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SOCIALIZING INNOVATION CONCEPT

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Socializing Innovation Concept

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Abstract

Innovation and entrepreneurship disrupt the economy and society at large, thereby sometimes fundamentally changing activities and moving the humanity in new directions. Innovation is a process which is done with people rather than to them, creative collaboration driving it as much as the competition and the economic crisis just pushed this process much further. This is why innovation is now accelerated not just in the more familiar space of high technology, but also throughout society. The intangible structure of the social innovations represents the main distinction comparing to technical innovations. In the same time, while being different in terms of purpose and objectives, the outcomes of the two types of innovation may overlap. While business innovates mainly for return on financial investment, society must innovate for social return and positive transformation. In this respect, moving from a knowledge-based society to an innovation society has as a prerequisite the transformation of the innovation process into a comprehensive process encompassing the whole society, not just in the business or technology sector, as it was thinking before the global crisis. Thus, opening the innovation process to society represents an innovation in itself. The field of social innovation turns critical societal problems into opportunities by actively involving the community actors.

Keywords: innovation; social innovation; innovative organization; social entrepreneurship; society.

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Innovation as an old concept

Decision-makers act, nowadays, in a complex and turbulent world, under high degrees of uncertainty, in an economic system which continues to generate novelty and select amongst alternatives. Innovation and entrepreneurship disrupt the economy and society, at large, thereby sometimes fundamentally changing activities and moving the humanity in new directions. In a traditional approach of the concept, innovation is defined as new or improved products, services, processes, or improved organisational or marketing strategies (OECD, 2009). Meantime, in the academic literature there is a wide range of approaches to conceptualizing innovation. Innovations can be defined as novelty across a number of dimensions of relevance to the economy taking the form of new goods, a new quality of a good, new method of production, the opening of a new market, new sources of supply of raw-materials and half-manufactured goods, new organizations, new business models, new services, and new management and marketing techniques. The global crisis emphasized that in economics the change must increase value, either customer value, or producer value, so that the goal of innovation is a positive change. In the organizational context, it may concern efficiency, productivity, quality, competitive positioning, market share, etc. In the same time, as innovation typically changes value, innovation may also have a negative or destructive effect as new developments clear away or change old organizational forms and practices.

It is a fact that each period is defined by specific socio-economic conditions and they generate specific "opportunities and challenges to the lien solidaire (solidarity bond) which it produced" (Moulaert & Ailenei, 2005: 2038). In the modern times, organizations evolve in a more and more dynamic environment, with often unpredictable movements that are of the nature to place a wide range of challenges in the front of those in charge with their destiny.

One of the basic assumptions, nowadays, is that innovation, technology and entrepreneurship will stimulate long-term growth and thereby change the economy and society and being sound pillars that can substantially contribute to avoid the period of management and economic crisis. This is close to the traditional Schumpeterian approach which views innovation as essential to economic and societal transformations over periods of historical time. In this respect, it is widely accepted the fact that business is also about innovation, entrepreneurship and creative destruction, and not just about competitive regulation and investor behavior: "șSchumpeterț argued that innovation is at the heart of economic progress. It gives new businesses a chance to replace old ones, but it also dooms those new businesses to fail unless they can keep on innovating (or find a powerful government patron). In his most famous phrase, he likened capitalism to a "perennial gale of creative destruction" (The Economist, 2009). Bruland and Mowery (2005) change the perspective, focusing on the diversity and heterogeneity of innovation pro-

cesses across time, across sectors and across countries. Another approach is of Freeman and Perez (1988) which considers common patterns of historical periods, major techno-economic paradigm shifts being driven by interlocking changes in technology, institutions and politics.

Contrasting to the Schumpeterian approach, other theories, such as growth theory, see technology as a key explanatory factor, but not seen as leading to fundamental changes in economies. Innovation can be supply-pushed, when based on new technological possibilities, or demand-led, when based on social needs and market requirements. Difference should, also, be made between radical innovations and incremental innovations. While radical innovations may generate 'technological revolutions' and cause discontinuous and disruptive changes to existing industries and businesses, incremental innovations involve minor changes to existing products or services and knowledge. Nevertheless, even small innovations, cumulatively, can improve the performance of products or services, and thus provide benefits. From an economic perspective, it should be clear the difference between the invention, as an idea, and the innovation, as the economically viable outcome. Still, the focus is on the process itself, from the origination of an idea to its transformation into something useful, to its implementation. There are several sources of innovation. The manufacturer innovation is the traditionally recognized source in the linear model of innovation. It is the case where an agent, either person or company, innovates in order to sell the innovation. The end-user innovation is another source of innovation, nowadays becoming widely recognized. This is the case where because existing products do not meet its needs, an agent, either person or company, develops an innovation for its own (personal or in-house) use. According to Eric von Hippel, the end-user innovation is the most important and critical (1988).

