

Chapter 2

Concept and Theories of Social Innovation



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Abstract Theories and concepts of social innovation are discussed in this chapter. After briefly discussing the evolution of the concept of social innovation, it is shown in the chapter that the concept, although in use since the eighteenth century, gained considerable importance in the academic literature and policymaking from the turn of the twenty-first century largely because of the financial crisis of 2008, and austerity agenda of countries in Europe. This is further corroborated by the review of research studies on social innovation. Important theories influencing social innovation are social action, social and solidarity economy, innovations, social entrepreneurship, social investment and social capital and new public management. An evolutionary perspective to the concept of social innovation is provided to show that the meaning of social innovation constantly expanded over a period of time in response to changing social needs and social relations.

Keywords Social innovation · Social entrepreneurship · Social investment · Social capital · New public management

2.1 Introduction

The humankind witnessed several social innovators and social innovations in the past. In the Asia Pacific region, social innovators brought lasting solutions to people's problems. Verghese Kurien, a social innovator par excellence, made efforts to form dairy cooperatives in India and contributed to dairy farming to become the largest self-sustaining industry. His 'billion-litre' idea resulted in what is now widely referred to as the white revolution in India, as dairy farming provides employment to rural dwellers and contributes to one-third of all rural income. In Bangladesh, Mohammed Yunus pioneered microcredit and this innovation spread to several countries. In the region outside of Asia Pacific, social innovators such as Friedrich Wilhelm Raiffeisen

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and Franz Hermann Schulze-Delitzsch (who pioneered cooperatives) from Germany and Robert Owen, Michael Young and Octavia Hill from the UK, are well known for their development work (Mulgan et al. 2007).

An important social innovation that emerged in the Asia Pacific region, was micro-finance. The idea of forming a small group of the poor, mostly women, for undertaking the functions of small savings contribution and borrowing from out of their revolving credit fund changed the way banks perceived the poor and their bankability. Called as Self-Help Groups, these have become prominent in several parts of the world including the Asia Pacific. The whole world is now aware and adopts microfinance as it has succeeded in making the poor bankable, leading to poverty alleviation and empowerment of the poor.

The term social innovation was used since the mediaeval times, and this was first mentioned in research studies in the late nineteenth century. Ever since the publication of the seminal work by Joseph Schumpeter, the term innovation has received considerable attention. The literature following Schumpeterian tradition, however, focused on innovations related mainly to economic enterprises. The number of studies using the concept of social innovation in their research work and the number of times that the governments adopted social innovation as a policy option to tackle social problems has picked up in the last three decades. In particular, the studies surged after 2009. Although these studies have brought out a number of dimensions of social innovation,¹ the focus in this chapter is on the concept and theories of social innovation.

This chapter is presented in six sections. After briefly discussing the evolution of the concept of social innovation in the second section, it is concluded that the concept, although in use since the nineteenth century, gained considerable importance in the literature and policymaking from the turn of the twenty-first century. The reasons why the concept gained importance in the last decade are also provided in this section. A review of the research studies on social innovation is undertaken in the third section to highlight a few dimensions of the research on the subject in the last three decades. In the fourth section, theories of social innovation are reviewed. In the fifth section, an evolutionary perspective to the concept of social innovation is provided to show that the meaning of social innovation constantly expanded over a period of time in response to changing social needs and social relations. The final section concludes the chapter.

¹Research on social innovations covered diverse areas such as urbanisation (Gros-Balthazard and Talandier 2020), corporate sector (Herrera 2015; Mirvis et al. 2016), information infrastructure (Charalabidis et al. 2014; Kliavink and Janssen 2014), tourism (Malek and Costa 2014), care services (Casanova et al. 2020), and greater resilience to globalisation from within (Hopeton 2020). There have also been studies analysing the impact of social innovations such as (Courtney and Powell 2020).

2.2 Social Innovation: Tracing the Evolution of the Concept

The term ‘innovation’ was used in the religious texts as far back as the fifteenth century. This was, however, contested because the term implied ‘change’ and ‘revolution’, and often came in conflict with conservatives who did not want any change for the fear of losing control (Moulaert et al. 2017).

