



How can innovation in social enterprise be understood, encouraged and enabled?

By Andrea Westall

A social enterprise think piece for the Office of the Third Sector,
November 2007

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This think piece represents the views of the author alone. It is intended to stimulate consideration of the issues and debate. The ideas and analysis contained in this paper do not represent the views of ministers or government policy.

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1. Introduction

“None of us has much choice about becoming more creative...The problems faced by society are so large that only innovativeness of the highest order will overcome them.”¹

– Dorothy Leonard and Professor Walter Swap

How can innovation in social enterprise be understood, encouraged and enabled? To answer this question, you have to see social enterprise, not as a discrete set of organisations or a way of doing things, but as part of wider trends of thought and practice. It is useful to first think about why there is such an increased interest in ‘social’ activities.

One answer could be that all this attention and experimentation results from attempts to re-balance a society generally seen, and analysed, through a fairly simplistic economic and market lens. Societal and environmental challenges, as well as concerns about individual well-being and behaviour, are partly a result of, and inadequately addressed, by this narrow approach. They are too pressing or too complex for business and government as *usual*.

A broader and different focus gives ‘permission’ to re-look at our ways of thinking and acting, ‘innovating’ in the sense of creating new combinations and ways of doing things that address individual and societal needs, by breaking down old patterns of thought or action.²

The most widely used ‘social’ terms – social enterprise, social entrepreneurship and social innovation – can be both challenging and liberating to the status quo, to strongly held and self-reinforcing traditions and identities, and to ‘common sense’.³ Each of these terms reflects different cuts, or perspectives, on reality. In analysis and implications, however, they are very different and should not, and cannot, be easily equated. A more sophisticated analysis of their linkages and differences of focus are needed, to help inform a rich and broad understanding and practice.

However, an understandable human need for simplicity, as well as the goal of many analysts and intermediaries to shift government and ‘mainstream’ opinion, has led to constant slippage, and sometimes equivalence, between terms. In some respects this does not matter if its cumulative impact is to raise awareness and increase that ‘permission’ for other ways of doing things. But it can matter, if it obscures the development

of appropriate practical support and policy, recreates new boundaries between social, economic and environmental theory and practice, or over-professionalises the possibilities.

With the flurry of examples, focus, and developing literature on innovation, there is a timely opportunity to completely re-address the way in which sectors or activity, or academic disciplines can be configured to address today’s reality and challenges. Everyone from academics, to policy-makers, to practitioners could move towards theory and practice that better understands and enables approaches that are not ‘siloed’ but bring *together* and *negotiate* the economic, the social, the personal, and the environment, *not* seeing them as distinct realms. An example of that challenge comes from Andrew Robinson, when he says that: “Blending words such as ‘community’ and ‘social’ with ‘enterprise’ and ‘investment’ is quite disturbing for some... But my experience is that only cross-sector, hybrid solutions make a difference.”⁴

Social enterprise innovation is not the same as ‘social innovation’. While the latter is a very important focus to address pressing, and often large-scale, needs, organisations are only a part of that process or focus. Whether intentional or not, ‘social’ innovation is implicitly set up in opposition to ‘economic’ innovation, with the latter presumed to address individual need. However, that split is too easy. We have to acknowledge the profound social and environmental implications and outcomes of straight innovation and the personal gains from much social innovation.

Social enterprise innovation can additionally address how economic and social innovatory practices, outcomes, and principles come together as well as explore organisational opportunities and limitations – looking at, for example, organisational roles in creating community or social capital, new public spaces or fora for participative negotiation; organisational incentives beyond the monetary; quality of work experience and individual well-being; appropriate governance for empowerment as well as effective implementation. Of course, like much else in a fast-moving environment, there is too much un evidenced rhetoric, which requires further exploration.

This paper therefore addresses what is known and what might be surmised about social enterprise innovation, locating it within the evolving work and practice of social innovation and social entrepreneurship by:

- looking at how innovation in social enterprise can be understood, what we know and what more we need to know
- creating recommendations for practitioners, academics and analysts, and policy-makers

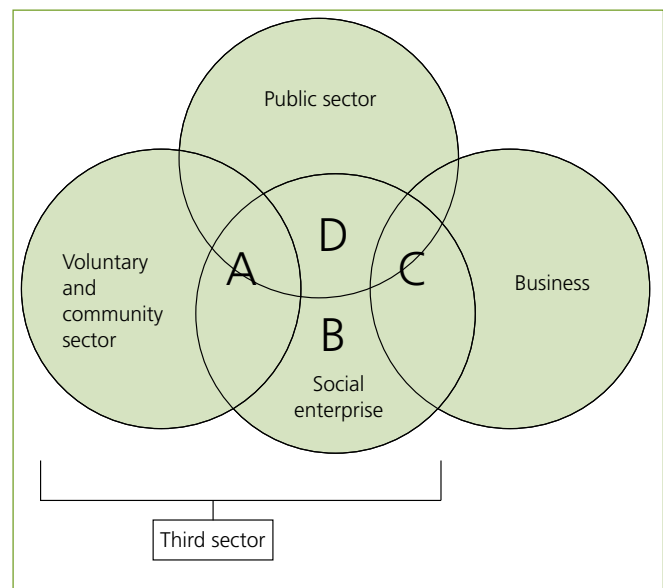
2. Social enterprise and innovation

Taking a very broad view of innovation as changes in products, services and processes to adapt to new conditions and or to meet needs in different ways, we could see social enterprise innovation, as, for example:

- A.** Responses to a changing environment of reduced grants and giving along with the increase in size of the 'social sector' (factors behind much exploration of earned income strategies by the voluntary sector and within much US literature).
- B.** Ways of combining economic, environmental and social principles or practices in new combinations – hybrid organisations – including 'new' social enterprises identified for example by members of the EMES network. These approaches can re-create or re-formulate ideas of enterprise and the economy, public or private benefit, use and creation of profit; or inclusion of multiple stakeholders in response to government, societal and market failure.⁵
- C.** Alternative models of business which address particular perceived shortcomings in more mainstream models, for example, around ownership and control; distribution of residual earnings or profits; objectives, motivations and incentives towards multiple bottom lines; the quality of working practices; or altering the terms of trade.
- D.** Organisations that combine politically-defined public benefit with elements often of multiple stakeholding and increased independence to reduce government failures.

These trends and tendencies (A, B, C and D) can be found within the broad spectrum of social enterprise activity as shown in the following diagram.

Diagram 1: Overlapping sectors which illustrate the diversity of possible drivers and organisational types



Source: Adapted from Westall A (2001), *Value-led, Market-driven: Social enterprise solutions to public sector goals*, IPPR.

The four tendencies can be found as areas **A**, **B**, **C** and **D** in the diagram.

To deal with this diversity and complexity, the UK definition of a social enterprise is broad and encompasses this entire space. In the US, the focus has primarily been on organisations raising money through a variety of income streams in order to achieve social ends, or finding and developing niche markets for the most disadvantaged who have been hitherto excluded from markets or employment. These kinds of organisations tend to be found more in **Area A**. Looking at potential dynamics, it appears that this area is becoming more populated, as increasing numbers of grant-oriented organisations are exploring income generating or more market-based strategies to meet needs in different ways, be sustainable, respond to reduced grant funding and donations, or through pressure from funders and policy-makers.