Of relevance for our discussion is, also, the system within which the process of innovation unfolds, most of the times an organizational frame, and its institutional logic. Organizational forms are important for any kind of innovation, specifically for the ones that are truly systemic in nature because they need to involve more than a new service or model and being able to face the environment turbulences that could lead to different types of crises. Those innovations generate "a change in relationships of power, and a change in how people think and see. Invariably, systems changes stretch far beyond the boundaries of any single organisation." (Murray, Caulier-Grice & Mulgan, 2010) They, also, generate changes in the ways people act jointly to achieve common goals in an effective, efficient and socially responsible manner.

Considering the existence of a large variety of innovation definitions, from a managerial perspective, an interesting one is given by Baregheh *et al.* (2009: 1334): "Innovation is the multi-stage process whereby organizations transform ideas into improved products, service or processes, in order to advance, compete and differentiate themselves successfully in their marketplace". This text is im-

portant because, not only defines the content of innovation process (multi-stage process), or the object of the innovation (ideas, products, service or processes), but, also, gives an understanding of why its outcome is a positive change ("to advance, compete and differentiate themselves successfully in their marketplace" (Baregheh *et al.*, 2009: 1334). It is a crucial aspect when it comes to the success or failure of an organization. According to Murray, Caulier-Grice & Mulgan (2010) "Innovation isn't just a matter of luck, eureka moments or alchemy. ... Innovation can be managed, supported and nurtured." Creating a climate conducive to everyday innovation hinges on the ability to build the kinds of systems and structures that produce the environmental context needed to drive desired outcomes. Thus, "innovations are deliberate interventions designed to initiate and establish future developments concerning technology, economics, and social practices" (Hochgerner, 2010).

The process of innovation can and should be managed by managers in any organization in order to increase the likelihood of transforming an idea into something useful for the organization or society, in general (Cace *et al.*, 2013). Leaders, also, play a decisive role in creating the right environment for innovation using vision and organizational culture focused on sparkling innovation within their organizations (Nastase, 2010: 459). Entrepreneurship process is by definition an innovation process because it starts with acquiring motivation for an entrepreneurial career, continues with new idea/opportunity identification or generation, and finalizes with creating a new organization to implement the new business idea and create value. Innovation is depending on a complex set of processes that links many different agents together so that much of the innovations occur within networks, at the boundaries of organizations and industries, where the problems and needs of users and the potential of technologies can be creatively linked together. Concerning the new nature of innovation, a report carried out by Fora *et al.* (2009) outlines the conditions which determine the way that innovation is generated: (I) co-creating value with customers and tapping knowledge about users; (II) global knowledge sourcing and collaborative networks; (III) global challenges as a driver of innovation; (IV) public sector challenges as a driver of innovation.

Socializing the innovation concept

An innovation is social to the extent that it is socially accepted and diffused widely throughout society or in certain societal sub-areas, transformed depending

on circumstances and ultimately institutionalized as new social practice or made routine. Many innovations are created within organisations – public agencies, social enterprises, mutuals, co-ops, charities, companies as well as loose associations. Meantime, there are many examples showing innovations that escape the constraints of organisation to the extent of becoming "open and social: posting ideas and welcoming responses from anyone; involving users at every stage as well as experts, bureaucrats and professionals; designing platforms which make it easy to assemble project teams or virtual organisations" (Murray, Caulier-Grice & Mulgan, 2010). In this respect, nowadays, many communities are considering capabilities for innovation, like human capital, investment, quality of ideas and stance to the future, more than valuable. This holds for companies, for regions, for national economies and even more so for the supranational entities with an outstanding responsibility for the creation of a prolific vision targeted by its institutions, member countries and citizens. It explains, also, why innovation continues to rise to the top of the public, private and societal agendas.

Most of the time, innovation comes from people being able to combine different ideas, skills and assets creating new recipes for how products are made and services provided, in both the private and the public sector. But *moving from a knowledge-based society to an innovation society has as a prerequisite the transformation of the innovation process into a comprehensive process encompassing the whole society*, not just in the business or technology sector. It implies new and open partnerships, involving the entrepreneurial spirit of citizens, companies, the public sector, policy makers and nongovernmental organizations (NGOs).

