

Towards an agenda for social innovation

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Ten years ago very few people were talking about social innovation; five years ago, President Barroso put social innovation on the European Commission policy agenda; now social innovation has become a bandwagon, attracting attention from many national and local governments, inspiring many young people to explore new career opportunities that combine entrepreneurialism with the desire for social relevance, challenging traditional patterns of social engagement as practiced by cooperatives and civil society organizations. But “social innovation” is more a rallying cry than it is a coherent vision or strategy for societal level social transformation. This document puts forward a proposal for such a vision, by contextualizing social innovation as a possible way forward from our society’s current system of organizing its transformation processes, a system we call the Innovation Society. We describe four principles that we think should be at the foundation of a systemic theory of social innovation, and we develop some of the strategic implications of these principles – thus providing a basis for an action agenda for social innovation. We conclude with some tactical considerations: a set of projects we would like to launch, to begin to realize the agenda our document implies.

The innovation society and its discontents

Around the turn of the millennium, Western society was in an optimistic mood. The Cold War was over, and democracy and capitalism had won. An ideology emerged, which provided an explanation for this victory and a prescription for constructing the future. This ideology takes into account two principal categories of social actors: consumers and entrepreneurs. According to the ideology,

- Western society's superiority lies in its capacity to innovate: that is, for entrepreneurs to bring to market new artifacts – products and services – that enrich the lives of their consumers.
- Innovation is the motor of economic growth, and economic growth means more jobs – and hence more wherewithal for consumers to buy artifacts that enhance the quality of their lives, and profits for entrepreneurs to invest in further innovation.
- Which new artifacts have value is determined democratically, through consumer choice in the marketplace.
- The price to pay for not innovating, or for subordinating innovation to other values (like culture or social justice), is prohibitively high: competition, at the level of firms and national economies, dooms dawdlers to failure, which translates into economic decline and social chaos.
- Thus the primary role of public policy is to enhance economic growth, as measured by GNP, by priming the pump of innovation.

Let's call the ideology whose basic elements we've just summarized the Innovation Society ideology. It accords the word "innovation" the highest possible moral valence. The Innovation Society ideology has become nearly hegemonic among opinion leaders in Western society over the past decade and a half. In particular, it provides a shared background for almost all participants in Western public policy debates in this period – and hence delimits the terms under which these debates are carried out.

Though the Innovation Society ideology is still very much alive, the optimism that engendered it has eroded badly. Western society has been rocked by a series of crises, from financial collapse through global warming to youth unemployment. Paradoxically, most of these crises are unanticipated consequences of the very innovation cascades that are central to the Innovation Society ideology's prescription for social

transformation. The ideology assumes that innovations (that is, new artifacts) solve social problems – it ignores the fact that every such “solution” has the potential to generate many new problems! This cascade of problems-solutions-problems is endogenous to Innovation Society dynamics, which provide no means for collectively determining the direction of social change or for reacting to negative social consequences of the integration of new artifacts into patterns of social interaction, except ... more new artifacts to deal with these consequences once detected, artifacts that must prove their value in the marketplace. It is becoming increasingly evident that runaway innovation cascades move at a fast enough time-scale and vast enough spatial-scale that it looks increasingly unlikely that they can be channelled into socially positive directions through new artifacts that get “elected” in the marketplace. Hence the proliferation of social crises – the Innovation Society’s metacrisis. Our society needs a find a way to get out from under the Innovation Society ideology, to develop new kinds of processes for guiding the direction of social change.

The increasing call for social innovation is a response to the Innovation Society’s metacrisis. As a movement, social innovation is currently very heterogeneous, so one must be cautious in making general statements about it. But we believe it is safe to say that for most of the people and organizations that are riding its bandwagon, social innovation represents a response from within the Innovation Society, in the sense that its proponents – policy-makers, practitioners and academics – share key Innovation Society assumptions about what constitute innovation dynamics, even with the modifier “social”. To begin with, they focus on individual “innovations” – new products or services. In the narratives they tell about social innovation, the key figure in the dynamics of change is the social innovator or entrepreneur – the person (or organization) that conceives of the innovation and organizes the processes through which the innovation will be adopted by its targeted group of users.

