinking are often described in literature as dominant in the culture of SI. Many authors as well as influential institutions and intermediaries in the field have discussed the paradigm of open innovation in relation to SI as the one that better fits with the typical processes of SI value co-creation. What we discuss here is that SIs show a higher intensity of open innovation with respect to other forms of innovation for two fundamental reasons: they address problems that present high levels of complexity due to their intrinsic correlation with societal challenges; they require the involvement of different actors to be solved.

With respect to the first dimension, these kinds of problems are often chronic and unmet, even if the forms in which they appear are completely new (the problem of migration has always been faced by advanced countries in different historical periods; but if we think of it as it is emerging in these days in Europe, we can perceive, for example, the new difficulty that arises from the impossibility to control the flows). As a result, we need the collaboration of new and old expertise to manage them.

With respect to the second dimension, these problems show a high degree of controversy for the high number of actors involved in their solutions. This factor imposes a process of mediation capable of aligning and forming agreements between the involved stakeholders.

These kinds of problems have been historically faced by welfare systems that, in the current crisis, are no longer capable of answering them without profoundly reconfiguring their system and model of offering, which must encompass the classic private-public collaborative paradigm. Welfare systems have to change their culture, processes and practices in order to deal with the interplay between top-down and bottom-up processes of innovation.

Design Thinking - A Promising Approach

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.

SOCIAL INNOVATORS DO NOT APPLY NEW PRODUCT DEVELOPMENT (NPD) STRATEGIES (USE OF PROTOTYPES, FEEDBACKS, ETC.).

The involvement of users in setting ideas and the use of post-it notes in co-design sessions are being misinterpreted as introducing Design Thinking and practices in SI. The idea that everybody can design and that design thinking can be easily internalised and adopted is a clear misunderstanding and a false interpretation of reality. The clear assumption of constraints, the detailed design of solutions, the use of prototyping to test and provide feedback for their refinement are quite rarely emerging as established practices in SI. On the contrary, constraints tend to be underestimated; solutions are often drafted and applied before a sound development; and prototypes tend to be considered solutions to be maintained as long as possible, rather than intermediate objects meant to be turned into stable products.

Box 3.4-28.
Failure through Scaling without Testing

EXAMPLES

Aspire's (see Box 3.2-26) failure had been provoked by a wrong evaluation of the stage of maturity of a solution that had been scaled without testing and before the demonstration of its robustness.

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.

INTANGIBLE BARRIERS TO SOCIAL INNOVATION ARE ASSOCIATED TO THE CAPACITIES OF THE HUMAN CAPITAL.

Capacity & Skill Shortages

One of the relevant themes in the literature on SI and social change is the need of developing the internal capacity of organisations (and individuals, to some extent), which is necessary for innovation to occur. Organisations involved in SI need to develop and maintain the capacity to allow innovative ideas to occur and to implement those ideas.

If at the macro level this lack can be described as a lack of knowledge concerning the potential of SI as an area of growth and investment, bringing forth an underestimation of SI solutions as innovations in which to invest; on the other hand, the lack is directly related to the profile of the social entrepreneur. The profile of the typical social entrepreneur is a person passionate about a social cause but often unable to ensure the process of SI be followed from idea generation to scaling up due to limited business competences.

Lack of Management Skills

Several studies have highlighted the need for skills and skill formation strategies in Europe and in particular identify a lack of training and experience as one of the main barriers to the sector's success. As outlined in Section 0, Many of the cases analysed in SIMPACT's empirical research show the lack of managerial knowledge of the SI initiators as one of the obstacles to SI development. These initiators most of the time exhibit strong motivations and a high level of awareness about the problem they want to address but they also show a naïve approach about how to establish and develop a business.

Under-skilled Work Forces

Furthermore, the problem of having under-skilled staff has a detrimental impact on SIs that also suffer from the large use of volunteers. Employees in SI are rarely assessed in terms of their competence. Moreover, measures to overcome gaps in their knowledge

and competence suffer from a lack of time but also from lack of educational programmes.

Box 3.4-29.
Failure through under-skilled Work Forces

EXAMPLES

Aspire's (see Box 3.2-26) employed homeless without any skills in door-to-door selling, whereas **Catering Solidario** (see Box 3.2-26) employed women without specific skills in professional cooking being one reason for failure.

In order to overcome these limits, social innovators often exhibit *bricolage* strategies (see Section 3.3.4) that support them in the contingency of dealing with the scarcity of resources allowing the solution to exist, however, it is also responsible for a certain degree of fragility of the solution itself that represents an obstacle to scaling up and can often lead to failure.

3.4.1.4 Scaling Social Innovation

SCALING UP SOCIAL INNOVATION COMBINES THE NEED TO EFFICIENTLY SOLVE A PROBLEM WITH THE NEED OF LOCAL ENABLING CONDITIONS WITHIN WHICH THE SOCIAL INNOVATION CAN TAKE PLACE.

The idea that to reach impact, SIs must rapidly scale up in terms of numbers (users, customers, beneficiaries, incomes), in a similar fashion to that of other forms of innovation, is quite diffused. Many SIs have been analysed as pilots or models that could be nationally or even globally replicated until demand is completely satisfied.

Loosely speaking, we could say scaling up is a necessary condition for broad coverage, permanent establishment or wide adoption of any technological or social innovation. Rogers' (1962) diffusion model is probably the first that introduces the idea of wide adoption in relation to self-sustainment of an innovation. In this frame, diffusion may be essentially described as the process of incremental adoption of an innovation by a growing number of individuals over time.

Closed Scaling of Social Innovation

This is a form of closed scaling up that takes place when there is a subject (public or private, alone or in the form of a network) specifically interested in scaling up the innovation that proactively operates to diffuse the solution. This form of growth primarily takes place under the entrepreneurial push of commercial companies working to maximise profit by expanding their market and extending their customer base.
The closed scaling up process normally occurs through the extension of the market share or the transfer of the solution from the original site/market (pilot application) to multiple sites/markets or market segments.

Preconditions for Closed Scaling

The evolution from the original site/market and working prototypes towards robust and replicable solutions asks for a set of pre-conditions that might be summarized as follows:

- A recognised and strong ownership of the solution to be scaled;
- The interest and willingness of the owner to scale the solution;
- A low level of context-dependency of the solution.

Regarding the last characteristic, we must note that, even if the scaling up process can include forms of adaptation, there is a clear interest of the operator in replicating the solution with a low level of change, to exploit scale and scope economies. This does not mean that adaptation will not be necessary or possible, but that it will be naturally reduced to the minimum manageable level, considering that the efficiency of the solution will be logically based on the repetition of its underpinning processes.

Conversely, often it can 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[34] different from closed scaling up.

Box 3.4-30.
Cases of Closed Scaling

EXAMPLES

Siel Bleu (see Box 3.2-22) represents a mature case of SI in which the success and the diffusion of the solution *from the local up to the national level* mainly depended on: (1) the capability of the entrepreneurs to individualise an innovative answer to the problem of how to maintain active the aging population; (2) the high level of adaptability of the solution to the different contexts in which it has been introduced; (3) the change in active aging policy in France directly triggered by Siel Bleu. Vice versa, the current attempt of Siel Bleu to scale in *other countries* is encountering obstacles that depend on the different ways in which the problem of active aging is being addressed at the micro, meso and macro levels in the different EU Countries.

De Kringwinkel (see Box 3.2-20) scaled up in the Flanders region and currently counts 32 centres and 118 stores that repair and sell used goods. The specific policy context of the Flanders, where the state supports employment in companies with a social or environmental mission, made De Kringwinkel possible. Nonetheless, the 32 centres show diverse characteristics, organisational models and working processes that mainly depend on the local condition in which each centre has been established and on the fact that it exploits an open model of franchising.

TeachForAmerica and Teach First UK founded **Teach for All** (see Box 3.3-8) as umbrella organisation to scale the solution at global level. Based on the organisations franchise

[34] 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.

model and legal framework for execution of the approach, the solution was spread to 36 countries. Just as in the case of De Kringwinkel, the national manifestations of the social innovation are operated as legally and financially independent organisations. The basic principle of the franchise model is to select one strong partner from a country, who than establishes the national network of SI stakeholders to implement the solution. As Tech for All emphasises on it website *«We believe that local ownership is critical to maximizing a program's impact and to its sustainability, and it's the initiative and leadership of these emerging entrepreneurs that sets the foundation for launching new organisations in their countries.»*

Franchising seems to emerge as one of the main possibilities to replicate a solution leaving some degree of control to the organisation that originally built it and a large level of adaptation in the replicated solution. Nevertheless, we should notice that franchising (and replication with or without adaptation) works only when the solution and the business model have been tested and assessed, as exemplifies by the case of Aspire, that started franchising before the business model was test.

Closed Scaling as «Open» Process

Even when SI manifests traits of closed scaling up, like a rapid increase of the number of employees and users/customers of a single company or group of companies, it is difficult to describe it as a sheer form of replication of the solution, due to its high degree of context dependency. Our cases show that scaling up is primarily configured as an open process in which the solution that was developed in a specific place/situation is reconfigured with different characteristics to match the local needs of different places/situations.

Box 3.4-31.
Closed Scaling as Open Process

EXAMPLES

Siel Bleu (see Box 3.2-22) develops specific agreements with each public or private structure that hosts elderly people. In the case of **De Kringwinkel** (see Box 3.2-20) each centre develops specific agreements with local actors for the collection of the waste material. Centres also develop different modalities to collect materials from private citizens, and are different in size as well as in the portfolio of products they sell. Likewise, **Teach for All** (see Box 3.3-8) elaborates agreements with the national entrepreneurs.

It seems then possible to individualise specific traits of the diffusion of SI, which happens as an open form of scaling up. It often works by exploiting synergies and establishing partnerships and networks of actors that co-produce the solution, which may significantly change from context to context.

In SI the concept of scaling up should be more frequent, though not exclusively, associated to the diffusion of local networks and partnerships of co-production.

Open Scaling

Open scaling up takes place when 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. This kind of scaling up poses relevant issues related to the adaptation of the solution to the new sites/contexts. In this form of scaling up, the on-going evaluation of the scaling process plays a fundamental role, since it supports the constant assessment of the solutions to make them suitable to the new sites.

Open & Public Information as Constituent Element

The open and public information about the solution also constitutes an essential element in fostering this form of scaling up process: the solution can be easily adopted and adapted by different operators if its original mechanisms are made clear and transparent, and if information on the original experience is fully and easily accessible.

Box 3.4-32.
Cases of Open Scaling

EXAMPLES

Dialogue in the Dark (see Box 3.2-16) is a worldwide-diffused SI, whose scaling up was based on the development of specific partnerships and collaborations in each country. The SI works at a double level: Dialogue Social Enterprise receives a license payment from business partners that cover a broad spectrum of organisations such as private social investors, corporates, non-profit-organizations, museums and universities. The partners operate Dialogue-exhibitions in their country and are supported by the Dialogue Social Enterprise management to ensure high quality standards and international conformation. Additionally, Dialogue Social Enterprise offers business workshops that focus on the topics of diversity and inclusion for corporate enterprises at a global scale.

Crossics (see Box 3.2-8) is a social enterprise in its initial stage that has developed a visual system to let medical personnel communicate with migrants who do not speak the local language. Crossics as a SI prototype represents an interesting case where effectiveness in program or service implementation has to be achieved through collaborative processes: the new venture is thus exploiting a strategy of partnerships and collaborations with international health organisations to experiment and further design the solution.

Cases like those mentioned above underline that in SI, understanding and interacting with the ecosystem that surrounds the problem to be faced, is of paramount importance: SIs can often be established only through forming partnerships and alliances within that ecosystem. Moving from profit business models of single enterprises to broader ecosystems requires collaborative forms of leadership employing co-production approaches.

Box 3.4-33.
Cases of Co-Production

EXAMPLES

In the case of **Progetto QUID** (see Box 3.2-3) the establishment of the social enterprise is the result of the interplay of actors, assets and human capital from the local context. **Libera Terra's** (see Box 3.2-25) scaling up is the result of a strong collaboration between

public, private and people networks. In the case of **De Kringwinkel** (see Box 3.2-20) the individual centers remain autonomous, responding to their local context, but scaling up is based on the relationships with non-profit organizations, public institutions and citizens.

Open Scaling requires Coordination & Systematisation

Open scaling up can be then extended to cover also those cases that connect a variety of solutions and initiatives, aimed at creating large-scale programs. The synergising action does not change the nature of the primary solutions, that remain local, small and self-standing, but introduces the idea that scaling up requires coordinating and systemising them in order to achieve an impact on complex systems, such as the territorial ones (neighbourhoods, cities, regions etc.) and the functional and institutional ones (healthcare, education, work, culture, public administration etc.).

The emerging large-scale programs are very diverse and context-specific. Nevertheless, they present a similar architecture: a multiplicity of self-standing (or else economically, technologically and socially viable) local projects promoted and coordinated under the umbrella of a larger framework project or program.

Box 3.4-34.
Open Scaling of large-scale Initiatives

EXAMPLES

Locality's (see Box 3.2-8) scalability is obtained primarily working at the level of the single neighbourhoods by creating neighbourhood groups to promote the welfare of the community. **Vielfalter's** (see Box 3.4-18) approach is to conduct annual competition for educational projects that focus on diversity as an asset.

Imitation & Learning Mechanisms in support of Spreading

Networking and partnerships intrinsically link SI with the context in which it takes place and makes the transfer of the solution through replication and adoption difficult to be achieved. In many cases imitation and learning mechanisms seem to better support the spreading of SI: under these conditions initial solutions tend to remain unvaried in terms of size and to continue operating in their original context, while the ideas behind solutions tend to spread out and be implemented in different contexts with different characteristics and size.

SOCIAL INNOVATION MOST OFTEN EXHIBITS MECHANISMS OF SCALING OUT THAT DISSEMINATE THE IDEA BEHIND THE SI RATHER THEN THE SOLUTION ITSELF.

Scaling out of Social Innovation

The process of scaling out is primarily based on the spread of an idea or a framework solution, so that its benefits can be perceived by a large number of communities and individuals. In this respect imitation, adaptation and learning are the main scaling processes in place.

Box 3.4-35.
Cases of Scaling out

EXAMPLES

KONNEKTtid *is a platform that connects skill providers with skill seekers promoting informal education through peer-to-peer learning solutions that are done in person, thus increasing social interactions and community cohesion in Amsterdam*. Its mechanisms are similar to those of other platforms like Peerby (where you can share objects with others) and Shareyourmeal (where you can share meals with the people in your neighbourhood). KONNEKTid is in fact scaling out the idea behind all these platforms to start a social network based on a specific geographic area: a street, a neighbourhood, a city.

With regard to **RODA** (see Box 3.2-13) the necessity of finding ways to reconcile women's work and private life is diffused in all the EU countries by similar associations. Nevertheless, they find quite different ways to pursue their objective and to promote their ideas.

Urban Mediaspace Aarhus – Dokk1 (see Box 3.4-21) represents an advanced prototype, which is being seen with great interest worldwide, spreading the concept of the library as a multi-functional space addressing challenges of the urban area where it is located.

Specialist People Foundation (see Box 3.2-24) is advocating and spreading the idea that SI should look at disability with a different mindset, focusing on the special gifts of people rather than on their deficits.

Reciprocal Reinforcement of Scaling up & Scaling out

The relation between scaling up and scaling out seems to be of reciprocal reinforcement: the higher one goes up from the level of grassroots, the greater the chances for horizontal spread; likewise, the farther one spreads results geographically, the greater the chances of influencing stakeholders at the higher levels. Often the real diffusion dynamics are not bases on just one of these two mechanisms, but on a complex mix of them, depending on the nature of the SI and on its degree of context dependency.

The more SI is context-specific, the more scaling out mechanisms will prevail[35]. Scaling out seems to be more typically associated to open innovations, calling for local variations, while scaling up seems to be more typically associated to the traditional forms of growth of for-profit business. In fact, the cases of social innovation where traditional scaling up mechanisms take place are those where the innovation is based on a for-profit enterprise or includes a for-profit branch.

[35] The interrelation between context dependency, scaling up and scaling out dynamics will be further investigated in WP4, Task 4.2 Drivers and Barriers of SI, and in WP 5, Task 5.2 Development of SI Indicators & Survey Questions, and Task 5.3 Application of Indicators.

SOCIAL INNOVATION OFTEN SHOWS MECHANISMS OF «INDIRECT SCALING UP», THROUGH WHICH SOLUTION MAY INFLUENCE POLICIES OR TRIGGER CULTURAL AND MINDSET CHANGES.

This evidence obviously refers to the fact that SI scaling up should be measured not only by the number of people benefitting from the growth or replication of activities, direct interventions, and transfer experiences but also by the increasing number of stakeholders who internalise the underlying social values of the SI, adopting them as guiding principles even after the trial project or pilot program have come to an end.

Box 3.4-36.
Indirect Scaling

EXAMPLES

The **Aspire** case study (see Box 3.2-26) shows that replication of the solution from the first branch into 9 different franchises failed since the transition to a replication model happened before the initial concept had proven to be sustainable and adoptable. Nonetheless, Aspire has received the endorsement of many public and private institutions and has become quite famous in the UK, with the result of raising awareness in UK citizens on the problem of homeless inclusion in society.

Catering Solidario (see Box 3.2-24) failed as it was established but not managed as an enterprise operating in the market. Nevertheless, it has largely contributed to building awareness of the need of cultural change with respect to the problem of female victims of domestic violence in Spain and triggering new actions and policies to address it.

Beat Bullying charity (see Box 3.2-26) fought against the problem of bullying in schools in the UK for years. Beat Bullying received awards, funds and institutional support to pursue its mission. Failure occurred when the charity invested without adequate resources in a new project to develop a digital platform to largely address the problem of bullying. Despite the failure, for 20 years Beat Bullying had contributed to increasing awareness and pushing for actions and public interventions against bullying in schools.

3.4.2 Effectiveness & Efficiency

SOCIAL INNOVATION SUSTAINABILITY IS ENSURED THROUGH A UNIQUE/CREATIVE SYSTEM OF PROCURING AND ALLOCATING RESOURCES.

The sustainability of social innovations is tied to an ability to attract resources and use them efficiently to offer target beneficiaries an effective value proposition, which can cover costs and perhaps even generate surplus (where possible) to enhance impact. Whether all social innovations need be self-sufficient, how eventual surplus is managed and how value is created and managed bring forth numerous questions, whose answers reflect the nature of the solution, i.e. social enterprise, social business, non-profit organization, CSR program, etc.

Self-Sufficiency is not compulsory

While self-sufficiency may not be a requirement, it can be agreed upon that sustainability of the innovation is important, should it aspire to produce the desired impact. ***Some SIs may address challenges in ways that create high social impact but that may never be commercially viable, while others are able to create social and economic value at the same time.*** In the first case, grants (both public and private), donations and subsidies remain the sole means of revenues. These solutions typically take on the non-profit legal form, benefitting from tax exemptions, state subsidies and a charity status that allows them to receive tax-exempted donations.

Grant Dependence leads to Mission-drift & Shift in Modus Operandi

Due to the fact that these organisations are grant-, donation- and/or subsidy-dependent, their risk of mission-drift is potentially high as outside funding can influence activities, i.e. the organization might be faced with having to alter its value proposition or target beneficiary or even perform less in order to receive grants. This not only leads to mission-drift but also a shift in the *modus operandi*, as organisations are bound to prove need in order to access financing, instead of impact. Motivation hence to resolve the problem is lowered and mechanisms of survival take its place. Another possibility is that some organisations may get overly confident in their fundraising capabilities and make strategic decisions based on expected income that doesn't come through. This highlights a limit of non-diversified income generating streams, which could reduce entrepreneurial risk. Our empirical research sample included examples of such findings:

Box 3.4-37.
Grant Dependence

EXAMPLES

Vielfalter (see Box 3.4-18) is only sustainable thanks to its principle financer, the Western Union Foundation. All program costs are covered by Western Union, while the operational implementation is done by the association and the policy integration is covered by their institutional partner; both of whom are not willing to cover costs should Western Union quit. Hence, the sustainability of the project is directly related to the motivation and availability of one partner.

Crossics (see Box 3.2-8) is fully financed by the founder with his own money. In order to be more sustainable, the founder changed its business model from focusing on grants and funding from small companies to applying for CSR funds from big companies. The result was that the company changed its target beneficiaries from one group to another to fit the CSR program funding requirements.

In the case of De Kringwinkel Antwerpen, the first **De Kringwinkel** centre (see Box 3.2-20), the leaders who came to spread the idea, primarily came from the third sector and were looking to find ways of providing employment to the long-term unemployed. Secondly, the Special Workplace legal status allowed De Kringwinkel to find a sustainable business model, by lowering their costs through government subsidized labour through the employment of the long-term unemployed. As policy is changing, abolishing the Special Workplace, De Kringwinkel centres are now faced with having to find a new business model.

Beat Bullying (see Box 3.2-26), despite having quite a successful solution and a lot of press, had to shut down its operations due to massive amounts of debt as it had made business decisions based on expected grant money that didn't come through.

«Bricoleur» Attitude of Social Innovators

Another important aspect is centred on how they source their resources. Social innovators work under resource scarcity but do not limit themselves to these constraints, adopting often a bricoleur attitude (Di Domenico, Haugh & Tracey, 2010, see Section 3.3.4). This is positive because it allows them to start immediately and have a flexible attitude, able to react quickly to changing environments. It does however present some dangerous qualities as less attention is paid towards constructing a long-term strategy as resources may be tied to third party altruism (e.g. donations, volunteers, asset use, etc.) or temporary resources that are time-limited. Furthermore, in order to keep costs low and invest in the social mission, social innovators tend to keep overhead low so as to invest more in the mission; eventual surplus is often invested in the social mission as well. These two factors are in line with their organisational values but could also deter the SI from becoming stable, as investment in structural and enterprise development remains low.

Box 3.4-38.
Bricoleur Attitude

EXAMPLES

Progetto QUID (see Box 3.2-3) was able to gain access to many of its resources thanks to personal contacts and networks. For example, the space where their workshop is based has been given to them on a free-of-use contract from a local entrepreneur. The grants they acquired were the product of relationships the founders had established in previous work experience. **Semi di Liberta's** (see Box 3.2-24) founder was able to start up the association thanks to his personal network and quick and flexible attitude in the face of bureaucratic and organizational problems.

A STRONG VOLUNTARY SECTOR CAN HENCE BE CONSIDERED AN ENABLER OF SOCIAL INNOVATION GENERATING VALUABLE RESOURCES WITHOUT HEAVY COSTS.

Volunteering as Means of Efficiency

As introduced above, volunteering is a key resource for non-profit organizations, providing free labour, needed skills and insight into user needs. As evidenced in our cases, volunteer hours are also found in situations when economic compensation is given, as the intrinsic motivation of the actors push them to work beyond the paid hours, or even, not include work hours into the cost structure and dedicate funding purely to project needs. 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.

Box 3.4-39.
Volunteering as Principle in Social Innovation

EXAMPLES

The majority of **RODA's** (see Box 3.2-13) activity and operational needs are met by volunteers; in fact, the company's slogan states that *«there is nothing stronger than the strength of connected mothers»*. The association has had significant success in Croatia, however, despite having tried to scale up the initiative in other Balkan countries facing similar problems, RODA remains only in Croatia, not having found the cultural awareness and volunteers to make it feasible in the other countries.

Vielfalter (see Box 3.4-18) project leaders are given funds to implement their projects. While some of this can be allocated to cover their time and work, most leads extend their working hours into volunteer time to fully execute the project's goals.

Libera Terra (see Box 3.2-25) engages volunteers each summer to help cultivate and harvest the land and restructure newly conferred assets. The program, E!state Liberi!, also includes outreach activities to spread awareness to the volunteers about the issues regarding the mafias and to introduce them to the local network of actors. The volunteers, in turn, spread awareness in the community, as they walk through the cities and towns with their Libera shirts at all time, hence making visible the civic effort to fight against the mafias. Furthermore, the leaders of these volunteer camps, are often volunteers themselves.

VorleesExpress's (see Box 3.2-5) hast established a network of 4'000 volunteers to secure its service provision. Likewise, **Inspiring Scotland** (see Box 3.2-16) makes use of a network of 200 volunteers with professional background to assist the beneficiaries with strategic and operational planning, PR and marketing, etc. free of charge. Whereas in the case of **Granny's Finest** (see Box 3.2-19), volunteers, for example, lead the club meetings of the knitting women.

CSR Funding for Social Innovations

Some social innovations, instead of targeting public funds through commissioning or public/private grants, aim at CSR funding from commercial enterprises or at starting a collaboration between them and the commercial enterprise under CSR programs. CSR, or rather the departure of the company from the standard profit maximization strategy to a more complex strategy of stakeholder satisfaction and wellbeing (Freeman, 1984) is often known to be used by companies as a marketing tool to improve their brand image through social or environmental (greenwashing) efforts. Some studies have shown that a higher commitment to CSR might even lead to CSIR, Corporate Social Irresponsibility (Ormiston & Wong, 2013). While a vast array of rating systems has proliferated to monitor performance, these ratings monitor mostly processes rather than outcomes and hence prove to be problematic metrics. In another light, the interest of the purely, for-profit, commercial enterprise towards social goals and welfare is shifting away from spot interventions to a more strategic vision of CSR, leaning towards the creation of shared value or collaborative value (Porter & Kramer, 2011; Austin & Seitani, 2011). CSR is furthermore gaining relevance in globalized product and labour markets, which can be seen through the growing number of companies adopting CSR reporting and the

rise in Socially Responsible Investment Funds (Becchetti et al., 2013). In fact according to KPMG surveys done in 2005 and 2011, where 90% of Japanese firms, 71% of UK firms and 32% of US firms adopted CSR reporting in 2005, in 2011, that number grew to cover 95% of 250 of the world's largest companies and the creation of a dedicated CSR department in 31% of the top Fortune 500 companies (KPMG, 2013)[36].

Box 3.4-40.
Cases of CSR Funding

EXAMPLES

Vielfalter (see Box 3.4-18) is a CSR program of Western Union and is fully financed by its foundation. The program however is done in collaboration with a local non-profit organization and local public authorities. As no measurement is done, it is difficult to perceive how much of this value is recaptured by the company and how much the community is being reached.

Catering Solidario (see Box 3.2-24) based its solution of finding employment for female victims of domestic abuse through hiring contracts and partnerships made with companies whose CSR programs matched the mission of the social venture.

Crossics (see Box 3.2-8) changed its business model to focus on CSR funding and as a result changed its target beneficiary to the company's target. This shift changed Crossics from being a solution for one problem to being a format that can be adapted to multiple users.

In the first and second cases, CSR funding was the main source and inspiration of the program; while in the third case, CSR funding was a way to diversify income and along with other funding opportunities acted as a driver for the company to innovate its services incrementally.

The relative instability of these programs due to poorly diversified income streams and the fluctuating nature of its services based on where income is procured, reflect the high risk of mission-drift that organisations who choose only to rely on CSR funds take on.

