



**POLITECNICO**  
MILANO 1863



**POLITECNICO**  
MILANO 1863



# The Social Innovation Oxymoron: Old and Emergent

Mario Calderini  
School of Management – Politecnico di Milano

## The Oxymoron: established and emergent.

Social Innovation is a rather established area of Innovation Studies.

We would be probably talking something very old and dusty but:

- **Blended value** is the new centrality;
- **Entrepreneurial** structuration;
- **Technology** matters.

This turns consolidated issues into emergent issues and opens up promising research paths.



## One step back: Terminology and Definition Swamp

The concept of social innovation is still ambiguous and the state of the knowledge is rather fragmented.

(Cajaiba and Santana, 2014)

(Dawson and Daniel, 2010)

(Pol and Ville, 2009)

(The Young Foundation, 2012)

It still results in a disintegrated state of the field, which complicates the systematic accumulation of knowledge.

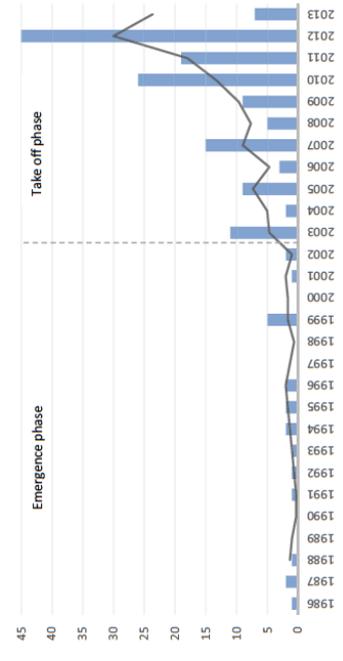
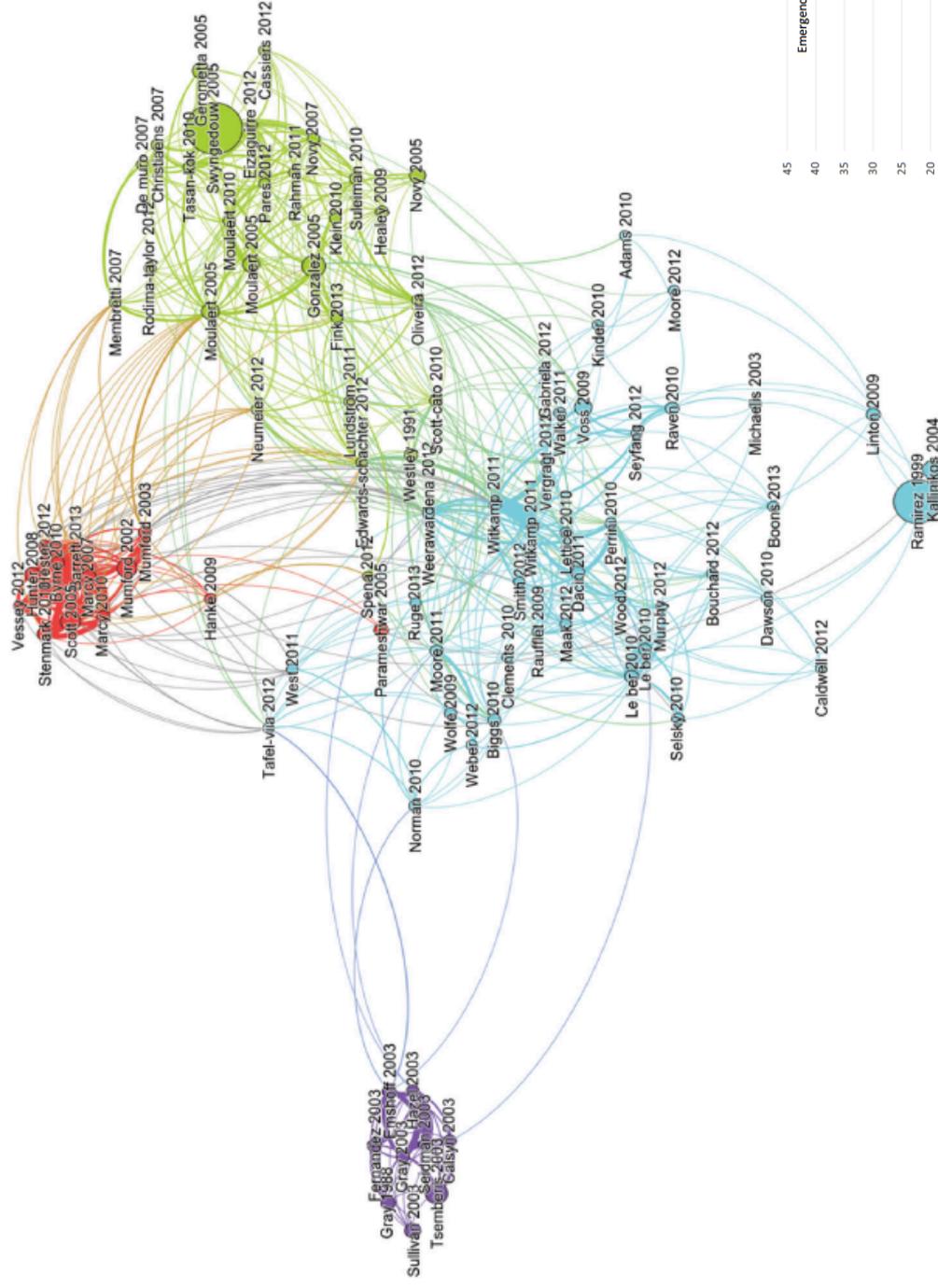
(van der Have and Rubalcaba, 2016)

Social Innovation is systematically overlooked by Innovation Studies literature.