What makes the innovation “social” is that social innovators’ primary aim is to generate positive social effects through the adoption of their innovations (at least for the intended users of the innovations, perhaps spilling over to some larger social constituency). As a result, the dynamics of the innovation process will be somewhat different than if the primary aim were just to generate profit, as in the Innovation Society ideology. Three such areas of difference attract the most attention in discussions among social innovation practitioners and academics: (1) some way to obtain financing must be found, which will attract funds from sources that are not just interested in maximizing

return; (2) the project needs to be “sustainable” – which generally is taken to mean that at some point it must become self-financing to cover its operating costs; (3) to maximize its social impact, the project must find a way to “scale up” – which generally means to be adopted by the largest possible set of potential users (which, in the case that the initial project is confined to a particular territory, might mean recruiting other social innovators to initiate similar projects in other areas – perhaps with modifications tailored to territorial specificities).

These are all important and interesting issues. However, they do not address what we regard as the really crucial question about social innovation. This question is systemic: can social innovation practice contribute to help us move beyond the Innovation Society and its endogenous crises? Or is social innovation destined to be a marginal phenomenon, supporting rather than supplanting the Innovation Society, offering a teacup to bail out the Titanic?

The focus on individual innovations is precisely what makes the Innovation Society’s endogenous crises so difficult to detect and address. To understand innovation dynamics, it is essential to take as the unit of analysis innovation cascades and the positive feedbacks that drive them, not individual innovations. These cascades are characterized by ontological uncertainty: it is often impossible to predict what kinds of new patterns of social interaction, new conceptual categories and new artifacts will emerge in the course of an innovation cascade, or even who will be affected by these changes and how. Ontological uncertainty and the resulting innovation cascades have two important implications for the concept of social innovation. First, they imply that all innovation processes are “social,” in the sense that they induce changes in interaction patterns and hence social organization, so the modifier “social” in social innovation is redundant or misleading. Second, they imply that the social effects of innovation processes are highly unpredictable: the innovator/entrepreneur’s intention to initiate a project that moves in a socially positive direction is no guarantee that the project, even if it manages to obtain financing, becomes sustainable, and “scales up”, will have effects that are socially positive, never mind those that the innovator envisioned!

To address systemic issues like these, we need a theory of social innovation that does not start from the Innovation Society ideology’s way of looking at innovation processes and their dynamics. To be useful, such a theory must also provide guidance for building a social innovation practice that can take us beyond the dilemmas posed by the

Innovation Society. What might such a theory look like, and what might it imply about the practice of social innovation?

To begin to address this question, we present four principles upon which such a theory might be constructed and three strategies for social innovation practice that these principles imply. Finally, we'll conclude by sketching some projects that we propose to undertake that implement these strategies.

Principles for social innovation and their strategic implications

At the microlevel, social innovation consists of *projects*, each initiated by a group of *social innovators*. Projects, if they lead to anything, induce an *innovation cascade*. As the cascade evolves, it will induce a series of transformations in social organization – new patterns of interaction among social agents. We will refer to the set of individuals and organizations that are affected by these transformations and enter into the new patterns of interaction as project *participants*. Social innovation projects “belong to” all their participants, not just the innovators who initiate them!

Principle 1. SOCIAL VALUES, NOT ECONOMIC VALUE, should be the principal drivers of innovation projects.

