



Crowdsourcing Social Innovation: Toward a Collaborative Social Capitalism

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Babele (www.babele.co) is an open-innovation and mentoring network to help social innovators refine their business model through crowdsourcing. It is a powerful tool for cohorts of entrepreneurs, for peer-learning as well as community engagement and online mentoring.

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Abstract

The growing awareness of humanity's finite resources and recognition of the limitations of one-off projects are prompting step changes in development planning. Sustainable development addresses the limitations of current practices; its aim is to achieve the triple bottom line of economic prosperity, environmental quality, and social equity, meeting the needs of present society without compromising resources for future generations.

Collective intelligence is considered by both Charles Leadbeater (former advisor to Tony Blair) and MIT as one of the most powerful ways to tackle complex problems, like climate change.

This chapter explores the principles of crowdsourcing, its applications, and the main trends. It presents theories, practices, and examples of the use of crowdsourcing to innovate in the area of sustainable development for the common good. It announces the rise of collective brain-power to the challenge of creating better and more effective forms of civic and social engagement to solve problems on a world scale.

Keywords

Crowdsourcing · Open innovation · Collaboration · Sustainability · Social innovation · Lean startup · Participatory democracy · Stakeholder participation

Introduction

The growing awareness of humanity's finite resources and recognition of the limitations of one-off projects are prompting step changes in development planning. Sustainable development addresses the limitations of current practices and features at the center of almost every political, environmental, scientific, and economic discussion held today. Its aim is to achieve the triple bottom line of economic prosperity, environmental quality and social equity, and meeting the needs of present society without compromising resources for future generations.

The 1992 Rio Earth Summit was the moment when sustainable development captured worldwide attention. It established why sustainable development is necessary; the project now is how to execute it. The twenty-first century is the era of mass innovation – more ideas, knowledge, and information being shared by more people than ever before. Can we harness collective brainpower to innovate in the area of sustainable development for the common good? Google, Wikipedia, and Linux are already using collective intelligence to develop new solutions through online communities. Could a collaborative online approach do the same for sustainable development?

- The participation, investment, and inclusion of all members of society in the development process is the key to not only help people fulfill their human potential, but also to ensure that a new model of democracy is established, which is capable of responding more effectively to the most urgent challenges of our time.

The Limits of Capitalism

At the beginning of the twenty-first century, the world seems more divided than ever.

The world GDP keeps growing year after year, so, in theory, we are all getting wealthier. However, the gap between the richest and the poorest is increasing and the richest 1% of the population will soon possess half of the global wealth. We keep extracting, exploiting, and consuming at a rate that was never so high before. We are increasingly polluting, despite the evidence of global warming, the alarming loss of biodiversity, and the uncountable number of lives wasted throughout the process to consumerism.

A “revolution” toward a large-scale improvement of well-being and sustainable development is approaching.

The growing awareness of humanity’s finite resources and the impossibility to achieve an infinite economic growth in a finite planet are demonstrating the incapability of the capitalistic model to reduce inequalities and address the most urgent challenges of our time.

Although market forces demonstrated to be a nonsufficient mean to lead to the most efficient allocation of resources, governments, and institutions have failed to meet the needs of the Common Good and bring society together to solve global issues:

- Every year, nearly 12 million children die of mainly preventable causes, including diseases for which vaccines are routinely administered in many countries.
- Although access to safe drinking water increased from 61% in 1990 to 71% by mid-decade, 1.4 billion people in developing countries still lack such access. Furthermore, 2.7 billion people still do not have adequate access to sanitation.
- In the developing world, about 130 million children still remain out of primary school, nearly 60% of them girls. Adult illiteracy remains high, affecting roughly 855 million people, nearly two thirds of them women.
- According to the World Bank, in 2011, 17% of people in the developing world lived at or below \$1.25 a day.

Through intense pressure from commercial marketing, **consumption** became the desire for status and social distinction at the personal and group level. Considering the finite natural resources available, it would be impossible for the estimated 2.2 billion people currently living on less than \$2 a day to ever match the consumption level of the richest group. If every person on earth would consume at the same rate of a US citizen, we would need five planets to accommodate the need for resources.

We are still using a **linear system** applied to a **finite planet**.

Increases in poverty and inequality and the decline in opportunities have had a serious adverse effect on the well-being of individuals, communities, and even countries. Several critics have argued that the development orchestrated by the industrialized countries tended to replicate the forces of colonialism, continuing the pattern of resource expropriation and economic control by the industrialized countries.

The paradox of a global economy increasingly unified, and a global society increasingly divided is the most dangerous threat that weighs on the planet, because it makes the cooperation necessary to solve the most urgent problems of our time difficult, if not impossible.

What Is the Role of Business in Society?

To understand the role of business in society, we should go back a few centuries.

Until the seventeenth century, people owned businesses or worked for businesses, but they were just people, as the businesses did not exist independently of the people who owned them – thus, their individual ethics were directly reflected on these businesses.

When the first corporations came into existence, they were granted charters for specific short-term projects, like building a bridge or a railroad. Once they fulfilled their purpose, they were disbanded.

But over time, the law changed and corporations no longer had to be turned off once their project was complete. They began to live on indefinitely, with a much more general purpose: profit (Korten 2001).

Unlike people, who are driven by all kinds of motivations (doing the right thing, love for family, peers, the planet), publicly traded corporations are now required, by law and the markets, to maximize value for their shareholders, making as much profit as possible (Leonard 2007a, b).

The idea that a corporation's purpose is to maximize financial gain for its shareholders was first articulated in *Dodge v. Ford Motor Company* in 1919: *Dodge v. Ford Motor Co.* – 170 N.W. 668 (Mich, 1919). Over time, through both law and custom, the concept of “shareholder primacy” has come to be widely accepted. With such definition, there will always be a trade-off to be made between profits and the general interest of society.

Thus, there are many reasons why **the traditional business sector cannot become the drive behind substantial change**. If we have a look at the current situation throughout the world, we see a business environment that is shaped by a history of unhealthy competition, manifold cases of adulteration for the sake of profit, or the ongoing issues of child labor for the sake of reducing labor costs (Bakan 2004).

Reports about the horrible working conditions in the factories producing our iPads (Duhigg and Barabozza 2012) or the toxic chemicals contained in our everyday products are easily available. These examples show quite well how the drive for higher dividends is heavily corrupting the social sense of entrepreneurs.

Another false myth of liberal thinkers is the capability of the market to automatically adjust itself according to a continuously changing environment. For example, *when the issue of global warming will become an absolute priority, then the market will invest in greener technology that will take our CO2 emissions down*. The counter argument is that the planet does not respond to such linear thinking. Transgressing one or more planetary boundaries may be deleterious or even

catastrophic because of the risk of crossing thresholds that will trigger nonlinear, abrupt environmental change within continental- to planetary-scale systems.

Thus, even if we would drastically reduce our environmental impact, this would not bring us back to the same environmental conditions of the seventeenth century.

The short-term logic of the capital market is undermining our capability as a society to foster common good initiatives. The urgent environmental problems, and the incapability of this type of democracy, and of the market alone to handle them, request a totally fresh approach.