The concept of social innovation was used in the academic literature in the nineteenth century. Ayob et al. (2016) observed that the origin of social innovation concept was sociological. The term innovation was mentioned in the work of Gabriel Tarde, which was published in 1899. Subsequent use of the term was in an academic paper on the American Negro and race blending published in 1909 (Ayob et al. 2016).

Thus, the concept of social innovation was used in the academic literature more than 100 years ago. However, what is surprising is that until about the 1990s, the term social innovation was not widely used in the academic discourse, as well as in policy debates. Ayob et al. (2016) searched Google Scholar in 2013, for papers published on social innovation, and found that there were 44,100 papers related to social innovation; of them, only less than 10% were published before 1989. This clearly shows that the literature on social innovation proliferated in the last three decades.

Another paper similar to the one by Ayob et al. (2016), was published by Păunescu (2014). This paper looked at the research articles that mentioned or included social innovation in their titles. Covering the period of 1966 to 2014,² he found that social innovation was used in the titles of 824 research papers. Nearly 81% of these papers appeared during the ten-year period 2004–2014 and about 55% of them appeared in the five-year period 2009–2014 (Păunescu 2014). This paper thus shows that the term social innovation attracted wide attention from researchers in the last decade or so, especially after 2008.

The question that comes to one’s mind is that why a concept that appeared in the late nineteenth century was not widely used until about the turn of the twenty-first century? At least three reasons can be offered.

The first reason is related to the ambiguity in the concept itself. There was a disagreement on what constitutes an innovation. The adjective ‘social’ in the concept of social innovation has different meanings. For Henderson (1993), social means social movements that result in social innovation. He argues that social movements normally begin as informal, unpredictable and often unnoticed. According to him, social movements, emerging on account of dysfunctional social relations between different social groups, lead to social innovation by putting pressure on the elite to bring in new ideas, products/services, structures. For some, social consists of new forms of social collaboration, while it is a collective action for the delivery of innovations to others. Some authors viewed social as non-state actors including

²For this paper, the database of Thomson Reuters ISI Web of Knowledge was used as this is considered reliable scientific database. The paper examined research papers published during the period 1966 to 2014 to identify key topics and debates relating to social innovation (For details see Păunescu 2014).

the civil society spearheading innovations at various stages. Social is construed as the societal impact in some of the papers. Such a lack of precision in the concept kept researchers away from using this concept in their research work in the early stage. Only after substantial improvement in the understanding of the concept, did the researchers and policymakers begin to use the concept.

Second, with existing policies not fully resolving people's problems, policymakers began to look for new ways of resolving the problems. After the second world war, theories and policies of modernisation, dependency and neo-liberalism were suggested for the development of war-torn nations, as well as for newly independent countries in Asia, Africa and Latin America. Several approaches, cross-cutting these three streams of development, such as basic needs, natural resource management, gender approach, sustainable livelihood, participation and empowerment, microfinance, pro-poor growth and poverty reduction were also advanced. All these development theories and approaches did not work, and the problems of poverty, unemployment and growing inequalities continued in the society, and new problems such as climate change, ageing and elderly care began to appear. It is, therefore, felt that social innovations by organisations such as cooperatives may be more effective to address the problems.

The third factor relates to the 'austerity agenda'. After the economic and financial crisis of 2007–2008, many countries in Europe and North America adopted 'austerity measures' and resorted to reduced spending on public services. Consequently, there was a considerable gap between the services that were needed and the services that were provided. This has resulted in an interest in and deployment of social innovation approaches to meet the gap (TEPSIE 2014). As a result, the number of studies on social innovation has witnessed considerable surge after 2009 (Păunescu 2014; Ayob et al. 2016: 639).

2.3 Research on Social Innovation

In the previous section, it was observed that most of the research studies on social innovation were undertaken after the turn of the century, and that much of the research was recent. Who undertook this research? In which university was this research undertaken? What were the main areas covered? What type of research—conceptual, theoretical or empirical—was carried out?

