

An Ecosystem for Social Innovation in Sweden

A strategic research and innovation agenda



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About the Agenda

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Welcome to the Agenda for an Ecosystem for Social Innovation in Sweden

Social innovation is a field of growing interest for all sectors in society. In our different roles and functions we need to consider how we can contribute to societal development through combining different knowledge, resources and competences in the right way and context.

Lund University's vision is to be a *world-class university that works to understand, explain and improve our world and the human condition*. We see our support for social innovation at Lund University as one of many ways to improve our impact on and interaction with society. With this in mind, apart from the renowned innovation research center CIRCLE, in 2012 we also initiated the Lund University Social Innovation Center to strengthen social innovations from, within and around the university. Research means using money as an input to create knowledge and competence while innovation means using knowledge and competence to create impact and growth. Academia has contributed to the understanding and development of social innovations for a long time even though we may not have called it by that name. A contemporary example that we at the university are proud of is the work to combat homelessness through research and the implementation of the model Housing First (Bostad Först).

But even more important is to look at what we can do together. The agenda for an ecosystem for social innovation has been developed in collaboration between academia, civil society, public entities and private organizations. A project such as this has the possibility to gather ideas, visions and energy for the future. The strength of social innovation emanates from the intersection between people, organizations and ideas; and through the combination of the right resources at the right place and the right time. To achieve this we must work together.

At Lund University, we are proud to have had the possibility to drive this development together with our partner organizations in the agenda and we invite you to take part in the continued process. The agenda for an ecosystem for social innovation in Sweden is, after all, not the final product of a project but rather the beginning of a collective journey toward a new vision for the public welfare of Sweden.



Per Eriksson

Vice Chancellor, Lund University

November 2014

Editors' note

This report represents the continuation of a national dialog among actors across Sweden with the aim of identifying promising areas of development for the social innovation system. The output of this dialog is a list of suggestions that would support the advancement of social innovation knowledge and practice within academia, the public sector, civil society and business. The recommendations put forward in this agenda aim to leverage the growth of individuals and organizations wanting to develop social innovations that assist in addressing societal challenges in line with the European Union's and Sweden's innovation policy strategies (the explicit targets of addressing grand societal challenges).

“Social innovation initiatives all stand on a common ground: that of addressing social needs and issues through innovative means.”

Although there are several definitions of the concept, social innovation initiatives all stand on a common ground: that of addressing social needs and issues through innovative means. We hope that the agenda opens up discussions on this concept that involves an even broader set of stakeholders. The agenda provides different perspectives and cases that we consider belonging under the umbrella of social innovation. Further, it includes a discussion on what they can bring to our understanding and use of the concept in order to make it meaningful to policy makers, practitioners, researchers and entrepreneurs.

Overall, the report has a greater focus on the academic and civil society sectors in the discussion of social innovation: academia, as it is a **research** and innovation agenda that outlines the needs for knowledge and research development, and civil society, since Non-Governmental Organizations and active citizens play a prominent role in the development of social innovations.¹ While social innovations can and do develop in and between any economic sector, for the purpose of a research and innovation agenda for social innovation we believe that these two sectors play an extra important role. Further, civil society has hitherto been rather neglected in Swedish innovation policy, thus warranting a particular focus in an agenda for social innovation. That being said, we have tried to include as many perspectives and organizations as possible in the agenda without losing the overall focus. At the same time, social innovation, a concept that touches multiple fields and sectors, will never be able to encapsulate all of them. Therefore, if a specific perspective or actor is missing in this painting we present, we will try to rectify this as we develop our work further in the coming years.

The report explores and clarifies how to improve Sweden's ecosystem for social innovation. Following a year of workshops, meetings and discussions with stakeholders across First, we provide a summary and the vision and goals of the agenda. Second, a brief contextualization of social innovation and the strategic research and innovation agenda is presented. Third, we outline the challenges where we believe that a social innovation perspective holds great potential for Sweden. And fourth, we discuss the needs and provide recommendations on actions that can further develop social innovation and social entrepreneurship in Sweden. In the appendices you may find additional information related to the agenda; including expanded discussions, a list over agenda stakeholders and organizations involved, and a bibliography of literature used.

Many organizations and individuals have contributed to the creation of the agenda for an ecosystem for social innovation and we are very grateful for their expertise, time and financial contributions. Everyone who has participated in workshops, discussions, interviews and meetings has helped shape the agenda and provided advice on how to best leverage social innovation in Sweden. We extend special thanks to the individuals and organizations who have been involved in providing text and comments for the agenda and *Stiftelsen för uppfinnarverksamhet (Romanusfonden)* for their initial financial support of a needs analysis for social innovation conducted by the Lund University Social Innovation Center in 2013.





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Sammanfattning

Såväl välfärdssamhället som företagandet förändras kontinuerligt och social innovation och samhällsentreprenörskap har under de senaste åren lyfts fram som möjligheter för att både påskynda positiv samhällsförändring och agera buffert mot den negativa utveckling som sker i många länder.

Agendan för ett ekosystem för sociala innovationer fokuserar på rollerna som olika aktörer har i utvecklingen av sociala innovationer i Sverige. Ekosystemet består av:

1. *Aktörer som driver utbudet av sociala innovationer – t ex tillämpad forskning, finansiärer, inkubatorer och rådgivningsverksamheter för samhällsentreprenörer och sociala företag,*
2. *Aktörer som driver efterfrågan av sociala innovationer – t ex offentliga aktörer och privata företag, kunskapsproducenter, upplysta medborgare och konsumenter, och*
3. *Intermediärer som agerar mellanhand mellan utbud och efterfrågan genom att driva exempelvis nätverk och mötesplatser.*

I agendan definierar vi sociala innovationer som **nya angreppssätt och lösningar på sociala behov eller gemensamma problem som implementeras och uppnår effekt i samhället. Sociala innovationer är inkluderande och skapar nya sociala relationer eller samarbeten.** Denna påverkan kan ske genom introduktionen av nya (eller förändringen av existerande) varor, tjänster, organisationer, tillvägagångssätt, ramverk och normer.

Potential

Att anamma ett socialt innovationsperspektiv har potentialen att bidra till att möta utmaningar inom en mängd områden inkluderade i de 'stora samhällsutmaningar' som ska mötas genom EUs 2020-strategi för tillväxt och forskning. Dessa inkluderar bland annat (men inte endast) arbetslöshet, klimatförändringar och hållbar utveckling, en åldrande befolkning, migration

och integration samt demokratisering. Vi menar också att en utökad satsning på utveckling av sociala innovationer i Sverige kan bidra till att:

- *Bryta förlegade normer i innovationssystemet,*
- *Bidra till hållbar utveckling,*
- *Öka innovationsgraden inom offentlig sektor,*
- *Öka andelen hållbara företag genom samhällsentreprenörskap och socialt företagande,*
- *Öka tvärssektoriell samverkan och nansera debatten om samhällsutveckling generellt.*

Sverige är i dagsläget inte ett ledande land inom vare sig social innovationsforskning eller -praktik men med rätt satsningar och resurser anser vi att Sverige kan lägga sig i fronten av detta fält och behålla en roll som en förebild för välfärdsutveckling i världen.

Behov och rekommendationer

Behoven och rekommendationerna som läggs fram i agendan kan grovt delas upp i fyra kategorier.

1. **Kunskap:** *Sverige behöver teoretisk, empirisk och metodologisk kunskapsutveckling för social innovation och hållbar samhällsutveckling samt en ökad kännedom om social innovation.*
2. **Organisering & demokratisering:** *Stödet till sociala innovationer är mer effektivt när det organiseras på olika sätt. Stöd till expansion och organisering av det sociala innovationsstödet behövs, och demokratiska och normkritiska perspektiv behövs inom utvecklingen av innovationer för hållbarhet och välfärd.*
3. **Finansiering:** *Framgångsrika sociala innovationer lyckas säkra hållbar finansiering för utveckling och implementering av aktiviteter och insatser samt produktion och tjänsteutveckling. Därför behövs en mångfald av finansiella instrument och samarbeten som stöttar utvecklingen av sociala innovationer.*
4. **Kompetens:** *Sverige behöver satsa på kompetensutveckling genom utbildning, utrymme för möjlig-*

görare (facilitatorer) av innovationsprocesser och kompetens för att stötta samhälls-entreprenörer och sociala företag inom det etablerade innovationssystemet.

■ Kunskap

- Stötta medskapandet av kunskap mellan aktörer.
- Finansiera forskning om kritiska perspektiv på social innovation.
- Finansiera forskning som nyttjar en blandning av metoder och inkluderande forskningsmetodologier.
- Utveckla kunskapen om och möjligheterna att mäta innovationers påverkan på miljö och samhälle.
- Utveckla statistiken om sociala innovationer och samhälls-entreprenörskap i Sverige.
- Bygga bättre kännedom och förståelse för social innovation, samhälls-entreprenörskap och socialt företagande i Sverige.

■ Organisering och demokratisering

- Stärka innovationsstödet till sociala innovationsinitiativ och sociala företag.
- Öka kunskapsutbytet mellan olika aktörer inom stödssystemet för social innovation.
- Lyfta den civila sektorns bidrag till innovationer.
- Utveckla existerande och nya modeller för samverkan mellan civilsamhälle, offentlig sektor, akademi och privata företag.
- Förtydliga och förenkla policy och juridisk status för sociala företag i Sverige.

- Uppmuntra och stärka innovation inom offentlig verksamhet.
- Uppmuntra och stärka demokratiska och inkluderande innovationsprocesser.

■ Finansiering

- Utveckla en bredd av finansieringskällor för sociala innovationsinitiativ och sociala företag.
- Stötta utvecklingen av ett anpassat finansiellt stödssystem av finansiärer, företagsstödjande och intermediära verksamheter.

■ Kompetens

- Öka akademisk och icke-akademisk utbildning som är anpassad till social innovation och samhälls-entreprenörskap för hållbar samhällsutveckling.
- Utveckla pedagogik som låter studenter vara medskapare av kunskap och lösningar.
- Finansiera kompetensutveckling för facilitatorer av samverkansprocesser där olika aktörer möts och samutvecklar lösningar.
- Stärka kompetensen för att stötta sociala företag och sociala innovationer inom det etablerade innovations- och företagsstödsystemet stärkas.

Mål och vision

Dessa behov och rekommendationer leder oss fram till ett antal mål och en vision för agendan för ett ekosystem för social innovation i Sverige. Dessa mål och visionen kan nås om de rätta resurserna, nätverken, initiativen och strukturerna kommer på plats.

Mål 2020

- Socialt entreprenörskap och sociala företag etablerade och erkända modeller för samhällsutveckling
- En mängd finansieringslösningar för sociala innovationsinitiativ har testats och implementerats i Sverige
- Ett årligt social innovationsforum arrangeras i Sverige
- Ett nationellt forskningscenter för social innovation etablerat i Sverige
- Alla universitet tillhandahåller kurser eller program för utmaningsdriven innovation

Mål 2030

- Organiserat socialt innovationsstöd tillgängligt i alla regioner i Sverige
- Sverige är det ledande landet i världen för social innovationsforskning för hållbar utveckling.
- Välfärdsutveckling radikalt demokratiserad genom inkluderande kunskapsproduktion och beslutfattandeprocesser
- Social innovation är en integrerad del av offentliga upphandlingsprocesser
- Svenska välfärdslösningar är anpassade och implementerade i andra länder i Europa och världen

Vision

Den nya svenska modellen:
Sverige har en hållbar samhällsutveckling som understöds av sociala innovationer inom alla sektorer. Svenska organisationer är ledande parter i utvecklingen och implementeringen av sociala innovationer i andra länder.



Executive Summary

The premise of the welfare society and business are changing. In response, social innovation and social entrepreneurs are being challenged to be both drivers of positive societal change and buffers against negative developments.

This research and innovation agenda for an ecosystem for social innovation focuses on the roles of different stakeholders in the development of social innovation in Sweden. The ecosystem consists of:

1. *Actors who drive the supply of social innovations (ex. researchers, financiers, incubators and support organizations for social entrepreneurs and social enterprises),*
2. *Actors who drive the demand for social innovations (ex. public authorities and private companies that request the services of social enterprises, knowledge producers, and consumers), and*
3. *The intermediaries who act as brokers between the supply and demand for social innovations by supporting networks and meeting places.*

The agenda refers to social innovations as **new approaches and solutions to social needs or common problems that are implemented in and impact society. Social innovations are inclusive and create new social relationships or collaborations.** This impact can be reached through the introduction of new or alterations of existing products, services, organizations, practices, frameworks and norms.

Potential

Adopting a social innovation perspective has the potential to help address challenges in a variety of contexts – including the ‘grand societal challenges’ outlined by the European Union. These include (but are not limited to) unemployment, climate change, sustainable development, demographic change, migration, and democratization. Further, we argue that supporting the development of social innovation in Sweden can:

- *Assist in breaking marginalizing norms within the innovation system,*
- *Contribute to sustainable development,*
- *Spur innovation in the public sector,*
- *Promote sustainable business models through social enterprises,*
- *Encourage cross-sectoral knowledge production and collaboration, and*
- *Provide a nuanced understanding of the impacts of economic growth across countries.*

Sweden is currently not a leading country in social innovation research or practice. However, with the right initiatives and resources we believe that Sweden can establish itself in the forefront of this field and maintain a position as one of the role models for welfare development in the world.