The New Way

Common good is broadly understood as the overall social condition that enables individuals or groups to attain their fulfillment more easily. Unlike the utilitarian approach, which focuses on the greatest good for the greatest number, the principle of the common good is geared toward the benefit of all (Paul 1991). As a reaction of the public institutions' failures to answer to the global need of common good, citizens are getting "smarter," more capable of interpreting issues and discerning between options on their own than simply accepting the views of media and political elites. In the global environment, several companies have come under pressure from civil society and nongovernmental organizations (NGOs) to be more responsive to the range of social needs in developing countries, including addressing concerns about the working conditions in factories or service centers, and attending to the environmental impacts of their activities.

Companies are an essential element of our society as they are deeply involved in the creation (or destruction) of common good, by providing workplaces adherent to law, ethical standards, and international norms. Their importance has increased over the last century to a point in which 52 of the 100 biggest economies on earth are now corporations (Anderson and Cavanagh 2005).

Thus, for society to thrive, it is fundamental that companies embrace responsibility for the impact of their activities on the environment, consumers, employees, communities, stakeholders, and all other members of the public sphere.

Today's corporate literature envisage a new economy that puts safe products, happy people, and a healthy planet first, where businesses proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality.

Can we review the way we create companies and measure success beyond profit? The key enabler for this new economy is **sustainable development**, which addresses the limitations of current business practices and promotes the deliberate inclusion of public interest into corporate decision-making. Its aim is to achieve the triple bottom line of economic prosperity, environmental quality, and social equity, meeting the needs of present society without compromising resources for future generations.

The 1992 Rio Earth Summit was the moment when sustainable development captured worldwide attention. It established why sustainable development is necessary; the project now is how to embed its principles in the market.

A New Business Sector

Typically, when we think about “sustainable business,” we concentrate on corporate social responsibility (CSR): energy efficiency, reduced carbon footprint, recycling and reuse, fair treatment of employees, and charitable giving, among other considerations.

However, there is a growing market of mission-driven companies that are dedicated to being socially responsible from their inception, unlike most (though not all) corporations that pursue CSR for marketing purposes or to cut costs and increase profits.

The realm in which these mission-driven enterprises operate has come to be known as “social entrepreneurship,” a term widely credited to Bill Drayton, founder of the social venture philanthropy, Ashoka.

Although the term “social entrepreneurship” is relatively new, initiatives to promote positive social change are not new. In fact, the earliest writings extend back to the late 1990s (Emerson and Twersky 1996). For example, the Greystone Bakery was founded in 1982 by Roshi Bernie Glassman, with the explicit mission to train and hire unemployed local residents, who otherwise would have struggled to obtain employment elsewhere. The Grameen Bank was founded in 1983 to provide rural illiterate women with access to microcredit facilities to launch new businesses.

“Every time I see a problem, I create a business to solve it,” says Professor Mohammed Yunus, the founder of the Grameen Bank, in his books. He describes social enterprises as businesses designed to meet a social goal, **not to create profit for its owners.**

The strength of being a social enterprise lies partly on its predisposition to bring lessons from business and apply them to answering social need. They bring the self-sufficiency of for-profit businesses and the incentives of market forces to bear on global social problems in a way that neither pure capitalism nor pure charity has been able to match.

Gregory Dees, one of the “fathers” of the field of social entrepreneurship (Dees 1998), says that *social entrepreneurs play the role of change agents in the social sector by:*

1. *Adopting a mission to create and sustain social value (not just private value)*
2. *Recognizing and relentlessly pursuing new opportunities to serve that mission*
3. *Engaging in the process of continuous innovation, adaptation, and learning*
4. *Acting boldly without being limited by resources currently in hand*
5. *Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created*

An entrepreneur and a social entrepreneur have the strong motivation to pursue their vision relentlessly and realize their ideas in common. However, what makes social entrepreneurship distinct from traditional business entrepreneurship is its **focus on the social/environmental mission.** This is true no matter what legal structure the social entrepreneur chooses.

For-profit social enterprises put mission before profits, typically using their excess revenues as a means of scaling the reach of their mission. **Nonprofits** are increasingly finding that they cannot rely on philanthropy to sustain themselves, much less grow. Thus, they are pursuing earned income strategies that leverage the organization's excess capacity and capability. By law, the earned income they generate must be reinvested in the enterprise and its mission. **Hybrid social enterprises**, which combine features of both for-profits and nonprofits, use this legal structure to expand potential revenue streams, all aimed at increasing and sustaining the organization's ability to pursue its mission (Lyons 2012).

Measuring the performance of a social enterprise is much more complex than it is for a commercial business, which can simply measure financial success. Measuring and monetizing lives saved, quality of life increased, and environmental damage mitigated (among other impacts), though possible, is exceedingly difficult to do. However, there are great examples that showcase the potential of this sector to benefit large numbers of people.

A Few Great Examples

WaterHealth International (<http://www.waterhealth.com>) is solving the problem of clean drinking water: 3.6 million people die each year from water-related disease. The social enterprise uses a franchising system, providing village entrepreneurs with UV filtration technology that allows processing and selling clean drinking water to remote villages at a low cost. Through its network of franchises, WaterHealth provides access to pure and safe drinking water to half a million people in four different countries.

There are many charitable water projects, but they have difficulties in pursuing their mission, as they do not have money for maintenance, for example, for fixing the pumps when they break down. On the other hand, WaterHealth, through the franchising system, has a network of entrepreneurs who pay for maintenance to troubleshoot equipment. Thus, the franchising system allows these initiatives to be sustainable. The model is not applied only by WaterHealth International, but also by other social enterprises that handle the problem of clean water delivery, such as 1001 fontaines (<http://www.1001fontaines.com/en>).

Another great example of social enterprise is the one of **Sulabh International** (<http://www.sulabhinternational.org/>), an India-based organization that works to promote human rights, environmental sanitation, nonconventional sources of energy, waste management, and social reforms through education. Sulabh International counts 50,000 volunteers and is the largest nonprofit organization in India.

Sulabh was founded by Bindeshwar Pathak in 1970, with the mission to rescue the **untouchables** (or scavengers, the poorest cast in India) from the subhuman occupation to remove raw (fresh and untreated) human excreta from buckets or other containers that are used as toilets or from the pits of pit latrines. Since 1993, the employment of manual scavengers was officially prohibited in India but is still taking place to this day.

Bindeshwar first developed a scavenging-free two-pit pour flush toilet (Sulabh Shauchalaya) as well as a safe and hygienic on-site human waste disposal technology that enabled the users to throw the excreta themselves in a clean way, without having to make use of the Untouchables. Sulabh created several solutions that were positioned to serve both the poor and the rich families, so that the high-end products could compensate the very low price proposed to the poorest families.

The social business was further developed through a new concept of pay and use public toilets, popularly known as Sulabh Complexes with bath, laundry, and urinal facilities being used by about 10 million people every day.

The innovation is an open-sourced technology that treats excreta and generates:

- Biogas, which is converted into electricity to power the building
- Biofertilizer, which is then sold at market price
- Treated water, which is used for agricultural use

The exceptional environmental impact of Sulabh is further complemented by the setup of English-medium public school in New Delhi and also a network of centers all over the country to train boys and girls from poor families, especially Untouchables, so that they can compete in the open job market – and finally become *touchables*.

Sulabh is one of the best examples of social enterprise that is economically sustainable. It maximizes environmental quality and social equity, using a business approach to solve a complex problem that governments and institutions have failed to address.

But the greatest innovation of all is that **Sulabh's toilet block blueprints are open source**; therefore, other organizations and people who are affected by the same problem can now use the solution and improve it. Innovation is no longer limited to the organization and its activities, but it can be further developed by other stakeholders, who can participate in the development process.

