Social innovation: redesigning the welfare diamond

Jane Jenson
Université de Montréal, Canada

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Jane Jenson
Département de science politique
Université de Montréal
www.cccg.umontreal.ca

Decades of neoliberal economics and politics have resulted in major shifts in the ways that policy and research communities now understand, shape and work to organise relations between civil society and the state and within civil society. Over the last 15 years, as neoliberalism clearly revealed its limits, these communities began to deploy a range of concepts. Social innovation is one. Other examples are social cohesion, social inclusion, and social investment.

Each of these four "socials" is a quasi-concept, one that is polysemous. The variety of meanings attached to each both provides a foundation for its strength because it can serve as a rallying point and is a complex element in its use because research projects and policy discourses often deploy quite different meanings of the concept.

This short paper examines some of the varied meanings, while arguing that one major contribution of social innovation to the world of "the socials" is to provide a novel way to reorganise market relations in the post-neoliberal world. This reconceptualisation often involves explicitly exposing and developing a reliance on non-market dimensions (such as community engagement and public policy) in the processes of market-making. Social innovation also involves both altering the very goals of markets, turning them towards purposes such as social inclusion and development in the case of labour markets as well as downplaying the profit principle in markets for goods and services or developing a new agenda for business (Nicholls and Murdock, 2012: 2-3 and passim; Osberg and Schmidpeter, 2013).

This market-shifting effect of social innovation is not the only goal that the social innovation community sets, of course. They may be concerned, for example, with remaking public policy (see Evers and Ewert for this conference; Hubert, 2010; Mulgan, 2006) or with local community and grassroots efforts to remake urban space, with or without support from local government authorities (Moulaert *et al.*, 2010). Nonetheless, this paper focuses on social innovation and markets, examining examples of the ways this quasi-concept is deployed so as to offer an alternative vision of market relations.

What is a quasi-concept?

Desmond McNeill describes an "idea," which is what I term a quasi-concept, this way. It is "a concept which … is more than simply a slogan or 'buzzword' because it has some reputable intellectual basis …. What is special about such an idea is that it is able to operate in both academia and policy domains." Such ideas are used – in a gesture towards Antonio Gramsci – to frame an issue so that "… favoured ideas seem like common sense, and unfavoured ideas as unthinkable" (McNeill, 2006: 335).

This definition is very close to what Paul Bernard (1999: 48) called a quasi-concept, which he described as a hybrid, making use of empirical analysis and thereby benefiting from "the legitimising aura of the scientific method," but simultaneously characterised by an indeterminate quality that makes it adaptable to a variety of situations and flexible enough to follow the twists and turns of policy that everyday politics sometimes makes necessary. Linguists focus on these same dimensions. They recognise quasi-concepts' polysemy and describe them as those which are not yet stabilised or are in the process of being destabilised…" (Bartsch, 2002: 50).

Social innovation is such a quasi-concept, federating the social innovation community in general, albeit around multiple definitions and meanings (Osberg and Schmidpeter, 2013: vii-viii; European Commission, 2013a). It is not, however, the only example of a worthy quasi-concept. In this group are other useful notions such as social cohesion (Jenson, 2010a; Bernard, 1999), social investment (Jenson, 2010b), social inclusion (Levitas, 2005) and social capital (McNeill, 2006).[1] Each of them has been developed over the past years in the search for ways of reordering state-society relations in the face of new social risks and new politics. Analytically, this reordering can be described as a reconfiguration of the welfare diamond, and in the case of the social innovation initiatives considered here, in particular the market corner of that diamond.

New social risks and the welfare diamond

The welfare diamond provides a metaphor for the mixed sources of well-being we all experience.[2] Each corner of the diamond is a potential source of well-being and provides instruments for risk sharing. For the majority of people, by far their major source of welfare is market income, earned themselves or by someone in their family, such as a spouse or a parent. But we also gain part of our welfare from the non-market benefits and services provided within the family as care, whether for persons or the house. Access to welfare also comes from states, via public services for which we are not required to pay full market prices, as well as by income transfers. The fourth source is the community, whose volunteers and not fully marketised exchanges generate welfare by providing a range of services and supports, some of which are publicly financed and some of which are privately supported. These four sources of well-being can be represented in the shape of a diamond.