Needs and recommendations

The needs and recommendations outlined in the agenda can broadly be categorized into four focus areas:

1. **Knowledge:** *Sweden needs knowledge development related to social innovation on a theoretical, empirical and methodological level; as well as an increased awareness of social innovation, social entrepreneurship and social enterprises.*
2. **Organization & Democratization:** *Social innovation is more effective when organized in various ways. Therefore, support for the expansion of social innovation support across Sweden is needed, and democratic and norm critical perspectives should be present in the development welfare innovations.*
3. **Financing:** *Successful social innovations secure sustainable financing for the development and implementation of activities, production and services. Therefore, a diversity of financial instruments that support the development of social innovations is needed.*

- 4. Competence:** *Sweden needs to support competence development through education, the inclusion of facilitators of innovation processes (intermediaries), and increased competence within the established innovation system to support social innovation and social entrepreneurs.*

■ Knowledge

- Support co-production of knowledge between stakeholders.
- Finance research on critical perspectives on social innovation.
- Finance research projects that utilize mixed methods and inclusive research methodologies.
- Further expand the knowledge of and possibilities for measuring the social and environmental impact of innovations.
- Develop statistical measures for social innovations and social entrepreneurship in Sweden.
- Increase awareness and understanding for social innovation, social entrepreneurship and social enterprises.

■ Organization & Democratization

- Strengthen support for social innovation initiatives and social enterprises.
- Increase knowledge exchange between actors in the social innovation ecosystem.
- Promote civil society's role and position in innovation.
- Develop existing and new models for interaction and knowledge creation between civil society organizations, public sector, academia and private companies.
- Clarify and simplify the legal and policy status of social enterprises in Sweden.
- Encourage and strengthen innovation within public organizations.
- Encourage and strengthen democratic and inclusive innovation processes to anchor change processes among the multitude of citizens and stakeholders affected by them.

■ Financing

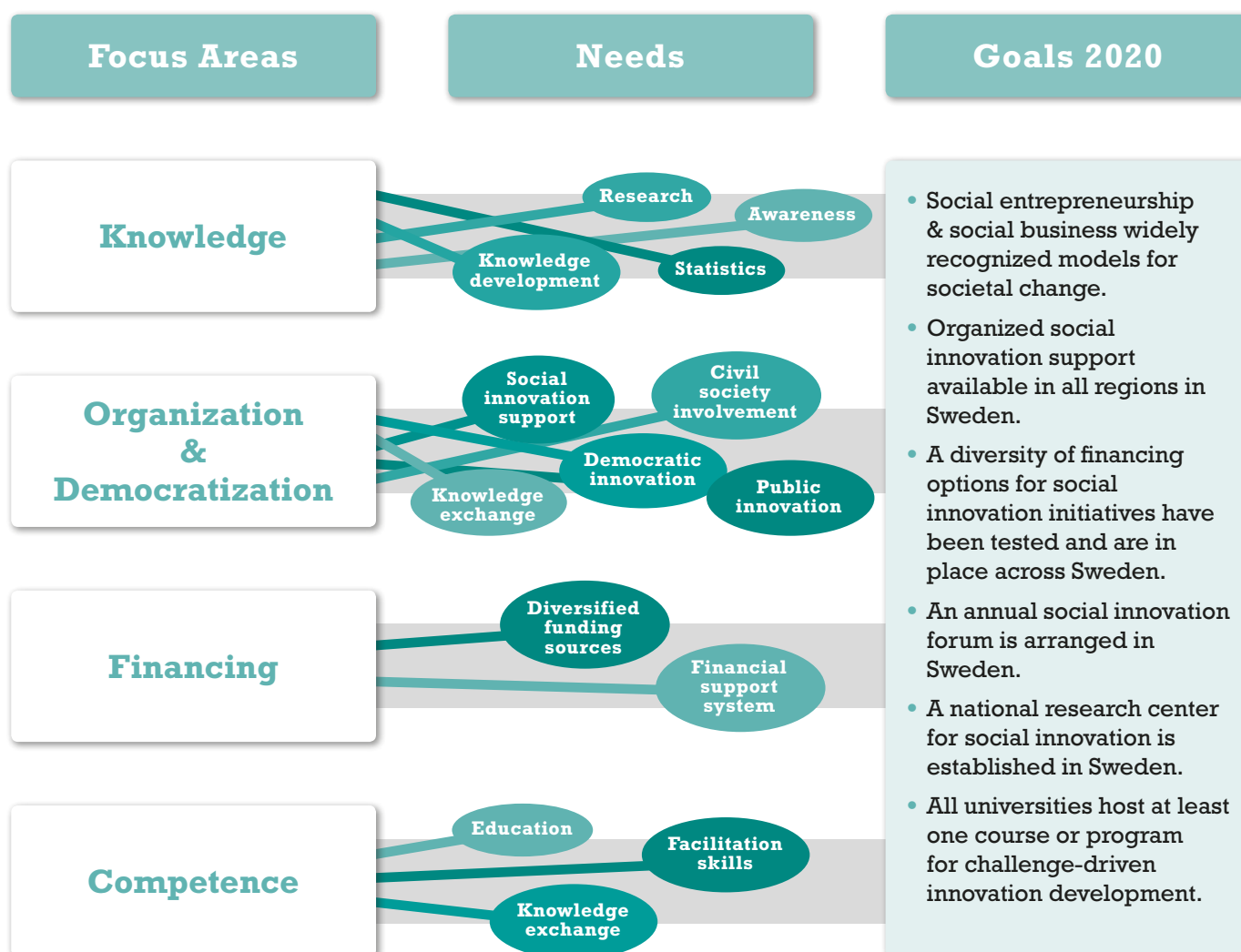
- Develop diversified funding possibilities for social innovation initiatives and social enterprises.
- Support the development of a customized financial support system of financiers, business support and intermediary organizations.

■ Competence

- Increase academic and non-academic education on social innovation.
- Support progressive and inclusive pedagogies that allows students to become co-producers of solutions.
- Encourage knowledge exchange and co-learning between challenge-driven educational models.
- Finance competence development needed for the facilitation of complex co-creation processes.
- Support competence development to support social enterprises and social innovations within the established innovation and business support systems.



Vision and Goals



Adopting a social innovation perspective in public services, businesses and civil society can contribute to leading Sweden (and the world) towards sustainable growth. We need social innovations and social enterprises that will help meet local and global social, environmental, and economic needs. Social innovations can assist in leveraging negative trends to create new employment opportunities, new businesses in the form of social enterprises, and a more inclusive development process. The agenda outlines a number of potentials,

needs and recommendations for social innovation based upon a year of discussions amongst many stakeholders in Sweden (note stakeholder list in Appendix II on p. 37–38). As we begin the work of implementing the suggestions, the agenda has identified a number of goals and a vision for a social innovation ecosystem in Sweden. We believe that if the right initiatives, resources, networks and competences are activated and supported, Sweden can maintain its position as a role model for welfare development in the world.

Goals 2030

- Sweden is the leading country for social innovation in the world that link social, environmental and economic aspects.
- Welfare service development is radically democratized by means of inclusive knowledge creation and decision making processes.
- Welfare innovation is, where applicable, an integral part in public procurement processes.
- Swedish sustainable social and environmental innovations are adapted and exported to other countries across Europe and the world.

Vision

The New Swedish Model:

Sweden has sustainable development that is supported by social innovation in all sectors. Swedish organizations are leading partners in the development of social innovations across the world.



3

Background – Social is the New Black

The narrative of social innovation: crisis and a consensus for change

‘Social’ is on many people’s lips these days (think **social innovation, social entrepreneurship, social business, corporate social responsibility** and more). In fact, one could argue that social is the ‘new black’. The premises of the welfare society and business are changing, and in response, social innovation and social entrepreneurs are being challenged to be both drivers of positive societal change and buffers against negative developments. Can social innovation live up to these high expectations?

The consensus that we nationally, as well as globally, are experiencing a period of overlapping crises is one of the reasons social innovation is increasingly advocated. There is a fear that these crises will continue to deepen unless we radically improve social, environmental and economic sustainability. The pressure is increasing on rich and poor nations alike, and the mostly negative effects of the global financial crises add unwanted difficulties to nations that are working to address climatic and demographic changes and rising inequality (for example within and between countries, between rural and urban populations and between economic classes, to name a few). Of course, the list of problems faced by nations that can be addressed by social innovation initiatives is certainly more expansive and varies greatly from country to country.

This need for change cuts across all social and economic sectors in society. Not many would conceivably argue that the path we are on, as a global society, is a sustainable one, neither environmentally nor socially. Even the sustainability of the world economy and the possibility of perpetual growth are being questioned in many respects, especially since the last financial crisis. Complex issues that organizations and sectors are not equipped to face alone pile upon one another, which highlights the need for the development of new roles within and between societal sectors. Public leaders and organizations need to develop new ways to meet citizen

needs and demands while, at the same time, they are expected to lead the shift to sustainable development. Large corporations are increasingly met with the need to innovate their value production chains to improve local, social or environmental conditions, and smaller businesses are increasingly motivated to address needs at a local or global level. At the same time, civil society organizations (CSOs) are faced with new opportunities and issues as the traditionally strong welfare states of Western Europe are under both fiscal and ideological pressure following decades of deregulations and an increasingly uneven economic development.

The sense of urgency also plays an important role in the narrative for social innovation. From grass roots organizations and businesses to the political offices in Brussels, novel ideas and implementations to tackle these multifaceted issues are in high demand. For example, the *European Union* states that “social innovation can offer a way forward in coping with the societal challenges and the crisis that the EU is facing”,² and the Swedish national innovation strategy highlights that Sweden is in need of “increased knowledge about how social innovation and entrepreneurship can contribute to meet societal challenges on a global, national, regional and local level.”³

However, currently there is no national Swedish strategy on how to increase knowledge and promote practices of social innovation or entrepreneurship. This document presents a number of ideas and suggestions developed by leading stakeholders that work with social innovation in order to develop a readiness in Sweden to harness and develop initiatives that tackle societal challenges in a more effective, democratic, and sustainable way. We argue that parallel processes must be initiated within and between academic institutions, public authorities, private businesses and civil society organizations. Both the supply of social innovations and the demand for them are in dire need of mapping in order for us to begin to resolve the full spectrum of

possibilities. On a structural level this will enable us to develop responses for and leverage on some of the challenges we are facing today. We also believe that there is a need for further national coordination of social innovation and social entrepreneurship that can support the knowledge creation, resource distribution, and connections between stakeholders in the social innovation field.

A definition of social innovation

What do we mean when we talk about social innovation? The concept may seem foreign to some and, as a policy term, it is rather new to all. When activities or initiatives fail to tackle social needs by conventional methods (mainly public or private spending) – and these methods may, in some cases, also contribute to social and environmental problems – new ways of understanding and achieving social impact and sustainable social and environmental change are necessary. In short, we need social innovations.

For this agenda, we do not believe that an all-encompassing definition of social innovation is either important or desirable. Social innovation, in a sense, acts as a ‘boundary object’⁴ between various actors in society and will by necessity be articulated in different ways by different actors according to their different perspectives, contexts and needs. However, it is important that actors in the field are able to define what they mean when they use the concept for a specific purpose. Otherwise, there is a clear risk of turning social innovation into both everything and nothing at once. For the purpose of this agenda we refer to social innovations

as **new approaches and solutions to social needs or common problems that are implemented in, and impact, society. Social innovations are inclusive, and create new social relations or collaborations.** This impact can be reached through the introduction of new, or alterations of existing, products, services, organizations, practices, frameworks and norms.⁵ Read more in Appendix I for further discussions on the concept and definitions of social innovation.

Strategic research and innovation agendas

This strategic research and innovation agenda is one of many agendas developed in the program for Strategic Innovation Areas (SIO), financed by the Swedish innovation agency VINNOVA, the research council *Formas*, and the Swedish Energy Agency, *Energimyndigheten*. The program has the aim to strengthen collaboration between social sectors in specific areas with the help of relevant actors. It is based on the vantage point that “when industry, the public sector and academia have common priorities for investments in research, development and innovation they strengthen each other. This creates a strong base for a competitive industry, an efficient public sector and an attractive academic sector.” The purpose of the initiative is “to give groups of stakeholders and research practitioners the possibility to collaboratively develop strategic research and innovation agendas. The agendas shall describe the actors’ commonly formulated vision and goals and define needs and strategies for the development of an innovation area. The vantage point of the agendas should

An agenda should aim at

Renewing Swedish areas of strength

Stimulating future areas of strength through the development of new and change of existing value chains

Strengthening cross-boundary competence, knowledge, technology and service development and collaboration between different stakeholders

In the short and/or long term meeting global societal problems and contribute to desirable societal effects

What can an ecosystem for social innovation bring?

Sweden and the Nordic countries have a traditionally strong tradition of social and welfare innovation. The Swedish welfare model has a opportunity for renewal through social innovation initiatives.

Innovation is about developing new, or changing existing, ways to bring value to society. A focus on social innovation allows us to stimulate and understand innovation that aims at delivering societal and sustainable development through new products, services, methods and strategies.

Social innovation is inclusive and creates new social relations. Addressing societal and sustainability challenges by applying a social innovation perspective will strengthen cross-boundary competence and break down traditional silos within and between academia, public and private organizations. It will democratize the production and application of knowledge for social development.

From a policy and practice perspective, the legitimacy of social innovations derives from their capacity to develop solutions to societal needs and deliver prospects for sustainable development. These solutions can be global, depending on the context and scalability of the innovation.

be to meet important societal challenges, create growth and strengthen Sweden's competitiveness in the field".⁶ In the table on page 15 we have listed the aims of an agenda according to the responsible authorities and, next to each aim, we summarize how the agenda for an ecosystem for social innovation can meet these criteria.

Social innovation – an international outlook

Social innovation is a fast-growing field in terms of practice, research and policy; some research even suggests that social drivers have overtaken technology in innovation development in the post-industrial era.⁷ This, together with a renewed focus on social challenges in the wake of the economic turmoil of the last decade, has moved social innovations into a more central spot in the academic and policy worlds.⁸ Academia and organizations such as *National Endowment for Science Technology and the Arts* (NESTA) and the *Young Foundation* in the U.K., the *centres for Social Innovation* in Toronto, New York and Vienna, as well as the *Stanford Center for Social Innovation* have led the way in expanding knowledge and interest for the field of social innovation over the last decades. However, there are still large gaps in both theoretical knowledge and empirical studies of social innovation.

