

**SEFORIS Final Conference**

'Social Entrepreneurship: Inclusion and  
Innovation in Society'

# **Social innovation in for profit and not-for-profit organizations: Insights from the CIS 2015**

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**SEFORIS** 

The logo graphic consists of three stylized human figures in green, with two blue dots above the central figure, positioned to the right of the text 'SEFORIS'.

# Defining social innovation

A social innovation is a **novel solution** to a **social problem** that is more effective, efficient, sustainable, or just than current solutions. The value created accrues primarily to society rather than to private individuals.

(<https://www.gsb.stanford.edu/faculty-research/centers-initiatives/csi/defining-social-innovation>)

# Relevance of social innovation

- Europe's challenges in reducing inequality and social exclusion:
  - 80 million people are at risk of poverty
  - 14 million young people are not in education, employment or training
  - unemployment rates of 12% in general and 20% among the youth
- European Commission initiatives for a more inclusive society.
- Joint effort of all societal stakeholders needed, including for-profit enterprises and non-for-profit organizations.

**Main goal:**

**Develop statistical indicators of social innovation in for-profit and non-for-profit organizations**

# Point of departure: Community Innovation Survey (CIS)

- Official EU survey, launched every two years
- Surveys for-profit enterprises about their innovation activities:
  - Product/service innovation
  - Process innovation
  - Organizational innovation
  - Marketing innovation
- In Belgium: responsibility of the regions
- For Flanders: survey conducted by ECOOM (KU Leuven) in 2015, covering innovation activities in 2012-2014

# CIS 2015 Flanders

- Surveys 6300 for-profit organizations
  - Located in Flanders
  - With 10 employees or more
  - Active in following sectors:
    - Food/beverages (10, 11)
    - Textiles (13-15)
    - Paper/Wood/Furniture (16-18, 31)
    - Petroleum/Plastics/Mineral products (19, 22, 23)
    - Chemicals/Pharmaceuticals (20, 21)
    - Metal/Repair and installation of machines (24, 25, 33)
    - ICT/Electronics (26, 27)
    - Machines/Vehicles (28-30)
    - Other manufacturing (5-9, 12, 32, 35-39)
    - Retail (46)
    - Transport/Financial services/Publishers/Advertising and market research (49-53, 58, 64-66, 73)
    - Information services/Film, audio, radio and TV (59-63, 71-72)
- About their innovation activities in 2012-2014

## Two additions

- Survey module on social innovation
- Additional sample of non-for-profit organizations

# Module on social innovation



# Development process

- Initial version based on literature review and suggestions of Seforis academic board members
- Intensive cognitive testing with commercial firms and social enterprises in fall 2014.
- Modified version included in survey data collection (Spring - Summer 2015)

# Cognitive testing

- Large pharmaceutical firm
- Large biotech company
- Medium-sized service company installing heating systems
- Large care provider
  
- Medium-sized foundation
- Medium-sized social work place
- Medium-sized non-for-profit organization, active in employment and training
- Small non-for-profit organization, active in IT sector

# Module: introduction

“Social innovations aim to provide **socially vulnerable groups** with **better access to basic provisions** like training, employment, food and care.

Some **product, service, process, organizational or marketing innovations** have such an impact. This social impact can be the **main goal** of these innovations, **or a side effect.**”

# Module: question 1

Did your organization, in the period 2012-2014, introduce new or significantly improved goods, services, processes or methods that improved the access of socially vulnerable groups to the following basic provisions? *(Tick all options that apply)*

- Quality food or drinkable water
- Affordable quality housing
- Quality energy or transportation
- Quality education or training
- Quality employment
- Quality (health)care
- Quality financial or legal services
- Other provisions, please specify: .....
- None of the above (=> automatically skip rest of module)

## Module: question 2

How many individuals from the following socially vulnerable groups did your organization reach in the period 2012-2014 with these innovations? (*Tick 'None' if a group is irrelevant*)