The Importance of Stakeholders Participation

There is another feature that distinguishes social entrepreneurship from business entrepreneurship: social entrepreneurs are held to a higher standard of accountability. Business entrepreneurs are accountable only to their customers and shareholders, whereas social entrepreneurs are accountable to a much larger group – **their stakeholders**, or “any group or individual who can affect or is affected by the achievement of the firm’s objectives,” according to Freeman’s widely accepted definition (Freeman et al. 2010). This group includes part investors, as well as employees (including volunteers in nonprofits), direct beneficiaries, and the local community and the society.

Stakeholders have the chance to influence the decision-making process, providing opportunities to further align business practices with societal needs and expectations, helping to drive long-term sustainability. They also must be taken into

account by the organization when facing complex conditions in the operating environment.

Companies like Vodafone (Vodafone Corporate Social Responsibility Report 2014) engage their stakeholders in dialogue to find out what social and environmental issues matter most to them about their performance to improve decision-making and accountability. Such practices are key to mitigate risks, helping the practitioners to compete in an increasingly complex and ever-changing business environment, while at the same time, bringing about systemic change towards sustainable development (Jeffery 2009) (Fig. 1).

There are different stakeholder engagement approaches:

- **Pull communication** (*one-way engagement*: Information is made available, stakeholders choose whether to engage with it)
- **Consultation** (involved, but not responsible and not necessarily able to influence outside of consultation boundaries. *Limited two-way engagement*: organization asks questions, stakeholders answer.)
- **Partnerships** (shared accountability and responsibility. *Two-way engagement* joint learning, decision-making, and actions).

Through stakeholder engagement processes, organizations have positive economic results and creating win-win situations. Through the better understanding of the stakeholder needs and desires in consultation processes and through participation

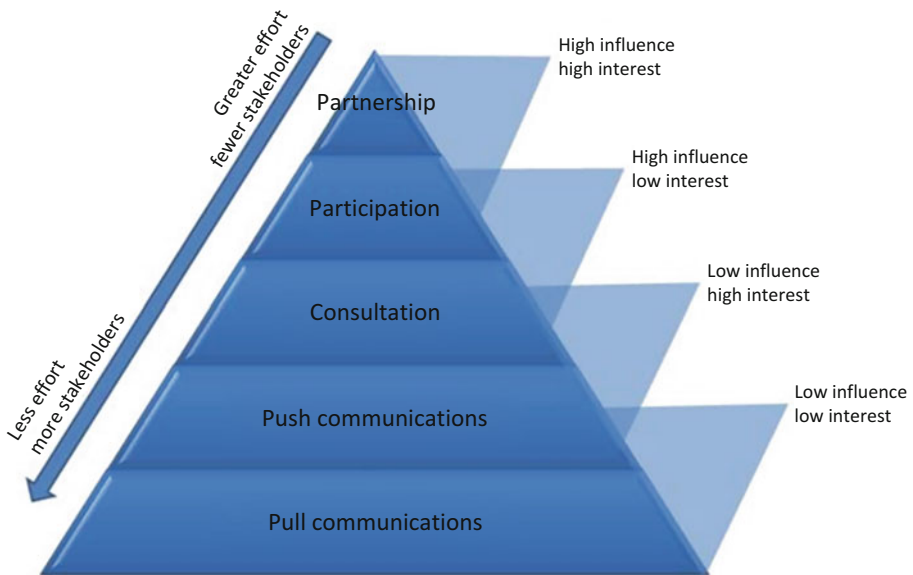


Fig. 1 The relationship between stakeholder influence/power and stakeholder engagement approaches (Stakeholdermap, 2015, Source: <http://stakeholdermap.com/stakeholder-engagement.html>)

and partnerships, organizations can identify and create win-win situations with those stakeholders. The underlying idea is that partnerships between businesses and other sectors can drive sustainable development.

Anticipating the potential in stakeholder dialogues at an early stage and following a step-by-step guide can lead to **successful shared value creation**. A great example of shared value creation is **Gram Vikas** (<http://www.gramvikas.org>), a social enterprise and rural development organization headquartered in Orissa, India, that assures access to basic education and adequate health services. The entire value creation process of Gram Vikas' involves "participatory decision-making, shared responsibility taking, and equal opportunities" with various stakeholders and particularly disadvantaged groups. The results are that each of these groups is assuming ownership of the solution and its delivery and thus the success rate is very high.

The trend towards cross-sector collaboration and stakeholder engagement is clear. The question is whether we are moving towards a convergence of values and whether shared value creation (expanding the total pool of social and economic value) will become the norm. Could the gap between social entrepreneurship and entrepreneurship be closed by actually making it so that every enterprise is responsible, transparent, and engages its stakeholders in the decision-making process?

The Age of Open Innovation

Individually, we are a drop, together, we are an ocean.

The twenty-first century is the era of mass innovation with more ideas, knowledge, and information being shared by more people than ever before.

Knowledge has become the key resource in the postindustrial society (Bell 1974); thus, reliance solely on internal innovation processes has become insufficient. Open innovation represents the logical result of dramatic social, technological, and environmental change, and it describes how organizations work with large groups to achieve greater results than any team of experts working alone.

For Henry Chesbrough, one of its pioneers, open innovation is "*the use of purposive inflows and outflows of knowledge to accelerate innovation. With knowledge now widely distributed, companies cannot rely entirely on their own research, but should acquire inventions or intellectual property from other companies when it advances the business model*" (Chesbrough 2006). The process has become increasingly essential, if not inevitable.

"Wisdom of the Crowd" processes have taken place in various forms and in many areas for decades. But it is now, in the information or digital age, that they are being exploited at such a fast pace.

Innovation challenges, hackathons, and external product development are all new phenomena that can best be summarized under the concept of open innovation.

The phenomenon that paved the road for a completely new approach to working together was the open-source culture. The term "open-source" refers to a software development strategy in which the source-code is made available to a community. This way, everyone can make changes and improvement to the software.

An example of the success of this strategy is the globally established computer operating system, Linux, which benefitted from the ongoing analysis, review, testing, and contributions of a large and diverse group of people from all over the world.

Wikipedia is another famous example of open source culture. It has over 80,000 contributors who have written more than 15 million articles in over 250 languages.

Traditional encyclopedias such as Microsoft Encarta or Britannica did not see the crowdsourcing phenomenon coming and continued to source their articles from few experts.

After some resistance, Microsoft decided to abandon its encyclopedia, acknowledging what everyone else realized long ago: it just could not compete with a free, collaborative project, where volunteer editors quickly update popular entries. Encarta simply could not keep up to the pace and was embarrassingly outdated.

The open source approach to collaboration enables people from all-over the planet to engage and create together (Rayner 2011)

Open innovation is also changing the way organizations work. A few corporations immediately realized the potential. LEGO, in its darkest days, tapped into abundant external talent to help them succeed in the face of some of their greater challenges. Back in 2003, the company was on the verge of bankruptcy. Under the lead of a new CEO, Jørgen Vig Knudstorp, the company successfully reached a passionate group of smart and enthusiastic people who were very familiar with their products and were just waiting to contribute: their customers.

They had hoped to get support from 100 of these fans, and they were inundated with responses from 10,000.

The community shared creative ideas and helped the company in prioritizing which ones were the best and had the greatest potential to become profitable. LEGO overcame its crisis and today, it still develops this process of creative collaboration, by involving passionate people outside of their internal structure.

