

# **SOCIAL ECONOMY, THE PERMANENT BUT INVISIBLE INNOVATION**

Elsa Da Costa, Ashoka France Executive Director

*This article originally appeared in Les Annales des Mines, a French prominent scientific journal dedicated to science, technology and economics that is among the oldest in the world.*

Far from the prevailing technosolutionism, social innovation is based on close observation of the problems our societies face: ingenuity - in this case, very much linked to common sense - and the commitment of men and women in search of usefulness and interactions that foster social cohesion. Ingenuity aspires to transcend the human condition to implement solutions that meet a social need, the unsatisfaction of which hinders the very existence of a just and sustainable society for all.

Nevertheless, social innovation suffers from a lack of consideration linked to a poor understanding of its processes and the system in which it operates. A better understanding of the issues to which it responds could enable us to greatly accelerate the transition of our economic models to serve the general interest. In other words, for everyone, not just the majority.

This article is a contribution to a better understanding of social innovation and its mechanisms, which are transforming our society “by stealth”.

## **Innovation means improving what already exists**

In 2021, NASA granted Elon Musk 2.9 billion euros to start building a lunar lander. The American agency even said it was motivated by the importance of the project, overlooking the lack of a coherent, well-argued request from the entrepreneur. When it comes to innovation, it is always better to be technological in order to obtain budgets, and incidentally to mobilize national pride, for in the prevailing mindset, innovation means being resolutely technological. A great myth is then built up, often allowing us to think of pushing the limits of our mortal condition, anchoring humanity in perpetual evolution. Nevertheless, we can suffer from a lack of guarantees concerning both the ethics of the approach and progress in human life.

It is not uncommon to find that the majority of thinking on innovation focuses on the conditions for improving production, a movement with which progress is associated. Schumpeter's work is particularly revealing in this respect. The strength and subtlety of his approach to innovation, which he links to application rather than invention, has served as an intellectual matrix for generations of managers. Thus, he confers five fields of application to innovation: "new objects of consumption, new methods of production and transport, new markets and new types of industrial organization"<sup>(1)</sup> which, in his view, will involve progress in processes but do not raise the question of social consequences. In this major work, which dissociates innovation from scientific discovery, innovation is conceived as an end. The question of its consequences is not asked, as it is assumed to be necessarily positive. Observing our society over the past twenty years of technological acceleration, reinforced by an extractivist economic model, we have every right to be doubtful.

And yet, the challenges of the 21st century, where the cause of the Anthropocene no longer needs to be proven, demonstrate the urgent need to think of innovation first and foremost in social, even societal, terms, in order to preserve our species. The accumulation of scientific knowledge is not enough to protect us from the possible sixth extinction that threatens us, proving that technical innovation does not obliterate the need to overcome current difficulties.

Decent housing, healthy food, adequate healthcare, free education and access to culture, and a suitable job are fundamental needs if we are to live sustainably in society. In most cases, these needs are addressed by the social economy. The poverty rate (based on a threshold of 50% of median income) has risen from 6.8% to 8.3% in 20 years <sup>(2)</sup>, and particularly for the poorest people, the amount left to live off after incompressible expenses is very low <sup>(3)</sup> compared to the French median income of €2,100/month.

What if we decided that innovation could also include the ability to improve what already exists, by repairing the malfunctions of a capitalist model that overexploits both human and environmental resources?

## **The social/solidarity-based economy as research & development for public policies**

In June 2023, the International Labor Office presented a definition unanimously approved by its members: "The social and solidarity economy (SSE) encompasses institutional units with social and public objectives, engaged in economic activities based on voluntary cooperation, democratic and participatory governance, autonomy and independence, whose rules prohibit or restrict the distribution of profits. SSE units may include cooperatives, associations, mutual societies, foundations, social enterprises, self-help groups and other units operating in accordance with SSE values and principles in the formal and informal economies." Social economy players often act as R&D, or even operational delegations of public policies; they should benefit from innovation support and systems comparable to that of the research tax credit for businesses.

