Social Entrepreneurship and Social Innovation: A Conceptual Distinction

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INTRODUCTION

There is a growing body of literature addressing social innovation, social entrepreneurship and social enterprise (Lettice & Parekh, 2010). However, the literature does not offer a consensus on the implication of each concept, although they often seem an attempt to address intractable social issues (MacLean, Harvey, & Gordon, 2013) that call for novel approaches and solutions. Those social problems should be understood in the context of the Grand Challenges of the 21st century, an era of enormous societal change involving ageing of the population, phenomenon of mass urbanisation and social exclusion, high rates of unemployment, and environmental challenges. These challenges cross many boundaries: political, economic, technological and ecological (Bawa & Munck, 2012), and solving those challenges requires designing innovative solutions, mobilising resources collectively and sharing ideas. As emphasised by Howaldt and Schwarz (2010, p. 5)

> "problems have in part changed radically and intensified in conjunction with the drastic acceleration of change in the economy, society and culture, and awareness has clearly grown regarding the limited potential that technological innovations and established management and problem-solving routines have to resolve issues".

Or, as Dawson, Daniel, and Farmer (2010, p. 2) pointed out

> "in recent years, the emphasis has shifted towards recognition of the importance of social engagement in the pursuit of societal well-being. Changing contextual conditions, media coverage and public debate has raised public awareness about social and environmental issues and with the growing disparity between top income earners and the rest of the working population, the assumptions behind the drivers for economic prosperity are increasingly being called into question".

To overcome these problems or challenges and to understand the parallel rise of new kinds of social movements, social innovation and social entrepreneurship have been seen as having an important role in driving social change. Several authors (e.g. Bonifacio, 2014; Cajaiba-Santana , 2014; Seyfang & Haxeltine, 2012; Perrini, Vurro, & Costanzo, 2010) have addressed issues around social change using concepts of social innovation and social entrepreneurship, despite the distinct intellectual heritages of their underpinning fields, namely innovation and entrepreneurship. This has muddied the use of these concepts, with people grappling to create knowledge about a phenomenon (co-ordinated social change from the grass roots to address pressing social problems) by applying a mix of different ideas and theories. This has undermined developing a shared knowledge base about the phenomenon and led to a situation of conceptual confusion. Addressing this conceptual confusion therefore demands reconciling the concepts of social innovation and social entrepreneurship and to better understand how they relate to each other and how they could be applied in parallel.

This chapter therefore seeks to make a conceptual distinction between social innovation and social entrepreneurship two concepts which although very similar are not intellectually equivalent, referring to concepts which are clearly cognate but at the same time different, resulting in a 'catch-all concept'. It is therefore important to make a sharper conceptual distinction, identifying the kinds of debates and circumstances under which each concept can be properly used, but also to understand the intellectual trajectory and structure of the concepts so that they are used in ways that are conceptually coherent. We argue that, although there is a tendency to view particular examples of social change through a single lens, different elements of these social movements can be understood from different perspectives. In this chapter, we separate out different concepts (social innovation and social entrepreneurship), and understand when it makes sense to use each one of them. We argue that it makes no sense to use social entrepreneurship to look at systems change, nor in using social innovation to understand how agents create new combinations, because the study of entrepreneurship relates to agents that want to change

society and to understand how they do it, whereas social innovation relates to how the process of social innovation works and lead to systems changing.

BACKGROUND

A key element underlying this discussion is the search for new modes of social co-ordination and mobilisation in response to the problems emerging in the contemporary mode of governance. Since the 1970s, governments in advanced countries attempted to address a series of societal rigidities that emerged in the post-war welfare model through a process often referred to with the shorthand of neoliberalism, that is to say through the application of privatisation, deregulation, and marketization. Given the increasing technological complexity of advanced economies, governments came to believe that the state could no longer regulate direct social partners towards achieving desirable policy outcomes and goals, that is to say through hierarchical forms of government. Instead, the policy solution was to co-ordinate through markets, in which governments set actors free to compete, and through these competitive processes with the appropriate reward mechanisms, including from the public sector, they would achieve efficient societal welfare outcomes.

However, by the turn of the 21st century it was clear that these quasi-marketised solutions delivered in new public management arrangements were bringing diminishing returns in terms of improved efficiency. At the same time, the creation of markets was at the same time creating new kinds of market failures, particularly in the provision of social services, with private monopoly providers able to leverage their positions and generate rent in from public services. At the same time, increased intensity of competition in the provision of these services made it increasingly difficult for governments to co-ordinate and steer, and encourage private providers to co-operate where there were clear public benefits in so doing. Across a range of quasi-markets in public services, it was clear that a limit had been reached to new public management, increasingly rigid, prone to private monopoly, and unable to provide co-ordination where necessary.

What was an issue around co-ordination became a crisis with the realisation that perhaps a more pressing challenge to 21st statehood was not a steady and slow erosion of governments' ability to meet their citizens' needs, but the emergence of a new class of problems to which existing policy structures had little capacity to address. Whilst governments had been willing to embrace globalisation when combined with liberalisation it brought lower prices and satisfied citizen-consumers, globalisation brought with it an increasing reliance of advanced economies on global commodity chains increasingly vulnerable to supply. The long growth of the late 20th century had brought great wealth to these countries' citizenry, but that wealth was produced in large part by externalising the environmental and societal costs of mass manufacturing production systems, particularly their pollution but also carbon emissions.

In recent years, both sovereign governments as well as a range of multi-laterals have realised that there is a new class of policy problems emerging. National political agendas need address not only reconstructing shattered economies and increasing public service efficiency (thereby minimising the tax burden), but also address more existential crises of food, energy, resource and political security, of climate change adaptation and resilience, of sustainable transport and urban social inclusion, if their states are to have any chance of long-term survival. But these problems are simultaneously complex, multi-level, multidisciplinary messes (Ackoff, 1999), that require mobilising coalitions of actors if they are to have any chance of success. And those actors are already culturally embedded within extensive international networks through a multiplicity of economic, political, social and cultural chain relationships and inter-dependencies.

