

Lessons from business innovation studies for analysing social innovation processes and devising social innovation policies

Attila Havas, Institute of Economics, CERS, HAS

Motivation

Social innovation (SI) has become a buzzword; a solution to all sorts of problems?(!?)

⇒ a lot to do to clarify its meaning
actors, objectives, processes, outcomes, impacts [measurement], policy implications, ...

Innovation studies and SI analysis: different schools (theoretical frameworks) in isolation

Crossing borders ⇒ mutual learning?

Can the tools and results of economics of innovation enrich the analysis of SI? And the other way around?

Definitions of SI: can be made more operational and rigorous?

New solutions (...) that simultaneously meet a social need – more effectively than existing ones – and lead to new or improved capabilities and relationships or collaborations and better use of assets and resources (Young Foundation)

Acceptable progressive solutions for exclusion, deprivation, alienation, lack of wellbeing; (...) actions that contribute positively to significant human progress and development (...) improvement of social relations – micro relations between individuals and people, but also macro relations between classes and other social groups (Moulaert et al., 2013: 17)

Changes in the cultural, normative or regulative structures (or classes) of society that enhance its collective power resources and improve its economic and social performance (Heiskala, 2007: 74)

⇒ The unit of analysis is different in the above definitions; they are applicable for different tasks

Disentangle different (relevant) units of analysis when studying SI

Subject (or level) of change

goods, processes, organisations, markets, technology/ social systems, techno-economic paradigms

The degree of novelty: incremental vs. radical change

Undesirable consequences of innovation and SI

Refine the definition of SI: a positive impact could be stated as a *function* (the main objective) of SI; instead of assuming (stating) favourable change in the definition

Policy Rationales Derived from Economics Paradigms

The market failure argument doesn't provide a sound basis for devising effective policies to promote SI

The systemic failure concept can be extended to SI

Yet, it is a demanding task to establish

- what elements of an innovation system are missing or fledgling
- what types of connections/ interactions are missing, weak or inappropriate
- what institutions ('rules of the game') hamper innovation processes

Failures hampering business innovation	Relevance for analysing social innovation
Evolutionary failures <ul style="list-style-type: none"> • generation of technological opportunities • learning, accumulation of capabilities • competence trap, trade-offs <ul style="list-style-type: none"> ◦ exploration vs. exploitation ◦ variety generation vs. selection ◦ tight IPR vs. exploration of new approaches/ diverse competence base 	Not directly relevant, but could be used as a source of inspiration, e.g. as failures to generate opportunities for social innovation, learning by social innovation actors.
System failures (problems) <ul style="list-style-type: none"> • missing or weak elements • missing, weak, or inappropriate connections among the actors • transition (system dynamics) 	Directly relevant (with minor adjustments)
Policy failures <ul style="list-style-type: none"> • weak learning by policy-makers • inflexibility in implementation • lack of understanding of system characteristics • poor (or no) vision-building • ineffective co-ordination of policies 	Directly relevant

The systems approach could be a useful 'focusing device'; could

- help organising and focussing the analysis of social innovations
- explain what and how has happened
- offer a sound basis for drawing policy proposals, as well as recommendations for social innovators for effective actions

Evolution of innovation systems

Changes at various levels

- actors (their routines, strategies, ...)
- knowledge bases (or knowledge infrastructures)
- technological paradigms and trajectories, (or 'search and problem solving heuristics', 'technological guideposts', 'dominant design', ...)
- sub-systems (e.g. R&D performers; STI policy governance sub-systems; financial, management, legal, IPR, S&T information and other service providers specialising in meeting the needs of innovators ...)
- institutions (legally binding and voluntarily set regulations and codes of conduct, unwritten rules of the game, commonly respected norms, ...)
- functions (as in Edquist, not in Lundvall)
- ...

⇒ These are all relevant aspects when analysing SI

Two types of dynamics; also relevant for SI

Continuous adaptation (learning, gradual improvements/ fine-tuning)

Transition

The "Extended Social Grid Model" (CrESSI project)

The social grid model to analyse markets (Beckert); interactions among

- networks
- institutions
- cognitive frames

The sources of power (Mann)

The capability approach (Sen)

⇒ New questions ⇒ new insights when analysing

- innovation processes and innovation systems in general
- frugal innovations
- inclusive innovation and growth
- responsible research and innovation
- "destructive creation" (Calvano, 2007; Soete, 2013)

... as well as when deriving policy implications

Longitudinal (historical) case studies on social housing and fresh water supply

Several types of social innovations can only be successful when supported by various types of business innovations (technological, organisational, business model, financial, and market innovations)

Policy implications

The market failure argument ⇒ a strong intellectual property rights (IPR) regime is a must

BUT: IPR is (largely) irrelevant for SI

Gaining the recognition of being a creative social innovator is likely to be a stronger driver than protecting IPR

Policies should rather promote the dissemination and exploitation of knowledge to foster SI than constrain these processes (by IPR)

'Scaling up': disregards the crucial importance of context

What works well in context A, can only work in context B if it is adapted to that particular context (skills and knowledge of social innovators, values and norms of those people whose problems are to be addressed, intellectual and other resources available, the formal and informal rules of the game, etc.)

⇒ Diffusion of SI should be a major concern for SI policy-makers, paying close attention to the changing features of SIs while being diffused

Reconsider the widely used dichotomy of social vs. technological innovation

Understand social innovation as a co-evolutionary process of social innovation and all the necessary business innovations (relevant for SI practitioners, too)

SI needs to be considered by STI policy-makers, too

STI policy-makers need to pay more attention to

- (a) the interactions between business and social innovations
- (b) "frugal innovation", which aims at solutions for poor customers
- (c) inclusive innovation, aimed at inclusive economic growth and involving various stakeholders in the innovation processes, thereby mobilising a diverse set of knowledge and experience

A new rationale for STI policy-making (address grand challenges, create new opportunities) ⇒

- could be a useful starting point for SI policy-making
- might make it easier to accept that STI policies should consider SI as a legitimate "target"