We are shifting from a world in which everyone seems a competitor towards a world in which the upside of opening up and engaging with people and ideas from elsewhere outweighs the risk of sharing confidential information. Innovation can come from any source, and the organizations that are succeeding in inspiring external talent to engage in their crowd-storming process are gaining a strong competitive advantage compared to those who still uniquely rely on internal resources.

Companies like Apple and Google also depend on the effort of outside talent in the form of apps and open-source software.

After the launch of the iPhone in 2007, Apple switched the focus from the phone functionalities towards applications (or apps) that can be run on the iPhone to give it new capabilities. Apps demonstrated in a countless number of ways that the iPhone can become much more than a phone. For example, through apps you can read a restaurant customer review, find a cab, buy a book, split a restaurant bill, find a hotel, or translate speech into a foreign language. In 2012 alone, Apple paid \$4 billion to apps developers and created 210,000 jobs related to the app economy in the United States.

In the same way, Google and Apple depend on open-source software that has been developed, used, tested, and improved on an open-cooperative environment. While Android derived from the Linux operating system, Apple used a package of open-source products called Darwin.

According to former P&G CEO (Lafley, 2008): “Innovation is a social process. And [it] can only happen when people do that simple, profound thing – connect to share problems, opportunities and learning. To put it another way, anyone can innovate, but practically no one can innovate alone.”

The paradox of open innovation lies in the conflict between the potential benefits of collaboration and the prospects of knowledge leakage and misappropriation of the results of the process. The process is based on two-way interaction that may cause the organization to lose control of specific information. This knowledge, in the hands of a competitor, could compromise the competitive advantage potentially gained from the open innovation process. However, recent research focused on the significance of value creation through stakeholder engagement (Svendsen 1998) and offers a model that addresses this inherent conflict in open innovation processes.

Stakeholder participation removes the structural tension of open innovation (Gould 2012). Consideration of the social, organizational, and ethical benefits of engagement with relevant stakeholders enhances the concept of open innovation, helping to move beyond its solely practice-based origins.

The Love Story Between Open and Social Innovation

The concept of open innovation is very much associated with the business sector only; and in such a way, Chesbrough defines open innovation as a process taking place mainly in commercial research and development, reducing it to product development.

However, seeking ideas and solving problems is just one of the many facets of open innovation, and there are several reasons for expanding this paradigm shift to social innovation.

In fact, open innovation and stakeholder engagement towards collective social responsibility describe similar organizational processes: organizations reach outside their boundaries to access and share essential information with their stakeholders and with the crowd. Yet the two concepts, and their associated languages and discussions, have remained isolated from each other.

There is a vast potential to **co-create social value** through open and transparent networks that involve a diverse range of stakeholders, thanks to the ease of online collaboration tools and social media.

A few relevant initiatives started to emerge in the social sphere, creating a completely new field called **open social innovation**.

As previously mentioned, stakeholders’ participation brings even more value when it goes beyond just listening to the people who can affect the organization,

and a process of co-creation is put in place. Modern information technology is a key enabler for empowering stakeholders and facilitates their participation in the development process: people can share their knowledge and exchange ideas; each one comes with incremental improvements and together can benefit from the collective wisdom of a crowd.

A fantastic example of the power of open-social innovation is the R&D-I-Y, *research and develops it yourself*: a process that has been applied to the Windowfarms network (Pearl 2011).

Britta Riley is the cofounder of Windowfarms.org, a New York-based company that makes hydroponic platforms for growing food in city windows, designed with the help of more than 1800 enthusiastic collaborators from all over the world.

Britta took her inspiration from NASA, which uses hydroponics to explore how to grow food in space. She reasoned that many apartment windows have less than stellar conditions for growing plants, especially in a Northern winter. Conditions in any particular window would limit what could grow there – but perhaps hydroponics could contribute to food security on earth.

Britta decided to open source the project. She published the design on the web and invited anyone from anywhere in the world to improve the system. With no intellectual property issues, it was open to co-developers. Collaboratively, they have developed a system that grows a salad a week in an apartment window and allows an individual to cut their carbon footprint nearly in half.

On a global scale, the project has taken on a life of its own. Enthusiasts in Finland are working to customize the system with LED grow lights, also developed collaboratively, so that they can continue their gardens during the long, dark winter. Other contributions include air pumps to replace water pumps and optimum nutrients for strawberries that result in fruit throughout a New York winter. Britta says that the real reward from working with this company is the joy of collaboration.

Many other examples of stakeholder's participation through open-innovation deserve the right attention.

People co-create concepts through open content systems such as Wikis – these web applications have led to fascinating examples of collective intelligence. Wikipedia has inspired many organizations to create their own versions or copycats. This is the case of Energypedia, a project of German development agency, GIZ, that combines local and global knowledge to collect experiences and best practices in water and sanitation issues.

In the wake of the Fukushima nuclear disaster, Japanese citizens set up a network of volunteers, publishing radiation levels they measured themselves after that trust in official data had collapsed.

Volunteers and political activists also take advantage of the Internet and tech devices such as mobile phones, tablets, etc., to monitor events and issues taking place around the world. Ipaidabribes.com, an anticorruption project, allows ordinary citizens to send messages denouncing cases of corruption.

However, the best example of open-social innovation is the one of Foldit, an effective online tool that combines advanced gamification techniques with crowd collaboration to contribute to cancer and HIV/AIDS research.

The Fold it Example

Foldit is an online puzzle video game about protein folding that was developed by Adrian Treuille. It is part of an experimental research project developed with the University of Washington's Center for Game Science in collaboration with the UW Department of Biochemistry.

The public beta version was released in May 2008 and has 240,000 registered players. The objective of Foldit is to fold the structures of selected proteins as well as possible, which is one of the hardest and most expensive problems in biology today.

The protein biosynthesis is reasonably well understood, as is the means by which proteins are encoded as DNA. Determining how the primary structure of a protein turns into a functioning three-dimensional structure and how the molecule "folds" is more difficult; the general process is known, but predicting protein structures is computationally demanding.

Foldit is an attempt to apply the human brain's natural three-dimensional pattern matching abilities to this problem. By analyzing the ways in which humans intuitively approach these puzzles in the game, researchers improve the algorithms employed by existing protein-folding software. As more players complete more puzzles, the researchers can create a better understanding of these protein structures and craft new medicines to promote better health and cure disease.

Although at the beginning, gamers were playing on folding proteins to which the solution was already known, now Foldit is being used for real-world scientific problems.

A report by an international team of researchers from the USA, Poland, and Czech Republic in *Nature Structural and Molecular Biology* unraveled that Foldit players have solved the crystal structure of Mason-Pfizer monkey virus (M-PMV) retroviral protease (Khatib et al. 2011).

Retroviral proteases have critical roles in viral maturation and proliferation, and they are very important for antiretroviral drug development for diseases such as AIDS. For over a decade, researchers have been unable to solve the structure despite using many different methods. Even recently, the protein-folding distributed computer program, Rosetta, which uses thousands of home computers' idle time to compute protein structures, was not able to give an answer. The Foldit players, using human intuition and three-dimensional pattern-matching skills, however, were able to solve the problem within days.

Collective Social Entrepreneurship

Social entrepreneurship has been considerably growing in the past 30 years, but it still remains a small part, only 6.5% of the entire economy in Europe (Seforis Consortium 2013).