(Edwards-Schachter, 2012)



# Social Innovation (1986-2013)



Van der Have and Rubicalba  
(2016)



## **Social Innovation**

(1986-2013)

- Community Psychology
- Creativity Research
- Social and Societal Challenges
- Local Development

The late first millennium decade turning point:

- The International Handbook on Social Innovation (Moulaert et al. 2013)
- European Union, (2014). Social Innovation - A Decade of Changes.
- Murray, R., Caulier-Grice, J., Mulgan, G., (2010). The Open Book of Social Innovation
- The Young Foundation (2012) 'Social Innovation Overview



## Picking the definition (and assembling part of those)

**New ideas** (products, services and models) that simultaneously meet social needs more effectively than alternatives and create **new social relationships or collaborations**. In other words, they are innovations that are both good for society and enhance society's capacity

(Murray, R., Caulier-Grice, J., Mulgan, G., 2010)

Social innovation is innovation that is explicitly for the social and public good and is innovation inspired by the desire to meet **social needs which can be neglected by traditional forms of private**



**market provision**. Social innovation can be developed

private, public or third sectors or users and communities

## Picking the definition (and assembling part of those)

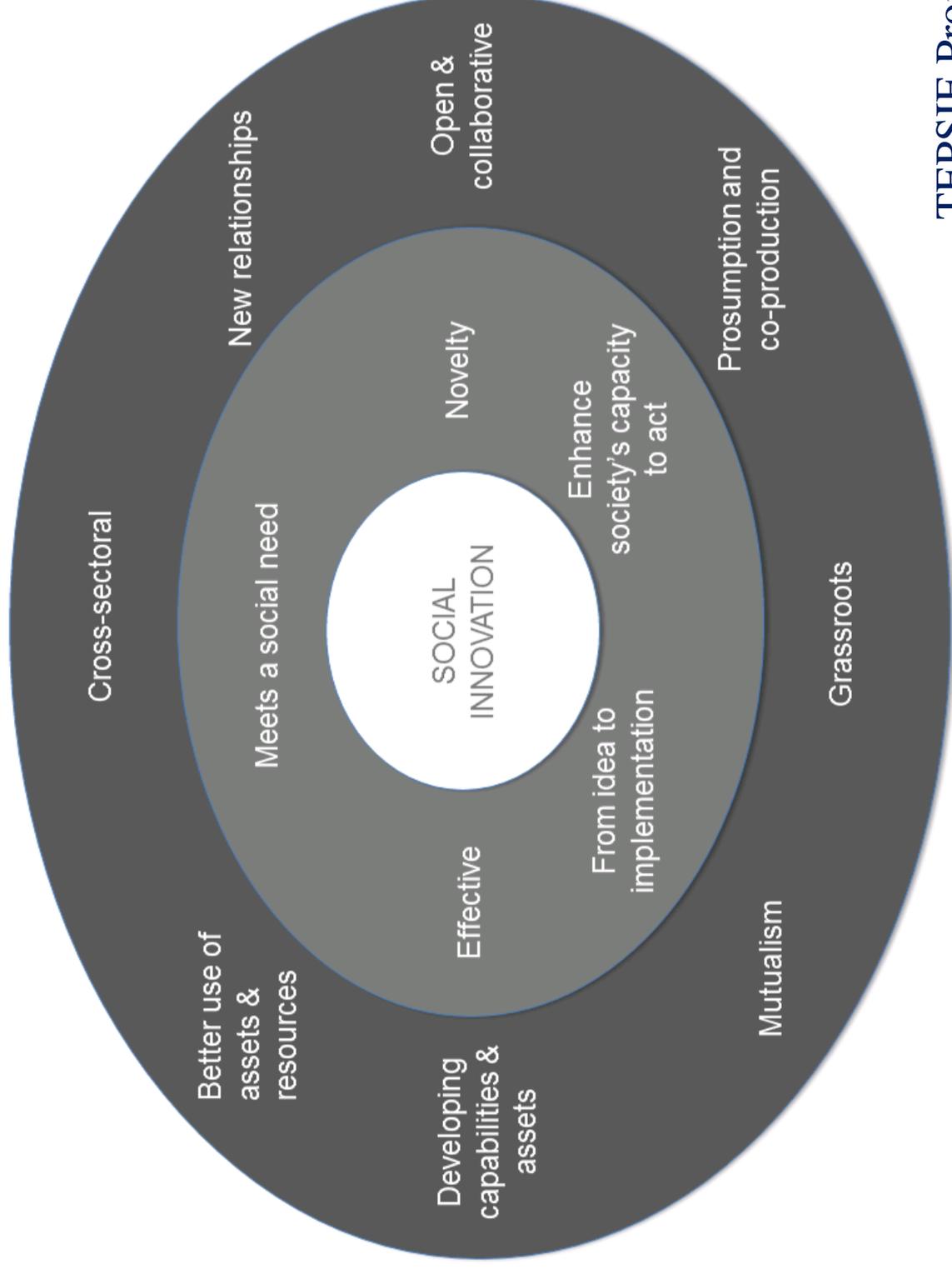
Social innovation seeks new answers to social problems by: identifying and delivering new services that improve the **quality of life** of individuals and communities; identifying and implementing a **new labour market integration** processes, new **competences**, new jobs and new forms of participation. (OECD, Lead Programme 2010)

Social innovation refers to new ideas that resolve existing social, cultural, economic and environmental challenges for the benefit of people and planet. A true social innovation is **system-changing** –it **permanently** alters the perceptions, behaviours and structures that previously gave rise to these challenges. Even more simply, a social innovation is an idea that works for the **public good**.