In conclusion, ***empirical research shows that social innovations have different ambitions, motivations and thus mechanisms for being sustainable.*** In our research sample, some social innovations are purely non-profit, while the majority are searching for a way to diversify their revenue and remain relevant. In most of our cases, hybridisation was the result of endogenous needs that came about while working in the field, rather than prior to starting up (see Section 3.3.2). Another important aspect is the influence that fluctuating funding sources has had on how SIs find and modify their business model and how their choices affect their impact. Further research should seek to understand the impact that hybrid organisations are having in relation to their business ecosystem,

[36] Further investigation on the positive and negative aspects of CSR will be carried out in WP4, Task 4.3 Improving Existing Forms of SI.

network and territory and mapping out the reach of the original innovation and spin-off innovations.

3.4.2.1 Practices of Impact Measurement

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

The Practice of Social Innovation Measurement

As well documented in literature and discussed above, the onset of the financial crisis, has provoked grant scarcity along with public austerity, which has pushed many social purpose organizations to adopt earned income strategies, placing them for the first time in situations of market competition (Nicholls, 2009). Due to this shift and changing sources of funding (more and more often considered as investment—investment philanthropy, venture philanthropy, etc.), the need to measure impact and *demonstrate what is done with donor capital or impact investment has increased the demand for impact measurement.* This rise of new types of capital has been coupled with new demands from stakeholders who have grown more aware of the externalities of companies thanks to technological advancements and have more interest in the *outputs and outcomes of organizations.*

The discussion around impact measurement falls in three main categories: ***what to measure, how to measure it, and why do it*** (Nicholls, 2009). Measuring impact is difficult in SIs, as they have many more different types of inputs (grants, volunteer time, market income, social capital, government subsidies, etc.) to account for than a commercial enterprise, as evidenced in our empirical results, and work across sectors and institutional boundaries creating a variety of distinct outputs.

Box 3.4-41.
Inputs and Outputs

EXAMPLES

De Kringwinkel Antwerpen (see Box 3.2-20) benefits from governments subsidised work contracts for employing the long-term unemployed as well as other subsidies for waste removal and re-use. It also benefits from donated materials to refurbish and sell and from volunteers who work in the stores. With its two umbrella organizations, De Kringwinkel centres also work to influence public and political discourse on re-use policies and provide consulting services for companies wishing to promote their CSR programs in these areas. *The correlation between inputs and outputs hence is complex and can be at times dispersive.*

Libera Terra (see Box 3.2-25) benefits from volunteer time, fiscal benefits thanks to its legal form, market income from the sale of its products, in kind donations from its network of partners and perhaps most important of all, free-of-use asset contracts from the municipalities for the land it manages. Libera Terra social cooperatives, beyond the business activities, are also engaged in advocacy and outreach activities via its umbrella association,

Libera. The vast array of inputs, coming also from different actors, renders accountability mechanisms also a task of communicating to different target groups.

Progetto QUID's (see Box 3.2-3) inputs range from the donation of materials from companies to the free space they work in to the volunteer time of seamstresses who train the women to the grants given by the two, local foundations, along with the fiscal benefits provided by the government for its legal form.

As can be seen from the cases, the ***business models combine several value propositions, which work to create a sustainable solution, that generate distinct outputs and outcomes for different stakeholders,*** who in turn have different lenses through which to interpret impact. Impact measurement tools must be able to account for such diversity in inputs, outputs and targets.

Impact Measurement is an Exception

While many tools exist to measure impact, there is no one way to measure social value nor a single unit of measurement (Paton, 2003). Furthermore, most non-profit organizations have not measured their impact as they have been granted a sort of *«trust or legitimacy surplus»* (Jepson, 2005; Nicholls, 2008) based on its charitable status and reputation, which is also supported by our research. Resources have hence been allocated to these organizations based on trust rather than on performance. This has resulted in a reduction of accountability frameworks for social sector organizations and an undermining of performance, as the production of such data can inform strategic innovation and operational improvement (Nicholls, 2008; Mulgan, 2010). Our empirical research supports this, with many of the SIs, especially the smaller and younger organizations, not formally measuring impact to any degree.

Box 3.4-42.
Lack of Impact Measurement

EXAMPLES

KONNEKTid (see Box 3.4-35) is in its early stages and doesn't measure its social impact in any way. As its funding sources have come from private investors and crowdfunding, internal communication regarding performance and results are discussed but is limited to concerned stakeholders. The social mission is less clearly integrated into the mission and due to funding constraints, the platform risks losing its social dimension. *Impact measurement could help reduce the risk for mission-drift.*

Crossics (see Box 3.2-8) has a clear social mission integrated into its solution but has changed its target beneficiary in its pursuit of CSR funding. Having a clear Theory of Change to guide strategic decisions could have helped the founder from shifting its mission.

«Jek, Duj, Trin… Ánde Škola!!!» (see Box 3.2-21) project had a clear mission, beneficiary support and a stable network but is currently in standby waiting for further funding. Being able to demonstrate value to its stakeholders might prove beneficial in attracting further resources.

Effective Demand & Effective Supply

The cases demonstrate a certain *trade-off in fragility between economic and social value creation*. Mulgan (2010) describes how social value comes out of the interplay between an effective demand (someone who is willing to pay for the service or outcome, i.e. foundations, government agency, beneficiary, etc.) and an *effective supply* (affordable, implementable and functioning service). When one of these is weak or missing, measuring social value is difficult. However, being able to communicate expected social value through tools like a Theory of Change could help in creating the missing demand or supply.

As illustrated above, Impact measurement could prove useful in reducing mission-drift in organisations and also increase the evidence needed to influence supporters to back the solution.

In our research, the middle-stage organisations, while not implementing any formal measurement tools nor communicating their outcomes to external stakeholders, have started to measure their impact through soft indicators, i.e. how many people were employed, how many projects were funded, how many jobs were created, etc.

Box 3.4-43.
Impact Measurement by «Soft» Indicators

EXAMPLES

Vielfalter (see Box 3.4-18) has not issued any formal communication on the impact of their program, but it has communicated in internal reports how many projects it has financed and in which geographical areas. **De Kringwinkel Antwerpen** (see Box 3.2-20), likewise, in internal reports, has measured how much CO^2 it has reduced, how many jobs it has created for the long-term unemployed and how much reused material has been used. **Progetto QUID** (see Box 3.2-3) also produces performance reports for the foundations that have invested in its development.

These organisations have made a step in the direction of measurement and internal, stakeholder engagement but have not embedded measurement as a tool for strategic growth.

Available Tools for Measurement

The different tools available for measuring social value include the *Social Return on Investment (SROI) model, audited financial accounts, enhanced social audit,* etc. Other, lighter methods also exist like *the Social Reporting Standard* (cf. Roder, 2011) and *the Social Balance.* These latter methods may prove interesting for social innovations as

they could provide them an easier and less time-intensive tool to start out with. However, according to our evidence, only a few of the larger organizations have managed to produce these reports.

Box 3.4-44.
Cases applying Impact Measurement

EXAMPLES

Although still being in its pilot phase and thus small, **Education for Accommodation** (see Box 3.2-4) has already developed a measurement approach that bases on the «Social Reporting Standard» (SRS), which also served the development of the initiatives business plan. SRS provides a systemic structure to compile an annual *impact-oriented* report along the so-called «impact-value chain». In accordance with the initiatives objectives, measures relate to expected and achieved impact comprise, for example, children's educational biographies, involvement in local community, and number of children taken care of (hours of tutoring, sport and cultural activities) as well as mentors qualified.

Libera Terra (see Box 3.2-25), through Libera, produces an annual Social Balance Report which presents its financial accounts in a larger narrative that includes details of its social actions (new projects, number of partnerships, progress reports on existing activities, etc.) and resources (sponsorships, volunteers, donations, etc.) in an annual company report. The report also covers commercial activities and sheds light on strategic decisions taken and to be taken.

In much a similar fashion, **Locality** (see Box 3.2-8) publishes an annual report on its activities, financial accounts and impact. It has also published a 5-year strategic plan.

RODA (see Box 3.2-13) has published a few documents on its own website, but mostly, thanks to the support and investment from NESsT, a social investment fund, has benefitted from external measurement and communication of impact.

Except for Education for Accommodation, even the lighter forms of reporting, are only applied by larger organizations who have the infrastructure to support this activity or thanks to supporting structures, like NESsT in the case of RODA[37]. These documents not only help the organization make informed, strategic decisions but also holds them accountable to stakeholders creating a virtuous accountability loop: stakeholders demand to know what's going on and organizations are then held to keep up to what's been stated.

The smaller the Organisation, the less likely is Impact Measurement

The three of the four initiatives featured above are among the largest organisations and also the most supported in terms of infrastructure and networks. It can hence be observed that the smaller the organisation, the less time and resources it has to measure and communicate impact. The introduction of different forms of funding has incentiv-

[37] NESsT publishes case studies of its investees as part of its efforts to share best practices and explore and demonstrate its impact (Davis, Etchart, Jara, & Midler, 2003; Nicholls, 2009).

ized reporting mechanisms but the communication of these results with external stakeholders is seen only in larger organizations. This can also be seen in the large increase in social reporting in large corporations[38] who in fact have the time and resources to dedicate to these activities. In most of the observed cases, social innovators are focused on «core» activities with limited resources, leaving evaluation to a later stage of development. The real challenge, also observed by Nesta Impact Investments, is to find methods to make impact measurement a matter of daily routine.

Reporting Practices must allow for Customisation

Furthermore, as discussed in Section 3.3.2, the rise of hybrid organisations in response to changing paradigms and funding mechanisms has shown that legal forms are malleable and serve to support the social mission at hand rather than the other way around. Reporting practices likewise should take on the same characteristic (Nicholls, 2009). Nicholls has suggested a Blended Value Accounting that calls for a plurality of reporting practices to serve different strategic needs. The use of social reporting tools by commercial enterprises and commercial reporting tools by social organizations demonstrate the broader application of these tools. Furthermore, organizations whether big or small, should clearly distinguish between metrics used for external accountability, those used for internal management and strategic choices and those that support the broader picture and policy (Mulgan, 2010). Future studies should understand how such practices can be put into practice in the field even by smaller, resource tight organizations and the possible role of intermediaries in assisting in these processes. Further reflection can also be given as to how reliable and effective self-evaluation can be and the possible role of third party evaluation. Another area of research could also be to discern if normative measures could positively contribute to the adoption of measurement strategies and in what ways.[39]

3.4.2.2 Failure & Resilience

Failure (see also Section 0) is a constant characteristic of innovation in almost all fields and the outcomes of innovative actions are inherently unpredictable. Social Sector organisations that tackle social challenges operate in uncertain and often hostile institutional environments and usually balance economic and social objectives. As a result, the positive and negative outcomes of social innovation are hard to predict and evaluate. As suggested by Holmstrom (1989), innovative activities involve a high probability of failure and the innovation process is unpredictable and idiosyncratic, with many contingencies that are impossible to foresee: thus innovative activity requires exceptional tolerance for failure.

[38] See previous paragraph on the sustainability of SI.

[39] All inputs on measurement of impact coming from empirical research will be reported to WP5. Measuring the Economics of SI.

Overemphasise of Failure

Despite general consensus that innovation is a process of learning from failure and continuous experimentation, in literature there is an over-estimation of the culture of experimentation as a kind of original prerequisite of SI. In fact, applied, as well as, theoretical studies recognise how much product innovation heavily relies on trial and error and organisational learning. Despite high errors rates and little positive impacts, continuous experimentation is often an essential prerequisite to every kind of innovation.

Success Factors

There is a large part of literature that is investigating the wide variety of factors affecting innovation success; van der Panne, van Beers and Kleinknecht (2003) have produced a classification based on a literature review that identifies 4 major issues:

- Firm related factors;
- Project related factors;
- Product related factors;
- Market related factors.

Reasons for Failure

Besides the normal reasons for failure, SI displays specific characteristics. 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.

Most of the value that profit organisations create comes from their core routines activities perfected overtime. Efficiently producing and providing standard products and services creates tremendous values. Strict task specialisation at every level of the organisational hierarchy enables steep learning curves and focused skill development.

Box 3.4-45.
Failed Cases of Social Innovation

EXAMPLES

Catering Solidario, (see Box 3.2-24) have worked if the trading activity had been profitable. Even though Catering Solidario did succeed in attracting some customers because of its social mission, this was, however, not enough to compensate for the company's confused marketing efforts, founders who were never fully committed to the enterprise core business, and the host of usual problems that the majority of new enterprises face when they are in the phase of exploiting what they had envisioned as innovation.

After years of success, **Beat Bullying** (see Box 3.2-26) felt financial difficulties after an attempt to scale its service through the implementation of an online platform, making use of funds that finally were not granted. Beat Bullying never recovered from the difficulties and in 2013 the service definitively closed.

Lack of Skills combined with Grant Dependency

Even though causes of failure are not yet all clear, Beat Bullying shows how a lack of competences in management and digital services, coupled with heavy dependency on charity from donations and grants, brought to the collapse of the service. The charity that for more than 20 years had conducted its activity thanks to the different forms of subsidies received from public as well as private institutions never developed a strategy towards economic sustainability. In addition, donors never behaved as investors demanding reports, plans and explanations for the use of resources. The lack of a clear business model and the lack of a system of control on the investment have been co-causes of the Beat Bullying failure.

Having a social mission does not insulate a business from the forces of the market and competition. In fact, it can sometimes place an added burden on the company that makes it even more difficult to survive, let alone thrive.

THE BUSINESS MODELS OF SOCIAL ENTERPRISES OFTEN USE PRODUCT/SERVICE SALES TO FUND THE SOCIAL MISSION AND TO REDUCE DONATION, GRANT, AND SUBSIDY DEPENDENCY.

Social Innovation Organisations as «Black Box»

Often Social Innovation is initiated by a person or a community that has directly experienced the problem that the SI tries to solve. This pre-condition may prevent treating social innovation as primarily a sustainable outcome for the market and therefore implies that social innovation occurs when desired outcomes such as positive social change can be observed. Meanwhile the organisations that are the main locus of SI activities are mostly treated as a black box and little effort is spent on how SI develops within these organisations.

This quite often results in the implementation of social start-ups that lack consistent business models with respect to the value proposition, and as a consequence, that lack a coherent provision about what the start-up needs in terms of internal competences, infrastructure, and productive processes.

Box 3.4-46.
Trade-off between For- & Non-profit Organisations

EXAMPLES

The interrelation between **Catering Solidario**, (see Box 3.2-24) - a for-profit organisatiaon – and the Ana Bella Foundation (the not-profit-organisation that founded Catering Solidario) created an overlapping of objectives between the Foundation and the enterprise and prevented the enterprise from developing an organisational structure capable of producing value for its market in a sustainable way. The commitment of Ana Bella Estevéz (the funder of both the social enterprise and the Foundation) to the goals of the Foundation created a lack of leadership that derailed the momentum of the enterprise. The lack of a skilled management produced a sequence of mistakes that prevented the enterprise from having success in the market: lack of adequate infrastructure, lack of qualified competences in food preparation and service; and lack of real customers in the market.

Engaged People alone is not enough

Great people alone do not guarantee success and social enterprises face the challenge of focusing on their mission. To avoid management vacuums, social enterprises should undergo a complex ***initial design process*** of the production requirements and separate administration and management of their for-profit side from their non-profit side. To avoid strong and solipsistic leadership, social enterprises should build an independent organisational culture committed to both the social mission and effective operations.

Distinction between Customers & Beneficiaries

A second problem is that 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).

Box 3.4-47.
Distinguishing Beneficiaries from Customers

EXAMPLES

Both **Catering Solidario**, (see Box 3.2-24), which employed female victims of domestic violence, and **Aspire** (see Box 3.2-26) employing homeless, had customers who expected high quality catering respectively catalogue delivery services. Whereas in case of **Beat Bulling** (see Box 3.2-26) there were no customers besides the beneficiaries.

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.

The Infinite Loop of Innovation

Innovation processes are best represented as an infinite loop that moves between the search for continuous opportunities and the need to configure systems of production that transform innovation into robust value chains. The tension between exploration and exploitation (March, 1991; Martin, 2009) is the fundamental characteristic of the innovation processes within organisations and is characterised by numerous experiments, some successful and some not, as the individual or the team attempts to move from the idea to a prototype to be tested in production. As the product or process moves into the production or exploitation phase, the initial prototype is further modified; the organisation gains experience and production becomes more efficient until the product or process can be replicated with maximum efficiency and profitability.

Resilience as Capacity to adapt to exogenous Shocks

Strictly related to this view on innovation is the theory of resilience. Resilience is the capacity of an ecosystem to tolerate disturbance without collapsing into a qualitative different state that is controlled by a different set of processes. The complementarity between resilience and innovation suggests that when exploration fails, the resources committed can be re-allocated in order to retain resilience of the organisation. This abil-

ity of the organisations to learn from failure is intrinsic to a culture of innovation that permits systems to learn, adapt and occasionally transform without collapsing.

It is fundamental for SI organisations to learn how to build resilience. Building resilience is about fostering the development of a culture of innovation, where new ideas (for the social program, processes, products or initiatives) require both development (from the idea to a mature product) and organisations to deliver them.

Box 3.4-48.
Failure through lacking Resilience

EXAMPLES

Catering Solidario, (see Box 3.2-24) failed to design an effective value chain and organisational structure that could operationalise its value proposition. Yet at the same time, the enterprise's failure (and the previous failures that the Ana Bella Foundation faced in trying to establish a for-profit branch to hire its women) represented for the Ana Bella Foundation a source of learning, as well as a supply of resources. The network of stakeholders activated through Catering Solidario is currently active in reorganizing the Ana Bella Foundation around its core mission of helping women by offering them a school of empowerment; at the same time, partnerships with some big companies (like Danone) who invest their CSR funds to employ women in their structures, has solved for Ana Bella the problem of managing a for-profit branch through which to hire the women.

Beat Bulling (see Box 3.2-26), on the contrary, is a case of SI where a series of mistakes provoked a fatal failure for the service. Even though the circumstances that led to its sudden demise are not completely clear, it seems that a redesign of its services towards the inclusion of new delivery channels (web-based services) to scale the service, launched without adequate funds, played a role. In particular, the lack of competences and knowledge about how to manage an online service led to hazardous investments that raised economic difficulties for the charity. This in turn produced the need to attract more funding from donations and grants to cover the costs of the transformation towards a digital service, and since they were not achieved the charity stopped its activity in 2013.

If failure is an integral part of innovation processes, the paradox that every failure is something desirable must be avoided. Too often in SI (as well as in other forms of innovation) the «fetishism» of the failure has generated a sort of underestimation of the importance of the design of a new business. ***There are many examples of SI where failure links to a naive approach to the design of a start-up*** (Cobb, Rosser & Vailakis, 2015).

Strategies to circumvent Failure

Top-down and bottom-up strategies should be in place in order to circumvent the possibility of failure from the beginning of the process of designing social innovation.

Capability to connect Ideas, Resources & Opportunities

One important element for SI success is the development of the capability to connect initial ideas and resources with the political, economic and cultural opportunities that exist in the broader social and institutional contexts. The capability of individualising business opportunities should be cultivated also in mission-driven enterprises. This would

involve the development of a set of cultural skills (cognitive, knowledge management, sense making, convening), political skills (coalition, formation, networking, advocacy, lobbying) and resource mobilisation skills (financial, social, intellectual, cultural and political capital). Building capacity for SI, in part involves educating [40]a new entrepreneurial profile complemented with all of these skills, competences and knowledge.

Intermediaries & Measurement

Many intermediaries are currently entering the scene of SI with the role of offering support and training for SI entrepreneurs to be more successful in the market. This bottom-up strategy is currently complemented with top-down actions that are recognising SI as an area of entrepreneurial opportunity. However, in order for SIs to successfully grow, methodologies and tools to measure SI performance need to be developed, which take into account the complex nature of SI value composed by both a social and economic dimension[41]. SI can no longer be judged only by the outcome produced with respect to a positive impact on a social problem, rather measures of the SI's economic underpinning should be developed and applied.

3.4.3 Business Models & Governance

Business models of SI are meant to provide an overall picture of the value residing behind SIs, as well as of the resources, actors and relations that make them sustainable or even profitable. The core objective of this deliverable is to set a foundation for the description of the business models of SI, defining their specificities and the characteristics of their building blocks. On this ground, a typology of business models of SI will be elaborated in the further course of SIMPACT.

In order to realise their objectives, actors have to optimise their resources and face trade-offs between social and economic goals. At the organisational level this includes strategic aspects to be taken into account as well as rules of internal interaction (governance) on the micro-, meso-, and in terms of external interaction, at the macro-level. ***Modes of governance*** describe how decision-making, leadership and ownership are managed in SI, primarily at the micro- and meso-levels in which SIMPACT's investigation is being conducted. SIMPACT's aim is then to investigate (new) modes of governance at higher levels, related to policy-making, self-regulation and co-regulation of private and public actors as well as delegation of tasks to regulatory agencies. In this regard, the goal of this deliverable is to provide evidence-based inputs to subsequent research activities, to be carried out in other WPs, to better understand the relations between SI and policy making.

[40] Concerning the need of developing an area of education for SI design and development, WP 6 will investigate this where recommendations for SI policy will be delivered.

[41] Measures to verify the economic underpinning of SI will be developed in WP5. WP4. Task 4.3 Improving Existing Forms of SI will develop and extract business models for SI performing a "reverse engineering" of some of the case studies.

3.4.3.1 Characteristics of SI Business Models

In this paragraph we will analyse the business models of SI and social enterprises with the objective of describing their specificities and the characteristics of their building blocks, discussing our empirical findings against existing literature. [42]

COMPLEX BUSINESS STRUCTURES AND MODELS CHARACTERISE SOCIAL INNOVATION.

Quite a few adaptations of frameworks and tools meant to analyse and design business models of trading enterprise have been applied to social enterprises and hybrid organisations (see Sections 3.3.2 and 3.4.3.2), nevertheless, the need for further investigation and improved understanding of SI business models remains. The existing literature is quite limited, and primarily focused on investigating the specificity of non-profit organisations in comparison with for-profit enterprises. The seminal works of Smith et al. (2010) as well as of Jonker and Dentchev (2013) highlighted some characteristics of SI business models in comparison with those of trading enterprises.

Complex Business Models

Although their contribution is not focused on social enterprises, Smith et al. (2010) formulate the concept of *«Complex Business Models»* and define some typical situations in which they are likely to occur. Among them, the authors include social enterprises, highlighting that they *«(…) reflect another complex business model, built to host the paradoxical tensions between social good and financial profit strategies»* (Smith et al., 2010: 451). In their view, complex business models are primarily bound to the necessity to manage the tension between exploration and exploitation, quite well described in organisation studies. According to their empirical observations, complex business models call for the capacity of organisations to live with internal contradictions, which can be often achieved with forms of leadership that are able to pursue different goals and manage paradoxical strategies simultaneously. Studying the behaviour of management teams operating in these organisations, they come to the conclusion that they were able to define *«(…) an overarching vision that integrated both exploratory and exploitative strategies, aimed at motivating employees, encouraging the co-existence of competing agendas, minimizing conflict, and demanding creative problems solving to achieve integrative solutions. Second, they articulated clear and differentiated goals, and applied distinct objectives and metrics, specific to the different agendas»* (ibid: 455).

Business Modelling

While Smith et al. (2010) describe an overall frame based on case studies of trading enterprises, suggesting that social enterprises could be represented in the same picture, Jonker and Dentchev's (2013) approach the question of business modelling in the perspective of sustainable development. On the one hand the authors refer to Elkington's (1997) triple bottom line principle, according to which companies should be organised

[42] Starting from this description, the elicitation of SI business models will take place in WP4, Task 4.3 Improving Existing Forms of SI, where some paradigmatic cases will be analysed through a "reverse engineering" process (from the "as is" solution back to its development) to better understand mechanisms of value creation in SI and develop tools for their management.

to simultaneous account for people, planet and profit. On the other hand they refer to the CSR school of thought, which postulates the necessity of going beyond the neoclassical economic theory, well represented by Milton Friedman's (1962, 2009: 133) famous quote *«(...) there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits (...)».* In particular, they highlight how scholars agree on the inability of many organisations to address organising multiple values, suggesting that this calls for new competences and for a different understanding of business modelling. Making use of an explorative case study, they then propose 5 additional principles of business modelling for sustainability next to the principle of profitability: (1) multiple value creation; (2) basic logic; (3) strategic choice; (4) value network and (5) cooperative organizing.

Multiple & Conflicting Bottom Lines in SI Business Models

Our empirical research confirms that the necessity to generate value for different subjects leads to business models characterised by multiple and often conflicting bottom lines. In line with Smith et al. (2010), our case studies prove that organisations standing behind SIs must frequently manage intrinsic contradictions and dilemmas, and that they are influenced by other contextual conditions that naturally lead to the creation of complex business models, partially or substantially different from those adopted by trading enterprises. Our cases provide clear evidences of this complexity, which is reflected in the structure of mission-driven organisations, often integrating multiple legal forms to allow profit and social benefit motives to co-exist (see Sections 3.3.2 and 3.4.3.2).

Multiplicity of Value Propositions

In line with Jonker and Dentchev (2013), our empirical research shows that the configuration of the value proposition (VP) is a core factor of differentiation of mission-driven organisations from trading enterprises. Organisations dealing with SI may take different forms, ranging from non-profit, to for-profit, to hybrid solutions, but whatever their form is, often they do not display a single VP or a set of coherent VPs. Instead, they typically have at least a social and an economic VP, which may be often divergent, meaning that the more the organisation wants to push on its social goals, the more the economic ones may be at risk, and vice versa (see Section 3.3.2). The divergence between economic and social goals leads to intrinsic contradictions and tensions, which must be assumed as characteristics of SI that cannot (and should not) be solved or overcome, but only managed through processes and skills of balancing and mediation.

SOCIAL INNOVATION IS OFTEN CHARACTERISED BY A DIVERGENT ALLOCATION OF COSTS, USE AND BENEFIT.

Allocation of Costs, Use & Benefit

In the context of SI one has to notice that the dissolving of the conventional concept of customer as the subject who possesses the economic resources to buy a specific item (product or service) for his/her benefit, creates sheer difficulty in adopting frameworks, models and tools originally conceived to envision or describe the strategies of commercial enterprises.

If we separate the economic processes bound to the delivery of services in the dimensions of «costs» (who pays?), «use» (who uses it?) and «benefit» (who has the benefit?), we can observe that SIs – different to other forms of innovation – often deal with a specific actor constellation characterised by a divergence of cost, use and benefit: While in «for-profit economy» the customer pays and unites cost, use and benefit in his person, SIs often face a more complex situation. As the addressee of a SI is usually (per definition) economically weak, other cost bearers are needed. Our case studies show that these could be welfare systems, donors, private financers (foundations, CSR funds, etc.) or other actors, including for-profit branches or organisations that are sometimes purposely built to generate surplus meant to support the SI. This means that cost and use are frequently allocated to different actors. «Benefit» goes beyond the solitary use of a SI, as benefits may occur not only for the target group but also at societal level. This leads to the differentiation of outputs (usually configured as the results obtained through the activities carried out to take care of, support or empower the beneficiaries) and outcomes (larger societal benefits that may be influenced by quite a few external factors).[43]

Box 3.4-49.
Distribution of Costs, Use & Benefits

EXAMPLES

Discovering Hands (see Box 3.2-23) exemplifies that a new medical service is paid by the health insurance (cost), used by blind people and women undergoing a cancer examination (use), but the resulting benefit is also on a societal level, as the service helps to save costs and provides better health and employment.