In the Innovation Society, the social effects of new products and services are essentially a by-product: successful innovation depends on whether consumers buy the new artifacts in sufficient quantities that provide the entrepreneur the profits (or borrowing privileges!) that allow his company to continue to churn out more of them. How consumers use the new artifacts is up to them (of course, the company might provide copious hints, embedded in the artifact design and in the advertising it sponsors). What social effects follow on these patterns of use don't affect the entrepreneur's next moves – except insofar as they suggest new innovative possibilities. If the social effects are completely different from what the entrepreneur envisioned (and they usually are: just think of internet and wireless telephony!), the responsibility for dealing with any negative impact doesn't fall on either the entrepreneur or the users, but society at large.

In contrast, the participants in social innovation processes must take into account all the effects of their interactions, try to identify those that have socially negative consequences and take remedial actions. This is not easy, for three principal reasons – all of which have their roots in the fact that unlike economic value, social values are plural! The first two reasons have to do with the question, “Which values?”, while the third responds to a different question, “Whose values?”

The first difficulty is that, even with respect to the values of a single individual, some consequences may be positive with respect to some valuing principle and negative with respect to others – and the same may appear to be true for every possible remedial action. The second is that ontological uncertainty makes it impossible to define a priori

all the social consequences of the innovation cascade the project induces – and even the key social values that an individual would bring to bear to evaluate these consequences. Indeed, one of the consequences of an innovation cascade might be that individuals change their values on the basis of their experiences arising from the cascade!

These two difficulties imply that social innovation imposes a much higher requirement for self-reflexivity on the part of their participants than does the Innovation Society. Participants must make themselves aware of all the consequences, to themselves, other participants, and even society at large, which the innovation cascade induced by the project is producing. Then they need to reflect on which of their values are affected by these consequences – and what they might do next that might help the cascade move in a positive direction with respect to these values, including introducing trade-offs when different values provide contrasting judgements on the same consequences. This work cannot be reduced to keeping track of the values of some pre-defined social parameters! It requires a dynamic evaluation process, in which consequences and values must be continually monitored – and the results of the evaluation fed back into the stream of interactions that constitutes the innovation cascade.

Principle 2. EVERYONE COUNTS: The processes that guide the evolution of innovation projects must take into account the consequences to and values of *all* the participants in the project.

This principle address the second question we posed above, “Whose values?”. It responds by invoking a social value: *democracy*. Here, we invoke democratic principals within the context of individual projects: the values of *everyone* affected by the project must be sought, acknowledged and taken into account in determining appropriate action, by all the participants whose interactions construct the cascade of changes initiated by the project. This principle imposes a further obligation to the dynamic evaluation process: it must seek to make explicit information about consequences and relevant values from all project participants. Moreover, it must not only *elicit* this knowledge, it must enable its *communication* among participants, so that they might all become aware of how their actions (past and future) affect others and how these others feel about these effects. Only such a process can provide the possibility that *empathy*, rather than *self-interest*, become the basis for interactions among project participants (current and potential) – another social value that the Innovation Society ideology ignores, but which ought to be central to social innovation.

Principle 3. SOCIAL INNOVATION IS DISTRIBUTED POLICY-MAKING (by – DOING).

If we think of policy as the means by which a society tries to guide the transformations that construct its future, then it is very misleading – certainly incomplete – to think of policy-making as a *centralized* activity, with policy-makers located at the decision points of governments, from the local to the European levels. The key processes through which our society transforms itself are distributed among many agents, operating at different levels of organization. For example, in the Innovation Society, the companies that develop and market new products and services have had a much more important role in leading our society's change processes – for the better as well as for the worse – than any of our political leaders and so-called policy-makers (especially given the limited scope assigned to them by the Innovation Society ideology). Given the omnipresence of ontological uncertainty, it could not be otherwise: centralized policy-makers simply cannot have sufficient knowledge about how change processes will play out to imagine that they can “decide” – and then leave to a host of agents in the public administration, the private sector and throughout civil society to enact the consequences of these decisions. These consequences just aren't predictable, and all the agents who engage in constructive interactions – whether they be viewed as primarily “economic,” “social,” or “cultural” – play essential roles in making policy by *enacting* it.