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1 There are, moreover, interlocking quasi-concepts when, for example, social innovation is asked to promote social cohesion (in the discourse of the European Commission, for example) or social capital is invoked as the way to approach social innovation. These are only two examples of interlocking conceptual deployment among many that might be given. Both are from Osberg and Schmidpeter (2013: v; 65).

2 The notion of welfare diamond presented here is clearly an extension of Gøsta Esping-Andersen's popular "welfare triangle," which identifies the state, market and family as the three sources of well-being. I believe that it is a mistake and misleading to try, as he did, to subsume the welfare-generating community sector under the family corner of the triangle and to restrict the production of welfare to "markets (purchased welfare), families (the reciprocity of kin) and government (solidarity)" (Esping-Andersen, et al., 2002: 4). Hence I propose four points that make a diamond. For this representation see also Evers, Pijl and Ungerson (1994) as well as Evers and Guillemard (2012).

This conceptualisation of a welfare diamond should not be confused with notions of several "sectors" of activity, usually termed "private," "public," and "third" or "non-profit" sectors.[3] The basis of that typology is the status of the actor, whether a private firm, a non-profit organisation, or a public agency. The welfare diamond, in contrast, distinguishes with its typology the location of the activity. Thus, for example, both a public agency and a non-profit association may engage in market activity by selling products or services, albeit perhaps without seeking a profit. Similarly, a private firm may be active in the state's portion of the welfare diamond, contracting to buy or sell a product or service. Nicholls (2012: 230-33), for example, describes in more detail the role of public policy (the state portion of the diamond) and foundations (the community portion) in building social entrepreneurship, identifying them as "paradigm-building actors."

Every jurisdiction makes its own choices about the content of its welfare diamond and therefore about the relationships across the portions of the diamond. It is, in fact, the intersecting relational spaces that are often the most interesting to analyse. It is important to look, for example, at how marketised relations are imported into state-financed and organised social services or the ways labour markets are structured by the activities of community-based agencies (from the social economy for example) as well as by the demand of firms.

If each jurisdiction makes choices about the welfare mix, it also uses a variety of public and private instruments to achieve it. For example, while all rely heavily on the labour market as the primary source of income, many are reluctant to allow markets to distribute access to all goods and services (such as health care, post-secondary education or housing) and call on the state, family and community to make a contribution to well-being. While all countries assume that parents have primary responsibility for ensuring the well-being of their children, some countries leave parents on their own to purchase what they can afford in the market while others provide low-cost or free services (child care and housing, for example) and ensure that parents have adequate income to meet the needs of their children (whether via family allowances or other income supplements). While all countries assume that the community corner is the place that volunteerism will be located, some rely almost exclusively on voluntary workers while others maintain and oversee non-profit groups which provide good wages and working conditions.

The economic environment around the world has changed over the last thirty years, with significant consequences for the capacity of all corners of the welfare diamond to generate well-being. Markets are now less regulated and more far-reaching, while state capacities to shape the economy have been significantly limited in many countries. This has happened because of: (1) globalization and open economies, bringing both cost competition among firms and fiscal competition among states; (2) new technologies which enable a knowledge-based economy; and (3) shifts in the international division of labour, pushing developed economies toward knowledge-based work and an expanding service sector, and leaving more manufacturing to low-wage countries. The combination of these trends has altered the employment structure in most countries.

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3 For example, Caulier-Grice et al. (2012: 27), writing for TEPSIE, diagram a pyramid of four sectors: private, public, non-profit and informal.