In Europe, the emphasis and structures seem to be more about social enterprise as different ways of structuring or creating productive and communal relations between people (particularly at local level), better enabling democracy and complex negotiation through new forms of engagement, or

re-thinking or re-working market and economic behaviour. Some of these are new, and some old. They, together with those organisations that represent different mixes and balances of enterprising and social motivations and outcomes, are more likely to be found in Area B.

Area B is generally only seen through fairly narrow ideas of the economic and enterprise. However, the US analysis can usefully be synthesised by a more European approach to the social economy and its organisations. Analysts have tried to fuse the US and European analyses of social enterprise, seeing it as an emerging and increasing phenomenon as a reaction to different needs as well as government and market failure or the reduction in sources of funding. They bring a more political and sociological approach to analysis as compared with the derivative economic models preferred by US thinkers. For example, Adalbert Evers, both in a co-authored book and in a paper that reflected different conceptions of the third sector, talks about the John Hopkins University view of the third sector as missing what he calls the solidaristic or people's economy which for him redefines the ways in which people engage in order to achieve different goals.

Papers in the very useful 2001 book by Borzaga and Defourney, *The Emergence of Social Enterprise*, stress the more civil society elements such as social capital in response to weakening social bonds, the more community and local-oriented nature of these activities, as well as the way that they combine elements of non-profit and co-operative ventures in new combinations, tending towards multi-stakeholding which often incorporates the public sector.

EMES view of innovation in social enterprise –

as arising from a new kind of entrepreneurship focused on social goals, new products of new qualities of products, new methods of organisation and/or production (often involving different partners and resources), new production factors such as atypical employment and involvement in governance, mixing voluntary and paid employment, as well as new market relations such as the changing welfare mix, or new legal forms such as the social co-operative in Italy which encourages entrepreneurial and commercial dynamics and formalising multi-stakeholding.

These thinkers also tend to adopt a broader view of economics incorporating not just market exchange, but, following Polanyi, ideas of reciprocity and redistribution that may or may not involve monetary goods or services. There is also much more stress on the creation of new democratic spaces and governance models and on the empowerment of stakeholders, as well as the idea that some elements of this are alternative to, and not necessarily part of, the mainstream economy.⁶

Other academics like Arthur et al. believe that a 'business case' narrative and discourse is being privileged in the practice of social enterprise research to the detriment of providing conceptual and theoretical recognition of the social.⁷ They think that other literature such as that arising in social movement studies and radical geography can have new things to say about how social enterprises create alternative social spaces and 'deviant mainstreaming' in order to achieve progress towards broader societal rather than just organisational goals.

Area C is under-researched but particularly important to any discussion of ethical markets (see Alex Nicholls' paper). Terms have multiplied in that space and include: ethical business, social business, environmental business, mission-oriented profit-maximising, or sustainable enterprise. They often reflect different balances of social aims and profit-maximising. But some of these labels also reflect the need to create different identities. Some organisations do not want to be seen as social enterprises – perceived to refer to small, local and public-sector oriented organisations. (This focus is perhaps the unintended consequence of the UK Government's priorities in this area.)

The continuum and variety of organisational forms in Area C stretches from Café Direct or the Co-operative Bank, to the Body Shop, through to the Corporate Social Responsibility goals and activities of multi-nationals. This area needs more exploration and awareness-raising of examples, so that different alternatives can act as inspirations, gain legitimacy and be recognised, giving 'permission' for innovation and engagement. Organisations include those not usually identified as social enterprises such as John Lewis Partnership, the Guardian Trust, Scott Bader, the Ethical Property Company or Arup.

Arup has created a partnership with the Shanghai Industrial Development Corporation, to design and build the first of several eco-cities in China. Whilst this could be seen as primarily an example of social innovation, Arup are a trust business (like the Guardian) and not shareholder-led. They made the point in conversation that it is precisely because this company can focus on issues other than profit for shareholders that means that this kind of project can go ahead with commitment.⁸

In Area C, it is perhaps harder to define any particular direction or dynamic. It is often believed to be one where more and more people or areas are becoming more socially motivated but also where the pressures of market behaviour may degenerate or reduce that social focus.⁹ This area is also subject to the vagaries of economic cycles, and the pressures of market frameworks and survival while at the same time recognising trends for people to wish to combine successful careers fusing economic and social motivations and also where the impact of culture, norms, customer behaviour, and market frameworks influenced by organisations and government is most apparent to the development or growth of this area.

Area D is the overlap between the public sector and social enterprise where there is a range of organizations or partnerships combining public ethos and values with social enterprise elements including, for example, independence, or, forms of multi-stakeholding governance, involving the public sector with other stakeholders, for example, in certain football trusts. There are also those organisations primarily delivering public contracts. This area was a focus of much activity some years ago, whether through 'public interest' companies or the multiple stakeholder developments of Foundation Trusts. Area D therefore seems to pass through waves of interest and change, with the current fashion being more towards contracts.

Some social enterprises in Area D are also, like others in other areas, subject to 'isomorphic' tendencies.

Di Maggio and Powell are well known for the concept of **institutional isomorphism**, in other words organisations becoming like each other.¹⁰ This can begin to happen because it furnishes legitimacy, but has the side effect that organisations can become less creative and innovative in their practices. "As an innovation spreads, a threshold is reached beyond which adoption provides legitimacy rather than improves performance." Isomorphism is seen as a constraining process and can arise for three reasons: coercive (conformity), mimetic (to reduce uncertainty), and normative (pressures from professionals and legitimacy). These tendencies are more likely when there is: a significant amount of dependence on others; centralised resources; or uncertainty and ambiguous goals.

There are yet other ways of looking at innovation. We can focus, and this is where there is understandably most attention, on the way in which **external** goals, objectives or needs are reached and met, such as by:

- creating market niches for those that have not previously been engaged in accessing particular goods and services, (for example, financial products or reduced or no-cost medical appliances and pharmaceuticals)
- joining up previously distinct public interest agendas and programmes often in relation to contracting, operating, in quasi-markets

And we can also look at **internal** processes which have both individual and broader societal benefits, which receive relatively less attention in research and focus, for example:

- creating new forms of partnership and decision-making between different stakeholders through forms of governance and ways of delivery
- promoting and creating social capital and community development
- empowering employees within organisations (for example, in co-operatives)
- engaging users as co-producers of their service and/or within governance, in other words, user empowerment
- management techniques and employee incentives that meet different mixes of social, environmental, and economic goals

- ways of creating economic value out of previously discarded or underused resources
- creating new value chains that meet a range of social objectives (see Alex Nicholls' paper in relation to fair trade)
- engaging excluded people in employment within mainstream markets (see Mike Aiken's chapters for further details and examples)
- creating sustainable organisations from a range of resources, services, products rather than relying solely on grants (this includes creating income streams but also making use of unused assets and resources)

But many of these innovations are not unique and can be found in all sectors or across sectors in networks and other non-organisational activities. It is therefore impossible and inappropriate to talk about the 'distinctness' of social enterprises. It is perhaps more appropriate to see social enterprises as similar to concepts with fuzzy boundaries which may have more or less of particular attributes – clustering around engagement with markets (either working in existing markets or creating new or alternative market niches), as well as:

- A focus on sustainability through making use of a variety of income streams (including voluntary labour and non-monetary assets).
- A focus on addressing market, government and societal failure through their own activities but also often seeking through practical action and as part of broader movements and alliances, changes in the nature of public and market action.
- Creating surplus or profit to further social objectives (either external or for stakeholders). Confusion arises as to external providers of finance being the distinguishing feature of for-profit organisations (less so in the UK but particularly in the EU). However, there tends to be limited profit distribution and a primacy of values and social objectives which distinguish these from more mainstream businesses. There are increasing numbers of such hybrid organisations in the UK which are sources of innovative models of negotiating stakeholder control, anchoring mission and objectives, as well as meeting the needs of capital providers.¹¹

- Some organisations, particularly those in Europe, and those coming from a more mutual tradition, have a relatively stronger focus on multi-stakeholding or at least broad participation. At the very least, the general principle underlying many social enterprises is that of self-help, not having things 'done to you'. (It is this principle which creates problems for policy and practice predicated on the simple division between 'public' and 'private' benefit.)