These questions will be examined in this section with the help of existing studies (Rana et al. 2014; Păunescu 2014; Ayob et al. 2016: 639). Rana et al. (2014) adopted a search process to collect and analyse relevant articles on social innovation undertaken up to 2013 and found 210 articles that were having keywords of social innovation published during 1990 to 2013. Further scrutiny reduced the number of relevant

papers to 185 and usable papers to 105; while 185 articles were used to show demographic characteristics³ of social innovation research, 105 articles were used to make substantive points relating to academic aspects⁴ of the research (Rana et al. 2014).

Who undertook the research on social innovation?

As on December 2013, 341 authors contributed 185 research papers on social innovation. Most of them contributed one article each, while only 21 contributed two or three articles, thus indicating that the research on social innovation was not dominated by a few productive scholars or their research groups.

Which universities produced most of the research on social innovation?

Interestingly, authors from the universities in Europe (England, Germany, Italy, Spain, Netherlands, France, Sweden, Russia, Lithuania, Scotland, Belgium and Denmark) accounted for as many as 55% publications, while North America (the USA and Canada) accounted for 33% of the publications. Even from among these two continents, researchers from universities in USA (21%) and England (15%) dominated the research on social innovation. As far as Asian countries are concerned, researchers from only two countries (Japan and China) figured in the research on social innovation. Another interesting aspect is that four universities (University of Quebec, Canada, University of Oxford, UK, University of Waterloo, Canada and University of California, USA) accounted for large number of publications (Rana et al. 2014). ***The analysis of country and university origin of researchers on social innovation shows that the research was mostly carried out in the developed west, and that the number of studies from the developing countries is less especially those from the Asia Pacific.***

When was the research on social innovation undertaken?

In the second section, we have observed that the research on social innovation was influenced by ‘austerity agenda’. In order to empirically validate this observation, there is a need to look at the year-wise number of publications. Most of the publications on social innovation were published in the years from 2010 to 2012 (Rana et al. 2014). In fact, 88 out of 215 papers appeared after the financial crisis of 2008, thus lending the credence that the research on social innovation was guided by the austerity agenda. The two findings, namely, years of publications and universities that carried out the research are located in the developed west, lend further support to the earlier observation that social innovation research was motivated by the ‘austerity agenda’ as it is the west which was the most affected by the 2008 financial crisis looking for agencies that will meet the gap felt by citizens in the provision of services (TEPSIE 2014).

³These included profile of authors, contributing universities/institutions, university affiliation according to country, frequency of publication, publication outlets and categories of articles.

⁴These include theories and models used, methods employed and topic analysis.

Thematic areas of research on social innovation

The major thematic areas of social innovation research include business economics, environment and ecology, psychology, public administration, sociology, engineering, urban studies and occupational health. These thematic areas accounted for nearly 71% of the studies on social innovation. Interestingly, the thematic area of social work figured just in 10 studies. What is interesting is that there were no studies on cooperation.

From which countries primary data were collected for research on social innovation?

The venue for most of the studies on social innovation was USA, Canada and countries in Europe. From Asia, only China and Japan figured in three studies, each. From Africa, only South Africa figured in two studies. This clearly shows that the research on social innovation is mostly carried out in relation to issues from the developed countries, and that this research has not touched the issues relating developing or underdeveloped countries in Asia, Africa and Latin America.

What research methodology was used in social innovation research?

Rana et al. (2014) show that a large proportion of social innovation research is conceptual (46%), followed by case study (20%), interview (10%), survey (9%) and secondary data analysis (8%). This suggests that most of the literature on social innovation is conceptual and literature oriented. Only a few studies are based on primary data. Interestingly, the studies on social innovation published until 2013, were not based on primary data collected from the developing or underdeveloped countries. This is a major lacuna in the literature on social innovation.

