



**SOCIAL INNOVATION
THE ROLE OF SOCIAL SERVICE PROVIDERS**

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I. Introduction

The field of innovation for social purposes is developing rapidly in the current political context and represents a new opportunity to shape Europe's response to new social realities and challenges. Millions of people and organisations are creating better ways to tackle some of the most challenging problems of our time, and develop participative processes that are changing the way in which actors interact. Often, their ideas come to life through collaborations that cut across sectoral and administrative boundaries by supporting new partnerships in order to meet existing social needs and respond effectively to new ones. Social innovation has become an increasingly central area of policy and research in the context of the Europe 2020 Strategy promoting "smart, sustainable and inclusive growth" over the period 2010-2020. The lessons learnt from the Lisbon Strategy and the financial crisis highlighted the need to focus strongly on the social dimension of Europe by investing in the creativity of people and organisations on a large scale.

The paper aims to highlight the important role that social service providers play in the field of social innovation constantly searching for ways to provide better quality, more effective and sustainable services. The paper first describes the EU policy and research context regarding social innovation, and provides after a definition and analysis of social innovation from the perspective of social service providers. Finally, this document identifies and comments upon the main barriers and challenges to social innovation. The annexes contain useful links and references to political and scientific documents, some concrete examples of social innovation and a brief overview of what the EU is doing in this field.

II. What is social innovation?

➤ *The EU policy context*

European society is today faced with many challenges included technological changes, globalisation, climate change, energy and food security, migration, economic and social exclusion and the ageing of population. The EU commitment in developing a new growth strategy set out in the Lisbon Strategy and renewed in Europa 2020 agenda places social issues in a new light. There is a strong belief that not only innovative technological processes are key factors to promote social and economic development. More emphasis is put on the ability to innovate in education, skills development for the new generations and in services such as health and social care.

Some of the most important sectors for growth are linked to the development of human and social capital. Health represents an average of 9% of GDP and care of elderly will reach 5%

of GDP within a few years. Investing in people's creativity can offer a way to provide solutions to pressing social demands and make better use of available resources, especially in a time of major budgetary constraints. Europe 2020 agenda¹, which was agreed by Member States at the June 2010 European Council, sets out the EU's strategy for "smart, sustainable and inclusive growth" over the period 2010-2020. The strategy sets five headline targets in employment, R&D/innovation, climate change, education and poverty. The target on poverty is to reduce the number of people living in poverty by 20 million. The target on innovation is to invest 3% of the EU's GDP (public and private combined) in R&D/innovation.

In addition to the headline targets, a number of "flagship initiatives" are introduced to enhance change and progress in key policy areas. Social innovation, which is broadly described as "the process by which new responses to social needs are developed in order to deliver better social outcomes and address new social challenges", is a major concern within this new strategic framework. The concept of social innovation is mentioned in relation to the "European Platform against Poverty and Social Exclusion" flagship which commits to "design and implement programmes to promote social innovation for the most vulnerable"². Social innovation is also promoted through the "Innovation Union" flagship, which aims to improve conditions and access to finance for this purpose. In this context, the European Commission has launched a pilot called Social Innovation Europe to provide expertise and a networked "virtual hub" for social entrepreneurs, the public and the third sectors³. Horizon 2020, the 8th EU framework programme for research and innovation, commits to addressing societal challenges, including making progress towards "inclusive, innovative, secure societies". The Commission will also support a substantial research programme on public sector and social innovation, looking at issues such as measurement and evaluation, financing and addressing barriers to scaling up and development.

On the 6th October 2011, the Commission adopted a draft legislative package on cohesion policy for the period 2014-2020⁴. This includes proposals for the European Social Fund (ESF) regulation⁵, the European Regional Development Fund (ERDF) regulation⁶ and a new EU Programme for Social Change and Innovation (EUPSCI)⁷. The EUPSCI will promote evidence-based social change and innovation. It will support policy coordination, sharing of best practices, capacity-building and testing of innovative policies through social policy experimentation, with the aim of scaling up the most successful measures addressing social

¹ COM(2010) 2020 final

² COM/2010/0758 final

³ See <http://www.socialinnovationeurope.eu/>

⁴ See http://ec.europa.eu/regional_policy/what/future/proposals_2014_2020_en.cfm#2

⁵ COM(2011) 607 final

⁶ COM(2011) 614 final

⁷ COM(2011) 609 final

needs⁸. Scaling up will be supported by the ESF which will also facilitate capacity building for social innovation. Social innovation is also one of the investment priorities of the ERDF, including innovative actions in the area of sustainable urban development (Annex 3).