This diversity and hybridity also mean that some organisations, whilst replications of previous models, may seem innovative to other sectors – whether voluntary, public or business.

Some innovations may be 'incremental', a result of adapting to meet ongoing and changing needs within different environmental circumstances, or in order to achieve sustainability.

The developing literature on social innovation is particularly useful in addressing more 'disruptive' innovations, asserting the importance of organisations but recognising their embeddedness in broader movements and partnerships and strategies of social impact. Others have argued for seeing social entrepreneurship and social enterprise as indicators of a meta-level systemic or disruptive change. For example, *Sustainability*, in their study of social enterprise internationally, concluded that we are moving away from voluntarism to a more transformative market and sustainability outcomes using creative destruction and reconstruction. They noted that this approach was about seeing problems as opportunities in order to leverage markets and "reboot the entire economic and political systems".¹²

How social enterprise innovation links up with social entrepreneurship, and social innovation

The difficulty of abstracting out the organisation from other processes and actions, lies behind the current focus on 'social innovation'.

Geoff Mulgan and the Young Foundation have been behind developing this idea in the UK defining social innovation as "new ideas that meet unmet needs" with examples being, say, fair trade or restorative justice.¹³ The 2007 Skoll World Forum, on *Social Entrepreneurship and Social Innovation*, extended this view, saying that it:

“can simply be understood as ‘new ideas that work which address social or environmental needs’. It may occur as a result of addressing new needs, reframing circumstances to make unmet social needs clear and urgent, or changing organisational structures to grasp new opportunities to add social value. New programmes, models, or ways of thinking – sometimes a combination of all three – may be the result. Social innovation is more than just invention. Diffusion or the scale of ideas is an integral part of making its impact effective, as is co-ordinated action by a wide range of people and organisations spanning social, government and business sectors.”¹⁴

Such ideas can come from individuals, social movements, market dynamics, and organisational incentives. They are not just relevant to social enterprise or the third sector, but also politics, markets, movements, or academia. This concept is consequently more widely applicable than just social enterprises. Different organisations can be seen as part of complex partnerships between different players or as an embodiment of a social innovation.

Mulgan has created a **‘connected difference theory’** with three dimensions: new combinations or hybrids of existing elements; cutting across organisational sectors or disciplinary boundaries; leaving compelling new social relationships and creating a cumulative dynamic for more innovation. He usefully highlights the role of ‘connectors’ – brokers, entrepreneurs and institutions that link people, ideas, money and power. The role of these connectors is extremely important in any form of innovation, particularly if they translate between cultures or world views to ensure engagement and take-up of ideas. They are therefore likely to be particularly important to social enterprises who operate at the boundaries of different world views and approaches.

There is also a recognition that increasing social impact involves a variety of strategies from a change in public policy delivery to culture change to the replication of different models.¹⁵ At the same time, a better understanding of organisational forms, their limitations, and their opportunities would add to our ability to better enable certain aspects of innovation and diffusion.

At the Skoll conference, Alex Nicholls looked at the issue of scale from a review of many diverse models of social entrepreneurship practice, asking whether it was all about size, outreach, impact or changing systems. Was it organic growth, about franchising or partnership? Nicholls’ conclusion was that you need a theory of social impact before adopting any particular strategy. Diffusing is also dependent on encouraging the take-up of ideas by organisations and people, filtered through events and different media as well as incentives and other processes.

One useful literature survey by CASE focuses on how to scale **social impact**.¹⁶ They summarise work done on the following issues:

- scaling impact versus scaling organisation
- identifying options and models for scaling social impact
- organisational scale and growth
- field or industry specific scale and growth
- scaling impact as social change
- scaling impact through replication and multi-site organisations
- social impact through social movement
- scaling impact through partnership and alliances
- scaling impact through public policy
- scaling impact through spread of innovation, ideas and knowledge
- capital and scaling social impact
- capacities and scaling social impact

Mulgan G et al., *In and out of sync* (2007): NESTA sets out strategies for developing scale in impact through an analysis of successful examples of social innovation.

The work on social innovation highlights the importance of organisations.

For example, the work by Mulgan et al. for NESTA on scaling social impact through social innovation, notes the “critical importance of organisational choices” within different growth

strategies. They suggest that organisations may be essential if the idea is radical, to provide resilience in the face of setbacks. Additionally, governance models can be critical to aspects of risk and implementation and need to evolve with changing circumstances.

But there is much further to go in this analysis. Governance models of organisations have to trade off their intrinsic goals of, say, empowerment along with the needs of fast-moving innovation. Different innovations or stages in the development of services might occur simultaneously requiring different governance skills and make-ups, thus presenting tensions or suggesting that new developing start-ups are necessary for some innovations. Particular organisational models may be more or less able to support various forms of innovation. For example, a charity trustee model is rejected by many social enterprises in favour of organisational forms that can support user engagement in governance, control and ownership.

So opening and exploring these diverse organisations, which are currently 'black boxes', can begin to better investigate internal and organisational dynamics which can both limit and enable different kinds of innovation, be innovations in and of themselves, or where elements of their functioning could be taken up by other sectors including those within the public, the voluntary or the business sectors.

Also, the kinds of needs being explored or that interest social innovation thinking and practice, are focused on societal (in other words, broader public needs) generally relating to different forms of disadvantage, unfulfilled or undermet needs. For example, when the Young Foundation analysed need, the results generally focused on poverty and needs associated with today's lifestyles, economic and family structures currently unaddressed by the market, the public sector or the third sector (including existing social enterprises). This focus reflects some but not all the needs (products, services, outcomes or processes) that social enterprises are likely to see as their objectives, or characteristics.

The Young Foundation undertook a general **needs** analysis for the Commission on Unclaimed Assets, finding 40 key needs in six connected clusters¹⁷:

- poverty of power, money and place
- new forms of destitution – the results of globalisation
- psychic needs
- needs arising from fractured families and weak family structures
- needs arising from damaging consumption
- violence and abuse

There are other ways of looking at needs which, unlike the Maslow hierarchy of needs, balance different societal and individual needs. The following table by Max Neef, an economist, shows how different needs inter-relate. He argues that such analyses and understandings are often omitted in mechanistic economic analyses or simple statements of 'meeting needs'.¹⁸

Max Neef created a grid of 36 squares showing different kinds of needs and their aspects and filled each square with particular dimensions of need where complementarities and trade-offs are common. Some needs are physical while others relate to individual or societal development or growth.