On the other hand, the explosion of global challenges in areas such as climate change and environmental degradation; inequality and poverty; lack of access to

basic healthcare, clean water and energy; mass-migration and international terrorism requires modern sustainable enterprises to apply a more radical involvement of all their stakeholders.

Thus, to achieve true impact, social enterprises need to find a way to go beyond making progress on their own; they need to lead collaborations with others (Milway 2014). Creating a sustainable ecosystem would require individual social enterprises to collaborate not just within their sector but also across sectors. Montgomery et al. (2012) term such collaboration “**collective social entrepreneurship.**”

According to Robert Wayne Gould (2012), this can be realized through a combination of open innovation and stakeholder participation.

In the previous paragraphs, we have seen how collective intelligence can be extremely effective at tackling complex problems. On the other hand, we have analyzed the importance of stakeholders’ engagement to support social entrepreneurial organizations to produce long-lasting impact for the common good.

Thus, to initiate a new societal paradigm based on open-source collaboration, all stakeholders need to be empowered to voice their concerns and participate more actively in the decision-making process.

The participation, investment, and inclusion of all members of society in the development process is the key to not only help people fulfill their human potential, but also to ensure that full advantage is taken from a country’s human resources, as well as to promote peace and stability.

One of the main organizations democratizing the participation of stakeholders in the development process is IDEO.

About OpenIDEO

OpenIDEO is an open innovation platform on which global communities can take part in solving any of the various challenges presented on the platform. It is an online international community enabling people to collaborate in developing innovative solutions to pressing social and environmental challenges. Everyone can participate: veteran designers, critics, academics, and the curious lurker.

Similar to a formal innovation process, ideas are presented as “challenges.” One such challenge was initiated by Jamie Oliver to raise children’s awareness of the benefits of fresh food so they can make better choices. Challenges make progress through various creative phases: inspiration, conceiving, evaluation, refinement, and implementation.

The first step is called **inspiration**. The process starts with research to develop empathy and understanding on the topic: capturing people’s needs and experiences before diving into solutions. Contributors are encouraged to submit inspirations in the form of images, stories, and visuals. During the next phase of the project, **conceiving**, contributors are asked to post a solution. People are invited to comment and ideas owners are encouraged to incorporate the feedback received and then refine their ideas again. This iterative approach is based on the philosophy of learning through building – trying out ideas with real people as quickly as possible.

Next, members are asked to rate and comment on concepts in the **evaluation** phase because each concept will gain merit depending on the community response. Only the best concepts carry forward.

In the next step of the design thinking process, called **refinement**, IDEO facilitators tweak the evaluated ideas, adding a highly focused design approach to it. This phase is to be understood through Tim Brown, writing on his blog, *“The idea of crowdsourcing innovation is, in my view, still a big experiment. Conventionally, the question has been whether the crowd can outperform the internal team. Our view is that small teams are good for some things and the broader community is good for others. The goal of OpenIDEO is to find out whether it is possible to orchestrate collaboration between the two to achieve better results”* (Brown 2010). The results of OpenIDEO are impressive. Within 5 years, they managed to post 29 challenges and over 80,000 people participated, submitting over 6000 ideas. Out of them, 300 projects are in the development stage.

Open Lean Innovation

Another interesting trend that is converging with the crowdsourcing universe is the Lean startup methodology, which was coined by Eric Ries from his study of Lean Manufacturing techniques created by Taiichi Ohno and Shigeo Shingo of Toyota.

The lean thinking became particularly relevant after the Dot-Com bubble of the late 1990s, in which companies like Pets.com and Webvan could raise huge amounts of capital, spending it as fast as they could raise it, only to collapse when common sense re-asserted itself and the bubble burst.

After the bubble, venture investors spent the next 3 years doing triage, sorting through the rubble to find companies that were not bleeding cash and could actually be turned into real businesses. Startups began to recognize that they were not merely a smaller version of a large company. Rather, they understood that a startup is a temporary organization designed to search for a repeatable and scalable business model. This meant that startups needed their own tools, techniques, and methodologies distinct from those used in large companies.

The “lean startup” favors experimentation, overelaborate planning, customer feedback over intuition, and iterative design over traditional “big design up front” development. Although the methodology is just a few years old, its concepts, such as “minimum viable product” and “pivoting,” have quickly taken root in the startup world, and business schools have already begun adapting their curricula to teach them.

The unit of progress for Lean Startups is **validated learning**, a rigorous method for demonstrating progress when one is embedded in the soil of extreme uncertainty. Validation comes in the form of data that demonstrate that the key risks in the business have been addressed by the current product. The lean startup asks people to figure out the right thing to build and the thing customers want and will pay for, as quickly as possible.

Modern entrepreneurs need feedback on their solution. They want to know when it is going to fail. They have to know who will use it, and who won't. They need to know how much they are willing to "pay" for it. That information won't be found "pitching" a solution.

Thus, the startups that ultimately succeed go quickly from failure to failure, all the while adapting, iterating on, and improving their initial ideas as they **continually learn from customers**.

Each stage of a startup development is highly iterative. Customer feedback is essential to learn everything: from the problem that the product should solve, to the best communication or distribution channel, as well as the revenue model and the pricing. This continuous collaboration with the customers is key to reduce the inner uncertainty within the innovation process.

As in the case of open innovation, there is a paradox between the benefit of opening a project to the feedback of the customers, and the fear that several entrepreneurs have that their idea will be stolen. Thus, they often prefer to develop their project in secrecy.

However, several economists and successful entrepreneurs support the concept of sharing business ideas. For example, Nilofer Merchant (2012), in her article, "Let your ideas go" in the *Harvard Business Review*, or Patrick Hull (2013) in *Forbes Magazine*, "Talk about your idea, it won't get stolen." They strongly believe that ideas cannot be stolen, because the hardest task in creating a startup is not having the idea, but implementing it. Timing and execution are the essential elements to succeed.

If we apply the concept of lean startup to social innovation initiatives, then it becomes fundamental for social entrepreneurs to involve their stakeholders in the process of validating the organization strategy, promoting full transparency from the financial performance to the resulting social impact. At the end of the day, young social enterprises face the same challenges of traditional startups: they often lack the resources to succeed (knowledge, network, and skills) and they operate in conditions of extreme uncertainty, which, according to *Forbes*, causes 8 out of 10 startups to fail in the first 2 years of activity. Thus, by opening up and enabling the mentors, peer entrepreneurs, and stakeholders to contribute with their knowledge in the business modeling process of social businesses, we can considerably increase the chances of success of these organizations and scale their impact (Potter 2014).

Furthermore, this open approach to social innovation will be the key to enable NGOs to shift their revenue model (based on traditional philanthropic donations) towards the one of sustainable social enterprises. A recent OECD report showcases the decline in official development assistance, reinforcing the need for NGOs to decrease their dependence from external financial support. The opportunity for social projects to crowd-source consulting from their stakeholders to evolve their strategy is probably the greatest hope that we have to revitalize the third sector.

A great example of stakeholders' participation to validate the strategy of social entrepreneurs through crowdsourcing is the open innovation platform, Babele.

BABELE: Crowdsourcing Business Models for Social Entrepreneurs

Babele (www.babele.co) is a social enterprise launched in the fall of 2013, with the objective to harness collective intelligence to help social enterprises and CSR-driven projects to validate their key assumptions and co-develop a sustainable strategy through stakeholders' engagement and participation. The ecosystem hosts a community of over 800 CSR projects and social businesses from 103 countries (www.babele.co/#!/projects).