Under the current research framework program in the European Union, **Horizon 2020**, social innovation has gained a stronger position as a concept to develop research and initiatives that promote knowledge and practice for a socially and environmentally sustainable Europe. Social innovation is included in all parts of Horizon 2020 but is especially prominent under the Societal Challenges 'Health, Demographic change and Wellbeing' and 'Europe in a changing world – Inclusive, innovative and reflective societies'. Social innovation is however also explicitly asked for in e.g. the Societal Challenges focusing on 'Transport', 'Energy' and 'Climate/environment' as well as in the ICT Work Programme under the priority Leadership in industrial and enabling technologies.

Sweden can scarcely be called a leading country in terms of development of social innovation research,

policy, and practice. Other countries in Europe and beyond have driven social innovation policy a long way already (for some examples, see box). However, an EU report on social innovation states that the Nordic countries "have been the most open to social innovation as a tool to renew their social model and promote their social and economic performance";⁹ and they have a long history of a mutual development of the public welfare sector and an innovative civil society sector.¹⁰ We argue that a renewal of the Scandinavian welfare model has a lot to offer in terms of social innovation, equitable development and sustainability. This is why social innovation in Sweden (and Scandinavia) ought to develop itself, based on the historical strength of Scandinavian models of welfare development and the mutual responsibilities and collaboration between social and economic sectors.

Swedish research institutes and organizations should also harness the possibilities that lie in engagement with social innovation through various initiatives led by the European Union. Engaging with calls in Horizon 2020, the **European Structural Funds**, and specific initiatives such as **Social Innovation Europe** and the **Social Business Initiative** are important tasks for Swedish stakeholders wanting to put Sweden on the international social innovation map.

International examples of social innovation initiatives

- France – the public innovation organizations *La 27e Region* and their Deputy Minister for the Social Solidarity Economy
- U.K – the *Young Foundation*, *NESTA* and a large and growing number of **Community Interest Companies**, and pioneering efforts for social impact bonds and 'Big Society Capital'
- US – the *Stanford Center for Social innovation* and a growing market for impact investing
- South Korea –Seoul's initiative the '**Sharing City**'
- Italy – has a strong tradition of cooperative movements and a European Presidency that will be hosting an **EU conference on the social economy** on Nov 17-18, 2014
- Spain – the world's largest cooperative organization *Mondragón* and the Social Innovation Park in Basque Country.
- EU – the project *the theoretical, empirical and policy foundations for building social innovation in Europe* (TEPSIE) is a research project that seeks to distinguish trends and theory development of social innovation in Europe. Also, the EU is promoting social entrepreneurship through the **Social Business Initiative**.

The social innovation ecosystem in Sweden

We have, in the end, chosen to call this agenda an ecosystem for social innovation. Infrastructures are built to remain solid, whereas ecosystems are characterized by constant change. Within this ecosystem for social innovation, we refer to individuals and organizations that drive the development of social innovations and the structures and relations between them. Much like organisms within an ecosystem interact with each other on different levels and in different ways, actors within the innovation system do just the same. Actors and organizations develop in relation to other existing and new initiatives. And just as in an ecosystem, organizations both compete and collaborate over existing resources depending on the circumstances. New organizations and concepts evolve while others disappear. This creates a dynamic motion that is being reinforced throughout the organizations that work with social innovation support in various ways. The strength of the social innovation ecosystem is its focus on 'collaborative advantages' over competitive advantages. Through combining the right resources and relations at the right time, more and better social innovations can be developed.

organizations make up the 'species' in the ecosystem. Some organizations and processes drive the **supply** of social innovations through providing financial resources (e.g. loans, investments, research financing and grants) and non-financial resources (e.g. innovation support, network provision, coaching, mentoring) as well as skills for social innovations (formal and informal education).

Other actors drive the **demand** for social innovations by requesting the services of social enterprises and organizations (e.g. through public procurement or on the private market), acting as interest groups, or enhancing general and specific knowledge in the field. Still others function as intermediaries – that is brokers between the demand side and supply side of social innovations. This group includes individuals, networks, hubs, and forums.

Mapping the actors in the social innovation ecosystem in Sweden

This agenda is mainly concerned with the actors who provide conditions and support for social innovations and social entrepreneurs in Sweden. In all, there are a growing number of actors who work with driving the development of social innovation and social entrepreneurship in Sweden (from local NGO's to national agencies driving policy and legislative development).

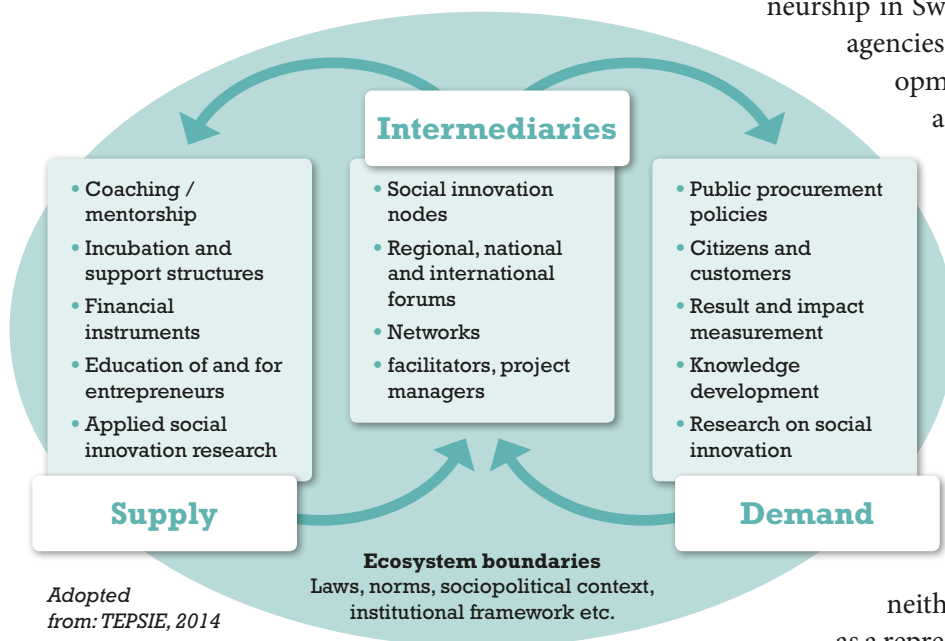
For this agenda, we focus on actors in the ecosystem that we have identified throughout the agenda

process. We have also mainly focused on organizations with a general aim to support the development social innovation and social enterprise.

As the mapping of the social innovation system has been carried out much by the form of the snowball method, some actors may be missing from this map. This mapping is therefore

neither complete nor final. Rather see it as a representation of the field and the kinds of organizations that exist within this ecosystem.

In 2008 *KK-stiftelsen* initiated a research program focused on social entrepreneurship. A concrete outcome of this work was the establishment of *Forum for Social Innovation* (Mötesplats Social Innovation). Initiated as a collaboration between *Malmö University* and *University of Mid-Sweden*, since 2012 it is now



Supply and demand in the social innovation ecosystem

Within an ecosystem different species carry different functions. Circumvented by institutional frameworks such as legislation, norms, ideologies and policies that set the boundaries for the ecosystem, these

run by Malmö University with the support of *Region Skåne* and the *Ministry of Enterprise, Industry and Communications* (Näringsdepartementet). Näringsdepartementet has appointed the Forum for Social Innovation as a national knowledge and competence centre for social innovation and social entrepreneurship between 2012 and 2014.

According to a recent survey on support for social entrepreneurship, conducted by the *Swedish Agency for Economic and Regional Growth* (Tillväxtverket) and the Forum for Social Innovation, as part of a report commissioned by the *Nordic Council of Ministers*, 80% of the responding support organizations were established in 2000 or later and half of these (40% of total) in the last five years¹¹ making it clear that the field is relatively young but also expanding rapidly. Over the last couple of years, a number of social innovation support initiatives have been started (some with support from the program ‘social innovation and social entrepreneurship’ administered by Tillväxtverket between 2012 and 2014). Examples of initiatives that have started or been established in Sweden in the last years can be found on the map over the social innovation ecosystem.

Academia

- Ersta Sköndal University College (Stockholm)
- Luleå Technical University (Luleå)
- Lund University (Lund)
- Linnaeus University (Växjö)
- Malmö University (Malmö)
- Mid-Sweden University (Östersund)
- Mälardalen University (Eskilstuna/Västerås)
- Södertörn University (Södertörn)
- University of Gothenburg (Göteborg)
- Uppsala University (Uppsala)
- Örebro University (Örebro)

Support Organizations

- Allmänna Arvsfonden (Stockholm)
- Ashoka Scandinavia (Stockholm)
- Coompanion (Stockholm)
- Centrum för Publikt Entreprenörskap (Malmö)
- Centre for Social Entrepreneurship Sweden (Stockholm)
- Forum for Social Innovation Sweden (Malmö)
- Forum – idéburna organisationer med social inriktning (Stockholm)
- Glokala folkhögskolan (Malmö)
- GU Holding AB (Göteborg)
- Hela Sverige ska leva (Stockholm)
- Hjärna Hjärta Cash (Stockholm)
- Impact Invest Scandinavia (Stockholm)
- ImpactHub Stockholm (Stockholm)
- Inclusive Business Sweden (Stockholm)
- Leksell Social Ventures (Stockholm)
- Macken (Växjö)
- Mikrofonden Väst (Göteborg)
- Partnership for social innovation Örebro (Örebro)
- Reach for Change (Stockholm)
- Social Entrepreneurship Forum (Stockholm)
- Social Venture Network Sweden (Stockholm)
- SoLab (Östersund)
- Uppsala Universitet Innovation (Uppsala)

Public Organizations

- Myndigheten för ungdoms- och civilsamhällesfrågor – The Swedish Agency for Youth and Civil Society (Stockholm)
- Tillväxtverket – The Swedish Agency for Economic and Regional Growth (Stockholm)
- VINNOVA – The Swedish Agency for Innovation (Stockholm)
- Svenska ESF-rådet – The Swedish ESF Council (Stockholm)
- Sveriges kommuner och landsting – The Swedish Association of Local Authorities and Regions (Stockholm)

 **Academia**

 **Support Organizations**

 **Public Organizations**

The social innovation support organizations portrayed in the map serve different geographical areas in Sweden: some act locally, others regionally and nationally.

On the map, the geographical location related to each organization is based on their head office and not their geographical scope of activities.



4

Challenges Big and Small: Why a Social Innovation Perspective is Needed for Sweden

The motivation to support and focus on social innovation as an innovation area is the potential for social innovations to address difficult societal challenges. Of course, a social innovation approach will not solve all issues at stake in our society but we believe that a holistic, inclusive, and open approach to the many problems we face will contribute far more to their solution or alleviation than the limited perspectives that have distinguished much of social and economic development over the last decades. What are the challenges we face and how can a social innovation perspective help address these issues?

Grand societal challenges in europe

Globalization and the cross-boundary characteristics of challenges such as climate change, migration, segregation, and unequal distribution have contributed to the stress on the traditional welfare system. The solutions require the contributions from all sectors in society.¹² Cross-sectoral and interdisciplinary collaboration is often assigned a highlighted role in social innovation literature and discourse. In part, the legitimacy of social innovation can be derived from the ambition and capacity to nurture cross-sectoral processes that are inherent in the concept. Supporting social innovation initiatives and challenging traditional silo structures within and between sectors can allow for new and more actionable ideas for how to solve the complex social challenges that we face in Europe and the world today.

Case: Social ecological innovation

By now we know very well that as nations and a global society we no longer have the luxury to separate social challenges of poverty, equality, employment and so forth from the planetary challenges of biodiversity, greenhouse gas emissions, finite resources and more. This applies not only to the complex challenge of climate change, but also to questions of resource depletion, biodiversity and other environmental issues.

Research led by the *Stockholm Resilience Centre* highlights the multifaceted challenges that we as a global society face (Rockström et.al. 2009). An important part in healing the balance and relationship between people and the planet lies in working actively with solutions that are grounded in the understanding of human-environmental interactions. For example, understanding the connections between climatic systems, food price volatility, and social unrest is crucial to mitigate and minimize both social and environmental risks at local to global levels.

Social ecological innovations are about challenging the traditional thinking of development as a trade-off between ecological and societal/economic development. Examples of such innovations are Marine Spatial Planning and Integrated Aquaculture. These innovations build on a notion that humans and nature are an integral whole within which a healthy planet is the premise for economic and social development (Olsson, P., and V. Galaz. 2012).

Including a focus on social ecological innovation processes provides an extra layer of analysis for knowledge and action for such integrated problems and solutions. Hence, social-ecological innovations can serve to strengthen, rather than erode, sustainability and resilience across society and the environment.

Case: Social innovation for social cohesion

The current European Union strategies for growth, EU 2020, and research, **Horizon 2020**, depart from the 'grand societal challenges' that Europe faces. Among these critical challenges are tackling rising inequality and social exclusion as 80 million people are at risk of poverty and 14 million young Europeans are neither in education, employment nor training. Further, the economic crisis, which has led to unemployment rates of 12% in general and 20% among the youth population, is still very much felt among populations across Europe. And while Sweden has exited the crisis with a fairly strong economy, youth unemployment remains extraordinarily high and

integration of newly arrived immigrants leaves much to desire.

Through cross-national comparative research the European project *Welfare Innovations at the Local level in favour of COhesion* (WILCO) examined how local welfare systems affect social inequalities and how they favour social cohesion, with a special focus on the missing link between innovations at the local level and their successful transfer and implementation to other settings. Important aspects are the interplay of innovations with local welfare systems, to identify critical factors and to think about appropriate ways of scaling innovations.