Fundamental human needs	Being	Having	Doing	Interacting
Subsistence				
Protection				
Affection				
Understanding				
Participation				
Leisure				
Creation				
Identity				
Freedom				

Further development of this analysis together with a more applied and multidisciplinary perspective that is relevant to social enterprise, social innovation and social entrepreneurship would better enable the development of policy and practice in this area and create a better understanding of 'need' and how different structures or arrangements can support these.¹⁹

The focus on partnership and consortia within current scaling and innovation strategies whether those of the EU EQUAL project or those identified by or resulting from a social innovation perspective, seems to suffer from a lack of analysis and best practice. Evidence suggests their relatively infrequency and difficulties in emergence and effectiveness, particularly when cross-sectoral.²⁰ Social enterprises and other partners would benefit from tools, good practice, strategies and the improved sharing of experience, in partnership formation and development.

Another issue is that of an emphasis on size within social innovation. The School for Social Entrepreneurs (SSE), for example, counters the tendency for large-scale support and activities by promoting the needs and innovative solutions of smaller, diverse and local or niche entrepreneurs and organisations. In their response to the Office of the Third Sector and Treasury Third Sector Review, the SSE noted that there was a 'long tail' of social entrepreneurship with people from all parts of society creating small but significant impacts on their local areas. They noted that with respect to innovation, this insight can balance a tendency towards professionalization, or scaling a few projects with the need for many diverse activities.²¹

Social entrepreneurship

Organisational issues are also part of a social entrepreneurship literature and practice which initially focused primarily on heroic individuals addressing social need. Increasing pressure from wider examples, as well as the more communal European approach has broadened the definition of entrepreneurship to include group activity and not just specific people. This approach is still very much concentrated on individual dynamics but much literature and practice engages with processes and organisational dynamics as part of the realisation of entrepreneurial objectives.²²

This emphasis on people, motivations, drivers and leadership, however, is an important part of the discussions around the

implementation and development of innovations, as well as the way in which people might become attracted to using entrepreneurial skills for aims other than just maximising profit. A danger though in some literature is to assume that social entrepreneurs create social enterprises. They need not. They use whatever resources are available to support and create change, whether that be through networks, grant-funded organisations or business activities.

So how innovative are social enterprises?

The answer to this question depends on what kind of innovation you are interested in. If viewed from the perspective of other sectors, then they all are; if viewed from within the sector, then some organisations are just replicating others or being pressured by their environments rather than aiming to adapt to, or change, current conditions. And there is also some evidence of internal and external barriers to innovation or the effective meeting of need.

But we can look at barriers which affect innovation and its effectiveness. From conversations with support providers and practitioners as well as practical experience, there seems to be a tendency by many third sector organisations (including social enterprise) to be 'inside-out', and not to adequately evaluate or adapt to the nature of their market or client group. For example, much of the work of the recent round of EU EQUAL projects has focused on trying to build up the professionalism and effectiveness of social enterprise. An evaluation of their delivery partnerships and initial scoping work both indicated and illustrated the need for tools and processes that better enable identification of need, and useful ways to evaluate innovations and ongoing activities, in order to better adapt to experience and to changing environments.²³

Some recent work in the East Midlands found that social enterprise marketing needs were relatively greater than those of small and medium-sized enterprises (SMEs).²⁴ At the heart of constant innovation, as well as ideas generation, is a rigorous approach to testing and ongoing evaluation as well as a continual understanding of markets (their extent and potential characteristics) and client or beneficiary needs. It appears that social enterprises may have support needs or reduced skills in ensuring ongoing evaluation, impact assessment or developing new effective markets despite well-known examples to the contrary. Increasing focus in these areas within support and

peer group development could be important elements of encouraging further innovation.

It is also impossible, again despite the inspirational examples that populate competitions and best practice guides, to say that a distinguishing feature of social enterprise or the wider third sector is that of innovation in all circumstances.

While there has been no research in relation to social enterprises on the extent or forms of different innovation, there is some research on the voluntary sector and non-profits. Mordaunt for example notes that innovation is taken for granted along with flexibility, commitment and passion and that often funders only want to fund this function.²⁵ Osborne and Flynn, offer further insights, through their analysis of the innovative capacity of voluntary and non-profit organisations (VNPOs).²⁶

Osborne and Flynn looked at the types of innovations produced and organisational characteristics of the innovators, noting **four types of organisational change:**

- total (totally new)
- expansionary (existing service to new group)
- evolutionary (new service to existing group)
- developmental (change in existing services)

Just over one third of those surveyed had engaged in genuine innovative activity.

The differences between innovative and other organisations were that the innovators operated in more complex environments with a more proactive response, seeing opportunities and not threats. The innovative organisations therefore had a more outward-orientation and strong strategic networks. The authors also argued that the awareness of institutional context is critical, the unwritten rules and rituals which enable and constrain their activity. Their conclusions were that it would be wrong to see innovative capacity as 'inherent'. Claims about innovation, they argue, are made to assert equality or superiority with service providers.

Discussions over legal and organisational form are part of creating possibilities and barriers. However, many organisations see them just as vehicles with pros and cons rather than defining characteristics. Some social enterprises (for example Big Life and Coin Street Community Builders) mix different services with legal forms into one overarching group structure in order to achieve their aims. These structures are themselves examples of innovations.

Equally, the primary requirement to work in markets and to be relatively self-financing can be a trade-off just as much as an innovation. This issue is particularly raised in Mike Aiken's paper. In reality, most social enterprises make use of a wide range of resources in order to achieve their aims, including in-kind help or grants.

Work on *Ethical Business* by the new economics foundation (including examples, predominantly of social enterprises) showed, for example, the widespread myth of the triple bottom line – quotes included "price competition means that there are few spare resources to meet aims" or "the company needs to sustain itself before we can achieve triple bottom lines". The challenges identified included avoiding mission drift as they find ways to survive and grow, continuing to innovate and knowing when to move on, developing consumer awareness and the implications of their relative willingness to pay.²⁷

Practitioners are well aware of the tensions that these multiple goals can create. As Nigel Kershaw, Chair of Big Invest, has said: "the key thing for social enterprises is fusing the financial and social objectives. It is where they overlap that you get the 'hum' ... you have to live with the contradictions. Don't try to solve them. You can't."²⁸

But this discussion also raises the question of how transferable or long-lasting these innovations are without some recognition or support within the prevailing systems or frameworks within which they operate. Jeremy Nicholls' paper shows that increasing and developing forms of value measurement and identification can enable both the recognition and the development of different social enterprise models and innovations as well as contribute to the development of appropriate financial support and informed customers.

Policymakers also need to recognise the difficulties that social enterprises might have in operating on a level playing field with

primarily profit-oriented businesses. If government wants to see more of particular outcomes, rather than inspirational one-offs, then changes to the framework may need to be considered. Examples could include supporting social enterprise activity in particular 'thin' or weak markets through tax credits or forms of ongoing social investment (for example for supporting elderly care social enterprises in sparsely populated rural areas). The general approach by government to innovation in mainstream markets is to focus primarily on market failure in invention, knowledge transfer and early stage development. But since social enterprises could be argued to address market and public sector failures, their innovatory potential can potentially be disabled by isomorphic pressures at all stages of organisational development or growth.

