Chapter 2
Social Innovation: Towards a Conceptualisation

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2.1 Introduction

Social innovations are receiving increasing consideration by policy makers, scholars, and the citizen sector in recent years as a viable alternative for solving social problems. Social innovations hold the promise of offering solutions to a range of today's societal problems, which neither classic tools of government policy nor market solutions are able to solve (Murray et al. 2008: 3). Social innovations such as microfinance, fair trade, and emission trading have proven to be impactful instruments for social change. Hence, the topic of social innovation has increasingly become relevant in political agendas such as in the USA where the 'Office of Social Innovation and Civic Participation' and the 'Social Innovation Fund' have been established. Also, the European Union has initiated the 'Social innovation Europe' initiative. Centres for social innovation and social innovation labs have been established in universities worldwide such as the Centre for Social Innovation at the Stanford Graduate School of Business in the USA and the Social Innovation Lab at the Humboldt Viadrina School of Governance in Germany.

However, academic research on social innovation is still rare. Recent work on social innovation has been mostly practice-oriented and has been published in the form of research reports of various organisations and foundations as well as articles in journals such as the Stanford Social Innovation Review. The 'Social Innovation Europe' initiative of the European Commission has launched a major research project on social innovation conducted by a research collaboration of six European institutions called TEPSIE (theoretical, empirical, and policy foundations for social innovation in Europe). The Young Foundation, one of the participating institutions of TEPSIE, publishes regular reports on the topic of social innovation.

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Nevertheless, research articles in academic peer-reviewed journals remain sparse. Consequently, no clear definition of social innovation exists till date. Indeed, 'some analysts consider social innovation no more than a buzz word or a passing fad that is too imprecise to be usefully applied to academic scholarship.' (Pol and Ville 2009: 878). The lack of academic literature on social innovation is surprising since the study of social innovation may render valuable insights on social evolution, social change, social movements, and on a more practical level on how to solve pressing social problems. In recent years, the concept has been increasingly discussed in the context of social entrepreneurship but finds applications in much broader contexts as well (Huybrechts and Nicholls 2012). It is suspected that the lack of unanimity about the meaning of social innovation arises from the diverse contexts in which social innovation is practiced since social innovations look very differently in different sectors and locations (Caulier-Grice et al. 2012). Also, most of the understandings and definitions of social innovation have emerged from people actively involved in solving practical problems rather than from scholars who theorise on social innovation (Caulier-Grice et al. 2012). A look at the existing social innovation literature shows that it has been conceptualised in very different research fields. Caulier-Grice et al. (2012: 4) speak of social innovation 'literatures' since no distinct and unified body of knowledge exist to date. In can be concluded that social innovation cuts across sectors and is multi-disciplinary and has, therefore, led to a diversity of meanings and uses of the term (ibid.).

The purpose of this chapter is to provide an overview about the different uses and meanings of social innovation found in the literature and to propose a conceptual understanding based on the literature review which is relevant for the field of social entrepreneurship and other fields investigating processes and mechanisms of inducing positive social change in society. To this end, the next section explores the different meanings of social innovation across different literatures. Major uses of the concept are summarised in the third section. The conception of social innovation which views social innovation as innovations that explicitly aim at the creation of social value is presented and discussed in the fourth section. Within the same section, a conceptual understanding of the concept, which offers a more rigorous understanding of social innovation, is presented. This chapter aims to provide a comprehensive overview of the existing literature on social innovation, an overview about the different definitions of the concept, a delineation of major uses of the concept, and a basic conceptual understanding of social innovation which can be useful for future research on the concept.

2.2 Social Innovation in Different Streams of Literature

As already mentioned, literature on social innovation can be found in various disciplines and streams of literature. Even within a given stream of literature, researchers often hold different conceptions of the concept. Seven streams of literature which give rise to different perspectives on social innovation can be

identified: the sociological perspective, the creativity research perspective, the entrepreneurship perspective, the welfare economics perspective, the practice-led perspective, the community psychology perspective, and the territorial development perspective. Literature from each of these streams is presented and discussed in the following subsections.

2.2.1 The Sociological Perspective

Social innovation from the sociological perspective has been investigated with regard to its significance in changing social practices and structures and leading therefore to social evolution and social change. The term 'social change' from the sociological perspective does not inherently mean positive social change. Social change in the sociological context is understood as a process involving far-reaching changes in society, which may or may not be socially desirable, rather than the well-being and the improvement of quality of life of people[1] *per se.*

Zapf (1991) discussed social innovation in the context of development theory, specifically in the context of modernisation theory. As Zapf (1991: 83) notes, modernisation theory has been partly discredited as 'westernisation'. However, Zapf (1991) believes that the concept of social innovation is an important theoretical link that may bridge the gap between micro- and macro-processes and between structural and action-centred approaches to social change and social development. Zapf (1991: 89) defines social innovations as 'new ways of doing things, especially new organizational devices, new regulations, new living arrangements, *that change the direction of social change*, attain goals better than older practices, become institutionalized and prove to be worth imitating' (emphasis in the original). For Zapf (ibid.), examples of social innovations are incentive-reward systems in companies, new services, social technology, political innovations such as the Peace Corps, and new lifestyles (ibid.). At the core of the social innovation definition by Zapf (1991: 89) is the idea that social innovations are 'new ways of doing things'. These 'new ways of doing things' attain goals better than older practices. It is not specified in this definition whether these 'new ways of doing things' are intentionally implemented or not. It can be expected that a new incentive-reward system in a company is an intentionally designed and goal-oriented strategy, whereas a new lifestyle, understood as a new way of organising one's spending of resources (time, money, etc.), could be a result of complex social, technological, and cultural changes in society rather than a result of intentionally designed and goal-oriented strategies. For Zapf (1991), the purpose of establishing the idea of social innovation

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[1] The Encyclopaedia Britannica defines social change in sociology as 'the alteration of mechanisms within the social structure, characterized by changes in cultural symbols, rules of behaviour, social organizations, or value systems' (http://www.britannica.com/EBchecked/topic/550924/social-change), accessed on October 1, 2012.

is that it functions as a theoretical means by which the macro-processes of social change and evolution can be explained.

Building on Zapf (1991), Gillwald (2000) examines six cases of social innovation belonging to different spheres: the environmental movement and extra-marital partnerships (private sphere), assembly-line work organisation and fast-food chains (economic sphere), and Bismarck's social security system and the Territorial Reform in Germany (government sphere). For Gillwald (2000), social innovations are 'in a nutshell, arrangements of activities and procedures that differ from previous accustomed patterns and that have far-reaching social consequences' (translated from German). On the question as to what extent newness is relevant to social innovation, Gillwald (2000) concludes that rather than absolute newness, the newness of the social innovation's implication and consequences is a relevant criterion for social innovation. These implications and consequences can be benefits and costs as well as adjustments in the societal environment. The author does not view the concept of social innovation as a normative concept. Social innovations are, therefore, not 'good' as such, but are 'social', since they have an impact on social relations and structures. Gillwald cites Salen by stating that 'an innovation does not become an innovation until there is a social impact and this may involve both positive and negative effects' (Salen 1984, cited in Gillwald 2000: 20).