Place de Bleu (see Box 3.3-6), **Aspire** (see Box 3.2-26) and **Dialogue in the Dark** (see Box 3.2-16) – taken as paradigmatic examples of many other cases – exemplify that costs of SIs can be covered by the combination of very diverse sources of income and revenue streams: sales of for-profit branches, private and public funding, sponsoring, charity and donations, lottery funds, awards, CSR funds and other sources.

The management of the diverse and complex income/revenue streams require financial and managerial competences of mission-driven organisations' staff, namely «funding specialists». Our empirical research shows that these competences are often lacking and that gaps are primarily bridged through trial-and-error knowledge creation, and sometimes through external consultancy and advice.

Negotiating Responsibilities

Divergence of cost, use and benefit also challenges the ratio of responsibility as it raises the question which actor should pay if use and benefit are not on his side. This calls for a specific mode of implementation of solutions, in which negotiation among diverse actors emerges as a fundamental aspect of SI. This states a high demand of communicative and networking skills.

[43] The consequences of the differentiation of outputs and outcomes will be deepened in chapter 4, when discussing efficiency and effectiveness of SI.

Box 3.4-50.
Negotiations among Social Innovation Actors

EXAMPLES

The case **Discovering Hands** (see Box 3.2-23) exemplifies that the innovator had both communicative and networking skills, and that they played a fundamental role in the establishment of the SI. **Dialogue in the Dark** (see Box 3.2-16) also shows the importance of these capacities, not only in the initial establishment of the initiative, but also in all its local replications that require the construction of an ad-hoc local network. Owing the capacities proved to be very helpful in the case **Piano C** (see Box 3.2-19), where Riccarda Zezza, initiator of the SI, comes from a background of communication studies and had long-term experience in heading a communication department of a multinational enterprise.

The backdrop of divergence of cost, use and benefit also explains the complex legal structure we can observe in many SIs. Discovering Hands, Place de Bleu, DORV Zentrum, Catering Solidario, for example, run different legal bodies for separating their for-profit and non-profit activities.

Separation of Economic & Social Activities

As we will discuss more in detail in the following section, in the cases analysed, the separation of for-profit and non-profit activities seems to be forced by the national normative frameworks, that pose limitations to the activities that can be performed by non-profits and that establish taxation mechanisms that demand for such a separation. Besides, the separation can also be seen in conjunction with the divergence of cost, use and benefit, as SI actors need to communicate to a complex structure of funders, donors etc. that are requesting for specific feedbacks in form of receipts, contribution receipts, tax declaration documents, etc. Forasmuch***, the SI inherits constraints of each funder or «cost actor».*** The use of several entities for different purposes can be considered analogous to the concept of *functional differentiation* in systems theory. Here, a major system is divided into several sub-systems, which are limited to a specific mode of operation. Each mode is linked to the purpose of the specific sub-system. By concentrating on this mode, it is possible to pursue the specific purpose while fading out other environmental aspects, which are not linked to the purpose.

Objectives of Business Models

Other studies of social enterprises are more focused on the objectives of the business models, or else on the potentiality of using them to give shape to sounder organisations, rather than on defining differences in the elements or components. Mair and Schoen (2005) apply Hamel's (2000) concept of a business model to social enterprises, analysing the components of their business models: core strategy, strategic resources, customer interface and value network. Adopting this framework, the authors compare 3 SIs from different geographical areas, to understand how the specific business model designs used by social entrepreneurs supports their success. Their exploratory study identifies common features of success, and formulates 3 main propositions:

- ***Proposition 1:*** Successful social entrepreneurial organisations pro-actively create social value networks at a very early stage.

- ***Proposition 2:*** Successful social entrepreneurial organisations carefully assess their resource needs and accordingly design a resource strategy that is integrated into the business model at an early stage.
- ***Proposition 3:*** Successful social entrepreneurial organisations integrate their target group in the social value network at an early stage.

Our findings actually diverge from these propositions, with particular reference to the use of resources and to the idea of business strategy being applied in SI. Divergence is likely due to relevant differences in the empirical research sample. Mair and Schoen's (2005) propositions are based on 3 cases of successful and well-known enterprises. In our view, this choice reflects a typical bias of research on social enterprises, already spotted in literature (Dacin et al., 2010; see Section 4.2.2). Rather than concentrating solely on the success stories, our empirical research involved a large number of mission-driven organisations operating in different sectors including failed SIs, as well as small and struggling ventures. The whole framework of strategic planning seems not to fit with what emerges from almost all these cases, showing that SIs take shape in resource-scarce environments, where social innovators exploit existing resources beyond planning, making use of creativity to cope with and to overcome constraints.

Differences between For-profit & Mission-driven Organisations

Rather than formulating propositions on how to build successful social businesses, other studies investigate the differences between trading enterprises and mission-driven organisations, to come out with new descriptive tools more suitable to represent social businesses. These tools may prove particularly interesting in the perspective of *shifting from an analytical to a generative frame*, supporting the creation of sounder SIs.[44] In particular, Laura Michelini (2012) performed an exploratory literature review highlighting that the traditional business model frameworks should be adjusted, introducing new components and mechanisms, to render the specificity of hybrid enterprises.

> *« This need for adjustment is because the traditional frameworks have limitations in analyzing new forms of hybrid enterprises, in which the social component is of great importance. In fact, the traditional models are not able to capture all of the specific aspects of these new forms of enterprise. Specifically, they do not allow for an analysis that highlights the specific features and innovations relating to the revenue management model, the model of governance and the social impact of the business. »*
>
> (Michelini, 2012: 29)

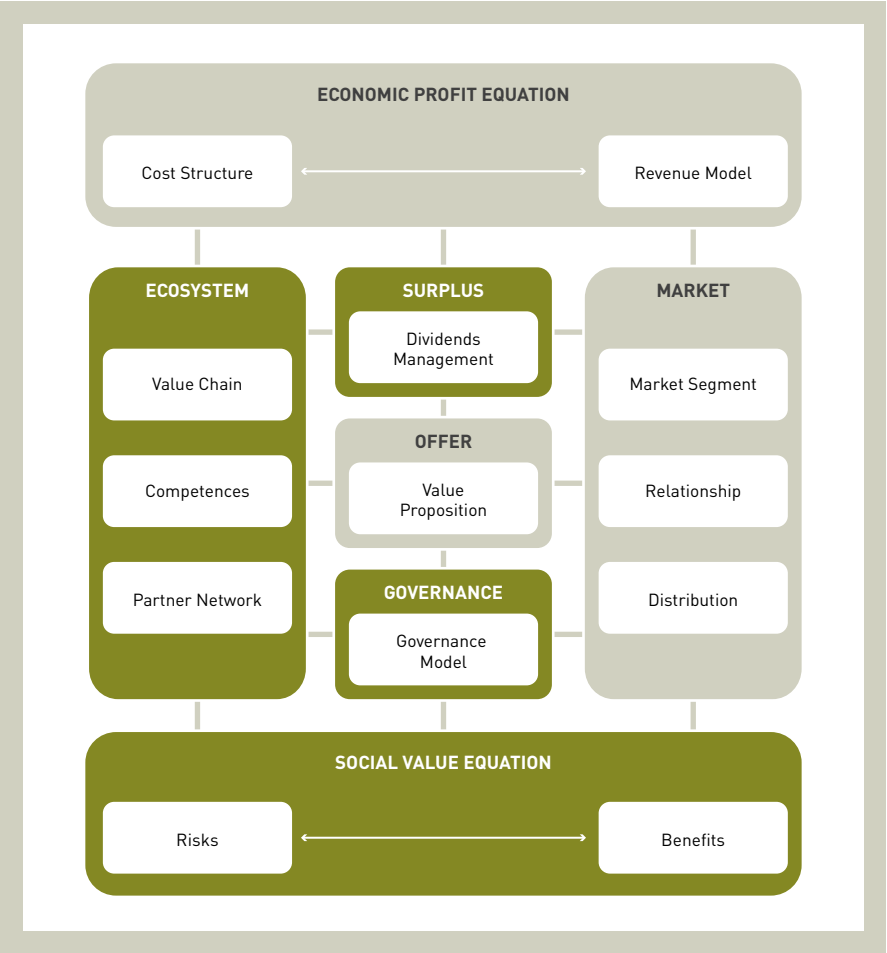
Social Business Theoretical Framework

Her study starts from different definitions of business modelling, bound to the objectives and the qualitative characteristics of different typologies of organisations, and combines in a whole framework elements typical of the for-profit businesses with ele-

[44] The analysis and the development of these tools will be deepened in WP4. Development of stronger Social Innovation Concepts.

ments characterising the mission-driven organisations. Michelini thus proposes a new framework (social business theoretical framework) and a model to be used as tool to analyse the creation of social innovation. Specifically, the model emerges from the combination of the frameworks of Osterwalder et al. (2005) as well as of Yunus (2010), as an attempt to find a way of describing the complex economic structure that is necessary to manage contradictory requirements in an overall framework.

Figure 3-19.
The Social Business Model Framework



The social business model framework is composed of 7 areas, which include 13 components. The following four areas are meant to capture the specifics of social businesses:

- *Governance,* which relates to the governance model of the organisation;
- *Ecosystem* comprising the value chain, competences (skills, knowledge etc.), as well as the partner network;
- *Surplus* describing the way in which the organisation manages its revenues surplus;

- *Social value equation* describing how the organisation generates social benefit in terms of risks and benefits (see Figure 3-19).

Moreover, in designing new frameworks and models meant to describe or to generate SIs, the previously mentioned divergence of cost, use and benefit should be taken into account. This would be extremely helpful in rendering not only the multiplicity of VPs, but also that of the channels of relations, as well as the complexity of the networks of actors and stakeholders that have to be managed in order to establish and to run a mission-driven organisation, which clearly emerges from our empirical research.[45]

3.4.3.2 Organisational Forms

THE ORGANISATIONAL AND LEGAL FORM IS OF UTMOST IMPORTANCE TO GIVE SOCIAL INNOVATION PROJECTS/INITIATIVES STRUCTURE, WHILE IT IS CONTEXT-SPECIFIC DUE TO NATIONAL LEGISLATION AND REQUIREMENTS.

Diversity of Legal Forms

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.

Complexity of Legislations

EU member states display peculiar and characteristic types of social enterprises, reflecting different social, economical and political histories but, despite differences (see also Section 3.2.1, Figure 3-6), 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.

[45] These empirical evidences - as well as other factors that differentiate SIs from other forms of innovation and mission-driven organisations from other kinds of organisation - will inform the tasks to be carried out in WP4. Development of stronger Social Innovation Concepts.

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.

Box 3.4-51.
Distinct Legal Forms & Statuses

EXAMPLES

Piano C (see Box 3.2-19) started as a for-profit enterprise with a social mission, but its founder soon discovered that, despite its social mission, the for-profit status could not allow the enterprise to apply for public and private grants, and to be a credible partner of CSR branches of business corporations. Vice versa, **Semi di Libertà** (see Box 3.2-24) has been founded as an association, but its founder is studying the possibility of turning it into a profit-generating cooperative (or to establish it alongside the association) to manage commercial sales to support the initiative and make it self-sustainable.

Social Innovators lack Knowledge on Legal Forms

The complexity of legislation is confirmed by a preliminary review 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). 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.

To dramatically simplify, we could say that the concept of social enterprise emerges as a bridge between forms of organisation that used to be separate, and are still separate, in most national, legal frames. Among the findings of our empirical research, we observed that in many cases ***both non-profits and business corporations seem per se inadequate to manage the different value propositions and modes of efficiency that a mission-driven organisation must combine to accomplish its social mission and guarantee an economically viable structure.***

Non-Profits

Non-profits, which are formed to accomplish a social purpose, typically experience difficulties in getting access to capital because their ability to distribute profits to investors is limited. As a consequence, they must largely rely on grants or on voluntary work to be economically sustainable. Moreover, they are not viable legal solutions, when social innovators need to establish a trading activity to sustain the social mission.

Business Corporations

Business corporations, which are formed primarily to make a profit for their investors, typically experience difficulties in using their shareholders' money for non-business purposes. Moreover, as we observed in our cases, they are not viable legal solutions when SIs have the shadow state as its client.

Hybrid Forms of Organisations

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.***

Box 3.4-52.
De Facto Hybrid Organisations

EXAMPLES

Piano C (see Box 3.2-19) can be described as a paradigmatic case of "de facto" hybrid organisation, in which the non-profit legal entity complements the for-profit one, and vice versa, to generate the overall sustainability of the business.

Discovering Hands (see Box 3.2-23) is an example (among many) where a product is commercialised by a for-profit enterprise to reward the founder(s), and generate surplus meant to sustain the core objectives of the non-profit organisation

Complex Business Architectures

Despite the existence of legal forms that are supposed to operate in between non-profit and for-profit - or else to solve the dilemma of social enterprises that must provide social benefits to respond to their mission while at the same time generate revenues to be sustainable in the market - our empirical research shows that SIs are carried out through complex business architectures even if the dimension of the business is limited in order to exist.

Hybridity results from Factual Combination of separate Organisations

As a result of the attempt to allow profit and social benefit motives to co-exist peacefully in a single venture, case studies reveal the existence of a variety of «combined» solutions, including: non-profits that create for-profit subsidiaries; for-profit companies that create corporate giving programs: and joint ventures between non-profits and for-profits.

Our empirical findings correspond to definitions of hybrid organisations that may be found in recent literature (Eldar, 2014), but while literature is focused on developing a comprehensive concept of hybrid organisations to include legal types that would not be traditionally included in it by taking into account the transactions towards beneficiaries,

our finding is that hybridity often results from the factual combination of formally separate (and different) organisations. These solutions configure associative frames that are not well investigated and described in literature, where different typologies of legal entities are combined in a whole organisation in which they are de facto interwoven. The result of such configurations is that behind the SI we find diverse and formally independent enterprises, with different value propositions, structures of costs and revenue streams, none of which would be in truth economically sustainable per se. In these cases, trying to describe the business models of SIs without considering the interrelation of different sub-organisations into a whole umbrella organisation would be misleading.

Interconnection in Combined Business Models

We thus hypothesise that, in order to capture the economic foundation of some SIs and describe their business models, different organisations should be considered interconnected in a «combined» business model[46], and that the legal structure is not an accessory element but a core feature of mission-driven organisation. From these hypotheses descends the importance of dealing with the complexity of the business models and of the correspondent legal structures of mission-driven organisations, and the necessity of being able to configure them in order to give shape to sustainable SIs. Here our research empirically reveals a gap in consultation and support on legal aspects, which should likely be interpreted in the frame of an overall gap in the intermediation for SI. Our research could spot a nascent system of intermediation, but since the majority of our cases are established it did not seem to play a relevant role in their establishment.

Transition from grant-dependent to self-sustainable Models

Cases also show that restructuring or reengineering the business model residing behind SIs in order to make them sustainable may be difficult. In particular, we observed that the transition from grant-dependent models to self-sustainable ones (or to models where the SI is not totally grant-dependent) emerges as a typical problem. Many SIs bootstrap thanks to grants and awards (sometimes multiple grants and awards) that are used as seed money or as structural ways to cover fixed and variable costs. They often start looking for different sources of income only in a second phase. Initial business plans often require assessment; this is a quite usual thing also for trading businesses, but in the field of SI the original focus on the social mission often enforces the need of rethinking business models and plans to make them sustainable in the long run. As we have previously highlighted, social innovators are driven by their strong motivation and core knowledge related to the social mission, but often lack in managerial skills and are not familiar with the industry where the SI is expected to generate surplus to be invested in the social mission.

[46] The hypothesis of multiple and interconnected businesses in a complex business model will be furthermore investigated in WP4. Task 4.3 Improving Existing Forms of SI.

Box 3.4-53.
Cases of Bootstrapping

EXAMPLES

Semi di Libertà (see Box 3.2-24) bootstrapped thanks to public grants received from two ministries, but since they were meant to cover initial investments rather than operational costs, its founder is currently seeking for sources of income to ensure sustainability.

Piano C (see Box 3.2-19) bootstrapped as a for-profit enterprise with a social mission thanks to self-financing, with a clear and well structured initial business plan, but soon its founder had to rethink the business model and the legal structure to acquire new vital sources of income.

Even if the typical pathway of development of SIs is from being purely non-profit to incorporating for-profit mechanisms, in some cases we observed the opposite pathway.

Box 3.4-54.
Changes in Legal Status

EXAMPLES

In the case of **Piano C** (see Box 3.2-19) the original commercial nature of the venture was based on the idea of selling services to big corporate enterprises, but it became soon clear that the only budgets that those enterprises were ready to use for these services were those coming from their CSR funds, and that a non-profit status was required as sort of a pre-requisite to apply for them.

In other cases, such as that of **Specialist People Foundation** (former Specialisterne; see Box 3.2-24), the creation of associations and foundations represents a second step of evolution of the SI, bound to the objective of achieving a higher cultural or mindset-change impact.

SI addressing Vulnerable seldom are self-sustainable

Cases where training and work integration of vulnerable and disadvantaged people are core objectives often show the problem of achieving self-sustainability. In these cases, suppliers of input (labour) to the firm are at the same time beneficiaries of the SI and their employment becomes an objective per se, which makes the creation of a sustainable business the instrument to realise it. Even if in many countries legislation provides incentives and tax relief for work integration, the problem of generating revenues and of dealing with competition in a way mostly similar to a trading enterprise remains and cases of failure are often bound to lack of consideration of these aspects.

Box 3.4-55.
Self-sustainability of SI targeting Vulnerable

EXAMPLES

Both **Catering Solidario**, (see Box 3.2-24) and **Aspire** (see Box 3.2-26) failed also due to scarce knowledge of competitive factors in the industries where the businesses were established. In both cases, the value proposition was only connected to the social mission,

which could not counterweigh the scarce competitiveness of their offering of products and services.

Libera Terra (see Box 3.2-25), in contrast, is now strategically focused on the objective of growing as a «normal» enterprise with the added value of a social mission, rather than as a social enterprise selling products to sustain its mission. This means that products are meant to be appealing and competitive besides the social mission, a strategic choice that is reflected in a new brand and visual identity where the social mission becomes less evident than it used to be before.

3.4.3.3 Leadership

SOCIAL INNOVATION USUALLY STARTS WITH A STRONG LEADERSHIP.

SI is quite often started by people 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.

Leadership guides Decision-making

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 as described in Section 4.

In fact, in the SIMPACT cases, we observed the strong commitment of heroes to the social motivation underpinned by SI. At the same time, we noticed that they sometimes show a much lower commitment when SI develops as a for-profit enterprise that has the mission to produce economic resources.

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.

Box 3.4-56. Leadership & Commitment

EXAMPLES

Catering Solidario, (see Box 3.2-24) developed as a for-profit to support the social mission pursued by the Ana Bella Foundation. The leader decided to open Catering Solidario after having failed with two other attempts to build a for-profit branch in support of the activity of the Foundation.

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.

Core Capabilities of SI Leaders

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*[47]. 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

SOCIAL INNOVATION MANIFESTS OPEN LEADERSHIP WHEN IT DEVELOPS IN NOT-FOR-PROFIT ENTERPRISES.

Open Leadership

Often, successful SIs develop through participatory processes and scale through networking more than through replication. Participation and networking bring about open leadership where decisions about the configuration of the solution to be offered as well as its ownership are shared.

Box 3.4-57.
Open Leadership

EXAMPLES

Catering Solidario, (see Box 3.2-24) as a social enterprise for food preparation and delivery failed. The partnership developed with Danone allowed the Ana Bella Foundation to transform its solution. Today Ana Bella is working with Danone as an intermediary putting vulnerable women in contact with the big company. Women are employed in Danone's direct marketing activities.

Crossics (see Box 3.2-8) initially developed as a visual book to support communication between migrants and doctors in Belgium. The partnerships with the Red Cross association reoriented the project: today it is a book largely used by the Red Cross in the contexts where the association operates.

[47] The reactive nature of the SI as an answer to an urgent problem is further discussed in Chapter 4 of the Deliverable where SI trajectories are presented.

Sense of Ownership

Despite the initial strong leadership, the sense of ownership is not prevailing in social innovation where a culture of peer-to-peer exchange and open access, probably dictated by the value of donation and the sense of acting for a social purpose, is one of its intrinsic characteristics. In most cases, ownership is weak compared to other forms of innovation. Innovation is «soft» and protection is often avoided, also for ideological reasons (open knowledge is a rule).

This opens up a possibility of scaling out, as already discussed in Section 3.4.1.4, which is often related to ideas or framework solutions rather than to detailed solutions that can be replicated as they are. At the same time appropriation or «as is» replication would or could be difficult, due to multiple legal issues that often emerge in SI which are related to the many hybrid forms it can take.

3.4.3.4 Learning Loops in Scaling Up & Scaling Out

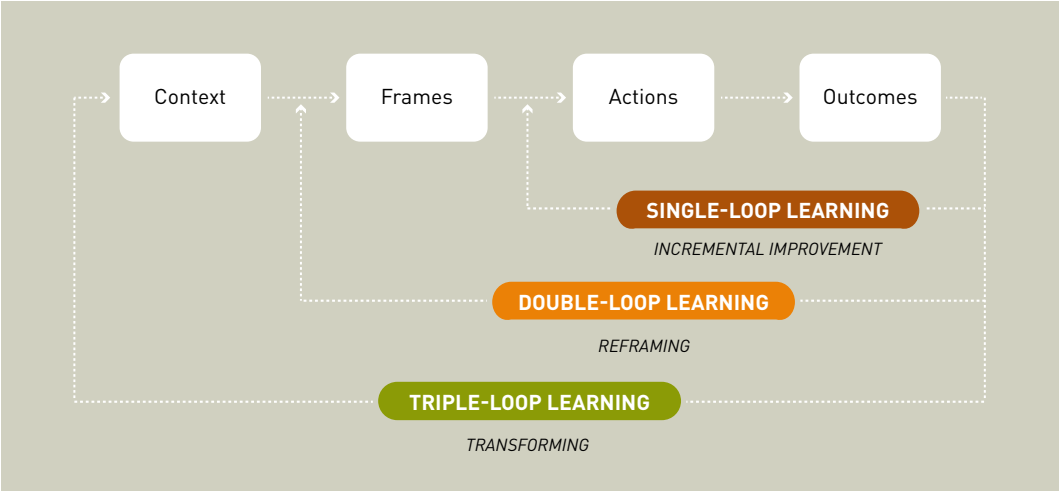
DOUBLE AND TRIPLE LEARNING LOOPS CHARACTERISE SI SCALING UP AND OUT.

Reflecting to recognise & correct Actions

The most used of Argyris and Schon's theories (1996), *double-loop learning*, emphasises that reflecting upon effects of one's action may result in important action change as a consequence of recognising, and subsequently correcting, eventual disadvantageous or advantageous actions. Thus, the important process of considering or reflecting upon behaviour prompts a questioning regarding the basis of that action and on discovering if the basis of the action is wrong or beneficial.

If the single-loop learning is about detecting errors and feedbacks to improve the objectives of an organisation, double loop learning is about questioning the underlying policies and goals, as well as the very program that an organisation implements to reach its objectives.

Figure 3-20.
Triple-loop Learning



Source: Adapted from Pahl-Wostl (2009: 359)

In SI, double-loop learning seems to emerge in those cases where different organisations are involved in the process of production and delivery. In these cases, these interactions produce feedback towards the deeper levels of the culture of those organisations, questioning their previous assumptions, policies and norms (e.g.: the public administration changes its attitude towards delivering services due to the participation in PPPs).

Box 3.4-58.
Double-loop Learning

EXAMPLES

The case of **Urban Mediaspace Aarhus – Dokk1** (see Box 3.4-21) and the accompanying introduction of user-centred design practices in the public organisation can be read as an example of double-loop learning. The transformation of the Aarhus public library into a new multifunctional public space has been the occasion for the municipality to experiment with an open and participated approach to the redesign of the library that involved not only the citizens of Aarhus but also different private stakeholders active in the city. The experience of that project has pushed the municipality to rethink its practices, policies and assumptions on how to design services.

Triple-loop Learning

Building on single and double-loop learning is triple-loop learning. This is the most elusive of levels and is rarely attained (Yuthas et al., 2004) as it involves a fundamental questioning of the meanings and assumptions attached to the world, ultimately leading individuals and organisations to question the basis of all knowledge. For instance, triple-loop learning is said to occur when *«(…) one starts to reconsider underlying values and beliefs, world views, if assumptions within a world view do not hold any more»* (Pahl-Wostl, 2009: 359).

Accordingly, triple-loop learning is related to transformational shifts in what individuals, groups and societies view as desirable ways of living and may be characterised as shifts in regime. There are many cases in the SIMPACT collection that evidence how SI can modify the context where it takes place (triple-loop).

Box 3.4-59.
Transformational Shifts in Regimes

EXAMPLES

The case of **Broodfondsen** (see Box 3.2-11) clearly had this outcome: the introduction of the SI in the market context forced private insurance companies to change their offering and the ways in which they build relations with their clients.

The case **of Discovering Hands** (see Box 3.2-23) introduced an innovative and less expensive procedure of breast cancer detection in the German Health System. Discovering Hands is challenging the previous assumptions on how this service can be produced and delivered in the German Health System.

In other cases, the change of context applies to the awareness of a specific problem (change of culture and mindset of a specific problem, e.g. the idea that people may have of migrants, female victims of violence, disabled, homeless etc).

Box 3.4-60.
Transformational Shifts in Culture & Mindsets

EXAMPLES

Catering Solidario (see Box 3.2-24), RODA (see Box 3.2-13), «Jek, Duj, Trin… Ánde Škola!!!» !» (see Box 3.2-21), Roma Support Group (see Box 3.2-5), Beat Bullying (see Box 3.2-26), Beyond Food Foundation/Brigade (see Box 3.2-22), Siel Bleu (see Box 3.2-22), Work4Al (see Box 3.2-14)l, LUDE (see Box 3.2-7), meine Talentförderung (see Box 3.3-8)) as well as Education for Accommodation (see Box 3.2-4)are all cases that build upon the objective of changing people's mindset and culture about the specific social problem they address.

Finally, in other cases the changes can affect the legal contexts.

Box 3.4-61.
Transformational Shift in Legal Context

EXAMPLES

Libera Terra (see Box 3.2-25) was created thanks to a new law in Italy pushed by civil society and constantly provides feedback to improve these laws and norms that regulate confiscated assets.

Coopaname (see Box 3.2-10) in France led the process of the introduction of a law for the cooperatives.

In sum, single-, double-, and triple-loop learning theories imply that the processes of reflection and questioning, rather than the information used or provided as part of that process, are the core of any systemic change.