And all social enterprises need to ensure continual innovation, whether to adapt to changing environmental conditions in need, in resources, or in opportunities for collaboration and the creation of impact. For example, Café Direct, exemplifying successful change and pressure by the fair trade movement (not just isolated organisations), as well as increasing scrutiny of other aspects of their social and environmental performance, has innovated again to create Fair Trade Plus.²⁹ This dynamic is similar to an argument made by Liam Black that – "If the private sector comes into a niche market, open up and let the service get mainstreamed – move on, create new products and services, and conquer new markets."³⁰

How this links with and is informed by innovation theory and practice

Standard innovation theory and practice is useful to see what aspects might be relevant to social enterprise and what aspects could be informed by a better consideration of other forms of innovation (including social enterprise) theory and practice.

Most innovation theory to date, and resultant consultancy practice, has often focused on science and technology invention, innovation and diffusion. There has been a tendency for this kind of work to inform social enterprises, social entrepreneurship and social innovation theory and practice. From a practical point of view, the still prevalent language and implications of high-tech innovation, such as 'incubating' and 'prototyping', may alienate, confuse or implicitly bias towards developing certain kinds of intervention, which may work for some and not other organisations.

However, over 2007, there has been a marked broadening of the understanding of innovation (for example, service, hidden and social innovation) as a result of observing actual practice.³¹ Theory, and therefore appropriate and useful tools and techniques have yet to catch up with this increased focus on reality and need.

Existing literature on innovation tends to adopt different entry points which can inform potential interventions. Such analyses can focus on **people, teams or groups; organizations, partnerships and networks** between players; or, increasingly, entire **systems** – recognising the constraints and possibilities of an environment composed of other organisations, legislation, norms and culture. Or it can focus on specific innovations rather than creating an innovatory environment.

Whilst recognising the messy, inter-related nature of innovation, it can be useful for practical purposes to divide up the innovation process into: **ideas creation** (sometimes called invention); **implementation of ideas to produce results** (involves personal characteristics, organisational structures, and processes as well as continual attention to testing out and refining); and **diffusion or dissemination** of the results (relating to scale of take-up or impact whether within an organisation by other organisations or by society as a whole). This is the approach taken by social innovation and the Young Foundation. Their recent reports suggest policy suggestions and begin to further explore and develop useful frameworks for analysis.

There is also a significant and interesting literature on ideas generation.^{32 33} The generation of ideas (for both internal and external impacts) can come from a whole range of sources – user and customer engagement; networks; case studies and information dissemination; ongoing processes for staff and management to focus on strategy and priorities; evaluations of process and outcome; scanning through the web, peers, press; or conferences. Here are some examples of initiatives that have attempted to bring innovators and resources together for more social ends:

The **Global Ideas Bank** aims to promote creative solutions and run social invention workshops around the world. It is an ideas website which allows suggestions and networking, and where people vote on ideas which allow the best to rise to the top. It gives awards in different categories and helps create social innovation networks. www.globalideasbank.org

NESTA's **Innovation Challenges**, of which Innovations in Mental Health is part, have been set up to explore social innovations, saying that they are "a place where many crucial reforms in public services are likely to take shape over the next few years". "Challenge aims to be a key partner in third sector organisations, communities, individual entrepreneurs and government bodies in seeking out and supporting radical (and sometimes just plain sensible) innovations."

Another example of themed competitions, are those run by **Changemakers** where 'disruptive' innovations compete, for example, one on health and health care services "recasting patients as consumers". The relevant web pages include discussion of the topic, resources, background information and the creation of a "mosaic of innovative solutions" and barriers to the development of effective solutions.³⁴ They see 'disruptive innovation' as, developing Clayton Christensen, a "technology, process or business model that brings to market a product or service that is much more affordable and much simpler to use than what is currently available". Changemakers use the term 'catalytic' innovations to refer to those that serve underserved groups, and are aimed at creating social change through replication and scale.

The hub – collision spaces for social innovation: "the scale and complexity of global problems is calling for a different kind of innovation. Innovation that is crosscutting, horizontal and systemic in both approach and impact." "There is no shortage of innovative ideas for the world. All that is missing are the spaces for making them happen, and the conditions for connecting and aggregating their impact."³⁵

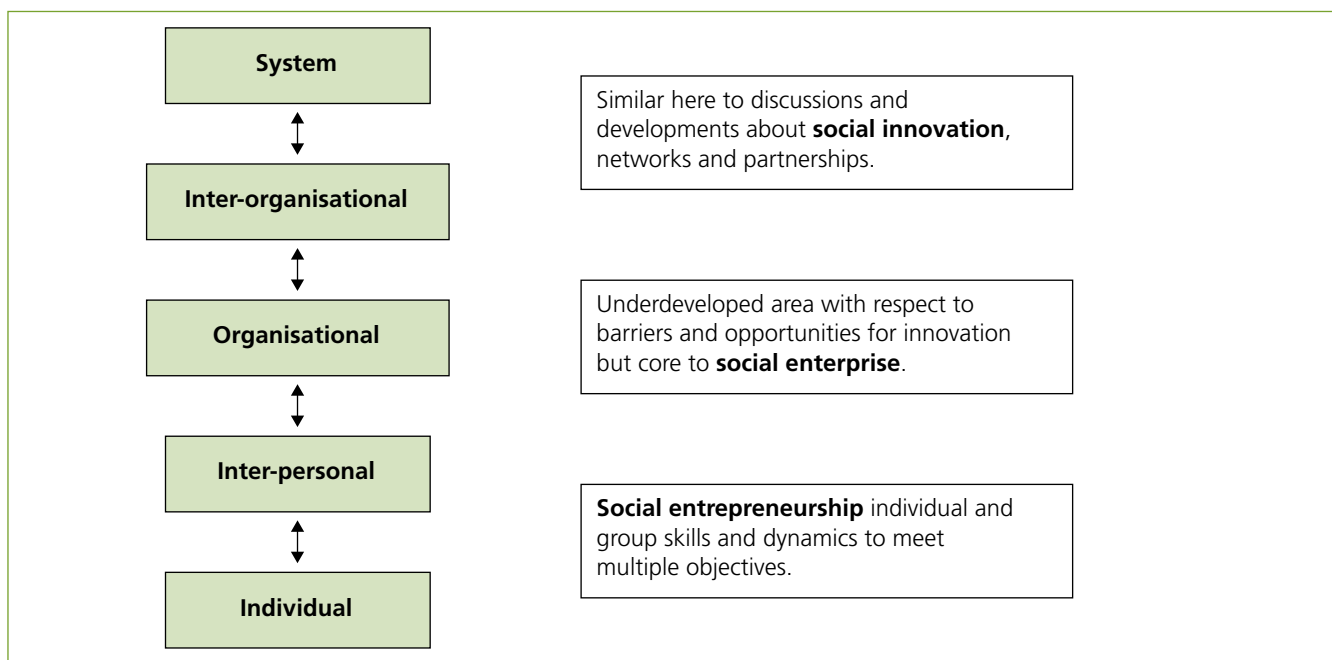
Launchpad is an initiative of the Young Foundation which is a "platform for turning promising ideas into organisations". The focus is on meeting unmet social needs in the areas of practical learning, chronic illness, unemployment and marginalised groups bringing together experts, innovators and practitioners, working on the best available ideas to create new sustainable and replicable or scaleable social purpose organisations.³⁶

There is clearly a raft of examples of developing innovation spaces but how these translate into significant and effective activities and social impact is the subject of ongoing development.

