



Context dependency of social innovation: in search of new sustainability models

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Context dependency of social innovation: in search of new sustainability models

Increasing attention is being paid towards the potential of social innovation (SI) in responding to society's greatest challenges. While measures have been taken to support the flourishing of these innovations, they have thus far been made on ideal models of development, misaligned with what occurs in reality. This has led to the creation of supporting infrastructures that fail to respond to the real needs of social innovators. The paper seeks to provide a picture of the real SI development process through a case-based discussion coming from the results of the SIMPACT research project (supported by the European Commission under Grant number 613411). The paper will also present areas of improvement and reflection, on which to develop an evidence-based model of SI development. Moreover, it will connect SIs with local conditions that determine their development, suggesting that their growth and diffusion are primarily based on the adaptation to the context rather than on the scaling up mechanisms that characterise for-profits. The paper argues that this leads to the necessity for social innovators to find a difficult balance among contradictory needs, and to develop peculiar typologies of business models to make their innovations sustainable.

Keywords: social innovation process; scaling up of social innovation; social innovation policies; social innovation tools; design for social innovation.

Introduction

While social innovation (SI) is hardly a novelty, its acknowledgement as a driver of societal and economic growth has only recently come forth in the aftermath of the financial crisis and in light of failing welfare states. While other forms of innovation, like technological innovation, have been exhaustively explored, relatively little is understood regarding the process of SI, which has been primarily conceptualised as innovative activities and services that meet a social need, diffused by organisations whose primary purposes are social (Mulgan, 2006), or else innovations that are primarily social both in their means and in their ends (Caulier-Grice, Davies, Patrick &

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3 Norman, 2012).

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5 Based on this definition and on a specific interest in investigating ‘innovations
6 that take the form of replicable programs or organisations’ (Ibid, p. 148), the few
7 existing frameworks explaining the SI process have adopted a generic new product
8 development process drawn from the for-profit field. In particular, the so-called ‘spiral
9 model’ of SI (Murray, Caulier-Grice & Mulgan, 2010), as well as other circular (Bates,
10 2012) or linear (Santos, Cotter Salvado, Lopo de Carvalho & Schulte, 2014) models, are
11 commonly accepted as descriptions of the actual SI process. On the contrary, our
12 empirical findings demonstrate that they represent ideal models of innovation far from
13 reality, which has led to a number of misconceptions and faults in supporting and
14 managing SI. The paper will address how this misalignment has crippled the efficiency
15 and effectiveness of policy measures meant to support the development and growth of
16 SIs through an analysis of the SI process in its real-life context.
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31 The analysis will shed light on the mechanisms behind establishing and
32 developing SI through a comparison of the different phases of the ‘ideal’ spiral model
33 with reality and will draw conclusions that may be useful in developing an evidenced-
34 based model, from which policy measures could be drawn to better enable SI
35 development.
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43 **Methodology**

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45 The paper builds on the results of the recently concluded SIMPACT research project
46 (SIMPACT. Boosting the Impact of Social Innovation in Europe through Economic
47 Underpinnings, was supported by the European Commission under Grant number
48 613411), where nearly 60 cases of SI occurring across Europe were analysed, with a
49 specific focus on their economic foundation. The research followed a structured,
50 qualitative research process: (1) an initial meta-analysis of a wide number of existing SI
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3 cases; (2) the adoption of a set of criteria leading to the selection of relevant cases to be
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5 further investigated; (3) the integrated analysis and discussion of a set of business case
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7 studies (desk research) and innovation biographies (field research); (4) the triangulation
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9 of results to draw evidence-based findings and conclusions; (5) the proposal of a
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11 typology of SI Business Models, based on the ‘reverse engineering’¹ of the business
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13 case studies; and (6) the development of recommendations and tools to support SI and
14
15 SI policies. In order to guarantee a high level of quality in the development of the cases,
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17 a joint analysis framework and a minimum standard for documentation to be retrieved
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19 for desk research were adopted. Innovation biographies (Butzin, 2013) complemented
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21 the desk research ensuring direct contact with SI actors and stakeholders which
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23 reconstructed the innovation processes from idea to implementation, combining
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25 interviewing techniques, network analysis and triangulation.
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30 **The social innovation process**

31 32 33 *The ‘ideal’ social innovation process*

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36 As mentioned above, the SI process has been predominantly depicted as a process that
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38 follows a spiral model composed of six main stages, as follows and seen in Figure 1:
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41 Prompts – which highlight the need for SI;

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43 Proposals – where ideas are developed;

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45 Prototyping – where ideas get tested in practice;

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47 Sustaining – when ideas become everyday practice;