2.4 Theories of Social Innovation

There was proliferation of literature on social innovation after the crisis of 2008, and the research undertaken by the researchers hailing from universities in the developed West at the behest of international agencies such as European Union and European Commission (see Sect. 2.5). Subsequently, there was an apprehension that the research on social innovation as well as suggestions that this has to be incorporated into policies of the country was motivated. It was also criticised that rising importance to social innovation is nothing but an endorsement to neoliberal policies which typically call for fiscal austerity, deregulation, free trade, privatisation and a reduction in government spending. In other words, the call for greater importance to social innovations, it was criticised that, amounts to rollback of the state from its responsibility of meeting the social needs and addressing the development.

The new proponents of social innovation, however, did not agree with the above, and called those suggesting that social innovation seeks to promote neoliberal policies as biased, economic and reductivist account of social economy and it has the following three weaknesses (Jessop et al. 2013). First, this approach tends to

ignore the distinctive macro-economic aspects of social innovation as an interactive ensemble of practices. Second, it neglects those aspects of social innovation that are not immediately economic in their objectives such as democratisation, gender equality and so on. Third, it puts so much of emphasis on the economic agency that it pushes the other types of socially innovative agency to the background (Jessop et al. 2013: 111).

The first theories to influence social innovation were related to sociology. In the nineteenth century, there was a duality in the interpretation of social innovation. The writings of Karl Marx and Engels on socialism were becoming important in the Europe around this time. Because the term social innovation was associated with social reform and socialism, this term was pejorative to conservative forces. At the same time, the social problems in the Western Europe were severe on account of industrial revolution, movement of people from rural to urban areas, increasing urbanisation rates and social problems faced by urban dwellers. In order to resolve these problems, social innovation was considered to be the solution in the academic and policy circles.

Under these circumstances, the theories of Max Weber, Emile Durkheim and others laid the foundation to the concept of social innovation. As a founding father of Sociology, Weber (1968), argued that structural, as well as action approaches, were necessary to understand society and social change. Living in Germany, at a time when there was a rapid transformation in the society on account of revolutionary changes in the economy, he wrote the book on *Economy and Society* in which he noted that sociology is concerned with an interpretive understanding of social action and a causal explanation of its course and consequences. According to him, instrumental-rational social action is carried out by actors in the society because it leads to a result that is social innovation. For him, the significance of technical change hinges upon innovation in the social order and how society perceives the technical change. Social innovations (new forms of practice, organisation or social product) will have influence if widely used in the society.

Émile Durkheim witnessed a rapid transformation of France, from a predominantly agrarian society to a modern and industrialised country with the spread of industrial revolution. The division of labour associated with industrial and capitalistic society brought alienation of workers from one another, something quite different from what they experienced when they were living in an agrarian society. According to him, societies with a high division of labour or increased specialisation rendered workers more alien to one another and yet more dependent on each other; specialisation meant that no individual labourer would build a product on his or her own. He propagated that institutions need to socially innovate to promote cooperation among members in the industrial society, where one is for everyone and all for one, and to provide social security to members in the society.

Joseph Schumpeter, an Austrian economist, influenced the literature on social innovation through his famous book on *Capitalism, Socialism, Democracy* (1942). He noted that there is a constant process in which product and process innovation takes place leading to new production units replacing outdated ones. He called this as 'creative destruction' as the new innovation destroys the old units of production by

replacing them. According to him, innovations influence long-term economic growth by having an impact on business cycles, structural adjustment and functioning of factor markets. It is often viewed that ideas of Schumpeter on innovations mainly influenced economic enterprises, but not social innovation. But, this is not true. He viewed that social innovation is important as this surmounts the resistance against it in the society. He, therefore, argued for integration of comprehensive social theory that allowed multi-dimensional analysis of development and innovation (Jessop et al. 2013).