Helmut Anheier and Diane Leat have explored how some Foundations have developed a more targeted and full role in supporting innovation. UK examples include the Carnegie Trust, or the Joseph Rowntree Charitable Trust.³⁷ **Creative Philanthropy** has unsure outcomes, their activities go across and beyond boundaries or sectors. They are more than just grant providers, being a trusted intermediary, repositories of information, in it for the long term, take and absorb risk, provide leadership, desire influence and support active dissemination.

This somewhat linear approach can be supplemented by a cross-cutting and related systemic approach to innovation suggesting different levels in order to improve understanding of strategy and effectiveness, either as an innovator, entrepreneur, or policy-maker:

Diagram 2: A systemic view of innovation



Source: Adapted from a presentation by Piera Morlacchi at the 2007 Skoll World Forum on Social Innovation and Social Entrepreneurship

Systems and interorganisational

The system approach seems to be the current intellectual focus of innovation research. Piera Morlacchi, from SPRU, at the March 2007 Skoll World Forum on ‘Social Innovation and Social Entrepreneurship’, showed how systems can be used to understand innovatory practices, barriers and opportunities and better enable people to manage their activities and increase their impact.³⁸ The session illustrated how alien this view was to many organisations, even though it may be done implicitly in many situations.³⁹ Morlacchi’s presentation noted that the systemic approach recognises different actors and their interactions within institutional settings – composed of, for example, norms, regulations, rules of the game, habits. It also recognises that you are influenced by, but can influence, this system. An example of an environment which affects social enterprises is presented in Figure 1 of the paper by Mike Aiken for work integration social enterprises in the UK.

A systems view also emphasises and suggests that importing ideas from elsewhere will not work unless we adapt, work with, or at the very least recognise, the current system.

This systems approach can therefore also add to the development of the literature and practical interventions for effective diffusion and increasing social impact.⁴⁰

Organisational

At the organisational level, there is a wide range of literature and management practice on how to create the ‘innovative’ or ‘learning’ company.

This kind of work is useful in informing social enterprise innovation. However, there seems to be a tendency to adopt business insights wholesale rather than to fully understand the context and differences or similarities in which they are being applied or introduced. We are at the foothills of ensuring that useful tools, insights and techniques taken from other contexts are being used appropriately and adapted where necessary in addition to better exploring how different forms and processes disable or enable innovation and the achievement of different outcomes.

Individual and interpersonal

Ideas and action (the innovator and the entrepreneur) may be embodied in, or created by, one person, or within teams, or between entirely separate people or organisations. This kind of approach draws attention to the skills, attitudes, team dynamics and partnerships of people and groups.⁴¹

Rosabeth Moss Kanter has written widely on innovation, summarising the traps that many companies fall into, and how to get out of them: the tendency to bury the innovation team under bureaucracy, the need to look for small innovations and not just blockbusters, to create controls and processes including new ways of tracking progress, and to create a collaborative culture. Her 'innovation pyramid' illustrates the need for business to have a range of innovation in the pipeline: a few big bets, mid-range ideas and early state ideas or incremental improvements. There is also emphasis on generating ideas and winnowing those choices down, as well as analysis of the relative innovatory capacity of small and large companies or start-ups and the potential relationships between them.⁴²

3. Moving forward

The different understandings and possibilities of social enterprise innovation as well as indications of some areas for support and intervention, suggest the following recommendations.

Considerations for practitioners

Whether part of broader movements or partnerships for creating disruptive change or encouraging and supporting responses to sustainability, independence, effectively meeting and responding to need, there appear to be some areas that could benefit from further exploration.

- The developing work on social innovation, as well as insights from a more systemic theory of innovation, can enable social enterprises to explore and develop strategies for innovation and scaling impact. Potential results might be new tools for exploring strategy, systemic change and sustainability as well as new and diverse networks to develop and cross-fertilise ideas and opportunities.
- The current focus on partnerships and consortia for delivery and innovation is being promoted without a related development of partnership processes and mechanisms to manage the difficulties and tensions as well as the opportunities that can arise. There needs to be a much greater sharing of good practice and failures, as well as the development of useful processes and toolkits, before successful groupings and networks can become more than one-off examples.⁴³
- Further development within a social enterprise context of the practice and literature around the innovative organisation.
- Particular attention should be paid by social enterprise practitioners and support providers to ensuring good marketing practice and approaches in order to both meet and understand need and create sustainable activities.
- A refocus of management and employee practices to create space and time for innovative, strategic and organisational development, not seeing this as an added luxury.
- More appropriate development of techniques and evaluation of services, processes, products and outcomes. This increased understanding can better support and inform diffusion and innovation.

- The planned and unplanned creation of thematic stakeholder or networking groups (incorporating different players from social enterprise practitioners to social entrepreneurs, finance providers, public sector players, and business) around different themes or topics for both social enterprise and social innovation which enable the swapping of resources, ideas, and the creation of potential links or routes to development and impact. These should be at different levels – local, regional, national and international; may be cross-sectoral according to issue; and should focus on meeting particular needs or addressing particular issues such as governance, finance, creating employee and management incentives, etc.

Considerations for academics, analysts and other intermediaries

Much current academic research either comes from Corporate Social Responsibility and management schools taking on or adding a social dimension, cooperative research bodies widening their scope, or non-profit centres of expertise incorporating enterprise. There are exceptions such as the Skoll Centre for Social Entrepreneurship, part of the Saïd Business School in Oxford University, a growing development of social and community enterprise research and practice units, as well as academic networks such as EMES. The development of the Economic and Social Research Council programme into social enterprise is another element, as is the proposed Third Sector Research Centre.

Challenges for the research community are to:

- Develop their expertise and network around issues, together with policy-makers and practitioners and other stakeholders, in order to apply and further develop their insights and understanding.
- Go beyond reliance on a few good case studies to better understand and segment different kinds of 'innovation', explore its extent, as well as the barriers and the opportunities created by organisational structure.
- Further explore, document, and explain the emerging phenomena of different forms of hybrid organisational forms and networks, their opportunities as well as limitations.

- Better embed, research, and link the insights of the developing areas of social innovation, social entrepreneurship and social enterprise – in order to remove tendencies to be fixated about individual organisations (to the detriment of networks and partnerships).
- Further develop multidisciplinary approaches to understanding complex and multi-faceted social, economic and environmental issues which balance a move beyond narrow and limited analytical frames with the ability to develop useful and clear implications relevant for policy and practice. Particular areas for urgent focus in relation to social enterprises are, for example, further and deeper discussions about ethical markets, new forms of multidimensional value and evaluation, the pros and cons of different multi-stakeholder governance models, organisational incentives beyond the economic, managerial challenges and strategies for meeting multiple bottom lines.
- Corporate Social Responsibility intermediaries should ensure that links are made with social enterprise to increase cross-fertilisation of ideas, or new partnerships. This is particularly important for organisations such as Business in the Community who have taken on the Corporate Social Responsibility gateway or the Confederation of British Industry who conduct research and studies into innovation.