(Centre for Social Innovation, 2008)



# What we are left with, at the end of the day.



TEPSIE Project , 2014

[www.tepsie.eu](http://www.tepsie.eu)



POLITECNICO MILANO 1863



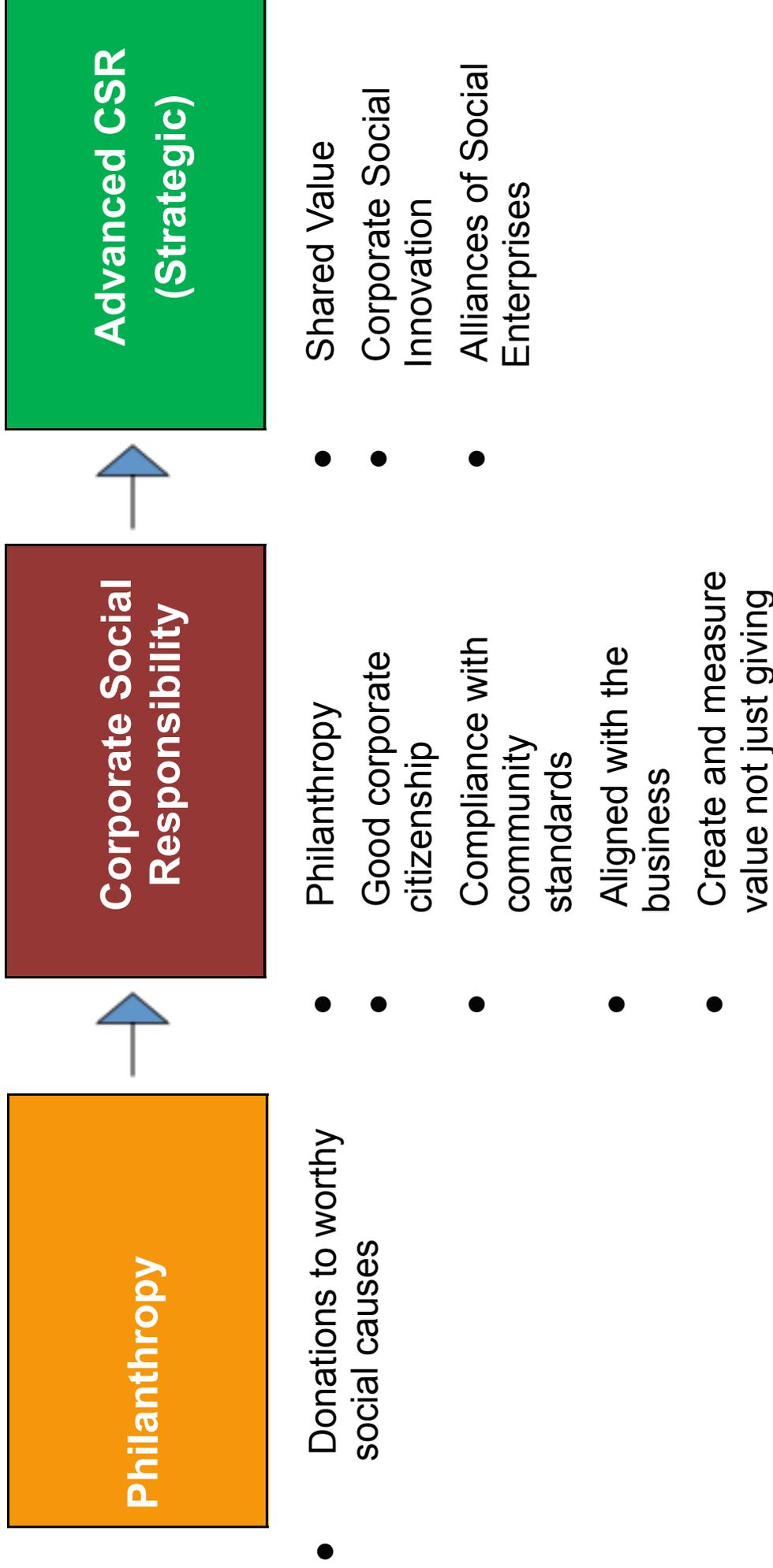
## Converging literatures

Quite interestingly, most of established areas are only partially contaminated by some of the hottest research trajectories that are animating the debate in management and industrial economics in very recent years and that landed uproariously in the established social innovation domain:

- Corporate Social Responsibility going “advanced”;
- Entrepreneurship going “social”.



# The Evolution of Corporate Social Responsibility



## Social enterprises/ventures

Two defining characteristics of SE: the adoption of some form of commercial activity to generate revenue; and the pursuit of social goals (Laville and Nyssens 2001; Mair and Marti 2006; Peattie and Morley 2008; Peredo and McLean 2006).

A business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners' (DTI 2002, p. 13).