Schumpeter has had a great influence on innovations; in five decades or more after the publication of his book, the scholarly work focused mostly on innovations in economic enterprises. The theoretical works on social innovation were becoming a few and far in between. Jessop et al. (2013), however, notes that the French intellectual movement acted as a connecting point between the eighteenth century theories on social innovation and the new approaches to social innovation in the second half of the twentieth century. They explained how social innovations emerged due to collective initiative (and not due to state action) and addressed citizen needs. They also brought out the duality in the role of the state—on the one hand, the state acts as a barrier to social innovation, and on the other, as an arena of social interaction that can stimulate social innovations originated by the state or the market.

Social entrepreneurship influenced the concept of social innovation (Defourny and Nyssens 2013). Normally, social entrepreneurship is defined as doing business for a social cause by putting the general interest of the society on top of economic performance. Santos (2012) argues that social entrepreneurship definition should go beyond social cause or comparison of social value with economic value. By making a distinction between value creation (i.e. creating a strong and important impact for the society as a whole) and value capture (i.e. appropriating a substantial portion of the value created with the aim of making a profit), Santos (2012), argues that neither private companies nor the government will engage in areas or activities that have substantial value creation. The failure of the market, as well as the state to engage in areas that can provide substantial value creation, provide a scope for the involvement of social entrepreneurs and social innovation. It is to be noted that social innovations by social entrepreneurs will provide solutions to problems having positive externalities. The central aim of social innovations by social entrepreneurs is to seek sustainable solutions and develop solutions that are built on the logic of empowerment.

Heckman's (1999) theory of social investment and social capital also influenced social innovation. Heckman's theory says that the investment on both cognitive (imparting general, technical and vocational education) and non-cognitive (informal and non-institutional learning) education will lead to a dynamic process with strong synergistic components. The latter will lead to socially and economically valuable non-cognitive skills and motivation produced by schools, families and other institutions. This causes further skill formation in the society leading to social capital, social innovation and economic growth. The theoretical contribution of Heckman is that returns to investment on human capital will be more when invested on the young as compared to the old (Heckman 1999: 6), as the old will have a shorter time to

recoup the investment as compared to the young. Human capital thus has features which are dynamic and complementary.

Public administration has also influenced social innovations providing solutions to the problems relating to hierarchical and bureaucratic decision-making (Jessop et al. 2013). The link between the public administration, especially New Public Management (NPM), and social innovation is brought out by Levesque (2012). Drawing a distinction between organisational innovations (management and coordination relationships) and institutional innovations (power and regulatory relationships), Levesque notes that social innovations in the public service delivery are recognised and supported by public authorities. This is in contrast to the position taken by Santos (2012), who notes that the government will not be in a position to undertake social innovation that creates value.

The point of departure in this approach is the serious efforts (such as greater autonomy and leeway) made to inject the culture of innovation into the government's bureaucracies from the turn of the twenty-first century. NPM is characterised as an ideal type for social innovation as it includes the following elements: (i) Hands-on professional management in the public sector with more autonomy given to organisational heads by way of responsibility sharing and accountability; (ii) Explicit standards and measures of performance by fixing targets, objectives and indicators to enable quantitative evaluations of the performance and accountability; (iii) Greater emphasis on output controls; (iv) Decentralisation of administrations and management with financial autonomy to managers for achieving effectiveness; (v) Shift to a greater competition in the public sector for achieving cost reduction and effectiveness; (vi) Stress on private-sector styles of management practice; and (vii) Stress on greater discipline and parsimony in resource use especially human resources. These features enabled the public sector to initiate social innovations such as administrative reforms and modernisation of the state with ultimate objectives of efficient service delivery and responsibility to users.

Levesque (2012) argues that the public sector, by separating the functions of 'steering' and 'rowing', introduced *organisational innovations* in the management, recruitment and promotion, accountability, new performance management tools, choices to users, e-governance and so on. Institutional innovations of the public sector include decentralised public service delivery, delegation, public-private partnerships, reciprocal role of elected leaders and bureaucrats.