And whilst a government may be able to create a market for carbon, what it cannot do is through market mechanisms create a truly sustainable energy network involving different modes of distributed generation that hand together into integrated national and continental energy networks. The key issues and problems are completely different at the different scales, from a community mooting a sustainable energy project to

a pan-European multi-model energy transfer network. In particular, governments have lost the opportunity to mobilise and reward communities within market mechanisms and to co-ordinate effective partnerships that work together towards a co-ordinated and efficient endpoint that ultimately addresses one of these grand challenges.

It is against this background that there has been a growing interest in unleashing the potential of the third pillar of societies, alongside the state and private sector, and that is within non-governmental organisations, community groups, and social movements. Just as new public management sought to incorporate techniques and knowledge from the private sector into public reform processes, there is increasing interest in understanding how to harness societal knowledge, social capital and participation in order to address urgent societal challenges. There are clearly some political fractions whose concerns are more about transferring risk and responsibility from the state to welfare recipients, often as part of measures and responses to austerity.

But it is clear that there are also groupings more interested in trying to endow community groups with the power to take control of and improve their own circumstances and situations, and in particular to improve their wider stability within volatile global chains of causation. There is even in some quarters a hope that new micro-experiments at the community scale will create new models and modes of organisation that can be upscaled from the local to the universal, such as the ways in which micro-credit or fair trade have created real benefits for communities across the Global South. There are a range of challenges involved in this process, from creating genuinely new innovations and niches, to findings ways to make them scalable, to finding champions for them beyond their immediately specific context, and to allow them to be disruptive to powerful incumbents who benefit from the existing (sub-optimal) conditions.

It is against this background that there has been a growing interest in a series of related phenomena, of social enterprise, of social entrepreneurship and social innovation. And whilst they are clearly related cognate concepts, they are rooted in very different understandings of how changes come about.

- Social enterprise, an organisation is created that delivers a service that is new to recipients without necessarily being motivated by profit; the novelty here is the fact that a community now has access to a welfare service otherwise commonly provided to less excluded groups.
- Social entrepreneurship involves an entrepreneur that creates something new, taking existing ways of doing things, and creatively transforming them into a more effective way of meeting needs, the novelty lies in new – and better - combinations of existing knowledge.
- Social innovation centres on the process of change itself, a shift from a start-point and an end-point, envisaging a potential reality and bringing together the resources to make that happen; its novelty is the new reality that is created through this process.

It is the areas of social innovation and social entrepreneurship that are perhaps conceptually the most proximate, and therefore in this chapter we seek to make a contribution in providing a set of conceptual tools that sharpen this distinction.

SOCIAL ENTREPRENEURSHIP

Social Entrepreneurship is a field of action that has becoming increasing popular among the media, public officials, social sector organisations, as well as in the business community and as a research topic in universities (Martin & Osberg, 2007). *The Economist* newspaper noted in 2013 that even a large portion of students in business schools were willing to apply the business skills they learned to contribute to a better world and not only to increase the performance of private companies (The Economist, 2013). According to Gray (2012, p. 47) "the term social entrepreneurship was first used in the literature on social change in the 1960s and 1970s". It its roots lie partly in the corporate social responsibility literature, with notably large firms using their power to address social challenges and contribute to a better world (Shintani, 2011). The concept then evolved through nongovernmental action through its charity,

community welfare, and developmental projects, particularly in a context of rethinking of the role of the welfare state (Chand, 2009). However, it was only in the 1990s with the works of Leadbeater (1997) in the UK and Dees (1998) in USA, the first authors theorising about social entrepreneurship, that the idea of social entrepreneurship become popular.

The response to the "challenges of the new economic environment and globalisation includes advocating for policies that promote social as well as economic development, social participation, and equality" (Tan, 2004, p. 87). Dees (1998) emphasised particularly the need to combine an entrepreneurial mind-set with social activism, combining the "passion of a social mission with an image of business-like discipline, innovation, and determination commonly associated with, for instance, the high-tech pioneers of Silicon Valley" (Dees, 1998, p. 1). Consequently, the main difference between an entrepreneur and a social entrepreneur is the focus on social mission and not only on the prospect of a financial profit. Therefore, the social entrepreneur's main measure of success is not wealth creation but "mission-related social impact", although this is extremely difficult to measure (Dees, 1998).

In the same line of reasoning, Leadbeater (1997, p. 3) emphasised that social entrepreneurs create social value by "innovating new solutions to intractable social problems" and by setting in motion "a virtuous circle of social capital accumulation". More specifically, social entrepreneurs "help communities to build up social capital which gives them a better chance of standing on their own two feet". Or, in the words of Dees (1998, p. 1), "social entrepreneurs look for the most effective methods of serving their social missions". Social entrepreneurship can be promoted by different kinds of agents, such as non-governmental organizations, profit-seeking firms that have some commitment to doing good, public sector organizations, and social enterprises established for a social purpose but operating as businesses (Weerawardena & Mort, 2012).

Social entrepreneurship has been a topic of academic research in the last two decades (Muhamad & Adham, 2013; Witkamp, Royakkers, & Raven, 2011a) with intense debate on what social entrepreneurship is about, how it can be conceptualized and what its main characteristics are. We present definitions of social entrepreneurship drawn from the literature in this section. As highlighted by Jackson and Harrison (2011), a major problem is the lack of common understanding of definitions and a statistical base that permits measuring its impact, which means that this field of research often relies on anecdotal evidence rather than empirical data. But, at the same time, social entrepreneurship is "an increasingly popular practice in which business solutions are applied to social problems" (Germak & Robinson, 2014). For example, there is significant social entrepreneurship activity in emerging economies but little systematic research of the phenomenon in this context (Sundaramurthy, Musteen, & Randel, 2013). Given the increasing interest of scholars on the issue of social entrepreneurship, several definitions of this term can be found in the literature; a selection of the most salient are presented below.