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49 Scaling – growing and spreading SIs;
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55 ¹ Reverse engineering is the application of a tool and a process normally used for the generation
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57 of new businesses to the analysis of existing ones.
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3 Systemic change – re-designing and introducing entire systems, which usually involves
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5 all sectors.
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8 **Insert figure 1 here**
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10 Figure 1. The Social Innovation Process (elaboration of the authors from Murray et al.,
11 2010).
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14 While the above model, and other models (Bates, 2012; Santos et al., 2014) may
15
16 be useful in contexts where established innovation practices are in use, according to our
17
18 empirical research, the SI process diverges from the linear development suggested by
19
20 the model. Despite the spiral nature of the model, which would suggest non-linear
21
22 development, the logical order of stages assumes the perspective of an orderly process.
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25 On the contrary, scholarship on innovation processes makes clear that the path
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27 from idea generation to diffusion rarely follows a predictable logical order (van de Ven,
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29 Polley, Garud & Venkataraman, 1999) and likewise, literature today coherently
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31 describes innovation processes in organisations as complex, iterative, organic, and
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33 untidy (Greenhalgh, Macfarlane & Kyriakidou, 2005).
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36 The spiral model of SI was in fact elaborated specifically to revise its linearity
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38 during the TEPSIE research project (Caulier-Grice et al., 2012). Moreover, the model
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40 was further revised during the TRANSITION (Transnational Network for Social
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42 Innovation Incubation) research project, with the aim of turning it into an operative
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44 process – called The Social Innovation Journey - for the development and the scaling up
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46 of social ventures, jointly with a set of tools organised along its diverse phases and areas
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48 (Transition, 2016).
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51 In these further elaborations, arguments have been made to re-conceptualize the
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53 model and introduce a more iterative nature through the inclusion of design loops at
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55 each stage, as well as feedback and re-orientation loops. In this, the model is quite
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3 similar to the updated version of the stage-gate process of new product development
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5 (Cooper, 2008), as well as to many other models of the design process. However,
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7 despite these changes, the diverse versions of the model continue to describe ideal
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9 conditions, more easily found in existing organisations that rely on an already-
10
11 established culture of design and innovation (*anon* for review).
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14 SIs, on the other hand, as observed in our research, take place in constrained
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16 contexts and typically develop as frugal answers to social problems. They are
17
18 characterized by a much less formalized process, in which some of the phases described
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20 in the ideal models do not exist and some of the objectives are not seen as relevant by
21
22 the innovators (e.g. the emphasis placed on scaling up as found in SI literature).
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24
25 Furthermore, bricolage (Baker & Nelson, 2005; Di Domenico, Haugh & Tracey,
26
27 2010) and improvisation (Weick, 1993) emerge as common patterns in SI rather than
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29 strategic planning. In the following, we will explore this in more detail by comparing
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31 and contrasting the different phases of the spiral model with what actually happens at
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33 each phase, through a case-based discussion.
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36 37 **The ‘real’ social innovation process**

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39 The two initial phases of the spiral model, the prompts and proposals phases, represent
40
41 the typical phases of user need exploration and idea generation. We found these stages
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43 to be either absent or marginally present in SIs for two main reasons. First, social
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45 innovators are often profound experts of the needs they are seeking to meet. They often
46
47 have direct or first-hand experience with the problems, which are mostly well-known,
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49 structural and touch the fundamental needs of people’s lives. For example, in the case of
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3 Catering Solidario², Ana Bella Estévez, the founder, was aware of the problems facing
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5 female victims of domestic violence as a result of her direct experience and the lack she
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7 found of an effective response by the Spanish welfare system. Likewise, in the case of
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9 Education for Accommodation³ and Yalla Trappan⁴ the relevant knowledge of the
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11 social need came from the personal experience of the initiators.
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Moreover, we observed that their profound knowledge of the problems and needs to be met are usually combined with a level of urgency that pushes a unique idea into becoming the solution rather than triggering a real phase of context analysis, user needs exploration, idea generation and screening. This structured process is typical of established companies operating in the for-profit field, where capturing latent needs and building an innovation funnel may be a relevant source of competitive advantage. This is not the case in SI, where needs are most often far from latent. Moreover, most of the social innovators did not give much importance to having knowledge of the industry when generating the idea and were only concentrated on finding a means to meet the social need. The limited knowledge of the commercial aspects of the new ventures emerged in our research as one of the most relevant questions affecting the establishment of sustainable SIs. As we'll see when introducing the typologies of SI business models, the vast majority of the SIs that we analysed faced the dual need to create social impact and revenue, configuring a double or multi-sided business model (*anon* for review). As a result, SIs often have various targets and thus multiple value

² Catering Solidario was a a Seville-based, organic catering firm employing women coming out of domestic violence.

³ Education for Accommodation fights children's social, economic and cultural exclusion by combining learning support for children with the provision of affordable living for students; thereby, lowering high vacancy rates in Duisburg-Marxloh.

⁴ Yalla Trappan is a social enterprise addressing the inclusion of immigrant women in the Swedish labour market and society.