Heiskala (2007) conceptualises social innovation within the broader context of a variant of the structuration perspective (Giddens 1984). Presuming the existence of multiple levels of social structures which enable and constrain people's actions, Heiskala goes on to enumerate seven types of such structures: (1) the structure of the natural environment, (2) demographic structure, (3) technological structure, (4) economic structure, (5) regulative structure, (6) normative structure, and (7) cultural structure. The last three classes of structure (i.e., regulative, normative, and cultural structures) form the sphere of social innovations (Heiskala 2007). Thus, Heiskala (2007: 74) defines social innovations as 'changes in the cultural, normative or regulative structures of the society which enhance its collective power resources and improve its economic and social performance'. Similar to Zapf (1991) and Gillwald (2000), Heiskala (2007) conceptualises the change of social practices and social structures as a crucial aspect of social innovation.

Kesselring and Leitner (2008) also follow the sociological view while studying the invention and implementation of social innovations in organisations. The authors (Kesselring and Leitner 2008: 28) define social innovation as 'elements of social change that create new social facts, i.e., influence the behaviour of individuals or specific social groups discernably and align it with accepted – not primarily economic rationality following – goals' (translated from German). The definition of Kesselring and Leitner (ibid.) stresses, in contrast to the definitions by the above-mentioned authors, the goal-oriented character of social innovations, i.e., emphasises the idea that social innovations are intentionally implemented and strategic to attain specific ends.

Howaldt and Schwarz (2010) argue in their study on social innovation that a paradigm shift is taking place in innovation research. The innovation paradigm of the industrial society perceives technical innovations such as products and

processes as the only avenue for societal development (ibid.). Howaldt and Schwarz (ibid.) foresee the rise of a social innovation paradigm with the transition from an industrial society to a service and knowledge-based society. The authors define social innovation as follows (Howaldt and Schwarz 2010: 21):

A social innovation is [a] new combination and/or new configuration of social practices in certain areas of action or social contexts prompted by certain actors or constellations of actors in an intentional targeted manner with the goal of better satisfying or answering needs and problems than is possible on the basis of established practices.

The definition shows that social innovations are perceived as intentionally designed tools that target specific goals. According to Howaldt and Schwarz (2010), a social idea or social invention turns into a social innovation only when it becomes widely accepted and is being used in a social system, or, put in other words, when it gets institutionalised or transformed into a social fact through planned and coordinated actions. According to the authors, social innovations are disseminated by the market, social networking, movements, governmental guidelines, support by foundations, and charismatic individuals or social entrepreneurs (ibid.). With regard to the role of the social sciences in researching and shaping social innovation, the authors (ibid.) state that the social sciences can contribute, specifically in its analytical function, to conceptually investigate the conditions for social innovation and the social character of innovation processes and their contextual circumstances.

To summarise, it can be concluded that the sociological view of social innovation emphasises the effect of social innovations on social practices and structures, and, therefore, on producing social change. At the same time, for some, the term social innovation designates these changes in social practices and structures themselves. Social innovations are generally considered to be desirable, although some researchers such as Gillwald (2000) state that undesirable innovations can also be considered as social innovations. Social innovations may implicitly refer to human welfare as the discussion in the context of modernisation theory by Zapf (1991) shows. However, the desirability of social innovations from the sociological perspective does not necessarily mean moral or ethical desirability but can also merely mean economic desirability.

2.2.2 The Creativity Research Perspective

Social innovation has been further investigated within the context of creativity research. Research in this domain investigates strategies and tactics that are used to generate and implement social innovations (Mumford 2002; Mumford and Moertl 2003), the factors that influence the development of ideas for social innovations, and the social settings which lead to the acceptance and diffusion of these ideas (Mumford and Moertl 2003). Social innovation in this context is defined by Mumford (2002: 253) as 'the generation and implementation of new ideas of how

people should organize interpersonal activities, or social interactions, to meet one or more common goals'. In a later article, Mumford and Moertl (2003: 261) define social innovation by referring to Mumford's (2002) earlier definition as 'the generation and implementation of new ideas about people and their interactions within a social system'. The products of social innovation may vary with regard to their breadth and impact (ibid). Mumford (2002: 253) conceptualises different types of social innovation on a continuum. On one end of the continuum, new ideas about social organisation or social relationships are located which may involve the creation of new institutions, as well as the formation of new ideas of government or the development of new social movements. Examples of this kind of social innovation can be found, according to Mumford (2002), in the lives of Martin Luther, Henry Ford, and Karl Marx. At the other end of the continuum, social innovations have a less systemic character but may involve the creation of new processes and procedures for structuring collaborative work, the development of new business practices, or the introduction of new social practices in a group (Mumford 2002: 253). Examples for social innovation at this end of the continuum are, according to Mumford (2002), the establishment of the Boy Scouts, the creation of the International Monetary Fund, and the introduction of flexible work-schedules. Social innovations from the perspective of the creativity research perspective are, for instance, the police force, the subscription library (Mumford 2002), scientific management, and standardised tests for college admissions (Mumford and Moertl 2003).

As was the case in the sociological perspective, the creativity research perspective focuses on the effects of social innovation in changing social interactions within a social system. The creativity research perspective, however, emphasises the goal-oriented aspect of social innovations. As Mumford (2002: 253) states, social innovation is about new ideas 'to meet one or more common goals'. Hence, the creativity research perspective views social innovations as intentionally planned and implemented. Accordingly, creativity research is interested in the tactics and strategies applied to create innovations. The sociological view, in contrast, does not restrict the concept of social innovation to planned innovations, but also to emergent changes in social practices and structures such as new lifestyles, which can be intentionally planned and implemented only to a limited extent in society.

2.2.3 The Entrepreneurship Perspective

The field of entrepreneurship, especially social entrepreneurship, offers another perspective on social innovation. More specifically, the topic of social innovation from this perspective, is addressed by the so-called social innovation school of social entrepreneurship (Dees and Anderson 2006). Since the social innovation school builds heavily on Joseph Schumpeter's theory of entrepreneurship, which understands entrepreneurs as innovators, it views social entrepreneurship and social innovation as closely related concepts. Nevertheless, definitions of social

innovation from this stream of literature are rare and social innovation is mentioned only indirectly as something that social entrepreneurs do. The understanding of social innovation within this literature emphasises the positive *social change* that a social innovation brings about. Thus, social innovation from this perspective is about the whole complex process of bringing about social change within a specific setting. For example, Dees (1998) views social entrepreneurs as 'change agents' (p. 4), and Dees and Anderson (2006) refer to Jean Baptise Say and Joseph Schumpeter by stating that social entrepreneurs 'reform or revolutionize the patterns of producing social value, shifting resources into higher areas of higher yield for society' (p. 44). Also, Martin and Osberg (2007) stress the importance of social change by referring to the entrepreneur as someone who develops 'a new solution that dramatically breaks with the existing one' (p. 33).