➤ *Concepts and definitions*

For a long time, the concept of innovation has mainly been linked to economic processes and to the organisation of work and society. Most prominently, Joseph Schumpeter referred to innovation as “creative destruction” of old patterns of production, driven by entrepreneurs. In contrast, innovation in services and policies has been a relatively small field of interest and research⁹. Only at the end of the 20th century with the changes introduced by the new communication technologies and their massive use by the younger generation, social innovation re-emerged as a product of a polarised discourse: the old-fashioned public services facing the consequences of economic restructuring and the civil society becoming the active part of innovation process with the development of socially and ethically responsible initiative. In the 21st century some branches of academic research started to look at the non-economic aspects of the innovation such as the quality of social policies and practices as well as the need to adapt services to cultural changes, social challenges and new behavioural models. A new paradigm has emerged in recent years taking into account economic, social, technological and scientific components in a more holistic understanding of innovation that goes beyond a focus on production¹⁰. In this new context, in which social innovation has a broader meaning, a variety of actors, interactions and approaches are building across all sectors – the public sector, the private market, the third sector and individuals.

There is no official EU definition of social innovation and the term is used to describe a number of overlapping concepts. However, some key elements of social innovation are emerging at EU level in the context of increased policy attention and a growing academic literature. Broadly speaking, social innovation is “a new idea, an institution or a way of working that meet social needs more effectively than existing approaches”¹¹ and it is aimed at improving human well-being. “Social innovations are innovations that are social both in their ends and in their means...new ideas (products, services and models) that simultaneously meet social needs (more effectively than alternatives) and create new social

⁸ Of the EUR 574 million proposed for the Progress axis in EUPSCI in the 2014-2020 period, EUR 97 million is to be allocated to experimental projects. In addition, the draft package mainstreams social innovation within the structural funds.

⁹ UNECE (2011), *Promoting innovation in the services sector*, United Nation, New York and Geneva.

¹⁰ Hochgerner, J. (2009), *The Analysis of social innovation as Social Practice*, published in original German language under the title, „*Die Analyse sozialer Innovationen als gesellschaftliche Praxis*“ in: Zentrum für Soziale Innovation (ed.). 2011. Pendeln zwischen Wissenschaft und Praxis. ZSI-Beiträge zu sozialen Innovationen, Vienna and Berlin.

¹¹ European Commission, DG Enterprise and Industry, *Financing Social Impact. Funding social innovation in Europe – mapping the way forward*, 23 November 2011, available at http://ec.europa.eu/enterprise/newsroom/cf/getdocument.cfm?doc_id=7048

relationships or collaborations. In other words they are innovations that are both good for society and enhance society's capacity to act"¹². According to the Bureau of European Policy Advisers (BEPA) "innovation refers to the capacity to create and implement novel ideas which are proven to deliver value", whereas "social refers to the kind of value that innovation is expected to deliver: a value that is less concerned with profit and more with issues such as quality of life, solidarity and well-being"¹³. Social innovation thus describes the entire process by which new responses to social needs are developed in order to deliver better social outcomes and improve the quality of life of individuals and communities.

The "social" dimension of social innovation refers to the outputs and the issue is to define what this social output related to. Different perspectives can be taken into account: the social demand, the societal challenge and the systemic changes. Therefore, the main rationale to pursue social innovation is that the global crisis has increased the needs of those groups and communities which are more vulnerable and less able to benefit the value created by the market economy. Innovations are social when are directed towards the society as a whole, where the boundary between the social and the economic domains is more and more blurring. Finally, social outputs refer to processes that change fundamental attitudes, behaviours, values, strategies and policies, delivery system and services, method and ways of working, responsibilities and relations among actors. In this participative arena where empowerment and learning are sources and outcomes of well-being, social innovation contribute to reshape the society by establishing new relations between institutions and other stakeholders.