4 SIMPACT'S CONTRIBUTION TO THE CURRENT DEBATE ON SOCIAL INNOVATION

Having introduced the results from the case analysis with regard to SIs components, objectives and principles, this section is dedicated to the positioning of our findings within the current scientific debate on SI trajectories (Section 4.1), SI efficiency (Section 4.2) and Actors in the SI Ecosystem (Section 4.3).

4.1 SI Trajectories

SIs are new trajectories of innovation, where social innovators as brokers, connecting actors from the public and private field as well as civil society, are of particular importance. Rethinking and recombining in the SI process is necessary to comply with the duality of social and economic objectives, SIs context dependence, limited resources, and so forth, while implementing SI cuts across organisational, sectoral and disciplinary boundaries. What starts as a set of «experiments» in niches can evolve into new pathways which might become a new dominant logic or design. With a specific focus on the innovation process, in the following recent debates on SI trajectories are critically reflected against findings of our comparative analysis.

4.1.1 Introduction

Many authors have conceptualised SI as the development and implementation of new ideas, products, services and programmes to meet social needs (Mulgan et al., 2007). Following this assumption, few models explaining the SI lifecycle in literature have until recently represented the SI process as a general process of innovation conducted to meet market opportunities.

Lifecycle of socially innovative Solutions

Although some characteristics of SI are similar to business innovation, others are rather different. Forasmuch, some of the concepts and frameworks found in studies on business innovation are adaptable to SI, while others are not due to SIs unique characteristics. In particular, this applies to social enterprises whose missions have a double bottom line: to achieve social as well as economic impact (see Section 3.3). Yet, following Santos et al. (2013) the relevant cycle to analyse is the cycle of the solution rather than that of enterprise as the purpose of SI is to maximise the value for society and not that for the organisation.

SI Lifecycle Approaches

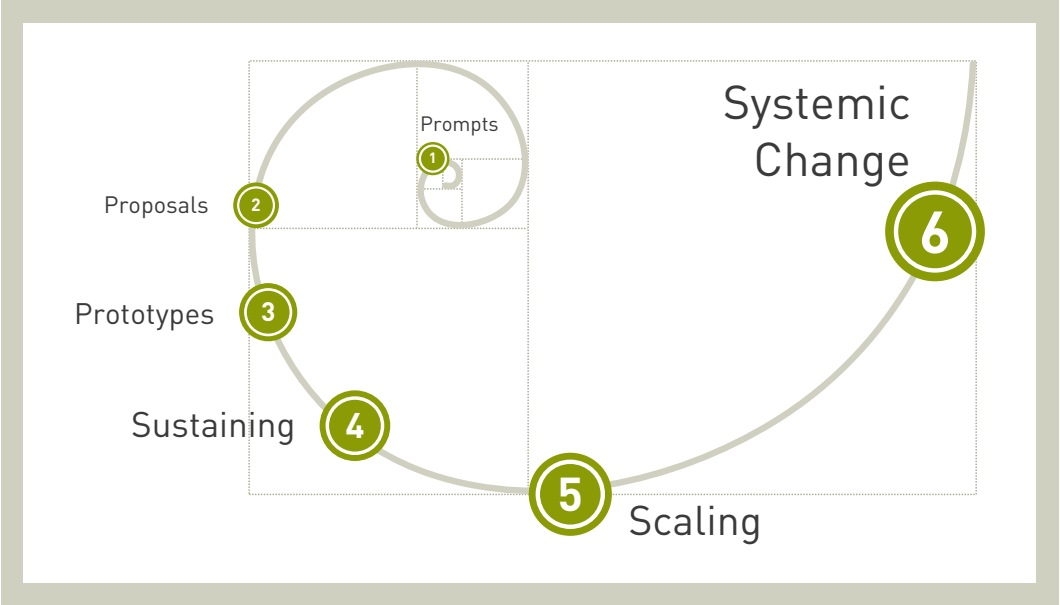
The term «lifecycle» implies a sequence of stages in the evolution of a SI, where each stage necessitates different skills, structures, resources and most likely actor constellations. In literature, two main models have been proposed to describe the SI lifecycle.

The Spiral Model

Murray, Caulier-Grice and Mulgan (2010) propose a six stage model of SI, as depicted in Figure 4-1:

- Prompts – which highlight the need for SI;
- Proposals – where ideas are developed;
- Prototyping – where ideas get tested in practice;
- Sustaining – when ideas become everyday practice;
- Scaling – growing and spreading SIs;
- Systemic change – re-designing and introducing entire systems, which will usually involve all sectors.

Figure 4-1. Social Innovation Lifecycle



Source: Murray, Caulier-Grice & Mulgan (2010: 11)

The model suggests linear SI development from inception to impact, where the single innovation has scaled enough to produce changes in the system in which it takes place. The model has been largely applied in the context of the TEPSIE EU research project (The Young Foundation, 2012) during which it has been further elaborated, especially in order to revise its linearity; arguments have been introduced to re-conceptualise it with a much more iterative nature by including the idea of design loops at each of its stages, as well as feedback and re-orientation loops. In this, the model is quite similar to the updated version of the stage-gate process of new product development (Cooper, 2008).

The use of a spiral to represent the model would suggest non-linearity although the logical order of stages assumes the perspective of an orderly process. On the contrary,

scholarship on innovation processes makes clear that the pattern from idea generation to diffusion rarely follows a predictable logical order (van de Ven, Polley, Garud, & Venkataraman, 1999) and in fact literature today coherently describes innovation processes in organisations as complex, iterative, organic and untidy (Greenhalgh, Macfarlane, & Kyriakidou, 2005).

The Social Impact Framework

Bates (2012a) proposes a three stages model of six steps to take a social innovator from investigation through ideation to implementation.

Figure 4-2.
Social Impact Framework

Source: Adapted from Bates (2012: xxii)

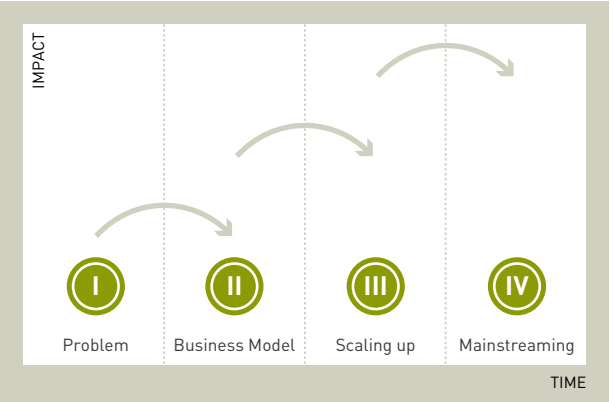
Investigation, covering the first three steps of the process, begins with defining the social challenge (i.e. the wicked problem), including the identification of the actors in the ecosystem, to determine and prioritise the unmet needs, and examine opportunities and their context (political, cultural, and social framework as well as physical and human resources that can cause the solution to fail).

The subsequent *innovation* stage focuses on devising a workable solution and a powerful effective business model. *Implementation,* finally, centres on the question of how to ensure that the single solution creates shared value among all stakeholders and innovations do not fail.

Four-stage Model

Santos et al. (2013) suggest a four stage model, where the SI process starts with the identification of the social problem and the development of a solution which is mainly guided by mission-driven people, while involving an interactive cycle of failure and feedback.

Figure 4-3.
Four-stage Model



Once the solution proves itself as working, the next step is to create a sustainable and replicable model around the solution, i.e. a business model. After successful validation of the business model, the next step is to scale the solution towards greater impact, where the organisational anchor (e.g. SE,

social movement) supporting the solution takes centre stage. The final mainstreaming stage focuses on institutionalising the solution to create systemic change.

Similarities between Approaches

The three models do not significantly differ from each other, displaying a set of common characteristics, even if the first individualises six, the second three and the third four stages. *First*, all models introduce the idea that the process of SI development initiates with a large and systematic analysis of the problem to be solved and the analysis of the needs of the users who are facing it. The problem is always wicked and the needs of the users are always unmet.

User-led Innovation

Second, all three models show a strong influence from literature on user-led innovation and user/producer co-created innovation, where concepts, like user participation in the solution and innovation driven by user needs have been largely described. For example, Von Hippel (1994) explains that innovation-generating, collaborative activities between the producer and the users are competitive. Moreover, the author furthermore points out that the user's ability and the environments to generate innovation are not developed by the producers, who are the providers of products and services in various areas (Von Hippel, 2005). Similarly, Prahalad and Ramaswamy (2004) focus on the process of value creation by consumer-company interactions.

User-led Design & Design Thinking

Third, the approaches draw on the literature of User Centred Design (UCD) and its further development into the paradigm of Design Thinking. In particular, the model presented by Brown and Wyatt (2010) is based on the methodology of Design Thinking, which aims to incorporate consumer insights in prototyping effective products that meet consumer needs. According to the authors, the processes of technological innovations should be guided by the needs of the people who will consume the product. Thus, the process of social innovation must seek a way to consider the culture and needs of all people living in a given community. In order to accomplish this, the authors propose the following (not necessarily sequential) steps that can support SI:

1. ***Inspiration:*** the problem or opportunity that motivates the search for solutions in the form of innovations (Brown & Wyatt, 2010). According to Brown (2008), this phase includes exploring problems and opportunities for change, as well as identifying the people who are affected by these problems and the manner in which they think. The phase also involves searching for information about this issue and synthesizing this information (Brown & Wyatt, 2010).
2. ***Ideation:*** the process of generating, developing, and testing ideas. According to Brown (2008), ideation involves brainstorming, which in turn should generate frameworks and prototypes that should also be tested and corrected during the next phase.
3. ***Implementation:*** the process that leads from the best ideas generated during ideation to concrete, fully conceived action plans. The implementation process is based on prototyping, turning ideas into actual products and services that can

be tested, iterated, and refined.

Prototyping as Core Element

In this context, the authors emphasis the importance of prototyping in Design Thinking:

> *« Through prototyping, the design thinking process seeks to uncover unforeseen implementation challenges and unintended consequences in order to have more reliable long-term success. Prototyping is particularly important for products and services destined for the developing world, where the lack of infrastructure, retail chains, communication networks, literacy, and other essential pieces of the system often make it difficult to design new products and services. Prototyping can validate a component of a device, the graphics on a screen, or a detail in the interaction between a blood donor and a Red Cross volunteer. »*
>
> (Brown & Wyatt, 2010: 35)

What emerges from the three models is that they all have borrowed innovation processes elaborated in the domain of user-led innovation and Design Thinking to produce an ex-post explanation of the SI lifecycle. In this vein, Bates (2012b: 4) states:

> «*Imagine the impact of disruptive innovations that would enable students to learn more effectively, regardless of where they live or what kind of school they go to. By simply identifying the key needs of the members of that ecosystem, state and federal education agencies, small entrepreneurs, non-profits focused on education, and even large organizations, can all be working from a common set of information to create new value for our school systems. The goal of this methodology is to get the 'needs' of the parents and students, teachers and administrators, into the hands of those with the creativity and power to generate and implement solutions that will make major improvements in how our children learn*».

Contrary to these predictive models, the observations made in our empirical research suggest that the process of SI rarely follows the steps described. Moreover, these models describe ideal conditions that are at work when innovation is developed within an organisation that already exists and when it relies on an already-established culture of innovation (Deserti & Rizzo, 2014).

4.1.2 Empirical Evidence & Discussion

In the following some of the main findings from the SIMPACT cases are discussed and contrasted with the «Spiral Model» (Murray, Caulier-Grice & Mulgan, 2010).

Social Innovation emerges as Frugal Solution

As outlined in the previous section, the «Spiral Model» describes the development of SI as the *sequence of prompts, proposals, prototyping and sustaining*. In reality, SI emerges in constrained contexts and develops as a frugal answer to a social problem.

In our empirical research, the phase of user need exploration that prompts the need for the SI is not evident. On the contrary, the initiators of the SI are quite often profound experts of the problems and the needs they are willing to solve. Problems and needs are chronic and often urgent, as other actors currently in charge of them are incapable of producing an effective solution.

Box 4.1-1.
Social Innovators as profound Experts

EXAMPLES

Specialist People Foundation (see Box 3.2-24) developed a solution that comes from the profound knowledge of the problems of people with Asperger syndrome to be integrated in the job market.

Catering Solidario (see Box 3.2-24) is a solution that comes from the profound and personal knowledge of the problem of domestic violence and of the ineffective approach of the Spanish welfare system. Likewise, in the case of Education for Accommodation (see Box 3.2-4) or **Yalla Trappan** (see Box 3.3-3) the relevant knowledge originate form the personal experience of the initiators.

Discovering Hands (see Box 3.2-23) is a solution that comes from a profound knowledge of breast cancer detection techniques and of the current welfare condition in which mammography is offered to German women.

The profound knowledge of the problems and needs, combined with the level of urgency, often push a unique idea to become the solution instead of triggering a real phase of idea generation and screening. The original idea of the initiators becomes the boundary object around which a small-scale community of stakeholders aligns itself to produce the solution. This is in line with the condition of resource scarcity, as already discussed before in this document, in which SI typically begins and develops.

RARELY SOCIAL INNOVATORS CAN SPEND RESOURCES TO SUPPORT A PHASE OF IDEA GENERATION.

Box 4.1-2.
Financing the Ideation Phase proves difficult

EXAMPLES

«**Jek, Duj, Trin… Ánde Škola!!!»** (see Box 3.2-21) project was made possible thanks to public funds assigned to realise a specific initiative, which was designed by a group of volunteers that had for years worked with the community of Roma people living in the city of

Lecce. They had a clear idea of the problems of the kids, of the Roma community with respect to its integration in the wider citizens' community and a clear idea of how to realise it.

Beat Bullying charity (see Box 3.2-26) started with the idea of supporting children victims of bullying at school by developing a service of coaching. The charity operated with this service model for more than 20 years.

Resource scarcity pushes the process of SI generation into convergent mode from the beginning. SI clings to its initial idea also because of its strong dependency on the context in which it is conceived: the characteristics of the context constrain SI. These initial conditions in which SI ideation takes place are in contradiction with the typical process of idea generation described in innovation studies. Idea generation is usually described as calling for a divergent attitude, where the exploration of ideas is conducted without constraints and by forcing the process of ideation to develop "out of the box" solutions in a system in which everything can be possible.

RARELY CAN SOCIAL INNOVATORS SPEND RESOURCES TO SUPPORT A PHASE OF PROTOTYPING.

The same argument used to discuss the substantial absence of the phase of idea generation can also be applied for the phase of prototyping. This is a step, in the process of innovation development, that usually requires high levels of iteration and experimentation: both activities are cost and time consuming. Phases like these, usually described in R&D processes, are the most expensive in the process of innovation. The shift from product to service design makes prototyping even more difficult: solutions to be experimented must exist and be working, and sometimes realising them as models is not possible, since support processes and infrastructures would be the same that would be needed to run the real service. As Brown & Wyatt (2010: 35) put it: «*The prototypes at this point may be expensive, complex, and even indistinguishable from the real thing*».

Prototyping contradicts Frugal Solutions

On the contrary, the resource scarcity in SI usually results in the transformation of the initial idea into a frugal solution, made possible thanks to the collaboration of a small network of actors that share in the SI motivation. The concept of frugality in relation to SI has already been discussed in this report to describe a process in which social innovators exploit only the human resources, infrastructures, personal relations, and small subsidies available (see Section 3.4.1).

Contrary to the common use of prototypes and proofs-of-concept, these frugal solutions are not meant to test and understand if the initial ideas work and are sustainable in the market; *rather, frugal solutions are expected to immediately demonstrate their ability to produce outcomes and social impact.*

Box 4.1-3.
Frugal Solutions instead of Prototyping

EXAMPLES

In the case of **Catering Solidario** (see Box 3.2-24), most of the resources were spent to pay the salary to the employed women: this allowed the small company to immediately show its capability to generate outcomes and a social impact; but the choice prevented investments in the underlying infrastructure (a kitchen, a professional team) of the social enterprise supporting its sustainability. Likewise, in case of **Place the Bleu** (see Box 3.3-7) the public resources used to support project realisation are spent primarily on the salary of the women employed and not on the development of the social enterprise.

Bricolage contradicts Resource Planning

Moving from frugal solutions to sustainability, SI manifests a *bricolage* mode through which initiators typically overcome the problem of resource scarcity and make the solution stable in a market. Even though bricolage implies the most efficient use of the available resources (see Sections 3.3.4 and 4.2), here we must underline how this «virtuous» cause-effect relationship can be easily inverted. *Bricolage* is actually opposite to the idea of resource planning.

Scaling out Mechanisms are more frequent than Scaling up Mechanisms

The «Spiral Model» then introduces the phase of scaling, when the SI is mature enough to be replicated. SI scaling has already been discussed in a different section of the report (Sections 3.4.1.1, 3.4.1.3 and 3.4.1.4). What we highlight here is that SI rarely shows scaling up mechanisms, such as the diffusion of its products/services to the largest number of possible customers or internationalisation through the opening of subsidiaries or other companies in different countries. More often in fact it is possible to observe scaling out mechanisms, i.e. those mechanisms of dissemination, learning, adaptation, and influencing that support the core idea of the SI to be scaled and diffused rather than the solution per se.

SOCIAL INNOVATION SCALES THROUGH A COMPLEX, OPEN AND PARTICIPATORY PROCESS.

Here we underline that SIMPACT's empirical findings show much less linear trajectories than the ones described in literature on scaling. In particular, transformation of the proposed solutions may be sometimes quite radical. Westley et. al (2006: 34) assert that the idea of complexity explains the process of how SI is created within the interactions of various movements and how it changes society; they suggest that «*(…) relationship is a key to understanding and engaging with the complex dynamics of social innovation*» and that «*(…) for social innovation to succeed, everyone involved plays a role. As such, everyone – funders, policy makers, social innovators, volunteers, and evaluators – is affected. It is what happens between people, organisations, communities and parts of systems that matters, (the) 'in the between' of Relationships*».

Complex participatory Processes

Deserti & Rizzo (2014) introduce the concept of *«complex participatory processes»* as those strategies that are at work in contexts where SI is provided by a main actor trying to establish it through the promotion of a series of alignments and alliances around strategic or tactical objectives. Actors and stakeholders involved may have different objectives but they tactically can collaborate in the foundation or delivery of a SI since it is coherent with their overall strategic objectives.

The idea behind complex participatory processes is to consider SI scaling up and out as being in a dynamic relationship with stakeholders within or outside the SI context. Stakeholders may thus act as co-producers, amplifiers, adopters and agents of diffusion.

Box 4.1-4.
Complex Participatory Processes

EXAMPLES

Dialogue in the Dark's (see Box 3.2-16) worldwide diffusion took place thanks to a series of strategic alliances with different international and national museums and cultural institutions that host and reproduce the exhibitions.

Siel Bleu (see Box 3.2-22) initially scaled up in France thanks to the alliances with the end users. The communities of elderly people, living in the retirement homes where the founders of Siel Bleu had conducted small-scale experiments of their training programs, became the first amplifiers of the Siel Bleu programs.

Teach for All (see Box 3.3-8) entered into partnership agreements with national organisation to bring its concept to worldwide scale.

However, as outlined in the recently published SI-DRIVE report (Howaldt et al., 2014: 63; emphasis in brackets added) *«(…) if we acknowledge that this model (the Spiral Model) is intended as a helpful framework rather than a representation of reality, it raises other significant questions. For example, should we think of scaling as a 'stage' within the social innovation process? After all, so long as an innovation goes beyond an idea to become a practice, it is still an innovation regardless of whether it becomes widespread or remains localised».*

Finally, concerning the last step of the model, «systemic change», we did not verify its occurrence for any of the SIMPACT cases. In line with what has been described in the SI-DRIVE report (Howaldt et al., 2014), our empirical research confirms that the effects of a singular SI in creating systemic change in society has never been demonstrated in the SIMPACT cases.

4.1.3 Conclusions & Outlook

In this section we discussed SI lifecycle as it emerges from SIMPACT's cases. We first introduced the three most diffused models of the SI lifecycle, followed by a discussion of SIMPACT's empirical findings in comparison to the Spiral Model. Although we recognise that this model can be a powerful tool to guide the process of designing SI, our evidences have illustrated its shortcomings with regard to predicting what happens in reality.

In what follows, we discuss some arguments derived from the discussion of the literature and SIMPACT's empirical evidences that support our critique of the model.

The model elaborated by Murray et al. originated from previous literature on innovation development, particularly literature on new product development, and literature on «Open Innovation» and «Design Thinking».

Open Innovation Paradigm in Social Innovation

The paradigm of Open Innovation introduced the idea that innovation may come from the collaboration among users, users and a company as well as among companies in an open innovation ecosystem. This view on innovation relies on the premise that new and unmet needs exist in the market and lead the development of innovation.

As a consequence, first steps in developing new products are the analysis of the customers' needs and the exploration of diverse ideas that can satisfy them. Understanding the customers' unmet needs and working with them to find the most desired solution is the methodological approach of Design Thinking, which has become one of the mantras of recent literature on SI. Its simplified three-steps model prescribes the recipe of innovation through exploring; designing and evaluating, independently from the context of destination, the context of production and the domain of application of the innovation.

Quite often, SI arises as a solution to a problem that welfare systems, as well as other institutional actors, cannot solve or cannot face anymore. Problems solved by SIs are thus well known, are structural and touch fundamental needs of people's lives. In addition, while problems faced by SI innovation are transversal, solutions tend to be highly context dependent: they cannot be replicated through «as is» mechanisms. Finally, SI suffers from a structural lack of resources that makes almost impossible profound phases of analysis of the customers and of their needs, idea generation and prototyping.

Design Thinking & the Spiral Model are no Common Practice

In the practice of SI, neither the predictive Spiral Model nor Design Thinking do not occur for two main reasons: SI is not an innovation triggered by new (primarily hedonistic) needs that have to be discovered in the market; and SI does not rely upon enough resources to be invested in a complex iteration process of prototyping. On the contrary, what we observe is that prototyping in SI often takes the forms of a frugal solution with the aim to immediately demonstrate its social impact, more than to understand which is the best production configuration for the envisioned solution. Frugality may become the

regular condition in which SI is produced: frugality in production however renders SI economic sustainability fragile. Also, we should notice that the process of innovation described in the analysed models is a typically iterative process, primarily meant to support continuous innovation in organisations that have the problem of releasing new products/services and of managing (sometimes wide) portfolios of products/services. On the contrary, the cases that we met are primarily made of organisations that do not have a large portfolio of products or services. In the majority of the cases they operate in a limited local environment, and are based on a specific and focused solution as their only "product". The expansion of the offering seems to be a relevant question only for some of the organizations that we met (in particular of those that have a commercial side), while for the others continuous innovation takes the form of the refinement of the existing solutions rather than that of their substitution.

Spiral Model fails to explain Scaling out

Murray et al. add scaling up as one of the steps of their model once sustainability is achieved. With respect to this specific aspect, we agree with what has been already observed by many researchers about whether scaling up would represent a part of a lifecycle process of innovation or if scaling is a phenomenon related to a mature product or service.

In addition, we report here that the model fails to explain all mechanisms of scaling out already discussed in this report. In Chapter 3, many findings from the cases were presented that suggest how SI scales through networking and complex, open and participatory process through which stakeholders and actors are at work to adopt, learn, amplify, adapt, disseminate, and influence SI. The result of this process is the diffusion and the strengthening of the core idea behind the SI more than the replication of the initial solution as it works in a specific context.

Correlations, Institutionalisation & Resilience

Finally, we disagree with systemic change as the last step of the SI lifecycle. It is true that the ultimate objective of SI is the provocation of a change in the specific system of production and delivery in which it exists; but what we question is if a singular SI can produce this systemic change. More promising routes here seem to be: the correlations between different SIs that insist on the same problem; the institutionalisation of SI in routines, norms and practice; and the relationship between resilience and systemic change.

Regarding the *first route*, Manzini & Rizzo (2010) have already introduced the concept of constellations as a system of SIs that synergise each other to produce systemic change. Developing SI is not enough to produce systemic change. Connections and links between the hundreds of initiatives that are taking place on a specific issue must be made, in the aim to reinforce their impact at a macro level.

In the *second route*, successful SIs may become embedded in routines, norms and structures and thereby become institutionalised as widespread social practices: in this sense, they have many more chances of producing systemic change.

Regarding the *third route*, the authors observe that, as commercial activities are instrumental to social objectives, in some cases, the initiators may reorient or change the former quite easily. In this case, they somehow develop that disposition towards continuous innovation that – as we observed – makes a difference between for-proft and non-profit.

Box 4.1-5.
Organisation Change

EXAMPLES

In the case of **Catering Solidario** (see Box 3.2-24), the Ana Bella Foundation tried to launch many commercial ventures with the objective of providing abused women with job opportunities (which was its ultimate objective) and a salary that could grant them economic independence and self-esteem. All those ventures, including Catering Solidario itself, resulted to be too difficult to be managed with limited resources and a lack of knowledge, but trials built experience and relational capital that were of utmost importance in reconfiguring the commercial activity, orienting it towards jobs requiring less specialisation and primarily targeting the CSR budget of private corporations.

The instrumental nature of the for-profit activities in SI creates in them a disposition to change and adapt the solutions without getting too fond of them. Paradoxically, even if this is a negative consequence, it may have positive aspects. In particular, this continuous change fertilises the context to become a rich ecosystem for SI incubation, support, and experimentation. SI ecosystems, more than singular SIs, might have better chances of triggering systemic change.

Future Outlook

In the light of the above discussion, we suggest to distinguish between lifecycle models that are meant to *analyse the SI process* and those that are meant to *support the generation of new SIs*. In both cases, one has to take into account the highly resource-constraint environment in which SIs occur as well as the fact that many organisations are not interested in extending their portfolio of services, but to create and refine only a singular functional solution. Moreover, in due consideration of our evidence that the target groups' needs are well-establish rather than latent as with other forms of innovation, we propose to *replace the exploration of needs by the exploration of constraints*. That is, creativity in SI usually takes the form of convergent thinking rather than the common divergent one found in other forms of innovation.

4.2 SI Efficiency

Organisational Efficiency & Quality of Management

Organisational efficiency, an organisation's ability to implement its plans using the smallest possible expenditure of resources, is an important factor of organisational effectiveness. According to some of the strategy formation schools of thought (Mintzberg, Ahlstrand & Lampel, 1998), to succeed at accomplishing its aims, an organisation must be able to create the right plans, pull together the resources needed to implement those plans, and then use resources such as money, infrastructure and human capital in the real actuation of those plans (Daft, 2012). In this frame, quality of management is perhaps the most influential factor on organisational efficiency since it is management that chooses how to implement strategic plans - including selecting what methods and resources to use, and leading employees in order to make the most of their labour. Nevertheless, factors that influence the efficiency are not only internal but also external to the organization. For example, the quality of an organisation's labour is often dependent in part on the general education of the region where that organization is based. Moreover, the cultural context is also important in determining the attitude and the behaviour of an organisation. The concept of path dependence can be thus connected with that of industrial (or creative) cluster, showing that congregation of similar businesses in local geographical areas creates a virtuous circle that impacts on the overall efficiency of organisations.