In Sweden, Ersta Sköndal University College studied the cities of Malmö and Stockholm. The results were used to link immediately to the needs of practitioners in various communities.

The *commission for a socially sustainable Malmö* was formed in 2010 as one of the world's first local commissions for decreasing social and health divides. Over 2000 people were involved in the report, and in 2013 the commission resulted in a report that delivered 24 goals, 72 action points, and two overarching recommendations back to Malmö's politicians (www.malmokommissionen.se).

Breaking norms in the innovation system

The Swedish national innovation strategy highlights an ambition to make innovation "more natural and relevant for more people".¹³ This comes from a realisation that the innovation system has traditionally focused on and promoted the high-tech industries in Sweden such as biotechnology and information and communication technologies (ICT).¹⁴ This has led to a marginalization of a number of groups including females, immigrants, and non-technological business and academic sectors in the innovation system.

Social innovation is about challenging norms and finding solutions that lead to new and better social structures and relations, and therefore, adopting a social innovation perspective in innovation policy and research has the potential to open up for more inclusive policies, processes, networks, and innovation research. With Sweden's long tradition of analysing gender patterns in society and organizations, there is a

possibility for Sweden to become a frontrunner in the discipline. Gender conscious and norm-critical social innovation could, as an area for research and practice, contribute indispensable knowledge in order to practically strengthen innovativeness among a broader spectrum of actors, branches, and sectors than is currently available.¹⁵

Are economic growth indicators enough for future welfare?

Over the last decades, with the realization of the environmental and social costs of economic growth, questions are increasingly raised over the appropriateness of using GDP output as a yardstick for societal

Case: Equality in the innovation system

A pioneering research and development project on gender perspectives in social innovation is managed by Luleå University of Technology in close cooperation with three of Sweden's leading organizations for gender equal entrepreneurship and innovation: *Winnet*, *Magma* and *Leia*. The project runs 2013-2015 with financing from VINNOVA and examines, analyses and develops innovative approaches to how business and innovation consultancy services can better help women to realize their ideas. This work is important, since women are underrepresented in present innovation processes due to norms permeating the Swedish business support system, which hitherto mainly has been able to support the realization of business and innovation in the form of technical product innovations among male-dominated industries.

Case: New value creation models

Collaborative consumption, the **sharing economy**, and **crowd sourcing** are growing trends across communities and markets. These terms encapsulate the development of economic relations through the sharing and utilizing of existing resources and all have a collaborative element at their core.

Collaborative consumption focuses on the enabling of access to products and services over ownership, and the sharing economy on the sharing of underutilized physical and virtual assets (e.g. spaces, skills, tools) for monetary or non-monetary benefits. Examples of collaborative consumption are car pools, successfully commercialized by *ZipCar*, and the sharing economy can be exemplified by *Air B'n'B* and *Couchsurfing*, where private individuals let their spare rooms and bed for free or for compensation.

Crowd sourcing relates to new ways of attracting resources and capital (economic, social, knowledge, or other) directly from private individuals (often through online platforms and social media). Open innovation challenges are popular crowd sourcing tools used by various commercial and non-commercial organizations.

These value creation models are all social innovations as they not only reinvent what we consume but how we consume; and change the social relations between citizens, producers, and customers.

development. An investigation into the causes of the latest economic crisis stated that many of the financial innovations that were introduced in the years prior to the financial crisis have been deemed 'socially useless'.¹⁶

Economic growth as an important measurement of activity in society needs to be balanced with other forms of measurement of social and environmental development. Growth in economies and societies is good if it can be achieved without adversely impacting external groups and ecosystems. A social innovation perspective and a 'triple bottom line' in business (looking at not only economic return but also social and environmental impacts of investments) can help broaden the view of societal development on both a micro (organizational operations) and macro scale (societal development). We need not only to quantify the social impact in economic terms but also qualify the economic impact on society in order to properly assess the effectiveness of different activities and initiatives to address various challenges that we face.¹⁷ There is great potential for social innovation research and practice to develop richer measurements for societal development,

which can be used not only by social organizations and enterprises but also as a measuring standard for any economic activity.

Crossing scientific boundaries for societal development

The need for humanities and social sciences in innovation research is clearly demonstrated in the public and academic discourses on sustainability, ecology and demographic trends. We are starting to see a shift in the valuation of social sciences and humanities, and the European Union states that "under Horizon 2020 Social Sciences and Humanities [SSH] will contribute to strengthen Europe's role in a changing world, creating mechanisms for a smart and sustainable growth, for social, cultural and behavioural transformations in European societies. SSH will foster social innovation, innovation in the public sector and will contribute to build resilient, inclusive, participatory, open and creative societies in Europe taking into account migration, integration and demographic change and making use of the potential of all generations".¹⁸ Adopting and supporting a social innovation perspective can create a natural innovation platform between the social science and humanities dominated areas to the technological and natural sciences. The perspective of social innovation takes into account the social aspects of any innovation process and outcome and can bring important contributions to technical innovations just as they contribute to solving social problems.

Crossing scientific boundaries: ICT and social change

Scientific boundaries are blurred and erased in the application of **information and communication technologies (ICT)** as a means to create conscious social change. Throughout the world, ICT, digital communication and an increased access to data are becoming prominent tools for social change, facilitating better informed decision-making processes, invigorating the possibilities for self-organisation, strengthening citizen's empowered engagement, while at the same time facilitating individual and collective adaptation to more sustainable behaviours and lifestyles.

The application areas are multiple and include the deployment at larger scales of digital social platforms for multi-disciplinary groups developing innovative solutions to societal challenges. One such example is the *Nordic Data Empowerment Initiative*, an initiative aiming to make 'big data' accessible for social impact oriented businesses and initiatives. If used properly, the enormous amounts of user data produced at every instant can be applied in the development of applications, services and products that aim for social impact.

Another example of this development is the *Social Innovation in a Digital Context* program developed by researchers at Lund University Internet Institute. The program focuses on the relationship between digital technology and socio-political change. It is designed to support participants from North Africa, the Middle East and South Asia to develop creative and viable projects that help strengthen human rights and democracy building in their home countries, as well as boosting understanding of the use of digital tools for socio-political change. The notion of using social innovation processes and applications to support the development of human rights is an important perspective in the research and development of policies for social innovation.

Case: Innovation from the social sciences and humanities

A pioneering effort to map and promote innovations from humanities and social sciences was managed by *Karlstad University* in 2013 financed by VINNOVA. The work resulted in an anthology on innovations from humanities and social sciences, based on practical experiences of realizing such ideas (Nahnfeldt & Lindberg, 2013).

A non-profit association named *Humsamverkan* has been established in Sweden, aiming to strengthen interaction between the social and humanistic sciences (SSH) on the one hand and public, private and civil society organizations on the other. Through developing innovative tools, arranging activities and building opinion around interaction with SSH, the organization aims to harness and develop the innovation potential within the social sciences and humanities. *Humsamverkan* and its activities are built around a project initiated in January 2013 by Milda Rönn, herself with a PhD in linguistics. It is financed by VINNOVA, and administered through the Stockholm University Incubator.

From new public management to new public governance?

A large-scale response to resource constraints in the public sector has been the opening up and deregulation of welfare service provision; a structural shift that has allowed more groups to provide service alternatives with the aim of providing differentiated services and cutting costs while maintaining or even improving quality.

However, these changes also poses serious political and bureaucratic questions related to the framework for this kind of welfare provision. Responses to effectiveness and resource constraints in the public sector have been varied, but over the last decades **New Public Management (NPM)** approaches have been the most common. NPM applies to a variety of management and leadership philosophies strongly influenced by neo-liberal economic theory, with a focus on economic rationality, goal oriented management,

standardisation and commodification of welfare services. However, NPM has generally not resulted in the efficiency and efficacy boost that was sought; quite the opposite in fact! NPM as an innovation highlights an important lesson: not all (social) innovations are beneficial for all groups in society, and innovations themselves may limit innovative practices through orienting practices in a specific direction while excluding other possible development alternatives (see e.g. Rønning et. al., 2013).

With the growing realization that New Public Management cannot satisfactorily handle all the challenges that public bodies and countries face, a new set of public administrative philosophies are developing. While still nascent, the idea of a **New Public Governance (NPG)** is developing across many OECD countries. At its core it relates to how public bodies can engage in expansion of arenas for

empowered participation bringing together public and private actors in continued dialogue and is characterized by collaboration rather than competition (as the NPM).

Whereas NPM aims at creating effective silos between public bodies in order to ensure standardization result oriented efficiency, NPG aims to drill holes in these silos to enhance interaction and negotiation within and between the public sector. As such, the perspective of social innovation fits very well within the notion of a New Public Governance. The notion of NPG is still new and not fully tested or implemented in real settings. It will be an interesting development to follow over the coming years and the concepts and practices take shape and form (see e.g. Torfing & Triantafyllou, 2013).

A resource-constrained public sector needs to spur innovation

A public sector that can respond to citizen needs and expectations is crucial for the wellbeing of society – and a responsive public sector is an innovative public sector. The decades after World War II saw a great expansion of the role of the welfare capitalist democracies in Europe. Record levels of growth driven by technological innovation coupled with a growing educated and skilled labour force allowed the public sector to expand and respond to the needs and wants of citizens. However, since the late 1970's, the political landscape for public service provision has been radically altered, with increasingly competitive globalization, economic constraints and an ideological questioning of the role of the welfare state in creating prosperity for individuals.¹⁹ Functions that have served society for decades have become outdated and even obsolete and it has been argued that the modern welfare system is constructed for a homogenous industrial society, and that today's linear welfare system is ill-equipped to respond to the new demands and challenges of society today and in the future.²⁰

Large structural changes of varying kinds need to be undertaken across countries, and a social innovation perspective embraces the constant change that occurs in the relations between public authorities, citizens and other social and economic sectors. Bringing in a social innovation perspective to public governance will allow public sector actors to engage with welfare service development from a new perspective, include

service users in innovation processes, and opening up the floor to marginalized and disadvantaged groups to develop innovations.²¹ A holistic perspective on social development also allows us to look beyond reductionist

Case: Is Vardaga a social business?

The contemporary Swedish debate on **social businesses** and social innovations tend to focus on social activism and grass roots innovations. This is apparent not least in relation to the development of adjacent concepts such as social entrepreneurship and **work integrating social enterprises** where this kind of social economy is designed to act as a springboard to inclusion of marginalized groups in society.

Some argue that it may be relevant to broaden the discussion and view on social innovation as it is implemented in society. If social innovation is defined as (any) new solution to social needs or problems, then what counts as social innovation becomes broader than the definition used in the agenda, where social innovations should be inclusive and change social relations (and even if the condition of 'inclusion' is added to the definition of social innovation, it can still be discussed who is included and on what grounds).

From this broader perspective the result of the intense deregulations of public welfare provision and the subsequent growth of new, both large and small, welfare businesses within the health, social and educational sectors (such as *Vardaga*, formerly known as Carema) can be seen as perhaps the most influential social innovation in the post-industrial world over the last decades. Through innovative practices they have been able to change the way health care and education is carried out, while creating room for (sometimes large) shareholder dividends.

This highlights that what constitutes social innovation and a social business is ambiguous and contested, and may cut straight into ideological and political perceptions of the role of the state, market and civil society, as well as the public discourse on what constitutes a good society.

departmentalization of structures and look at the long-term (social, environmental and economic) costs and benefits of different structures and practices. If properly developed and implemented, social innovations will leverage the pressure that the public sector is under to promote innovative, more inclusive and more efficient ways to address citizen needs of welfare, security and freedom for the future.

Promoting sustainable business in a local and global context

In a fast-changing economic global landscape the advantages that were decisive for Swedish industries are not as relevant anymore as more and more countries catch up in terms of competence, skill and technology.²² Therefore, it is relevant to ask what social innovation can bring in terms of businesses and industry?

Innovative solutions need to be sustainable in order to reach the intended impact and creating a commercial business model is one way to reach that impact. Commercial innovations need to be profitable in an economic sense while meeting the growing demands from customers related to sustainability. Product and service innovations increasingly need to be smart and attractive also in relation to both ecological and social aspect. The premise is that the better anchored among target groups an innovation is the greater the impact and business opportunities.

Case: Yalla Trappan

Yalla Trappan is a **work integration social enterprise** (WISE) active in Rosengård, Malmö. The aim of Yalla Trappan is to provide work for immigrant women, many with poor knowledge of Swedish and with little or no education, who are experiencing severe difficulties in entering the labor market. Organized as a women's cooperative, Yalla Trappan is built on democratic values such as participation, co-determination and solidarity. Instead of focusing on deficiencies and problems, the focus is on the knowledge and assets of the women. Yalla Trappan currently employs 20 women in its three commercial branches: café and catering, a cleaning and conference service, and a sewing and design studio. What started out as a project dependent on financial support has evolved into a self-sustainable social enterprise leveraging the knowledge and capabilities of its co-workers to run an innovative business characterized by a strong focus on social sustainability. Over time, Yalla Trappan has become an attractive trademark that stands for social values and has, among other collaborations, established a partnership with IKEA.

Corporate social responsibility (CSR) is a well-established concept in companies across the globe. CSR is a useful way for many social enterprises and social-purpose organizations to receive funding for activities.

However, over the last years we are now starting to see a shift toward **Corporate Social Innovation** (CSI), where larger corporations are not only looking at off-setting negative impacts by spending on social causes, but are taking an increasingly progressive role in innovating their own value production models to include social criteria and positive impacts throughout the whole value chain.²³ An example of this is the **Inclusive Business agenda**, which sets out to serve the 'Base of the Pyramid', i.e. the 4 billion people whose annual income is below 3 000 USD. The basic premise is that the need for poverty reduction and social development among this population is a source of untapped growth potentials for companies (by way of meeting people's basic needs through engaging them as consumers, producers and entrepreneurs).²⁴ Focusing on social innovation allows ventures to combine the mission of contributing to societal change and sustainable development at a local and global level (depending on the scope of activities) as well as creating a sustainable income model.