Considerations for the public sector and policy-makers

The public sector's interest in social enterprise and innovation is currently primarily in relation to public service renewal, 'ethical' markets and regeneration. As such social enterprise needs to be seen as part of broader frameworks of actors and organisations aimed at addressing these issues. This is recognised particularly in relation to public service renewal, where the third sector (including social enterprise) is the focus for enquiry and support but the insights of social innovation could, and have, expanded that analysis and suggested solutions.

One example of work by the Public Services Innovation Team within the Office of the Third Sector is the successful tender for an **Innovation Exchange** which is "looking to develop new approaches to supporting innovators in the third sector to develop their work and ensure that public services benefit from the new approaches they are pioneering". It is aimed at connecting innovators and those who might benefit, including public services, commissioners, third sector organisations and investors addressing several barriers including: allowing innovators to find collaborators, build networks and work together, bring supporters together with innovators to develop and prototype innovations, support development and growth of the best innovations, access innovation and develop learning.

The nature of 'ethical' markets is the least developed idea. However, Alex Nicholls' paper shows the interdependent nature of the market and social environment, the linkage of value chains with organisational objectives, social movements, Corporate Social Responsibility and other factors, thus again embedding social enterprise within another system or environment.

The future role of the third sector in social and economic regeneration produced for the Comprehensive Spending Review notes that: "Social enterprises have the potential to contribute to a range of Government Departments' strategic objectives and there is a need to further build the evidence as to where the critical opportunities exist". This recognition of the wider implications of social enterprise is welcome and could both explore particular areas of interest to the UK government, as well as the broader ways in which social enterprises deal with the complex challenges of combining social, economic and environmental processes and achieving multidimensional goals.

The proposed inclusion of social enterprise within enterprise education will further enable support for the core personal attributes for entrepreneurship which also underpin social entrepreneurship, well-being (with implications for health and resilience), social innovation, and innovation.

Starting at the macro-level, Government's focus on general innovation primarily relates to increasing the competitiveness,

growth and productivity of business. 'Innovation policy' at the UK level (and also at the EU level) supports invention (equated with the science base), knowledge transfer (generally between universities and business) and with an emphasis on innovatory high-tech products and sectors.

- Given the current interest by Government in widening the understanding and scope of innovation support, as well as concern about access by social enterprises and other third sector actors to mainstream innovation initiatives and services, it would be useful to review the scope of national and European innovation policy and how it is implemented.⁴⁴

Potential implications include:

- Ensuring that small and medium-sized enterprise policies from investment to support, engage where appropriate, understand and are tailored to, social enterprise needs.
- Make use of and engage the academic community and practitioners to further explore why current methods of policy analysis and practice are struggling to deal with the challenges of hybrid activities and organisations (for example, exemplified by recent discussions over state aid and social clauses).
- Re-create an Innovation Unit within the Cabinet Office which is able to take a multidisciplinary and cross-departmental approach to understanding innovation, and the development of appropriate policy mechanisms and analysis. It could also incorporate, or have strong links to, the Horizon Scanning Unit in the Office of Science and Technology in order to further enable cross-disciplinary strategy and prioritisation.⁴⁵
- On the other hand, or concurrently, the Department for Innovation, Universities and Skills should reduce its science and technology bias, resources and approaches, in recognition of the developing fields of innovation, 'social' phenomena, and complex societal challenges, enabling knowledge transfer to non-SET (Science, Engineering, Technology) organisations, including social enterprises and other third sector bodies.

There should also be a greater understanding of EU and international examples and approaches to social enterprise and social innovation, to balance the current emphasis on learning from the US:

- Any research by the Office of the Third Sector should incorporate international perspectives and examples.
- Government should work further within the EU to promote better understanding of the third sector or social economy (including social enterprises) and its potential and relation to current policies and strategies. It is currently marginalised and under-recognised and is, for example, unclear how hybrid social enterprises as limited profit distribution entities are able to access useful programmes which enable experimentation and innovation.

As well as:

- Further exploration of the relation of social enterprise activities to current government priorities, not just those identified by different departmental priorities, such as Department for International Development, but also cross-governmental issues such as how best to develop mechanisms and processes to bring social, economic and environmental issues and outcomes together.⁴⁶
- Recognition that government is interested in specific innovations for specific needs at any point in time and therefore policy should consider general support to innovation throughout the economy as well as promoting resources into areas of specific interest to society or to the government. Such chosen foci should be cross-sectoral and further develop some of the implications of social innovation but also need to understand how the internal aspects and processes of social enterprise suggest and exemplify other important innovations relevant to the public sector and other organisations or bodies – for example, employee and management incentives both personal and to meet multiple bottom lines; new solutions to issues of ownership and control within organisations that balance mission with risk and appropriate levels of return, quality of employment; creation of new spaces for negotiation between stakeholders, contributions to community and social capital, etc.⁴⁷

A more nuanced look at how social enterprises meet their goals is required. They are often responses (along with other third sector and other socially focused activities) to government and market failure which suggests a variety of more 'disruptive' approaches to policy.

Many social enterprise and third sector responses to meeting need cannot be fully self-sustaining or can be so in exceptional circumstances because they operate in weak or fragile markets. This raises the need for further exploration of different ways to support that social premium or added value, if it is in the public interest. Examples might include shifting from arguments about level playing fields to 'tilting playing fields' through altering the legislative and normative environments, for example, tax changes applied to particular activities or outcomes. Other examples might be within smart procurement to promote innovation, or forms of social investment which are in effect ongoing or start-up subsidy – examples used to date include Service Level Agreements or Invest to Save.⁴⁸

Notes

¹ Leonard D and Swap W, *When Sparks Fly: Igniting Creativity in Groups* (Harvard Business School Press 1999).

² Bill Drayton, Ashoka, talked about increasing 'permission' to act in his talk on the final day of the 2007 Skoll World Forum on Social Entrepreneurship.

³ We need to note that 'social' is a vague and contested term. It also tends to only include the environment implicitly, with the danger of downplaying its importance (leading sometimes to the use of other terms such as 'sustainable' or 'environmental' enterprises). For example, see Arthur L, Keenoy T, Scott Cato M, and Smith R, 'Where is the 'social' in social enterprise?', a paper presented at the Third Annual Social Enterprise Conference, London South Bank University, 2006.

⁴ Chapter by Andrew Robinson, CCLA, in Westall A and Chalkley D, *Social Enterprise Futures* (The Smith Institute 2007).

⁵ See www.emes.org

⁶ See Adalbert Evers paper at the joint European conference of ISTR and EMES on 'Concepts of the third sector – the European debate. Some observations and conclusions' and Adalbert Evers and Jean-Louis Laville *The Third Sector in Europe* (Edward Elgar 2004).

⁷ Arthur L, Keenoy T, Scott Cato M, and Smith R, 'Where is the 'social' in social enterprise?', paper presented at the Third Annual Social Enterprise Conference, London South Bank University, 2007.