The current debate on efficiency is primarily concerned with SI in public sector and more efficient and effective delivery of services in particular, while little information is given as to what efficiency means in the context of SI organisations. Forasmuch, the purpose of this section is to delve more deeply into the topic from the perspective of the SI organisation and contribute to the emerging theme based on our empirical research. Accounting for the social innovators' distinct objectives (see Section 3.3) and distinct modes of organisation (see Section 3.4.3.2), it is anticipated that social innovators have different understandings of the means to be deployed to achieve efficiency and effectiveness.

4.2.1 Introduction

Accounting for the Specifics of SI

Most of the literature on organisational efficiency has been developed in the field of for-profit business. Nonetheless, some authors devoted specific attention to the non-profits, highlighting their specificities and the major differences with the for-profit organisations:

> *« In businesses, managers focus on improving the organization's products and services to increase sales revenues. In nonprofits, however, services are typically provided to nonpaying clients, and a major problem for many organizations is securing a steady stream of funds to continue*

operating. Nonprofit managers, committed to serving clients with limited funds, must focus on keeping organizational costs as low as possible and demonstrating a highly efficient use of resources. (…) Another problem is that, since non-profit organizations do not have a conventional 'bottom line,' managers often struggle with the question of what constitutes organizational effectiveness. It is easy to measure dollars and cents, but nonprofits have to measure intangible goals such as 'improve public health,' 'make a difference in the lives of the disenfranchised,' or 'enhance appreciation of the arts'. »

(Daft, 2012: 13)

Productivity from Non-profit Management Perspective

In literature on non-profit management, Berman (2006: 9) has defined productivity as *«(…) the effective and efficient use of resources to achieve outcomes»*. This definition connects resource management to outcomes, underlining the need, in the non-profit sector, to attain both financial stability and social purposes. While *efficiency* measures the cost and the quantity of resources used to achieve the outputs of activities, *effectiveness* measures the gap between the planned goals and the actual outcomes. In this view, the challenge of non-profit management is to combine efficiency (use of resources) and effectiveness (outcomes). As the scarcity of resources emerges as a typical characteristic of SI, the achievement is quite tough. Berman (2006:9) explains:

« Resources are often very scarce in nonprofit organisations, in part because their aims are huge (such as resolving homelessness) and in part because revenue streams are small (for example based on membership fees): resource scarcity causes nonprofit organisations to seek out free resources such as volunteers and community donations. This can turn nonprofit organisation into highly efficient providers. Productivity efforts aimed at better use of volunteers and greater success at fund raising are especially important for these organisations. »

Focus on Effectiveness & Equity

The traditional view of productivity as the ratio of output to input is typically focused on enhancing efficiency through the compression of time and costs, whereas Berman's point of view is that in the fields of non-profit and public services the focus should be on effectiveness and equity, intended as the fairness of the objectives and the ways in which they are pursued.

« Consensus exists that efficiency is typically a more important goal in the for-profit (business) sector, where success tends to be more singularly defined as profit. Efficiency improvements are important because they result in cost savings that directly contribute to profitability, competitiveness and corporate survival. (…) Nonprofit organisations are often thought of as seeking effectiveness and efficiency in equal measure. (…) Donors, public agencies funding nonprofit organisations, and employees

and managers who work for these organisations often have high expectations about their ability of producing an impact on the areas in which they are involved. The extent to which they provide services and affect important community issues is an important measure of the effectiveness of nonprofit organisations. Tax laws require that nonprofit organisations reinvest excess revenues, which furthers their commitment to effectiveness. (...) Finally, organisations also differ to the extent that they value equity as an important goal. »

(Berman, 2006: 8f.)

From the perspective of decision-making, Mankiw (1999) emphasises the trade-off between *allocative* efficiency, defined as property of society getting the maximum of benefits from its scarce resources and equity defined a property of distributing economic prosperity fairly among the members of society. He illustrates how far the costs for increasing equity can reduce the efficient use of resources.

4.2.2 Empirical Findings & Discussion

Biases in current Research

Our review of the literature on efficiency reveals that – with few exceptions –, that so far, efficiency in the field of social innovation preliminarily bases on concepts borrowed from for-profit sector. The adaptation of these parameters and frameworks is not the only bias in the research on productivity, efficiency and effectiveness of mission-driven organisations. The fact that most of the studies have been based on well-known cases of quite large and well-established organisations emerges as a major problem, particularly if we consider that the landscape of SI is primarily made of small organisations operating at a local scale, as our empirical research has confirmed. Recognising this bias, Crutchfield & McLeod-Grant (2012) reviewed their framework for creating high-impact non-profits trying to apply it to smaller and local organisations.

« Of the more than 1.5 million nonprofits in the United States, the vast majority are local groups striving to achieve maximum results while operating on budgets well under $1 million. Most aim to deepen their impact within the local community, rather than increase their reach by scaling up nationally. So how do the six practices outlined in our book 'Forces for Good' apply to smaller groups, when we originally studied only large national and global nonprofits such as Habitat for Humanity, Teach for America, and the Environmental Defense Fund? »

(Crutchfield & McLeod-Grant, 2012: 36)

Their revised research is pretty much in line with our empirical findings, in which the resource-constrained nature of the majority of the analysed SIs emerges as a core feature that deeply influences their attitude towards efficiency and effectiveness (see Sections 3.2.3 and 3.4.1.3).

« Smaller and local nonprofits clearly face different challenges from those of larger groups operating at national or global scale (…). The most obvious challenge is that local nonprofits are often resource-constrained. (…) This also means their funding options are more constrained (…). Plus, most local service providers receive a majority of their revenue from government grants or contracts (40 percent on average), so many are highly dependent on a single funding source, which puts them at greater risk. But it's not just about financial resources. As a consequence of smaller budgets, these nonprofits have more constrained human resources as well, often operating with a small paid staff, whose time must be focused on delivering quality programs, raising funds, managing the organization, and undertaking administrative tasks. »

(Crutchfield & McLeod-Grant, 2012: 38)

MANY SOCIAL INNOVATIONS ARE IN A CONSTANT STATE OF «HYPER-EFFICIENCY» WHICH MAY INDUCE FRAGILE BUSINESS STRUCTURES AND MODELS.

Focus on Effectiveness & Maximising Impact

Our research confirms that the focus on effectiveness and the urge to maximise impact emerge as clear features of mission-driven organisations. On the one hand an ethical tension naturally leads social innovators towards effectiveness, and on the other hand the existing legal frames and funding schemes – which in most of the cases have been reviewed to reward impacts – push them towards immediately proving their capacity of achieving outputs and outcomes. Due to this, SIs tend to take the most out very limited resources, exploiting them at the maximum sustainable level. Paradoxically, if we measure efficiency as *«productive efficiency»*, or else as the capacity of fulfilling the mission in relation with the inputs, many SIs seem to be in a state of *«hyper-efficiency»*. In particular, they seem to suffer from a structural lack of traditional assets, balanced by other inputs (resources) and capacities, often leading to the capability of achieving relevant outputs (and outcomes) with very limited inputs. Our empirical research shows that structural resource gaps may be bridged by the strong commitment of people working in the organisation, by voluntary work, use of personal assets, and so on.

Hyper-Efficiency & Fragility

Many of our cases demonstrate that these «alternative» resources are fundamental in sustaining SI. Nevertheless, looking at the cases in a neutral way, we should acknowledge that in the long run the hyper-exploitation of scarce resources to obtain immediate results may prevent the innovation from becoming sustainable and stable. In other words, a constant state of hyper-efficiency may lead to fragile business structures and models. Many SIs seem to suffer from the typical problems of overexploited systems. Structures, machineries and complex systems are usually designed to have an average functioning range, and cannot constantly work above this range without causing a

collapse. Working close to the extreme of their range of performance they may achieve great results, but at the same time they become fragile.

It is precisely about the issue of productivity that Bradley, Jansen and Silverman (2003) discuss the hypothesis of the predominance of the effectiveness on efficiency in the non-profit sector. Their argument that efficiency, as the internal measure that responds to the question *« how does the organisation run? »,* is often considered a secondary aim, while effectiveness, addressing the question *« did the SI accomplish its mission? »*, is easier to be pursued and measured, as it refers to the expected outcomes and impacts. This argumentation corresponds to our empirical findings: the focus of mission-driven organisations on outcomes is bound to the tension towards proving that their solutions work, and is sustained by forms of funding that look for and reward impacts. Achieving impact comes before other objectives, which may go against the sustainability of the solution and growth of the organisation, as resources are primarily dedicated to obtain immediate results and outcomes (impacts) are often not under the direct control of the organisation, as we will discuss in the following.

According to Bradley et al. (2003), improving efficiency in the non-profit sector implies challenging the established mindset of operators: not only that of non-profit organisations themselves, but also that of the whole SI ecosystem, including donors, funders and support institutions. Even more, skilling people (in particular managers) is seen as a fundamental step towards a higher efficiency, resulting in better outcomes. Analysing the US non-profit sector, they come up with the provocative calculation that gains from improved management – obtained by reducing funding costs, distributing holdings faster, reducing program service costs and trimming administrative costs – could easily total $100 billion, excluding the benefits that would come from improving effectiveness.

IN THE FIELD OF SOCIAL INNOVATION, OUTPUT IS ONLY A PREMISE OF SOCIAL INNOVATIONS' SUCCESS, I.E. ITS OUTCOMES AND IMPACT.

As in SI efficiency goes along with effectiveness, the distinction between outputs and outcomes is another relevant problem to be faced in the evaluation SI efficiency. While in the for-profit sector the measurement of the performances and of the success of enterprises is relatively simple, SI efficiency cannot be detached from effectiveness as SI output is only a precondition for its success. Forasmuch, all the structural difficulties of the evaluation of impact come into play if we want to measure or assess SI efficiency.

Logical Models

The logic models applied to programmes can be of help in making this point clear. A logic model is a synthetic graphical representation of the causal relationships between the resources, activities, outputs and outcomes of a programme. Logic models are characterised by a sequential structure, in which a series of "if-then" relationships connect the elements of the model:

« (…) if resources are available to the program, then program activities can be implemented; if program activities are implemented successfully, then certain outputs and outcomes can be expected. »

(Innovation Network, p. 5)

Even if logic models are primarily used in the evaluation stage of a program, their use in planning and implementation has been suggested within a backcasting frame:

« A logic model serves as a framework and a process for planning to bridge the gap between where you are and where you want to be. It provides a structure for clearly understanding the situation that drives the need for an initiative, the desired end state and how investments are linked to activities for targeted people in order to achieve the desired results. »

(Taylor-Powell, Jones & Henert, 2002: 12)

While the sequence input-activities-outputs is self-explanatory, the most important distinction to be made to draft a logic model is that between outputs and outcomes: outputs represent what a program actually does, whereas outcomes are the results it produces.

Distinguishing Outputs from Outcomes

If we look at this distinction from the point of view of a mission-driven organisation, outcomes represent the final aims and outputs are means through which the organisation is supposed to achieve them. Contrary to what we find in literature on mission-driven organisations, from an operational perspective, organisations naturally tend to connect efficiency to outputs (e.g. how many people were supported through their solutions). By doing this, they may achieve high quality outputs and high levels of efficiency, but this does not necessarily represent a measurement of their overall performance, which is bound to outcomes as a proof of effectiveness. Even if outputs can measure only efficiency, they are relevant instruments in the perspective of effectiveness, but they represent a potential result rather than a result per se.

« In terms of program logic, outputs have little inherent value because they do not constitute direct benefits, but they are essential because they lead directly to these benefits or trigger the causal sequences of changes that lead to the desired results. Outputs are best thought of as necessary but insufficient conditions for success. They are the immediate products or services produced by a program, and without an appropriate mix and quality of outputs, a program will not be able to generate its intended results. However, if the underlying program logic is flawed— if the assumptions of causal connections between outputs and results don't hold up in reality—then the desired outcomes will not materialize, at least not as a result of the program. »

(Poister, 2003: 38f.)

Box 4.2-1.
Outputs & Outcomes

EXAMPLE

If we take **Semi di Libertà** (see Box 3.2-24) as a paradigmatic case, operations of the non-profit organisation are focused on empowering inmates through training activities, requiring initial investments and running expenses, which are supposed to be partially covered by the sales of products realised during the training sessions. In this frame, the activities done with inmates are outputs; the reduction of recidivism is the expected initial outcome; the reduction of costs associated with the criminal activities performed by recidivist prisoners, as well as the reduction of costs associated with control, investigation and prosecution of crime are the expected intermediate outcomes; the reduction of costs associated with new cycles of detention are the expected long-term outcomes. While Semi di Libertà can operate on the outputs of its activities, outcomes are clearly influenced by many external factors depending on the configuration of different complex systems (crime control, justice, etc.) and on the actions of many agents. Moreover, evaluating how much the single SI has contributed to outcomes may take a long time, as some of them can be achieved (and thus measured) only in the long run, and the positive or negative influence of external factors is difficult to be weighted.

THE VAST MINORITY OF MISSION-DRIVEN ORGANISATIONS DO NOT ADOPT FORMALISED METHODS TO EVALUATE THE SOCIAL IMPACT OF THEIR INITIATIVES, SERVICES OR PROGRAMMES.

While in literature the evaluation of social impact is a widely explored topic[48], our empirical research clearly shows that – even if impacts are perceived and pursued as ultimate goals – the evaluation of SIs social impact rather is an exception. The sheer difficulty of application of most of the existing methods to evaluate impacts, their disproportion to the average size of organisations, their limited resources 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. Paradoxically, the social impact reports of for-profit enterprises, which often consider CSR a relational tool, are much more accurate than those of social ventures. Since SI efficiency cannot be detached from the effectiveness of services and programmes, or else from the evaluation of outcomes and impacts, its real measurement is thus quite seldom made.

Impacts & Outcomes as Externalities

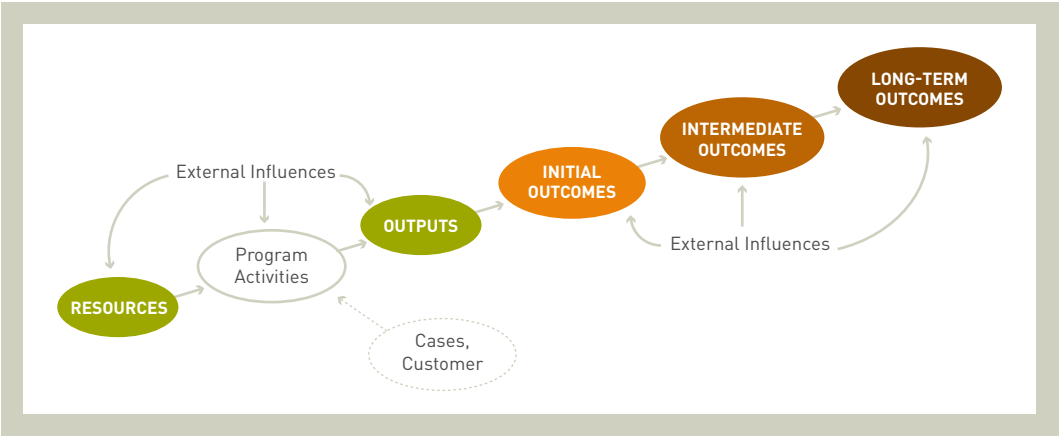
The difficulty for small mission-driven organisations in dealing with impacts and outcomes is that they may be far beyond their direct control. Logic models describe outcomes as structured at different levels (fig. 1), and the more we shift from short-term results to long-term impacts, the more they tend to be influenced by external factors. According to Poister (2003), the production of outputs is no guarantee that outcomes will

[48] A recent review of different accounting frameworks, including indicators and metrics applicable to the social business sector, can be found in Arena et al. (2015). The limited adoption of formalised methods to evaluate social impacts will be further investigated in WP 5 Measuring the Economics of SI.

result, and it is important therefore to measure outcomes directly in order to monitor program performance. Here, another typical problem that emerges is that existing measurements are almost always meant to monitor wide phenomena, sometimes at the local scale (i.e.: the level of criminality in Rome), and it can be very difficult going back from aggregated data to the role that single small SIs have played in consolidating them[49].

The results obtained by trading enterprises operating in a competitive market are too influenced by external factors, meaning that the same behaviour of competitors, as well as external occurrences, forces and trends may influence their performances. Nevertheless, the maximisation of profit, the increase of market share, as well as other KPIs, are much simpler to be measured than the parameters defining the effectiveness of SIs.

Figure 4-4.
«Program Logic Model»



Source: Adapted from Poister (2003: 37)

Focus on Impacts does not reflect the Reality of Small Organisations

While logic models can be useful tools to understand the overall economic frame of a SI, the extremely rational approach that stands behind them makes their theoretical nature quite distant from what emerges from the analysis of the practice of SI that we conducted in our empirical research. While logic models show a sequence of rational if-then relationships between elements, practice shows leaps forward more than smooth transitions, risk-taking rather than thoughtful decisions, heart and soul commitment more than resource planning, improvisation and *bricolaging* more than rational forecast. The focus on impacts thus does not correspond to the real capacity of small and struggling ventures to deal with distant outcomes that cannot be fully controlled and measured rather than with short-term operations and outputs.

Missing distinction between Sectors

[49] The intrinsic difficulty of measuring SI efficiency and effectiveness will be analysed in WP 5 Measuring the Economics of SI.

A third shortcoming in the current literature on SI efficiency is the missing distinction between public sector innovation and SI originating from non-profit organisations and SE, which are often treated as if they are the same.

Public Sector Innovation

With regard to innovation in the public sector, New Public Management (NPM; Ferlie et al., 1996; Matheson & Kwon, 2003) has largely contributed to the current debate. Based on the transfer of business principles and managerial techniques from the private into the public sector, NPM introduced a neo-liberal understanding of state, in which public activities should be decreased in favour of private interventions, and conducted according to business principles of efficiency. NPM is based on the five principles of decentralised decision-making, management by objectives, introduction of competition and consumer orientation (Terstriep & Totterdill, 2014). Raised during the '80s primarily as an Anglo-American phenomenon, NPM rapidly spread to other countries, and then progressively declined, apparently coming to an end at the beginning of the new century, as empirical findings spoke clearly against it. Even if today there is a wide consensus on the failure of NPM, we should recognise that its ideological background is still present and reflected in most of the recent literature on efficiency and performance in the public sector, with particular reference to cost-reduction and speed-increase principles[50] that have been picked up from business and directly applied to public services, neglecting the equal or even higher importance of other principles – such as regularity of the service, transparency in the relations with citizens, and respect of the rights of individuals.

Distinguishing Public from Non-profit Organisations & Social Enterprises

In literature public and non-profit organisations are often placed under the same umbrella, assuming that not having a for-profit goal makes them similar in terms of issues related to efficiency. Even if there are many similarities and degrees of overlap between public, non-profit organisations and social enterprises, which are blurring the traditional borders between public, private and third sector, taking a closer look, however, unveils that they diverge in many aspects. For example, large differences emerge in their average dimension, in their established cultures and practices as well as in the possibilities that they have in taking action. The very fact that literature on efficiency and effectiveness is primarily focused on «programmes» clearly points to this bias: programmes represent systemic actions to face problems, usually configured as a set of coordinated activities meant to obtain some expected results, descending from the analysis of problems and the use of available resources. In other words, programmes belong to a planning culture that is typical for the public rather than of the small and struggling ventures usually engage with SI.

Entrepreneurial Spirit & Risk Taking

Moreover, even if logic models differ from flowcharts and are not necessarily sequential processes, the if-then relationships on which they are based create a quite prescriptive frame, which is far from the entrepreneurial spirit emerging from our empirical re-

[50] New modes of public policy production and implementation will be analysed and discussed in WP 6, Task 6.1 Policy Challenges & Dilemmas – The Economics of SI-related Policies; see also Terstriep & Totterdill (2014).

search. This spirit has been largely described in the for-profit sector, where the entrepreneur is often recognised as a risk taker (Drucker, 1985) who allocates usually scarce resources to exploit opportunities to achieve a financial return. According to Drucker, this picture is particularly true for knowledge-based innovations, where receptivity is a gamble that calls for risk. Even if profit is not the motivation that drives social innovators, in the majority of the cases that we analysed a risk-taking attitude emerges. It can be recognised in the way in which they kick-off innovations trying to minimise the amount of external financing making wide use of personal assets in a «bootstrapping» fashion. This risk-taking attitude leads social innovators to start initiatives without having all necessary resources available, which makes no difference compared to entrepreneurship in the for-profit sector, where «*Many entrepreneurs bootstrap: they keep expenditures to a bare minimum while investing only their own time and, as necessary, their personal funds*» (Eisenmann, 2013). Here comes the major pitfall of logic models: our empirical research clearly shows that if new initiatives were to be based just on rational planning, SI would almost never take place. As the analysed SI cases evidence, social innovators often invest their own personal assets, kick-off initiatives in highly resource-constrained environment, and struggle with an almost constant undersizing of financial and human assets. The if-then ratio would suggest that an initiative should take place only when resources are commensurate to activities to be performed and outputs to be achieved. This might be the case for public bodies and large organisations launching programmes, but the new ventures that stand behind many of the SIs that we analysed are of a different kind.

BRICOLAGE AND IMPROVISATION, RATHER THAN STRATEGIC PLANNING, EMERGE AS THE 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.

Born in the field of anthropology to describe the behaviour of individuals coping with the scarcity of resources in difficult or hostile environments, the metaphor of *bricolage* (see Section 3.3.4) has been adopted in the field of organisational and managerial studies, and particularly in the areas of knowledge management and entrepreneurship. What initially used to be a simple image meant to explain the behaviour of organisations in resource-constrained environments has later turned into a concept. Ciborra (1996a, 2002) has used it to explain the interaction between users and (complex) information systems, recognising that users interpret information, exploiting it in different ways than those originally planned. In this frame, the author traced interesting connections between information system management and organisation behaviour and management, defining *bricolage* as the capacity of *«(…) efficiently (generating) new combinations of resources, routines and structures which are able to match the present, turbulent circumstance»* (Ciborra, 1996b: 104) This capacity resides at the core of some innovations that are not strategically planned but rather established primarily as the result of the improvisation

of innovators who set them up combining existing resources in unexpected ways, as opposed to gathering what would have been required according to a rational plan.

Planning versus improvisation are the factors that, according to Lévi-Strauss (1962), make the behavioural difference between the engineer and the *bricoleur*: the former being someone who plans in advance the scope and the components of an object to be designed and realised, and the latter someone who gathers resources that are at hand, recombining them in unexpected ways to cope with adversities or needs. Our empirical research shows that, despite the clear *bricoleur* attitude of social innovators, the two concepts must not be seen as opposite, but as placed along a continuum. We have evidence of many situations where initial planning did occur, but at the same time improvisation and the *bricoleur* attitude were necessary to cope with unexpected factors and drifts.

Box 4.2-2.
Planning &
Bricoleur Attitude

EXAMPLE

Semi di Libertà (see Box 3.2-24) was established according to a plan where different actors were expected to take on different roles to make the whole system work. However, an unexpected event forced Paolo Strano, the founder of the initiative, to review the initial plan, find a new partner and change the type of activity. ITA Sereni Agrarian School was initially included in the project partnership upon suggestion of the Ministry of Education, as the place where the brewery plant would be installed and run. The school thus had the responsibility of constructing the brewery plant in its building and supplying ingredients on the premise of developing further collaboration with Semi di Libertà for educational projects and production activities. After the first three months, it emerged that the school's drain was not in accordance with the law, thus the production was suddenly interrupted. As a consequence of the event, the inmates enrolled in the course lost their opportunity to exit prison for some hours a week. Paolo thus rushed to rent a space in Rome to be transformed into a pub in order to employ some of them and let them proceed with the working activities. This opportunity came about through a personal contact of Paolo, who could give the space below market price.

Piano C (see Box 3.2-19) was established on the basis of well-developed business and communication plans, exploiting Riccarda Zezza's (initiator of the SI) experience as the Head of Communications of various multinational enterprises. The initial plan actually included most of the services and initiatives that Piano C launched during its first 3 years of activity. During the phase of establishment of the enterprise, Riccarda and her core team worked hard on creating high-level communication with journalists and institutions, leading to very good results and extensive media coverage. At the same time, little work was done to create the community of co-workers, which was necessarily local. In the first months, Piano C thus suffered from a lack of clientele. Riccarda's entrepreneurial reactivity was thus solicited to rapidly fill this gap, which she did by establishing relations with local shops, services and consultancies, asking for support and promotion towards potential customers. Thanks to this improvised solution, some of the services available in the district were included in Piano C's overall offerings through informal cooperation agreements and

the owners became promoters of the initiative, bringing the expected clientele.

SOCIAL INNOVATION IS THE RESULT OF A HIGHLY CONSTRAINED CREATIVE PROCESS THAT TAKES PLACE IN SCARCITY OF RESOURCES.

Our empirical research shows that social innovators usually operate in resource-constrained environments, establishing and managing their initiatives with limited assets and great personal or team effort. In this frame, *bricolage* emerges as a mode through which SI initiators overcome the problem of resource scarcity and make solutions sustainable (see Section 3.3.4).

Baker and Nelson (2005) have adopted the *bricolage* methaphor (or concept) to highlight that small firms are often able "to create something from nothing" by exploiting physical, social, or institutional inputs that other firms reject or ignore. Analysing a relevant sample of resource-constrained firms, they have come to the conclusion - contradicting Lévi-Strauss' (1962) original definition of a *bricoleur* - that resource environments are socially constructed and that *bricolage* plays a significant role in this construction. This finding is quite relevant to the frame of our research. On the one hand, it recognises that resources are not only there, as the objectivist perspective would claim, but that they can be proactively constructed in the environment of innovation (which confirms the importance of the SI ecosystem). On the other hand, it attributes a primary role to social relations and interactions in the establishment and the development of enterprises (which is particularly interesting for SI, where the social factors are at the core of the innovation). We should also notice that our research shows that the creativity of social innovators is not used in an "out-of-the-box" thinking mode to come out with many ideas in the absence of limitations, but rather employed to cope with the scarcity of resources, taking into account the many constraints and trying to overcome them.

Limited Resources & Financial Instruments

Existing literature on SI confirms our findings. The concept of *bricolage* has already been introduced in the field of SI from two perspectives: the first one explains the mission-driven organisation's attitude - particularly in the early phases of development - to make use of resources and capacities that are at hand, refusing to be constrained by resource limitations (Di Domenico, Haugh & Tracey, 2010); the second one explains the limited use that social enterprises make of traditional financial instruments (Sunley & Pinch, 2012).

The two perspectives are clearly interconnected. Both of them highlight that the *bricolage* attitude of social innovators allows them to cope with resource scarcity and exploit all the limited assets at hand in the most efficient way. Nevertheless, we must underline how this «virtuous» cause-effect relationship can be easily inverted. Building on this

theoretical body and on empirical research, Sunley and Pinch (2012) recognise that nascent social entrepreneurs tend to draw on their own savings to cope with the lack of financial assets, or to put in relevant quantities of (often personal) unpaid labour, which in the long run may cause troubles and prevent the enterprises from growing. In other words, 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, and sometimes due to ideological reasons.