A more concise examination of Schumpeter's model of entrepreneurship and its implications for social entrepreneurship has been conducted by Swedberg (2009). Swedberg explains that Schumpeter himself suggested in his early work (1911) that one could apply his theory of entrepreneurship also to non-economic activities. Building on the work of young Schumpeter, Swedberg (ibid.) formulates Schumpeter's full model of entrepreneurship which is also applicable to non-economic fields such as arts and politics. Applying Schumpeter's full model of entrepreneurship to social entrepreneurship, Swedberg (2009) mentions five key elements of the model: motivation, innovation, resistance, profit, and the link to macro-level change. The motivation of social entrepreneurs is complex and centred around a sense of mission to create social change (Swedberg 2009: 102). Swedberg (2009: 102) defines social innovations as 'new combinations that produce social change' (p. 102). According to Swedberg (2009: 102), such a combination consists of several elements, each of which can be an innovation in itself: (1) the conception of the way of doing things; (2) financing the venture; (3) its legal forms; (4) its organisation; (5) acquiring resources for its production; (6) method of production; and (7) to turn it into the accepted way of doing things. The resistance to social change includes habits, customs, tradition, norms, routines, and orders that may be anchored in interests such as economic interests or ideal interests (ibid.). Social innovations lead to creative destruction and contribute to society's evolution, and therefore, provide a link to macro-level change (ibid).

Building on Swedberg's (2009) work, Ziegler (2010) conceptualises social innovations as capability innovations. Ziegler (2010) uses the capability approach to explain the 'social' element in social entrepreneurship. The capability approach makes two core normative claims: The first is that the freedom to achieve well-being is of primary moral importance, and the second claim is that the freedom to achieve well-being is to be understood in terms of people's *capabilities*, i.e., their real opportunities to do and be what they value (Robeyns 2011). Accordingly, Ziegler (2010: 265) poses the hypothesis that 'social innovation is the carrying out of new combinations of capabilities'. The second hypothesis which he states is that 'social entrepreneurs act as social change agents who imagine and carry out new combinations of capabilities' (Ziegler 2010: 265). Thus, Ziegler (2010)

conceptualises social innovations as capability innovations, i.e., the carrying out of new combinations of people's real opportunities to do and be what they value.

Similar to the sociological view, the entrepreneurship perspective on social innovation views social innovation as driving social change and social evolution. Both the conceptualisations of Swedberg (2009) and Ziegler (2010) have a reference point to the notions of social evolution since both point out to Schumpeter's idea of creative destruction which, in turn, relates to macro-level societal changes. In contrast to the sociological view, however, it can be assessed that the entrepreneurship perspective views social innovations as intentionally planned and pushed through by entrepreneurs. Another difference is that Ziegler (2010) by using the capability approach as an evaluative framework, makes the goal of social innovation as targeting well-being very explicit, whereas the sociological view and the creativity research perspective view social innovations as desirable and having specific goals, which must not necessarily be social goals, but can be economic goals as well. Also, Swedberg (2009) and proponents of the social innovation school (e.g., Dees 1998; Martin and Osberg 2007) are moreover explicit about the goal of social innovation by stating that social entrepreneurs have a mission to create social value and social change.

2.2.4   The Welfare Economics Perspective

Acknowledging that social innovation has several overlapping meanings, Pol and Ville (2009: 881) suggest the following definition of social innovation: 'an innovation is termed a social innovation if the implied new idea has the potential to improve either the quality or the quantity of life'. The authors (Pol and Ville 2009) distinguish in their explanation of quality of life between micro- and macro-quality of life. Micro-quality of life refers to the quality of life of individuals, which is determined, according to Pol and Ville (2009), by two factors: personal characteristics and the set of valuable options a person has. Examples of personal characteristics which can determine one's quality of life are not only inborn talents but also education and skills. The second determinant of the micro-quality of life is the set of valuable options or things that a person can do and which is generally accepted by civilised society (ibid.). Macro-quality of life is defined by the set of valuable options that a group of people has the opportunity to select (ibid.).[2] The aggregate level of micro- and macro-quality of life includes aspects such as material well-being, education opportunities, health domain, job security, family life, community life, environment (climate and geography), political freedom and security, and gender equality (ibid.). The expression 'quantity of life' that the

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[2] Pol and Ville (2009) build their conceptualisation of the quality of life heavily on the capability approach, which was pioneered by Amartya Sen in the field of welfare economics, although the authors do not explicitly mention this reference themselves.

authors use in their definition of social innovation means life expectancy at birth. Pol and Ville (2009) explain that quality of life in their definition of social innovation refers to the macro-quality of life and that the improvement of this means the increase of the number of valuable options that people can choose from. According to the authors, a vast majority of social innovations are at the same time business innovations, since many business innovations help increasing the set of valuable options that people can choose from (ibid.). Nevertheless, the authors note that not all business innovations (e.g., cigarettes) are social innovations. Hence, the authors distinguish between social innovations as such and 'desirable' social innovations, a concept that involves value judgements (ibid.).

Another category of social innovations exists which the authors call *pure social innovations*. These pure social innovations are not business innovations but, since they do not exhibit potential profits, address needs that are not satisfied by market innovations (ibid.). Pol and Ville (2009) state that these pure social innovations have the features of public goods: It is impossible to exclude others from the benefits of the new idea and the marginal cost of an additional person making use of the idea is zero. The authors further assert that in a free-market society there will be an under-investment in pure social innovations since they do not bear profit incentives for social innovators. As with other public goods, private markets will provide an under-supply of pure social innovations (ibid.). Hence, as the authors conclude, government support is justified in the case of pure social innovations (ibid.). Pol and Ville (ibid.) further suggest the creation of incentives such as prizes by the government or private interest groups to foster the development of social innovations. The contribution of the article by Pol and Ville (ibid.) is that they offer a classification of different social innovations in order to clarify the concept. Very broadly, social innovations are innovations that expand the set of options that people can choose from, whereas 'desirable' social innovations are those which expand the set of options that are normatively judged as good. Pure social innovations have the character of public goods and are not produced by businesses and are therefore often the responsibility of the welfare state.

2.2.5   The Practice-Led Perspective: Reports and Other Non-Peer-Reviewed Contributions

A number of reports and articles on social innovation in non-peer-reviewed journals, especially in the Stanford Social Innovation Review, have been published in recent years. In contrast to the above-mentioned literature on social innovation, this stream of literature is more interested in the practical applications of social innovation rather than in building theories on the topic. Hence, literature of this type often attempts to offer strategies and road maps for creating social innovations, rather than explaining social innovation within a theoretical context.

