

EFESEIIS Survey

EFESEIIS THEMATIC FOCUS #10

INNOVATIVE
PRACTICES



Enabling the Flourishing and
Evolution of Social Entrepreneurship
for Innovative and Inclusive Societies



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FOREWORD

What you will find

The EFESEIIS project ([Enabling the Flourishing and Evolution Of Social Entrepreneurship for Innovative and Inclusive Societies](#)) endeavours to provide a better understanding of social enterprises (SEs) using thorough analysis of data collected in eleven European countries.

In line with the EFESEIIS project's objectives, a sample of 1,100 SEs have been sampled, from national lists of SEs in Albania, Austria, England, France, Germany, Italy, Poland, Scotland, Serbia, Sweden, The Netherlands. In countries where no official lists of social entrepreneurs were available, snowballing techniques involving different stakeholders were used instead of random sampling. The survey has been designed in order to provide insights into the features and background of SEs, as well as the enabling and constraining factors they face.

The final sample consists of 837 valid questionnaires. Questionnaires are considered valid if organisations replied to at least question n° [C10](#) . The response rates vary for each question. Henceforth, all reports present results drawing on data from a different number of respondents.

Focus #10 shows the relevance of innovation in economic activities and management practices performed by surveyed social enterprises.

The results may not be fully representative of national SEs. Consequently, any generalization to a context broader than the sample could be misleading.

INNOVATIVE PRACTICES

Has your organisation innovated in terms of products, process, finance, or marketing in the last 3 years?

For each macro, we provided our respondents with the following examples of possible innovation:

Product: product performance, product system, services;

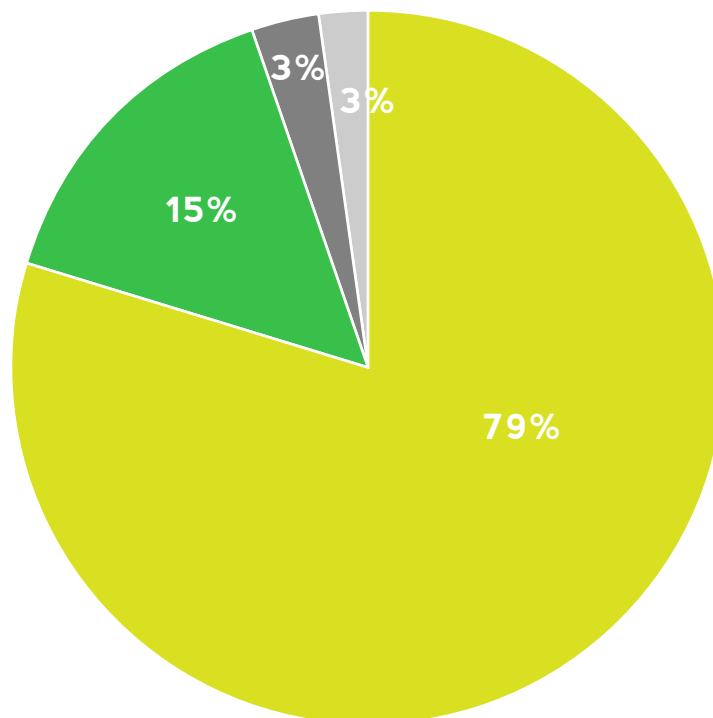
Process: core-process, enabling-process;

Finance: business-model, networking;

Marketing: channel, brand, customer interaction, public procurement.