## Social Entrepreneurship/ventures

Squeezing in a lot of perspectives:

- Social enterprises as private, autonomous, entrepreneurial organizations providing goods or services with the goals of producing benefit for the society. They transform the maximization of profit and wealth creation in a mean by which the social entrepreneur satisfies unmet social needs, turning the social benefit into a real business idea.  
(Ribeiro-Soriano & Roig-Dobón, 2009; Ribeiro-Soriano & Urbano, 2010; Ribeiro-Soriano & Castrogiovanni, 2012; Roig-Dobón & Ribeiro-Soriano, 2009).
- A bibliometric analysis is presented by Rey-Martí, Ribeiro-Soriano and Daniel Palacios-Marqués (2016) in the Journal of Business Research.



# Hybridity and Blended Value Creation

- Blended Value creation means the **creation of economic social and environmental value simultaneously**. A Blended Value Proposition integrates the maximization of social, environmental, and economic value within a single firm (whether for-profit or nonprofit)
- The **concept of blended value** can be considered as a **continuum** useful for the **conceptualization of the wide range of ways** through which **business can contribute to social development** – comprising models which reflect different degrees of focus on economic and social return.

(Emerson, 2003)

(Nicholls, A. 2009)



## The terminology swamp once again.

- Corporate Social Innovation
- Creative Capitalism
- Inclusive Business
- Shared Value
- Corporate Social Entrepreneurship
- Strategic Philanthropy (or corporate Philanthropy)
- Venture Philanthropy
- Philanthro-capitalism
- Social Enterprise
- **Social Venture**
- Corporate Citizenship
- Traditional Philanthropy



## The New Social Venture

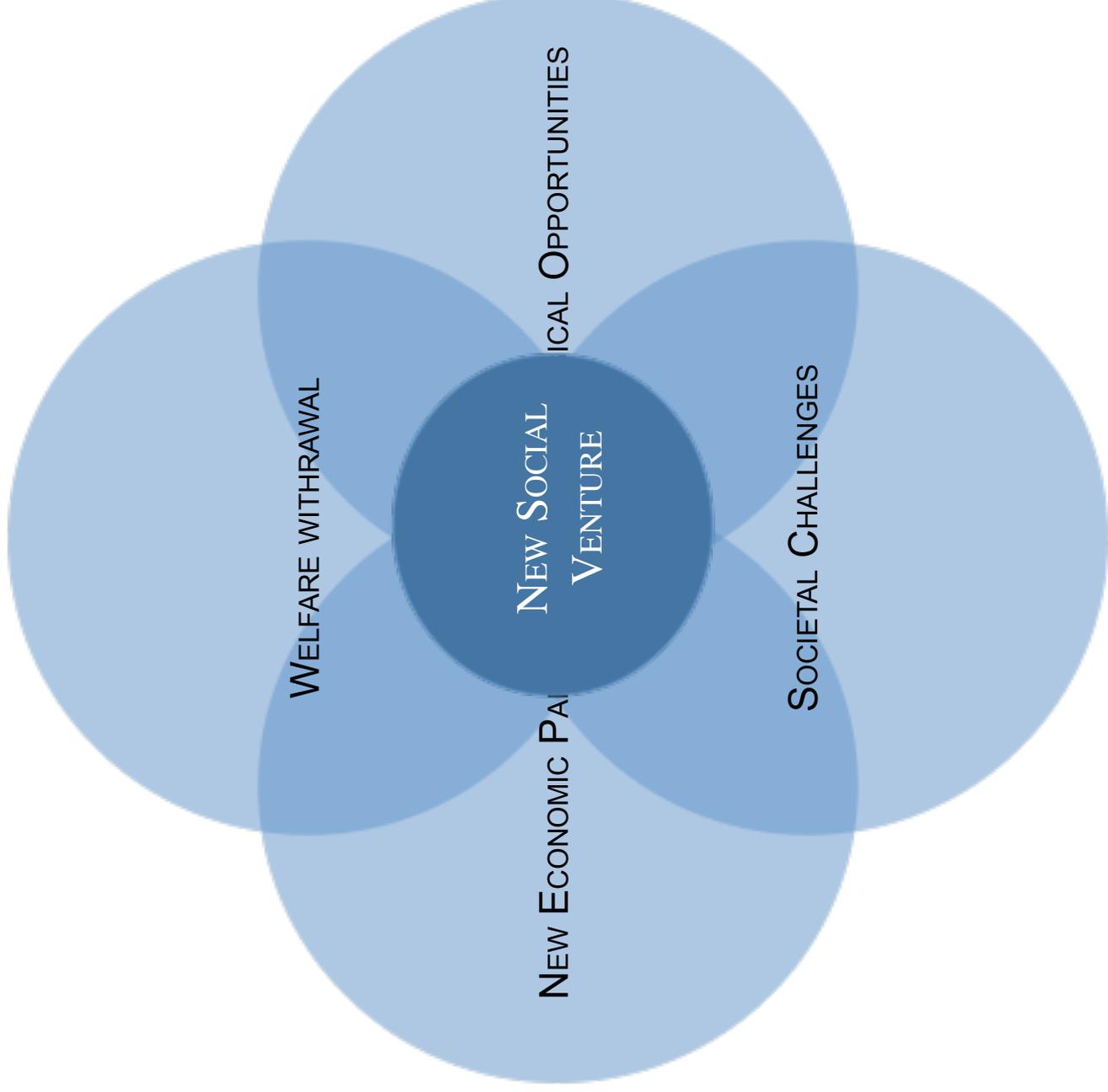
The **New Social Venture** is an emerging entity in social innovation literature and practice.