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3 propositions. The instrumental nature of the revenue-generating activities to arrive at
4 the underlying purpose, to serve the social mission, may however at times prove
5 detrimental to the organisation, as our research shows that they are often conducted
6 without proper knowledge and even without a clear commitment to achieve efficiency
7 and effectiveness. In Catering Solidario, the solution was chosen as the result of two
8 previously failed experiments and a casual conversation rather than from direct
9 industrial experience. The catering venture, in fact, failed (most likely right due to
10 insufficient industrial knowledge) and the service for the women continued in the form
11 of work placement for activities calling for a much lower degree of specialisation.
12 Likewise, Paolo Strano, founder of Semi di Libertà⁵, experienced first-hand the problem
13 of recidivism while working in a prison as a physical therapist and came up with the
14 idea of founding a microbrewery to train prisoners to be brew masters, despite not
15 having any previous knowledge of the sector. Paolo simply evaluated the business
16 growth trend in an intuitive fashion, and considered the possibility of involving inmates
17 in training activities throughout the whole year thanks to the fact that beer, differently
18 from wine, has a short and continuously repeatable manufacturing process. Despite this
19 gap in knowledge, Paolo managed to develop his idea, overcoming major hurdles,
20 thanks to the support of a local agrarian school, the collaboration of major Italian
21 brewmasters and national and local public authorities.

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44 In Catering Solidario and Semi di Libertà, as well as in many other cases that we
45 analysed in our research, the original idea of the initiators became the boundary object
46 around which a small network of actors and stakeholders gathered to co-produce the
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53 ⁵ Semi di Libertà (Seeds of Freedom) is a non-profit organisation based in Rome working to
54 socially re-integrate prisoners through work by placing them on a pathway of training and
55 professionalisation in order to break the circle of recidivism.
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3 solution. Both SIs began with little to no industry knowledge but were able to move
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5 onwards despite this in the SI development, thanks to their high personal motivation and
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7 ability to acquire resources around the social mission. SIs in fact typically begin and
8
9 develop under extreme resource scarcity, which pushes the process of SI generation into
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11 a convergent thinking mode from the outset. The initial conditions in which SI ideation
12
13 takes place are in contradiction with the typical process of idea generation, as described
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15 in innovation studies. Idea generation is usually portrayed as calling for a divergent
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17 attitude, where the exploration of ideas is conducted without constraints and by forcing
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19 the process of ideation to develop out-of-the-box solutions in a system in which
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21 everything can be possible. A vast literature on the so called 'Front End of Innovation'
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23 describes it as fuzzy and difficult to optimise (Reinertsen, 1999), and characterised by
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25 divergent thinking (Breuer, Hewing & Steinhoff, 2009). This however is not the case in
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27 SIs as observed in the aforementioned cases, where the configuration of solutions was
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29 primarily driven by constraints, usually associated to the later stages of the new product
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31 development process, although there is literature attributing them a fundamental role at
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33 earlier stages in the interplay with creativity, and even in the formulation of business
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35 strategies (Vandenbosch & Gallagher, 2004).
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40 Likewise, due to resource constraints, SIs can rarely afford to support a
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42 prototyping phase, which in the process of innovation development, usually requires
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44 high levels of iteration and experimentation that are cost and time consuming. Phases
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46 like these, usually described in R&D processes, are the most expensive in the
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48 development of innovation. The shift from product to service design makes prototyping
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50 even more difficult: here we should notice that almost all the SIs that we analysed were
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52 based on the development of new services or the redesign of existing ones. This points
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54 to the possibility of introducing service design methodologies and tools to support the
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3 development of stronger SI concepts, which was at the core of the development of the
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5 SIMPACT business toolbox (*anon* for review). In order to effectively make use of
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7 prototypes in service design, solutions to be experimented must exist and be working,
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9 and sometimes realising them as models is not possible without the support processes
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11 and infrastructures that would be needed to run the real service. As Brown and Wyatt
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13 (2010, p. 35) put it: ‘The prototypes at this point may be expensive, complex, and even
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15 indistinguishable from the real thing’.