➤ *Success criteria for social innovation*

The Europe 2020 Strategy and its flagship initiatives provide a framework for evaluating of social policy interventions, which can help orientate and evaluate social innovation. To be considered a social innovation, an intervention needs to be evidence-based and meet the following criteria:

- **Novelty:** although innovation is not necessary something completely new, it must be innovative with regard to the user, context or application. Innovation may involve applying existing ideas in new contexts, overcoming sectoral boundaries or combining existing ideas in new ways;

¹² Social Innovation Exchange & the Young Foundation (2010), *Study on Social Innovation*, available at: <http://www.socialinnovationexchange.org/node/4959>

¹³ BEPA (2011) *Empowering people, driving change: Social Innovation in the European Union*, available at http://ec.europa.eu/bepa/pdf/publications_pdf/social_innovation.pdf

- **Improvement:** Social innovations must meet social needs more effectively than pre-existing alternatives.
- **Sustainability:** Social innovation must be environmentally, economically and organisationally: sustainable. This means it must provide long-term solutions and not produce negative externalities¹⁴.

With these criteria in mind and taking into account the objectives of the Europe 2020 Strategy as a framework to evaluate the improvement of living and working conditions in Europe, social innovation the area of social services must:

- Increase the quality of life of service users/beneficiaries by strengthening outcomes;
- Empower service users/beneficiaries;
- Make services more accessible to users;
- Overcome sectoral boundaries in the context of a holistic approach;
- Involve the participation of service users;
- Have potential to be scaled up;
- Respect ethical principles in order to ensure that the human rights and dignity of social service users are guaranteed respected and promoted;
- Be sustainable and cost effective.

Indeed, the potential costs of social innovation are often minimized. The need for cost effectiveness and the efficient use of financial resources are important element of social innovation also if this is a secondary consideration to the positive impact on and empowerment of beneficiaries. A measure which saves costs but reduces the quality of outcome for service users cannot be considered social innovation. Furthermore, reductions in the quality of responses to social needs are likely to lead to increased public expenditure elsewhere in by pushing people into crisis situations.

III. Social innovation in the social services sector

In general, an innovative practice can be a product, a process, a new technology, a principle, a piece of legislation, or some combination of them¹⁵. In the social service sector, the interventions carried out consist mainly of practices or policies to improve the quality, efficacy and availability of an existing service or to create a new service to better meet users' needs. In recent years there has been a growing focus on innovation in social services. The main drivers of this development are:

¹⁴ Phills J., Deiglmeier, K., Miller, T., (2008), *Rediscovering Social Innovation*, Stanford Social Innovation Review.

¹⁵ Murray, R., Caulier-Grice, J., Mulgan, G. (2010), *The Open book of social innovation*, The Young Foundation, London.

- Demographic changes (ageing, migration, changes in family structures);
- New social needs resulting from economic and social change, including the current economic and financial crisis (poverty, exclusion, unemployment, precarious health);
- Lack of financial resources, particularly in the context of the financial and economic crisis and austerity measures;
- Staff shortages and/or lack of qualified staff due to lack of resources and/or ageing workforce;
- Limits to continuing the expansion of existing solutions for cost, sustainability and infrastructure reasons (e.g. given the ageing population, it will not be possible to expand the number of residential homes in line with growing demand in some Member States);
- Increasingly cross-border nature of service provision;
- Respond to (fast changing) technological developments.

➤ *The role of social service providers in the social innovation process*

In this context, the social services sector has a specific role to play in each phase of the social innovation process and a unique added value. The social sector is seeking more effective means of designing, testing and spreading effective models. In each phase of the social innovation process, social service providers contribute to define and refine the significance of their interventions and approaches by examining the evidence of the impact on beneficiaries (and society) and limitations in order to create innovations.