Box 4.2-3.
Coping with Resource Scarcity

EXAMPLES

Piano C (see Box 3.2-19) bootstrapped thanks to direct capitalisation provided by the founding partners, and the provision of its main asset (the space for the co-working activities) by the main partner at a below-market price. **Discovering Hands** (see Box 3.2-23) was made possible thanks to the voluntary work of its founder who invested his own financial assets to produce the strips that blind people use to conduct the breast examination. Ana Bella Estevéz never received a salary for the working time she spent to establish and run **Catering Solidario** (see Box 3.2-24).

Our empirical research confirms that self-financing and a lean budget approach intrinsically characterise SI. These features could be interpreted at the same time as drivers and barriers: establishing SIs often does not require large investments; nevertheless, scarcity of resources and undercapitalisation are among the main reasons behind the usually modest growth of mission-driven organisations.

Reasons for Failure & Limited Growth

Lack of financial assets and knowledge; lack of transversal managerial knowledge, capacities and experience; lack of vertical knowledge of the industry where the commercial branches of the mission-driven organisations operate; lack of re-investment of surplus in the organisations; and the urge to achieve immediate social impact are among the main reasons for failure or for limited and suffering growth of SIs individualised in our empirical research. The few articles on the financial failure of social enterprises (Tracey & Jarvis, 2006; Scott & Teasdale, 2012; Cobb, Rosser & Vailakis, 2015) confirm our empirical findings.

Competitive Survival as dominant Mode of Behaviour

Due to financial and managerial limitations, but also resulting from an intrinsic lack of motivation in expanding mission-driven enterprises, SIs tend to remain confined in small ventures, often keeping their «struggling» attitude as an enduring characteristic. In this respect, their behaviour corresponds to the definition of *«competitive survival»* that may be found in the resource-based view of enterprises (Wernerfelt, 1984; Barney, 1991), rather than to the idea of long-term competitive advantage that may be found in the strategic perspective. Organisations behind SIs seem to be more often engaged in the struggle to survive rather than in the preparation of expansion plans.

Diffusion by Imitation, Appropriation & Reconfiguration

This is one of the motivations that stand behind forms of diffusion primarily based on the multiplication of similar small initiatives rather than on the expansion of single enterprises. In the large majority of cases, the SIs that we analysed have been established by small and lean organisations that tend to remain small and (often) local also in the long-run (see Section 3.4.3.2). Compared to competitors operating in the for-profit business, organisations remain small even when they are medium-sized, as in the cases of «The Specialist People Foundation» and «Libera Terra» (see Boxes 3.2-24 and 3.2-25). The diffusion of SI is thus primarily based on processes of imitation, appropriation and reconfiguration that give way to local variations of an idea. This characteristic, already described in literature (Evers, Ewert & Brandsen, 2014; Howaldt, Kopp & Schwarz, 2015), stands as one of the major obstacles to be overcome to design enabling policies for SI, as the context-specificity of the solutions is contrary to the usual assumptions behind policy-making.

SOME SOCIAL INNOVATIONS MAY ADDRESS CHALLENGES IN WAYS THAT CREATE HIGH SOCIAL IMPACT BUT THAT MAY NEVER BE COMMERCIALLY VIABLE OR SELF-SUSTAINING, WHILE OTHERS ARE ABLE TO CREATE SOCIAL AND ECONOMIC VALUE AT THE SAME TIME.

Revenue Streams

According to our empirical findings, confirmed by a wide literature, in SI grants (both public and private), donations and subsidies are still the most important source of revenues (see Section 3.2.3). This means that many SIs should not be analysed and assessed in the perspective of making them viable according to a traditional business perspective, but in the perspective of *making them sustainable by connecting their efficiency to their effectiveness*. This analysis and assessment should be performed in the kind of micro-economic environment in which they operate, assuming the specificity of its rules and modes of efficiency rather than superimposing a traditional business frame. This leads to the development of business models in which the structure of costs can be balanced by diverse revenue streams, typically including grants, donations and subsidies. These solutions typically take on the non-profit legal form, benefitting from tax exemptions, state subsidies and a charity status that allows organisations to receive tax-exempted donations. Due to the fact that these organisations are grant-, donation- and/or subsidy-dependent, their risk of mission drift is potentially high as outside funding can influence activities, i.e. the organisation might be faced with having to alter its value proposition or target beneficiary or even perform with less in order to receive grants. This not only leads to mission-drift but also a shift in the *modus operandi*, as organisations are bound to prove need in order to access financing, instead of impact. Motivation hence to resolve the problem is lowered and mechanisms of survival take its place. While financial failure of SI – likely also due to the fact that it is much less spectacular than the failure of for-profit enterprises – is a quite unexplored topic, mission failure and mission drift have been widely explored from different perspectives, among which the resource dependency and the institutional perspectives emerges as the most relevant (Cornforth, 2014).

Another question emerging from our empirical research in relation to the use of grants in SI is that some organisations may get overly confident in their fundraising capabilities and make strategic decisions based on expected income that doesn't come through. This highlights a limit of non-diversified income generating streams, which could reduce entrepreneurial risk.

Rejection of market-like Performance Measures

Since the income of the non-profit organisation depends only partially on fees for services, market-like measures of performance tend to be rejected or to play a non-dominant role. The worthiness of a non-profit activity may tend to be assumed so that its mere existence is seen as indicative of good work or «social moral contribution» and there is no need to produce income to be re-invested as well as to show return and results (Drucker, 1969). Whereas financially weak for-profit organisations might face larger difficulties raising capital for continuous operations because of financial problems, financially weak non-profit organisations might use that circumstance as an occasion for rallying donors to contribute additional funds to shore up operations simply because of the belief in the worthiness of the organisation. Our empirical research sample includes cases of such findings:

Box 4.2-4.
Rejection of market-like Performance Measures

EXAMPLES

Vielfalter (see Box 3.4-18), a consortium of three partners, is an educational call for immigrant integration projects. The SI is only sustainable thanks to its principle financer, the Western Union Foundation. Hence, the sustainability of the project is directly related to the motivation and availability of one partner. The other 2 institutional partners have only an instrumental role in the delivery of the program.

Crossics (see Box 3.2-8), visual books that allow for doctors and non-native speaking patients (users) with linguistic barriers to communicate through drawings, is fully financed by the founder with his own money. In order to be more sustainable, the founder changed its business model from focusing on grants and funding from small companies to applying for CSR funds from big companies. The result was that the company changed its target beneficiaries from one group to another to fit the CSR program funding requirements.

Beat Bullying (see Box 3.2-26), despite having quite a successful solution and a lot of press, had to shut down its operations due to massive amounts of debt as it had made business decisions based on expected grant money that did not come through.

Coping with multiple Value Propositions

Because of the existence of divergent goals and objectives (see Section 3.3.2) and of SI dependence on donations that are not meant to support the service delivered, management of SI may be prevented to refrain the organisation's goals in something that could alienate donors. Managing multiple value propositions for different customers (or stakeholders, financiers and donors) leads SIs to adopt *complex multi-sided business models*, in which finding a balance between potentially contradictory goals and expecta-

tions may become quite difficult. As existing tools meant to represent or to generate business models have been originally designed to describe trading organisations, they proved inadequate in representing SIs multiplicity of value propositions, objectives, customer segments, channels of relations, and revenue streams. Their redesign in light of embracing and managing contradictions has been already proposed (Smith, Binns & Tushman, 2010) and drafted (Michelini, 2012; Jonker & Dentchev, 2013), and should be the subject of future investigation based on the «reverse engineering» of our empirical case studies[51].

In general, when mission-driven organisations have a commercial branch, there seems to be little market check, and the influence of clients is reduced because they do not represent the organisation's main source of income. In addition, SIs tend to believe in their own functioning and great difficulty or failure to achieve goals is taken not as a sign of weakness in the organisation but as a sign to intensify efforts.

These factors permit ambiguity between economic goals and social objectives and impede performance internal measurement to be conducted. This in turn, prevents the diffusion of a real culture of efficiency and effectiveness. Moreover, the adoption of formalised methods to evaluate and assess efficiency and effectiveness of SIs is limited, as already highlighted.

> CAPACITY BUILDING ON MANAGERIAL KNOWLEDGE AS WELL AS ON VERTICAL KNOWLEDGE OF THE INDUSTRY WHERE THE SOCIAL INNOVATIONS TAKES PLACE, CAN BE VEHICLES TO INTRODUCE THE CULTURE OF EFFICIENCY IN SOCIAL INNOVATION.

Lack of Business Knowledge & Skills

As discussed in Sections 3.2.3 and 3.4.1.3, cases from SIMPACT's empirical research show how 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 SI.

Knowledge in SI seems to live in a sort of contradiction; 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 mission, 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.

[51] The study and the elicitation of SI business models will be carried out in WP4. Task 4.3 Improving Existing Forms of SI.

While in some cases there is the possibility to simply 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 and trial and error.

Box 4.2-5.
Bridging Knowledge Gaps

EXAMPLES

Paolo Strano, founder of **Semi di Libertà** (see Box 3.2-24), was able to collaborate with the major Italian brew masters to produce a high-quality beer and have some of them as trainers for the courses. Don Luigi Ciotti, founder of **Libera Terra** (see Box 3.2-25), was able to involve Legacoop and some of its cooperatives to provide industry knowledge, contacts and access to distribution channels. Ana Bella Estévez, founder of **Catering Solidario** (see Box 3.2-24), went through specific training activities to bridge her gap in managerial knowledge.

In SI managerial knowledge is still not adequately considered as a pre-requisite to kick-off and run the innovation. In addition, innovators often lack necessary transversal capabilities (e.g. with regard to business models, operations, project management etc.), and sometimes even the vertical knowledge on the industry where the innovation is supposed to be introduced. Problematic cases such as that of Catering Solidario, Beat Bullying and Aspire clearly exemplify how such shortcomings can induce failure (see Box 3.2-26). These three cases testify the relation between managerial knowledge gaps and financial failure of mission-driven organisations.

4.2.3 Conclusions & Outlook

In the discussion, we have shed light on a few problematic characteristics of SIs with regard to efficiency and effectiveness.

Our empirical research confirms that the focus on effectiveness and the urge to maximise impact emerge as clear features of mission-driven organisations. This tension towards effectiveness (outcomes) may be seen as a consequence of the objectives of SI. Nevertheless, we must acknowledge that efficiency (ratio of outputs to inputs) is a necessary but insufficient condition for effectiveness. Resistance to the assessment of productivity, typically characterising mission-driven organisations, should be overcome adopting different approaches than that of introducing practices in use in commercial enterprises. While gaps in managerial knowledge clearly emerge from our empirical research, how to bridge them remains an open challenge still to be faced.

Logic models, often employed in the evaluation of social programmes, can be useful in understanding the theoretical ratio that connects SIs to social impacts, with particular reference to the distinction between the outputs of the activities (which can be meas-

ured in terms of efficiency when related to inputs) and the outcomes of the SI (which can be measured in terms of effectiveness when related to the originally planned goals). At the same time, logic models as planning tools seem more suitable to large state-led initiatives rather than to the micro-economic environment where SI is usually taking place, due to the limited resources that they can employ and the ways in which they cope with limitations.

In this regard, our empirical research shows that the majority of ***mission-driven organisations do not adopt formalised methods to evaluate economic and social impact.*** Many reasons stand behind the limited adoption of social accounting and reporting methods, not excluded the previously mentioned gaps in managerial knowledge, but for sure the development and the introduction of "lighter" methods should be investigated and pursued. In this frame, particular attention should be devoted to distinguishing and at the same time integrating self-reporting and independent reporting.

Our research also shows that ***social innovators tend to make use of limited resources, assuming a bricoleur attitude,*** which may be positive (as it gives the possibility to kick-off in lack of resources, which is a typical character of entrepreneurialism) but also critical (as it may prevent SIs from becoming sustainable and from growing).

The small dimension and the structural lack of resources of mission-driven organisations are often coupled with the strong determination of social innovators to pursue a social mission, usually characterising team members and employees too. This ***«doing things on a shoestring» attitude generates a typical state of hyper efficiency*** that we have described as a characteristic of mission-driven organisations, in which great results are achieved with limited inputs, tracing at the same time a thin line between success and failure. Being resources so limited and so highly exploited, the system typically becomes fragile, and drawing any input out of it may easily cause its collapse. Corrections to hyper-efficiency and efficiency/effectiveness improvements could be obtained through: balancing the tension of social innovators towards impact with a better understanding of principles economic sustainability and growth; making a more balance use of resources; working on capacity building, as also observed by Bradley et al. (2003).

Moreover, our findings evidence that commercial branches are usually established as instrumental activities, meant to feed the social mission and goals, and are thus also characterised by the urge to reach immediate social impacts. This expectation is contrary to the notion that the majority of these activities will likely produce a «Return on Investment» (ROI) in the mid or even in the long run, and that investment without immediate results is a typical character of many industries. Here we should underline that surplus, when existing, is usually fed into social goals achievement, which corresponds to the mission and the legal status of the majority of analysed cases, but enforces the structural lack of resources (in other words, social innovators tend to re-invest little in the growth of their enterprise). In order to allocate the maximum amount of resources to the social

mission, overheads (or operating costs) are constantly kept at the minimum, which may contribute to give shape to a ***fragile business structure***.

In line with the previous evidence, lack of financing does not seem only bound to a gap in the financing market, but also in the mindset of social innovators, who are not confident in financial tools, and prefer to rely on traditional grants and subsidies. These, in turn, may generate grant-dependency and sometimes (together with other institutional causes) lead to mission-drift, which could be prevented through the adoption of diversified income generating streams and the balance of economic and social objectives.

4.3 Actors in the Social Innovation Ecosystem

SI is embedded in a dynamic and complex social, political, legal, scientific and economic environment. SIMPACT therefore has dedicated its empirical research as well as its model development towards understanding and comprising the environments that shape SI. This section will discuss the existing approaches and building blocks to understand what qualifies as «SI ecosystems» and will place our findings on the relation between SI and their ecosystems along those existing approaches.

4.3.1 Introduction

Actors & Spaces

Bloom and Dees (2008) identify two main sections to look at when analysing social ecosystems: *players* and *environmental conditions*. Similar to these categories, we suggest the usage of the terms ***actors*** and ***spaces***. *Actors* is a commonly used term in e.g. sociology or political science and can be used to describe individuals as well as organisations or institutions. Based on an actor-centric view it is also possible to analyse environmental conditions that are linked to the decisions or practices of actors. *Spaces,* on the other hands, appears to be a broader term in order to cover physical and virtual spaces (including communities, those connected by ICT means or networks of people who know each other personally). Hence, it is possible to refer to physical spaces such as rooms as well as to countries or regions (also referred to as «place») that might also show a specific setting of environmental conditions. Our results on the role of physical spaces shows that covering *virtual spaces* seems to be of particular importance as well as SI might substitute rooms by using virtual spaces in order to provide meeting-points for e.g. the addressed vulnerable population.

Helices of Actors

In order to categorise a corresponding set of ***actors,*** research provides different approaches. A common gateway to operationalise the social framework of SI is to define helices of actors. An analogy of the shift from industrial societies to knowledge societies as described by Drucker (1969), Etzkowitz and Leydesdorff (1995), provided the theory of a shift in the innovation system. They emphasised a change from a dominating relationship between governments and the industry to a *triple helix* of *academia*, the *public sector* and the *private sector*, highlighting the specific role of science in creating and providing knowledge. Starting from the *triple helix* model, in innovation studies the *quadruple helix* derived and supplemented *civil society* as the fourth category. 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. Hansson et al. (2014) provide a *penta helix* by adding *citizens* and *social entrepreneurs.* According to them, the benefit of using their *penta helix* model instead of the *triple helix* model is a broader and more inclusive perspective on the innovation system as the roles of entrepreneurs, citizens and civil society are also highlighted. This appears to be necessary for innovation policy (Hansson et al., 2014). Seeing the development from the triple helix to the penta helix model, the scientific discourse can be understood as gradually implementing more perspectives into the set of important actors. Progressing through the research identified more and more actors as relevant for the rise, spread and sustainability of SI and differentiated its understanding of building blocks of the ecosystem. This understanding is represented by the development of more complex models to describe the ecosystem; a process that appears to still be in development.

Ecosystem as Combination of Supporting & Hindering Factors

A second strand of discussions concerning the SI ecosystem deals with the notion of what counts as an ***«ecosystem»***; does it only comprise supporting factors of a SI – this is the notion introduced by the «incubator scene» – or will hindering factors also be included in the understanding of ecosystem? While it appears to be possible to focus on the economic framework only, taking conditions beyond the market into account seems to be a fruitful and necessary route to research on what makes SI possible and long-lasting. It also appears to be necessary to analyse hindering factors for the development of SI as the overall framework in which they emerge does not only contain supporters or supporting environmental conditions, but also opponents and factors impeding SI (TEPSIE, 2014; see also section 3.2). 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; see also section 3.2).

BASED ON THE CONSIDERATIONS ABOVE WE SUGGEST TO DEFINE SOCIAL INNOVATIONS' ECOSYSTEM AS A SET OF DISTINCT ACTORS AND SPACES – VIRTUAL OR PHYSICAL – THAT DEFINE THE SUPPORTING OR HINDERING ENVIRONMENTAL CONDITIONS FOR SI.

4.3.2 Empirical Evidence & Discussion

This section discusses central empirical findings connected to the actors within the SI ecosystem, bringing together findings from BCS, SIBs and literature review.

SOCIAL INNOVATION IS STRONGLY LINKED TO OTHER WELFARE ACTORS ALREADY IN THE FIELD AND NEED TO BE ADAPT TO THE LOCAL CONTEXT IN ORDER TO BE RECOGNISED AND SUPPORTED.

The New & the Existing

Following SIMPACT's definition of SI (see section 2) and as outlined in section 3.2.2, vulnerable people are central actors in the innovation process. Across Europe vulnerable peoples' needs are addressed by existing welfare regimes (predominantly national regimes), forasmuch, the «new», i.e. the SI, always enters an ecosystem of «existing» solutions. This raises the question of how SI and established welfare actors are interrelated and how the «new» enters the ecosystem of the «existing». Sometimes, such actors have to be considered being competitors, sometimes they are potential partners and sometimes they might be seen as gatekeepers whose acceptance is needed in order to get access to the vulnerable target group. While the state might be considered a welfare actor that always is of particular relevance, the actual set of relevant welfare actors for the SI is based on the specific context of each activity space (e.g. cultural conditions or statutory provision). SIMPACT has taken account of the big differences of welfare actor constellations by guiding our empirical work by a welfare regime matrix (see section 2.2). Different welfare regimes are distinguished by the set of actors that are providing support for people in need. These actors could be the state – as is the case in Scandinavian countries, market actors (Liberal model), family or church – as in many Mediterranean countries), publicly financed private actors (Continental model) or charities.

Charity Organisations as Welfare Actors

Especially in countries where there is a strong charity system, such as is found in the UK, charity organisations are important welfare actors for new SI initiatives as they can grant access to funding opportunities, raise awareness and/or provide recognition.

Box 4.3-1.
Charity Organisations as Welfare Actors

EXAMPLES

Although in the end **Beat Bullying** (see Box 3.2-26) failed, the case illustrates how recognition by the state and charitable organisations can create awareness and funding opportunities for SI. Without any access to the charitable system in the UK, the SI might not have been able to raise enough awareness for its mission and the provided services. Having received multiple awards, **Education for Accommodation** (see Box 3.2-4), exemplifies how charity organisation's engagement can enhance the visibility of an SI and therewith, attracting the interest of local policy decision-makers to support the solution.

Religious Institutions as Welfare Actors

In cultures with a strong religious component, religious institutions appear to be particularly crucial actors as they are often providing social services on their own. Furthermore, they are often providing support to initiatives that aim to create support for vulnerable populations.

Box 4.3-2.
Religious Institutions as Welfare Actors

EXAMPLES

«Jek, Duj, Trin… Ánde Škola!» (see Box 3.2-21) exemplify how support by inter alia the local church made the provision of the SIs services possible as it supported the initiative with physical space in terms of rooms where the services could take place.

Apart from organisational institutions, micro-scale institutions such as the family can also act as a crucial welfare actor and decide on an SIs chances to get access to its target-group. Next to «Jek, Duj, Trin… Ánde Škola!», cases such as, for example Education for Accommodation (see Box 3.2-4), meine Talentförderung (see Box 3.3-8) and Roma Support Group (see Box 3.2-5) also indicate the crucial role of the acceptance by and involvement of communities or families when it comes to accessing the target-group

SOCIAL INNOVATION DEPENDS ON COLLABORATION/ACCESS TO GATEKEEPERS.

Many of the existing welfare actors in the field could also be seen as gatekeepers for new initiatives and therefore also for SI. 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, the structure or other actors could become crucial for SIs success.

Gatekeepers – Access to Services & Opening the System

The role of gatekeepers in aligning «the new» with «the existing» has as yet not been fully explored. Gatekeepers are actors in key positions in the ecosystem that guard the entrance to or exit from a social system (e.g., health or education system). As they 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. When we understand innovation as the struggle of «the new» with «the existing», gatekeepers move to the focus of our interest, as they are focal points of the relation between these two concepts. In the business cases analysed there were many found to

have gatekeepers however, the typology of these gatekeepers wasn't consistent throughout the cases.

Box 4.3-3.
Role of Gatekeepers

EXAMPLES

Siel Bleu (see Box 3.2-22) and **Discovering Hands** (see Box 3.2-23) are examples of SI which needed to convince gatekeepers of the particular healthcare market in order to get full access to the target groups/customer. These examples signify the dependency of access to gatekeepers within the ecosystem as without neither of the SIs could ever have fully functioned and achieve their core solution.

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.

PHYSICAL SPACE IS CRUCIAL FOR SOCIAL INNOVATION IN ORDER TO PROVIDE SERVICES ESPECIALLY FOR VULNERABLE TARGET-GROUPS.

As was outlined in Section 3.2.3, physical spaces are particularly crucial when it comes to the provision of services for vulnerable and marginalised populations. In some cases, the supply of the services is even impossible otherwise. In addition, physical spaces function as social meeting places.

Physical Space as Resource

EXAMPLES

Siel Bleu (see Box 3.2-22) exemplifies how SI can depend on the provision of physical space that can hardly be substituted, when it comes to train elderly people in order to improve their agility. The same applies to **Seniornett** (see Box 3.2-8) offering ICT courses in dedicated rooms, illustrating that even that even digital competences are in need of physical spaces when those competences are being facilitated for vulnerable people. For empowering children from deprived households in a suitable setting and to provide an apartment for the mentors, **Education for Accommodation** (see Box 3.2-4) also needed suitable premises. Moreover, **DORV Zentrum** (see Box 3.2-5) would not be possible without a physical space where the shop and the service-stations are located. Likewise, **Hill Holt Wood's** (see Box 3.2-5) concept bases on the managing 14 hectare woodland.

Provision of Physical Space & Land

The «classic» production factor land is scarce in SIs. If physical space is needed, it might be donated or rented. SIs might be challenged by the need to place their business in a concrete physical space; they might not dispose free cash for renting or buying land and

investments might not be possible. When SI is unable to use economic capital in order to buy or rent physical spaces, it might be provided for free or donated.

Box 4.3-4.
Cases of free or donated Spaces

EXAMPLES

DORV Zentrum (see Box 3.2-5) uses the spaces of a former bank to provide its services. The space is rented to the SI as the bank is not using the building anymore. **Libera Terra** (see Box 3.2-25) exemplifies that the provision of land can be associated to the purpose of using these physical spaces for societal benefits. **Education for Accommodation** (see Box 3.2-4) received an earmarked donation for purchasing a property. In addition, we find several cases where physical space is provided for free, for example, in case of «Jek, Duj, Trin… Ánde Škola!» (see Box 3.2-21), Catering Solidario (see Box 3.2-24), Solve et Coagula (see Box 3.2-9).

THE STATE CAN PLAY A ROLE IN SUPPORTING OR PROVIDING SOCIAL INNOVATION AS PROMOTER AND INITIATOR.

The State as Promoter of Social Innovation

Arguably, the comparative analysis of the SI cases, unveiled two common functions when looking at the role of the state and SIs (see sections 3.2 and 3.3): The state has a perceived traditional obligation to look after the marginalised and vulnerable populations that it has jurisdiction over. However, there is a case to be made for a wave of state withdrawal which arguably has opened the market for SIs to provide new opportunities in order to substitute the termination of the state's own social services. In the cases analysed, there seems to be a common theme of the role of the state being a supportive (supporter or promoter) actor (see section 3.2.2). This is done by acting as a promoter which is providing resources such as funding (capital), land, or working alongside the SI through various schemes or projects. This supportive action ensures that the state remains a part of the SI ecosystem but remains just one actor in the network, thus not having to actually provide the SI themselves.

Box 4.3-5.
The State as Promoter of Social Innovation

EXAMPLES

The cases of **Libera Terra** (see Box 3.2-25), **Hill Holt Wood** (see Box 3.2-5) and **RODA** (see Box 3.2-13) provide examples of SIs which are promoted by the state through the provision of land, whereas in many other cases the state provided funding serving different purposes, for example in the cases of **De Kringwinkel Antwerpen** (see Box 3.2-20) to subsidise work, Education for Accommodation (see Box 3.2-4) for pilot testing and in case of **meine Talentförderung** (see Box 3.3-8) for scaling the solution.

The State as Initiator of Social Innovation

There is a second theme that arises when analysing the role of the state in SI, one that is less common but still important. Sometimes the state is also actively stimulating SI in order to involve civil society and is thus providing SIs (see section 3.2.2). This occurs in systems not characterised by «state withdrawal», but rather the state in its role as welfare actor recognises a gap in the system and seeks to rectify it as is their traditional role in society. In the analysed cases, this was, however, a less common manifestation but one that nonetheless demonstrated the role of the state in a SI ecosystem.

Box 4.3-6.
The State as Initiator

EXAMPLES

Community Center Gellerup (see Box 3.2-2), **Crossroads** (see Box 3.2-17) and **Urban Mediaspace Aarhus – DOKK 1**, (see Box 3.4-21) exemplify the public sector's/state's role as social innovator.

SEVERAL SOCIAL INNOVATIONS FILL A GAP IN THE PROVISION OF PUBLIC SERVICES AND ARE THUS SUBSIDISED; IN CONSEQUENCE, SOCIAL INNOVATION MIGHT ENCOURAGE THE STATE'S WITHDRAWAL IN THE LONG TERM.

A Virtuous Circle of States' Withdrawal & Social Innovation

As already mentioned above SI can fill a gap left by the withdrawal of the state from welfare services. When social services are not provided by state any longer or if their provision is discontinued, SI might provide substituting approaches. Where civil society is providing social services on its own the state might be encouraged to discontinue more services expecting civil society to fill the gap again (Bekkers, Tummers & Voorberg, 2013). This would mean a process of learning how to delegate responsibility for services to civil society. When public bodies are interested in the process of SIs filling a gap in social service provision, they might provide subsidies in order to support these efforts.