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18 As a consequence, the resource scarcity in SI usually results in the
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20 transformation of the initial idea into a frugal solution, made possible thanks to the
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22 collaboration of a small network of actors that share into the SI motivation, as seen in
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24 the case of Semi di Libertà. The concept of frugality that we associate to SI renders the
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26 idea of a process in which social innovators exploit only the human resources,
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28 infrastructures, personal relations, and small subsidies available. Contrary to the
29
30 common use of prototypes and proofs-of-concept, these frugal solutions are not meant
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32 to test and understand if the initial ideas work and are sustainable in the market; rather,
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34 frugal solutions are expected to immediately demonstrate their ability to produce
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36 outcomes and social impact. As seen again in the case of Catering Solidario, most of the
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38 resources were spent on the salary of the employed women, which allowed the small
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40 company to immediately set them free from economic dependence on their stalkers, and
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42 show its capability to generate outcomes and social impact. However, the choice
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44 prevented investments in the underlying infrastructure (a kitchen and a professional
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46 team) of the social enterprise which would have supported its sustainability in the long-
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48 run. The subsequent failure of the SI thus begs for further attention on resource
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50 allocation and investment strategies needed for SI sustainability while maintaining
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52 social impact. In other words, SIs should consider the possibility of achieving social
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3 impact in a longer run, after the consolidation of the activity, just like for-profits usually
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5 plan to achieve financial return in due time. This is not at all an easy task in the current
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7 SI assessment framework, as well as in the mindset of social innovators themselves, as
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9 choosing to postpone the achievement of social impact would be contrary to the
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11 typically urgent nature of the challenges to be tackled and to the request of
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13 demonstrating the capacity to immediately achieve outcomes and impact.
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16 Moreover, we found that most social innovators are able to overcome the
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18 constraints of resource scarcity by adopting a bricolage approach to bring their solution
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20 to life. Bricolage implies the exploitation of all available resources or - to put it in a way
21
22 that better clarifies the connection of SI with spatial and territorial issues - the
23
24 exploitation of resources 'at hand'. SIs in fact embed their organisations into territorial
25
26 networks to acquire resources. The savviness with which they are able to connect with
27
28 resource rich partners through the allure of their social mission is however a double-
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30 edged sword: on the one hand, without these resources, social innovators would have a
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32 hard time realising their solution and making it stable in the market; on the other hand,
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34 the bricolage approach also lead these innovators in directions that may distract them
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36 from their primary objective, i.e. to meet the social need. Paolo Strano, for example,
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38 was able to acquire the necessary funding from the State provided he include a local
39
40 school as a partner (to serve as proof of reliability). The inclusion of the school however
41
42 complicated the development process owing to several bureaucratic hurdles that had to
43
44 be overcome in the first two years of implementation. Paolo thus had to scramble to find
45
46 new ways to carry out his solution. The lack of resources interrupted his capacity to
47
48 deliver the training program and posed risks of him losing credibility with the inmates.
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50 Here, in fact, we must underline how the «virtuous» cause-effect relationship in
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52 bricolage can be easily inverted: bricolage being in fact the opposite of resource
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3 planning. Understanding how to sustain SIs in a more strategic vision of resource
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5 planning to prevent mission drift is a key issue and highlights once again the non-linear
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7 development process of SIs.