660 Respondents

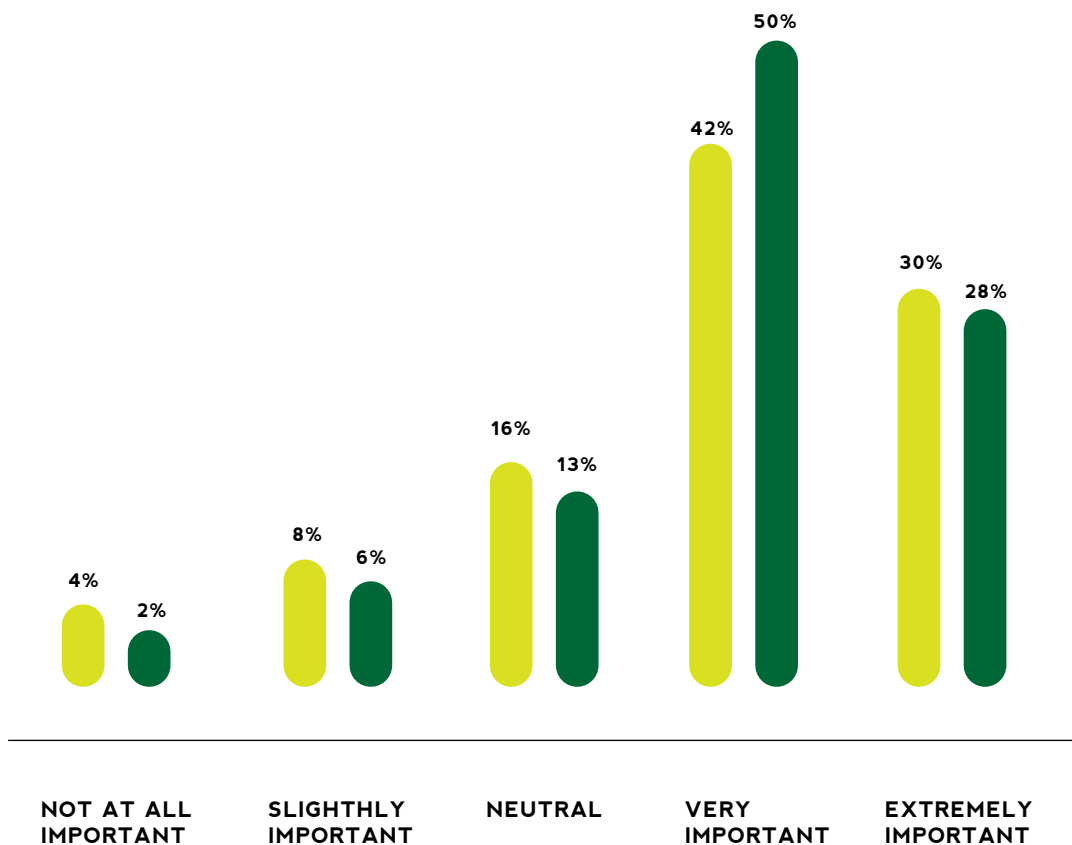
- YES
- NO
- DON'T KNOW
- NO RESPONSE



INNOVATIVE PRACTICES | IMPORTANCE

How important was innovation in the start-up phase of your organisation, i.e. in terms of products, process, finance, or marketing?
How important is such innovation now?

