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

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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
“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)*

<table>
<thead>
<tr>
<th>Group</th>
<th>Approximate Number of Persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Employees</td>
<td>Approximately ..... persons</td>
</tr>
<tr>
<td>2) Suppliers</td>
<td>Approximately ..... persons</td>
</tr>
<tr>
<td>3) Distributors</td>
<td>Approximately ..... persons</td>
</tr>
<tr>
<td>4) Customers</td>
<td>Approximately ..... persons</td>
</tr>
<tr>
<td>5) End users who are not customers</td>
<td>Approximately ..... persons</td>
</tr>
<tr>
<td>6) Other parties, please specify:</td>
<td>Approximately ..... persons</td>
</tr>
</tbody>
</table>

None
Based on insights from existing literature

• Measuring impact is not really possible
• So, we chose to ask for number of people reached

Module: question 3

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

<table>
<thead>
<tr>
<th>Motive</th>
<th>Degree of importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Existing or expected rules and regulations</td>
<td>□ □ □ □</td>
</tr>
<tr>
<td>2) Availability of grants, subsidies or other public incentives</td>
<td>□ □ □ □</td>
</tr>
<tr>
<td>3) An existing or expected demand/ interest from investors</td>
<td>□ □ □ □</td>
</tr>
<tr>
<td>4) The potential turnover and/or profit from these innovations</td>
<td>□ □ □ □</td>
</tr>
<tr>
<td>5) Potential cost reductions</td>
<td>□ □ □ □</td>
</tr>
<tr>
<td>6) The societal vision of your organization</td>
<td>□ □ □ □</td>
</tr>
<tr>
<td>7) Voluntary codes of conduct in your sector aiming to stimulate tackling societal challenges</td>
<td>□ □ □ □</td>
</tr>
<tr>
<td>8) Other factors, please specify........................................</td>
<td>□ □ □ □</td>
</tr>
</tbody>
</table>
Additional sample of non-for-profit organizations
Sampling based on legal form

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

<table>
<thead>
<tr>
<th>Bel-first</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial</td>
<td>Over 1 million</td>
</tr>
<tr>
<td>Legal form: (017, 117, 125, 506-651 (NFP, cooperatives)</td>
<td>18 827</td>
</tr>
<tr>
<td>Active</td>
<td>18 391</td>
</tr>
<tr>
<td>Flemish</td>
<td>9 613</td>
</tr>
<tr>
<td>Nace codes (same sector as ‘core’ CIS sample) *</td>
<td>1 238</td>
</tr>
<tr>
<td>Exclude duplicates</td>
<td>983</td>
</tr>
</tbody>
</table>

*Only 137 with 10 employees or more
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

<table>
<thead>
<tr>
<th></th>
<th>For-profit</th>
<th>Non-for-profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sampled</td>
<td>6300</td>
<td>992</td>
</tr>
<tr>
<td>Responded (response rate %)</td>
<td>3814 (58%)</td>
<td>349 (35%)</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Regular firms</th>
<th>Non-for-profits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality employment</td>
<td>Quality education / training</td>
</tr>
<tr>
<td>Quality education / training</td>
<td>Quality employment</td>
</tr>
<tr>
<td>Quality energy / transport</td>
<td>Quality (health) care</td>
</tr>
</tbody>
</table>
Some descriptives for social innovators

Top socially vulnerable groups reached

<table>
<thead>
<tr>
<th>Regular firms</th>
<th>Non-for-profits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>Employees</td>
</tr>
<tr>
<td>Customers</td>
<td>Customers</td>
</tr>
</tbody>
</table>
Some descriptives for social innovators

Top motives

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