

Stanford SOCIAL INNOVATION REVIEW

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Social Innovation Creates Prosperous Societies
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Social Innovation Creates Prosperous Societies

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Rarely has the need for new ways of thinking been more glaring. From the sluggish economic growth and financial instability of the last several years to the perennial issues of political upheaval, resource crises, hunger, poverty, and disease, people have come to realize that the old ways of doing things no longer work. Whether one lives in the developed or the developing world, the fates of Asians, Africans, Europeans, and everyone on the planet are inextricably linked.

We are in desperate need of a fundamental transformation of social, economic, and cultural arrangements. The old paradigm of government aid is simply inadequate to the challenge. What we need instead are creative and innovative solutions for fostering sustainable growth, securing jobs, and increasing competitive abilities.

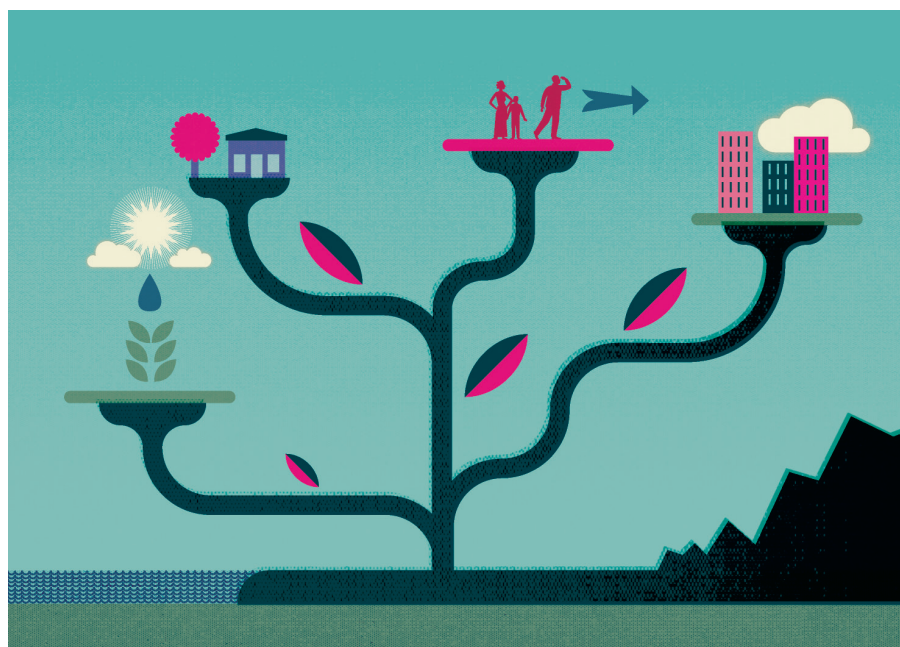
All over the world during the past decade, there has been a phenomenal surge of interest in social innovation as a way to achieve sustainable economic growth. In the United States, President Barack Obama launched the Social Innovation Fund, which makes grants to intermediaries that then seek out and fund promising programs. In South Korea, Seoul Mayor Park Won-Soon is integrating social innovation approaches into city government [see “Forging Ahead with Cross-Sector Innovations” on p. 15]. In Europe, the European Commission issued recommendations for fostering social innovations and expanding them across the continent. In the United Kingdom, initiatives such as Big Society are designed to find and scale up the best social innovations. And in Japan, social innovation is rapidly taking root in the rebuilding efforts following the 2011 tsunami and nuclear disaster, which left immeasurable

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destruction on the country’s physical, cultural, and socio-political landscape.

Social innovation is helping to solve some of the world’s most pressing problems with new solutions such as fair trade, distance learning, mobile money transfer, restorative justice, and zero-carbon housing. In the process of creating solutions, it is also profoundly changing beliefs, basic practices, resources, and social power structures. Social innovation provides a unique



opportunity to step back from a narrow way of thinking about social enterprises, business engagement, and philanthropy and to recognize instead the interconnectedness of various factors and stakeholders.

In Africa, we have made considerable advances in social and economic growth over the past 10 years. Between 2005 and 2008 Africa’s gross domestic product (GDP) rose at a 5.5 percent annual rate. It slowed to 2.4 percent in 2009, mainly because of the global economic recession. But unlike most other regions, Africa has made a rather rapid recovery since the downturn. Average GDP is expected to grow at a nearly 6 percent rate in 2012. Amazingly, Africa is now regarded as

the second-fastest-growing continent, after Asia. This acceleration in Africa’s economic growth reflects fundamental improvements in macroeconomic policies, an improving business environment, and growing political stability in many African countries.¹ Equally important, but less recognized, reasons for the African success story are an increased focus on science, technology, and innovations to drive economic growth, and an increased focus on social innovations and social engineering to improve human well-being.