1. "Social entrepreneurship describes the efforts of highly motivated individuals and organizations to solve economic and social problems for the benefit of society in general through the use of business methods and innovative strategies" (Jackson & Harrison, 2011, p. 1).
2. "Social entrepreneurship can be understood as dynamic social change resulting from innovation which takes the form of new combinations. These new combinations come about through the formation and reformation of cooperating groups engaged in production; these groups are socially and historically situated, ascribing themselves associated identities as they are ascribed by others, across proscribed or prescribed boundaries" (Tapsell & Woods, 2008, p. 32).
3. "Social entrepreneurship is a new business model that combines a social goal with a business mentality and is heralded as an important new way to create social value such as sustainability" (Witkamp, Royakkers, & Raven, 2011b, p. 667).
4. "Social entrepreneurship relates to a person. It describes an initiative of social consequences created by an entrepreneur with a social vision. This initiative may be a non-economic initiative, a charity initiative, or a business initiative with or without personal profit" (Yunus, 2010, p. 4).

5. "Social entrepreneurship is a multidimensional construct that involves the expression of virtuous behavior and the ability to recognize social value–creating opportunities with key decision-making characteristics of innovativeness, proactiveness, and risk taking, with the organization as the unit of analysis" (Weerawardena & Mort, 2012, p. 92).

6. "Social Entrepreneurs are men and women who tackle social challenges in entrepreneurial, systemic ways. Building upon a vision of "the world as it should be", they identify opportunities for interventions and change, apply their creativity and lift all the obstacles that may arise. Starting from the ground up, they mobilize citizens; find uses for technology to respond to concrete needs; collaborate with public institutions and shift political systems to create the right conditions for change; engage businesses and private investors in distributing their innovations; and work with researchers to prove and document their findings. All through their career, they catalyze innovation and accelerate transformation" (Van Ham, 2011, p. 38).

7. "A social entrepreneur can be defined as an individual who utilises their commercial skills in managing ventures that bring about well-being for others in the pursuit of social change, embracing economic and technological interventions as necessary to achieve their goals" (Dawson et al., 2010, p. 3).

8. "The social entrepreneur should be understood as someone who targets an unfortunate but stable equilibrium that causes the neglect, marginalization, or suffering of a segment of humanity; who brings to bear on this situation his or her inspiration, direct action, creativity, courage, and fortitude; and who aims for and ultimately affects the establishment of a new stable equilibrium that secures permanent benefit for the targeted group and society at large" (Martin & Osberg, 2007, p. 39).

9. "Social entrepreneurs may be defined as people with the mission to create and sustain social value. These social change agents are not limited by resources currently at hand but pursue new opportunities to serve people, take calculated risks and engage in a process of continuous social innovation, adaptation and learning" (Tan, 2004, p. 87).

10. "Social entrepreneurs play the role of change agents in the social sector, by: adopting a mission to create and sustain social value (not just private value); recognizing and relentlessly pursuing new opportunities to serve that mission; engaging in a process of continuous innovation, adaptation, and learning; acting boldly without being limited by resources currently in hand; and exhibiting heightened accountability to the constituencies served and for the outcomes created" (Dees, 1998, p. 4).

11. "Social entrepreneurs will be one of the most important sources of innovation. Social entrepreneurs identify under-utilised resources – people, buildings, equipment – and find ways of putting them to use to satisfy unmet social needs" (Leadbeater, 1997, p. 2).

From these several definitions, some common characteristics can be underlined. Firstly:

> "social entrepreneurship opportunities are the constructed outcomes of entrepreneurial alertness and motivation, and the organizational, societal, institutional, and market contexts in which the entrepreneur is embedded" (Newth & Woods, 2014).

Local embeddedness, sociocultural and historical contexts and changing environmental circumstances emerge as key features of social entrepreneurship (Shaw & Bruin, 2013). Likewise, Maclean et al. (2013) stress the importance of the engagement of the social entrepreneur with the community for the success of the social venture. Finally, following Jackson and Harrison (2011), social entrepreneurship is a field of action where different type of organizations can have an important role (e.g. development organizations, not-for-profit sector, universities, public organizations, governments, as well as profit organizations) around the world. Common to these characteristics is that social entrepreneurship' underlying rationale empowering people to promote autonomy alongside individual responsibility of those benefiting from the

social entrepreneurial initiative being active in the desired social change. Social entrepreneurship goes beyond the traditional paternalist approach by allowing beneficiaries to be part of the solution found by the social entrepreneur and contributing to the fact that an effective change takes place.

These definitions highlight the importance of the engagement of the social entrepreneur with the community for the success of the social venture and that social entrepreneurship is a human-centred concept highlighting the personal qualities of a person who starts a new organization. Thus, as an overall conclusion of this section, we propose the following working definition for the concept of social entrepreneurship:

> **Social entrepreneurship is a field of action involving different kinds of actors, in which sociocultural and historical contexts emerge as key features, where individuals, the social entrepreneurs, construct outcomes, using entrepreneurial alertness and motivation, to solve societal problems.**