One result is that inequality is on the rise almost everywhere, as the richest parts of the population – whether the top 10%, 1% or 0.1% – scoop up most of the gains in economic growth.[4] Another is that even market income is not always a reliable source of well-being; we see more people who are the "working poor," while the labour market fails to absorb vast numbers of work-seekers. The Global South is both experiencing phenomenal development in some places (with the attendant environmental and social challenges) and still facing deep poverty and hunger in others. Some of this is, in turn, partly but never exclusively related to socio-demographic changes, including ageing societies virtually everywhere around the world, and increases in lone-parent families. Global population flows, whether from the Global South northward or within the European Union from poorer to richer member states (whether from east to west or north to south) are also creating new wealth for some and precariousness, poverty and even misery for others. Historically marginalised groups facing prejudice – Aboriginal peoples in some countries and Roma almost everywhere they live – find their lives increasingly difficult.

All of these changes can be summarised under the label of new social risks (Bonoli and Natali, 2012). This patterned structure of risks challenges previous configurations of the welfare diamond with its taken-for-granted assumptions and practices about the proper and possible roles of markets, states, families and communities.

The new social risks have provoked policy responses that have reshaped the welfare diamond, in part by calling for social innovations. For example, the social investment perspective[5] has concentrated particularly on rehabilitating the state's role, thereby expanding its portion of the diamond, and reconfiguring the community corner (Jenson, 2012b: 67ff). This perspective diagnoses the challenges facing families with children and prescribes new forms of state action to increase parental employment as well as to provide services and other public spending focussed on the human capital of children, such as early childhood education and care. Where the social investment perspective has been implemented, the state's place in the welfare diamond has grown as public services have been put into place. The growth of these social investment interventions has continued despite the last five years of economic crisis (Kvist, 2013). Social inclusion policies have also addressed the new social risks, focussing sometimes on the community's role in generating welfare and well-being, promoting local-level and community-based initiatives for social and economic integration as well as prescribing public policies that the state (and supranational or international organisations) may use to foster inclusion in the labour market and other anti-poverty strategies (Daly, 2010).

Practices of social innovation are also clearly intended and able to reconfigure the welfare diamond so as to address new social risks. In particular but not exclusively, social innovation focuses on the weaknesses of the market corner, its failure to adequately provide work, income and inclusion as well as capital, products and services. Social innovation completes the post-neoliberal[6] redefinition of the welfare diamond by concentrating more determinedly on the market, and by innovating in its relationships with the community and state.[7] In effect, the market corner of the welfare diamond is being exhorted to bulk up, by recognising the contributions of – and growing if necessary – the social economy and social entrepreneurship more generally. But often practices of social innovation also include reworking both the responsibilities of the community corner of the diamond, and aligning it in ground-breaking ways with respect to the market. As it does so, social innovation's status as a quasi-concept is very clear. Numerous ways of understanding it co-exist.

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4 The OECD (2011: 22) summarised growing inequality this way: "It first started to increase in the late 1970s and early 1980s in some English-speaking countries, notably the United Kingdom and the United States, but also in Israel. From the late 1980s, the increase in income inequality became more widespread. The latest trends in the 2000s showed a widening gap between rich and poor not only in some of the already high inequality countries like Israel and the United States, but also – for the first time – in traditionally low-inequality countries, such as Germany, Denmark, and Sweden (and other Nordic countries), where inequality grew more than anywhere else in the 2000s." For a popular take on the dangers of growing inequality, see *The Economist*, 13 October 2012, at http://www.economist.com/node/21564414/print (consulted 30 September 2013).

5 The "social investment perspective," which is an employment and child-centred approach to social policy reform (Esping-Andersen et al., 2001; Jenson, 2010b; European Commission, 2013b), should not be confused with the notion of "social investments," one that has a long history and another meaning.

6 This is, of course, no consensus that we inhabit a post-neoliberal world. For several discussions as well as some disagreement about whether neoliberalism is over, see Hall and Lamont (2013, especially chapters 1-3).