By placing people at the heart of its approach, the social/solidarity-based economy offers a development model capable of combining performance, inclusivity and sustainable economic activity in the service of the general interest. In this way, the SSE has already demonstrated its ability to offer a wide range of often innovative solutions and services that best meet socio-economic needs, while respecting workers and promoting a more open, participative system of governance. In addition, the SSE is characterized by an economic model in which all or part of profits and surpluses are reinvested in social or environmental actions serving the collective interest. On February 12 2024, the European ministers responsible for SSE described the concept in three points:

- founding principles: “solidarity, inclusion and citizenship.”
- a governance model: “its strength lies in its democratic governance, which involves all stakeholders.”
- an objective: “to provide solutions to social, economic and environmental challenges.”

The associative sector is the cornerstone of the social and solidarity economy and remains its biggest employer. In France, in 2020, associations will account for 72% of full-time equivalent SSE jobs. More than eight out of ten SSE establishments are associations.

This frequent use of the associative legal form establishes the renunciation of the personal enrichment that a corporate structure would authorize. In this way, the desire to remain faithful to a mission of social and societal utility is firmly established.

A definition of the *modus operandi* of the general interest emerges from the qualification of social innovation as an instrument that “seeks new profitable answers to social and societal problems and refers to new solutions that primarily aim to improve the quality of life of individuals and communities by increasing their well-being as well as their social and economic inclusion. These solutions can be new services, new products and new relationships with stakeholders.” <sup>(4)</sup>

Social innovation is not an innovation like any other, not only because of the specific nature of its purpose: it does not create - it improves by repairing - but also because of the image it is given that of being palliative rather than preventive.

While the merits and nobility of this mission are laudable, they often conceal an entirely different reality in the day-to-day development and management of these organizations, particularly in the face of the dominant market economy model.

## **Social innovation is a social economy, not a market economy**

The SSE is often associated with generating 10% of France's GDP. However, GDP is an economic calculation dating back to the 1930s, used to measure the effectiveness of post-crash policies in the United States in 1929. It does not take into account the savings generated by the social innovation schemes implemented by SSE players, or even the systemic impacts on the return to employment of the most vulnerable, the better consideration of health for disadvantaged

people, the power of social links in companies brought about by volunteering, and even less the implementation of school mentoring on employability policies in France. These are all essential elements that need to be identified, assessed and valued in order to measure their systemic and economic impact. The way this sector operates shows how our understanding of the economic and social world suffers from a secular bias in favor of the market economy. GDP measures an economy of transactions rather than relationships, the antithesis of Saint-Exupéry's way of looking at the world: "You can only see well with your heart; what is essential is invisible to the eye."

An impact study carried out by GoodWill on behalf of the Label Vie association, which trains nursery school staff on environmental issues, both in terms of running the nursery school and the activities to be carried out with the children, shows that the Écolo crèche label has considerable cost-cutting potential for the stakeholders involved. The study, which involved 243 nurseries, showed that the state (via the social security system) and mutual health insurance companies would save €587,000 over two years in reduced absenteeism and care costs if the label were to become widespread. Furthermore, electricity bills would be cut by 26%, and by as much as 89% for some facilities, if appropriate work were to be carried out and behaviors were to be adapted. Widespread implementation in France, which includes 12,200 nurseries, as well as EHPAD (retirement homes), would multiply the effect of this leverage.

This does not consider the psychological well-being of employees, the improvement in their relationship with their environment or the transmission of their knowledge of environmental issues to their family and friends. The list of benefits goes on and on. It grows longer as we consider a person's action on his or her environment, and not just the vision in terms of avoided costs.