SOCIAL INNOVATION

The term social innovation has been used increasingly frequently in recent years (Hochgerner, 2011). The focus was on social innovation research lay with describing Third Sector initiatives addressing problems of social exclusion, emphasising that the process generally develops outside both the market and the state (André & Abreu, 2006). For example, in the words of Westwood (2009), social innovation "aims at satisfying new needs not taken on by the market or creating new, more satisfactory ways of giving people a place and a role in economic and social life" (p. 43). Other authors (e.g. BEPA, 2010; Vale, 2009) emphasised the role of social innovation on the empowerment of people and as a way of "creating social cohesion and contributing to economic dynamism" and, therefore, driving social change. In this perspective, it is emphasised the primacy of people's own capacity over their needs, by developing their skills and aptitudes, and reinforcing self-confidence, motivation, and dignity to overcome problems of social exclusion (Vale, 2009). Still others (e.g. Hochgerner, 2011; Kieboom, 2014; Edwards-Schachter, Matti, & Alcántara, 2012) look at the notion of social innovation as innovation of social practices. This perspective lays emphasis on the social purpose of innovation, the need to deal with social changes, and where networks and social innovation labs are critical for innovation diffusion and to reach systemic change. Finally, some authors (e.g. Moulaert & Nussbaumer, 2005; Moulaert, Martinelli, González, & Swyngedouw, 2007; Moulaert, Martinelli, Swyngedouw, & Gonzáles, 2005) focused attention on how social innovation processes may contribute to socio-territorial cohesion, urban regeneration, and neighbourhood development. This perspective highlighted the social value-added for urban (or even rural) regions that social innovation initiatives may produce and, also, how to reach socially creative cities (Florida, 2002). Part of the increasing interest on social innovation derives is also the alluring possibilities arising from new kinds of technological innovation for solving societal problems, with technologies are transforming the way people interact, and the spread of networks and global infrastructures for information and social networking act as facilitators of new social practices (Brackertz, 2011).

Term social innovation has been used in different contexts and perspectives, making it fuzzy concept. This is in part due to the fact that practitioners have been talking about a range of different things, and that has been taken forward by researchers discontented with an excessive focus on technological innovation in the wider innovation literature, and the way that this excludes a serious consideration of societal change. Although the idea of social innovation is not new (Sharra & Nyssens, 2010), it has been an underdeveloped area in the field of social sciences and innovation studies (Howaldt & Schwarz, 2010; Neumeier, 2012; Adams & Hess, 2008), with scholars only recently turning to the study of social innovation (Moulaert et al., 2005), in part a consequence of an academic pre-occupation with technological innovation (Dawson et al., 2010; Pol & Ville, 2009; Moulaert et al., 2005; Mulgan, 2007). Indeed, "innovation is overwhelmingly treated as economic innovation with a narrow focus on technical

efficiency and the commercialisation of science and technology" (Adams & Hess, 2008, p. 5). However, to fully explain the improvement in the living conditions of humankind, one has to consider also the role of social innovation (Pol & Ville, 2009). Actually, innovation in the non-business context is now being increasingly discussed (Iizuka, 2013; Chalmers, 2012) and, therefore, social innovation can be seen as a reaction to the bias towards technological innovation research, policy and practice (Caulier-Grice, Davies, Patrick, & Norman, 2012).

A second cause of the fuzziness has been a sense of urgency of the new societal problems and challenges that call for novel solutions to be overcome (Iizuka, 2013; Howaldt & Schwarz, 2010; Caulier-Grice et al., 2012) that will be facilitated by changes in culture and values (Murray, Caulier-Grice, & Mulgan, 2010) for example, the growing emphasis on the human dimension; on putting people first; and giving democratic voice (Murray et al., 2010). Many actors have their own lists of which problems in particular are the most societally pressing, leading to an extremely diverse problem set, including: climate change; finding the cure for chronic diseases; increasing and widening inequalities and the rising of poverty rates; massive unemployment and the disaffection of some groups of young people; the erosion of the social security system; chronic shortages of welfare funding in developing countries; the impact of ageing population; diffuse security risks and threats; the mass urbanisation phenomenon; and the social exclusion phenomenon (Iizuka, 2013; Leadbeater, 2007; Moulaert et al., 2007; Moulaert & Nussbaumer, 2005; Gerometta, Haussermann, & Longo, 2005; Norman, Russell, Clarke, & Mackin, 2013).

As with the concept of social entrepreneurship, there are many cognate definitions of social innovation to be found in the literature, which has led to an intense debate about the true meaning of this concept what does or does not constitute a social innovation (Elliott, 2013; Howaldt & Schwarz, 2010; Iizuka, 2013). In this regard, Benneworth and Cunha (forthcoming) and Cunha and Benneworth (2013) present a systematic review of those definitions and argue that two distinct groups of characteristics underlie those social innovation definitions.

The first group is concerned with the issue of social justice at the level of society as a whole, highlighting the characteristics. Firstly, social innovation is oriented towards primarily addressing social and human needs, which should be understood in a broader sense than merely jobs and incomes for a large majority of people in the territorial community (Moulaert & Nussbaumer, 2005). As emphasised by Noya (2011)

> "many social challenges are resistant to conventional approaches to solving them. They require novel approaches, inventive actors and new forms of co-operation among them, thus bringing together different kinds of expertise, skills and tangible and intangible assets" (p. 21).

Secondly, social innovation is about social value creation and community development (Sharra & Nyssens, 2010; Moulaert & Nussbaumer, 2005) and not primarily on commercial gain (Dawson & Daniel, 2010). What triggers social innovation is not competition but rather the need to overcome adversity and risk, although the ability to seize opportunities and meet challenges also seem to be major incentives (André & Abreu, 2006). Therefore, with social innovation:

> "there is a collective dynamic interplay across the technical, social, economic and political dimensions in the group pursuit and development of social objectives and outcomes" (Dawson & Daniel, 2010, p. 15).