Geoff Mulgan (2007), director of the Young Foundation, provides in his report entitled 'Social innovation: what it is, why it matters and how it can be accelerated'

an overview about the actors who invent social innovations, the different kinds of resistance that social innovations face, and the different stages of social innovation which range from invention to scaling and to diffusion. Mulgan (ibid.) defines social innovations as 'innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly developed and diffused through organisations whose primary purposes are social' (Mulgan 2007: 8). According to Mulgan (2007), social innovations can be developed and implemented by different actors such as individuals, movements, and innovative organisations. Examples of individual persons, i.e., social innovators, are Michael Young and Muhammad Yunus (ibid.). Mulgan notes that social innovators often have very diverse backgrounds. Historic social innovators were, for instance, politicians, bureaucrats, intellectuals, business people, as well as activists in the citizen sector (ibid.). Another origin of social innovations can be found in the context of social movements such as environmentalism, feminism, and the disability rights movement (ibid.). These movements gave rise to many social change-inducing innovations. Another group which 'does' social innovation is, according to the author, the group of innovative organisations. Drawing to the larger context of social change, Mulgan enumerates barriers to social change such as a loss of efficiency in the short term, people's interests, mental models, and relationships. Mulgan (2007) further explains the stages of social innovation: (1) Generating ideas by understanding needs and identifying potential solutions – sometimes needs can be very obvious, for example, hunger or homelessness, but at other times they are not so obvious and have to be spotted through keen observation and ethnography or need to be defined through campaigns and movements; (2) Developing, proto-typing, and piloting ideas – foundations and philanthropists often prove crucial in this phase by financing the development and prototyping of new ideas. Neverthe-less, social innovations are often implemented early on without proper piloting, since social innovators are so motivated that they are too impatient to carry out the prototyping and piloting; (3) Scaling up and diffusion – scaling and diffusion of social innovations can happen through organic growth, replication, adaption, or franchising; (4) Learning and Evolving – innovations continue to change, and experience may show that the innovation has unintended consequences or unex-pected applications and thus necessitates suitable adaptations (ibid.). Mulgan (2007) conceptualises social innovation in very broad terms as 'innovative activi-ties and services that are motivated by the goal of meeting a social need' (Mulgan 2007: 8). From this perspective, social innovations can be, therefore, as diverse as kindergartens, microfinance, the Internet, the fair trade movement, Wikipedia, and cognitive behavioural therapy (Mulgan 2007).

Phills et al. (2008) offer in their article, titled 'Rediscovering social innovation', and published in the Stanford Social Innovation Review, a detailed and elaborate definition of social innovation. The authors argue that the concept of social inno-vation is more suitable to understand and induce social change than the concept of social entrepreneurship or social enterprise (ibid.). Giving the example of Muham-mad Yunus and the Grameen Bank, the authors show that, while Yunus is the social entrepreneur and the Grameen Bank is the social enterprise, it is ultimately the social innovation of microfinance, which creates social value (Phills et al. 2008).

The authors assess that, since social entrepreneurship is about personal traits and the social enterprise about earned income, both are not able to grasp the mechanism of social change and social value creation as does the concept of social innovation. In addition to this, both social entrepreneurship and the social enterprise are located mainly in the non-profit sector, which inhibits the consideration of the government and the for-profit sector (ibid.). Hence, the authors suggest the construct of social innovation for investigating the mechanism of social change and social value creation since it transcends sectors and levels of analysis. Phills et al. (2008: 36) define social innovation as 'a novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals'.

The authors (ibid.) further argue that to be recognised as an innovation two criteria have to be met: novelty and improvement. Novelty in this context does not imply that the innovation has to be necessarily original. The implementation of an innovation in a new context or the employment of the innovation by a new group of users is a criterion for novelty as well (ibid.). The criterion of improvement signifies, according to the authors (ibid.), that the innovative solution is more effective or efficient than other alternatives, and more sustainable or more just (ibid.) than other alternatives. The authors further distinguish between four elements of innovation: process of innovation; innovation as an outcome; diffusion or adoption; and the value created by the innovation. Trying to find an answer to the question as to what 'social' is, the authors state that motivation cannot be considered as a basis to determine what social is and what it is not, since motivations cannot be directly observed and are moreover often mixed and, therefore, more complex (ibid.). Another way of determining if a social innovation is 'social' is to observe if the innovation addresses a social need or social problem (ibid.). However, the difficulty with this approach of the 'social' is that even obvious non-social innovations, for instance, deodorants address social needs and problems (ibid.). Hence, the authors contend that an innovation is a social innovation only if the value created is tilted towards social value (i.e., that it benefits society or the public) rather than towards private value, which would mean gains for entrepreneurs, investors, and ordinary, not disadvantaged consumers (ibid.). Phills et al. (2008) further assess that a social innovation can be a product, a production process, a new technology, a principle, an idea, a piece of legislation, a social movement, an intervention, or some combination of them (e.g., fair trade). Hence, the authors clearly state that even tangible products can be social innovations as long as they meet the criteria of being a solution to a social problem that is more effective than other solutions and for which the value created accrues primarily to society as a whole rather than to private individuals.

The *Open Book of Social Innovation*, authored by Murray et al. (2010), has been published in 2010 as a collaboration between NESTA (the National Endowment for Science, Technology and the Arts) and the Young Foundation. In this book, the goal of the authors is to present ways to 'design, develop and grow social innovation' (ibid.). The authors (Murray et al. 2010: 3) define social innovations as 'new ideas (products, services and models) that simultaneously meet social needs and create

new social relationships and collaborations. In other words, they are innovations that are both good for society *and* enhance society's capacity to act' (emphasis in the original). The process of social innovation consists, according to Murray et al. (2010), of six stages: (1) prompts, inspirations, and diagnoses, (2) proposals and ideas, (3) prototyping and pilots, (4) sustaining, (5) scaling and diffusion, and (6) systemic change. The first stage of social innovation involves the diagnosis of problems which identifies the root causes, rather than the symptoms of the problem (ibid.). Prompts or triggers to social innovation are, for example, a crisis, poor performance, or new evidence (ibid.). The second stage is the stage of idea generation. The authors (ibid.) suggest several formal methods such as user-led design, creative thinking methods, and quality circles. The third stage involves the testing of the social innovation in practice through different prototyping methods or more informal methods (ibid.). The fourth stage, the sustaining stage, is when the idea becomes an everyday practice. This involves identifying income streams for the firm, social enterprise or charity that carries the social innovation forward or, in the public sector, the identification of budgets and other resources such as legislation (ibid.). The fifth stage of social innovation, scaling and diffusion, involves different ways for growing and spreading innovations such as organisational growth or, in the public sector, the mobilisation of demand by policymakers. The sixth stage of social innovation is the stage of systemic change, which is the ultimate goal of social innovation (ibid.). Systemic changes often involve changes in the public sector, private sector, grant economy, and household sector (ibid.). The authors note that the process of innovation is not linear, and feedback loops and leaps between different stages and processes can occur (ibid.).

In their report entitled 'Defining social innovation', Caulier-Grice et al. (2012: 18) define social innovation as follows:

> Social innovations are new solutions (products, services, models, markets, processes etc.) that simultaneously meet a social need (more effectively than existing solutions) and lead to new or improved capabilities and relationships and better use of assets and resources. In other words, social innovations are both good for society and enhance society's capacity to act.