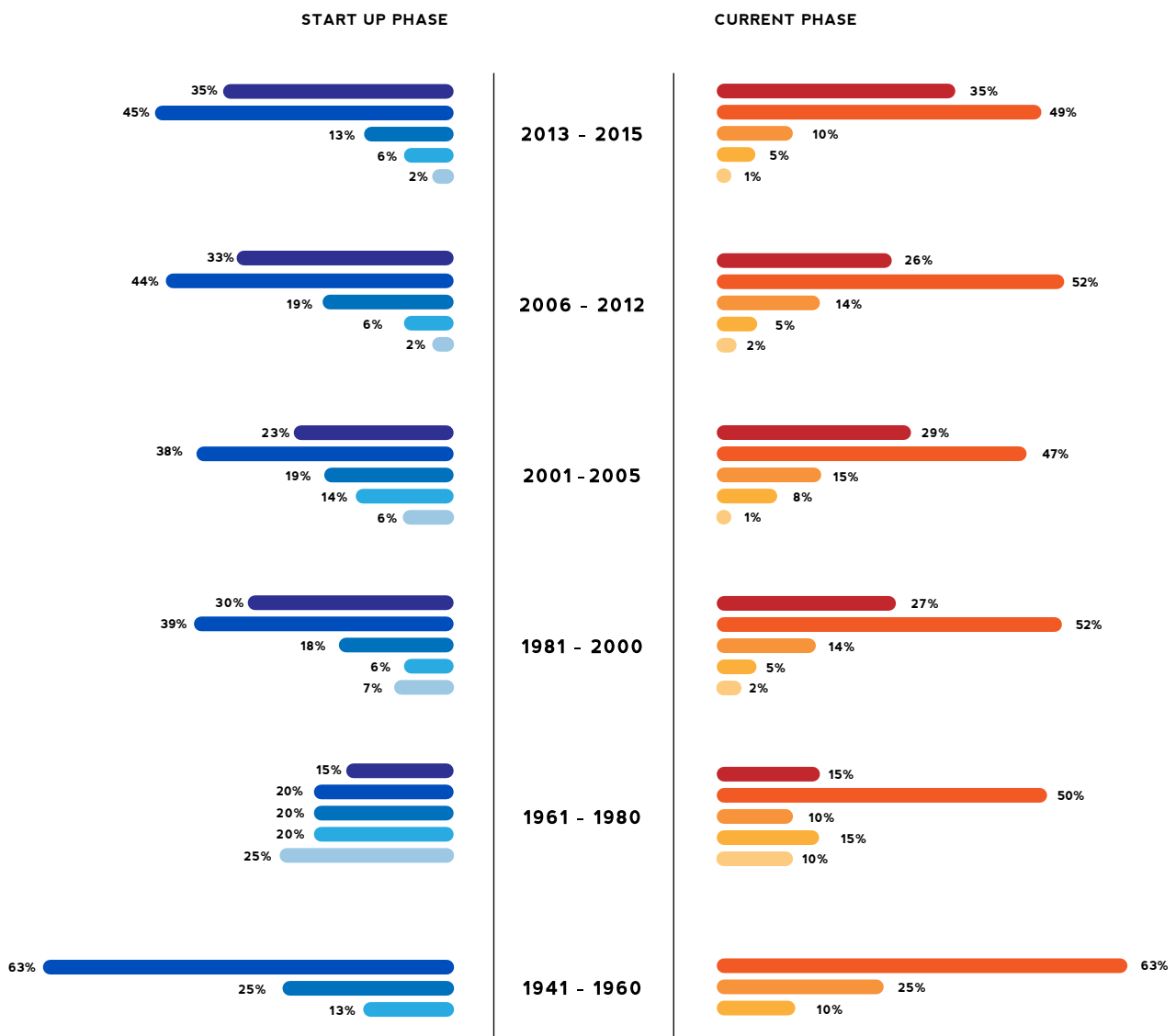
- **START UP** 658 Respondents
- **CURRENT PHASE** 659 Respondents



INNOVATIVE PRACTICES | IMPORTANCE by year of foundation

How important was innovation in the start-up phase of your organisation, i.e. in terms of products, process, finance, or marketing?
How important is such innovation now?

- EXTREMELY IMPORTANT
- VERY IMPORTANT
- NEUTRAL
- SLIGHTLY IMPORTANT
- NOT AT ALL IMPORTANT

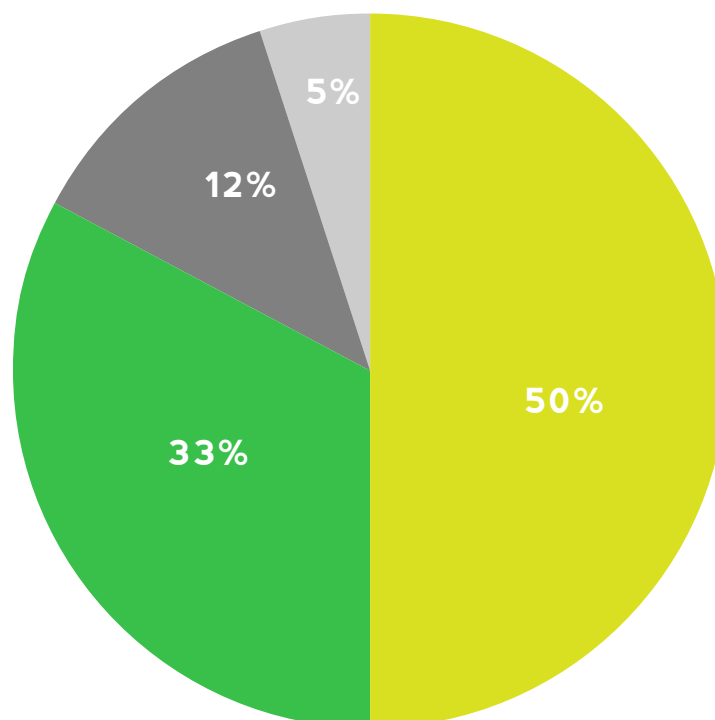


INNOVATIVE PRACTICES | EXTERNAL ENVIRONMENT

Did you innovate in response to a change in your external environment?