An ageing population is a positive consequence of technological progress. But it also implies a growing population of dependent and isolated seniors, along with rising healthcare costs. For over thirty years, the Siel Bleu association has been working in over 1,500 homes for the elderly every week: 50,000 people are involved, including 30,000 in institutions, to raise awareness of sports as a health prevention tool, particularly for bone fractures and type II diabetes. Siel Bleu has measured the impact of this type of action on the pressure of healthcare expenditure. In other words, they demonstrate how physical maintenance limits healthcare expenditure linked to fractures and diabetes. Seven million fractures could be avoided in four countries worldwide if Siel Bleu's action became public policy.

Social innovation is innovation that focuses on a complex and often intangible object: social relations and what makes a society. However, the complexity and intangibility of its subject matter must not be allowed to minimize/discredit social innovation and the scope of its impact.

## **Social innovation: accelerating system change**

Social innovation must be conceived in the context of a holistic vision of problems, enabling solutions to be found to transform the system, and not be reduced to a single issue: health

care, health education, etc. This way of dealing with problems from a holistic point of view is a key factor in the success of social innovation. This way of tackling problems at their root enables profound and lasting improvements in society.

The Palo Alto School has done much to theorize the systemic approach, and presents three main principles:

- principle of totality: the whole is worth more than the sum of its parts.  $1 + 1$  is not equal to 2. This is because, in the study of systems, the sum of parts does not consider interactions between the elements of the system, which can enhance or degrade its functioning.
- principle of equifinality: the interactions of a system explain its operation better than the history of the system itself. This means that looking for historical causes to explain dysfunction will be less effective in helping to solve a given problem than clarifying the modes of operation or dysfunction of the system where the problem occurs.
- principle of homeostasis: the system constantly seeks a state of equilibrium by implementing its own regulations. These permanent regulations enable the system to survive and maintain itself.

This approach, found in Bateson's work, for example, not only invites us to blend disciplines to better understand what surrounds us, but also focuses on what carries us or hinders us: our interactions. It is also thanks to such an approach that we become aware that we are agents of change in every respect, through the interactions we also have with the system.

Putting a systems approach into practice, however, requires us to rethink various aspects of our way of doing things. First and foremost, we need a new representation of leadership, one that is less heroic and more decentralized, more focused on contribution than attribution, a leadership that draws its effectiveness from the trust that is placed in the elements and/or members of the system to ensure collective action that is as sustainable as possible. The latter plays a major role in revealing the power of each individual to act.

Fuel precarity now affects nearly 20% of the French population. The responses provided by energy providers remain massive and do not allow us to apprehend extreme precariousness. Since its creation in 2014, Réseau Éco-Habitat, a structure founded on an associative and cooperative logic, has been working to improve the thermal performance of housing, accompanying the most modest people through every stage of their project: diagnoses, identification of solutions, research into solutions with the aim of helping them regain decent living conditions.

Réseau Éco-Habitat works to renovate the homes of the most disadvantaged, giving them back not only an environment that meets ecological standards, but also dignity. Réseau Éco-Habitat, a member of the Ashoka France community, was given the opportunity by the NGO to co-create a project with EDF.

Alliances between social innovation players and businesses also appear to be catalysts for systemic impact.

The fight against fuel poverty and the constant quest for social innovation are strong commitments for the EDF Group, whose raison d'être is to build a CO2-neutral energy future that reconciles preservation of the planet, well-being and development, thanks to electricity and innovative solutions and services. In order to respond to this global societal issue, it is becoming necessary to forge strategic alliances with social innovation operators, often those who enable public policy to reach the last mile.

At the start of 2023, thanks to this collaboration and Ashoka's key role as an intermediary, Réseau Éco-Habitat was one of the associations to win the government's €145 million energy-saving certification program.

This example of cooperation demonstrates the construction of a path of collective impact as a learning path for all, enabling us to face the contemporary challenges of our societies together.