Box 4.3-7.
The States' Withdrawal

EXAMPLES

Broodfondsen (see Box 3.2-11) exemplifies how private actors might substitute a lack of social security provisions on their own while only providing a small scale solution for a limited community at the same time.

As **De Kringwinkel Antwerpen** (see Box 3.2-20) is providing a new route for waste-avoidance it is receiving substantial subsidies from the local municipality. While it appears to be unlikely that the local administration would tend to provide similar services on its own, it still means a delegation of handling waste disposal which means that the SI is still filling a gap, although it is filled in a very different way to usual public approaches.

« The red cross found that medical services are very rare in remote areas, even in Europe. In cases of emergency physicians or patients have to be flown by a helicopter which is not

always possible. So the Red Cross provided first aid training to some remote communities, empowering them to take care of injuries. But when the government discovered that this actually worked, they closed the helicopter service » (Participant at the 1st Small-scale Stakeholder Experiment, September 2014). This argument exemplifies how services provided by the state might be replaced by more effective solutions provided by social innovators.

Unintentional Change in the Ecosystem

When SI is filling gaps that were left by a withdrawing state that in consequence is delegating the provision of social services to civil society, it might unintentionally change its ecosystem. A change in the perception of SI by the state could lead to an ecosystem for SI in general that is recognizing it as a tool to reduce public expenditure. SI would therefore be faced by the risk to lose its capability to add new social benefits instead of replacing existing benefits.

SCIENCE MIGHT PROVIDE ESSENTIAL KNOWLEDGE FOR IDENTIFICATION OF TARGET GROUPS, TAILORING SERVICES, ELABORATING A BUSINESS-MODEL OR SUPPLYING EVALUATION METHODS.

As «the new» needs to find its way into the existing landscape, research can positively accompany social innovators. As outlined in section 0, knowledge appears to be a crucial production factor for service providers in general and for SI in particular, thus, science might play a considerable role in the provision of knowledge resource. BCS and SIBs trace several cases that build on or are accompanied by research, science and academia.

Box 4.3-8.
The Role of Research in Social Innovation

EXAMPLES

The founders of **SIEL Bleu** (see Box 3.2-22) had a scientific background which helped to recognize the need of improving the agility of elderly people as well as the scientific knowledge on how to elaborate the corresponding measures. With regard to children from deprived households, likewise, this applies to the founders of Education for Accommodation (see Box 3.2-4), whose academic background in combination with their personal and professional experiences allowed them to develop and accompany new models at the intersection of urbanity, (inter)culturality and economy.

Cooks without Homes (see Box 3.2-7) was started based on the innovators scientific background in gender-studies that helped to recognise the particular target group of homeless women instead of focussing on homeless population in general. Hence, scientific knowledge provided the possibility to detect a target group. When conceptualising the SI, scientific research helped to tailor the concept to the specific needs of homeless women.

Discovering Hands (see Box 3.2-23) builds on research and research-related activities of the founder. He needed survey results to underpin the relevance of his solution and he needed knowledge on academia procedures in order to make his solution eligible in the health system.

Academia can fulfil different roles in this relationship with SI: Research can define particular target groups or perform research on its needs, it can also help to elaborate tailored concepts or to build a sustainable business model. Also evaluation means can be designed by academia. While scientific knowledge on a vulnerable target group cannot replace or substitute social innovators' own knowledge, but might, however, add new information and additional perspectives or simply raise awareness for a target group. When it comes to building a sustainable business model for SI, scientific knowledge on relevant economic underpinnings can help innovators to avoid failure. In combination with consulting services it might enable innovators with less experience to realise their ideas and channel them into SI services.

4.3.3 Conclusions & Outlook

When social innovators enter the stage, most likely they will find some actors already performing their roles. The success of SI therefore is to a large extend influenced by the ecosystems current state of play and the willingness of existing actors to allow access of «new» actors with alternative solutions, i.e. the openness of the system.

The Virtuous Circle of «The New» & «The Existing»

Forasmuch, these two aspects illustrate that the main topic of analysing the SI ecosystem is the relation between «the new» and «the existing». It seems that research previously 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.

In summary four insights into this broad picture are provided:

1 REFLECTION AND INVESTIGATION ON «THE EXISTING» SHOULD BE AT THE HEART OF DEVELOPING «THE NEW»

SIs in most cases meet systems and actors that have been providing benefits for vulnerable people for long time and with large efforts. This existing landscape could be understood as an asset; it should not be regarded as «enemy» or «competitor» when both («the new» and «the existing») share the same goals. Our empirical research revealed a knowledge gap of social innovators with regard to existing solutions. *Forasmuch, SI can be underpinned by providing insights into market and systems, including their institutions and infrastructures, that the social innovators envisage to address. Guidance in form of network contacts or knowledge on existing procedures could be crucial.*

2 «GATEKEEPERS» HAVE CENTRAL POSITIONS IN THE ECOSYSTEM AND HENCE SHOULD BE ADDRESSED BY SOCIAL INNOVATORS.

Our cases on health, education and labour systems – which for vulnerable people are the most important systems – showed that they employ gatekeepers – in form of individual actors, institutions or regimes – which control access to and benefits from these systems. Gatekeepers can control the eligibility, quality (e.g. standards, norms) or efficiency of new services and assess whether new services are needed. Our analyses show that SI should identify gatekeepers and get informed on their selection and granting procedures in order to enter the system.

3 ACADEMIA CAN GUIDE SOCIAL INNOVATORS AND IDENTIFY BOTH GAPS AND INTERFACES TO EXISTING SOLUTIONS AND ACTORS.

Several cases showed a strong role of academia concerning research and consultation, which corresponds to Carayannis and Campbell's (2012) perception of academia as fourth helix actor. Research can provide insights into the market, its stakeholders, target groups or processes. It can also guide social innovators through evaluation, provide consultation and bring in external inputs. By these means, research contributes to understanding «the existing» landscape and therefore helps social innovators in adjusting their services towards existing systems. *Social innovators should try to benefit from the consultation that research offers. Public research institutions seem to be native allies.*

4 A PRODUCTION-FACTOR PERSPECTIVE CAN HELP TO UNDERSTAND THE RELATION BETWEEN «THE NEW» AND «THE EXISTING».

Social innovators often compete with other actors for scarce resources. The cases indicate that different resources are available and accessible for SI actors to different extents. Financial resources (production factor: «capital») seems to be very scarce; only SI with strong promoters such as ministries, charities or foundations as well as those basing on a sound business concept dispose a better financial base. The same applies for property (production factor: «land») which is required for offices, showrooms or social spaces. As rooms often have to be purchased or rented, they are scarce for SI actors, too. But at the same time our cases evidence that vulnerable and marginalised do need physical space as a point of reference for articulating their needs. These groups often have experienced low appreciation and thus, need welcoming and low threshold spaces that offer a comfortable environment to explain their needs and establish a framework for dialogue between them and possible service providers. Therefore, room seems to be a very important but scarce production factor for SI. Incubators try to address exactly this issue by offering space (and knowledge and networks) to social innovators. *Funding bodies should supply social innovators with physical spaces that offer offices, but also for comforting, low threshold welcoming social activities with disadvantaged persons.*

On the one hand, unpaid volunteer work (production factor: «labour») evident in the majority of cases seems to be a positive asset SI. On the other hand, unpaid voluntary work is not at least an instrument to circumvent the lack of funding for financing staff costs. *SI can be underpinned by professional guidance through knowledge intense terrains, such as business models, market research, norms and legislation, taxation.*

The specificities of the SI infrastructures are still unclear. In quite a few cases they have a new «tag» but they replicate tools and processes in use for other forms of innovation. The original characteristics of SI, particularly with reference to its economic foundations, are still to be described. A new generation of tools and processes could be developed starting from the recognitions of similarities and differences.

References

Aiken, M. (2010). Social Enterprises: Challenges from the Field. In. D. Billis (Ed.), *Hybrid Organizations and the Third Sector: Challegnes for Practice, Theory and Policy* (pp. 153-174). Basingstoke: Palgrave Macmillan.

Aldrich, H.E. & Martinez, M. (2001). Many are called but few are chosen: an evolutionary perspective on the study of entrepreneurship. *Entrepreneurship Theory and Practice*, 25(4): 41-56.

Alter, S. K. (2006). Social enterprise models and their mission and money relationships. In A. Nicholls (Ed.), *Social entrepreneurship: New models of sustainable change* (pp. 205-232). New York: Oxford University Press.

Arefi, M. (2003). Revisiting the Los Angeles Neighborhood Initiative (LANI): Lessons for Planners. *Journal of Planning Education and Research,* 22(4): 384-399.

Argyris, C. & Schön, D. A. (1996). *Organizational learning II. Theory, method, and practice.* Redwood City, CA: Addison-Wesley.

Ashworth, R., Boyne, G. & Delbridge, R. (2009). Escape from the Iron Cage? Organizational Change and Isomorphic Pressures in the Public Sector. Journal of Public Administration Research and Theory, 19(1), 165–187.

Austin, J. & Seitanidi, M. (2011). Social Enterprise Series No. 32: Value Creation in Business – Nonprofit Collaborations. Harvard Business School, Working Paper 12-019. Retrieved from http://networkingaction.net/wp-content/uploads/Austin-Value-Creation.pdf

Avelino, F., Wittmayer, J., Haxeltine, A., Kemp, R., O'Riordan, T., Weaver, P., Loorbach, D. & Rotmans, J. (2014). Game-changers and Transformative Social Innovation. The Case of the Economic Crisis and the New Economy. TRANSIT working paper. TRANSIT: EU.

Baker, T. & Nelson, R. (2005). Creating something from nothing: resource construction through entrepreneurial bricolage. *Administrative Science Quarterly,* 50(3): 329-366.

Bason, C. (2010). *Leading public sector innovation.* Bristol: Policy Press.

Bates, S. M. (2012a). *The Social Innovation Imperative: Create Winning Products, Services, and Programs that Solve Society's Most Pressing Challenges*. New York: McGraw-Hill.

Bates, S. M. (2012b). The Social Innovation Imperative. *Stanford Social Innovation Review*, March 2012. Retrieved from http://www.ssireview.org

Battilana, J., Lee, M., Walker, J., & Dorsey, C. (2012). In Search of the Hybrid Ideal. Stanford Social Innovation Review, Summer 2012, 51-55. Retreived from http://www.ssireview.org/articles/entry/in_search_of_the_hybrid_ideal

Bekkers, V. & V. Homburg (2005), E-Government as an Information Ecology. In V. Bekkers, & V. Homburg (Eds.), *The Information Ecology of E-Government* (pp. 1-19). Amsterdam: IOS Press.

Bekkers, V., Edelenbos, J. & Steijn, B. (2011). An Innovative Public Sector? Embarking on the Innovation Journey. In V. Bekkers, J. Edelenbos & B. Steijn (Eds.), *Innovation in the public sector: linking capacity and leadershi*p (pp. 197-222). Houndsmills: Palgrave McMillan.

Bekkers, V., Tummers, L.G. & Voorberg, W.H. (2013). From public innovation to social innovation in the public sector: a literature review of relevant drivers and barriers. In proceedings of EGPA 2013 conference, Edinburgh, 11-13 September.

Bloom, P. & Dees, G. (2008). Cultivate your Ecosystem. *Stanford Social Innovation Review,* Winter 2008: 47-53.

Börzel, T. A. & Risse, Th. (2010). Governance without state: Can it work? *Regulation & Governance,* 4(2): 113-134.

Boschee, J. (2008). A key lesson business can teach charities. *The Chronicle of Philanthropy,* September 1: 41-43.

Brandsen, T., Larsson, O. & Nordfeldt, M. (2012). Local welfare from a historical and institutional perspective: a comparative report. EMES Working Paper no. 12/01. EMES European Research Network.

Brown, T. (2008). Design Thinking. *Harvard Business Review*, 86(6), 84-92.

Brown, T. & Wyatt, J. (2010). Design Thinking for Social Innovation. *Stanford Social Innovation Review*, 8(1): 30-35.

Butzin, A. (2013). *Knowledge dynamics in innovation biographies: a methodological and spatial perspective.* Marburg, Univ., Diss., 2014.

Butzin, A.. & Widmaier, B. (2015). Exploring territorial knowledge dynamics through innovation biographies. *Regional Studies*, 49 (online first).

Cafaggi, F. & Iamiceli, P. (2008). New Frontiers in the Legal Structure and Legislation of Social Enterprises in Europe: A Comparative Analysis. EUI Working Papers LAW 2008/16. Retrieved from http://cadmus.eui.eu/handle/1814/8927

Cagamani, R. (1991). Introduction. From the Local 'Milieu' to Innovation Through Cooperation Networks. In Camagni, R. (ed.), *Innovation Networks: Spatial Perspectives* (pp 1-12). London, New York: Belhaven Press.

Capello, R. & Faggian, A. (2005): Collective Learning and Relational Capital in Local Innovation Processes. *Regional Studies,* 39(1): 75–87.

Carayannis, E.G. & Campbell, D.F.J. (2012). *Mode 3 Knowledge Production in Quadruple Helix Innovation Systems*. New York: Springer.

Castells, M. (1996). The rise of the network society. Cambridge: Blackwell.

Chesbrough, H. (2003). *Open Innovation: The New Imperative for Creating and Profiting from Technology.* Boston, MA: Harvard Business School Press.

Chesbrough, H. & Teece, D. (1996). When is Virtual Virtuous? Organising for innovation. *Harvard Business Review,* 74(1): 65-73.

Christensen, C. M., Baumann, H., Ruggles, R. & Sadtler, T. M. (2006). Disruptive Innovation for Social Change. *Harvard Business Review*, 84(12): 94–101.

Ciborra, C. (2002). *The Labyrinths of Information: Challenging the Wisdom of Systems*. Oxford: Oxford University Press.

Cobb, M., Rosser, C. & Vailakis, A. (2015). Cause for Reflection. *Stanford Social Innovation Review,* 13(2): 20-25.

Colyvas J.A. & Jonsson S. (2011). Ubiquity and legitimacy: disentangling diffusion and institutionalization. *Sociological Theory,* 29(1): 27-53.

Cooper, R. G. (2008). The Stage-Gate Idea-to-Launch Process–Update, What's New and NexGen Systems. *Journal of Product Innovation Management*, 25(3): 213-232.

Creswell, J.W. (2013). *Qualitative Inquiry & Research Design. Choosing Among Five Approaches*. Third Edition. Tousand Oaks, CA: Sage.

Dacin, P. A., Dacin, M. T. & Matear, M. (2010). Social Entrepreneurship: Why We Don't Need a New Theory and How We Move Forward From Here. *Academy of Management Perspectives,* 24(3): 37-57.

Davis, L., Etchart, N., Jara, M. & Milder, B. (2003). *Risky Business: The impacts of merging mission and market.* Santiago, Chile: NESsT.

Debref, R., Alijani, S., Thomas, L., Boudes, M. & Mangalagiu, D. (2015). Meta-analysis of Social Innovation across Europe. Deliverable D3.1 of the project «Boosting the Impact of SI in

Europe through Economic Underpinnings» (SIMPACT), European Commission – 7th Framework Programme, Brussels: European Commission, DG Research & Innovation.

Defourny, J. & Nyssens, M. (2008b). Social enterprise in Europe: recent trends and developments. *Social Enterprise Journal,* 4(3): 202-228.

Defourny, J. & Nyssens, M. (eds.) (2008a). Social enterprise in Europe: recent trends and developments. EMES European Research Network WP No. 08/01.

Denzin, N. K. & Lincoln, Y.S (1994). *Handbook of qualitative research*. Thousand Oaks, CA: Sage.

Deserti, A. & Rizzo, F. (2014). Design and the Cultures of Enterprises. *Design Issues*, 30(1): 36-56.

Di Domenico, M., Haugh, H. & Tracey, P. (2010). Social bricolage: Theorizing social value creation in social enterprises. *Entrepreneurship Theory and Practice,* 34(4): 681-703.

Diefenbach, T. (2009). New Public Management in Public Sector Organizations: The Dark Sides of Managerialistic 'Enlightenment'. *Public Administration,* 87(4): 892–909.

Dosi, G. (1982). Technological paradigms and technological trajectories. A suggested interpretation of the determinants and directions of technical change. *Research Policy,* 11(3): 147-162.

Drucker, P. F. (1969). *The Age of Discontinuity. Guidelines to our Changing Society*. London: Heinemann.

Drucker, P. F. (1985). *Innovation and Entrepreneurship*. New York: Harper & Row Publishers.

Drucker, P. F. (1988). From capitalism to knowledge society. In D. Neef (ed.) *The Knowledge Economy.* Woburn MA: Butterworth.

Edwards-Schachter, M. & Tams, S. (2013). How Empowering is Social innovation? Identifying Barriers to Participation in Community-driven Innovation. Paper presented at Social Frontiers «The Next Edge of Social Innovation Research», Caledonian University, London, 14-15 November 2013.

Etzkowitz, H. & Leydesdorff, L. (1995). The Triple Helix: University - Industry - Government Relations. A Laboratory for Knowledge Based Economic Development. *EASST Review*, 14 (1): 14-19.

European Commission (2014). A map of social enterprises and their ecosystem in Europe. A report submitted by KCF Consulting Serives. Brussels: European Commission.

Evers, A., Ewert, B. & Brandsen, T. (eds.) (2014). Social Innovations for social cohesion. Transnational patterns and approaches from 20 European cities. WILCO EU research project final ebook. Liege: EMES European Research Network.

Ferlie, E. et al. (1996). *New Public Management in Action.* Oxford: Oxford University Press.

Flick, U. (2011). *Triangulation. Eine Einführung.* 3., aktualisierte Auflage. Wiesbaden: Springer.

Floyd, D. (2012, July 17). Myth-busting: Social enterprises are seeking market rate loans. The Guardian. Retrieved from http://www.theguardian.com/social-enterprise-network/2012/jul/17/myth-busting-social-enterprises-loans

Franz, H. W., Hochgerner, J. & Howaldt, J. (eds.) (2012). Challenge Social Innovation. Potentials for Business, Entrepreneurship, Welfare and Civil Society. Berlin, Germany: Springer.

Freeman, R. E. (1984). *Strategic Management: A Stakeholder Approach*. Boston, MA: Pitman.

Friedman, M. (1962). *Capitalism and Freedom*. Chicago: Chicago University Press.

Friedman, M. (2009). *Capitalism and Freedom*. Fortieth Anniversary Edition. Chicago: Chicago University Press.

Granovetter, M. S. (1985). Economic Action and Social Structure: The Problem of Embeddedness. *The American Journal of Sociology,* 91(3): 481-510.

Grant, R. M. (1996): Toward a Knowledge-Based Theory of the Firm. *Strategic Management Journal,* 17(Winter Special Issue): 109–122.

Grassl, W. (2012). Business Models of Social Enterprise: A Design Approach to Hybridity. *ACNR Journal of Entrepreneurship Perspectives,* 1(1): 37-60.

Greenhalgh, T., Robert, G., Macfarlane, F., Bate, P. & Kyriakidou, O. (2004). Diffusion of innovations in Service Organizations: Systematic Review and Recommendations. *The Milbank Quarterly*, 82(4): 1-37.

Gugelev, A. & Stern, A. (2015). What's Your Endgames? *Stanford Social Innovation Review,* 13(1): 41-47.

Guida, F. & Maiolini, R. (2014). Social Innovation, Actors, Contexts and Trends. Opening the Black Box. In Sgaragli, F. (ed.), *Enabling Social Innovation for Community-led Territorial Development* (pp. 13-20). Rome: Fondazione Giacomo Brodolini.

Hamel, G. (2000). Leading the Revolution. Boston: Harvard Business School Press.

Hansson, J., Björk, F., Lundborg, D. & Olofsson, L.-E. (2014). *An Ecosystem for Social Innovation in Sweden. A strategic research and innovation agenda*. Lund: Lund University.

Harayama, Y. & Nitta, Y. (2011). Introduction: Transforming Innovation to Address Societal Challenges. In, OECD (ed.), *Fostering Innovation to Address Societal Challenges* I (pp. 11-17). Paris: OECD.

Holmstrom, B. (1989). Agency Costs and Innovation. *Journal of Economic Behavior and Organization,* 12(3): 305-327.

Howaldt, J., Butzin, A., Domanski, D., & Kaletka, C. (2014). *Theoretical Approaches to Social Innovation - A Critical Literature Review*. A deliverable of the project: 'Social Innovation: Driving Force of Social Change' (SI-DRIVE). Dortmund: Sozialforschungsstelle.

Howaldt, J., Kopp, R. & Schwarz, M. (2015). *On the theory of social innovations: Tarde's neglected contribution to the development of a sociological innovation theory*. Weinheim and Basel: Beltz Juventa.

Jakob, A. (2001) On the Triangulation of Quantitative and Qualitative Data in Typological Social Research: Reflections on a Typology of Conceptualizing "Uncertainty" in the Context of Employment Biographies*. Forum: Qualitative Social Research*, 2 (1): Art 20.

Jepson, P. (2005). Governance and accountability of environmental NGOs. *Environmental Science and Policy*, 8(5): 515-524.

Jonker, J. & Dentchev, N. (2013). Business Modeling for Sustainability: Identifying Five Modeling Principles and Demonstrating Their Role and Function in an Explorative Case Study. In P. Teirlinck, S. Kelchtermans & F. de Beule (Eds), *Proceedings of the 8th European Conference on Innovation and Entrepreneurship* (pp. 340-346). Brussels: Hogeschool-Universiteit Brussel.

Koteles, B., Casasnovas, G. & Vernis, A. (2013). Stories of Scale. Nine Cases of Growth in Social Enterprises. Barcellona: ESADE. Retrieved from http://itemsweb.esade.es

KPMG. (2013). The KPMG Survey of Corporate Responsibility Reporting 2013. Retrieved from https://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/corporate-responsibility/Documents/kpmg-survey-of-corporate-responsibility-reporting-2013.pdf

Loogma, K, Külliki, T. & Ümarik, M. (2012). Social Innovation: Three Approaches. ZSI Discussion Paper Nº 24. Zentrum für Soziale Innovation.

MacCallum, D., Moulaert, F., Hillier J. & Vicari Haddock S. (2009). *Social Innovation and Territorial Development*. Farnham: Ashgate.

Mair, J & Schoen, O. (2005). Social entrepreneurial business models: an exploratory study. *IESE Business School Working Paper* No. 610. Barcelona: IESE Business School.

Manzini, E. & Rizzo, F. (2011). Small projects/large changes: Participatory design as an open participated process. *CoDesign*, 7(3-4): 199-215.

March, J. G. (1991). Exploration and exploitation in organizational learning. *Organization Science,* 2 (1): 71-87.

Martin, R. (2009). *The Design of Business.* Harvard: Harvard Business Press.

Matheson, Alex & Kwon, Hae-Sang (2003). Public Sector Modernisation: A New Agenda. *OECD Journal on Budgeting,* 3(1): 7-23.

Maula, M., Keil, T. & Salmenkaita, J-P. (2006). Open Innovation in Systemic Innovation Contexts. In H. Chesbrough, W. Vanhaverbeke & J. West (Eds.), *Open Innovation: Researching a New Paradigm* (pp. 241-257). Oxford, UK: Oxford University Press.

Michelini, L. (2012). *Social Innovation and New Business Models. Creating Shared Value in Low-Income Markets.* Heidelberg: Springer.

Miller, P. & Stacey, J. (2014). Good Incubation. The craft of supporting early–stage social ventures. London: NESTA. Retrieved from http://www.nesta.org.uk

Moghadam Saman, S & Kaderabkova, A. (2015b). Social Innovation in New Member States. Part II – Survey of Expert Panel. *SIMPACT Working Paper*, 2015(2). Gelsenkirchen: Institute for Work and Technology.

Moghadam Samen, S. & Kaderabkova, A. (2015a). Social Innovation in New Member States. Part I – Theoretical Investigation of Economic Underpinning. *SIMPACT Working Paper*, 2015(2). Gelsenkirchen: Institute for Work and Technology.

Morrison & Foerster (2012). Which legal structure is right for my social enterprise? A guide to establishing a social enterprise in England and Wales. Retrieved from http://www.trust.org/contentAsset/raw-data/171b5a61-eb36-43d9-8049-7cebe575491f/file

Mulgan, G. (2006). The Process of Social Innovation. *Innovations: Technology, Governance, Globalization,* 1(2): 145-162.

Mulgan, G. (2010). Measuring Social Value. *Stanford Social Innovation Review,* 8(3): 38-43.

Mulgan, G. & Leadbeater, C. (2013). Systemic Innovation. Retrieved from https://www.nesta.org.uk/sites/default/files/systems_innovation_discussion_paper.pdf

Mulgan, G., Tucker, S., Ali, R. & Sanders, B. (2007). *Social Innovation: What It Is, Why It Matters and How It can be Accelerated*. Oxford: Oxford Said Business School.

Murray, R., Caulier-Grice, J., & Mulgan, G. (2010). *The Open Book of Social Innovation*. London: Nesta.

Ní Ógáin, E. (2015). *Impact Measurement in Impact Investing: learning from practice.* London: Nesta Impact Investments.

Nicholls, A. (2008). Capturing the performance of the socially entrepreneurial organisation (SEO): An organisational legitimacy approach. In. J. Robinson, J. Mair, & K. Hockerts (Eds.), *International perspectives on social entrepreneurship research* (pp. 27-74). London: Palgrave MacMillan.

Nicholls, A. (2009). 'We do good things, don't we?': 'Blended Value Accounting' in social entrepreneurship. *Accounting, Organizations and Society,* 34(6-7): 755-769.

Nonaka, I. & Takeuchi, H. (1995). *The knowledge-creating company*. New York: Oxford University Press.

OECD (2011). *Together for Better Public Services: Partnering with Citizens and Civil Society*. OECD Public Governance Reviews. Paris: OECD Publishing.

OECD/European Union (2013). Policy Brief on Social Entrepreneurship - Entrepreneurial Activities in Europe. Luxembourg: Publications Office of the European Union.

Ormiston, M. & Wong, E. (2013). License to ill: The Effects of Corporate Social Responsibility and CEO Moral Identity on Corporate Irresponsibilty. *Personnel Psychology,* 66(4): 861-893.

Osborne, S. & Brown, L. (2011). Innovation, public policy and public services delivery in the UK: the word that would be king. *Public Administration,* 89(4): 1335-1350.

Osterwalder, A., Pigneur, Y. & Tucci C. L. (2005). Clarifying Business models: origins, present, and future of the concept. *Communications of the Association for Information Systems*, 15(1): 1-25.

Pahl-Wostl, C. (2009). A conceptual framework for analysing adaptive capacity and multi-level learning processes in resource governance regimes. *Global Environmental Change,* 19(3): 354-365.

Paton, R. (2003). *Managing and measuring social enterprises.* London: Sage.

Pelka, B. & Terstriep, J. (2015). Mapping Social Innovation Maps Mapping Social Innovation Maps. State of Research Practice across Europe. *SIMPACT Working Paper*, 2015(3). Gelsenkirchen: Institute for Work and Technology.