BABELE is derived from the idea that combining collective human brain power and modern information technology has the potential to form just such an innovative channel for the generation of sustainable development projects.

The platform has a unique open-source approach for supporting social entrepreneurship and creating social impact. It has been inspired by the emerging paradigm of more open, collaborative, and adaptive organizations. Instead of creating social business strategies in secrecy and thus reinventing the wheel without learning from others, it offers an advanced system to share ideas, get inspiration from others, and co-create business strategies for social good and replicate them in other parts of the world.

As Dom Potter explains in Stanford Social Innovation Review: *“Open structures allow for social construction of products and services. This is where the real potential of approaches such as design thinking and lean startup are rendered into concrete actions; they push us to develop products and services with and not for our market.”*

The platform combines the principles of **social entrepreneurship**, **crowdsourcing**, and **lean startup**, engaging crowds of stakeholders in problem-solving, supporting the business development process of social enterprises from all over the world.

Instead of a small number of people setting up definitions of what it means to be a social organization and acting as regulators without a societal mandate, the platform enables to move toward a distributed model of regulation – a model where each and every one of us has the opportunity to look into the workings of any organization and make his/her own judgment.

About the Platform Features

The platform provides a business modeling framework that enables entrepreneurs to develop their ideas into a structured blue print. The project team can co-create the strategy, aligning every member on the fundamental underlying assumptions of the business model.

The collaborative part, in which people can debate, share ideas and give feedback, comes with the stakeholders engagement.

The team can invite mentors and supporters and organize them in groups. Every group will be given different privacy access to the strategy, the files, and the discussions related to the project.

The idea is that every different stakeholder group has a different impact on the project strategy and key activities. For example:

- *Beneficiaries* are key to assess the project's outcomes and social impact.
- *Customers* can help validate and improve the product or service value proposition.
- *Suppliers and distributors'* input is key to improve activities and processes.
- *Partners'* involvement can lead the organization to achieve as many win-win collaborations as possible.
- *Advisory board* can help with strategic decisions regarding the company performance.
- *Investors* are key to support the organization's growth.
- *Supporters/Facebook likers* are also a very useful resource that can help through problem solving and decision making.

Therefore, Babele transform innovation into a highly collaborative process. It enables stakeholders to participate and collaborate to the on-going co-development of sustainable projects and impact ventures. It exposes entrepreneurs to valuable feedback and validation since the conception stage, thus increasing the chances to render its vision and potential into reality.

In addition to this, the platform enables the entrepreneur to organize all the shared content through a tag system, and most importantly, it enables to tag the skills and competences that are required in every discussion/challenge. One of the major issues with today's interconnected society is the high chance to be overloaded with irrelevant information.

Therefore, filtering people according to their field of expertise allows the entrepreneur to maximize the chances to receive relevant feedback, while preventing mentors to receive invites to discussions that might not be of interest.

Open Business Modeling at the Ecosystem Level

Babele provides public and private mentoring communities for organizations supporting social entrepreneurship, such as University classes, mentoring programs, incubators, accelerators, MOOCs, corporate CSR programs. Babele helps them to leverage the collective wisdom of their networks: academics, business experts, coaches, partners, collaborators, entrepreneurs, and employees can bring an unprecedented amount of knowledge to help social ventures refine their business model, considerably increasing the chances of success of these organizations.

- **Entrepreneurs** are invited to refine their business model, validate their assumptions, and tackle key growth challenges by capitalizing on the ideas and feedback of the mentors in the community.
- **Mentors** are matched to the ventures according to their interests and competences; they can track the work done by each team and contribute by submitting ideas, sharing documents and giving feedback to each section of their strategy.

- **Program Administrators** can manage people and ventures, can customize the business framework according to the program best practices, and can assign roles, share insightful files, videos and articles, and catalyze conversations around those shared insights.

These online communities work as a support tool to the off-line components of the programs. In fact, the online format is not meant to replace the offline interaction. The trust between mentors and mentees, as well as the community engagement, is better created off-line.

On the other hand, sharing of best practices, peer learning, and knowledge transfer are better managed online, mostly when the group goes beyond the 40 people. Therefore, the Babele team works closely with the administrators to find the right balance between the online and offline activities for each program, while taking into account the program key goals and the key network constraints.

Towards The Network of Networks

Despite a dense ecosystem of organization propelling social innovation is emerging, many of these actors are often not effective in developing and accelerating social enterprises. Aside from a few elephants in the room (such as Ashoka, Acumen plus, Skoll foundation) that have funding and visibility, the rest of the market is highly fragmented.

There are a myriad of small incubator, accelerators, classes, startup weekends, etc., that are managed by small teams, with very scarce resources, that are doing their best to support social entrepreneurs.

Despite their effort, the failing rate of social enterprise is still too high. Most social entrepreneurs often lack the necessary business acumen to build a viable business model, prioritize their actions, and find partners.

Statistics reveal that 8 out of 10 newly created initiatives fail in realizing their objectives.

Most of these small support programs are struggling to cooperate with other actors in the ecosystem. Rarely, they succeed to involve pro-bono corporate and institutional mentors on-board that could bring priceless know-how and network connections to help the entrepreneurs succeed. Many programs are struggling to provide a good follow-up support to alumni or provide the initial 5000€ most startups need to simply validate that there is a market for whatever solution they want to create.

According to GALI's report "What's Working in Startup Acceleration," the 4 high-performing programs from the study had an average spend of \$140,321, which is more than \$60,000 more than the average for the four low-performing programs.

In reality, these sums are way beyond the budget of the majority of the programs out there.

The high market fragmentation is bringing many support programs to fail. According to Tech Crunch: “While a few top-tier programs get the cream of the crop unicorns of the future, the hundreds of others struggle to attract teams that will produce the investment-grade companies on which their models so depend.”

Ultimately, the **market disconnection** is responsible for the lack of development in the mechanisms and institutions that channel information and money between funders and social ventures.

Babele is tackling this problem by embracing the philosophy of creating the **network of networks for social innovation**.

An open paradigm can enable all these small programs supporting social-change to learn from each other, share experts, track the progress and performance of entrepreneurs, and funnel alumni towards the programs that could help them with their next steps in the journey to build a sustainable and mission-driven company.

Babele is actively working to connect the dots between these networks and organizations, offering opportunities for collaboration and cross-pollination. The final result is a network of communities that can interact with each other: social innovation actors, entrepreneurs, incubators, universities, municipalities, citizens, or CSR-driven companies.

This approach is fundamental to consolidate the social innovation market, incentivize openness and transparency, and support the replication of the best initiatives that have the potential to address the most urgent challenges of our time (Fig. 2).

Ultimately, Babele aims to tap on the collective knowledge of society stakeholders to solve local and global issues, facilitating peer-to-peer learning and sharing of best practices, while removing geographic boundaries between the different organizations and initiatives.