Thirdly, collaborative action and the role of networks are important, particularly given the spread of networks and global infrastructures for information and social networking emerge as a fundamental enabler of new social practices which engender social innovations (Brackertz, 2011). The collaborative nature of social innovation is, also, highlighted by Caulier-Grice et al. (2012, p. 21): social innovation "are developed 'with' and 'by' users and not delivered 'to' and 'for' them. They can be identified by the type of relationships they create with and between their beneficiaries". Finally, a central feature in the success of social innovation in practice is empowering people with capacity to act (Moulaert et al., 2005;

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BEPA, 2010). Social innovations they enhance societal resilience and increases beneficiaries socio-political capabilities and access to resources and develops assets and capabilities through participatory approach enabling beneficiaries to meet needs over the longer term (Caulier-Grice et al., 2012). The second group of characteristics is concerned with the micro-scale of social innovation practices, in particular emphasising four issues. Firstly, the fact that novel solutions are proposed to satisfy the identified social needs. Although innovation is, generally, linked to the application of new ideas to devise better solutions to societal needs, social innovation can, also, be achieved simply by the reapplication of old ideas in new ways (Andrew & Klein, 2010; Leadbeater, 2007). Secondly, social innovation is system-changing in nature. For example, Westley and Antadze (2010) stress that social innovation

> "will challenge the social system and social institutions that govern people's conduct by affecting the fundamental distribution of power and resources, and may change the basic beliefs that define the system or the laws and routines which govern it" (Westley & Antadze, 2010, p. 3).

An alternative way of considering social innovation is that it is disruptive and catalytic (Christensen, Baumann, Ruggles, & Sadtlert, 2006). In this regard, social innovations must cross multiple social boundaries to reach more people and different people, more organizations and different organizations, organizations nested across scales (from local to regional to national to global) and linked in social networks (Westley & Antadze, 2010). Thirdly, social innovation is context-dependent, since basic needs are, to a certain extent, context and community-bound and social innovation at the local level means innovation in relations between agents and organizations existing at various spatial scales (Moulaert & Nussbaumer, 2005). A similar argument is developed by Westley and Antadze (2010, p. 12): social innovations

> "do not necessarily generate the sorts of products or services that are always of interest to the market; they are born in a certain context, under certain circumstances, and in response to certain needs or problems. Whether or not the innovation has a broader social impact, however, is dependent on the interplay of political, social, economic, and cultural factors".

Finally, social innovation is characterized by being cross-sectoral, cross-disciplinary, and cross-geographical (Bacon, Faizullah, Mulgan, & Woodcraft, 2008; Brackertz, 2011; Dawson & Daniel, 2010). Based on this duality in the nature social innovation's characteristics, Benneworth and Cunha (forthcoming) and Cunha and Benneworth (2013) proposed a working definition for the concept of social innovation. This definition has a clearly delineated scope, is conceptually objective and does not refer to other fuzzy concepts (such as, for example, social entrepreneurship, social enterprise, social business, and social finance). At the same time, it encompasses the idea of novelty and change for a socially progressive purpose and, simultaneously, addresses the critique of Neumeier (2012) and Cloutier (2003) demanding a more elaborated definition of social innovation with a more rigorous treatment of social justice:

> **"A true social innovation is systems-changing by developing novel solutions in border spanning learning communities to create social value and promote community development, challenging existing social institutions through collaborative action developing wider networks".**

SOCIAL INNOVATION vs. SOCIAL ENTREPRENEURSHIP

After having presented an overview of the concepts of social innovation and social entrepreneurship, this section aims at highlighting the main differences between the two concepts. According to Phills, Deiglmeier, and Miller (2008), a major difference between social innovation and social entrepreneurship (as well as social enterprise, a topic that falls outwith the scope of this chapter) is that social innovation transcends sectors, levels of analysis, and methods in order to understand the processes that produce lasting impact to solve social/societal problems. Phils et al. (2008, p. 37) contend that social innovation

"may indeed involve finding and training more social entrepreneurs and to support the organizations and enterprises they create. But it will certainly require understanding and fostering the conditions that produce solutions to social problems".

The same idea is expressed by Mulgan (2007, p. 45):

"whilst social innovation certainly occurs through social enterprise and social entrepreneurship it also happens in many other contexts. Conversely, although social entrepreneurship often involves innovation, only a small minority of social entrepreneurs create new models that can then be scaled up, and that process of scaling up often involves governments and larger businesses".

Therefore, one might say that the concept of social innovation is wider than the concepts of social entrepreneurship and a third concept, social enterprise. For Westley and Antadze (2010), a social enterprise although addressing social needs, "is a privately owned, profit-oriented venture which markets its own products and services, blending business interests with social ends" (p. 2). In this sense, a social enterprise is an organisational form trading in the market to achieve social aims (Brackertz, 2011). However, the primary objective of social enterprises is 'mission-related impact' rather than profitability (MacLean et al., 2013). They are led by a sense of social purpose and aim to show that businesses and markets can deliver social benefits and tackle intractable social problems and hence overcome the limitations of public service provision (Sharra & Nyssens, 2010). Therefore, their goal should be focused on creating community value and to achieve their sustainability by innovation (Mulyaningsih, Yudoko & Rudito, 2014). Although social enterprises often meet social needs, social enterprises need not be social innovations (Brackertz, 2011), but may exist simply to make money in order to subsidize an independent non-profit activity (Sharra & Nyssens, 2010).

Following Westley and Antadze (2010), social entrepreneurship is an individual-level human-centred concept highlighting the personal qualities of an individual who starts a new organization, and uses their entrepreneurial skills to achieve a social purpose (not necessarily involving social enterprise) (Brackertz, 2011), arguably in response increasing demands for a more ethical and socially inclusive capitalism (Dacin, Dacin, & Tracey, 2011). Four elements can be underlined in the definition of social entrepreneurship (Dacin et al., 2011): the characteristics of individual social entrepreneurs, their sphere of operation, the processes and resources they use, and its mission.

MacLean et al. (2013) identify three common characteristics between social innovation and social entrepreneurship:

- innovation is the basis for both, with social entrepreneurship about channelling entrepreneurial activity towards solving social problems:
- there is some consensus that the creation of social value is central to both concepts; and
- as for the case of social innovation, the rise of social entrepreneurship is due to the increasing inability of the state to satisfy growing social welfare needs.