2.5 Concept of Social innovation—An Evolutionary Perspective

One of the first definitions of social innovation was by Mulgan et al. (2007), who provided broad, as well as narrow definitions. Their broad definition was that "social innovation refers to new ideas that work in meeting social goals" (Ibid.: 9). Since this definition includes every organisation, every idea and so on, their narrow definition

of social innovation refers to “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” (Ibid.: 9). Three elements in this definition are to be noted. First, social innovations are carried out by organisations that have social goals. Second, organisations not only develop social innovations but also diffuse them. Third, social innovations, which are innovative activities and services, must be in a position to meet social need.

The economic crisis of 2008, and the consequent global challenges of unemployment, poverty and climate change prompted the member countries of Organisation for Economic Cooperation and Development (OECD) to discuss the need to take innovations beyond economic objectives and cover social goals as well in a workshop organised for this purpose. The proceedings of this workshop note that social innovations seek new answers to social problems by identifying and delivering new services and products (labour market integration processes, new competencies, new jobs, and new forms of participation) that lead to an improvement in the quality of individuals and communities. It defined social innovations that deal “with the welfare of individuals and communities, both as consumers and producers. The elements of this welfare are linked with their quality of life and activity. Wherever social innovations appear, they always bring about new references or processes. Social innovation is distinct from economic innovation because it is not about introducing new types of production or exploiting new markets in themselves but is about satisfying new needs not provided by the market (even if markets intervene later) or creating new, more satisfactory ways of insertion in terms of giving people a place and a role in production” (OECD 2011: 24). *OECD’s definition clarifies that social innovations emerge when the market fails, and secondly, it hints about empowerment when it is mentioned that social innovation gives people a place and role in the production.*

European Commission wanted to find out whether European countries could ‘do more with less’ in the wake of 2008 crisis and austerity agenda, and reduced funds leading to slimming down of welfare benefits and services, social protection, elderly care. It, therefore, funded a four-year project in 2010, entitled “Welfare Innovation at the Local level in favour of Cohesion”, the short title of which was WILCO. The main objective was to “describe instruments and approaches that are used by innovative social projects and networks to fight social inequality and stimulate social cohesion”. As a part of the project, studies were carried out on innovations (at least six in each city) in 20 cities in 10 European countries. Based on these studies, WILCO defined social innovations as “new and disruptive towards the routines and structures prevailing in a given (welfare) system or local setting. Whether or not they can be seen as “better” (more effective/social / democratic) is a question of its own that can only be answered in the retrospective” (WILCO 2014: 11). WILCO added the following two new features to the definition of social innovation. First, social innovations disrupt the prevailing social welfare structures in a locality. This is more close to Schumpeter’s viewpoint that innovations are creative destructions. Second, it is not certain that social innovation will always result in a better outcome such as improved effectiveness, democratisation and so on, and that this can only be found out in retrospective. However, it is also observed that social innovations are

not disruptive, and they should be called as ‘catalytic’ where social change is the primary objective (BEPA 2011).

In 2013, European Union invited the scientific community to study how social innovations could address societal challenges that emerged in several European countries in the wake of government budget cuts, stagnating economies and high unemployment in the wake of 2008 crisis. A group of researchers joined in TRANSIT (Transformative Social Innovation Theory) project to develop transformative social innovation theory. For this, TRANSIT studied 20 social innovation networks and over 110 local initiatives in Europe and Latin America, and analysed over 450 turning points in the development of social innovation initiatives. TRANSIT defines social innovation as “a process of introducing new social relations, involving the spread of new knowledge and new practices (where the newness is a matter of degree and perspective)... Social innovation can also be understood as a qualitative property of ideas, objects, activities and different groupings of people. A social innovation initiative is a collective of people working on ideas, objects or activities that are socially innovative, and a social innovation network is a network of such initiatives” (TRANSIT 2017: 12). As in the case of WILCO, TRANSIT also notes that the outcome of social innovation cannot be predicted at the beginning—the outcome may be *further empowerment and further impetus for change, or loss of motivation and loss of faith* in the social innovation itself.