- YES
- NO
- DON'T KNOW
- NO RESPONSE

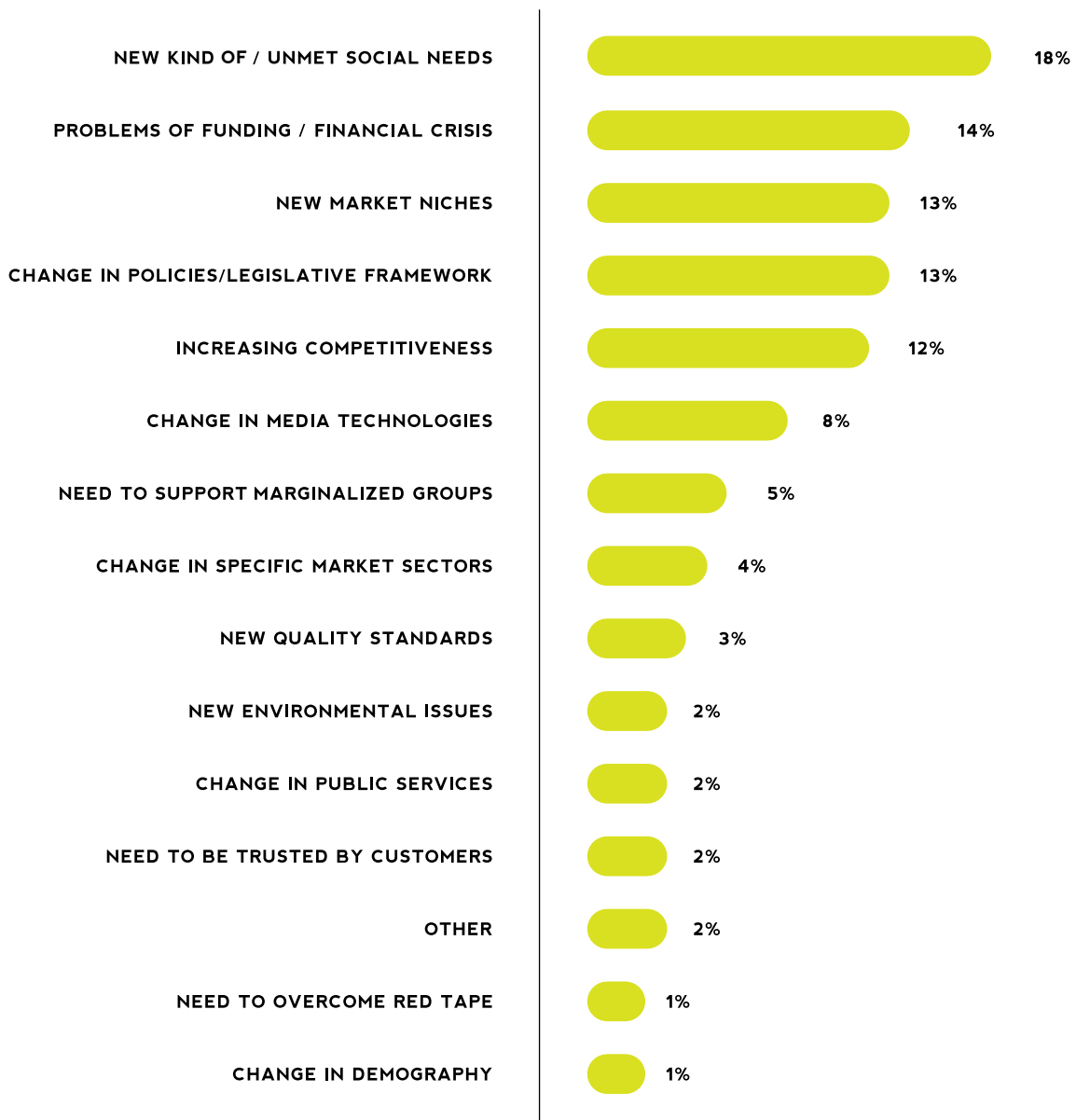
644 Respondents



INNOVATIVE PRACTICES | EXTERNAL ENVIRONMENT

Please, state which change compelled you to innovate

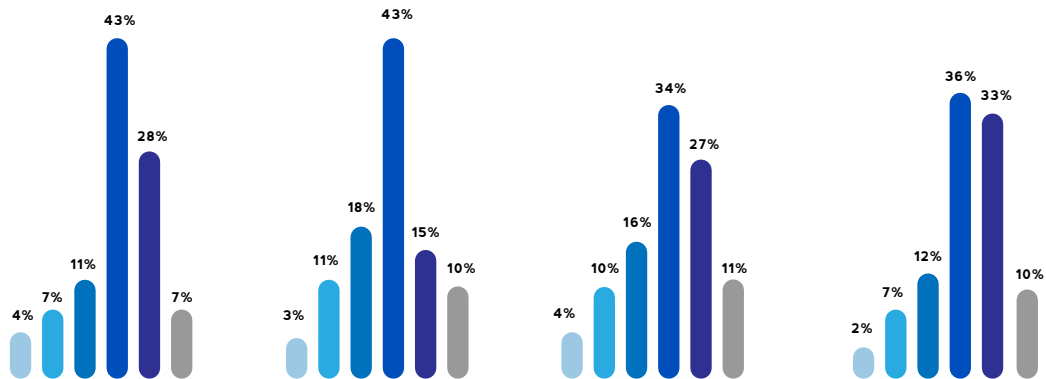
208 Respondents



INNOVATIVE PRACTICES | IMPORTANCE / COMPETITIVENESS

How important were the innovations produced by your organization for improving market competitiveness?

- NOT AT ALL IMPORTANT
- SLIGHTLY IMPORTANT
- NEUTRAL
- VERY IMPORTANT
- EXTREMELY IMPORTANT
- DO NOT WISH TO ANSWER



PRODUCT/
SERVICES

PROCESS

FINANCE

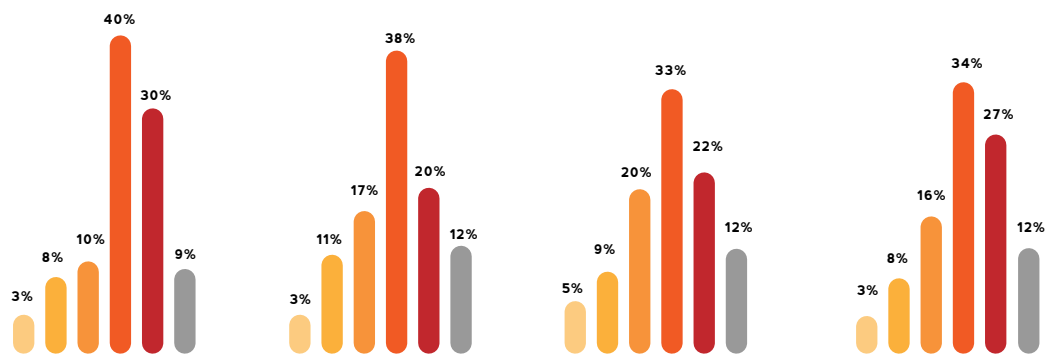