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9 The next phase of the spiral model, scaling, concerns the stage when the SI is
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11 mature enough to be replicated or to grow in size. While this phase has been highly
12
13 emphasised in SI literature and policy measures, in reality, what we observed in our
14
15 research is that SIs rarely possess scaling up mechanisms, i.e. the diffusion of
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17 products/services to the largest number of possible customers or internationalisation
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19 through the opening of subsidiaries or other companies in different countries. It is
20
21 instead more common to observe scaling out mechanisms in SI, i.e. those mechanisms
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23 of dissemination, learning, adaptation, and influencing that support the core idea of the
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25 SI to be scaled and diffused rather than the solution per se. This happens because the
26
27 unique combination of resources at hand in the local context often prove vital to the
28
29 successful implementation of solutions that address similar social problems. RODA, a
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31 parent association advocating for children and parental rights in Croatia, supports its
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33 activities through the sale of ecological cloth diapers and accessories for babies and
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35 women through its social enterprise, Rodin let. Despite the attempts, the association was
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37 unable to scale its efforts in other cities, Sarajevo and Belgrade, which while offering
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39 similar contexts, lacked the necessary cultural awareness and voluntary effort needed to
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41 successfully kick off the initiative. The strong need of volunteers for the solution's
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43 sustainability renders its replication in other contexts highly problematic. The context-
44
45 dependency of SIs in fact creates a high barrier to scaling efforts. SIMPACT's empirical
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47 findings indeed show much less linear trajectories than the ones described in literature
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49 on scaling and when found, due to the context specificity of SIs, the transformation of
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3 the proposed solutions may at times be even quite radical. In the case of Piano C⁶, the
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5 idea of setting up a co-working nursery was directly inspired by London-based social
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7 venture The Third Door. Nevertheless, it was configured around the specificity of a
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9 local network of actors and stakeholders, which makes the initiative original, and
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11 through the adoption of a peculiar business model in which a commercial venture aims
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13 at producing social impact, being partly sustained by a non-profit that runs projects and
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15 tries to introduce a different cultural perspective on maternity in diverse organisations.
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18 One of the cases in which an international scaling up process was accomplished
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20 is Dialogue Social Enterprise's globally-diffused program, Dialogue in the Dark. The
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22 program offers exhibitions and workshops in total darkness led by blind trainers and
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24 guides. The objective of the program is to raise awareness of the difficulties that the
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26 blind face and overcome barriers between people with and without a disability. The
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28 social enterprise managed to scale up the program by partnering with a vast array of
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30 organisations: private social investors, corporations, non-profit organisations, museums
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32 and universities, who operate Dialogue-exhibitions and are supported by the Dialogue
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34 Social Enterprise management to ensure high quality standards and international
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36 conformation. The scaling process of Dialogue in the Dark clearly demonstrates the
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38 importance of interacting and embedding the solution in the local ecosystem of actors
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40 and resources. In fact, each local Dialogue in the Dark initiative adopts the same format,
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42 but is configured around a different network of actors and stakeholders, which makes it
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44 different than the others. Similarly, Siel Bleu, a French association employing over 450
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46 people to offer mobility training to the elderly at residential care facilities was able to
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51 ⁶ Piano C is a commercial enterprise based in Milan, established as a co-working space
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53 dedicated to women, offering a set of services for work-life reconciliation to support
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55 young mothers to re-organise their work after the maternity leave or to re-enter the labour
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57 market after birth.
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3 scale nationally by partnering with public and private care facilities and health
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5 insurance companies who covered their services. The model was also able to scale up to
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7 other countries: Belgium, Ireland and Spain. In this case, the possibility to adapt the
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9 solution to the national legislation and to the configuration of the NHS emerged as key
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11 to scale up, making the normative framework a contextual driver or barrier. Similarly,
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13 in the case of De Kringwinkel - a Flemish non-profit WISE (Work Integration Social
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15 Enterprise) employing the long-term unemployed under the Special Workplace status to
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17 collect, repair and sell used goods - the organisation was able to expand thanks to the
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19 involvement of a number of non-profit leaders across the region who adopted the
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21 solution in their local area, developing specific agreements with local actors for the
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23 collection of waste material. Each centre developed its own way to collect materials
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25 from private citizens and is different in size as well as in the portfolio of products they
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27 sell.
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31 TeachForAmerica and Teach First UK likewise founded Teach for All, an
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33 umbrella organisation created to join a global network of partner organisations, which
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35 recruit young professionals to work in high-need schools with the mission to expand
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37 educational opportunity for all children at a global level. Based on the organisation's
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39 franchising model and legal framework, the solution has spread to 36 countries. Similar
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41 to De Kringwinkel, the national programs are operated as legally and financially
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43 independent organisations. The basic principle of the franchise model is to select one
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45 strong partner from a country, who in turn establishes the national network of SI
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47 stakeholders to implement the solution. As Teach for All emphasizes on its website,
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49 'local ownership is critical to maximizing a program's impact and to its sustainability,
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51 and it's the initiative and leadership of these emerging entrepreneurs that sets the
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53 foundation for launching new organisations in their countries' (Teach for All, 2017).
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3 Scaling in SIs thus must take into account the context of destination of the innovation
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5 and adapt and re-formulate the SI idea in order to be successful in the local context.
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7 The empirical findings of the SIMPACT project are in line with the concept of
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9 complex participatory design processes (*anon* for review), which considers SI scaling
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11 up and out as being in a dynamic relationship with the capacity to engage actors and
12
13 stakeholders within the SI context. In this view, local actors and stakeholders may thus
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15 act as co-producers, amplifiers, adopters and agents of diffusion. In this framework,
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17 complex participatory processes are those strategies at work in contexts where SI is
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19 provided by a main actor trying to establish it through the promotion of a series of
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21 alignments and alliances around strategic or tactical objectives. While involved actors
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23 and stakeholders may have different objectives, they can strategically collaborate in the
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25 foundation or delivery of a SI since it is coherent with their overall objective. In this
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27 perspective, the establishment and the scale up/out of social ventures calls for going
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29 beyond the traditional UCD (User Centred Design) perspective, as the constellation of
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31 actors that makes the solutions viable goes beyond the involvement of users as
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33 references, co-designers and co-producers. These processes were highly evidenced by
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35 the cases studied and as exemplified above.
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39 Finally, concerning the last step of the model, systemic change, we did not verify its
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41 occurrence in any of the SIMPACT cases. While the ultimate objective of SI is to
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43 catalyse change in the specific system of production and delivery in which it exists, it is
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45 questionable if a singular SI can produce systemic change. Instead, more promising are
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47 strategies that integrate different SIs working on the same problem into a common
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49 framework or strategies that institutionalise SI into routines, norms and practice.
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51 Moreover, if we assume the perspective of social innovators that we captured through
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53 our field research, we should notice that a sounder economic foundation is seen as more
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3 relevant to ensure sustainability at their local dimension rather than to sustain their
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5 growth. It is important that policy reflects the needs of social innovators and the actual
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7 process through which SIs are developing. Correcting for the misalignment found in
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9 current practices is key to the future of SI development. Three consequences of this
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11 misalignment can be found in:

- 14 (1) a misplaced emphasis on start-up support rather than on competences of
15 innovators;
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17 (2) an exaggerated attention on the need to scale without considering the local
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19 configuration of the solutions, their structural limitations and the objectives of
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21 social innovators; and
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23 (3) the use of approaches, business/sustainability models and tools not suitable for
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25 small, socially-oriented ventures.
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31 **Conclusions**

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33 Regarding the first, as evidenced in the majority of the cases, a gap in managerial skills
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35 on the side of the social innovators along with a lack in vertical knowledge of the
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37 industry represented two of the primary drivers of failure in SI. While in economic
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39 literature, broad consensus exists on knowledge as a crucial resource and strategic asset
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41 for enterprises, knowledge in SI lives in a sort of contradiction. Social innovators, on
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43 the one hand and as mentioned above, are deep experts of the social problem to be
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45 solved and are highly committed to the social mission, yet on the other hand are also
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47 expected to be experts of the managerial aspects and the industry-specific competences
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3 of the solution. In some cases, like Libera Terra⁷, this problem is resolved through the
4 acquisition of skills from a strong network of partners who provide the managerial and
5 industry-specific know-how needed to implement the solution and compete on the
6 market. This can also be found in the case of Paolo Strano of Semi di Libertà, who
7 managed to collaborate with the major Italian brew masters to produce high-quality beer
8 and also engage them as trainers for the courses.
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16 However, while the social innovators often succeed thanks to their strong
17 motivation to solve the problem, they are often naïve in establishing and developing a
18 sound and sustainable business. In order to overcome these limits, as aforementioned,
19 social innovators often resort to bricolage strategies that produce fragile solutions and
20 work in hyper-exploitation of scarce resources, as they are constantly investing all
21 resources into the social mission rather than on their supporting infrastructure. Thus, in
22 an effort towards strengthening SI, attention should be veered away from startup
23 support mechanisms to existing SIs who are in need of developing managerial
24 competences. Due to poor managerial decisions, resource constraints, and an intrinsic
25 lack of motivation in expanding mission-driven enterprises, SIs tend to remain small,
26 often maintaining their ‘struggling’ attitude as an enduring characteristic. In this respect,
27 their behaviour corresponds to the definition of ‘competitive survival’ that may be
28 found in the resource-based view of enterprises (Wernerfelt, 1984; Barney, 1991),
29 rather than to the idea of long-term competitive advantage that may be found in the
30 strategic perspective, as clearly evidenced by Semi di Libertà. As a result, SIs seem to
31 be more often engaged in the struggle to survive rather than in the preparation of
32 expansion plans, which leads us to the misguided weight placed on the need to scale.
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54 ⁷ Libera Terra is an Italian a network of social enterprises producing organic food and wine on
55 lands confiscated from the mafias.
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3 As a result of the adoption of new product development models born in the for-
4 profit field as the references for the description of the ideal social innovation process, a
5 lot of attention has been paid towards strengthening the scaling efforts of SI in view of
6 promoting efficient solutions to social needs on a grander scale. However, the
7 constraints facing SIs point towards a general disinclination towards scaling up based
8 on the context-based nature of the SI, often built on local needs, local resources and the
9 context's culture of innovation. As already explored above, scaling up SIs often occurs
10 through scaling out mechanism, in which the idea or concept of the innovation is
11 diffused and adapted to the local context rather than imported 'as is'. This was seen in
12 the Dialogue in the Dark exhibitions, as well as in De Kringwinkel, Piano C and many
13 other cases. Other times, as in the case of RODA, scaling even through diffusion and
14 adaptation is difficult as the local culture is not ready for the innovation and thus the
15 possibility of activating the needed resources remains a challenge. Furthermore, from
16 what has emerged in our empirical findings, supporting measures to SI growth and
17 development should shift away from the emphasis on scaling but rather focus on
18 support the establishment of a sustainable business through intermediation and training,
19 as already evidenced, or ad hoc financial tools that would allow for business investment.
20 Regarding this last point, we can look at Libera Terra. The cooperatives struggle to find
21 investment money for business development (e.g. machinery, certification, etc.) due to
22 the fact that the territory on which they work and the tangible assets that were
23 confiscated, are not their property but that of the municipality, leaving them with little
24 to no collateral for loan applications.