Pushing it a little beyond the limit, we may dare to consider such entity the converging product of advanced CSR and social entrepreneurship.

The new generation of Social Ventures is shaped by a set of different exogenous drivers, that we might synthesize in four basic categories: welfare withdrawal, societal challenges, technological opportunities, new market paradigms.



Sharing,  
circular,  
inclusive  
economy



# The New Social Venture

Such system of forces and opportunities makes social ventures structured and advanced in terms of:

- Managerial practices.
- Organizational structures.
- Business models and strategies.
- Financial instruments.
- Governance models.
- Operations and **technology**.



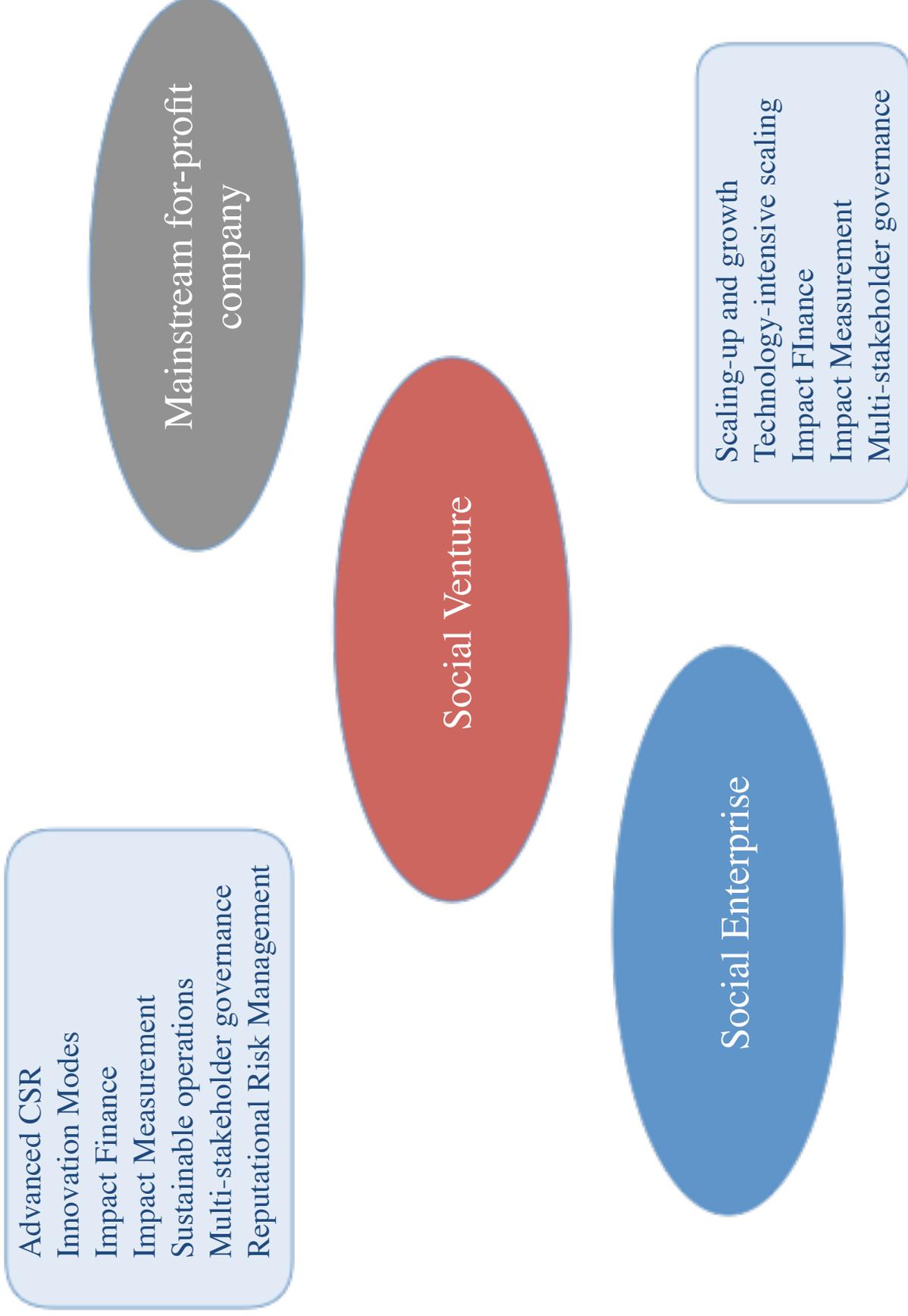
## New Social Ventures

New Social Ventures are **hybrid organizations**, that will have to be regarded as the outcome of a **twofold evolutionary process**:

- originated both from the third sector, with social enterprises getting more and more structured in terms of business models, governance and resources,
- originated from the traditional for-profit sector, with corporations trying to adapt themselves to threats and opportunities generated by sustainability challenges



# The New Social Venture



## Technology Intensity and SocialTech

The basic idea is that the availability of relatively cheap technological opportunities, or even technological commodities, has played a very important role in generating the new economic paradigms that are the natural playing field of social ventures (sharing, circular, inclusive economy) and in enabling new social-business models in such forms of market.