From this point of view, every social innovation project is an experiment. To be useful in a policy sense, the experiences from all these experiments must be collected, interpreted and circulated through the social innovation world and the society of which it is a part. This work cannot be done just by local interactions at the microlevel. Rather, it must be supported by *mesolevel scaffolding structures*. The Innovation Society provides many examples of scaffolding structures, including institutions like trade and professional associations, standards organizations and meetings like the World Economic Forum. Consider Silicon Valley, the mythical heart of the Innovation Society. Silicon Valley is not just a geographically co-located set of innovative firms. Rather the interactions among Silicon Valley individuals and firms depend heavily on such scaffolding structures as Sand Hill Road venture capitalists, who offer connections and advice as well as financing to Silicon Valley start-ups; area universities, especially Stanford and Santa Clara, who provide research seminars and consultancies to Silicon Valley firms and specialized training for Silicon Valley engineers; the Santa Clara County Manufacturing Group, which offers another important scaffolding functionality – *lobbying* government policy-makers

about legislation and regulatory activities that impinge upon the activities of Silicon Valley firms.

If social innovation is to play a key role moving us beyond the Innovation Society, a set of social innovation mesolevel scaffolding structures will have to emerge that can

- bring together and promote reflect about the experiences of microlevel social innovation projects and organizations
- feed back the results of these reflections to help guide the interactions among participants in new and on-going social innovation projects; and
- mediate between microlevel social innovation projects (and organizations) and macrolevel policy-making entities in the public and private sector on issues related to possibilities for and direction of social change.

Principle 4. THE TASK OF SOCIAL INNOVATION IS TO MOBILIZE ENGAGED CITIZENS TO CONSTRUCT A SOCIALLY SUSTAINABLE FUTURE.

The real promise of social innovation lies in the possibility that it can lead to a change in the way most people in society are regarded – and especially regard themselves. By their involvement as participants in social innovation projects, their primary identity becomes affirmed as *citizens*, not the role of consumers to which the Innovation Society ideology relegates them. As citizens, they take on the responsibility for participating in the process of constructing their society’s future – a future that, unlike what is offered to them by the Innovation Society, need not be marked by a succession of crises, the brunt of which they will bear. If social innovation really takes on the challenges posed by the first two principles, then participation in social innovation projects is an active, not a passive role, in which the values of each participant count and the obligation for collective self-reflection about the social consequences of interactions in which one engages can produce a sense of self that is not just based on the artifacts one arrays around oneself. With a proliferation of social innovation projects, more and more people will be mobilized as engaged citizens, and this experience will lead them into participating in, even initiating, more social innovation projects that will emerge from the innovation cascades such projects generate. This is the deepest meaning for “scaling up” social innovation – and in it lies the hope for the construction of a socially sustainable future.

These four principles imply three strategic requirements for an action agenda in social innovation:

- **At the *microlevel*, to develop a process for the *dynamic evaluation of social innovation projects*.** To elicit information about consequences and values for all project participants and to use that information to align the participants towards coordinated action, such a process would need to be supported by ICT tools that help participants describe, represent and communicate their individual experiences and use this information in real time to align directedness among participants and generate actions consistent with that directedness. Without such a process and tools, the possibility of learning from social innovation experiments and building a culture of social innovation is much diminished. A series of retrospective “success stories” is a very poor substitute, but it is where we seem to be at present.
- **At the *mesolevel*, to develop scaffolding structures that allow microlevel projects to learn from one another’s experiences, establish links among them that are likely to lead to generative relationships, and to mediate between the social innovation world and macrolevel entities in the public sector, as well as with the corporate world and the world of civil society organizations.** Social innovation projects will in general cut across the (rather porous) boundaries between these worlds, and the issues that arise from this boundary crossing are likely to affect many different projects in similar ways, so that mesolevel mediation is likely to be both more efficient and more effective than dealing with these issues project by project.
- **At the *macrolevel*, to construct a compelling narrative that makes clear what we must move beyond the Innovation Society – and highlights the role that social innovation must play in bringing about the necessary organizational and cultural changes to make it happen.** The Innovation Society is already developing fissures, and the hold that its ideology has throughout our society is weakening. It is difficult to imagine that we are not near to large-scale changes in the way our society thinks about and organizes its transformation processes. Can we marshal a collective response to the Innovation Society’s metacrisis that has some chance of leading us towards a socially sustainable future? Certainly the probability