⁸ Information on this project was gained in conversation with Arup in January 2007 and the latest news can be found on www.arup.com

⁹ This was clearly the case for many financial mutuals that were demutualised. Gordon Roddick has also said that they regretted the decision to float the Body Shop since it watered down their values and created new dynamics.

¹⁰ DiMaggio P J and Powell W, 'The iron cage revisited: institutional isomorphism and collective rationality in organizational fields', *American Sociological Review*, 48, 147-60 (1983).

¹¹ Café Direct is interesting in this respect since it combines different shareholders with different levels of ownership and control to balance the need for investment and the need to retain and develop mission.

¹² Growing Opportunity Survey Findings on www.sustainability.com

¹³ Mulgan G, *Social Innovation: what is it, why it matters, how it can be accelerated* (Young Foundation, www.youngfoundation.org.uk 2006)

¹⁴ See www.sbs.ox.ac.uk/newsletters/Skollfinal.pdf for an outline of the conference programme.

¹⁵ Search for Common Ground, for example, makes use of media to scale impact, promoting culture change: www.sfcg.org.

¹⁶ See information on the Literature on Scaling Social Impact from the Center for the Advancement of Social Entrepreneurship (CASE) www.fuqua.duke.edu/centers/case/

¹⁷ Young Foundation, *Mapping Britain's Unmet Needs* (2006)

¹⁸ Max-Neef, M et al., *Human Scale Development* (Apex Press, New York 1991)

¹⁹ Ecological economics seems to be one fertile ground for developing new frameworks that bring the economic, social and environmental together with respect to theory, although it as yet not well developed into practice – focusing on environmental constraints, social justice, wellbeing and more participative democratic processes. HEEDnet is a group of heterodox economists involving ecological, behavioural and institutional focused on designing effective policies to deal with environmental issues. www.heednet.org

²⁰ For example, in conversation with ECOTEC on the evaluation of UK social enterprise EQUAL projects as well as the results of a 2006 Primetimers conference focusing on partnerships.

²¹ Response of the School for Social Entrepreneurs to the Comprehensive Spending Review: Review of the future role of the Third Sector in social and economic regeneration, September 2006. And also contrast this approach with that of The Shaftesbury Partnership, (www.shaftesburypartnership.org.uk) whose idea of the 'system social entrepreneur' adopts an economic and systemic approach, adopting language and ideas from current management practice and theory, for example, new social mathematics, 'econophysics', or 'social derivatives'.

²² See for example Nicholls A, *Social entrepreneurship: New models of Sustainable Social Change* (OUP 2006).

- ²³ In conversation with ECOTEC on the evaluation of UK social enterprise EQUAL projects 2007.
- ²⁴ The Guild, *Social Enterprise Information, Diagnostic and Brokerage Service (IDB) Pilot, Summary Report, November 2005-2006*, produced for SEEM and emda, 2006.
- ²⁵ Mordaunt J, *The Challenges of Innovation, Nonprofit Management and Leadership*, Vol 16, No 2, Winter 2005.
- ²⁶ Osborne S and Flynn N, 'Managing the Innovative Capacity of Voluntary and Non-Profit Organizations in the Provision of Public Services', *Public Money and Management*, October-December 1997.
- ²⁷ Taylor J, *Ethical business: how a new breed of business is changing the world*, nef is the final report of the Ethical Pioneers programme 2005.
- ²⁸ In Westall A and Chalkley D, *Social Enterprise Futures* (The Smith Institute 2007).
- ²⁹ See www.traidcraft.co.uk for more details of Fair Trade Plus.
- ³⁰ Westall A and Chalkley D, *Social Enterprise Futures* (The Smith Institute 2007).
- ³¹ See for example NESTA's recent reports: 'The Disrupters: Lessons for low-carbon innovation from the new wave to environmental pioneers' (2007); 'Hidden Innovation: How innovation happens in six 'low innovation' sectors (2007)'; 'The Innovation Gap: Why policy needs to reflect the reality of innovation in the UK' (2006).
- ³² See for a summary Ling T 'Innovation: lessons from the private sector', A 'think piece' in support of the Invest to Save Study, 2002.
- ³³ Thinking techniques are useful tools for successful ideas generation. They can help counter the natural tendency to certainty, to creating patterns, or to just accepting 'received wisdom'. They allow different perspectives on a problem to better enable a workable, flexible and resilient solution. Examples of sources for thinking techniques are Edward de Bono's *Thinking Workshop or Mind Tools* (www.mindtools.com).
- ³⁴ For example, www.changemakers.net/en-us/competition/healthgames
- ³⁵ www.the-hub.net
- ³⁶ www.youngfoundation.org.uk
- ³⁷ Anheier H and Leat D, *Creative Philanthropy* (Routledge 2006).
- ³⁸ Systems, in essence, have components, relationships and attributes. If you change one part, then you will change others, but the system is resilient with complex feedbacks.
- ³⁹ The session titled 'Systems of Innovation' was held on the 29 March 2007 at the Skoll World Forum on Social Entrepreneurship held in Oxford: www.sbs.ox.ac.uk/newsletters/Skollfinal.pdf. See also work on systems by, for example, SPRU, Science and Technology Research, University of Sussex, www.sussex.ac.uk/spru/
- ⁴⁰ There has been a parallel movement within policy-making for a soft systems approach particularly in situations where there are many and diverse viewpoints or factors. See for example: Chapman J, *System Failure: Why governments must learn to think differently* (DEMOS 2004).
- ⁴¹ Rebecca Harding provides a useful summary of the individual and group literature on both innovation and entrepreneurship. She looks at the ways in which the concepts of entrepreneurship and innovation overlap or can be seen as distinct phenomena and develops a spectrum of 'innovative entrepreneurs', from those that adopt processes in the market to those that create new industries, ways of working and cultures: Harding R 'Understanding the innovative entrepreneur: what the literature doesn't tell us', Report to NESTA, Delta Economics (2007).
- ⁴² For further details of Rosabeth Moss Kanter's research and publications: www.drfd.hbs.edu/fit/public/facultyInfo.do?facInfo=ovr&facEmlId=rkanter
- ⁴³ In effect, organisations are often 'reinventing the wheel' and there is a great deal of misunderstanding and miscommunication between partners which can reduce the effectiveness of these collaborations.
- ⁴⁴ See for example the submission to the Business Support Simplification Programme (BSSP) consultation by the Social Enterprise Coalition www.socialenterprise.org which points out how the 'innovation' part of the current rationalisation is unable to benefit or understand social enterprise or the wider third sector.

⁴⁵ The Government is beginning to explore the wider aspects of innovation through in, for example, DTI, *Innovation in Services*, DTI Occasional Paper No 9. (2007)

⁴⁶ For example, Mair J and Seelos C, 'What can companies learn from social entrepreneurs?' Paper presented at *Social Entrepreneurs as Competitors and Partners in Global Markets*, 19 September 2005, Barcelona. IESE asserted that the UN Millennium goals could be better met by social enterprise approaches than current policies.

⁴⁷ It could also be part of a new analysis and practise of public action which goes beyond the narrow economic focus of New Public Management.

⁴⁸ The role of government procurement in promoting and altering market behaviour is profound and well documented. There have been several studies and pilots of how involvement with social enterprise, third sector, and business early in the development of specifications, can effectively create new approaches and join-up delivery and solutions across government departments and 'silos'.