More specifically, the literature has identified at least four reasons why technology is bound to play a crucial role:

- availability of commoditized technologies enabling new models of social intervention,
- increasing the capability of identifying emerging social needs
- decreasing transaction-cost through IT technology platforms,
- dematerialization of assets



## (New) Technology Social Venture

**Technology social venture** (TSV)'s represent a unique genre of social venture which attempts to satisfy a social need through technological innovation in a financially sustainable manner.

The concept differs from social entrepreneurship on the basis of two factors:

- **innovative use of technology;**
- **capacity of replication.**

(Ismail et al., 2012), “Technology social venture : A new genre of social entrepreneurship ?



## The Technology Social Venture

Despite the increasing popularity, there are only two distinctive features that we reasonably attribute to such entity:

- **hybridity**
- **technology intensity**

All the rest is an ongoing transformation process and the best we can do is to observe such transformation in order to infer the attributes that will characterize such organizational entity, which many scholars tend to consider not a lateral form of entrepreneurship but a brand new entrepreneurial *genre*.

Doherty (2014)

Ismail et al. (2012)



## The (New) Technology Social Venture

Among many other things, the inherent characteristics of technology social ventures entail a **fundamental transformation, i.e. from labour-intensive to capital intensity**.

This latter observation opens up an important stream of literature that may well be considered an relevant part of new social innovation research, namely **social impact investing**.

It it may be easily regarded as the supply-side of growth processes of social enterprises or social ventures and as such, inner part of the social innovation literature.



# The Tech Social Venture

Despite the increasing popularity, there are only two distinctive features that we can reasonably attribute to such entity:

- **hybridity**
- **technological (knowledge) intensity**

All the rest is an ongoing transformation process and the best we can do is to observe such transformation in order to infer the attributes that will characterize such organizational entity, which many scholars tend to consider not a lateral form of entrepreneurship but a brand new entrepreneurial genre.



## The Tech Social Venture and Social Impact Investing.

Among many other things, the inherent characteristics of technology social ventures entail a **fundamental transformation, i.e. from labour-intensive to capital intensity**.

This latter observation is the final step, only after verifying the actual consistence of this phenomenon the interest in **social impact investing** is legitimate.



# The need for specialised finance.

## Demand-side

- Withdrawal of welfare policies
- New technology-intensive solutions to social problems;
- Re-engineering social intervention models for prevention;
- Need for innovative financial solutions: pay for results;

## Supply side

- Generating and seizing new investment opportunities;
- Sourcing new capitals: mobilize capital that would not be mobilized through traditional philanthropic schemes;
- Reputational issues and impact-washing



## Motivation for specialized finance

Organizations with a social purpose usually:

- Are smaller;
- Involved more risk and this risk is difficult to assess;
- Take longer to scale;
- Operate with untested business models that require substantial support beyond capital.

than conventional businesses.