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50 In order to bridge the gap in SI development, an intermediary system of
51 incubators and accelerators is under development in order to provide social innovators
52 with the right competences, tools and connections with which to establish or improve
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3 their solution. This need was highlighted in 2010 by the European Commission report
4 ‘Empowering people, driving change: Social Innovation in the European Union’, and
5 has been supported by the EU through two relevant projects, BENISI⁸ and
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7 TRANSITION⁹, which focused on supporting intermediaries and scaling up SIs.
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10 However, as of now, the tools and models proposed to social innovators often come
11 from other innovation fields and the for-profit field, which have different objectives and
12 constraints. As seen with the scaling up process, SIs manage a high level of complexity
13 combining social and economic objectives under extreme resource scarcity. While it
14 bestows the ability to recruit resources through the social mission, this bricolage attitude
15 distracts from more long-term sustainability goals that require acquiring resources
16 fundamental to the innovation goals. SIs furthermore remain highly context-dependent
17 due to the embedded nature of the solutions that depend on local resources. Thus,
18 scaling models and mechanisms from the for-profit field prove to be inadequate. For
19 example, and without going into great detail which would be out of the scope of this
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38 ⁸ BENISI (Building a European Network of Incubators for Social Innovation) built a Europe-
39 wide network of networks of incubators for social innovation. This network identified at
40 least 300 social innovations with high potential for scaling successfully and ensured the
41 delivery of support services to them. Networks were already structured in a collaborative
42 mode, able to spread knowledge and practice horizontally and were thus exploited to
43 develop a Europe-wide program, trying to balance local action with continent-wide
44 strategy and vision.
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48 ⁹ TRANSITION (Transnational Network for Social Innovation Incubation) supported the
49 establishment and growth of social innovations across Europe by developing a network of
50 incubators which brought together partners within the fields of social innovation and
51 innovation-based incubation. TRANSITION also provided learning outputs on which
52 methodologies are most effective in a given region and the level of impact of these
53 methodologies when transferred between regions.
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3 paper, the current use of the logic model¹⁰, or theory of change, to both plan and
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5 measure social impact proves to be difficult in SIs, which remain small and whose
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7 impact runs on a much longer timeline. SIs may be able to concretely elaborate the
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9 outcomes but impact remains quite intangible and difficult to trace back to the specific
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11 solution. While logic models can be useful tools to understand the overall economic
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13 frame of a SI, the extremely rational approach that stands behind them makes their
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15 theoretical nature quite distant from what emerges from the analysis of the practice of
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17 SI that we conducted in our empirical research. While logic models show a sequence of
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19 rational if-then relationships between elements, practice shows leaps forward more than
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21 smooth transitions, risk-taking rather than thoughtful decisions, heart and soul
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23 commitment more than resource planning, improvisation and bricolaging more than
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25 rational forecast. The growing pressure on measuring and demonstrating impacts thus
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27 does not correspond to the real capacity of small and struggling ventures to deal with
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29 distant outcomes that cannot be fully controlled and measured rather than with short-
30
31 term operations and outputs. New tools and models more in line with the characteristics
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33 of SIs would be needed.
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37 An even stronger necessity to recognise the specificity of SI emerged in our
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39 proposition of a typology of SI business (economic sustainability) models, based on the
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41 empirical findings of our research and the search for common traits among the diverse
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43 cases. Based on our findings, we posit that as SIs address simultaneously economic and
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48 ¹⁰ A logic model is a synthetic graphical representation of the causal relationships between the
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50 resources, activities, outputs and outcomes of a programme. Logic models are
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52 characterised by a sequential structure, in which a series of 'if-then' relationships connect
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54 the elements of the model. Even if logic models are primarily used in the evaluation stage
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56 of a program, their use in planning and implementation has been suggested within a
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58 backcasting frame (Taylor-Powell, Jones & Henert, 2002).
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3 social value, they require complex business structures and models, able to address
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5 multiple bottom lines and accommodate for a vast activity system and actor network.
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7 These traits are widely confirmed by the results of our empirical research, where we
8
9 discovered that business hybridity is a transversal characteristic of the majority of the
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11 SIs that we analysed. Their business models are hence created in a backdrop of
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13 paradoxical strategies that emanate from tensions resulting from their social mission and
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15 their need to remain financially stable; as a result, the models are complex (Smith,
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17 Binns & Tushman, 2010) as they try to manage these tensions and create a system in
18
19 which the transactions for economic and social value are complementary.
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22 Starting from these premises, we used a 'reverse engineering' approach to
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24 analyse and interpret cases, gaining further insight into their characteristics and
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26 demystifying the mechanisms that reside behind the generation of social value. After
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28 having collected and considered diverse tools and processes for the creation and
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30 description of business model, we chose to analyse the cases with a slightly adapted
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32 Business Model Canvas (Osterwalder & Pigneur, 2009), with an added surplus section,
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34 to make it more suitable for SIs. The evidence coming from the cases were clustered
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36 into identifying features that led to typologies. The business/sustainability models were
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38 hence extracted from the analysis of existing social innovations, recognising their
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40 common traits leading to the following typologies, which are detailed in our research
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42 (*anon* for review) and meant to serve as initial observations for further study:
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- 46 • Employing or engaging the beneficiary in the production of commercial value;
- 47 • Selling at (often) subsidised prices goods/services to the beneficiary;
- 48 • Providing a service for beneficiaries that is completely financed by third parties;
- 49 • Engaging the community in the creation of the solution.
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3 Here we will not describe these typologies in detail, but notice that the key to
4 sustainability in social innovation business models is being able to find the right mix
5 between acquiring financing supporters and reducing costs through in-kind supporters;
6 both of whom are acquired through the ‘sale’ of the social value generated. In our
7 research, we observed that most SIs excelled in creating networks of in-kind supporters
8 but did not in creating a customer base and a suitable value proposition. Thus, the
9 current challenge for mission-driven organisations is to understand how to monetise
10 social value: a question that is framing the innovation need in SI business models today.
11 It was also observed that as most SIs are able to find sustainability thanks to heavy in-
12 kind support, replicating and scaling these innovations could prove more tricky as the
13 sustainability is based on the social capital, know-how and resources found in the local
14 context.