Organizational, technological, and social innovations are becoming the norm among African youths and women, driving social change and economic development from the grassroots. With the rising African economies, we are witnessing increasing demand for other important transitions: from research and development (R&D) to

research for development (R4D); and from technology transfers to the development of endogenous scientific and technical skills and knowledge that drives social change, especially in the area of information and communication technologies. Social innovations are adding an extra dimension to help sustain the African miracle, providing the social capital needed for economic and social growth.

What Makes a Truly Prosperous Society?

Prosperity can be defined as a successful, flourishing, or thriving condition, especially in financial respects. How, then, does one

define a prosperous society? And how does one measure whether a society is prosperous? If we are talking about economic prosperity, we can readily invoke the classical macro-economic measure of GDP.

Measuring a prosperous society as a whole, however, is more complex. To describe a society as truly prosperous, we must see several other elements besides robust GDP growth, such as peace and happiness, economic and financial well-being, and individual freedoms and liberties. In other words, a prosperous society consists of economic prosperity and social prosperity combined.

An exemplar of a prosperous society is the United States in the two decades following World War II. During this time the country enjoyed strong economic growth coupled with several significant new industries, including electronics, aviation, plastics, and frozen foods. The United States grew by embracing technology and taking advantage of the confidence bestowed by free market capitalism and democracy. Because of all the new wealth that was created and because of the social structures and political policies that existed (for example, strong unions and high income taxes), the prosperity was shared among all segments

to lifelong learning, social inclusion, safety, security, and citizenship. Economic prosperity requires conditions like workforce development, job creation, fiscal responsibility, a green economy, infrastructure development, and energy access. Effective coordination and collaboration between the two will result in a lasting social fabric that supports sustainable prosperity and self-reliance.

Social Innovation and Economic Growth

Economists estimate that between 50 and 80 percent of economic growth comes from innovation and new knowledge.² In East Africa, for instance, the development of M-PESA (a mobile money payment system born out of social innovation) has become an avenue for 9 million people to gain access to secured financial exchange services. This African success story has completely revolutionized the regional business terrain, at the same time empowering local people by providing an easy-to-use and readily available banking service that hitherto was impossible to access because of a poor banking infrastructure and a strict regulatory framework.

Social innovation has become even more important for sustainable economic

growth. Getting these paradigms more widely adopted requires new public policy that addresses social needs along with economic needs. Society can no longer use GDP alone as the barometer of progress.

Africa, and in many ways the entire global community, is transitioning to a phase where innovation will no longer be shaped by industries but will rather be informed by markets and society's demand for products, systems, and services focused on knowledge and learning. Against this backdrop, businesses are looking to social entrepreneurs and social enterprises that pursue financial sustainability and social principle for guidance and new techniques.

One interesting social enterprise that exhibits these characteristics is Ungana-Afrika, an NGO helping to catalyze the incubation of scalable enterprises that leverage pioneering technologies for the benefit of emerging markets and under-served communities. This social enterprise operates on the premise that innovative technologies are not by themselves sufficient to transform the development landscape in Africa. They need to be sustained by innovative business models that are rooted in the social context of disadvantaged but vibrant communities.

Social innovations and enterprises such as Ungana-Afrika are playing pivotal roles in economic growth by opening up new markets that require social solutions, by expanding institutions that orchestrate and are focused on adapting social innovations, and by compelling the emergence of new innovations. Another example, which grew out of the need to reduce waste and diminish landfills, is Freecycle Network, based in the United States.⁴ Freecycle matches people who have things they want to get rid of with people who can use them. It now has 5 million members in 85 communities worldwide. Or consider AfroVumbua, in Kenya, which helps innovators in Africa connect with global investors looking for technological opportunities in Africa. There is also Open University, based in the United Kingdom, and other models of distance learning that have made education much more widely available.

Other examples of social innovation can be found in fields as diverse as integrating marginalized populations into the formal economy and involving citizens in public decision-making. The KiberaNet wireless information and communication network

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of society. More middle-class jobs meant increased wages and more people who could afford housing and leisure, fueling the demand for consumer goods. Socially, the United States became an extremely materialistic society. The period also marked a population boom and the burgeoning of the civil rights movement, which would later have enormous repercussions on the US political and economic system.

Societies that enjoy economic affluence aren't truly prosperous if that affluence benefits only a privileged few, rather than being spread throughout society. That's because social and economic prosperity are intricately linked and highly dependent on each other. Social prosperity requires conditions like good health, well-being, access

to lifelong learning, social inclusion, safety, security, and citizenship. Economic prosperity requires conditions like workforce development, job creation, fiscal responsibility, a green economy, infrastructure development, and energy access. Effective coordination and collaboration between the two will result in a lasting social fabric that supports sustainable prosperity and self-reliance.

growth in recent times. This is partly because some of the barriers to lasting and sustainable economic growth (such as climate change, youth unemployment, aging populations, and increased social conflicts) can be overcome only with the help of social innovation, and partly because of rising demands for alternative models of economic growth that enhance rather than damage human relationships and well-being. Phrases such as *inclusive green growth*, a *green economy*, and *decoupling economic growth from social and environmental impacts* have become regular parlance in mainstream economics and global institutions such as the World Bank and United Nations agencies,³ as emerging paradigms to push the sustainable development agen-

brings education, empowerment, and opportunities to more than 2 million slum dwellers in Kibera, Kenya, using fiber optic cable and solar power. DadaabNet does the same for refugee camps. This is a model for empowering informal settlements (slums) and refugees to take control of their lives and to nurture sustainable development.