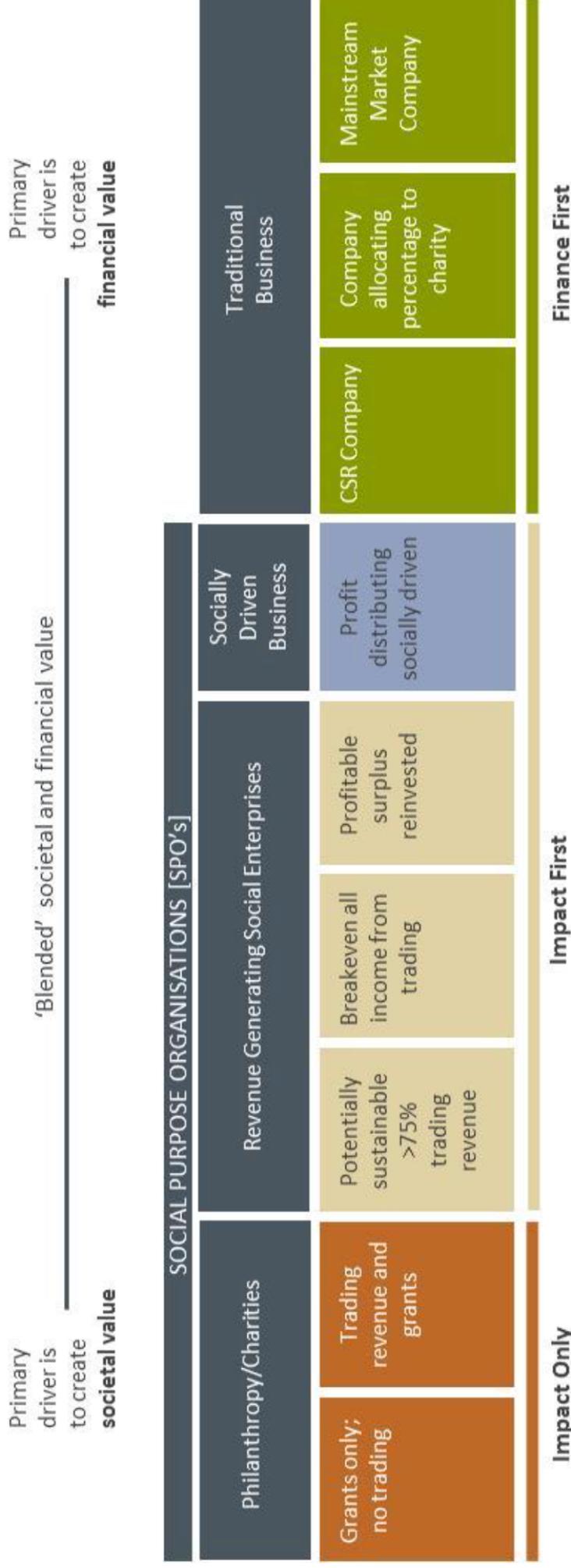


## The Other side of (Tech) Social Venture: Social Impact Finance

- The term social impact finance is referred to a resource allocation strategy in which capital is intentionally used to finance projects that generate a blended value.
- The purposeful allocation of financial resources to initiatives that can deliver measurable societal impact (social and environmental) alongside financial return.
- Provision of finance to organisations with the explicit expectation of social returns that are clearly defined a priori, are not an incidental side effect of a commercial deal and a financial return of at least a repayment of capital is expected.



# The “Blended Value” mantra



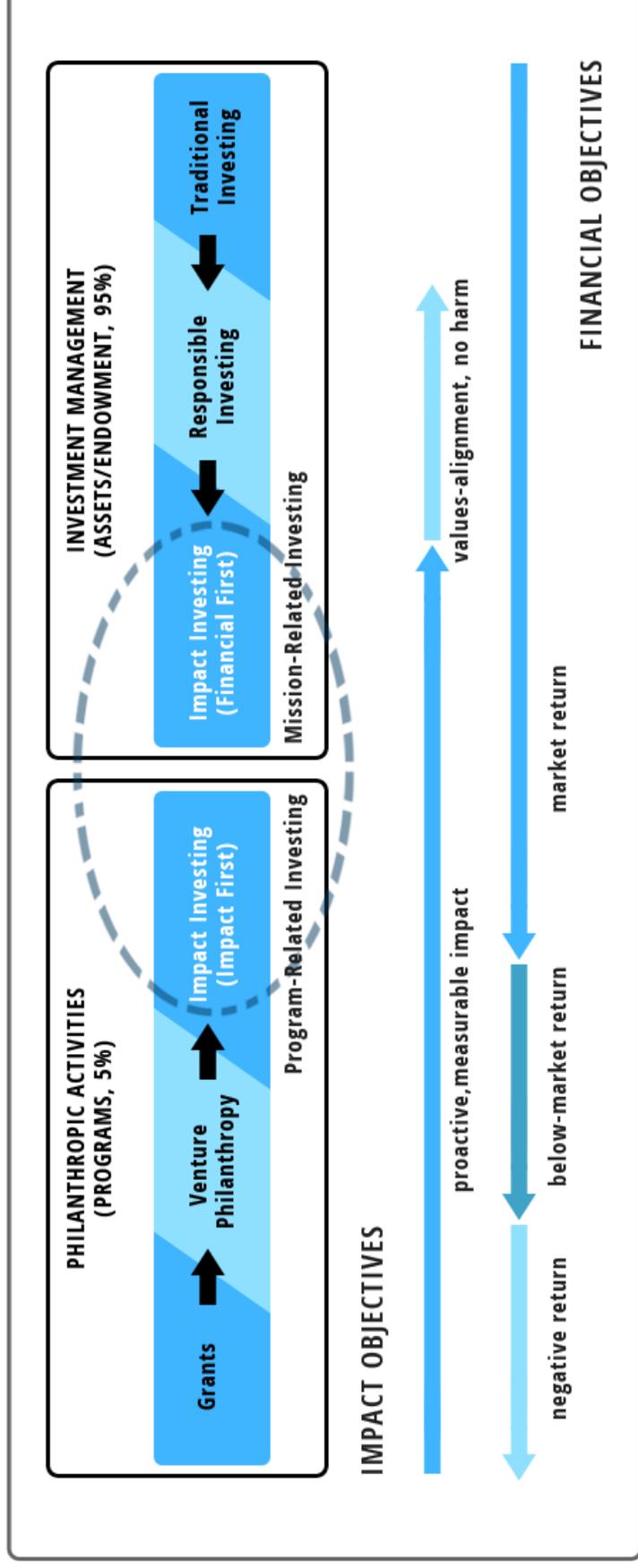
Venture Philanthropy

Impact Investing

Source: Wilson, K. E. (2014)