		None
1) Employees	Approximately ..... persons	<input type="checkbox"/>
2) Suppliers	Approximately ..... persons	<input type="checkbox"/>
3) Distributors	Approximately ..... persons	<input type="checkbox"/>
4) Customers	Approximately ..... persons	<input type="checkbox"/>
5) End users who are not customers	Approximately ..... persons	<input type="checkbox"/>
6) Other parties, please specify: .....	Approximately ..... persons	<input type="checkbox"/>

# Based on insights from existing literature

- Measuring impact is not really possible
- So, we chose to ask for number of people reached
- Reference: Ebrahim, A. and Rangan, V.K. (2014). What impact? A framework for measuring the scale and scope of social performance. *California Management Review* 56(3), pp. 118-141.

## Module: question 3

How important were the following motives for developing these social innovations in the period 2012-2014? *(Tick one box per row)*

	Degree of importance			
	High	Medium	Low	Irrelevant
1) Existing or expected rules and regulations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2) Availability of grants, subsidies or other public incentives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3) An existing or expected demand/ interest from investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4) The potential turnover and/or profit from these innovations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5) Potential cost reductions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6) The societal vision of your organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7) Voluntary codes of conduct in your sector aiming to stimulate tackling societal challenges	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8) Other factors, please specify.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

# Additional sample of non-for-profit organizations



# Sampling based on legal form

- Additional sample of entities with following legal forms:
  - Non-for-profit
  - Cooperative

<b>Bel-first</b>	
<b>Initial</b>	Over 1 million
<b>Legal form: (017, 117, 125, 506-651 (NFP, cooperatives)</b>	18 827
<b>Active</b>	18 391
<b>Flemish</b>	9 613
<b>Nace codes (same sector as 'core' CIS sample) *</b>	1 238
<b>Exclude duplicates</b>	983
<b>*Only 137 with 10 employees or more</b>	

# Modifications to survey

- In the survey instrument for this extra sample, questions were added:
  - Not only number of employees, but also volunteers
  - Not only turnover, but also subsidies
- Separate cover letter
- Two reminders and telephone follow-up
- Separate team to contact these organizations

# Main statistics

# Response rates for normal and additional sample

	For-profit	Non-for-profit
Sampled	6300	992
Responded (response rate %)	3814 (58%)	349 (35%)

# Some descriptives for full sample

- **68%** of **for-profit** organizations innovate
  - 92% of them answered the questions on social innovation
- **47%** of **non-for-profit** organizations innovate
  - 90% of them answered the questions on social innovation

# Some descriptives for innovators

Introduction of innovations which improved access to basic provisions for socially vulnerable groups?

- **15%** of **regular** innovators improved access to at least one type of basic provision
- **41%** of **non-profit** innovators improved access to at least one type of basic provision

# Some descriptives for innovators

Top provisions to which access was provided

<b>Regular firms</b>	<b>Non-for-profits</b>
Quality employment	Quality education / training
Quality education / training	Quality employment
Quality energy / transport	Quality (health) care

# Some descriptives for social innovators

Top socially vulnerable groups reached

<b>Regular firms</b>	<b>Non-for-profits</b>
Employees	Employees
Customers	Customers



# Some descriptives for social innovators

## Top motives

<b>Regular firms</b>	<b>Non-for-profits</b>
Social vision of the organization	Social vision of the organization
The potential sales and/or profits from these innovations	The availability of grants, subsidies or other public incentives
Possible cost reductions	Existing or expected rules and regulations

# Conclusions

- If policy makers want to launch and evaluate **policy actions** aimed at the development of a more inclusive society, they should be able to **monitor** the contributions of for-profit and non-for-profit organizations to this inclusiveness.
- We propose to include the module developed and **validated** in this project in future editions of the Community Innovation Survey to monitor:
  - the extent to which for-profit (and non-for profit) organizations engage in social innovation
  - the types of beneficiaries they reach
  - the main drivers behind their social innovation activities