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16 We have seen how the current interpretative frameworks on the SI development
17 process describe ideal conditions, at work when innovation is developed within
18 established organisations with formalized innovation processes already in place.
19 Empirical research however shows that this is often not the case. Rather, SIs tackle
20 wicked, long-standing problems and unmet needs with great good will and extremely
21 scarce resources, which leads to a fairly different process from the ideal one.
22 Furthermore, due to the characteristics of the real SI process and its high context-
23 dependency, the establishment of a favourable ecosystem emerges as one of the most
24 relevant measures to sustain it, capable, for example, of uniting individual SIs
25 responding to the same need under a common framework, providing the right resources
26 and knowledge.

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28 Actors in the SI space – social innovators, SI intermediaries, policy makers,
29 public officials and private institutions – should thus play prominent roles in sustaining
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3 SI and fostering its growth. In particular, SI intermediaries such as SI centres and
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5 incubators, based on a better understanding of the characteristics of the real SI process,
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7 should adopt specific measures and tools to support it, as the many methods and tools
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9 currently in use – primarily drawn from the for-profit field – do not fit with the real
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11 needs and gaps emerging from empirical observation. Lastly, the currently non-existent
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13 yet ‘ideal’ innovation phases (e.g.: the phase of prototyping), have the potential of
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15 existing should social innovators and organisations operating in the field of SI be
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17 provided with specific support and resources, particularly access to empirical
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19 knowledge and more structured innovation processes. A line of enquiry can thus be
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21 made for research activities investigating the differences between SI and other forms of
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23 innovation, not in the ratio per se (favourable environmental conditions will foster the
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25 establishment and the growth of SIs), but in the characteristics of a favourable
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27 environment for SI (factors that can positively influence SI) and in the specificity of the
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29 environment for SI (factors that can positively influence SI) and in the specificity of the
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31 measures that can be undertaken to shape it (policies to support SI).
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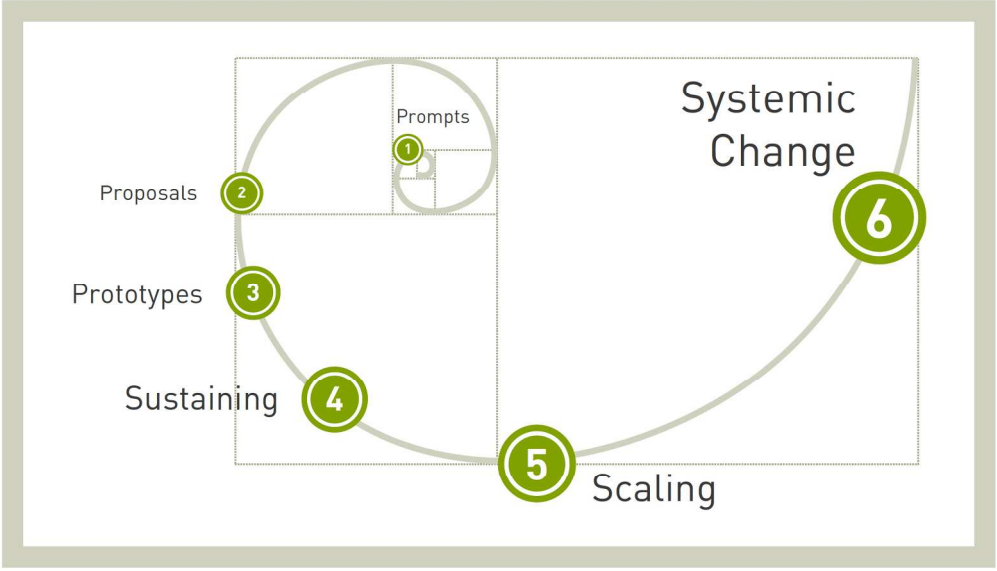


Figure 1. The Social Innovation Process (elaboration of the authors from Murray et al., 2010).

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