5

Needs and Recommendations

Given the challenges societies face today and the potential that adopting a social innovation perspective can bring, what is needed in order to grow the competence and capacity for social innovation in Sweden? In order to systematize the needs and recommendations, we have clustered them in one of four subsets: **Knowledge, Organization & Democratization, Financing, and Competence**. Under each section we first present a short summary of the needs and recommendations followed by developed arguments within subsections.

The relevance and needs within each category are somewhat overlapping. For example, while the section **financing** relates to the financing of social innovations and the support for them, financing is needed in other areas as well. We need to finance research, education and the organization of activities and spaces related to the facilitation of processes of cross-sectoral collaborations. Therefore, while we have tried to make clear divisions between the categories, some topics may appear in more than one section.

Knowledge

This section discusses what kind of research and knowledge development Sweden needs for the growth of social innovations as an area where great impact can be had. The needs and recommendations for Sweden in terms of **knowledge** are to:

- *Support co-production of knowledge between stakeholders.*
- *Finance research on critical perspectives on social innovation.*
- *Finance research projects that utilize mixed methods and/or more inclusive research methodologies.*
- *Further expand the knowledge of and possibilities for measuring the social and environmental impact of innovations.*

- *Develop statistical measures for social enterprises and social innovation in Sweden.*
- *Increase awareness and understanding for social innovation, social entrepreneurship and social enterprises.*

Development of research and knowledge production for social innovation processes

A sustainable ecosystem for social innovation requires a strong basis in research which can produce knowledge together with engaged actors in order to collectively empower the creation, enactment, evaluation and sharing of more value-enhancing and efficient solutions to social problems. We argue that there are six key issues for the development of research on social innovation in Sweden (see Appendix I for a more detailed discussion).

■ First, **research relations** need to be interactive and participatory. Traditional, distant academic or consultative research needs to be complemented with more democratized co-production of knowledge²⁵ in research partnerships which can collaboratively learn, create new knowledge and support innovation of enhanced solutions to social problems.²⁶

■ Second, there is a need for improving the **organization of research** in the form of alliances, which can orchestrate research partnerships for the co-production of knowledge that fulfil both academic and practical aims in a mutually beneficial way.

■ Third, the ecosystem needs **research funding** that is adapted to providing requisite resources for focusing on social challenges through building orchestrated knowledge alliances over longer periods of time. If innovation or implementation are important aspects of the research (this is not always the case), then we encourage financing bodies and projects to include salary funding for intermediaries that support the implementation of

innovations developed from research (see also section on *competence for facilitation*).

■ Fourth, there is a need to strengthen **research education** that is open for any and all engaged actors; a research education that supports learning, knowledge, project development and management in social innovation.

■ Fifth, it is important that initiatives for social innovation research also include **strengthening international links and collaboration** to enhance exchange related to social innovation. It is both important for benchmarking processes and solutions world wide.

■ Finally, there is a need for research into **critical perspectives on social innovation processes in a Swedish context**. A critical perspective on social innovation is important to promote transparency and an inclusive public debate regarding the development and use of the concept.

Design methods for social innovation

When discussing social innovation, **design thinking** and **design methodologies** are increasingly promoted as tools for facilitating social innovation processes and addressing complex societal challenges. Design thinking and design methodologies are terms used to collectively describe user-driven development, prototyping and testing ideas and solutions; often created in collaborations that challenge norms.²⁷ The discipline of participatory design relates to questions of power relations and social exclusion. Participatory design emphasises the heterogeneity of ‘the public’ and acknowledges the importance of context and small-scale prototyping.²⁸ An increased and continued focus on and support for research and the application of these methodologies is important for the development of social innovation in

Sweden. Finally, support is needed for organizations and agencies to establish experimental spaces for collaborative solutions to social needs.

Measuring the social and environmental impact of innovations

Policy makers and researcher want to be able to assess what works and what does not, social innovators want to measure and prove their impact, and investors want to be guided to the best investments. The measurement of the non-economic impact of different investments is important for the relevance of social innovation to be properly assessed and, when done well, assessment and evaluation can be a powerful learning and policy tool.²⁹ As stated by the research project TEPSIE it is “necessary to find the right balance between the accuracy of the measurement and the resources dedicated to it, in particular for smaller organizations”.³⁰ This requires evaluations that are adapted to the capacity of social innovation organizations and can assess innovations both in a shorter and longer timeframe. Thus, there is a need for more knowledge on the possibilities of measurements on social and environmental impact by various initiatives on the micro (organization) and macro (country) level.

There is also a need for adaptation of innovation indexes to social innovation contexts or the development of parallel measurements that can properly assess the performance of social innovation initiatives. The TEPSIE project states that “currently, there are no reliable macro-level measurement approaches that focus on social innovation and thus could provide guidance for measuring the essential characteristics of social innovation”, and sets out to provide a “social innovation indicator blueprint at the macro level, i.e. at the national level, tailored for implementation at the EU-level”.³¹

Case: Design for social change

Medea is a design-led research centre for collaborative media at Malmö University. Their work is built on co-production where academic researchers work together with other actors outside the university. Medea focuses on areas such as collaborative Media and the Internet of Things, Collaborative Media and Sustainability and Collaborative Media and Cultural Production. Medea also has initiated a number of ‘**living labs**’ across Malmö.

Also, a research and innovation agenda on ‘**Design for Increased Competitiveness**’ has been produced, led by *Stiftelsen svensk industridesign* (SVID), where they highlight the potential of user-driven design to influence public and private product and service development. Read more at www.designagenda.se

Case: Social return of Investment

One of many frameworks for understanding the social impact of social schemes and organisations is offered by the **Social Return of Investment** (SROI). SROI evaluates and provides numbers on both economic outcomes and, more importantly, offers a way to reach insights on the social and environmental impacts and values created by an activity or an organisation. While SROI is a potentially powerful concept that can be used by investors and businesses as well as governmental agencies wishing to understand the effects of social programs, it is also important to understand how it is not supposed to be used. Even though SROI captures the value of impact (even non-monetary) for stakeholders, the social return of investment ratio that can be calculated shouldn’t be taken out of its context and it should be used with great caution in comparison to the calculated value of other programs. Read more at www.thesroinetwork.org.

The European Commission is developing a methodology to measure the socio-economic benefits of social enterprises to help create the conditions needed to implement the **European Social Entrepreneurship Funds** and other cross-European financial measurements such as **social stock exchanges**. Sweden should direct resources to connect to European initiatives that aim to create comparable statistical measurements that policy makers, financiers and the public can use to assess the social and environmental impacts of various social innovations.

Building awareness of social innovations and social enterprises

In order for social innovation and social entrepreneurship to gain prominence and broader impact, awareness and interest in the concepts need to expand from what currently are fairly limited groups of dedicated social entrepreneurs, public servants, academics and enterprises to more stakeholders in the innovation system and public policy agencies. This is clear especially with regards to social entrepreneurs and social enterprises, many of which experience a lack of understanding and even trust from local authorities and investors.³²

There is a need for more initiatives that actively spread information and knowledge about social innovation to the public as well as specific actors who influence the innovation policy on a local, regional, national, and international level. Public officials, politicians, innovation support organizations, financing organizations and investors are especially important target groups for such information as they act as regulators, suppliers of resources and drivers of demand for social innovations.

Organization & Democratization

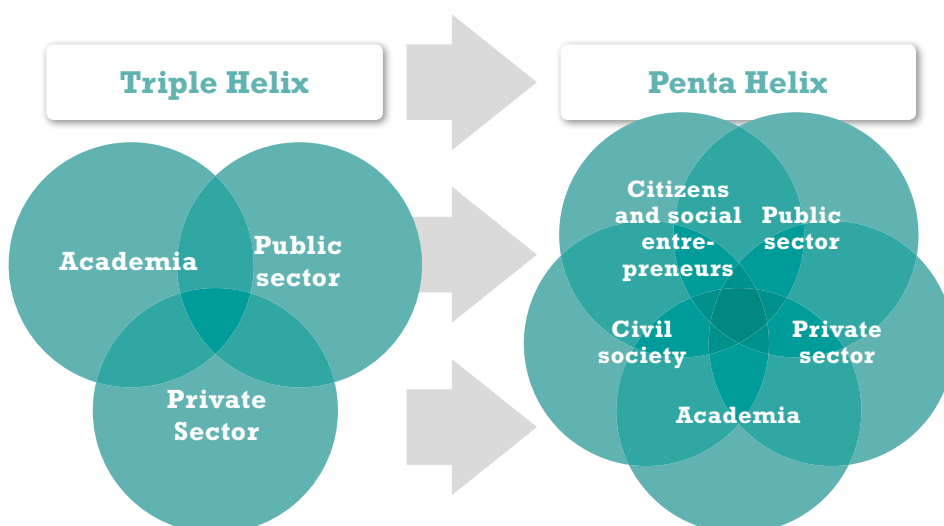
Organization & Democratization relates to how we organize social innovation activities. There are needs and recommendations for Sweden to:

- *Strengthen support for social innovation initiatives and social enterprises.*
- *Increase knowledge exchange between actors in the social innovation ecosystem.*
- *Promote civil society's role and position in innovation.*
- *Develop existing and new models for interaction and knowledge creation between civil society organizations, public sector, academia and private companies.*
- *Clarify and simplify the legal and policy status of social enterprises in Sweden.*
- *Encourage and strengthen innovation within public organizations.*
- *Encourage and strengthen democratic and inclusive innovation processes to anchor change processes among the multitude of citizens and stakeholders affected by them.*

Strengthening civil society's role in innovation policies

Who is included in the innovation ecosystem matters for where resources are concentrated and utilised. In a social innovation ecosystem, the innovative and democratic role and capacity of civil society organizations (CSO's) needs to be recognized and harnessed.³³ An important perspective to keep in mind in innovation

policy is to actively include civil society as well as individual citizens and entrepreneurs when framing calls and designing programs. A transition from this traditional 'triple helix' perspective of the innovation system to a '**penta helix**' framework (see graphic) will allow more innovative solutions to develop within and between actors in society. Understanding and enhancing these different roles and interconnections between the five



Case: Science shops

In addition to the demands made on research and development by public administration and business, civil society organizations also have need of research and development. **Science Shops** provides independent, participatory, research support in response to concerns and needs experienced by citizens and civil society organizations.

Science Shops are small entities that function as mediators between citizen groups and research institutions, and carry out scientific research in a wide range of disciplines (usually free of charge for civil society stakeholders). The fact that Science Shops respond to civil society's needs for expertise and knowledge is a key element that distinguishes them from other knowledge transfer mechanisms. How Science Shops are organised and operate is highly dependent on their context. Science Shops are often, but not always, linked to or based in universities, where research is done by students as part of their curriculum under the supervision of the Science Shop and other associated staff or senior researchers. In this collective work new knowledge is generated in a partnership without 'science' prevailing in any way.

There are more than 60 active Science Shops worldwide today. The term 'science' is used in its broadest sense, incorporating social and human sciences, as well as natural, physical, engineering and technical sciences. In the early days (1970s) focus was mostly on natural sciences and to a large extent related to environmental challenges, while more recently established science shops often tend to be more active in the field of social sustainability.

Read more about science shops at www.livingknowledge.org/livingknowledge/science-shops and www.theresearchshop.ca/about

components is an important role for intermediaries of social innovation.

The relations and functions within and between various sectors have undergone great changes over the last 25 or so years. Civil society's role can be said to be changing from 'half movement, half government' to 'half charity, half business'; a trend in line with the deregulation of public welfare and transition from a Scandinavian welfare model toward an Anglo-American one.³⁴

This development poses serious challenges and questions for the role of CSO's in welfare production. One way to address this challenge has been the development of a public-civil society partnership called *Överenskommelsen* ('the agreement') by the Swedish Government together with civil society organizations in the social sphere and the *Swedish Association of Local Authorities and Regions* (SKL). The agreement builds on six principles of interaction: autonomy and independence, dialog, quality, continuity, transparency, and diversity. The most important aim of the agreement is to strengthen the idea-based organizations autonomous and independent role as carriers and builders of public

opinion as well as nurture a greater variety of producers and actors in the health care market. This agreement is a promising development where CSO's can take an active role in developing the democratic and welfare functions at a local and regional level. Building on existing modes of interaction, such as agreements between CSO's and local and regional authorities, as well as continuously testing new ones (such as science shops and living labs), will provide platforms where civil society can offer innovative solutions to common needs.

Encouraging innovative practices in the public sector

As noted earlier in the agenda, the public sector needs to tackle resource-constraints resulting from increased expenses and declining tax bases, increasing deregulations, and privatization. A survey conducted by the Swedish Association of Local Authorities and Regions (SKL) points to a great need for both structural adaptations and organizational and individual knowledge development about innovation in general; as well as practical questions related to method support and toolkits for innovation.³⁵ Therefore, local authorities, including public servants and politicians, would gain from **information and competence building** around innovation (see section on 'building awareness of social innovations and social enterprises'). Further, according to some researchers, the research on innovation in the public sector is too dependent on theory and practice

Case: Innovaton in the public sector

Bostad först (housing first) is an innovative and knowledge-based model to combat homelessness. Developed in New York in 1992, it has been adapted to a Swedish context by researchers at the *School of Social Work at Lund University*. While research driven, the implementation of the model has been carried out at the municipal level in collaboration between researchers, public servants and service users. For example, researchers have "offered support to municipalities that were interested in setting up Housing First services [and] a network between the Housing First projects was established in order to facilitate a mutual learning process, discuss similarities and differences concerning methods used, challenges and lessons learned" (Knutagård & Kristiansen, 2013:100). While still working on reaching a broad scale impact across Sweden's 290 municipalities, Bostad först is an example of how innovative practices to improve public services can be adopted, tested and developed.