The social innovation process is composed of four main stages:

1. Identification of new or unmet social needs;
2. Development of new solutions in response to these social needs;
3. Evaluation of the effectiveness of new solutions in meeting social needs;
4. Scaling up of effective social innovations.

Innovators are generating ideas by identifying social needs, gaps in existing provision and the actual or possible unintended consequences of policies and practices. In the area of social services, providers are often on the frontline as new needs emerge; new groups of people come to their services or they meet people who have needs that their service cannot fully meet. On the one hand, the unique relationship providers and professionals have with service users helps them to have precious information on social needs and to better allocate their specific expertise. On the other hand, the relationship with other stakeholders (public and private sector) ensures that financial resources are used to maximise the social impact of innovative services.

Social innovation often emerges from grassroots initiative; social service providers focused on accessibility and quality of responses provided to their users experience directly “what works” and develop best practices that are gradually scaled up. Therefore, once developed, solutions need to be evaluated on the basis of their effectiveness, sustainability and cost-effectiveness. Social policy experimentation provides a means to test innovations before implanting them widely. It is a specific tool within the field of social innovation designed for this purpose. Social policy experiments have been conducted since the 1970s in several countries. The European Union currently facilitates social policy experimentation projects through the *Progress Programme*. The EUPSCI programme will support social policy experiments in the new programming period (2014-2020).

Social policy experimentation provides an opportunity for rigorous testing of social innovations that can inform scaling-up of effective approaches by providing evidence. Key actors in social policy experiments include public authorities, social service providers, evaluators, civil society organisations, and beneficiaries¹⁶. Social service providers can count on a sort of “black box” of acquired experience and expertise. They are also in a privileged position to involve users, to build consensus between partners and to help identify which outcomes should be measured. Furthermore, social service providers have useful insight into the situation of the potential beneficiary population and can help to ensure that planned experiments are appropriately adapted.

One option for social policy experimentation is assessing the impact of innovative practices on a ‘test population’ against the situation of a ‘control group’. This methodology can provide very robust evidence on effectiveness. However, for some policy measures, strict experimental methodologies such as randomized control trials may not be the most appropriate evaluation method because they are resource-intensive and can in some cases raise ethical objections.

“Non or quasi-experimental” techniques to test innovative solutions may be more appropriate in these situations. These “softer” evaluation methods allow social service providers and other stakeholders to strengthen learning processes, drawing on past experience and acquired know-how as well as sharing practices and policies with other organisations and stakeholders. One example is peer review which is used to facilitate the process of mutual learning and policy exchanges. In general a peer review is hosted by an organisation which presents a good practice to a group of experts including all relevant stakeholders. This group

¹⁶ J-Pal Europe (2011), *Social experimentation, A methodological guide for policy makers*, European Commission.

of experts produces a report assessing the efficiency and effectiveness of the policy presented and evaluating the transferability of good practices to other contexts. Peer reviews are useful to enable open discussion among stakeholders and to diffuse knowledge of the existing tools and strategies.

However, once that a certain innovation solution has been assessed and experimented, policy-makers and other stakeholders set up strategies to scale up the solution in order to achieve the greatest impact on people's quality of life. Social service providers act in this context as a promoter and incubator of effective practice with a large capacity to reach beneficiaries. They assure that the users' needs and the on-going learning and refinement process of innovations are taking into account in order to positively impact to the whole society.

IV. Barriers and challenges to social innovation

Despite the growing impact of social innovation within the current EU context, there are many factors that have hampered the full development of this concept: limited support of grassroots level and social entrepreneurship activities, poor diffusion and little scale up of good practices, poor methods of impact evaluation.

A key factor of the problem is finance. Many organisations promoting social innovation are strongly dependent on grants allocated by the European institutions and local, national and regional authorities. The lack of financial resources to implement and evaluate social experimentation, constitutes a barrier to participation of individual and organisational initiatives. Particularly in the case of social services, providers that are obliged to ensure the high quality as well as continuity, accessibility, availability and comprehensiveness of their services, face problems to guarantee the long-term sustainability.