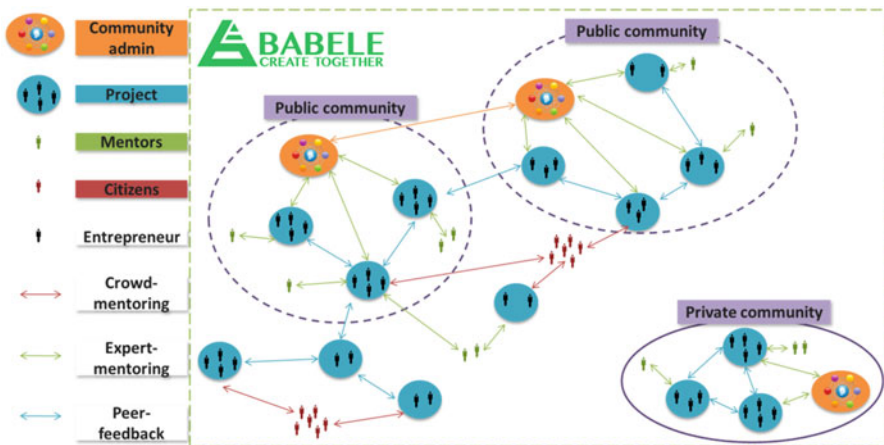


Fig. 2 Interactions within the Babele platform between independent projects, projects within public and private communities, mentors, citizens, and peer-entrepreneurs (Babele, 2015)

Beyond R&D Through the Power of Networks

Robert Fabricant (2013) discusses if social enterprises can be seen as R&D labs in an insightful article titled, “Meet Your New R&D Team: Social Entrepreneurs” in the *Harvard Business Review*. According to him, social entrepreneurs can have a “R&D function” for learning how to serve underdeveloped markets; they are innovative and find solutions to dedicated social issues. Once their solution has a proven impact, they should scale-up. To do this, they need more resources. Therefore, partnering with corporate CSR initiatives may offer them the necessary means to grow. There are many examples; Robert Fabricant describes four of these partnerships in his article.

This point of view is not new. What Robert Fabricant mentions are, in fact, “hybrid strategies,” which means creating partnerships between social entrepreneurs and multinational companies. Oliver Kayser, after 18 years with McKinsey and 5 years with Ashoka, has created Hystra consulting, a company specialized in these hybrid strategies. “*Across the world, social entrepreneurs have been experimenting with a mix of social and business strategies, gaining new insights into market needs, and coming up with innovative solutions to intractable global problems. It is now time for concerned and conscientious corporate leaders to do what they do best in order to help social solutions achieve the scale needed to change the world,*” he says (Kayser 2009).

Both Robert and Oliver recognize that social entrepreneurs bring innovative solutions to social issues and therefore are doing “R&D.” However, they also acknowledge that social enterprises need to partner with multinational companies to grow their scale and scope.

If we continue with the metaphor where social enterprises are the “R&D Lab” for Europe social challenges, then corporations are the “production” department that deploys the prototype conceived upstream.

Their point of view remains in the current paradigm, where only the corporations have the force to scale-up from the prototype model to consistent production. They are the only ones capable of doing this because social enterprises are too small and do not have enough resources.

Now imagine a new paradigm where social enterprises would not only be the “R&D lab” but also the “production” department. They would be interconnected within an efficient network, where they collaborate, experiment, and exchange in a transparent way.

This statement might sound absurd, but it will become less hard to believe through the following comparison. In the 1980s, we had super-computers (“corporations”) that were extremely powerful in comparison with any standard computer in the market (“social enterprise”). Now with the power of the Internet (“our efficient network”), many interconnected PCs have become more powerful than a supercomputer.

A new ecosystem can be created to gather the competencies and resources to make it happen where social enterprises will not only be the “R&D lab” of Europe’s social issues, but they will be the engine solving these social issues and promoting a new kind of growth.

Open Governance

Open social innovation is contaminating several other sectors beyond social entrepreneurship.

Civic engagement is another key trend that combines the collective wisdom of the crowd (citizens) with the collaborative creation of sustainable initiatives that have the potential to improve the quality of life of local communities.

Governments are increasingly realizing that they can, and need to, communicate with citizens in a different way. Citizens can help provide better solutions for cities, but for that, they need to be included in decision-making processes. For example, in the German city of Nuremberg, citizens were asked to locate the noisiest areas of their neighborhood. By jointly identifying these spots, the city administration did not only get a different picture of the problems but could also work on much better solutions.

Multistakeholder governance appears to be the future way of developing public policy, bringing together governments, the private sector, and civil society in partnership. The movement towards this new governance paradigm has been most marked in areas involving global networks of stakeholders where it is too intricate to be represented by governments alone. Nowhere is this better illustrated than on the Internet, where it is an inherent characteristic of the network that laws, and the conduct to which those laws are directed, will cross national borders. This momentum has developed to bring multistakeholder governance to the Internet.

The United Nations e-Government Survey 2008 indicates that governments are moving forward in e-government; the UN e-participation index indicated a constant upward movement with 189 countries online in 2008.

More than 200 municipalities and public institutions are estimated to have initiated participatory budgeting in the world.

Meu Rio

A magnificent example of this phenomenon is the online platform, MEU RIO, which allows the citizens of Rio de Janeiro to have a say in what is happening in the city.

Alessandra Orofino, founder of the initiative, explains in an interview that their main work is the one to translate public policy issues into a language that is understandable to broader society and young people. The site gives people an opportunity to act on things they think are important and allows both organizers and users to identify areas for change and action. Meu Rio has a team dedicated to researching public policy so they can mobilize people effectively.

As an example, in 2013, an 8-year-old student wrote to Meu Rio about her school, the Escola Municipal Friedenreich. It has around 300 students and is one of the best public schools in the country along with specialized staff and facilities for the disabled.

The city had decided to demolish a school to build a parking lot for the nearby Maracanã Stadium. There was no plan to rebuild the school or transfer the students,

and the parents only found out through the local news. So the organization set up a campaign to save the school and got 20,000 signatures on a petition. The campaign started attracting media attention, but even the secretary of education did not know what to do. So Meu Rio decided to try a new tactic. They set up a webcam at an apartment across the street from the school and monitored the school 24/7 through a website with a live feed from the camera. People could sign up to be a “guardian” of the school and watch the feed, and if bulldozers showed up, those watching could press a red button to contact Meu Rio, which would send out text messages to followers to physically protect the school. Around 3000 people signed up to watch the school, using analytics, Meu Rio discovered that for the 2 months of the campaign, not a minute passed that someone was not watching the school. Public officials realized it would be a PR disaster to demolish the school and gave up.

Towards Pure Participatory Democracy

People participation can go beyond idea brainstorming and problem-solving. The next step of stakeholders’ engagement is the co-ownership of the common good solutions collaboratively conceived and implemented in the local communities.

A very small village in the middle of Lapland (Sweden) is living on the next edge of sustainable development and crowdsourcing, practicing as no one else co-creation for the common good.

The majority of Vuollerim’s inhabitants have understood that while in a period of abundance, competition might be the best strategy, and in a period of scarcity, collaboration is certainly the approach that offers the best possible outcome.

Being in such a peripheral part of the world can present several challenges, such as the migration of young minds towards the bigger and more attractive cities in southern Sweden.

To address these challenges, the people of Vuollerim have come together and worked on a new welfare system that involves citizens in first person and embraces entrepreneurship as well as taking initiative. This initiative is based on collaborating for the common good rather than focusing on individual benefits.

The district of Vuollerim has about 800 inhabitants, 60 companies, and 40 nonprofit associations. All of these businesses and organizations have jointly agreed (by writing it in their statutes) to aim for local development and the best for the village.

