Innovation in Social Enterprises: Insights from SEFORIS

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Whereas entrepreneurship can be defined in terms of (a) the creation of a business, (b) innovation and creativity, (c) the risk inherent to his process, a social entrepreneur would also add (d) the relative priority given to social wealth creation.

"SOCIAL ENTREPRENEURS ARE NOT CONTENT JUST TO GIVE A FISH OR TEACH HOW TO FISH. THEY WILL NOT REST UNTIL THEY HAVE REVOLUTIONIZED THE FISHING INDUSTRY"

Bill Drayton

An innovation should meet three conditions: it should be regarded as a novelty, it has to be more efficient than the prior alternative and it should be sustainable.
Social innovations are innovations that are social in both their ends and their means. They are innovations that are not only good for society but also enhance individuals’ capacity to act (European Commission).

Despite a lot of interest in technological innovation, it has shown its limits to trickle-down to the most vulnerable in the European context. A new form of innovation is needed in which new ways of thinking, creating, and organizing help address pressing social challenges.

The Europe 2020 strategy is about delivering growth that is: smart, through more effective investments in education, research and innovation; sustainable, thanks to a decisive move towards a low-carbon economy; and inclusive, with a strong emphasis on job creation and poverty reduction. The strategy is focused on five ambitious goals in the areas of employment, innovation, education, poverty reduction and climate/energy.

Three perspectives guide social entrepreneurship innovation. The neoliberal school where social and economic problems should be seen through the lens of the market. The public policy school where governments can promote social measures. The third sector school where social innovation is part of civil society.
SEFORIS interviewed 1000+ social entrepreneurs from 9 countries

Social Enterprises

Main sectors of activity

49% 51%
We wanted to know what type of innovation SE introduced, its cost, its social impact, its newness and who collaborated to it!

Within the last year, did your organisation introduce any new or significantly improved products?

Within the last year, did your organisation introduce new or significantly improved services?

Within the last year, did your organisation introduce new or significantly improved processes for producing or delivering your products/services?
Auticon consultants have abilities that set them apart from others: They have a genuine awareness for quality, outstanding attention to detail and intuitively recognise novel patterns in complex quantities of data. They uncover these patterns swiftly, effortlessly and free of preconceptions.
“We are focused on research and development of a recycling textile technology. We want to find a solution to eradicate textile waste. A high percentage of textiles currently go to landfill or incineration. Our innovations will create new jobs in the future as well as new business models.”
While 78% of innovators reported facing barriers to innovation in the past year, the type of barrier varies quite a bit between countries.

- Economic risk, economic crisis, innovation costs, cost of capital, availability of finance
- Time, qualified personnel, information on markets, no need to innovate/prior innovation
- Domination by established org, uncertain demand for innovation, no acceptance/legitimacy, no need to innovate/stable market conditions
- Meet country/local gov regulations, need to meet EU/international regulations, no institutional support
"When our organization had just been established, for these few years everyone was more just fumbling around. So, in the first two or three years, our innovation model was not commonly discussed, we thought more about how to achieve our goals. But we tend to consider innovation more this year."

"And the last four years there has been an increase of always looking for a new niche to organise activities, and we are also kind of forced to develop new things."

"You don't have to go in to it but we do go in to it because if you want to survive in this harder economic situation and grow a little and give more people the opportunity of employment then you have to develop new services. And some of those may lead to nothing but others things hopefully may lead to new opportunities."

"There can be a lot of pressure for the outside. But if you have people that search and think and are open to new impulses from the outside and discuss with others, then things grow. I notice that we have a few of those people and that gives a dynamic. As a result, things happen. Your workspace context has to leave space to hear and to feel social questions. You have to want to build out a network."

"Something that makes it hard for us at the moment is the European legislation about subsidies that are admitted from Europe to companies. The so-called de-minimis norm."

"Then, at present, I don't think there are any specific negative influences. There are many good policies, during recent years, policy towards social organizations have been quite encouraging. Under these policies, every organization would like to be innovative for sure."
United Kingdom

82% New innovation of which 69% radical

- 60% Finance-related
- 23% Organisation-specific
- 7% Market-related
- 7% Other
- 3% Regulation- and institution-related

China

97% New innovation of which 80% radical

- 39% Market-related
- 32% Organization-specific
- 15% Cost-related
- 9% Other
- 5% Regulation / Institution related
ViaVia is set up as an experiment and has the autonomy to adapt elements of the core business model, by for instance de-emphasizing some aspects of travel and tourism in exchange for selling locally made fair trade products, and by innovating with new projects, such as social incubators, art galleries, and hotels/dormitories.
THANK YOU

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SEFORIS
Insights from & for social entrepreneurs: global patterns, local realities.