Another barrier to social innovation lies in the issue of measuring the impact and considering the outcome dimension. Sometimes, outcomes are only evident over longer timeframes and it is difficult to establish a causal relationship between interventions and outcomes. A positive social outcome depends on diverse factors and conditions. Because of these challenges, social service providers can come under pressure to concentrate only on activities that are easily measured, quantified and/or externally recognised. Such an approach restricts the development of 'soft' outcomes such as social and emotional capacities which represent a keystone of the added value of these services.¹⁷ The blurring boundary between what is

¹⁷ The Young Foundation (2012), *An outcomes framework for young people's services*, London.

economic and what is social, requires to re-think the way in which well-being is conceived and to develop new measurement approaches and models.

Next to financing and scaling up, social innovation faces a series of limits related to the lack of coordination between the various actors involved. A related element is the weakness in building strong partnerships that improve mutual knowledge of projects and initiatives. The general idea that solutions to social demands are a prerogative of public institutions confines policymakers in their old-fashioned role where service-users are only given a reactive and passive role position in the entire innovation process. Effective and adequate social innovation requires a change on how social policies are formulated, proposed, tested and implemented and a new participative role of service users and citizens.

V. Conclusion

According to the Bureau of European Policy Advisers (BEPA) “the widespread adoption of social innovation needs to be supported and accelerated. Much of this work needs to be done at national, regional and local level. However the European Commission has a central role to play in enabling new capacities to be developed”. The European Commission have developed a typology of promotional instruments necessary to support social innovation and what it is expected in the next future is a major commitment in its role to act as a catalyst to facilitate the social innovation scaling up and the growth of the sector.

A wider access to funds for social innovation available at different stage of the innovation life cycle should enable those organisations working in the field of social innovation (i.e. social service providers) to carry out social experimentation of initiatives and their improvement on large-scale. On the other hand the promotion of evidence-based social innovation should boost Member States to modernise national social and employment policy system and support social economy.

ANNEX 1 – Useful references

Social Innovation Europe Initiative, <http://www.socialinnovationeurope.eu/>

European Commission, EU Cohesion Policy 2014-2020: legislative proposals, http://ec.europa.eu/regional_policy/what/future/proposals_2014_2020_en.cfm#2

European Commission, DG Enterprise and Industry, *Financing Social Impact. Funding social innovation in Europe – mapping the way forward*, 23 November 2011, available at http://ec.europa.eu/enterprise/newsroom/cf/getdocument.cfm?doc_id=7048

BEPA (2011) Empowering people, driving change: Social Innovation in the European Union, available at http://ec.europa.eu/bepa/pdf/publications_pdf/social_innovation.pdf

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Phills J., Deiglmeier, K., Miller ,T., (2008), *Rediscovering Social Innovation*, Stanford Social Innovation Review.

Murray, R., Caulier-Grice, J., Mulgan, G. (2010), *The Open book of social innovation*, The Young Foundation, London.

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ANNEX 2 – Some examples of social innovation

The examples described in this section illustrate the key role that social service providers play in developing policy-relevant innovations.

- *Example 1: Housing First*

The ‘Housing First’ model of homeless service provision is an innovation that has proved to be particularly effective in tackling long-term/chronic homelessness. The approach was originally developed by social service providers in the United States to meet the housing and support needs of people with mental illness and co-occurring substance abuse. It has been broadly supported by the Federal government and mainstreamed into homeless policy in the USA, notably with the introduction of the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009.¹⁸ In contrast with ‘staircase’ approaches, which require homeless persons to show evidence of being ‘housing ready’ before they are offered long-term stable accommodation, Housing First projects place homeless people directly into long-term self-contained housing with no requirement that they progress through transitional programmes. A specific package of substantial and multidisciplinary social support is also offered. Further, evaluation has shown that Housing First services can be very cost effective. Being housed in a Housing First programme leads to considerable reductions in the use of expensive emergency services (e.g. accident and emergency departments, ambulances, psychiatric hospitals, criminal justice system, shelters etc). This engenders savings, which can offset or even exceed the costs of providing Housing First.