The key characteristic of these processes is the opening of the innovation process to society (Fora, 2010). It represents an innovation in itself. Citizens and customers not only act as information suppliers about their needs (as in traditional innovation management); nowadays, they contribute at resolving problems in the process of developing new products or services (Howaldt & Schwarz, 2010). Thus, the innovation process increasingly involves consumers, either as participants, either acting as a trigger of the process. Therefore, *innovation is a process which is done with people rather than to them*, creative collaboration driving it as much as the competition. The major societal challenges we are facing, as new opportunities for sustainable growth and enhanced well-being, impose positive changes and innovations across our societies and communities. This is why John Kao's definition of innovation as "the ability of individuals, companies and entire nations to continuously create their desired future" (Kao, 2007: 24). 'Innovation Nation' (2007) means going beyond the focus on more research and development and technology to how an innovative mind-set can trigger broader systemic changes in society and the economy. While business innovates mainly for return on financial investment, *society must innovate for social return and positive transformation.* In a world facing unprecedented challenges, like aging and diversifying population, youth unemployment, sustainable cities and global

challenges, like climate change, environmental degradation and poverty, incremental change and business innovation alone are not enough. So, the concept of innovation must be broaden, in order to render possible the identification of similarities and differences between the existing and shifting variety of innovations taking place throughout society (Hochgerner, 2010). Over the last decades, humanity has struggled to align the best of its social models with the needs of a rapidly transforming economy by moving the society towards a knowledge-based and future-oriented economy. This is why innovation is now accelerated not just in the more familiar space of high technology, but also throughout society.

Social innovation as a new old concept

The innovation occurs at the level of social practice. As Hochgerner (2010) shows, between innovations concerning societal issues (social innovations) and innovations based on technologies (aiming at business purposes) there are similarities but, also, differences. By consequence, "the processes, metrics, models and methods used in innovation in the commercial or technological fields are not always directly transferable to the social economy" (Murray, Caulier-Grice & Mulgan, 2010: 6). The intangible structure of the social innovations represents the main distinction comparing to technical innovations (Howaldt & Schwarz, 2010). In the same time, while being different in terms of purpose and objectives, the outcomes of the two types of innovation may overlap. Also, the rule of incremental innovations serving as background for a few "basic innovations" representing turning points in social change applies to social innovations as well (Hochgerner, 2010). Concerning the innovation typology, Brooks (1982) reports "innovations that are almost purely technical (such as new materials), socio-technical innovations (such as transportation infrastructure) and social innovations". Meantime, concerning the typology of social innovations, Brooks (1982: 9-10) makes distinctions between market innovations (such as leasing), management innovations (such as new working hour arrangements), political innovations (such as summit meetings) and institutional innovations (such as self-help groups)". On the other hand, according to Murray, Caulier-Grice & Mulgan (2010), as with every other innovation, there are not clear boundaries for social innovation. Social innovation can take place within public sector or within private sector, either for-profit or nonprofit, or in the space between them. They are, also, stating that "social innovation is a relatively open field and a relatively open process. Of course, governments, based on their budgets and law-making powers, generate large-scale change more easily than small community groups. Fact is that "most social change involves alliances between the top and the bottom, or between what we call the 'bees' (the creative individuals with ideas and energy) and the 'trees' (the big institutions with the power and money to make things happen to scale)"

(Murray, Caulier-Grice & Mulgan, 2010: 7-8). Therefore, there are not pure top-down, nor bottom-up collaborative models.

Actually, the term social innovation has overlapping meanings: it can cover social processes, like open source methods and techniques, or it may refer to innovations with a social purpose, like microcredit or distance learning, or both. It may be, also, related to social entrepreneurship and it is tied with innovation in public policy and governance. As mentioned by Howaldt and Schwarz (2010: 7): "A plethora of vastly diverging issues, subject matters and problem dimensions as well as expectations for resolving them are subsumed under the heading 'social innovation' without making distinctions between its different social and economic meanings, the conditions governing its inception, its genesis and dissemination, and clearly demarcating it from other forms of innovation." In their view, social innovation is a "new combination and/or new configuration of social practices in certain areas of action or social contexts prompted by certain actors or constellations of actors in an intentional targeted manner with the goal of better satisfying or answering needs and problems than is possible on the basis of established practices" (Howaldt & Schwarz, 2010: 21). Various definitions approach the social innovation concept observing different aspects: what is social innovation, which is the object of the innovation process, which are its motives and effects, which is the object of change, which is the targeted area of change, which are the components, etc. In The Process of Social Innovation (2006), Geoff Mulgan is stating: *"Social innovation refers to innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly diffused through organizations whose primary purposes are social."* This is the definition we adopted for the purpose of this paper. The process is defined in terms of its motives (social need), outcomes (activities or services), and area of change (organizations whose primary purposes are social). While this definition best represents the pragmatic approach (Bassi, 2011), its text is complementing the previously mentioned general definition of innovation, given by Baregheh *et al*. (2009).