European Union also initiated a global research project on social innovation (called as SI-DRIVE) in 2014, to “describe social innovation in all its diversity, to develop robust models for the creation, roll out and diffusion of social innovations and to better understand the relation between social innovation and social change” (Howaldt et al. 2016: 30). In four-year period, SI-DRIVE covered 25 countries in the world, analysed 1005 social innovation initiatives in these countries and prepared 82 case studies to provide the evidence-based review on policy areas such as education, employment, environment and climate change, energy supply, transport and mobility, health and social care and poverty reduction and sustainable development. According to this research group, “Social Innovation is seen as new (combination of) social practices in certain areas of action or social contexts. What distinguishes social innovations from other manifestations of social change is that they are driven by certain actors in an intentionally targeted manner with the goal of better satisfying or answering needs and problems than is possible on the basis of established practices. An innovation is, therefore, social to the extent that it is socially accepted and diffused in society or certain societal sub-areas and ultimately becomes institutionalised as a new social practice. Just like any innovation, Social Innovation does not necessarily provide an impact that is ‘good’ for all or ‘socially desirable’ in an extensive and normative sense” (SI-DRIVE 2018: 11). As in the case of earlier definition, social acceptance and diffusion potential are essential features of social innovation, the outcome of which cannot be predicted at the beginning.

In the inaugural issue of the Stanford Social Innovation Review journal in 2003, the social innovation was defined by the journal as “the process of inventing, securing support for, and implementing novel solutions to social needs and problems” (Phills et al. 2008). After publishing several research papers on social innovation, the journal

reached a conclusion that social innovation is the best concept to understand lasting social change, and that there is need to gain more precision and insight into the concept than what was defined in 2003. Hence, the journal redefined 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” (Phills Jr et al. 2008: 36). It is interesting to note that while the solution to meet social needs remained the same in the original, as well as the revised definition, certain attributes to the solution such as effectiveness, efficiency, sustainability and social justice are added. Secondly, the social justice dimension is given considerable focus in the revised definition. Coming from a journal which published research papers on social innovation, these two additions to the original definition implies that researchers found that not all the social innovations are effective, efficient and sustainable, and equitable. Third, by mentioning that benefits of social innovation should go to the entire society this definition implies that social innovation should not lead to elite capture. Similar definitions began to appear later on indicating that researchers began to provide certain attributes to social innovation. For instance, one definition of social innovation is “an ‘innovative’ program or service [which] is a new or different way to address a societal problem or pursue a charitable mission that is more effective, efficient, sustainable, or just than prevailing approaches” (Salamon et al. 2010: 2).

Moulaert et al. (2017) provided three meanings to social innovation. The first meaning is that social innovation is a response to the unmet needs or needs that are not identified or fulfilled by the State, as well as the market. The second meaning is that social innovation is a process that introduces changes in social relations in such a way that the process results in equal opportunities, social justice and autonomy to the people. This will, in turn, result in social inclusion and cohesion. The third meaning is related to the empowerment. Social innovation results in an increased social and political capacity among people to access resources that are needed to strengthen rights to meet needs and engage in collective action. Rodima-Taylor (2011: 1) defined social innovations as “human adaptations to changing needs and socio-economic conditions, and are, therefore, embedded in social processes. The concept of social innovation draws attention to the broader, collective dimensions of these adaptive practices”.

A comprehensive definition of Social Innovation was provided by TEPSIE (The Theoretical, Empirical and Policy Foundations for Building Social Innovation in Europe), a research project funded by the European Union and collaboration between six European institutions.⁵ After three years of research, discussion and debate, TEPSIE (2014: 4) defined social innovations as “new approaches to addressing social needs. They are social in their means and in their ends. They engage and mobilise the beneficiaries and help to transform social relations by improving beneficiaries’ access to power and resources”. Although the purpose of formation of TEPSIE was

⁵These institutions are the Danish Technological Institute, The Young Foundation, The Centre for Social Investment at Heidelberg University, Atlantis Consulting, the Catholic University of Portugal, and Wroclaw Research Centre EIT+.

to explore the barriers to innovation, as well as the structures and resources that are required to support social innovation at the European level, and therefore, Europe specific, this definition includes mobilisation of people, transformation of social relations, improved access to resources and empowerment. The inclusion of these elements makes the definition as the most complete.