The definition mentions the five core elements of social innovation which are, according to the authors, (1) novelty, the (2) actual implementation of the social innovation (not just the idea), (3) effectiveness, (4) meeting of a social need, and (5) enhancing society's capacity to act. Novelty as a core element means that social innovations are new to the field, sector, user, region, market, or are applied in a new way (Caulier-Grice et al. 2012: 20). The second core element of social innovations is that the idea is actually implemented, and that, therefore, social innovation has to be distinguished from social inventions (ibid.). The third core element, namely, effectiveness, means that the social innovation is more effective than other alternative solutions (ibid.). The fourth core element of social innovation is that it is explicitly designed to meet a social need (ibid.). The fifth core element is that social innovations enhance society's capacity to act, which means that they empower beneficiaries by creating new roles, relationships, assets and capabilities, or make better use of assets and resources (Caulier-Grice 2012: 21). Caulier-Grice et al. (2012) further develop a

typology of social innovations depending on whether the social innovation is a new product, new service, new process, new market, new platform, new organisational form, or a new business model. In accordance with Murray et al. (2010), the authors propose six stages of the process of social innovation.

For authors of the practice-led literature, social innovation explicitly aims at meeting social goals and needs. In contrast to the sociological view and the creativity research perspective, social innovations from the practice-led perspective can also be tangible products (Phills et al. 2008). Hence, in this stream of literature, a critical aspect of what constitutes a social innovation is not its ability to change social practices and structures but rather its ability to meet social needs and solve social problems, and, therefore, to create social value. The conceptualisation of social innovation from the perspective of the practice-led literature is very broad. Social innovations can be new services, new technologies, new models, a principle, a piece of legislation, or a combination of all these (ibid.). The focus of the literature from this stream is on providing a road map for developing and growing social innovations, rather than theoretically explaining them as social phenomena. Thus, although it is clearly stated that the aim of social innovation is to address social needs and solve social problems, the focus is on the development of social innovation models and programmes which can be replicated (Mulgan 2007: 9), rather than on *how* social change occurs through these innovations.

2.2.6 The Community Psychology Perspective

The term 'social innovation' has been used in the context of community psychology, where it is also referred to as 'experimental social innovation' (ESI). In contrast to traditional psychology, the unit of analysis and intervention in community psychology is not the individual but the community. Thus, the goal of community psychology is to bring social change to communities and to improve the quality of life of the members through the introduction and dissemination of innovative solutions, i.e., social innovations.

Community psychologists address problems such as dysfunctional school systems, racial and gender discrimination, intergroup conflicts, and socio-economic disparities (Maton 2000). Community psychology and its ideas of social innovation are underpinned by humanitarian values such as compassion, caring, humility, and a deep sense of shared humanity (Maton 2000: 49; Seidman 2003). The idea of experimental social innovation has been pioneered by George W. Fairweather (1967). In his book *Methods for experimental social innovation*, Fairweather (1967) addresses the problem of societal marginalisation and proposes the experimental social innovation model as a tool to drive positive social change. Fairweather (1967: v) argues that the social scientist's 'traditional, verbally-oriented role' no longer meets pressing societal problems. Therefore, within the experimental social innovation model, the social scientist plays an active role in creating social innovations. ESI is a systematic methodology that entails the

following several steps. First, the scientist has to identify and define a significant social problem (Fairweather 1967: 20). Next, with the help of field observations, the parameters of the problem in its actual community setting have to be described. The next step is to create several different solutions (innovated social subsystems) to the social problem. The efficacy of the different innovated social subsystems in solving the social problem has to be compared by implanting them into the appropriate social settings. The innovated social subsystems have to be then evaluated over a period of several months or even years (ibid.). The experimental social innovation model further assumes the researcher's responsibility for the lives and welfare of the participants and necessitates a multidisciplinary approach, e.g., economic, political, sociological etc., in assessing the social problem (ibid.). It was due to the dissemination aspect that the ESI model was labelled later as 'experimental social innovation and dissemination' (ESID) model (Emshoff et al. 2003: 346). In Fairweather's (1967: vi) words, the purpose of ESI is experimental social innovation, 'to create a new social subsystem whose methods include innovating models as alternative solutions to social problems, experimentally evaluating them, and disseminating the information to those who can make the appropriate changes'. Moreover, from the perspective of community psychology, social innovations are created and 'managed' first and foremost by scientists. Examples of social innovations from the perspective of community psychology are, for example, anti-poverty programmes and rehabilitation programmes for long-term residents in mental hospitals. The experimental approach suggests that social innovations are tested and evaluated on a small-scale in a naturalistic setting (Hazel and Onaga 2003). The dissemination of the social innovation is a major part of the ESID model. Community psychologists have reported successful dissemination of social innovations as well as failures, sensitising the community of psychologists regarding the difficulties of social innovation adoption (ibid.). Social innovations, such as a new way of dealing with poverty, a new technique to treat schizophrenia, or an innovative kind of school are, compared to technological innovations, not easily introduced and adopted, since they often disrupt valued and complex roles and identities of the members of a community (Taylor 1970).

From the perspective of community psychology, social innovations are mechanisms to bring about positive social change to groups and communities. Social innovations are considered social, since they address social problems and provide solutions to these problems, rather than merely changing social practices. Similar to authors of the entrepreneurship perspective and the practice-led perspective, this stream of literature views social innovations as aiming primarily at social ends.

2.2.7 Territorial Development Perspective

Moulaert et al. (2005) conceptualise social innovation in the context of territorial development. This conceptualisation is linked with the 'mushrooming' of high-quality and innovative community development initiatives in European cities,

which the authors view as local social innovations (Moulaert et al. 2005: 1970). The social rationale of these social innovations is the inclusion of excluded groups into spheres of society such as the labour market, the education system, and socio-cultural life (ibid.). The political rationale is to give a 'voice' to groups which have been traditionally absent from politics (ibid.). Moulaert et al. (2005: 1978) define social innovation as follows:

> Social innovation is *path-dependent and contextual*. It refers to those changes in agendas, agencies, and institutions that lead to a better inclusion of excluded groups and individuals in various spheres of society at various spatial scales.
>
> Social innovation is very strongly a matter of *process innovation* – i.e. changes in the dynamics of social relations, including power relations.
>
> A social innovation is very much about *social inclusion*, it is also about countering or overcoming conservative forces that are eager to strengthen or preserve social exclusion situations.
>
> Social innovation, therefore, explicitly refers to an *ethical position* of social justice. The latter is of course subject to a variety of interpretations and will in practice often be the outcome of social construction (emphasis in the original).

The authors suggest that social innovations have three dimensions: (1) a content dimension, which means that the content or goal of social innovation is the satisfaction of human needs; (2) a process dimension, which means that social innovation involves the process of changing social relations; (3) and an empowerment dimension, which increases socio-political capability and access to resources.