Also, the health care sector is a field of growing interest for innovation in public services. In 2011 and 2012, VINNOVA was given tasks by the government to map and investigate social innovations for the care of elderly people in most need of care (www.VINNOVA.se), and recently Tillväxtanalys (2014) presented a report on international examples of social innovations and financing models in the health care sector.

developed for private sector innovation.³⁶ Just like financing for social innovations need to develop according to specific circumstances and context, innovations that occur within different organizations with different goals and for different reasons need to be understood differently.

Also, public administration tends to be compartmentalized where each department works with a clear budget and goal. This works well and is cost effective when the activities are clearly delineated and falls within the mission of the department.³⁷ Many Swedish regions and municipalities have adopted social investment funds to try to deal with³⁸ ‘wicked problems’³⁹ – such as homelessness, unemployment and integration to name a few – which are characterized by unclear boundaries, uncertain solutions and responsibilities that cut across departments and sectors. With wicked problems, administrative and economic silos become hindering as the responsible organization may not be the same one that benefits from an intervention or activity. For example, the costs for social security, paid for by the state, may be reduced by investments into schools or health care paid for by municipalities and regions. Therefore, inter- and cross-sectoral collaboration around challenges that surpass the boundaries of public administrative compartments and sectors should be continuously developed and encouraged. Developing innovation partnerships between social innovation support organizations and municipalities can be a way forward; and engaging co-workers (as performers of services) and citizens (as recipients and end-users of services) are key to innovation and renewal in welfare services. Changing perspectives and combining political leadership with professional and academic expertise and user-driven coproduction can provide powerful and new solutions to issues that can have the potential to scale.

Strengthening the social innovation support across Sweden

Ideas are cheap; it is turning an idea and invention into an innovation that is hard. To develop and test ideas, turn visions into realisable targets, and to prepare and find financing for an initiative, various kinds of support may be needed along the way: business and legal advice, encouragement and mentoring, space and inspiration. Since social innovation and social entrepreneurship only recently have begun to receive increasing attention and interest from both public and private stakeholders and financiers, few social innovations and

Examples of social innovation support actors

Coompanion is perhaps Sweden’s oldest social innovation support organization. With roots from 1984, they support social economy organizations that are run on cooperative principles. Organizations that acquire their support are both non-profits and for-profits.

With 25 regional offices across Sweden they comprise the most extensive independently organized social innovation support structure and is an important actor for the development of the social innovation ecosystem in Sweden.

Centre for Social Entrepreneurship Sweden (CSES) was founded in 2011 with the goal to promote social innovation in Sweden and support entrepreneurs who address social challenges with economically sustainable business models. As of September 2014, CSES has met with and given advice to almost 500 individuals and about 50 of those have been enrolled in their incubator program. Apart from supporting social entrepreneurs, CSES holds seminars, workshops, and arranges meetings with impact investors.

Centrum för Publikt Entreprenörskap (CPE) is a regional resource centre for people and organisations who have ideas for social development. CPE supports socially innovative initiatives coming from civil society organizations, public administrations and individual citizens throughout Skåne by offering mentorship programs, advice and guidance with regard to funding, organization, project management, communication and access to cross-sector networks – all free of charge. The overall objective has been to support projects that encourage citizen participation in both local as well as regional development, and to help build cross-sector networks that can increase collaborative governance. Since 2009, CPE has supported the development of more than 220 projects that have generated a lot of local commitment, development potential and cooperation between associations, enterprises and public administration bodies throughout the region.

Also, an interesting development is the creation of **hubs** for organizations with a social-oriented mission. *ImpactHub* in Stockholm is part of a global network of hubs and provides a working and meeting space where non-profit and for-profit organizations with a social mission can operate and co-develop. Co-working and co-creation spaces allow for competences and resources to be concentrated for easy access by social innovation initiatives and social enterprises, and have the potential to act as epicentres for social innovation support across Sweden.

entrepreneurs have had the chance to take advantage of the support that incubators and accelerators are beginning to offer. Supporting existing, and encouraging new, social innovation support organizations where none are in place, coupled with competence building in existing innovation support structures, will allow Sweden to fully realise the potential for social innovations developed by social entrepreneurs, civil society organizations, and public and private organizations. Also, a more developed social innovation support system will help initiatives become more sustainable, feasible and attractive to external financiers of varying kinds.

Regional social innovation systems

One way to strengthen social innovations is to focus on and strengthen **regional social innovation systems**. A benefit of forming and supporting regional networks is that it becomes easier to identify and include stakeholders on a regional level. That being said, regional systems need to be **coupled with national support and coordination** by authorities and organizations that have a national scope of activities.

Social innovation is increasingly being recognized in regional innovation strategies and there are a number of interesting examples of regional social innovation systems or structures that are developing across Sweden:

■ Departing from the social innovation model *Macken*, **SORIS** (social regional innovation system) is a project financed by the Swedish Agency for Economic and Regional Growth (Tillväxtverket) aiming at developing and testing a model for a social regional innovation system in Kronobergs Län. The ideas build on both experiences from technical and commercial innovation systems and extensive research on social entrepreneurship conducted at Linnaeus University.

■ A **regional partnership for social innovation in civil society** is being formalized in the Örebro region of Sweden. The purpose of the partnership is to provide a platform that will contribute to and support the development of social innovations throughout the region. Social innovations emerging within and between civil society and other parts of society are the common denominator for the partnership, which starts operations in January 2015. The partnership in Örebro also serves as a foundation for the development of an initiative to organize civil society-driven social innovation, led by *Forum för Idéburna organisationer*.

■ An extension of the national agreement between the Swedish government (see p. 28), idea-based CSO's and SKL, **regional agreements** between civil society and public authorities have been formulated around Sweden. One such example is the agreement in Skåne where Region Skåne and *Nätverket idéburen sektor Skåne* are the main part in the agreement.

Strengthening the status of social enterprises in Sweden

Social enterprises are becoming an increasingly recognized form of combining economic activity with delivering social impact. Social enterprises play an important role in innovating goods and services at the boundaries

between public and private markets and civil society. In order to leverage social enterprises and their impact in Sweden, it is imperative to better understand which policies related to social enterprises best serve the overall social impact. In January 2014, the **Strasbourg declaration on social enterprise** was presented as a result of a two-day conference gathering 2000 participants and aiming at strengthening social entrepreneurship perspectives and policy in Europe.⁴⁰ Also, in order for social enterprises to flourish in Sweden, clear and easy rules and regulations for social enterprises, in addition to increased awareness, is needed. A recently commissioned report on the status of social enterprises in Denmark gave five general recommendations including new regulations and easier administrative burdens.⁴¹ The establishment of a similar investigation in Sweden would benefit policy makers and social enterprises through providing clear indications and guidelines related to social enterprises in Sweden.

Social enterprises – room for dividends?

A common definition of social enterprises is that they use profit as a means to create social impact, rather than an end in itself. Following this, many social innovation support organisations (such as *Ashoka* and *Reach for Change* as well as Muhamad Yunus' social business concept) and authorities (for example the official requirements on work integrating social enterprises) require that businesses reinvest the main share of their profits into the organization, or act as non-profits.

With the advent of new financing schemes, such as **impact investing** and a **social business stock exchange** being championed by the European Union's **Social Business Initiative**, in some instances investors will most likely require a return on their investment that goes beyond social impact. From this perspective social impact and economic returns (to investors) are indeed possible to combine without corrupting the social mission of the business.

The question of profits and dividends in social enterprises will most likely only become more important in the coming years, as social innovation begins to attract interest from new sources of capital. This question has been brought to the public's attention through the continuous debate on dividends from welfare service companies owned by venture capital firms in Sweden (which was a central topic before the parliamentary elections in 2014).

Democratizing the processes of social innovation

Social innovation processes should ideally be carried out *with* people, not *for* them. User-driven innovation originates from product development where intended customers improve the innovation processes. With the rise of information technologies, open source innovation has become a powerful way to let users adapt and

develop technologies at will. However, in welfare innovation the end-users often lack economic and social capital and are in a dependency situation in relation to service providers leaving them with limited influence over processes and society in general. Indeed, marginalized groups with greater need of social services are often underrepresented in democratic decision making.⁴²

Democratizing the development of welfare services and social innovation requires an awareness of the inclusive and exclusive elements through which innovation occurs. Open innovation, design thinking, crowd sourcing, and participatory action methodologies are different approaches to this issue and can play different roles in different circumstances. If social innovations are to have the intended impact, target-groups and stakeholders need to be properly represented throughout the process. We need to focus on continuously developing methodologies and processes for democratic inclusion in innovation processes and remain critical of structural limitations for people to engage in these.

Financing

A key to successful innovations is securing **financing** for the development and implementation of activities, production and services. There is a need for Sweden to:

- *Develop diversified funding possibilities for social innovation initiatives and social enterprises.*
- *Support the development of a customized financial support system of financiers, business support and intermediary organizations.*

Financing support for social innovations and social enterprises needs developing and expanding. A report by the Tillväxtverket highlights that social enterprises experience challenges in securing support and financing for their ventures related to issues such as (but not limited to) lack of collaterals to secure loans, poor support structures and a dependency on project financing.⁴³ A noteworthy issue regarding the financing of social innovations is that many social entrepreneurs report a lack of access to capital, whereas impact investors report a lack of investment ready ventures. This points to a mismatch between the needs and knowledge that social entrepreneurs and investors bring to the table. Investments into the support system for social innovation can help bridge different expectations and knowledge of investors and

investees. However, it is important to realize that social entrepreneurs and social innovation processes do not necessarily follow the same development processes as traditional businesses, since societal impact is their main goal.⁴⁴ Here it becomes crucial to have support organizations and funding (both project funding, loans and investments) that understands the target group (i.e. social entrepreneurs and social enterprises).

This requires that a capable support system of intermediaries between social innovation supply and demand be developed in order to secure the effective allocation and use of resources. Therefore, an investment into social innovation and social enterprises needs to be coupled with **investments into the support system and intermediaries** for social innovation. Since the support system for social finance is still relatively weak, this will mean that organizations will have to be able to combine existing and new competences, collaborations and resources in ways that adapt the financing support to local circumstances. Therefore, it is also important to create learning exchanges between regions and organizations to encourage engagement on how they meet difficulties and opportunities in setting up financing schemes for social entrepreneurs.

Various financing opportunities for social innovations and social enterprises

The last few years have seen an increase of new models, concepts and platforms aimed at increasing the availability of capital for social innovation and social enterprises. Developing and spreading existing financing opportunities such as social investment funds and micro financing are of essence; as well as financing pre studies and pilot funding for various funding schemes are needed (for example social impact bonds and impact investing). Below we outline some that will most likely play an increasing role in social innovation financing over the coming years.⁴⁵

■ **Public contracts through procurement** account for around 700 billion SEK yearly – a sizeable share of economic activity in Sweden.⁴⁶ However, many social enterprises find it hard to enter the public service market due to the complex regulations. Making public procurement processes more accessible to smaller organizations and social enterprises will further their role in providing public services.⁴⁷ Making (social) innovation a political priority in public procurement through setting innovative and social criteria in procurement processes could radically improve the conditions for demand for social enterprises and innovations.

■ **Micro loans and social banking** are ways of financing initiatives with relatively small amounts of capital. Made famous by Mohammad Yunus' *Grameen Bank*, the basic idea is that loans, as opposed to grants and donations, can be refunded and reinvested. *Mikrofonden Väst*, a funding organization owned by civil society organizations and targeted toward cooperatives and social enterprises, currently serves as a role model for new micro financing initiatives that are expanding across Sweden. *Mikrofonden Väst* is a forerunner in organizing micro finance in Sweden and the initiative *Mikrofonden Sverige*⁴⁸ is spreading their model. Tapping into these resources creates an opportunity for social-purpose organizations to acquire loan-based funding and support with collateral to receive larger external loans.

■ **Social investment funds** are becoming increasingly prominent in Swedish municipalities and regional authorities. They refer to early or preventive efforts among Swedish public authorities often directed to interventions for children and youth, but also to job creation and homelessness. The *Swedish Association of Regions and Local Authorities* (SKL) defines social investments as being **temporary, collaborative, evidence based or method developing, possible to follow up on its impact**, and **with clear delineations to other activities**. While the effectiveness of social investment funds in Sweden remain to be investigated further, they represent an ambition to break administrative and economic silos and can create space for innovation and development within public authorities. There are also social investment funds developing at a European level that invests in social enterprises.

■ **Innovation checks** is a funding scheme for small-scale, innovative initiatives. VINNOVA has appointed three organizations to administer the innovation checks (of up to 100 000 SEK) and *Coompanion* is responsible for checks to innovation in cooperative organizations which often have a social mission. Innovation checks are easier to access than project funding which makes them interesting for organizations with untested or undeveloped ideas with a potential.

■ **Social impact bonds** are a novel approach for the public sector to attract financing from new sources (e.g. private foundations and investors) which typically focus on early intervention programs. Only successful projects are paid for by the public sector meaning that the risk is transferred to other actors which in turn is thought to encourage innovative initiatives that otherwise would have difficulties in finding financing.

Implemented in Britain in 2010, a Swedish version of social impact bonds might have the potential to contribute to existing schemes for financing social programs but has yet to be developed and tested.