- *Example 2: Dream come true*

The “Dreams come true: Innovative ways to support employment of people with disabilities” project has been implemented in Estonia by Luovi Vocational College, Keskuspuisto Vocational College and Kiiipula Vocatioanl College in collaboration with the Ministry of Labour and local enterprise. The aim of the project is to provide a common Employment model which enables better opportunities for entrepreneurs to employ people with disabilities. By employment model common practices are created in order to offer support and services for the employer, employee and working community. Aim of the project is also to increase the chances of people with disability to get a job and work according to their capabilities. Added value lies in the introduction and implementation of new indicators beside the traditional financial tools and mechanism currently used to measure the impact of employment

¹⁸ The current phase is one of ongoing implementation, evaluation, adaptation to different target groups within the homeless population and transfer to other policy contexts.

strategies. One of these indicators is the social responsibility which affects choices of customers, image of the company and benefits of diverse workforce. The employment model proposed by the project aims to lower the steps of employment not only for people with disabilities but also for employers as well by finding out and arranging different means of support, such as work analysis to search suitable work tasks for the people with special needs; work instruction card and training package to provide information and competences to performing different tasks. An Enterprise Impact Assessment (EIA) method is also developed as tool to lead entrepreneur and representative of educational organisations to assess which is the real impact and the outcomes of the employment model adopted by companies employing people with special needs.

- *Example 3: DiaCare4U*

The “DiaCare4U” programme implemented in The Netherlands provide to develop innovative clinical pathways for the treatment of adolescents with a chronic illness. The programme addressed to young people with diabetes type 1 combines treatment, school, education (on diabetes management), medical and psychosocial support in an integrated programme. Adolescent following the clinical treatment in clinical and rehabilitation facilities are supported by a mix team of childcare workers, psychologists, social workers, dieticians, diabetes nurse practitioners, paediatricians, physiotherapists and workers providing peripatetic counselling for school. Moreover families are involved in the programme to help a smooth transition back to the at home situation. The innovative programme allows young people to get commitment to change their lifestyle accepting the disease, attaining adequate self management of diabetes and encouraging them do not feel excluded by the society.

ANNEX 3 – How EU supports social innovation

Over the years, the European Commission has developed a large number of policies, programmes and initiative that have contributed to empowering citizens and organisations to face social issues in a better way, to help national, regional and local actors to shape new governance models in the field of the social innovation. In the scheme proposed in this section are highlighted the main current European instruments relevant in the area of social services.

| EU Programme | Aim of the Programme | Area of intervention | Focus on social services |
|---|---|--|--|
| European Regional Development Fund (ERDF) | Promote regional cohesion (competitiveness, growth and jobs) | Infrastructures, services and other activities for meeting the needs of society: e-inclusion, e-access, urban regeneration. | Focus on the disadvantaged groups. Art. 16 of the Structural Funds Regulation is dedicated to anti-discrimination and accessibility for disabled people |
| European Social Fund (ESF) | Improve the levels of employment, the quality of jobs, and the inclusiveness of the labour market | Institutional capacity building at all levels: support to social dialogue, social partners and NGOs. Transnational cooperation: mutual learning, sharing experiences and practices, joint development, testing, validation and adaptation of solutions; skill-development; social inclusion. | |
| PROGRESS | Create more opportunities for EU citizens, improve access to quality services, active inclusion, combat child poverty | 5 areas: employment, social inclusion and protection, working conditions, non-discrimination, gender equality. | Support the Open Method of Coordination (OMC) in developing mutual learning process and evaluation and validation tools for social innovation. |
| Framework Programmes for Research and Technological Development | FP7 increase the support for the creation of knowledge on social innovation through financing research and establishing technology and social platforms to improve human well-being | Thematic area “Cooperation” gives great importance to societal challenges. Focus on equality and social exclusion, social entrepreneurship, corporate social responsibility, social protection, health system. | Funding line of research to “ICT for independent Living and Inclusion” with the aim to develop future technologies and services for independent living of older people in their preferred environment and digital accessibility addressing the need to people with disabilities. |