MARKETING

COMPETITIVENESS

INNOVATIVE PRACTICES | IMPORTANCE / SOCIAL IMPACT

How important were the innovations produced by your organization for achieving greater social impact?

- NOT AT ALL IMPORTANT
- SLIGHTLY IMPORTANT
- NEUTRAL
- VERY IMPORTANT
- EXTREMELY IMPORTANT
- DO NOT WISH TO ANSWER



PRODUCT/
SERVICES

PROCESS

FINANCE

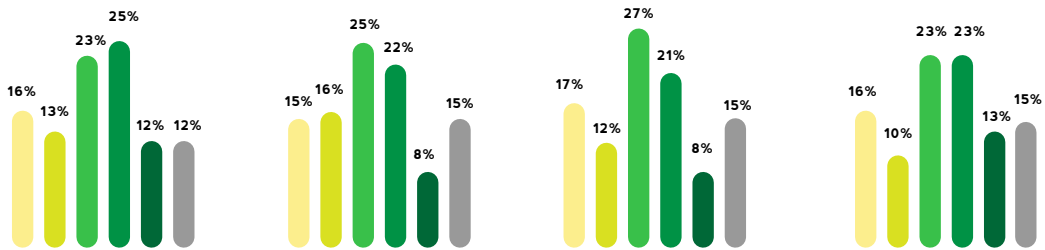
MARKETING

ACHIEVING GREATER
SOCIAL IMPACT

INNOVATIVE PRACTICES | IMPORTANCE / ENVIROMENTAL IMPACT

How important were the innovations produced by your organization for achieving greater environmental impact?