■ There is a growing interest in **impact investing** and **venture philanthropy** financing schemes for social enterprises. Impact investments are made into companies, organizations, and funds with the intention to generate positive social and environmental impact alongside a financial return. Impact investment funds are at this stage more developed in both the U.K. and the United States but a first Swedish initiative has been established by *Leksell Social Ventures* as well as *Impact Invest Scandinavia*, a network matching impact investors and investees. Venture philanthropy relates to philanthropic investments and engagements in social-oriented ventures.

■ **Crowd funding** is a growing phenomenon that relates to the funding of a business or initiative through the sourcing of smaller amounts of resources from a greater number of people. Crowd funding can be done via donations, or crowd equity, where investors buy a small share of the company. It can also be used to source resources for local initiatives from a larger community. Tillväxtverket also highlights the potential for crowd funding to provide collateral for social enterprises seeking external loans.⁴⁹

Competence

Competence development is needed to understand and lead complex processes, to deliver support to social innovations, and to develop pedagogies that match these needs. Sweden needs to:

- *Increase formal and informal education on social innovation.*
- *Support progressive pedagogies that allow students to become producers of solutions.*
- *Encourage knowledge exchange and co-learning between challenge-driven educational models.*
- *Finance competence development needed for the facilitation of complex co-creation processes.*
- *Support competence development to support social enterprises and social innovations within the established innovation and business support systems.*

Education: building skills for addressing complex challenges

In order for Sweden to build and sustain the capacity to solve the complex challenges that we face today and in the future, a pool of competent and resourceful leaders will be needed. Educational models that allow actors from both academic and non-academic sectors to engage in social innovation theory and practice, and learn tools for social innovation and entrepreneurship, are crucial in this respect. A number of challenge-driven educational models are already in place across Sweden

Case: Challenge-driven pedagogy

Over the last years, various educational models that allow students to receive credits for courses addressing challenges posed by public, private or civil society organizations have been implemented at a number of universities. For example, *Demola* in Norrköping, Linköping and Lund, *Challenge Lab* at *Chalmers* in Gothenburg, and *OpenLab* at *Royal Institute of Technology* in Stockholm. Using varying methods, the programs focus on combining team and leadership skills with prototyping activities where students, together with external clients (public, private or civil society organizations), develop solutions to complex challenges.

Also, a number of educational centres including *Lund University*, *Linnaeus University* in Växjö, *Malmö University*, *Glokala Folk High School* and *Blekinge Institute of Technology* also provide courses or programs in social innovation, social entrepreneurship and sustainability leadership. As Johansson and Rosell point out, in some specific contexts, the "idea of entrepreneurship education has been translated into a kind of progressive pedagogy, rather than a means for creating [only] economic growth" (2012:257), a quote that encapsulates a central idea of social entrepreneurship very well.

(see box) but we also need to further understand and develop pedagogies that facilitate cross-sectoral solutions to challenges in order to strengthen these initiatives and promote innovative solution-oriented education. We believe that encouraging collaboration and knowledge exchange between challenge-driven and progressive entrepreneurial pedagogic models can be a fruitful way to develop best practices, methodologies and pedagogies even further.

Competence for facilitation of co-learning and co-creation processes

There is a need for facilitation experts who can act as neutral actors supporting and translating social innovation processes within and between various organizations. This competence should be available in as many settings as possible in the forms of independent consultants, organizations, or as 'task forces' within large organizations. As democratic and social development is becoming more process-oriented and is characterised by multi-stakeholder processes where the objectives and goals of different organizations meet (and sometimes clash), people who can act as neutral switchboards (in the sense of not having a direct stake in the outcome of the process) for these processes become vital. Dedicating resources for these facilitators in projects and processes is essential.

Competence in the innovation system

The current innovation system consisting of incubators, science parks, funding organizations (such as *Almi* or *VINNOVA*), academic research centres (and their technology transfer offices), regional and local business support offices all serve many start-ups and innovations throughout Sweden. However, the existing innovation support system, concentrated around science parks adjacent to academic centres of learning, has mainly focused on high-technology fields⁶⁰ and many organizations are not used to supporting innovations with a social purpose that use alternative business models and hybrid organizing. To address this competence gap we believe that initiatives, such as information campaigns aiming at building awareness and competence, in the existing innovation system (for example on methods and concepts concerning social innovation and social entrepreneurship) need to be strengthened.

Appendix I

– Further Discussions

What is social innovation?

For many new products, services and practices the innovativeness lies not necessarily in the implementation of radically new inventions of technologies, methods, and processes. Rather, most innovations consist of new ways of combining existing resources and methods to construct new value or achieve a certain goal in a better or more effective way. Likewise, social innovation, while a novel concept, is not something radically new. The concept can be seen as the junction of many development trends, as a combination and restructuring of relationships, resources and processes between sectors to achieve a more sustainable or equitable development; all while bringing economic opportunities to organizations and businesses with a social mission. The boundaries between sectors have become less clear-cut and collaborative models to overcome common challenges are developing in more and more arenas. Also, models for change processes and leadership cross-pollinate across sectors and inform new ways of providing value to citizens and customers alike.

As social innovation (to a large extent) is practice-led, there is a great diversity of definitions of what constitutes the social innovation field and definitions depend on the use and context of the concept. An overview of the field of social innovations by the European research project TEPSIE recognizes three recurring dimensions in the definition of social innovation: first, the ‘content dimension’, which revolves around addressing and acting on human needs, second, a ‘process dimension’ involving changing social relations, and third, an ‘empowerment dimension’, which involves a social innovation’s contribution to increase a society’s and/or human’s capacity to act in one way or another.⁵¹ The Center for Social Innovation at the Stanford Graduate School of Business adds that the “value created [by a given social innovation] accrues primarily to society as a whole rather than private individuals.”⁵² Thus, the value of social innovations are primarily social and not individual or organization specific. Yet, it is important to emphasize the continuing debates about what constitutes a social innovation and what does not.

One of the biggest values of social innovation is its ability to act as a concept that brings groups together around a common issue yet allowing the different groups to approach social innovation from their vantage point. This is, however, also what creates a great ambiguity over the use and application of the social innovation prerogative. Geoff Mulgan, director of the UK’s National Endowment for Science Technology and the Arts (NESTA) and former CEO of the Young Foundation states that social innovation:

can be driven by politics and government (for example, new models of public health), markets (for example, open source software or organic food), movements (for example, fair trade), and academia (for example, pedagogical models of childcare), as well as by social enterprises (for example, microcredit and magazines for the homeless). Many of the most successful innovators have learned to operate across the boundaries between these sectors and innovation thrives best when there are effective alliances between small organisations and entrepreneurs (the ‘bees’ who are mobile, fast, and cross-pollinate) and big organisations (the ‘trees’ with roots, resilience and size) which can grow ideas to scale.⁵³

Social innovation can take place in any group or organization, in any sector of society, and relates both to **approaches for creating social change** and the **results and impacts of these approaches**. This can be framed as social innovation embodying characteristics of both **input** (cause) and **output** (effect). It is important to keep this distinction in mind as the use of social innovation varies depending if it is to be treated as an input or an output.⁵⁴ Given this multifaceted view, social innovation should, from a policy perspective, be seen as an umbrella concept for 1) innovative practices aiming at creating positive social and sustainable change and 2) the outcomes of these practices developed in and between any sector of society. However, the processes may be driven by and impact various sectors differently. Hence, there is a point in analysing what type of organization is driving the process (innovation by a

group/organization/sector) and where the implementation/impact is intended to take place (innovation *for* a group/organization/sector).

Social innovation, social entrepreneurship and social enterprises

There is an abundance of concepts in the sphere of social development policy and practice. Here we focus on the concepts of social innovation, social entrepreneurship and social enterprises, as they arguably are the most commonly used by policy-makers and practitioners today.⁵⁵

It is important to keep in mind that social innovation, social entrepreneurship, and social enterprises are interrelated but not interchangeable concepts. A policy review for social innovation conducted by the European Commission states that "social innovation should be recognised as a particular mode of action and social change. It must be distinguished from other forms of action or similar notions such as social entrepreneurship or social economy".⁵⁶

Social entrepreneurship refers to the activities of individuals and groups (social entrepreneurs) who identify gaps in the social system as an opportunity to serve groups who are marginalized in different ways and aim to address these needs in 'entrepreneurial' ways. **Social enterprises** refer to organizations that aim toward a social mission by means of commercial activities (bear in mind that social enterprises can be non-profit or for-profit). **Social innovation** refers to ideas, concepts, processes and outcomes that address social needs in new ways and, if truly successful, fundamentally change social, economic or other relations.

To provide a concrete example of the difference between the concepts, Muhammad Yunus' renowned micro finance bank Grameen Bank serves well. In this case, Yunus is the **social entrepreneur**, who creates and assembles ideas and resources and makes them serve a social purpose. Grameen Bank is the **social enterprise** in which the commercial activities of lending micro finances are channelled. The **social innovation**, however, is micro finance, which relates to a concept and a

form of organizing and changing routines and flows of money to marginalized people.

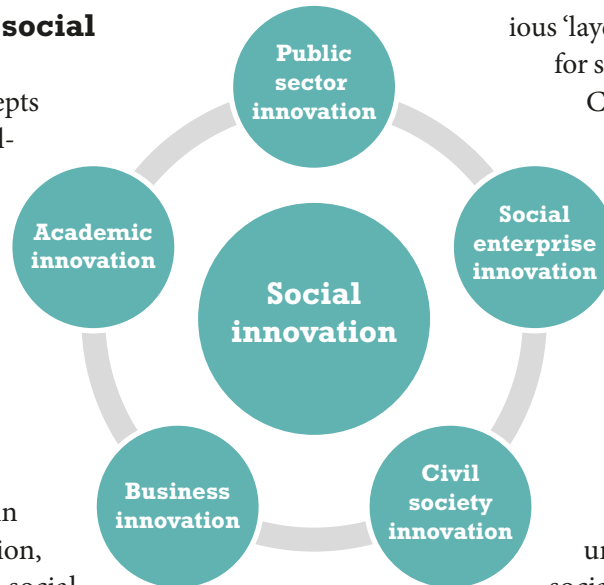
Social entrepreneurship, social enterprises and social innovations relate to each other, but it can sometimes be useful to distinguish between the various 'layers' when approaching processes for social change.

Researchers at The Center for Social Innovation at Stanford University argue that "by focusing on the innovation, rather than on just the person or the organization, we gain a clearer understanding of the mechanisms [...] that result in positive social change".⁵⁷ Along this line, we believe that using the term social innovation allows us to take a holistic approach to understanding and approaching social change through innovation.

Given the aim of social innovations to act as system disruptors, we believe that a systemic perspective is needed to understand innovative responses to complexities that we as a society face.

Expanded discussion on research and knowledge production for social innovation

A sustainable ecosystem for social innovation requires a strong basis in research which can produce knowledge together with engaged actors in order to collectively empower the creation, enactment, evaluation and sharing of more value-enhancing and efficient solutions to social problems. As knowledge and agency for social innovation often is diffused and context specific, innovation processes tend to be systemic where different stakeholders are mobilized to collaboratively create and enact improved solutions. According to the Swedish national innovation strategy, Sweden needs to "continuously develop incentives and structures for collaboration between centres of learning and surrounding society, including long-term interaction aiming to develop knowledge and solutions to meet societal challenges as well as [...] enabling knowledge areas with broad application in many parts of society".⁵⁸ We argue that there are six key issues for the development of research on social innovation in Sweden:



■ First, **research relations** need to be interactive and participatory. Traditional, distant academic or consultative research need to be complemented by more **democratized co-production of knowledge**⁶⁰ in research partnerships which can collaboratively learn, create new knowledge and support innovation of enhanced solutions to social problems.⁶⁰ Researchers should be encouraged to include stakeholders as co-producers of knowledge in research proposals, as well as design activities that include stakeholders as the main recipients of knowledge transfer and mobilization from that knowledge.⁶¹

In Sweden there are two national NGOs, the Swedish Interactive Research Association (SIRA) and the Swedish Participatory Action Research Committee (SPARC), working as nodes in the research ecosystem to support this type of research.

■ Second, there is a need for the **organization of research** in the form of alliances that can orchestrate research partnerships for the co-production of knowledge that can both fulfil academic and practical aims and standards in a mutually beneficial way. There are institutional and methodological challenges in knowledge production connected to different more complex forms of academia-stakeholder collaboration (Triple, Quadruple and Penta Helices), including funding agencies, practitioners/experts in business, the state, municipalities, NGO:s and civil society. This requires strengthening epistemological and philosophy of science discussions and rethinking of conditions and procedures for securing quality and validation of knowledge production.⁶²

When the research problem is formulated as a joint attempt and the research is based on joint learning with the participants, the outcome of the research can be both a more valid and robust knowledge.⁶³ The uniqueness of interactive research and participatory action research as research approaches is the democratization not only of aims and governance of science but also of the very processes of research.⁶⁴ Action research and interactive research are methodologies for bridging different competencies in collective knowledge production processes. These methods allow for research and action (i.e. knowledge development combined with practical results in terms of i.e. developed products or services) and opens up for the multiple goals that actors bring in innovative processes (i.e. economic, social objectives and ambitions to develop systematic scientific knowledge). This is suitable in the case of social innovation

with its systemic and context dependent character; in a fruitful way, the roles of different actors are blurred and blended, which in turn makes possible new connections and new formations of roles and responsibilities within the process.⁶⁵

■ Third, the ecosystem needs **research funding** that is adapted to providing requisite resources for focusing on social challenges through building orchestrated knowledge alliances over longer periods of time. This can be provided through refocusing and developing requisite competence for evaluating social innovation research proposals and outcomes of existing agencies or establishing new ones specifically targeting social innovation research. Research financing traditionally has funded researchers for their time, travel, and workshops with non-academic stakeholders. However, rarely is there financing for a project manager (intermediary) who is working to bring the research into implementation with other stakeholders. If innovation or implementation are important aspects of the research (this is not always the case), then we encourage financing bodies to include salary funding for intermediaries that support the implementation of innovations developed from research (see also section on competence for facilitation).

