


# Time to reinvent social innovation

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**Social innovations are already changing Slovakia for the better by bringing impactful solutions in education, transparency, health or social services. Governments and businesses have an opportunity to support an environment where good ideas with positive impact on the society are implemented and scaled.**

Do you know what Johannes Gutenberg, Andrew Carnegie or Jimmy Wales have in common? Each of them, in his respective era, has fundamentally changed the way we look at creating, expressing, or sharing knowledge. Thanks to Gutenberg, books were no more lengthily hand written and knowledge could find its way to more people. The industrialist Andrew Carnegie spurred creation of modern public libraries and eased access to knowledge for poor people. Jimmy Wales, founder of Wikipedia, moved creation of educational content into the hands of general public. All three men are perceived as social innovators in democratizing education.

Globally, the role of social innovation has been gaining awareness, but Slovakia is lagging behind. Based on a recent representative poll of Pontis Foundation and Focus Agency, 81% of respondents from general public were not aware of any social innovation in Slovakia or abroad. On the level of state policies, the discourse on innovation and its impact on the economic success of the country is still related to scientific and technological innovation. And the lack of awareness often means a lack of social and policy support.

There are three reasons why both governments and businesses need to pay attention to social innovation:

## Social innovation is already changing Slovakia

In Slovakia, we have excellent examples of bottom-up initiatives, coming from the non-profit sector, which meet the criteria of social innovation: a new program

educating Roma mothers and their toddlers, specialized mentoring programs to improve digital skills of disadvantaged kids, an alternative family care system for abandoned kids, a program of building alternative housing for marginalized groups or projects that bring empathy to schools. Two of these initiatives bringing solutions to end generational poverty within Roma communities, Omama and D.O.M.O.V., have been recently awarded the Sozial Marie Prize, which recognizes the most innovative projects within Central European region.

## Social innovations bring value to tackle the country's traditional problems

There are at least three reasons why public institutions should raise interest in social innovation. Firstly, areas where social innovations have already proved to be effective in bringing change are identified as crucial in public documents. The recent National Plan of Reforms, a strategic document of the Ministry of Finance, highlights areas such as health prevention, fighting disinformation, social care, population ageing, or inclusion of disadvantaged population. Secondly, the EU places a strong emphasis on social innovation and its actions on social innovation vary from focus on promotion to funding mechanisms. And thirdly, social innovations bring economic value to the state. Social innovation initiatives increasingly undergo rigorous cost-benefit analyses that demonstrate their economic and societal value and are often cited as good practice by analytical units of the state.

## Social innovation is a smart business decision

With more challenges arising around the world, such as the rise of inequality or environmental problems, it is becoming more obvious that companies turning these challenges into opportunities will be positioned for sustainable success. According to the World Economic Forum there are several reasons why investment in social innovation is a smart business decision: social innovation strategies are directly aligned with the company's innovation agenda and business strategy, they leverage the company's core for-profit assets (human capital, value chains or technology systems) and they are managed from within a company's core operations by its employees. The same aspects differentiate social innovation from traditional ways of how business has been involved in societal issues, namely CSR or corporate governance.

The question is how to create conditions for scaling social innovations. There are at least three areas, in which the involvement of public and private sector in Slovakia is worth consideration:

1. **Support of social innovation ecosystem.** Tools such as incubators or accelerators are effective to build a pipeline of projects, and help the state (and businesses) identify

the best solutions to social problems of the country. These tools have been on the rise around the world helping social innovation grow and are recommended by renowned platforms in the field (e.g. European Venture Philanthropy Association).

2. **Development of new models of financing social innovation.** Social Impact Incentives Scheme or Pay for Success model can help the government navigate more private capital into funding social innovation and mitigate risks on both sides. Businesses in Slovakia typically fund social innovation only as part of philanthropy or CSR. At the same time, foundations do not have free capital to help the best social innovations grow on larger scale, despite their efficiency and societal need. These new types of financing combine private and public capital and payback is tied to measured social value of innovative projects.
3. **Co-creation.** One of the strategies how business can help scale-up social innovation is to co-create new products with the non-profit sector. For example, Vodafone Turkey together with the non-profit TABIT developed the Farmers' Club to connect farmers with real-time, customized agricultural information via digital technologies and also to improve farmers' ICT skills. The operator has managed to gain new and loyal customers and replicated the model in six other markets. There are few more successful business/non-profit collaborations around Europe to get inspiration from.