Referring to the conceptualisation of social innovation by Moulaert et al. (2005) as consisting of three dimensions, Gerometta et al. (2005: 2007) state that social innovation is understood as both a normative and analytical concept for the study and development of solutions to the problem of social exclusion in European cities. Other authors who have examined social innovation in terms of territorial development are Novy and Leubolt (2005) and Christiaens et al. (2007).

An example of social innovation in the context of territorial development is a local mediating organisation in Germany that carries out project coordination, promotes the activation and participation of residents in the initiation of projects in the neighbourhood, and fosters especially the inclusion of German resettlers from the Soviet Union in the government structures of neighbourhood management (Moulaert et al. 2005). Another example is that of a psychiatric hospital in Milan which has started setting up economic activities and which is run and used by patients and neighbours and has therefore been integrated in the public, social, and economic space of the city and the metropolitan area (ibid.).

Thus, the focus of social innovation within the context of territorial development is on the local development of communities and neighbourhoods and the inclusion of excluded groups into different spheres of society. Similar to the community psychology perspective, the territorial development perspective of social innovations explicitly refers to an ethical position of social justice and values, as intentionally planned and implemented to solve problems of social exclusion.

Table 2.1 provides an overview about the definitions of social innovation found in the different streams of literature.

Table 2.1 Definitions of social innovation

Field	Author	Definition	Example
Sociology	Zapf (1991)	[S]ocial innovations, then, are new ways of doing things, especially new organizational devices, new regulations, new living arrangements, that change the direction of social change, attain goals better than older practices, become institutionalized and prove to be worth imitating. (p. 89, emphasis in the original)	Incentive-reward system in companies, new services, social technology, political innovation (Peace Corps), new lifestyles
Sociology	Gillwald (2000)	Social innovations are, in a nutshell, arrangements of activities and procedures that differ from previous accustomed patterns and that have far-reaching social consequences. (p. 1, translated from German)	Environmental movement, assembly line work, fast-food restaurants, extra-marital partnerships, social security system
Sociology	Heiskala (2007)	Social innovations are changes in the cultural, normative or regulative structures of the society which enhance its collective power resources and improve its economic and social performance. (p. 74)	Democracy
Sociology	Kesselring and Leitner (2008)	Social innovations are elements of social change that create new social facts, i.e. influence the behaviour of individuals or specific social groups discernably and align it with accepted – not primarily economic rationality following – goals. (p. 28)	Political reforms, new services, new forms of employee participation in corporations
Sociology	Howaldt and Schwarz (2010)	A social innovation is new combination and/or new configuration of social practices in certain areas of action or social contexts prompted by certain actors or constellations of actors in an intentional targeted manner with the goal of better satisfying or answering needs and problems than is possible on the basis of established practices. (p. 21)	New services, new business models, web-based social networking

Table 2.1 (continued)

Field	Author	Definition	Example
Creativity research	Mumford (2002)	The term social innovation, as used here, refers to the generation and implementation of new ideas of how people should organize interpersonal activities, or social interactions, to meet one or more common goals. (p. 253)	Subscription library, police force, paper currency
Creativity research	Mumford and Moertl (2003)	Mumford (2002) defined social innovation as the generation and implementation of new ideas about people and their interactions within a social system. (p. 261)	Scientific management, standardised tests for college admission
Entrepreneurship	Swedberg (2009)	[Social] innovations are new combinations that produce social change. (p. 102)	Combination of microfinance and social group pressure
Entrepreneurship	Ziegler (2010)	[S]ocial innovation is the carrying out of new combinations of capabilities (p . 265)	The work of Gram Vikas forging capabilities of participation, health, and affiliation
Welfare economics	Pol and Ville (2009)	An innovation is termed a social innovation if the implied new idea has the potential to improve either the quality or the quantity of life. (p. 881)	Internet, Clean-up the world initiative
		These social innovations address needs that are not satisfied through the market mechanism (because they do not exhibit potential profits) may be called pure social innovations. (p. 883, emphasis in the original)	
Practice-led field	Mulgan (2007)	[social innovations are] innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly developed and diffused through organisations whose primary purpose are social. (p. 8)	Organic food, open source software, pedagogical models of childcare, microcredit, magazines sold for the homeless,

Table 2.1 (continued)

Field	Author	Definition	Example
Practice-led field	Phills et al. (2008)	We redefine social innovation to mean 'A novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals'. (p. 36)	Microfinance, fair trade, community-centred planning, charter schools, socially responsible investing
Practice-led field	Murray et al. (2010)	Specifically, we define social innovations as new ideas (products, services and models) that simultaneously meet social needs and create new social relationships and collaborations. In other words, they are innovations that are both good for society and enhance societies capacity to act. (p. 3, emphasis in the original).	Innovative education model for slum children, organic farming school
Practice-led field	Caulier-Grice et al. (2012)	Social innovations are new solutions (products, services, models, markets, processes etc.) that simultaneously meet a social need (more effectively than existing solutions) and lead to new or improved capabilities and relationships and better use of assets and resources. In other words, social innovations are both good for society and enhance society's capacity to act. (p. 18)	Text messaging, crowd sourcing, information platform for disaster relief
Community psychology	Fairweather (1967)	. . .to create a new social subsystem whose methods include innovating models as alternative solutions to social problems, experimentally evaluating them, and disseminating the information to those who can make the appropriate changes. This is experimental social innovation. (p. vi)	Anti-poverty programmes, rehabilitation programmes for long-term residents in mental hospitals

Table 2.1 (continued)

Field	Author	Definition	Example
Territorial development	Moulaert et al. (2005)	Social innovation is path-dependent and contextual. It refers to those changes in agendas, agency and institutions that lead to a better inclusion of excluded groups and individuals in various spheres of society at various spatial scales. Social innovation is very strongly a matter of process innovation – i.e. changes in the dynamics of social relations, including power relations. A social innovation is very much about social inclusion, it is also about countering or overcoming conservative forces that are eager to strengthen or preserve social exclusion situations. Social innovation therefore explicitly refers to an ethical position of social justice. The latter is of course subject to a variety of interpretations and will in practice often be the outcome of social construction. (p. 1978, emphasis in the original)	Neighbourhood development programmes against social exclusion

2.3 Uses of the Term

From the literature review, it is clear that different uses of the term 'social innovation' exist. It can be generally observed that some researchers view social innovation as a very broad concept, whereas others consider only very specific phenomena as social innovations. Nevertheless, congruencies between different uses of social innovation across different literatures exist as well. A close reading of the extant literature suggests that three major uses of the term 'social innovation' can be distinguished. Firstly, it is used to describe processes of social change. Secondly, it is used to describe innovations which are intangible and manifest only on the level of social practice, and, thirdly, it is used to describe innovations that explicitly aim at the creation of social value and at inducing positive social change. The different understandings of social innovation must not be necessarily mutually exclusive, but put different emphases on specific aspects of the concept. Each of the three major uses which can be delineated from the literature review is briefly described in the following subsections.