## **Greater solidarity through social innovation!**

Many players in the SSE sector struggle to secure the long-term funding they need for their activities and are not always able to access the public funding that should logically be theirs, as they also appear to be a form of public service delegation. Often forced to hybridize their business model, to deploy other sources of revenue that divert them from their core mission, to join forces with larger operators who capture the lion's share of resources, to live in financial precariousness that puts them on the verge of burnout, these players are prevented from rapidly fulfilling their mission, which nonetheless remains in the public interest.

This vicious circle not only puts a brake on the actions of players themselves, but also on the image conveyed by their actions, assigning them an identity far removed from the dominant image of innovation, which makes it easier to obtain funding.

It took Unis-Cité, who pioneered civic service in France, ten years to penetrate the arcana of public policy and bring about change in the way associative commitment was represented to young people in inner-city and rural areas, and to show that a newfound sense of citizenship would benefit the entire system.

The French Civic service program is a case in point: young people between the ages of 16 and 25 are compensated by the state for an average of eight months' experience in community service. The idea was born in 1994, when three young women founded the non-profit organization Unis-Cité. In 2005, Unis-Cité served as the inspiration for the launch of the "voluntary civil service" by French President Jacques Chirac, and in 2010 for the introduction of the "civic service" as it exists today. Twenty-eight years on, it is a public policy governed by the State, with its own budget, an Institute for Commitment and a State Civic Service Agency. 35,000 young people have already completed a civic service in France. Who knows?

What is not told does not exist. Today, it is more than imperative to make visible what is invisible, in other words, the power of the social economy. The cultural battle begins by considering the media stakes involved in this economy serving the general interest. Out of the

123 headlines published in Le Monde in May 2024, 9 dealt with the social economy. The necessary transformation of our society requires a collective narrative to accelerate not only awareness of social and environmental issues, but also the transition to action for all.

## Conclusion

Changing representations and evaluation criteria for social innovations and restoring them to their rightful place as public policy R&D requires time and appropriate funding.

SSE players act as innovative public policy laboratories, not only because they have the agility to do so, but also because they are in direct contact with the field. When it comes to innovation, social innovation is often relegated to the background. This is because it does not fit in with the imagination of innovation, which is still all too often based on technical or technological innovations. This is no doubt due to its specific characteristics. First and foremost, social innovation is a process that focuses on a complex, intangible object: social relations. What is more, it is based on an even more complex approach, the systemic approach, whose indirect actions are invisible from the first glance. And yet, it is precisely these two specific features that make it a fundamental innovation for our societies, and one with a truly enormous impact.

Because of its systemic and collective deployment, social innovation is much more than just another form of innovation. It is the way to keep our social system viable and sustainable while ensuring equal opportunities for all.

Just as it takes a whole village to help a child walk, it also takes a whole ecosystem to profoundly transform society.

<sup>1</sup> *Capitalisme, socialisme et démocratie*, 1942.

<sup>2</sup> <https://fr.statista.com/statistiques/474210/taux-de-pauvrete-en-france/>

<sup>3</sup> <https://www.strategie.gouv.fr/publications/restes-depenser-territoires>

<sup>4</sup> OECD definition of social innovation.

## About Ashoka

The world's seventh most influential NGO and a pioneer of social entrepreneurship, Ashoka has been identifying and supporting over 4,000 social innovators in 98 countries for the past 40 years, including Muhammad Yunus (Nobel Peace Prize winner in 2006), Jimmy Wales (founder of Wikipedia) and Laetitia Vasseur (founder of *Halte à l'Obsolescence Programmée*, and originator of the AGEC sustainability index). Its main mission is the profound transformation of society. Ashoka France celebrates its 20th anniversary in 2024, and has drawn up an ambitious vision for the next two decades: to detect, support and strengthen the impact of those who are already transforming society (such as social entrepreneurs); to equip, support and enhance those who will transform it tomorrow; to mobilize those who influence the transformation of

society (such as public authorities, players in the economy, the general interest, education, institutions and the media).