Westley and Antadze (2010) also argue that the concepts of social enterprise and social entrepreneurship and the concept of social innovation "are closely related to each other since a social entrepreneur can be a part of a social enterprise and, at the same time, can contribute to the promotion of social innovations" (p. 3). From this perspective, both social entrepreneurship and social enterprise are encompassed by social innovation, which operates at the inter-organisational and system levels (Brackertz, 2011). As Chalmers (2012, p. 19) noted:

"While social entrepreneurship research has tended to focus on the individual driving social change, and social enterprise on the new forms of organizational structure that blend commercial and social purpose, social innovation literature has concentrated on the processes and outcomes that lead to system-changing. The crux of this socially innovative behaviour is that skills and

expertise used to develop successful commercial innovations can be used to solve a wide range of societal problems".

Furthermore, Dacin et al. (2011) argue that likely that there is "a hierarchical ordering of social and economic value creation" with the corollary then that the "social value creation mission does not necessarily negate nor diminish a focus on economic value". They contend that "economic value is crucial for the sustainability of social entrepreneurial ventures and the creation of social value", since it is difficult "to ignore that the creation of social value is often closely related to economic outcomes that in turn produce financial resources that the social entrepreneur can use to achieve his or her primary mission".

In summary, and following European Union/Young Foundation (2010, pp. 15-16), the concepts, although overlapping, are distinct. The concept of social entrepreneurship "is used to describe the behaviours and attitudes of individuals involved in creating new ventures for social purposes, including the willingness to take risks and find creative ways of using underused assets". Social enterprise is not really a concept, rather it refers to "businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or community. They are not driven by the need to maximise profit for shareholders and owners". Social innovation is a much broader concept than social entrepreneurship, although as the European Union/ Young Foundation note, it will often encompass social entrepreneurship or social enterprises "although it will often include one or both of these".

By way of overall conclusion, social innovation refers primarily to processes of system-building whilst social entrepreneurship is a way of understanding the behaviour and orientations of the individuals who lead that process. The study of these two concepts has evolved around the particular disciplinary foci of the two communities that have contributed the ideas to this debate. In the innovation literature perspective, social innovation has its roots on scholars trying to understand the construction of the system. Social innovation studies include the social processes of innovation, particularly those innovations which have a social purpose. It focuses on the process dimension of innovation, on how innovation and change take place, on how it is adopted and diffused, and by which means can be scaled-up, in order to address social problems. The social entrepreneurship literature perspective is focused on understanding the characteristics of individuals that create new solutions to solve social problems (or needs) and create social value. Therefore, social entrepreneurs are seen as agents of change of society, "who help find solutions to social challenges, through creative and innovative products and ideas" (Waasdorp & Ruijter, 2011, p. 72).

SOME BRIEF ILLUSTRATIONS OF SOCIAL ENTREPRENEURSHIP AND INNOVATION

The concept and meaning of social entrepreneurship and social innovation has been used in different contexts and/or in a broad range of disciplines. To illustrate the conceptual distinction made in the previous section about those two concepts, this section presents three examples of social movements that aim at improving society´s conditions or, as suggested by Pol and Ville (2009), that contribute to a better human life. In this context, there is a "growing recognition that new and innovative approaches are required to meet the social, economic and environmental" challenges with "millions of people […] creating new and better ways of tackling social challenges" (Norman et al., 2013, p. 4). Social entrepreneurship activities and social innovation movements "have empowered people and organisations to develop participative solutions to pressing societal issues" (BEPA, 2010, p. 16).

The first example, taken from BEPA (2010, p. 45), are second-chance schools and addresses the problem of high drop-out rates from school. The a second-chance school is a coalition of local actors that attempt to reengage students that have for whatever reason disengaged with formal education. The result of that can be that these students do not have the credentials to take up training jobs where they might find skills

of relevance to them with the overall result that they have also disengaged themselves from formal labour markets. In effect, these youngsters fall between the cracks of a set of different systems, educational, labour market, social welfare, and they can become disengaged and excluded from society. The innovation is papering over these cracks with a network of representatives from these different systems and ensuring that there are appropriate mechanisms to ensure that problems in one system (e.g. educational) do not create problems in another (e.g. labour market). BEPA cite the particular example of:

> "One of the first second-chance schools was created in Marseille in 1997, supported by the local authorities. It has since become a major success. Between 1998 and 2007, 66 % of the students that passed through the system obtained jobs and 19 % continued with further training or education" (BEPA, 2010, p. 45).

Its success rate also led to its recognition as a best-practice example (in part also validated by European Commission support) and the model is now being adopted across France in places with similar kinds of problems around youth labour market engagement.

The second example, also taken from BEPA (2010, p. 51), is related to the participatory mode of governance, and in particular the way the German city of Cologne adopted a participatory system for budgeting. The general principle is well-known; citizens are convened in local municipalities in order to express choices about where the priorities should be for public spending in the city (Baiocchi & Ganuza, 2014). Pioneered in Porto Alegre, Brazil, the idea is to make a fairly technical and remote process more transparent to citizens, and empower them with the knowledge and the tools to take responsibility for investments made notionally on their behalf. Cologne was one of the first cities in Germany to introduce the approach in 2008, and has sought to make the participation as real as possible and not just symbolic. Citizens may make proposals, and then there is a period in which they may comment on other citizens proposals, and on that basis, a long-list of proposals is selected, and forwarded to district councils, the main committees of the city council and the relevant council departments, who then must formally respond to the proposals, with those responses being published on the overall website. The overall effect is to re-centre the choice process more actively around the citizen and compel various elite-professional bureaucracies to justify the choices that they make in response to citizens expressed and debated preferences.

The final and often cited example of a systemic social innovation presented in this paper is the case of microcredit as a way to overcome the problems of those individuals financially excluded, and where the Grameen Bank pioneered by the Nobel Prize winner Mohammed Yunus is a well-known example. Microcredit consists in lending money to those segments of the population with lower income that would not be able to access credit in normal conditions; individuals with uncertain credit ratings require collateral to loan funds, and poor individuals do not have the ability to provide this collateral and are excluded from the financial market not because they cannot afford to repay loans, but simply because the lack of information makes them a risk. Microcredit emerged as a way to tackle this problem and a tool to fight against poverty and contribute to socio-economic development. At the beginning, microcredit consisted on lending small amounts of money to poor people (especially women) to start a new business enterprise as a way to have a source of income and, therefore, to improve their living conditions, as well as to contribute to economic development.