- NOT AT ALL IMPORTANT
- SLIGHTLY IMPORTANT
- NEUTRAL
- VERY IMPORTANT
- EXTREMELY IMPORTANT
- DO NOT WISH TO ANSWER



PRODUCT/SERVICES PROCESS FINANCE MARKETING

ACHIEVING GREATER ENVIROMENTAL IMPACT

HIGHLIGHTS



This *Focus* provides the reader with understanding summary of the data collected and a preliminary analysis of the innovative practices of SEs. What follows, is an overview of the findings from the general sample. For further details on each national context the reader should consult the country reports.

Around 80 percent of the survey sample engage in innovative practices in terms of production processes, financing or marketing. This implies improvements with regard to product performance, product systems, services, changes in core enabling processes, variations in business-models and networking strategies, and reorganisation of customer interactions, brand strategies, marketing channels and public procurement practices.

Innovation is embedded in the definition of entrepreneurship, which entails surveying the external environment for opportunities to provide new solutions, products, services and processes. When it comes to social enterprise, the mechanisms through which innovative practices are embraced and the reasons for pursuing them in the first place are not always clear.

Our study shows that interest in innovation increases over time. In the start-up phase, 12 percent of participants indicated that innovation was “not important” or only “slightly important”. In the current phase, the share of participants who regarded innovation as relatively unimportant decreased by 4 percentage points. Moreover, around 80 percent of survey participants regarded innovation as “very important” or “extremely important” in the current phase.

The findings also show that that innovation in the initial stages of the development of SEs is more important for relatively new SEs (organisations established since 1980). Social enterprises established before this (between 1941 and 1980) exhibit different behaviour during start-up due to their relatively small numbers and different market and institutional conditions.

In total 80 percent of SEs set up in the last three years considered innovation to be either a “very important” or “extremely important” part of their business start-up strategy. Highly competitive markets and the existence of oversaturated markets in many industries oblige younger enterprises to think in terms of innovation and product improvement from the very beginning. Nowadays social enterprise is increasingly compelled to innovate. Those showing the greatest increments in innovation are those SEs set up between the 1980s and the early 2000s. This is consistent with the need of well-established firms reorganise in an effort to maintain their comparative advantage and successfully compete against newcomers.

Half of our sample innovated in response to a change in the external environment. The main factors driving innovative change relate to catering for new kinds of social need or adapting to deal with unmet social challenges. Innovation was also driven by financial distress, the desire to tap profitable market niches and increase competitiveness, and the need to respond to changes in the legislative and policy framework.

The share of SEs innovating in response to changes in the media technologies, the needs of vulnerable groups, changes in specific market sectors and in response to quality standards is lower. Changes in Environmental issues, public services, the trust of consumers, and business reputation are marginal reasons for innovation (None of these reasons were endorsed by more than 2 percent of the survey sample). Although bureaucracy and red tape is one of the main constraints to the development of a SE, only 1 percent of the sample innovated in response to bureaucratic issues. Demographic trends were mentioned by 1 percent of participants. However, demography may still be relevant for SEs dealing with healthcare, education and job services.

Innovation strategies vary with respect to the type of innovation in question and the strategic objectives of the SE. In order to increase

competitiveness, 71 percent of SEs ranked innovation in products and services as “very important” or “extremely important”). Around 69 percent regarded innovative marketing as important, and around 60 percent cited innovation in either processes or financing as important.

Many respondents believe innovation in products and services is essential not only to beat competitors but also to achieve greater social impact. In this respect, marketing, financial and process innovation are less relevant.

Finally, the level of importance attributed to various kinds of innovation for achieving greater environmental impacts is lower. Less than 40 percent of respondents ranked innovation to meet environmental changes as “very important” or “extremely important”. Innovation in products and services together with market innovation are the main strategies for tackling environmental issues. Product and service provision can be improved to become more environmentally-friendly, and marketing strategies help to communicate the environmental principles of the SEs.

DO YOU WANT TO KNOW MORE
ON EFESIIS RESULTS?
PLEASE, CHECK OUR OUTPUTS



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