7 For one recent discussion of such examples see Nicholls and Murdock (2012: especially ch. 3, 5, 6).

Reworking markets with social innovations

Much thinking about social innovation as well as its practices begin from the work of Joseph Schumpeter (1983 [1934]).[8] As an economist, and as the subtitle of his seminal work said, he was most interested in "profits, capital, credit, interest and the business cycle," the stuff of markets in other words. Nonetheless, in his discussions of the creative destruction associated with innovation, Schumpeter was careful to consider social as well as economic and institutional factors.

Since its 2005 edition, the Organisation of Economic Cooperation and Development's (OECD) Oslo Manuel recognises a social dimension to innovation.[9] While the Organisation's Innovation Strategy still primarily focuses on standard approaches and measures of innovation, social innovation does receive some attention when "global and social challenges" are raised, while social enterprises as method of response are discussed (OECD, 2010a: 182ff; 2010b: chapter 5). Deployment of the quasi-concept is, in other words, an alternative way of doing entrepreneurship, management and finance. This is an approach that "is interested in solutions to major social problems, based on entrepreneurial initiatives that [emphasise] philanthropy, individual responsibility, and the market more than the State" (Bouchard, 2012: 49). In other words, the call is for a tighter link across the market and community corners of the welfare diamond.

This extension of the definition of innovation, as well as support from a range of actors, governmental and other, has led to a spurt of attention to social innovation within the standard business community. With the argument that "business can probably be a main driver for urgently needed social innovations" (Osberg and Schmidpeter, 2013: 1) or that social innovation involves a "sixth wave of macro-level change," following five earlier waves since the Industrial Revolution of "a disruptive technology in the Schumpeterian sense" (Nicholls and Murdock, 2012: 2), the focus is on business forms and practices as well innovation in production of goods and services.

But even when the whole system and macro-level is the shared focus, there is no agreement that the standard firm and its market behaviour is the location for social innovation. For example, Quebec's CRISES group's intellectual roots are in structuralist and institutionalist economics and sociology.[10] Thus the focus is on "deficits in regulation or coordination" (Harrisson and Vézina, 2006: 130).[11] Nonetheless, the market behaviour of standard firms is not identified as the source of innovation. Social innovation is primarily community-based or from the social economy, while the new social risks receive much attention (for example, Bouchard, 2012).

Nor does a gesture to Schumpeter mean that discussions of social innovations and markets will focus narrowly. In a recent major overview undertaken for the TEPSIE project of the meanings of social innovation and examples of its practices, Caulier-Grice et al. (2012: 18) define social innovation this way: "Social innovations are new solutions (products, services, models, markets, processes etc.) that simultaneously meet a social need (more effectively than existing solutions) and lead to new or improved capabilities and relationships and better use of assets and resources. In other words, social innovations are both good for society and enhance society's capacity to act." Then, drawing on Schumpeter, the authors propose a typology of social innovations, including: new products, new services, new processes, new markets, new platforms, new organisational forms and new business models (Caulier-Grice et al., 2012: 24-25).

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8 See for example the foundational conference in September 2011 at the Centre for Social Innovation (Zentrum für soziale innovation – ZSI) in Vienna: *Challenge social innovation – Innovating innovation by research, 100 years after Schumpeter.* For papers see: https://www.zsi.at/object/news/2225 (consulted 30 September 2013).

9 http://www.oecd.org/sti/oslomanual. The decision to include services (1997 edition) and then marketing and organisational innovation (2005 edition) are frequently cited as a launching pad for discussions of social innovation (for more details see Ilie and During, 2012)

10 This intellectual provenance is acknowledged in the self-presentation of CRISES (2004: 2), and explains in part the strong focus on a search for systems.

11 Firms may be the location of innovation (in labour relations and work) but the pressure for change comes from unions and other movements (CRISES, 2004: 2-3).