Perrish, B. D. (2010). Sustainability-driven entrepreneurship: Principles of organization design. *Journal of Business Venturing,* 25(5): 510-523.

Porter, M. E., & Kramer, M. R. (2011). Shared value: How to reinvent capitalism – and unleash a wave of innovation and growth. *Harvard Business Review,* January-February: 62-77.

Prahalad, C.K. (2005). *The Fortune at the Bottom of the Pyramid*. Upper Saddle River, New Jersey: Pearson Education.

Prahalad, C.K. & Ramaswamy, V. (2004). *The Future of Competition: Co-Creating Unique Value with Customers*. Boston, MA: Harvard Business School Press.

Putnam, R. D. (1995). Bowling Alone: America's Declining Social Capital. *Journal of Democracy,* 6(1), 65-78.

Putnam, R. D. (2000). *Bowling Alone: The Collapse and Revival of American Community*. New York: Simon and Schuster.

Rago, S. & Venturi, P. (2014). Hybridization as Systemic Innovation: Italian Social Enterprise on the Move. International Social Innovation Research Conference. Retreived from http://www.aiccon.it

Rehfeld, D., Terstriep, J., Welschhoff, J. & Alijani, S. (2015). Comparative Report on Social Innovation Framework. Deliverable D1.1 of the project «Boosting the Impact of Social Innovation in Europe through Economic Underpinnings» (SIMPACT), European Commission – 7th Framework Programme, Brussels: European Commission, DG Research and Innovation. Available online.

Reiser, D. B. (2010). Blended Enterprise and the Dual Mission Dilemma. *Vermont Law Review,* 35(1): 105-116.

Reiser, D. B. (2013). Theorizing Forms For Social Enterprise. *Emory Law Journal,* 62(4): 681-739.

Rizzo, F. & Deserti, A. (2014). Small Scale Collaborative Services: The Role of Design in the Development of the Human Smart City Paradigm. In N. Streitz & P. Markopoulos (Eds.): *Distributed, Ambient and Pervasive Interactions, DAPI 2014, LNCS 8530* (pp. 583–592). Las Vegas: Spinger.

Roder, B. (2011). *Reporting in Social Entrepreneurship: Konzeption einer externen Unternehmensberichterstattung für soziale Unternehmen*. Wiesbaden: Gabler.

Rogers, E. M. (1962). Diffusion of Innovations. Glencoe: Free Press.

Santos, F.M. (2012). A Positive Theory of Social Entrepreneurship. *Journal of Business Ethics,* 111(3): 335-351.

Santos, F.M. (2013). The Life Cycle of Social Innovations. In Osburg, Th. & Schmidpeters, R. (eds), *Social Innovation. Solutions for a Sustainable Future* (pp. 183-195). Berlin, Heidelberg: Springer.

Scearce, D. & Fulton, K. (2005). What If? The Art of Scenario Thinking for Nonprofits. Emeryville, CA: Global Business Network. Retrieved from http://www.monitorinstitute.com

Serafeim, G. (2013). The Role of the Corporation in Society: An Alternative View and Opportunities for Future Research. *Harvard Business School Working Paper No. 14-110*. Retrieved from http://ssrn.com/abstract=2270579

Sgaragli, F. (Ed.) (2014). Enabling social innovation ecosystems for community-led territorial development. Quaderni della Fondazione Giacomo Brodolini, "Studi e ricerche" series, No. 49. Rome: Fondazione Giacomo Brodolini. Retrieved from http://www.fondazionebrodolini.it/sites/default/files/quaderno49-web.pdf

Shanmugalingam, C. et al. (2011). Growing Social Ventures. *Policy Paper*, London: Nesta. Retrieved from http://www.nesta.org.uk/sites/default/files/growingsocialventures.pdf

Smith, A. (1776). *An Inquiry into the Nature and Causes of the Wealth of Nations*. London: W. Strahan.

Smith, W. K., Binns, A. & Tushman, M. L. (2010). Complex Business Models: Managing Strategic Paradoxes Simultaneously. *Long Range Planning*, 43(2-3): 448-461.

Stake, R. E. (1978). The case study method in social inquiry. *Educational Researcher*, 7(2): 5-8.

Stake, R. E. (1994). Case studies. In N. K. Denzin, & Y.S Lincoln (Eds.), *Handbook of qualitative research* (pp. 236-247). Thousand Oaks, CA: Sage.

Stake, R. E. (2006). *Multiple Case Study Analysis*. New York: Guilford Press.

Strauss, A.L. & Corbin, J.M. (1990). *Basics of Qualitative Research: Grounded Theory Procedures and Techniques.* Thousands Oaks, CA: Sage Publications.

Sunley, P. & Pinch, S. (2012). Financing social enterprise: social bricolage or evolutionary entrepreneurialism? *Social Enterprise Journal,* 8(2): 108-122.

TEPSIE (2014). Building the Social Innovation Ecosystem in Europe. Retrieved from http://www.tepsie.eu/images/documents/d73final.pdf

Terstriep, J. & Rehfeld, D. (2014). Social Innovation Biographies – Methodological Guidelines. Prepared within the framework of the FP7 Project «Boosting the Impact of Social Innovation in Europe through Economic Underpinnings» (SIMPACT), European Commission, DG Research and Innovation.

Terstriep, J. & Totterdill, P. (2014). Economic Foundation of Social Innovation: New Modes of Policy Production. Paper presented at RIP 2014 – 9th Regional Innovation Policy Conference, 16-17 October 2014, University of Stavanger, Norway.

The Young Foundation (2012). *Social Innovation Overview - Part I: Defining social innovation*. A deliverable of the project: "The theoretical, empirical and policy foundations for building social innovation in Europe" (TEPSIE), European Commission – 7th Framework Programme. Brussels: European Commission, DG Research.

Tracey, P. & Jarvis, O. (2006). An Enterprising Failure. *Stanford Social Innovation Review*, 4(1): 66-70.

Travaglini, C., Bandini, F. & Mancinone, K. (2010). Social Enterprise in Europe: Governance Models. An analysis of governance models in social enterprises through a comparative study of the legislation of eleven countries. AICCON Working Paper No. 75. Retrieved from http://www.aiccon.it/file/convdoc/wp75.pdf

Turkeli, S. & Wintjes, R. (2014). Towards the societal system of innovation: The case of metropolitan areas in Europe, UNU-MERIT Working Paper Series. Retrieved from http://www.merit.unu.edu/publications/wppdf/2014/wp2014-040.pdf

UK Government, Department for Business Innovation & Skills (2011). A Guide to Legal Forms for Social Enterprise. Retrieved from https://www.gov.uk/set-up-a-social-enterprise

Van de Ven, A., Polley, D., Garud, R., & Venkataraman, S. (1999). *The Innovation Journey*. Oxford: Oxford University Press.

van der Panne, G., van Beers, C. & Kleinknecht, A. (2003). Success and Failure of Innovation: A Literature Review. *International Journal of Innovation Management,* 7(3): 309-338.

Varga, É. (2012). Trade-offs Between Regulation and Fostering of Social Enterprise: the Case of EU Policies. NESsT Policy Position Paper. Retrieved from http://www.nesst.org/wp-content/uploads/2013/03/Trade-Offs-Between-Regulation-and-Fostering-SE-The-Case-of-EU-Policies.pdf

Venturi, P. & Zandonai, F. (Eds.) (2014). *Ibridi organizzativi. L'innovazione sociale generate dal Gruppo cooperative CGM*. Bologna: Il Mulino.

Von Hippel, E. (1994). Sticky information and the locus of problem solving: implications for innovation. *Management Science*, 40(4), 429–439.

Von Hippel, E. (2005). *Democratizing Innovation*. Cambridge, MA: The MIT Press.

Weick, K. (1993). Organizational redesign as improvisation. In Huber, G. & Glick, W. (eds.). *Mastering organizational change: Enhancing performance through redesign* (pp. 346-379). New York: Oxford.

Wengraf, T. (2001). *Qualitative Research Interviewing. Biographic Narrative and Semi-Structured Methods.* London: Sage Publishing.

Wengraf, T. (2002). Uncovering the general from within the particular. From contingencies to typologies in the understanding of cases. In Chamberlayne, P., Bornat, J. & Wengraf, T. (eds), *The Turn to Biographical Methods in Social Science: Comparative Issues and Examples* (pp. 141-164), London, New York: Routledge.

Westley, F., Zimmerman, B. & Patton, M. (2006). *Getting to Maybe: How the World is Changed*. Toronto: Random House of Canada.

Wilson, F. & Post, J..E. (2013). Business models for people, planet (& profits): exploring the phenomena of social business, a market-based approach to social value creation, *Small Business Economics*, 40(3):715–737.

Yin, R.K. (2014). *Case Study Research: Design and Methods.* 5th edition, London: Sage Publications.

Yunus, M. (2010). *Building Social Business. The New Kind of Capitalism That Serves Humanity's Most Pressing Needs*. New York: Public Affairs.

Yuthas, K., Dillard, J., & Rogers, R. (2004). Beyond agency and structure: Triple-loop learning. *Journal of Business Ethics,* 51(2): 229-243.

ANNEXES

Appendix I
Template Case ID Card

	Unique Name/Case ID
Problem being addressed (150 to 200 characters)	Describe in a synthetic form the specific problem addressed.
Solution (150 to 200 characters)	Describe in a synthetic form the solution provided.
Context (500 to 600 characters)	Describe the cultural, social, economic and policy related context where the solution started or scaled up.
Main actors	Insert a list of the main actors involved in the solution, defining their role.
Partners	Insert a list of the main partners of the solution, distinguishing them in 'public', 'private', 'third' sector and civil society.
Addressing gender issues	1 = Yes, 2 = No; if yes how?
Theme addressed	1 = Employment, 2 = Migration, 3 = Demographics; is the problem address directly or indirectly, specify how
Target group of SI	Define which kind of vulnerable population is addressed (1 = Unemployed, 2 = Young Unemployed, 3 = Migrants, 4 = Children, 5 = Elderly, 6 = Other)
Development stage	1 = Ideation, 2 = Prototyping, 3 = Implemented, 4 = Scaled, 5 = discarded
Place/geographic scope	Please indicate the place (name in English and NACE Code) of origin and the geographic scope (1 = local, 2 = regional, 3 = national, 4 = Europe, 5 = global) of the solution.
Time	Year (YYYY) in which the solution was initiated.
Impact data available	1 = Yes, 2 = No; if yes please indicate whether it concerns direct/ indirect impact
Type of organisation	1 = Association, 2 = Social enterprise, 3 = Foundation, 4 = NGO, 5 = Other
Size of organisation	1 = Micro (< 10 employees), 2 = Small (< 50 employees), 3 = Medium (< 250 employees), 4 = Large (> 249 employees)

Appendix II
Business Case Collection

Action Acton is an expanding charity, Development Trust, Limited Liability Company and social enterprise, based in West London, which aims to promote economic and community regeneration addressing disadvantaged people.

Aspire was a UK catalogue delivery firm employing homeless people with the aim of providing them a job and basic training to become settled again and independent from public support.

BeatBullying was a multi-awarded, UK charity aimed at preventing bullying by empowering peer-to-peer, on-line and off-line mentoring programmes involving schools and kids.

Broodfondsen (Bread Funds) is an association of self-employed workers in The Netherlands, who individually invest money in a savings fund to collectively cover risks bound to temporary disabilities.

Catering Solidario was a Seville-based, food catering firm, offering fair-trade and organic breakfast and lunch snacks, that employed women coming from domestic violence.

Cooks without Homes is a programme in the Czech Republic that employs homeless women as cooks, providing vegan meals in different locations (e.g. farmer's markets) and empowers them via capacity building activities.

Coopaname is a French business and employment cooperative, which provides unemployed people with opportunities to test and realise business projects in any sector, while at the same time retaining their employee status and their social security entitlements.

Crossics is a Belgian start up that creates drawing-based books and mobile applications to ease communication barriers between immigrant patients and doctors in different context-specific situations such as medical centres.

De Kringwinkel Antwerpen is a Flemish non-profit organization under the Special Workplace status, employing the long-term unemployed to collect, repair and sell used goods.

Dialogue in the Dark is a program of the Dialogue Social Enterprise that offers exhibitions and workshops in total darkness lead by blind trainers and guides to raise awareness and overcome barriers between people without a disability and people with a disability.

Discovering Hands is a German non-profit organization, currently turned into a for-profit social business and two non-profit entities, which trains visually impaired women to perform breast examinations in medical facilities.

DORV Zentrum is a multifunctional franchising shop located in small villages in Germany aimed at meeting the challenge of rural de-population by offering the most important essential goods and services consolidated in a single location.

«Jek, Duj, Trin… Ánde Škola!!!» is a project that aims at helping Roma children living in the Camp Panareo, near Lecce, Italy, find educational pathways and integrate in society.

Konnektid is a platform that connects skill providers with skill seekers promoting informal education through peer-to-peer learning solutions that are done in person, thus increasing social interactions and community cohesion in Amsterdam.

Libera Terra is a network of profit-generating social cooperatives, employing vulnerable people to produce organic, ethical products on assets confiscated from the mafias in Southern Italy.

Locality is a network of community-led organizations, which promotes a "local by default" approach to community development, rooted in a community assets approach that fights against the consequences resulting from diseconomies of scale.

«O Allos Anthropos» (The Other Human) Social Kitchen is an initiative conceived by a group of citizens in Athens who prepare food for the poor and socially outcast in public places, and eat together with them to enhance solidarity and social cohesion.

Place de Bleu is a Danish hybrid organisation, consisting of a for-profit and a non-profit entity that aims at upgrading marginalised ethnic women's skills and work by employing and training them to create home interior design products.

Seniornett is a non-profit foundation established by a group of senior citizens in Oslo, Norway, that offers ICT support for the elderly to include them in modern society and narrow the digital divide.

Siel Bleu is a French association, employing more than 450 people, aimed at improving the mobility of the elderly population by providing tailored training sessions at residential care facilities.

SMart is a non-profit organization that aims to help artists through financial support and guidance, offering personal sessions also supported by virtual tools.

Snailday is a digital application, currently in its development phase, that aims to provide a digital schedule solution for those with Autism to overcome issues surrounding organisation or timekeeping.

The Specialist People Foundation is a Danish-based organization that promotes job creation for autistic people. It owns the brand Specialisterne, an innovative social enterprise that provides assessment, training and education to autistic people to employ them for the IT consultancy services offered to companies.

Urban Mediaspace Aarhus – Dokk1 is the new public library building in Aarhus, Denmark, whose identity, values, spaces and services have been designed through a participatory process that involved citizens, architects, library staff, various stakeholders and public authorities.

Vielfalter is a consortium made up of Western Union, Interkulturelles Zentrum and the Federal Ministry of Education and Women's Affairs in Austria, who puts on an annual competition for educational projects that focus on diversity as an asset with the aim to influence the discourse and public opinion on education in Austria.

Appendix III
SIB Collection

A-GIGA Ltd., a commercial enterprise located in Prague (CZ), offers a system of comprehensive support services (e.g. professional training, provision of accommodation) for offenders from their time in prison to release and re-socialisation by employing inmates in the call centre set-up in prison and the two outside prison.

ACAF - Association of Self Funded Communities was created in Catalonia (Spain) as a free online platform with the purpose to have a network of self-funded communities all over the world and to give them all the necessary help including tools, online tutorials, downloadable contents, meeting management tools, forums, blogs etc.

Ana Bella Foundation leaded by an Ashoka Fellow in Sevilla (Spain) is a survivor women network that works helping battered women to overcome violence becoming themselves social change makers with a peer-to-peer approach and co-creation process.

Beyond Food Foundation, a registered charity, and **Brigade**, a London-based social enterprise restaurant owned by PWC and offering vulnerable people catering apprenticeship, entered into a partnership to help people at risk or having experienced homelessness into employability and employment.

Community Centre Gellerup is a public enterprise that develops new cooperation models between different social services and the public library of Gellerup to better respond to the needs of the deprived citizens.

Coopaname is a Paris-based business and employment cooperative enabling budding entrepreneurs, i.e. people with precarious job, to experiment with their business idea while benefiting from support and salaried contact with the cooperative.

Crossroads, a civil society organisation initiated by the City of Stockholm, developed a new approach in combining information activities with basic needs service in order to prevent social and economic exclusion for EU-migrants.

Granny's Finest, a Rotterdam-based social enterprise fashion brand, sells ecologically sustainable products knitted by elder people above 55 years to enhance their social lives.

«Exchange Education for Accommodation» (Tausche Bildung für Wohnen e.V.) fights children's social, economic and cultural exclusion by combining learning support of children, providing affordable living for students and lowering high vacancy rates in Duisburg-Marxloh.

Hill Holt Wood located in East Midlands (UK) is a community-controlled for-profit social enterprise offering alternative education provision for children excluded from school and sup-

ports people struggling to access training and jobs by sustainably managing 14 hectare of ancient woodland.

Inspiring Scotland is a social enterprise offering venture philanthropy by building bridges between funders and delivery partners to tackle youth disadvantage in the labour market, increase play opportunities for children, improve early years support and help to empower people living in the most vulnerable communities.

LUDE, a Riga-based social enterprise in the form of a weaving studio that employs senior ladies and utilises textile waste to create design rugs and therewith, combines responsibility to the environment, society and modern design in one initiative.

meine Talentförderung (TalentPromotion), a field office run by the Westphalian University Gelsenkirchen, employs talent scouts to empower young people from deprived households to recognise and exploit their talent to obtain a university to degree and therewith, enhance their employability as highly skilled workforce.

Mothers of Rotterdam, a local public service organisation, medically and pedagogically supports pregnant women from deprived neighbourhoods and those with children younger than 3 years to reduce stress-related problems and enhance self-sufficiency through empowerment.

New Art Exchange is a social enterprise and charity located in Nottingham engaging people from minority ethnics groups in the arts by means of strengthening community cohesion and social inclusion, and to support local artists and creative producers, helping them to build financially sustainable businesses.

NITTÚA is non-profit associated work cooperation in Valencia (Spain) initiated to demonstrate to companies and society that employing excluded or those at risk of exclusion can be economically viable and profitable while socially responsible.

Paarmuska is a one-women for-profit enterprise in a small municipality of Finland (Rääkkylä) that provides advice, guidance and support to mothers by telephone in case of problems to breastfeed their babies.

Piano C, a commercial enterprise in Milan (Italy), was established as a co-working space dedicated to women, offering a set of services for work-life reconciliation to support young mothers to re-organise their work after the maternity leave or to re-enter the labour market after birth.

Progetto QUID, which means a «project for something more», is a profit-generating social cooperative, providing employment to two disadvantaged categories: at-risk women and unemployed youth, while offering an environmental solution for fashion brands, salvaging their scrap material and unsold stock to create new, stylish clothes.

PTCE ARDAINES association brings together several social projects managing in a 7-hectare industrial area in the village of Auvilliers-les-Forges in order to tackle the deindustrialisation and the accompanying long-term unemployment by using the availabilities of natural and human resources.

RODA – Parents in Action is a Croatian NGO promoting and protecting rights to a dignified pregnancy, parenthood and childhood by paying the profit generated through the manufacturing ecological cloth diapers and baby and women accessories by female inmates in a fund which is used to finance travelling costs of imprisoned women children to prison.

Roma Support Group is a registered charity organisation of Roma people supporting Roma refugees by enhancing their self-esteem and motivate them to bring their culture to other people to enhance their quality of life through health services, sport activities and education.

Semi di Libertà (Seeds of Freedom) is a Rome-based non-profit organisation working to socially re-integrate prisoners through work by placing them on pathways of training and professionalization in order to break the circle of recidivism

Silta association is a counselling centre for immigrants in Joensuu (Finland) that offers extensive services and activities to improve immigrant's social integration into the society.

Social Development Centre SUS, a non-profit organisation, in cooperation with the City of Arhaus provide microloans adapted to the Danish context to long-term unemployed developing their own business.

Solva et Coagula, an Estonian social enterprise, trains individuals from social risk groups having difficulties in accessing employment (e.g. individuals with mental disorders, health-related disabilities, ex-prisoners) in craftsmanship skills such as woodworks and other handcrafts.

Teach for All is a London-base non-profit umbrella organisation of a global network of partner organisations in 36 countries that recruit young professionals to work in high-need schools with the mission to expand educational opportunity for all children.

USE-REUSE with its REUSE Centers as social enterprises sells products with low-carbon footprint produced from used and discarded furniture that are refurbished by trained individuals facing difficulties to enter the labour market in Slovenia.

Village Life Association is a social enterprise offering eco- and agro-tourism in cooperation with host families in four villages in rural areas across Romania.

VoorleesExpress as service offered by SODAProducties, a foundation of general public interest, envisages to enhance the language skills of children aged between 2 and 8 in 90 municipalities in the Netherlands.

Women Active 50+ (Zeny 50+) run by BEC team – Business and Employment Co-operative, a small company, offers support for self-employment of women older than 50 years in Sumperk district in Czech Republic through training and employment in the cooperative for 6 to 12 months.

Work4All is a partnership of the municipality Roermond, Limburg (Netherlands) with social entrepreneurs, training and learning institutions, housing agencies, and others offering working-learning opportunities for young people, aged below 27 years, in sectors local governments publicly procure services.

Yalla Trappan is a social enterprise that addresses the inclusion of immigrant women into the Swedish labour market and society in the ethnically segregated area of Rosengård in Malmö by employing long-term unemployed immigrant in a café and catering service, a cleaning and conference service and sewing and design studio.

Youth Competence Centre run by the Budapest-based Artemisszió Foundation supports Hungarian youth from vulnerable social strata to bridge the gap between education levels and requirements for professional life.

Appendix IV
BCSs Guiding Questions

Problem to be addressed and idea

1. Which is the socio economic and policy framework in which the SI was developed?
2. What particular problem, need or demand does the SI address?
3. Which is the idea/opportunity behind the development of the SI?
4. How did the idea for the initial social innovation come up? What was the "innovation situation" and its reason?

Core solution and motivations

1. Which is the core solution and how does it work?
2. What is the type of SI contribution: new products/services, organisations, or a new method of their provision, new skills, competences, resources, outlets?
3. Who is the initiator of the SI and what are his motivations and his background?
4. To which degree is the SI bounded by a specific target group?
5. Does the SI have a specific geographic delimitation (community, city etc.?)
6. To which degree is the SI locally or regionally bounded?

Development process and value chain

1. What were the SI development processes and stages?
2. What were drivers for the SI process?
3. What were barriers?
4. Which relationships between individuals and/or organisations were created or strengthened/shaped/changed/interrupted during the SI process? Elaborate on the forms of co-operation and communication.
5. What kind of value (including economic, social and other forms of improvement of a situation) is generated by the SI? For whom?
6. On which ownership principles did/does the SI rely?
7. What are the SI actors' broad and/or specific objectives?
8. Which actors (individuals and organizations) were involved and what were their roles and objectives in the SI process?
9. What was the role of policy-makers in triggering, supporting and disseminating SI?
10. What was the role of target groups during SI development and implementation stages (idea provider, participation etc.)?
11. What kinds of resources were used at different stages of the SI process?
12. How could the initiators of the SI get access to these resources?

13. What were the primary financing sources of SI during the development and diffusion phases?
14. How is the SI currently funded and how is the SI sustainability ensured?
15. How was scaling achieved after the original solution was developed and implemented? Did it require any specific measures or resources? Was the original solution modified? Did media play any role in the birth or spread of the social innovation?

Appendix V
SIBs Guiding Questions (Checklist)

Introductory Question

Please describe the innovation process from the emergence of the first idea to the implementation/diffusion of the solution including the actors involved, milestones and pitfalls in this process.

I. Context & Framework Conditions

What is context and policy framework in which the SI emerged?	☐

II. Problem addressed

What particular problem, need or demand is addressed by the SI?	☐
What is the idea/opportunity behind the development of the SI?	☐
And where did it come from?	☐
In case it came from outside: What was needed to adapt it to the context?	☐

III. Motivation & Core Solution

Who initiated the SI?	☐
What was the initiators` motivation and background?	☐
Of what type is the SI: new products/services, organisations, or a new method or their provision, new skills, competences, resources?	☐
To which degree is the SI bound to a specific target group?	☐
Does the SI have a specific geographical delimitation (community, city, region etc.)?	☐
In how far is the SI in conflict with the given institutional setting?	☐

IV. Resources & Business Strategy

What are the key features of the organisation that are driving/promoting the SI (informal or legal status, people occupied, day of foundation or duration of the project)?	☐
What resources (economic capital, social capital, political support and so on)	☐

had been needed to bring the activity/project into life?

To what extent and in which way did the resource based change in the course of the innovation process?

Is there a strategy to sustain and optimize the flow of resources?

What resources are needed but are not/difficult to achieve?

What kind of knowledge and competencies was given at the beginning of the innovation process and what was missing? How the gap was filled?

How is the activity/project internally organised? Is there a division of labour? Do trade-offs between engagement and effectiveness exist?

Which sectors (division of labour) are involved and what were/are their roles (ideation, implementation, financing)?

V. The Network – Governance, Support & Obstacles

Which actors (individuals and/or organisations) where involved and what are their roles and objectives in the SI process?

Is there any cooperation with other projects? Are they similar or do they follow other, but complementing aims? If yes, how does it work (role of communication media, platforms of exchange)?

Are there political links or does the necessity exist to bring the innovation to the fore of the political attention?

To what extent was the activity/project a result of perceived failures or absence of related public policy measures?

What are the social networks that are important to secure the resources?

What have been the most important supporters/opponents?

Was the project confronted with institutional boundaries (e.g. financing), or other boundaries such as law, political obstacles or missing societal acceptation? How was it dealt with?

VI. Results: Outcomes & Impact

What kind of value (including economic, social and other forms of improvement of the situation) is generated by the SI? Who is the beneficiary?

What must be given (results) to make the activity/project successful?

What are the realised and expected outcomes (intended as well as unintended)?

What has been done/is planned to disseminate or scale the approach?

Is there interest in imitators/followers? Do you work on it in an active way?

Did media play any role in the birth or spread of the SI?

How is the activity/project internally organised? Is there a division of labour? Do trade-offs between engagement and effectiveness exist?

VII. Measurement

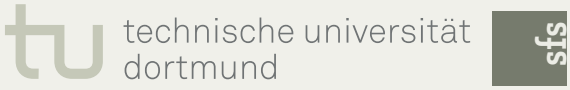
What is the estimated contribution/investment done by different stakeholders (Euro equivalent)?

What is the average budget per beneficiary, and what are the main cost items on which the budget is spend?

What is the estimated average value generated after participation in the social innovation for the beneficiaries and for other stakeholders?

What is the estimated long-term value creation (after 5 years) for the various stakeholders and society at large?


Westphalian
University

IAT
Institute for Work & Technology

technische universität
dortmund
sfs

sinnergiak
social
innovation

VŠEM

NEOMA
BUSINESS SCHOOL

C E
P S

POLITECNICO
MILANO

Maastricht University
UNU-MERIT

TNO

UNIVERSITY OF
BATH

NORDREGIO
Nordic Centre for Spatial Development

UNIVERSITY OF
EASTERN FINLAND