2.6 Conclusions

The theories and concept of social innovation are discussed in this chapter. The discussion on the evolution of social innovation concept shows that the concept was used since the nineteenth century, and sociologists were the first to use the concept. The number of academic papers on social innovation and the use of the concept in policymaking witnessed a phenomenal increase from the turn of the twenty-first century. It is argued in this chapter that three reasons contributed to such a growth in the use of the concept. First, the concept of social innovation was imprecise; this deterred the wider use of the term by academicians. Second, the policies formulated by the countries did not achieve the desired success in resolving problems such as unemployment. Added to that, new problems such as climate change and ageing began to appear. So, social innovation was thought to be a solution to both old and the emerging problems. Third, the financial crisis of 2008 has resulted in austerity measures, leading to reduced expenditure on the provision of services by the government. This, in turn, resulted in a gap between services provided by the government and what people wanted. Social innovations by the non-profit sector were thought to be a solution to bridge the gap.

In this chapter, a review of the research studies on social innovation in the last three decades was undertaken to highlight the following. First, the academic research was not dominated by a few productive scholars or their research groups. Second, the research on social innovation was mostly carried out in North America and Europe (especially the USA and Europe), and that the number of studies from the developing countries is less, especially those from the Asia Pacific. Third, a significant proportion of the studies with social innovation as the main theme appeared after 2009, thus suggesting that the financial crisis of 2008, and the consequent austerity agenda by countries in Europe, the USA and Canada contributed to the surge in research on social innovation. Fourth, the thematic focus of the studies was business, economics, environment and public administration. There is hardly any literature on cooperatives. Fifth, the data for these studies were mainly collected from the developed west. The data were collected only from three countries in Asia and Africa—Japan and China in Asia, and South Africa from the African continent. This shows that the research output on social innovation was not based on wider understanding and that there is a need to undertake research on social innovation in the developing and underdeveloped countries. Sixth, most of the research was conceptual and literature

oriented, and only a few studies were based on primary data collected from developing or underdeveloped countries. This is a major lacuna in the literature on social innovation.

In this chapter, the theories of social innovation starting from those propounded by sociologists such as Max Weber and Emile Durkheim and economists like to Schumpeter are reviewed. In the nineteenth century, social innovation was associated with social action, solidarity and social reform, and this was considered to be essential for resolving social and economic problems faced by the poor, especially in urban areas, on account of unemployment, urbanisation, lack of access to social security, poor quality of civic services and so on. On the other hand, the term was pejorative to conservatives who resisted social reforms. Schumpeter's work on innovations as 'creative destructions' resulted in considerable interest among academicians and policymakers; but, the literature on innovations was mostly related to economic enterprises although Schumpeter held a view that innovations in economic enterprises have to be socially relevant for wider acceptance. The subsequent theories that influenced social innovation were social entrepreneurship, social investment and social capital and new public management.

The meaning of social innovation constantly expanded over a period of time in response to changing social needs and relations. From the review of concepts in this chapter, it is concluded that the following are elements in the concept of social innovation. First element is that innovations are initiated by institutions or organisations whose primary goal is social. Second, innovative activities and services aim to meet the unmet needs of people. Third, social innovations emerge because of the failure of the market. Fourth, a place and role to people is provided in innovative activities and services. Fifth, social innovations tend to be disruptive as they replace existing activities and services. Sixth, social innovations are expected to be efficient, sustainable and socially just. Seventh, the nature of outcomes of social innovation cannot be predicted at the beginning. The outcome can be good such as empowerment or desire for more changes. It can also be negative such as loss of motivation and faith among people in the very social innovation itself. Hence, monitoring and evaluation assumes importance to ascertain the effect of social innovation on people. Eighth, benefits of social innovation should go to the entire society, not for a few individuals, and that social innovation should not lead to elite capture.

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