# Impact finance in the continuum



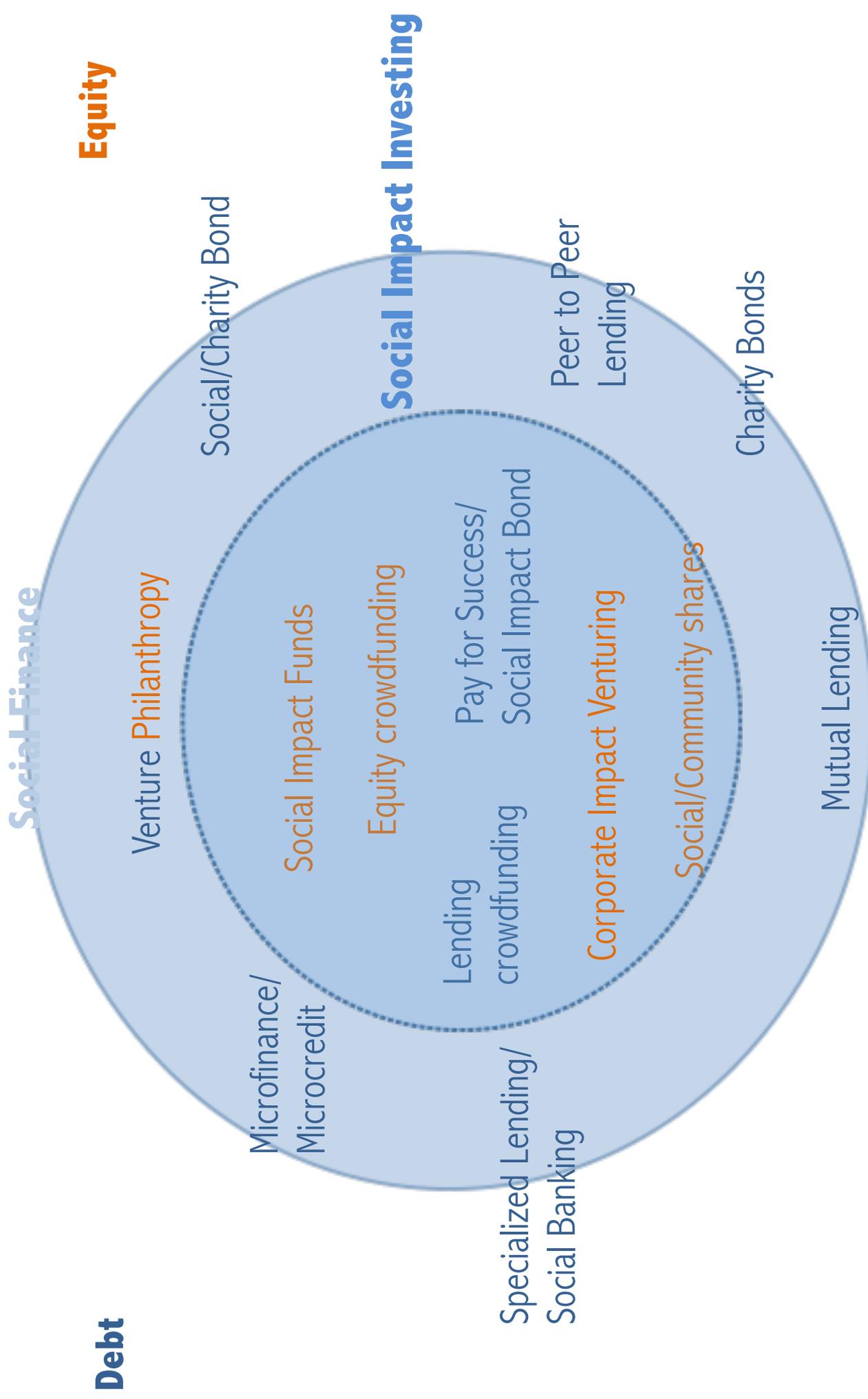
Philanthropy -  
which expects no  $\neq$   
financial returns

**Intentional and proactive impact**  
**Financial return**  
**Measurable impact**

$\neq$

Socially responsible investment (SRI) – where negative screening investment are avoided but positive impact are not always targeted

# A glance to instruments



## Matching demand and supply

We should not repeat the mistakes made with high-tech entrepreneurship: sophisticating the financial instruments before taking care of nurturing a sufficiently consistent capital demand-side;

Social Entrepreneurship is a consistent phenomenon but the candidates to receiving capital for growth are still very few; the strategic and policy issue is to help potentially scalable ventures to reach a sort of mezzanine layer (in terms of managerial structuration, robustness of business model and governance) where they can be eligible to receive financial support for social impact specialized instruments.

The important efforts: capacity building, investment readiness acceleration and scaling up



IMPACT FINANCE



**Mezzanine layer**  
**Business model archetypes**



SOCIAL VENTURE



## Why to bet on new Social Innovation/entrepreneurship as a new industrial policy option?

- Bring fresh genuine individual motivations to the cause of entrepreneurship;
- A new opportunity to foster early growth through innovation procurement: social (civic) procurement;
- A innovation policy option that is more friendly to the prevalent industrial specialization model, industry structure and innovation mode of many European countries;

A new generation of inclusive innovation policies able to stitch up the laceration between society and innovation.

A new form of technology-transfer ensuring social accountability of research.



## A real option for industrial policy?

Anecdotal reflection: in any kind of EU-funded call/competition/prize in the field of social innovation, there is a systematic over-representation of proposals from countries where de-industrialization and unemployment hit harder.

Social Innovation is perceived as an alternative option: policy maker should come to terms with this.



## A real option for knowledge-based growth?

Scientific knowledge exploitation and tech transfer: the value of research has been traditionally conveyed to society through the intermediation of the industrial system, which has taken care of exploiting knowledge, translating it into economic value and (partially) giving it back to society.

But what if the industry (or a knowledge-intensive industry) is no longer there in certain areas of Europe? No real option for knowledge-based growth.

The alternative is to think of (Tech)Social Innovation and entrepreneurship as a way to convey the value of knowledge directly to society in the absence of a consistent industrial option.

Ultimately this is a good reason to address specific policies to foster a new generation of (Tech)Social Ventures.



## Urgent issues

Capacity Building, Acceleration, Investment readiness, and  
“**mezzanine business models**”;  
Non linear, demand-side policies and ecosystem building;  
Metrics and measurement infrastructures;  
Integrate impact finance and public finance;  
After advocacy, demonstrate.