Murray, Caulier-Grice and Mulgan (2010) identified the six stages of the social innovation process, taking ideas from inception to impact: (1) *Prompts, inspirations and diagnoses*. Crisis, public spending cuts, poor performance, and strategy represents only some of the factors which highlight the need for innovation. At this stage, the problem should be diagnosed and appropriate question should be formulated in order to identify the root causes of the problem; (2) *Proposals and ideas*. At this stage, the ideas are generated; (3) *Prototyping and pilots*. At this stage, based on a variety of methods, the ideas are tested in practice; (4) *Sustaining*. At this stage, the idea is materialized into everyday practice. It implies ensuring long term financial sustainability of the organization (firm, social enterprise, charity or public sector organization); (5) *Scaling and diffusion*. This stage is about spreading the new idea or practice; (6) *Systemic change*. This usually

involves the interaction of many elements: social movements, business models, laws and regulations, data and infrastructures, and entirely new ways of thinking and doing. Systemic change is the ultimate goal of social innovation.
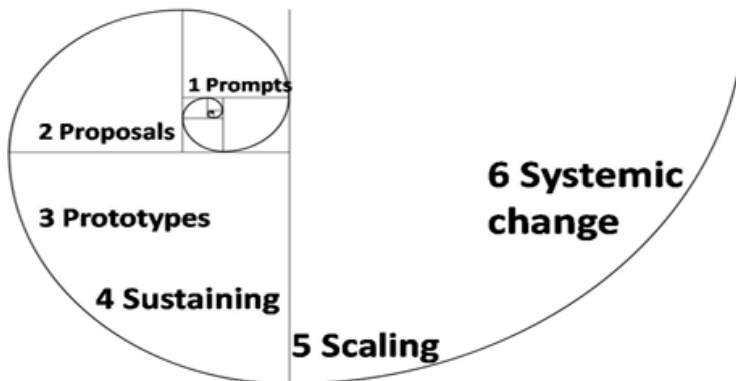

Figure 1: *The process of social innovation (Murray, Caulier-Grice & Mulgan, 2010)*

While these stages are not always sequential, they coagulate a thinking framework which considers different stages as overlapping spaces, with distinct cultures and skills. Meantime, in the report of the Business Panel on Future EU Innovation Policy (2009), the social innovation process is described as: (I) experimental (testing out a range of alternatives), (II) cross-cutting (responding to a problem may require very different changes), (III) collaborative (using the potential of network technologies), (IV) participatory (engaging citizens as co-creators). In other words, from a managerial point of view, social innovation require experimentation, engaging citizens as co-creators, and the ability to turn promising ideas and new service models to scale at the level of cities, regions, states, intergovernmental organizations and global markets.

The field of social innovation turns critical societal problems into opportunities by actively involving the community actors. According to the report of the Business Panel on Future EU Innovation Policy (2009) "the social innovation process generates new answers to social problems by identifying and delivering new services that improve the quality of life of individuals and communities" (p. 14) This is why "the new strategy for Europe, Europe 2020, must have social innovation at its centre, as a means of stimulating a more dynamic, inclusive and sustainable social market economy" (Study on social innovation, 2010: 5). Meantime, on the role of the social innovation, Howaldt *et al*. (2008: 63) are stating: "Where innovation was previously directed at advancements in the natural

sciences and mechanical engineering to create new products and processes, social innovation will gain importance in the future in conjunction with accelerating change".

Conclusions

Innovation is a process which is done with people rather than to them, creative collaboration driving it as much as the competition and it is seen both as shield for preventing economic crises but also as a way to diminish the damages caused by such management and economic event. This is why innovation is now accelerated not just in the more familiar space of high technology, but also throughout society, in the spirit of developing a real innovative culture. The intangible structure of the social innovations represents the main distinction comparing to technical innovations. In the same time, while being different in terms of purpose and objectives, the outcomes of the two types of innovation may overlap. As with every other innovation, there are not clear boundaries for social innovation. While business innovates mainly for return on financial investment, society must innovate for social return and positive transformation, issues that have been better revealed by the last global crisis. In this respect, moving from a knowledge-based society to an innovation society has as a prerequisite the transformation of the innovation process into a comprehensive process encompassing the whole society, not just in the business or technology sector. It implies new and open partnerships, involving the entrepreneurial spirit of citizens, companies, the public sector, policy makers and NGOs. In this respect, opening the innovation process to society represents an innovation in itself. And considering the impact of such process, it is a social innovation. Social innovation can take place within public sector or within private sector, either for-profit or nonprofit, or in the space between them. This may be one of the reasons that the term social innovation has overlapping meanings: it can cover social processes, like open source methods and techniques, or it may refer to innovations with a social purpose, like microcredit or distance learning, or both. It may be, also, related to social entrepreneurship and it is tied with innovation in public policy and governance.

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