These three examples allow highlighting that these social movements can be perceived both as social entrepreneurship actions and simultaneously as social innovations movements. Therefore, we argue that to fully understand the implications of both social entrepreneurship and social innovation it is necessary to apply insights from the entrepreneurship and innovation literatures to get a better understanding of the world. The analysis of those three examples emphasises two things. One is the role of one individual (or agent) that undertake an action that aims at changing the social order and that develops efforts to assembly the resources needed for accomplish that goal. The other is the fact that they can be regarded as

a system-building process where social innovation ultimately changes the way that wider social systems function, and in particular shifts power structures to empower more excluded communities. In this perspective, one of the assumptions underlying social innovation "is that innovations can be used to address challenges in society, to benefit groups that are struggling in society, and to improve the well-being of individuals" (Ruede & Lurtz, 2012, p. 29). Therefore, the "most common approach to social innovation proceeds from the understanding that it is induced by some kind of social need and/or is aimed at solving a critical social problem" (Loogma, Tafel-Viia, & Ümarik, 2013, p. 285).

FUTURE RESEARCH: CAN HIGHER EDUCATION INSTITUTIONS (HEIS) BE SEEN AS SOCIAL INNOVATORS?

One rather surprising omission in the literature around social innovation and entrepreneurship relates to the omission of any real systematic consideration of how universities contribute to social innovation and entrepreneurship processes. Given that universities are important sources of knowledge and entrepreneurship for society, it is surprising that there is not a more systematic literature that seeks to consider how universities support social innovation and entrepreneurship. The so-called third mission of HEIs, in a broader sense, the relation with its community, can be perceived as social innovation (Benneworth & Cunha, forthcoming; Cunha & Bennetworth, 2013). HEIs provide skilled workers, create new knowledge, are involved in social and cultural activities in the region where they are located which would not exist if they were not located in a given region. There are many studies (e.g. Arbo & Benneworth, 2007; Hermannsson & Swales, 2010; Smith, 2003) that show HEIs as greater contributors for regional development.

At the same time, HEIs can be regarded as knowledge-intensive social institutions (Bawa & Munck, 2012) well placed to address the knowledge-intensive societal challenges of the 21st century by promoting social entrepreneurship and social innovation, which implies the creation of new knowledge and the development of skills, new products, process or services to come up with novel solutions to address those societal challenges (or problems). In this context, HEIs can play "an important role in terms of local community development in support of civil society, especially in a knowledge-based global economy and a world characterised by social exclusions and inequalities" (Bawa & Munck, 2012, p.xiv), which brings several benefits, such as enhanced human and social capital development; improved capacity building; and development of active citizenship.

In the last sense, social innovation should be focused upon providing the people of a territory with clear identity so that they are able to participate, define and create the development of the region. Part of the problem is that local dimension is increasingly unattractive as an orientation or branding given that there is an increasing emphasis on excellence in global research rather than its local application. Certainly in North America, with a number of honourable exceptions, universities tend to define their knowledge-creation and circulation missions in terms of global excellence rather than local relevance. Conversely, there are clearly areas of the world, including Latin America, where HEIs have a commitment to their local communities, in promoting their development, supporting programs in the areas of health, agriculture and small business development (Tapia, 2008).

The institution of university since it emerged in the middle ages have been international and transnational institutions, and have had an international orientation. But at the same times, universities have always had a particular local embedding that affects their skills and capacities, and indeed successful universities are those that find a way to bridge between these global knowledge communities and local knowledge application contexts. It is precisely these competencies which are at the heart of delivering effective social innovations that transform society and address the Grand Challenges. Thus, it is clear that universities have a particular potential to be at the heart of social innovation processes, as long as the underlying issues of their diversity – and the attendant tensions – can be addressed.

This raises the question of how this diversity of missions and practices, sometimes within the same region, can be understood within the overall framework of social innovation. One key element of diversity here is between public, private and for-profit HEIs. For public HEIs, a social mission is usually compulsory, and some of the most philanthropic universities are actually those that are outside the public system – private Foundations – but nevertheless those that apply a particular ethos of accountability, such as Harvard. Conversely, for-profit universities have a much lower social orientation, in part because there is no 'social contract' involved in their funding model (a duty to deliver public benefits in return for public funding), but rather an individual contract between paying student customers and the institution. Alongside these longstanding tensions (*cf.* Pinheiro et al., 2012) there are a particular set of contemporary pressures emerging on universities from the financial crisis. With relatively few exceptions such as Scandinavia, the global financial crisis has led governments to slash their investments in higher education, something which has struck at the traditional heart of the social compact by which social duties emerge for universities. It has also underlined the fact that in an increasingly plural landscape of knowledge production, universities have lost their once dominant position regarding the creation and circulation of knowledge by teaching and research. In parallel with this more existential crisis there is also a more practical side to the impacts of austerity on social innovation, and that is simply that given budgetary pressures, universities have to be increasingly selective about the commitments and investments that they make, and in particular social projects with no financial profit may take a second place to fee-earning activities such as patenting, licensing and consultancy.