2.3.1   Social Innovation as Social Change

For some researchers, social innovation is synonymous to social change. In this case, the term social innovation does not point to specific novel products or services which induce social change, but to social change itself which manifests in changing social structures. As Nicholls and Murdock (2012) state, 'innovation' implies not only novelty but also a sense of *renewal*. It is this notion of renewal which gives rise to the use of social innovation for describing 'processes of social change and social transformation of society as a whole' (Caulier-Grice et al. 2012: 6). Social innovation signifies in this respect the establishment of new social structures rather than specific new models, products, or services that aim for social change. For example, Heiskala (2007: 74) defines social innovation as '*changes* in the cultural, normative or regulative structures of the society' (emphasis added). This understanding of social innovation as social change does not deny that new services, products, or technologies induce change in the social structure, but it views the resulting changes as social innovations rather than the change inducing innovations. This understanding of social innovation as social change and as the renewal of social structures is relevant to the field of sociology and to investigations regarding social and sociocultural evolution.

2.3.2   Social Innovation as Intangible Innovations

Franz et al. (2012: 4) argue that 'intentionality of social innovation is what distinguishes it from social change', since 'social change just happens'. The second conception of social innovation, therefore, views social innovations as intentionally designed means to achieve specific ends. The 'social' element in social innovation denotes in this conception that the innovation is not manifested as a material object, but occurs on the level of social interaction and social practice. Whereas the focus of the conception of social innovation as social change is on its far-reaching consequences for social practice and the social structure, this approach to social innovation emphasises social innovations as intentionally implemented new services, new modes of production, new political reforms etc. to achieve different goals which can be economic or social. Social innovations from this perspective are, for example, fast-food restaurants (Gillwald 2000; Franz et al. 2012), scientific management, the subscription library, standardised tests for college admissions (Mumford and Moertl 2003), and incentive-reward systems in companies (Zapf 1991). This understanding of social innovation stands in contrast to technological innovation, and some researchers such as Howaldt and Schwarz (2010: 15) foresee a paradigm shift from a technology-oriented innovation paradigm that has been historically influenced by the industrial society, to a new social innovation paradigm that is shaped by the growing service sector. This understanding of social innovation as intangible innovations is especially relevant for the social sciences

with regard to research on innovation (Howaldt and Schwarz 2010) as well as creativity (e.g., Mumford 2002; Mumford and Moertl 2003).

2.3.3 Social Innovation as Innovations That Aim at Social Value Creation

The third use of the concept views social innovations as explicitly aiming at the creation of social value and thus at positive social change. Hence, in this case, the 'social' denotes that the purpose of social innovation is to meet pressing social needs and to improve human and environmental well-being. A social innovation, perceived from this perspective, must not necessarily manifest only on the level of social interaction and social practice, but can be as tangible as a new product or a new technology. This understanding of social innovation is relevant for fields that investigate processes and mechanisms which are designed to induce positive social change and to create social value. It is thus relevant for the fields of social entrepreneurship, territorial development and community psychology.

Since the aim of this chapter is to investigate the concept of social innovation for the field of social entrepreneurship, the understanding of social innovation as innovations that aim at social value creation is discussed in the next section in more detail.

2.4 Proposing a Conceptual Model of Social Innovations that Aim at Social Value Creation

Based on the extant literature, a conceptual framework of social innovation for the field of social entrepreneurship is presented in this section. It is proposed that social innovations comprise of three dimensions: the dimension of formalisation, the dimension of change processes, and the dimension of social outcomes. Figure 2.1 illustrates the proposed model of social innovation.

2.4.1 The Dimension of Formalisation

The dimension of formalisation captures the variety of forms in which social innovations can manifest. Researchers from the practice-led literature especially acknowledge and point out the different forms of social innovations by stating that it can be a product, a production process, a technology, a service, a business model, an idea, a principle, a piece of legislation, a social movement, an intervention, or a

Fig. 2.1 Social innovation aiming at social value creation
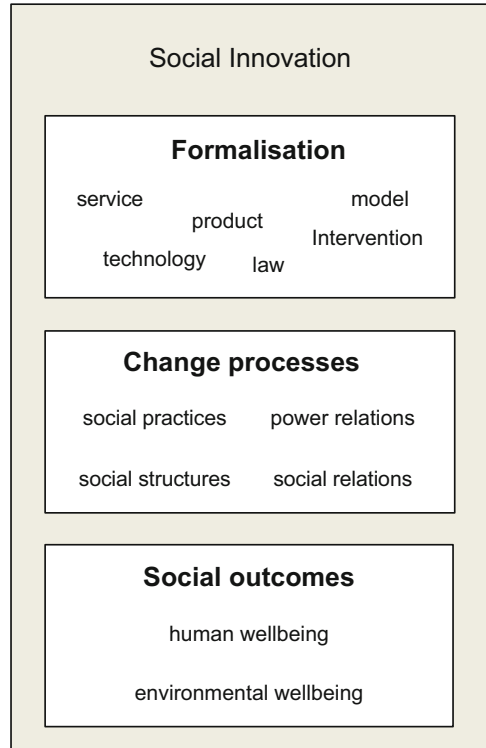
combination of them (Caulier-Grice et al. 2012; Murray et al. 2010; Phills et al. 2008: 39).

It is indeed important to distinguish between these different forms since they differ respectively with regard to their antecedents and consequences. Acknowledging this fact, Caulier-Grice et al. (2012) develop a typology of social innovation on the basis of its different possible forms, which the authors identify as new products, new services, new processes, new markets, new platforms, new organisational forms, and new business models. The model of social innovation proposed in this chapter suggests that the different forms of social innovations can be conceptualised on a formalisation continuum (see Fig. 2.2).

The formalisation dimensions of social innovation imply that social innovations' own specific properties and characteristics can be more or less specified and, therefore, formalised. For example, a social innovative product such as a eco-friendly and health-friendly gas burner developed for Indian street vendors is highly specific and has well-defined properties such as a specified design, material etc. Hence, social innovative products, being highly formalised, are located on one end of the continuum. An intervention such as an empowerment program for women workers in the informal labour market, on the other hand, is less specified and consists of less well-defined properties. Such interventions, often consisting of a bundle of services and smaller interventions, are highly dependent on the
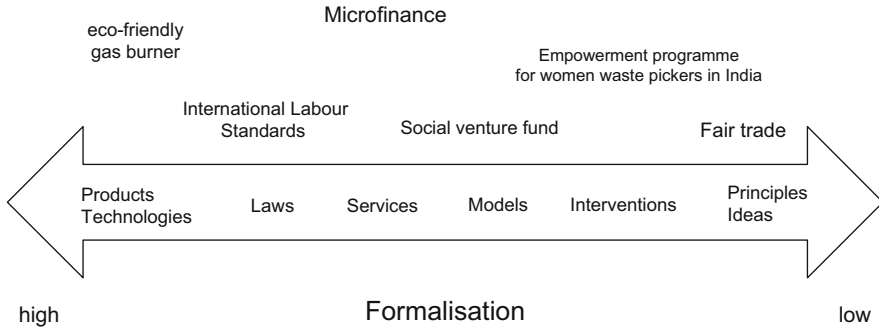
Fig. 2.2 Formalisation continuum