The rise of social entrepreneurs and social enterprises is not only contributing to the mobilization of people in the innovation

of social innovation into the research activities of institutions such as the Council for Scientific and Industrial Research, South Africa. It has initiated a low-income housing research project commissioned by the Department of Science and Technology to provide good-quality, affordable housing for low-income South Africans. Some academic institutions, such as the University of Cape Town, have created centers for social innovation and entrepreneurship to promote and

tion of social innovation activities in different countries, we need proper coordination and integration of these activities in national and regional socio-economic planning.

- Education and research in science, technology, and innovation must go beyond focusing on elite science and begin to support science that is focused more directly on meeting diverse social needs.
- Social innovation can be successful only if there is sufficient capacity to scale up the innovation. Rejuvenating the social base through a heavy investment in capacity building, and creating a platform conducive to interaction and collaboration, are prerequisites for social innovators to prosper.
- Public-private partnerships play an important role in supporting social innovations. Strengthening these global partnerships and platforms can be effective for understanding and fostering social innovation worldwide.

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process but also providing the impetus for economic growth and social equality.

Integrating Social Innovation with Science, Technology, and Innovation

Governments can improve the climate for innovation and foster the growth of science, technology, and innovation in many simple ways. In Finland, for example, the government's main advisory body on science, innovation, and research (SITRA) has recommended that innovativeness should be made a criterion for competitive bidding in public procurement. They also recommended that a portion of funding for government departments should be clearly designated for innovation and development activities, which are widely interpreted to include innovation in services.

Social innovation has the rich yet unexploited potential to foster science, technology, and innovation development in Africa. Most of the current social innovation initiatives in Africa have been established at the grassroots level, with minimal capacity for influencing decisions at higher levels. For instance, in the agricultural sector, we have seen innovative applications such as M-Shamba and Farmerline, created at the grassroots to provide salient information for farmers on agricultural best practices and minimization of climate change effects.

We need greater recognition by African governments and institutions of the fundamental role of social innovation in science and technology on Africa's development agenda. Fortunately, we are beginning to see the inte-

embolden social and environmental change agents. The faculties of the University of Botswana, the University of Nairobi, and Cape Peninsula University of Technology have made efforts to connect to global networks of social innovators, resulting in the establishment of social innovation labs.

Conclusion

Many of the most important social challenges facing the world require radical innovation that cuts across organizational, sectoral, and disciplinary boundaries. These challenges require innovative ways of applying new technology along with new forms of organization, new network processes to build human and social capital, and new grassroots-based solutions. The good news is that social innovation is a remarkably creative field. It is growing in popularity and is having a global impact. Unfortunately, it is still a nascent field, only beginning to take shape and move beyond anecdotes.

Although it is gratifying to note that social innovation has attracted a great deal of interest worldwide, five areas require attention if we are to unleash even more innovations for social and economic prosperity:

- Social innovation needs to be explicitly taken into account when we are formulating science, technology, and innovation policy. To ensure that innovation benefits the entire society, these policies must establish democratic platforms where diverse actors can participate.
- To ensure the successful implementa-

Emerging economies in Africa are encouraging investment in large industrial enterprises, but it's equally important to invest in the smaller social enterprises that are becoming an integral part of the economy, mimicking the true African society—a focus on communities, people, and social structures as measures of prosperity. By encouraging social innovation, policymakers strive to pursue a triple triumph: a triumph for society and individuals by providing services that are of high quality, beneficial, and affordable to users and that add value to their daily lives; a triumph for governments by making the provision of those services more sustainable in the long term; and a triumph for industry by creating new business opportunities and new entrepreneurship. ●

Notes

- 1 *Economic Report on Africa 2012: Unleashing Africa's Potential as a Pole of Global Growth*, Addis Ababa, Ethiopia: United Nations Economic Commission for Africa, Addis Ababa, Ethiopia, 2012.
- 2 Geoff Mulgan, "The Process of Social Innovation," *Innovations*, Spring 2006: pp. 145-162.
- 3 *Inclusive Green Growth: The Pathway to Sustainable Development*, World Bank, Washington, D.C., 2012; *Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication*, United Nations Environment Programme, Nairobi, Kenya, 2011.
- 4 Geoff Mulgan, "Going Global: Social Innovation," March 3, 2010, www.guardian.co.uk