that we can do so is much enhanced if we can envision a way out – and if that vision can take the form of a convincing narrative, which provides us with a common directedness, proposes roles we can enact, and in so doing coordinate our actions to lead us towards a socially positive denouement. Such a narrative could serve as a kind of cognitive scaffolding structure to support the construction of a society whose transformation processes are organized through social innovation as described in this document. We currently lack such a narrative – but the experiences we gain as we implement the micro- and meso-level strategies we just described could provide us with material from which such a narrative might be constructed.

WHAT CAN WE DO NOW? FIRST STEPS...

Based on the vision of social innovation we have set out in this document, we propose the creation of a scaffolding structure for social innovation in Italy, which we'll refer to as the Italian Center for Social Innovation. The Center would have as its programmatic agenda five principal tasks. First, it would work with existing social innovation and civil society organizations to create a map of current social innovation projects in Italy, identifying the kinds of participants and interactions among participants that have emerged in each of them, as well as the social values that these participants seek to instantiate through these projects. This map could be used to build awareness of social innovation among Italian citizens, institutions and organizations and generate support for an expanded role for social innovation in Italy. Second, the Center would select a sample of social innovation projects to participate in a dynamic evaluation pilot, based on methods and ICT tools currently under development in a research project sponsored by the European Commission (the DG Connect project Emergence by Design, coordinated by the European Center for Living Technology in Venice). These pilots would demonstrate the feasibility of dynamic evaluation and explore the role of the feedback provided by it in determining the direction of the innovation cascades associated with each of the pilot projects. It would also provide a basis for analyzing the kind of actions that work – and those that don't – and the contextual factors that have a bearing on social innovation project outcomes. Third, on the basis of the outcomes of these pilots, the Center would develop an online, query-able project history database and tools, which would help existing and future social innovation projects share their experiences by means of a common, easy-to-use and –interpret format. The database would also provide support for an important Center scaffolding activity: discovering possible synergies among projects and generating suggestions to these projects for how these synergies might be exploited.

The most important Center activity would be to promote, nurture and coordinate new social innovation projects, which could collectively provide the basis for “identity-based” territorial development strategy. Candidates for territories in need of such a strategy include cities like Venice, which is rapidly losing population and its cultural and historical identity as it turns into a medieval Disneyland; Taranto, which must find a way out of the false dichotomy in which it seems to have to choose between jobs and the health of its citizens; Siena, which has to find a way to maintain the high quality of its

culture and social services, when it can no longer count on the support of the bank foundation that has been subsidizing them; as well as the mountain territories like Titerno-Alto Tamaro, which can no longer count on support from the “distributive economy” from Rome, and must find an alternative strategy based upon efficient and effective use of the resources the mountains provide, while maintaining the quality of their social lives, their artisanal traditions, and their environment. For each of these territories, the public administration and the private sector have failed to find solutions to the dilemmas they face. The challenge is to find out whether a distributed policy based on social innovation projects might succeed.

Finally, the Center would develop a training program aimed at individuals who want to pursue a career as social innovators and social entrepreneurs, DIPO professionals, and dynamic evaluators for innovation projects. Specifically, through the Politecnico di Milano and the European Center for Living Technology at Ca’ Foscari University in Venice, the Center would launch a second-level Masters Program in Social Innovation. In addition, it would sponsor short training seminars and courses for social innovation professionals.