The examples provided do not exclusively involve markets but these types of innovation include numerous examples in which market relations are reconfigured, such as: fair trade; social franchising; community interest companies; crowdsourcing; mobile banking; etc.[12] In these categories and associated examples, we note the clear emphasis on market-making and market-shaping activities, whether by private, public or non-profit actors.

Such a range of treatments and examples of social innovations is by no means exceptional. It confirms the two propositions of this paper: (i) that social innovation is a quasi-concept and (2) as such it has potential for reworking the market corner of the welfare diamond deploying social innovations to do business differently. In each case, the innovators must decide where, with whom, and how to pursue their innovations.

Some examples – where to innovate

Many of the OECD's efforts to foster social innovation focus in particular on labour markets and the failure of these markets to provide sufficient well-being for all. Thus one prescription is partnerships and solid community anchors so markets operate to ensure greater insertion and inclusion via local partnerships that innovate in economic governance and employment creation.[13]

The OECD's Local Economic and Employment Development (LEED) launched its Forum on Social Innovations in 2000[14] (Noya, 2011) and developed an officially legitimated definition of social innovation that extended the Oslo Manuel.[15] In this definition social innovation involves "conceptual, process or product change, organisational change and changes in financing, and new relationships with stakeholders and territories." According to its institutional originators, the implication is that a social innovation "seeks new answers to social problems" that link it "to the improvement of individual and collective well-being and quality of life" (Noya, 2011: 4-5). The Forum's approach to social innovation focused on achieving this well-being and quality of life by innovation in services but also in participation, particularly in the labour market. Overall, it seeks to "provide social change for improving people's quality of life" (OECD, 2010b: 196).

In the view of the LEED programme, social innovation is a process made necessary by, among others, the new social risks as well as other large-scale social trends such as the "emergence of social challenges (poverty, social exclusion, ageing population, rising inequalities, demographic change)" but also "the rise of civil society and social entrepreneurship." Innovation is hindered by reliance of both market and state actors on "conventional wisdom and traditional approaches" that lead to their failure to address social challenges. Nonetheless, the situation is one of opportunities as well as threats (Noya, 2011: 8; also OECD, 2010b: chapter 5).

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12 For more examples of the market-shifting behaviour of social enterprises (including collaboration with established corporations and market navigation strategies) see the SELUSI (Social entrepreneurs as lead users for social innovation) project at http://www.selusi.eu/index.php?page=about-the-project, consulted 30 September 2013.

13 An early precursor of this way of conceptualising innovation as social was Piore and Sabel's *Second Industrial Divide* (1984), which argued that innovation for the late 20th century could come not from firms organised around the social relations of Fordism but from those harking back to the 19th century's personalised social relations of craft production. In other words, successful innovation would involve not only new techniques but also a different structure of social relations in the workplace and community. A decade later, Charles Sabel led the team assessing the potential for social innovation of the Irish government's experimental "creation of urban and rural area-based partnerships to address issues of social exclusion in a more flexible, decentralised and participative way" (OECD, 1996: 5). This assessment of partnerships with various civil society groups as well as local authorities concentrated in disadvantaged areas was quickly followed by a number of OECD studies of the contribution of local partnerships (OECD, 2001).

14 See: http://www.oecd.org/regional/leed/leedforumonsocialinnovations.htm (consulted 30 September 2013). The Forum's objective is: "to contribute to improving social cohesion through the identification and dissemination of local social innovations; to identify and analyse the role of the non-profit sector and of social entrepreneurship in creating new economic activity and new mechanisms of social inclusion" (see http://www.oecd.org/cfe/leedprogrammelocaleconomicandemploymentdevelopment/joiningtheleedpartnersclub.htm (consulted 30 September 2013).

15 This definition received the imprimatur of the LEED Directing Committee (Noya, 2011). It is now consistently used as the OECD's definition of social innovation, sometimes with the claim that it is the first definition generated by an intergovernmental organisation and one of the first ever (OECD, 2010b: 196).