It all started in 1999 when the first village-owned company was born to save the hardware store that had closed down and was about to be demolished. The Vuollerim’s economic association is composed by more than 100 members who recognized how essential the hardware store was for Vuollerim and its surroundings. Together, they bought the property, which is now running as a multifunction store called “The Greenhouse,” in the middle of the village.

Another great example is VIVA, which manages the Inn, a year-round open hotel. VIVA is co-owned by 150 citizens who have built and decorated the hotel in collaboration with several other villagers.

This democratic collaboration among citizens has also been extended to the educational field.

Vuollerims Charter School, “a good small school,” is a village-owned company that was founded in 2009 and has over 100 co-owners. The reason to start a charter school in the district of Vuollerim was to ensure there was a complete primary school education available in the village, now and in the future. This had become a concern after the municipality’s decision to close down the elementary school in Vuollerim for ages 6–9.

Another incredible collectively owned company is The Village Team, which provides innovators in all ages with the skills, experience, and expertise necessary to take their idea off the ground and develop unique, locally anchored, sustainable enterprises. These days, The Village Team business is in the start of implementing a crowdsourcing experiment in the open innovation platform, Babele, a tool for crowdsourcing ideas and co-developing smarter solutions in a collaborative way.

The Village Team contributes as a “mentor” and sounding board for the development of new business ideas. They choose the projects depending on the individual competences and interests of the members, as well as on the local needs anticipated for the village. Currently, the company engages in producing local music, renting out conference halls and vehicle storage, as well as offering copying and tire services.

Another village company is Lapland Vuollerim Welcomes You AB. It is a community-based tourism company, providing genuine “everyday life” experiences. Lapland Vuollerim has been nominated for Best Outdoor Product of the Year, World Responsible Tourism Award, and Tourism for Tomorrow Innovation Award, and it is a socially responsible business owned by villagers, reinvesting 100% of their profits into further growth of the company and into the local economy.

What is absolutely fascinating of this model is that all the above-mentioned companies strive to enhance both economic and social well-being and growth for the district. All profits for each village-owned company are reinvested in the district in one way or another.

This collaborative welfare model enabled Vuollerim citizens to work together towards a common goal: be better off as a community rather than having a village with winners and losers.

The village is on its way to a brighter future by retaining jobs, youth, and investing in education. This model is a true *hope* for all the peripheral areas in the world that are suffering from similar challenges. It can be done everywhere! The secret is to work together.

How Crowdsourcing and Social Innovation Can Favor Participatory Democracy

Crowdsourcing and design thinking can be smartly combined to funnel the participation of societal stakeholders, who can take an active role in the development of civic projects for the common good. The ideal open innovation platform to achieve participative local democracy should incorporate

elements of **design thinking**, as a way to funnel the creativity of the crowd toward the development of the most effective and feasible solution, and a **sustainable planning framework**, to use collective intelligence to define all the key elements of the project (from financial variables until its expected impact).

Below are the key phases that the ideal participatory democracy platform should contain:



Phase One: RESEARCH PHASE

In this stage, stakeholders work together to create a clear picture of the status quo:

- Identify the key local problems that negatively affect the livelihood of the municipality and gather all the relevant data (quantitative and qualitative) to describe the problem and how it occurs
- Collectively assess the root cause of the problems and analyze the resulting negative impact through an 8-dimensional framework, of which key variables are Political, Economic, Social, Technological, Environmental, Demographical, Cultural, and Legal
- Gather success stories, solutions, and best practices coming from other municipalities and contexts

Phase Two: IDEATION PHASE

In this stage, stakeholders co-propose the solutions with the potential to address the problem.

The ideation framework has to be basic to enable creativity in the crowd-storming process.

This will be composed by a short description of the solution, a presentation of why and how the solution has the potential to address the problem, necessary resources, and implementation complexity.

Phase Three: FEEDBACK AND SCREENING PHASE

In this stage, stakeholders dig deeper into the ideas with insights that will encourage idea development.

Stakeholders will also be able to vote their favorite ideas while justifying their choice.

By the end of this phase, the 10 most voted ideas will proceed to the following phase.

Phase Four: PLANNING PHASE

In this stage, the selected projects will be developed extensively through a collaborative project planning methodology.

Stakeholders will develop each idea into a complete implementation plan, which will include key activities, needed resources, key partners involved in the implementation, realization timeline, as well as a complete section with financials budgeting and expected social/environmental impact.

Phase Five: REFINEMENT PHASE

In this stage, stakeholders will examine each idea and give feedback to each aspect to further refine the proposed plans.

- Mentors and advisors are allocated to each project topic based on their key interests and competences.
- Project proposers can incentivize proactivity and collaboration by rating the work done by their peers.
- The companies, organizations, and institutions that could be involved in the implementation will help validate timeline and budgets for the realization of the projects.
- The municipalities will participate by sharing valuable data to assess each project feasibility.
- By the end of the phase, the community votes the best projects that will be implemented.

Phase Six: IMPLEMENTATION PHASE

In this stage, the winning ideas are announced and an agreement is established among the organization that will participate in the project implementation.

- A transparent and easy-to-digest reporting will display the project progress and performance against established Key Performance Indicators.
- A blog with problems and challenges will be shared with the community to benefit from the collective intelligence process also in this final stage.

If it is true that democracy is a process that must constantly be reinforced at all stages by the internal participation and action by the institutions of the state as well as the international community, then it is fundamental to create new platforms to enhance the discussion among principal societal stakeholders to spread awareness of the things that are known, discuss a strategy, and get societies together to solve the global issues. Through this process, the crowd can engage and create meaningful solutions for the common good of the municipality, bringing a new, fresh perspective to the current model of democracy.

Conclusion

The paradox of a global economy increasingly unified and a global society increasingly divided is the most dangerous threat that weighs on the planet, because it makes difficult if not impossible, the cooperation necessary to solve the other problems.

While market forces demonstrated to be a nonsufficient mean to lead to the most efficient allocation of resources, governments and institutions have failed to meet the needs of the Common Good and bring society together to solve global issues.

In addition to this, the concept of *homo economicus* is losing traction. People are not the rationally self-interested actor lurking at the core of mainstream economic theory (the *homo economicus*: a mercenary ready to crush their neighbors in order to maximize its own interest).

The critical unsustainable situation has led more and more people to realize that we need to create a new type of system. We can become **homo reciprocans**, if society promotes a development model based on sustainability, then people will act accordingly (Berlingen et al. 2015). We can see these values reflected in the new organizational models that pioneers are creating through social entrepreneurship and impact enterprises, Sulabh, Windowfarms, FoldIt are just some examples.

As a reaction of the public institutions failures to answer to the global need of common good, citizens are getting “smarter,” more capable of interpreting issues and discerning between options on their own than simply accepting the views of media and political elites.

People started to realize that if we want to solve the biggest challenges of our time, it is not enough to delegate to someone else. We need a bottom-up, collaborative, and open-sourced approach, where people can actively participate in the development, implementation, and replication of social good projects.

Cyber-Democracy comes into play as the most effective approach to convert this new wave of crowd-participation into an organized platform to develop and replicate ideas, as well as encourage transparency and collaboration at a global scale.

The transparency created by Cyber-Democracy would act as a new ecosystem for differentiating and customizing socially responsible products and services, attracting stakeholders that could create added value previously unobtainable in the conception stage.

We believe such ecosystem has the potential to accelerate the paradigm shift towards a more sustainable market place.

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