Therefore, an issue of increasing relevance and that should deserve increasing interest of academic researchers is about the role that HEIs can play on promoting social entrepreneurship and social innovation. This is particularly important since, as technological innovation has driven knowledge economy, social innovation is important for the knowledge society. As emphasised by Bawa and Munck (2012), HEIs play an important role in developing knowledge societies, rather than simply thinking about their role in support of building knowledge economies. In the case of technological innovation and entrepreneurship there was the creation of science parks and business incubators by many HEIs, but in the case of social innovation, it is not clear what kinds of infrastructures could be created to stimulate social innovation by HEIs beyond rather vague invocations of living laboratories. Given this particular context, future research in the field of universities and social innovation need answer a number of questions relating to how these tensions operate and affect the contributions which HEIs make to social innovation and societal change in contemporary societies:

- How can HEIs drive social development through the promotion of social innovation?
- What are the factors that contribute to foster HEIs' social innovation?
- What are HEIs doing to support social innovation projects/initiatives?
- How to measure (or assess) the impact of HEIs' initiatives to foster social innovation?
- How HEIs' social innovation projects impact theirs other two missions?
- Which mechanisms allow HEIs to learn as they explore an agenda of social innovation?
- Are social innovation concerns included in the HEI strategic planning?
- How can the social innovation system be described?

CONCLUSION

Given the growing academic interest in studying social entrepreneurship and social innovation, we have argued that there is an urgent need to sharpen the conceptual distinction made between the two concepts which although cognate are not identical, and which have arisen in communities with very different contexts and disciplinary assumptions: "there are different discourses on the social innovation concept, which are rooted in different disciplines' audiences" (Ruede & Lurtz, 2012, p. 29). The concept of social refers to the development of new approaches that transcend traditional or established orders, a new way of

thinking about or doing something, which results in a qualitative social change. Social entrepreneurship is a set of individual characteristics that assume the individual has a critical attitude along with the desire to achieve a social change. While social entrepreneurship has tended to focus on the individual (or agent) driving social change, social innovation literature has concentrated on the processes and outcomes that lead to system-changing (Chalmers, 2012). Therefore the choice of theory should be made on the basis of what particularly is the focus on the process being studied, whether it is focused on the individual or the change in a societal system. Social innovation is best for studying the system-build process, leading to the development of new societal capacity (i.e. innovation literature); social entrepreneurship is focused on the micro-scale agency of individuals recognising opportunities, assembling resources, and delivering something that then may or may not have a wider systemic output.

To give some insights about the distinction between these two concepts, three real examples have been analysed in order to identify the characteristics associated with the social entrepreneurship perspective and the social innovation perspective. The first example given (second-chance schools) dealt with the problem of high drop-out rates from school which started in Marseille in 1997. It reduced the proportion of early school leavers significantly by providing new opportunities through education and training directed at young people who lack both the basic knowledge and the specific skills to benefit fully from training or to find employment (BEPA, 2010). The second example analysed (participatory budgeting) is a novel way of giving voice to citizens in deciding where to apply the municipal budget funds, which allows also to increase accountability and transparency on local government (BEPA, 2010). The final example discussed was the microcredit financing as a way to overcome the problems of those individuals financially excluded, which consists in lending money to those segments of the population with lower income and that would not get access to credit in normal conditions. Therefore, microcredit emerged as a way to tackle this problem and a tool to fight against poverty and contribute to socio-economic development.

This analysis highlights two key points; first is the role that individuals (or agents) had in come up with new solutions to overcome some important social problems and to contribute to social change, and; secondly, is the fact that those new solutions can be scaled-up and diffused if proper mobilisation of resources is achieved contributing to system changing.

This chapter has not sought to provide a comprehensive overview of social innovation rather to contribute to one important area where more discussion is needed, namely between drawing a conceptual distinction between social innovation and entrepreneurship processes. Clearly, further research is needed to get a more comprehensive understanding of social innovation, not only regarding the outcomes of particular social innovation activities, but more importantly to understand how social innovations evolve and can be enhanced. Studying the process of social innovation highlights the fact that this process is driven by a constant interaction among all stakeholders involved in it and taking into account their needs, expectations and aspirations. Social innovation has the potential to be an inclusive phenomenon, dependent on the interactions of different social components (Bignetti, 2011), although that inclusivity is an emergent property that need be explored within individual contexts. Innovation to address social challenges is an emerging area and asks for new forms of cooperation between different stakeholders (Waasdorp & Ruijter, 2011), demanding "more research activities on multidisciplinarity and promoting stakeholders' involvement, and the social innovation system has to be reshaped so that they become an effective driving force of technical and social progresses" (Harayama & Nitta, 2011, p. 14).

In this regard, one particular future promising area for understanding this process is understanding the role of knowledge producers in the social innovation process, and in particular the role played by universities and other higher education institutions (HEIs). HEIs have many different resources that can become involved in the process of social innovation and can play an important role mobilising coalitions of stakeholders to achieve the desired objective, including their symbolic authority as public authorities with 'higher' missions which might also give particular coalitions an alluring imprimatur. In particular,

HEIs can, undoubtedly, contribute to social development through the application of their knowledge to create societal development, dependent on their social embedding and potential to bridge the gap between science/technology and citizenship (Bawa & Munck, 2012).

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ADDITIONAL READING

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KEY TERMS AND DEFINITIONS

Corporate social responsibility: corresponds to the intervention of profit-seeking entities in social matters with no prospect of immediate return.

Social capital: refers to the notion that social networks have value and that contributes to increase the productivity of individuals and contributes to socio-economic development.

Social change: means a change in the structure of society, with a progressive purpose and to reach human well-being.

Social development: a process by which society increases the capacities of individuals and groups to undertake activities of intrinsic value to themselves.

Societal development: a process in which a society increases its various capital stocks across social, economic and environmental capitals.

Social entrepreneurship: Social entrepreneurship is a field of action involving different kinds of actors, in which sociocultural and historical contexts emerge as key features, where individuals, the social entrepreneurs, construct outcomes, using entrepreneurial alertness and motivation, to solve societal problems.

Social enterprise: an organisation that delivers a service that is new to recipients without necessarily being motivated by profit.

Social innovation: A true social innovation is systems-changing by developing novel solutions in border spanning learning communities to create social value and promote community development, challenging existing social institutions through collaborative action developing wider networks.

Social value: the value that accrue to society from social entrepreneurship/social innovation initiatives and that allow to solve social problems and create social capital.