A number of groups promoting social innovation via new business models and social enterprises depart somewhat from the OECD's understanding of social innovation as a tool for social inclusion via labour markets, however. This group uses slightly different definitions of the quasi-concept and tends to home in on examples of entrepreneurial initiative. Among such are new business models for social innovation.

One example comes from Australia. Emphasising relationships across the community and market corners of the welfare diamond, the federal government's Innovation System Report 2011 asserted: "Social enterprises create social value or change that leads to better outcomes for people in a community. … Social entrepreneurship reflects emerging hybrid business models that provide a platform for experimentation and risk taking to develop innovative solutions. It has the capacity for place-based solutions to social issues and a means for community led social innovations" (Australia, Department of Innovation, Industry, Science and Research, 2011: 113; chapter 5 passim).

Some examples – social innovation and social entrepreneurs

The focus on new business models has resulted, not surprisingly, in attention to alternative forms of entrepreneurship. One example of a focus on this form is the European Union's Social Business Initiative launched in 2011. Several efforts to support responsible business, including social entrepreneurship, were part of this initiative.[16] Since then the Initiative has been narrowed down[17] to focus only on social entrepreneurs and their businesses, valued because "social enterprises seek to serve the community's interest (social, societal, environmental objectives) rather than profit maximisation. They often have an innovative nature, through the goods or services they offer, and through the organisation or production methods they resort to….[18]
For the EU (European Commission, nd [2012]: no page):

a social business/social enterprise is an undertaking:

- whose primary objective is to achieve social impact rather than generating profit for owners and shareholders,
- which uses it surpluses mainly to achieve social goals,
- which is managed by social entrepreneurs in an accountable, transparent and innovative way, in particular by involving workers, customers and stakeholders affected by it business activity.

The main objective of social businesses is to generate a significant impact on society, the environment and the local community.

Given that social businesses, according to this conceptualisation, may contribute to smart, sustainable or inclusive growth, "their key aim is to effect social and economic transformation that contributes to the objectives of the Europe 2020 Strategy" (ibid).

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16 http://ec.europa.eu/internal_market/social_business/index_en.htm (consulted 30 September 2013). This was intended to be a broad initiative. Other targets were multinationals and SMEs, including their involvement with environmental protection and acceptance of corporate responsibility. See the press release at http://europa.eu/rapid/press-release_IP-11-1238_en.htm?locale=en (consulted 30 September 2013).

17 A Google search (30 September 2013) on "social business initiative" leads to a web page titled "social entrepreneurship." The MNC and SME are nowhere to be found.

18 http://ec.europa.eu/internal_market/social_business/index_en.htm (consulted 30 September 2013). This attention to social business with innovative potential is not to be confused with Innovation Union (http://ec.europa.eu/research/innovation-union/index_en.cfm, consulted 30 September 2013) which focuses on technological innovation and whose new "innovation indicator" has nothing "social" about it. See http://europa.eu/rapid/press-release_IP-13-831_en.htm, consulted 30 September 2013.

We see in this vision of social business or entrepreneurship that the market portion of the welfare diamond is to be rethought by firms that worry less about profits than about their capacity to engage with the community portion of the diamond via a willingness to involve their stakeholders. These kinds of businesses exist at the blurry boundary between market and community, often difficult to distinguish from the kinds of community groups, third-sector providers and associations that engage in social development projects, frequently at the local level (Moulaert et al, 2010).19

In its Consultation Document on investment in social businesses, the European Commission sought to untangle the differences (EU, nd [2011]: 2):

> Social businesses can be defined as targeting social, ethical or environmental goals as their primary corporate objective. They place the achievement of social impacts above the delivery of financial returns. For this reason they can be seen as hybrid businesses, which lie between traditional for-profit firms and purely philanthropic endeavours with no economic element. In comparison with traditional firms they might be considered by investors solely interested in financial returns as insufficiently profitable. However, at the same time they are distinct from purely philanthropic work because their activity is about doing business. Social businesses are typically characterised by a high degree of (social) innovation: they can tackle challenges and fill gaps not sufficiently addressed through mainstream business or philanthropic work.