■ Fourth, **strengthen research education** that is open for all engaged actors that supports learning and knowledge, enhanced project development, and management in social innovation. As knowledge is often developed in close interaction with innovative efforts to improve social conditions, learning by doing as well as critical, systematic reflection on experiences from social innovation initiatives are a basic source of learning and knowledge creation. SPARC is working to establish a national network based consortium for such democratized research education, which is valuable to support to enhance the Swedish ecosystem.

■ Fifth, it is important that initiatives for social innovation research also include **strengthening international links and collaboration** to enhance exchange related to social innovation. It is both important for benchmarking processes and solutions world wide and for engaging in social innovation problematiques at the European and global scale. An important promise of social innovation is to improve the efficient creation and diffusion of innovations which can enhance performance in many contexts nationally and internationally. However, research experience indicate that it is often a significant challenge to accomplish.

■ Finally, there is a need for research into **critical perspectives on social innovation processes in a Swedish context**. The concept and theory development around social innovation and social entrepreneurship has, to a large extent, been driven from North America and the U.K. and the concept is relatively new in a Scandinavian context. Most Swedish texts that describe social innovation therefore build on definitions and descriptions developed in other contexts, and regional and country specific trends in international literature have not yet

been taken enough into account.⁶⁶ In order for the concept of social innovation to become sustainable and meaningful in Sweden, transparency and an inclusive public debate on the development and use of the concept is critical. With the gradual privatization and individualization of social responsibilities, which has and continues to occur in OECD countries, it is also crucial to remain critical and provide thorough analysis of the institutionalization of social innovation and social entrepreneurship as fields of societal value production.

Appendix II – Contributors

The agenda has been produced in collaboration with a great number of individuals and organizations across Sweden. Below, a list of the organizations that have been involved in the development of the agenda for social innovation is presented. Apart from the workshops and meetings listed, during August and September 2014 we conducted interviews with 16 individuals working with support for social innovations in public, academic and civil society organizations.

Operative team

André Bogsjö (project leader) – Lund University
Open Innovation Center

Jens Hansson (project leader) – Lund University Open
Innovation Center

Fredrik Björk – Malmö University, Department of
Urban Studies

Daniel Ericsson – Malmö University, Department of
Urban Studies (moderator and coordinator Social
innovation workshops Jan 13 & 14)

David Lundborg – Centre for Social Entrepreneurship
Sweden

Lars-Erik Olofsson – Lund University, Center for
Middle Eastern Studies and Women for Sustainable
Growth (W4SG)

Participating organizations at academic workshop Jan 13 Lund (39 participants):

Centre for Social Entrepreneurship Sweden

Chalmers

Copenhagen Business School

Ersta Sköndal University College

Gothenburg University

Linnaeus University

Luleå Technical University

Lund University – School of Social Work

Lund University – LU Open Innovation Center

Lund University – International Institute for Industrial
and Environmental Economics

Lund University – Department for Housing
Development Management.

Mälardalen University

Malmö University

Mid-Sweden University

The Good Tribe

University of Southern Denmark

Uppsala University

**Participating organizations
at workshop Jan 14, Malmö
(89 participants)**

Boldsie
Botkyrka Kommun
Bridging the Gap
Brohuset FoU
Centre for Social Entrepreneurship Sweden
Citizen Hive
Copenhagen Business School
Creative Lund
Damanco
Decentra
Ersta Sköndal University College
Swedish European Social Fund Council
Etik i arbetslivet
Flyinge Utveckling
Forum for Social Innovation
Friendly Development Group
Glokala Folkhögskolan
Göteborg University
The Hunger project
ImpactHub Stockholm
Inclusive Business
Jobgration
JuvoPal
Leader Mittskåne
Linnaeus University
Luleå Technical University
Lund University Innovation System
Lund University – School of Social Work
Lund University – Research Services
Lund University – International Institute for Industrial
Environmental Economics
Lund University – Ingvar Kamprad Design Center
Lund University – LU Open Innovation Center
Lund University – Raoul Wallenberg Institute
Lund University – SKK Center for Entrepreneurship
Lunds Kommun

Mälardalens högskola
Malmö Kommun
Malmö University
Mid Sweden University
Mid-Sweden Science Park
Mistra Urban Futures
Mötesplats Maggan
Reach for Change
Reflekta Verksamhetsutveckling
Skandia
Swedish Agricultural University Alnarp
Social Entrepreneurship Forum
Social Venture Network Sweden
Södertörns Högskola
Sydsvenskan
Tillväxt Malmö
Tillväxtverket – Swedish Agency for Economic and
Regional Growth
Trelleborg AB
Trelleborg Kommun
University of Southern Denmark
Uppsala University
Vellinge Kommun
Venture Cup
VentureLab
VINNOVA – Swedish Agency for Innovation
WIESD

**Participating organizations
at workshop Sep 30, Stockholm
(15 participants):**

Centre for Social Entrepreneurship Sweden
Forum Idéburna organisationer Sverige
The Good Tribe
Göteborgs Universitet Holding AB
Leksell Social Ventures
Linnaeus University
Luleå Technological University
Lund University – Center for Middle Eastern Studies
Lund University – LU Open Innovation Center

Lund University – Sten K Johnson Center for
Entrepreneurship
Region Skåne
Stockholm Resilience Center
Social Venture Network
SP tekniska forskningsinstitutet
Tillväxtverket – Swedish Agency for Economic and
Regional growth

Other organizations consulted and involved:

Coompanion
Challenge Labs Chalmers
Centrum för publikt entreprenörskap
Folkuniversitetet
Humsamverkan
IQ Samhällsbyggnad
Mikrofonden Väst
Open Lab KTH
Uppsala Universitet innovation

Appendix III – Notes and Literature

Notes

1. See for example publications by Mulgan (2007), the Bureau of European Policy Advisors (2010), The Young Foundation (2012), and the EMES network (www.emes.net)
2. Bureau of European Policy Advisors, 2010:7
3. Näringsdepartementet, 2012:47, our translation
4. Boundary objects are “objects which are both plastic enough to adapt to local needs and the constraints of the several parties employing them, yet robust enough to maintain a common identity across sites.” See Star & Griesemer, 1989
5. The Young foundation 2012:18
6. www.VINNOVA.se
7. Bureau of European Policy Advisors 2010:15.
8. The Young Foundation 2012:5
9. Bureau of European Policy Advisors 2010:10
10. Nordiska ministerrådet, forthcoming, p.14
11. Nordiska ministerrådet, forthcoming, p.125
12. Moe in Gawell, et al, 2009:8
13. Näringsdepartementet 2012:32
14. Zhou & Lundström, 2014
15. Lindberg 2012; Lindberg & Schiffbänker, 2013
16. Bureau of European Policy Advisors, 2010:25
17. An ongoing research project led by the Royal Institute of Technology (KTH) is currently investigating possibilities and scenarios of a zero-growth society in terms of social, economic and environmental impact. Read more at <http://www.bortombnptillvaxt.se>
18. European Commission: www.ec.europa.eu
19. Rønning et. al., 2013
20. see for example Leadbeater 1997, Gawell et. al., 2009, Murray et. al. 2009
21. Hovlin et. al. 2013; Fogelberg Eriksson A., 2014; Nählinder J., 2010
22. Boston Consulting Group, 2013
23. Michelini, 2012
24. Inclusive Business, 2014
25. Svensson et. al., 2009; Caryannis & Campbell, 2012
26. Svensson, et al, 2009
27. Ericson & Wenngren, 2012
28. Hillgren, 2013
29. Reeder et. al., 2012
30. Krlev et. al., 2013:13
31. Bund, et al, 2013:4

32. Svensson 2007:14, Tillväxtverket 2014:33–36
33. D K Hubrich et. al. 2012:6ff.
34. Nordiska ministerrådet (forthcoming) p.14–15
35. Sveriges Kommuner och Landsting, 2012. The survey notes that only 10% of local authorities have established structures for idea development and testing and that innovation collaborations between academia and the public sector, while well established in the health care sector, is generally fragmented.
36. Rønning et. al., 2013:59
37. Sveriges Kommuner och Landsting, 2012
38. Sveriges Kommuner och Landsting 2012: 26
39. Jordan et. al. 2013
40. The Strasbourg declaration on social enterprise (2014)
41. The Committee on Social Enterprises (2013)
42. Rønning et. al. 2013:148
43. Tillväxtverket, 2014:28–38
44. See for example Hjort Frederiksen & Sørensen (2013) for a discussion on the different phases of the development of social innovations
45. For more on financing social investments, see e.g. Svensson, 2007; Krlev et al, 2013; Augustinsson, 2013; Tillväxtverket 2014
46. Konkurrensverket, 2014
47. Svensson, 2007
48. Mikrofonden Sverige is a collaboration between Coompanion, Hela Sverige Ska Leva, Ekobanken and JAK medlemsbank
49. Tillväxtverket, 2014
50. Zhou & Lundström, 2014
51. The Young Foundation 2012:14
52. Phills Jr et. al., 2008:36
53. Mulgan 2007:4–5
54. For further discussion, see European Commission, 2013
55. For a discussion on the origins and meanings of various terms related to social entrepreneurship and the social economy, see for example Palmås 2013
56. European Commission, 2013:15
57. Phills Jr, et. al., 2008:36
58. Näringsdepartementet 2012:29, our translation
59. Svensson et. al., 2009; Caryannis & Campbell, 2012
60. Svensson, et. al., 2009
61. European Commission, 2013:7
62. Reason & Bradbury, 2008; Lindhult, 2008, 2014
63. Eikeland, 2006
64. In the anthology *Gemensamt kunskapande*, edited by Bengt Johannisson, Eva Gunnarsson och Torbjörn Stjernberg (2008) different aspects of these approaches are highlighted as examples of social science research that builds bridges between academia and society. See also Aagaard Nielsen & Svensson, 2006
65. Aagaard Nielsen & Svensson, 2006
66. Kerlin, 2009:3

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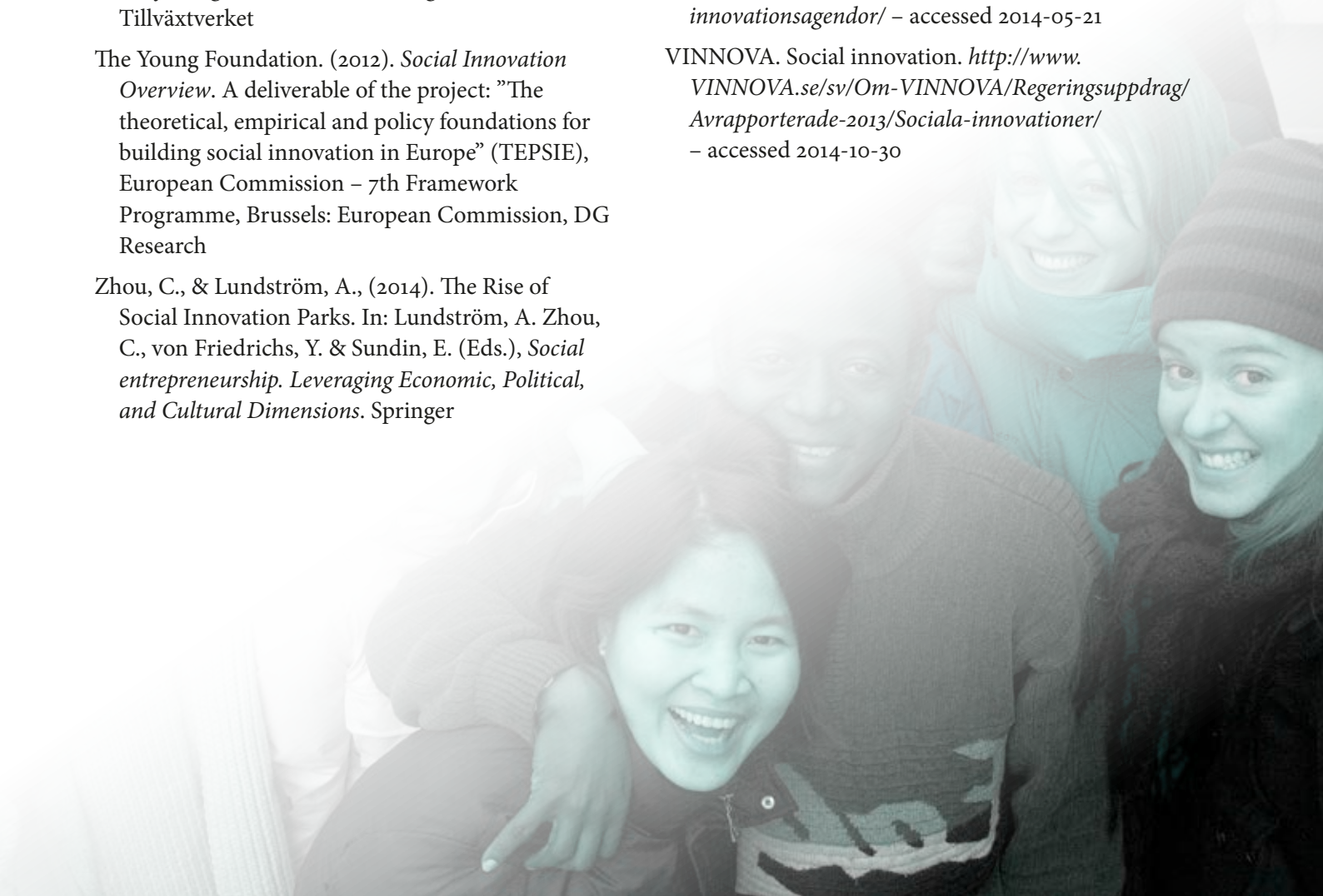
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