characteristics of the target group and the context and are, thus, often adjusted in an on-going process resulting in a less pre-determined and formalised character. Complex intervention programmes such as these are, therefore, located on the other end of the formalisation continuum. Microfinance as a social innovation is located in the middle of the formalisation continuum since it is specified with regard to its business model and main services, but still requires adjustments to the local context. Conceptualising social innovation along a continuum of formalisation emphasises the increasingly important role played by the specific contexts as the formalisation progressively decreases. Whereas highly formalised social innovations are less context dependent with regard to their properties, less formalised social innovations are highly dependent on the specific context. This recognition also elucidates the potential and possible difficulties of the replication and diffusion of social innovations. In fact, the diffusion of a social innovation is usually possible only if the social innovation is sufficiently well defined and formalised. Also, depending on where the social innovation is located in the formalisation continuum, the role of the beneficiaries of a social innovation as co-creators of value assumes progressively increasing significance as the formalisation reduces. As an example we note that the end user of a product plays a minimal role in the co-creation of value, whereas the customer of a new service such as microfinance plays an important role in co-creating the intended social value of the social innovation by utilising the loan as an investment for generating income.

2.4.2 The Dimension of Change Processes

The second dimension of social innovation is the dimension of change processes. This dimension captures the changes in social structures and practices that social innovations induce. With regard to this, Moulaert et al. (2005: 1978) state that social innovation is related to 'changes in the dynamics of social relations, including power relations'. Also, Caulier-Grice et al. (2012: 20) argue that 'the process of

social innovation will often entail changes in social relations', and that 'social innovation involves changes in power relations'. Howaldt and Schwarz (2010: 21) also locate the changes that social innovations induce in the 'social practices in certain areas of action or social contexts'.

It is suggested that literature from the sociological perspective emphasises the second dimension of social innovation and can, therefore, help to elucidate change processes in the social structures and social practices. A social invention becomes a social innovation only when it effectively changes routines and practices as well as social structures such as power relations and regulative, normative, and cultural structures (Heiskala 2007). The notion of creative destruction with regard to innovation, as proposed by Schumpeter, therefore applies in this sense to the creative destruction of established routines, practices and social structures. The dimension of change processes points not only to sustainable and long-lasting, systemic changes induced by social innovations, but also to the contexts, settings, and their specific structures in which social innovations are embedded. Hence, with regard to the diffusion and replication of social innovations, the dimension of change processes draws attention towards impediments for replication due to different existing structures and relations in different systems. This dimension further draws attention towards resistance, towards social innovations facing structural inertia of organisations, resistance due to vested interests and existing power relations, or rigid mental models and the disruption of roles (Taylor 1970), to name just a few.

2.4.3   The Dimension of Social Outcomes

Moulaert et al. (2005) refer to the third dimension of social innovation as 'content dimension' which explicates the specific needs that the social innovation addresses and the social goals that it aims for. This dimension of social innovation captures the social value that is created through the changes in routines, practices, and structures (dimension 2) which are in turn induced by different forms of social innovation (dimension 1). Pol and Ville (2009: 881) have specified the desired outcome of social innovation as the improvement of 'either the quality or the quantity of life'. Others describe the outcome dimension of social innovation as meeting social needs (Caulier-Grice et al. 2012: 18; Mulgan 2007: 8; Murray et al. 2010: 3), or as solving a social problem (Fairweather 1967; Phills et al. 2008). Moulaert et al. (2005: 1978) view that social innovation aims at social inclusion and that it refers to an ethical position of social justice. In general terms, the desired social outcomes of a social innovation can be stated as the improvement of human well-being and environmental well-being. In more specific terms, social innovations can aim for and result in outcomes such as better access to health care services, improved opportunity for income generation, education etc. It is suggested that existing approaches such as the capability approach, pioneered by Amartya Sen and Martha Nussbaum, can serve as a normative framework to explicate the social

value that social innovations create (Caulier-Grice et al. 2012; Mulgan 2012; Yujuico 2008; Ziegler 2010). In summary, the dimension of social outcomes explicates the purpose and ends of social innovations, which is the improvement of human and environmental well-being.

The three dimensions of social innovation discussed in this section, namely, formalisation, change processes, and social outcomes, are suggested to represent the constituent aspects of social innovations that aim at social value creation. Such an understanding implies that for an innovation to be identified as a social innovation, each of the three dimensions must be present. For instance, an innovation such as a new law to prevent child labour is not a successful innovation until and unless it effectively induces changes in social practices, i.e., is being practiced (dimension of change processes) and, therefore, results in the genuine improvement of children's well-being (dimension of social outcomes).

Conclusion and Future Research

In this chapter, different conceptions of social innovation as found in different streams of literature were presented. Three major uses of the concept were identified: social innovation as social change, social innovation as intangible innovations, and social innovation that aims at social value creation. The third use of the concept has been identified as relevant for the field of social entrepreneurship and has, therefore, been discussed in more detail in this chapter. A conceptual model of social innovation based on the extant literature and comprising of three dimensions was proposed. In this model, the formalisation implied by the social innovation, which forms the first dimension, serves as a continuum basis according to which social innovations can be classified. The level of formalisation of a social innovation further sheds light on the replicability of the innovation and the role of beneficiaries as co-creators of social value. The second dimension of the model is the dimension of change processes, which sheds light on the changes in practices and social structures brought about by the implementation of a social innovation. The third dimension of the model is the dimension of social outcomes. This dimension sheds light on how the consequences resulting from change processes (second dimension) relate to the desired outcome of the social innovation, which is, broadly speaking, human and/or environmental well-being.

The proposed model can be used to analyse existing social innovations. An existing social innovation, for example, could be analysed with regard to its formalised characteristics, actual changes in practice and social structure that it induces, and the social value that it effectively creates.

The model proposed here can, moreover, serve as a convenient starting point for further research on social innovation. Various aspects of social innovation can be analysed within the framework of the proposed model.

Also, various existing theories can be applied to the different aspects of social innovation in conjunction with the model. As examples, the diffusion and replicability of social innovations, which is linked to the dimension of formalisation, could be investigated from the perspective of diffusion theory (Rogers 1962; Wejnert 2002), while the service-dominant logic of marketing (Vargo and Lush 2004) could help to elucidate the role and implications of the beneficiary as a co-creator of social value in social innovation processes. The second dimension, namely, the dimension of change processes, could be elucidated by sociological theories such as structuration theory (Giddens 1984) and the Punctuated Equilibrium Paradigm (Gersick 1991), while the dimension of social outcomes could be analysed using, for example, Rawl's theory of justice (Rawls 1999) or the capability approach (Sen 1979; Nussbaum 2003). Such research can yield valuable insights into social evolution, social change, social movements, and on a more practical level on how to solve pressing social problems.

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