Social Innovation Sweden provides another take on entrepreneurship and market-shaping. Its publication *The ABC of Social Innovation* asserts (Social Innovation Sweden, 2011: 15):[20]

Social entrepreneurs have the ability to see new business potential within the challenges and needs we are facing, yet without compromising the overall goal of having the greatest possible benefit to society. We see the social entrepreneur as a bridge between several spheres, a skill becoming more and more attractive in a globalized era demanding continuous development and an interdisciplinary approach. This means that the social entrepreneur is contributing to developing a new kind of leadership that can suit a time in which the most important skills will be the ability to easily navigate between sectors and an ability to collaborate beyond borders. Social entrepreneurs challenge our traditional view of who is supposed to do what in our communities by combining different logics and methods previously reserved to a particular social structure. For example by transferring a more business perspective, previously reserved for the private sector, to the non-profit sector.

The booklet gives the example of several entrepreneurs who have developed new products or services. In these examples, new social risks in Sweden are taken up by projects for local development and accompanied by examples touching on international cooperation and development.[21]

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19 At the boundary between markets, shaped by the social economy, and community actors, social transformation can be the express goal, whether of urban space, work, living conditions, or territorial development. The goal may be not only to provide services (although it is often that) but also to democratise social relations in the creation of as well as the lived experience of these territorial and organisational experiments (Klein and Harrisson, 2006 provide a good selection of examples).

20 The 2012 booklet focuses on forms of financing for social innovation. It is, as yet, only available in Swedish. See http://socialinnovation.se/en/launch-abc-of-social-finance/.

21 One example is the Living Labs Quarter in Malmö which involves collaboration between university researchers and local communities (Social Innovation Sweden, 2011: 10-13). Others are the Barista chain of coffee shops in Sweden which not only sells Fair Trade coffee exclusively but also has a marketing mechanism that financially supports a school-lunch programme in Ethiopia and the Peepoople group and its eco-friendly portable toilet for the Global South.

Some examples - financing social innovation

Financing social innovation directly and obviously draws attention to the market for capital as well as for grants from public agencies, foundations or other actors. Such financing takes many forms and is often a challenge (OECD, 2010a: 182).

Perhaps the most straightforward to finance social innovation is by using a portion of profits generated via the market. In this way, the purpose of market activity is more than making profit; it also involves opening possibilities for change with the money earned. Indeed, focusing on social entrepreneurship for social innovation opens a space for the self-identification by businesses as different from traditional profit-oriented actors, even though in many cases they continue to be profit-making. Thus a mechanism such as committing a portion of profits to development projects becomes a "best practice." It also means, as the president of Barista put it, "Today it is ok to do good and at the same time earn money" (quoted in Social Innovation Sweden, 2011: 10).

Beyond this easy route is the fact that many promoters of the quasi-concept of social innovation recognise that social entrepreneurs hoping to operate social businesses have difficulty obtaining adequate financing. Therefore a significant amount of attention goes to the issue of financing, in various forms, sometimes termed social finance.

One strategy is through reliance on alternative institutional forms, particularly banks. For example, a stakeholder for EU consultations on these issues is the FEBEA (Fédération européenne des banques éthiques et alternatives – European Federation of Ethical and Alternative Banks), a network of banks, savings and loan cooperatives, investment companies and foundations, sharing information about their innovations in financial instruments.22 Cooperatives and other forms of alternative banks have a long history, often arising in the late 19th century to meet the needs of local communities without access to services or groups, such as farmers, whose pooling of risk was complicated. Now the form is often used to provide "socially responsible investing" (an overview in Geobey, Westley and Weber, 2012). Such rejigging of the market relations of investment managers – whether in banks or other firms – may be a way of meeting social innovation goals, although the relationship is not one-to-one; on-going but not innovative socially valuable activities can obviously fall into the category of socially responsible. Social entrepreneurs may need to be helped with their business plans and search for capital. One of the three recommendations of the Canadian Task Force on Social Finance (2010) was to open "the investment pipeline" via training for social entrepreneurs and "enterprising" non-profits while the OECD (2010a: 185) called for new financing mechanisms including by philanthropy and foundations.23

Using public funds is a third route. For example, "financing social impact" has also become a rallying call, although social innovation is not always the focus.24 As part of its Social Innovation Europe (SIE) initiative, for example, the EU published in Enterprise and Industry Magazine a report on "Financing Social Impact" which called for the use of European budgets through the four stages of the innovation life-cycle and particularly in support for incubation and pilots (O'Sullivan et al., 2012).

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22 http://www.ethicalbankingeurope.com/febea/legal/febea, consulted 30 September 2013.

23 For a critique of the reliance on philanthropy (and the community corner of the diamond) to design responses to social challenges see Joanne Barkan, "Plutocrats at Work: How Big Philanthropy Undermines Democracy." Dissent, Fall 2013, at http://www.dissentmagazine.org/article/plutocrats-at-work-how-big-philanthropy-undermines-democracy, consulted 3 October 2013. This article, just as the one in The Economist cited in note #4, returns to the "Gilded Age" of American wealth at the end of the 19th century in search of an historical parallel.

24 For more about the notion of financing social impact, see the British group Social Finance (http://www.socialfinance.org.uk/home, consulted 30 September 2013) as well as Geobey, Westley and Weber's review (2012: 154ff).

Another source of financing using some public funds involves partnerships between social entrepreneurs and university-based researchers, perhaps with the involvement of public authorities. For example, the Dutch Tilburg Social Innovation Lab (TiSIL)25 involves four educational institutions as well as local "stake-holders." It proposes that the knowledge base in the social sciences and humanities (rather than natural sciences and engineering, as in technological innovation) can lead to innovation and development of the Brabant region. It seeks to "create new business models in a multi-stakeholder community, aimed at realizing societal value, by using high-level knowledge of socio-economic sciences and humanities. … Social Innovation addresses the processes of innovation and change and focuses on new forms of cooperation (business models) and the formation of communities." In this process, according to the Lab, "within the field of Social Innovation, social entrepreneurs are seen as the ultimate agents of change." They can come from the public, non-profit or "socially responsible" companies.

All these strategies are responses to the recognition that in many situations traditional market practices and institutions have proven themselves inadequate to the task of financing social innovation. This recognition has meant the rehabilitation of historically important concepts such as the social economy, which in continental Europe and especially francophone jurisdictions has long provided an alternative to standard financial institutions as well as service providers, whether private or public, precisely because they exist at the intersection of the market and community corners of the welfare diamond. In other situations, advocates of social finance seek to work with a range of agents so as to inject other values than simply "rate of return" in the market for investments.

Concluding Remarks

This paper documents, in the limited space available, some initiatives seeking to promote the reconfiguration of the welfare diamond by social innovations in markets and market relations. Actors doing so come from the private as well as the non-profit and public sectors. They come from local, national and international or supranational bodies and their scale of intervention also ranges from the local to the international.

These approaches to social innovation deploy a set of policy instruments to foster better functioning markets which are quite different from the policy transfers, activation efforts and income supports normally associated with strategies for social inclusion promoted by social policy communities, whether concerned with the social investment perspective or not. Yet the consequences for the distribution of well-being are as great if not greater.

This demonstration seeks to convince that further research attention to such activities is merited. The tensions between market behaviour and other goals have, of course, received attention within the social innovation community. So too has the issue of strategy and partnership. By seeking to catalogue such initiatives this paper seeks to remind us of the need to continue investment in such research.

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25 http://www.tilburguniversity.edu/about-tilburg-university/partnerships/tilburg-social-innovation-lab/ (consulted 30 September 2013).

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