
Chapter 2

Introduction

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Introduction



In today's world, social action is a highly disparate concept compared to the traditional idea that once inspired nongovernmental and nonprofit organizations, whose scope of action is limited to raising funds to combat poverty in developing countries. The social agents involved in social and environmental causes have come to the realization that it is not sustainable to give funding for humanitarian aid unless long-term solutions are put in place to ensure some degree of continuity in terms of the necessary resources. Meanwhile, the recipients of those social actions themselves have reached the same conclusion, convinced that it is of little use to have a supply of fish if there is no fishing rod.

We are currently witnessing a major shift in mindset toward the so-called "smart globalization," whose objective arises from the need to find a global model of social and economic organization that is, above all else, sustainable. Social innovation has emerged from the search for lasting, sustainable solutions for the challenges posed by the current global socioeconomic situation: addressing the issues of climate change and limited resources; fighting poverty and social inequality; protection against natural disasters and epidemics; the right to social benefits in the context of an aging population; improving infrastructures and communications; and, ultimately, the need for sustainable growth. The Future Trends Forum experts consider that the kinds of social innovation projects deserving priority above all others are those that foster social change, versus those centered on making better use of resources, creating new products, or building better infrastructures (see Figure 1).

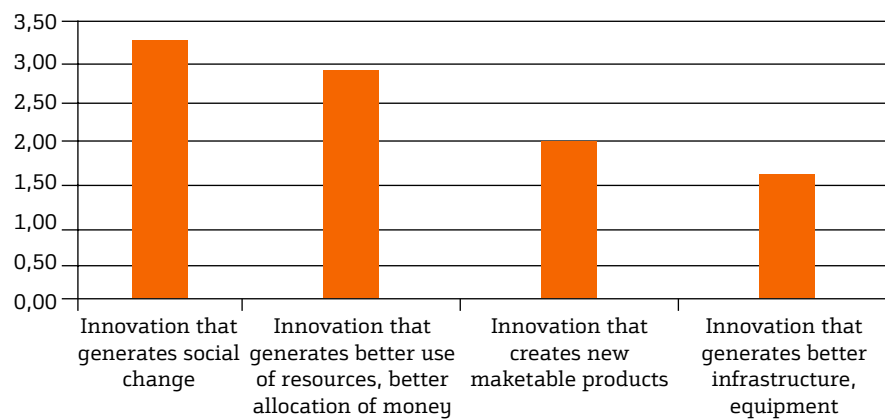


Figure 1: Priority of the different types of social innovation according to the Future Trends Forum experts.

Source: Prepared by the authors.

Social innovation responds to the aim of applying a new perspective to the task of alleviating social and environmental problems, taking a creative approach and looking for a ways to replicate effective solutions elsewhere. Throughout this publication, we will refer to the aforementioned characteristic as the "scalability" of products, services and business models that emerge as part of the social innovation process. However, scalability is not the only challenge standing in the way of social agents working toward improving the effectiveness and impact of their actions. It is becoming increasingly apparent that those involved in the social innovation arena must find ways to interact and cooperate in order to develop the right synergies. Somehow, as contradictory as it may seem, it is vital for these agents to collaborate and, at the same time, for there to be a certain level of competition that fosters the creation and implementation of a wide variety of innovative and sustainable projects and programs. This becomes progressively more complicated since more and more social agents must be brought into the mix: private foundations, the social entrepreneur, nonprofit organizations, etc.

Within this new environment of social agents, they speak of a "fourth sector" as the new group of organizations, both for-profit and not-for-profit, that are leading social innovation and proliferate at the crossroads between the public, private and social sectors to address unfulfilled needs, be they social or environmental. Also notable here are the roles played by government, educational systems, corporate social responsibility of businesses and individuals, all of whom being part what is known as "collaborative social innovation." Web technology has enabled the transfer of information and ideas between the participating agents through blogs and Internet sites where experts and enthusiasts converge to share and solve problems that call for an innovative outlook.

For its part, the private sector is also redefining its role in the process of social innovation. On one hand, corporate social responsibility (CSR) is seen as a challenge: the current economic and financial crisis is not an excuse for organizations to leave it out of their core corporate strategy. Despite the difficulties involved in setting standards for reporting on CSR, companies that do not weave it into their focus areas will be at a disadvantage versus their competitors. Going beyond the realm of CSR, the business world has now thrown its hat into the social innovation ring. There are increasingly more private organizations seeking sustainability and economic autonomy, making their primary activity the search for solutions to the current social and environmental issues, even doing so with zero profitability. Despite being founded with a clearly defined social objective, they take advantage of the functionality and organization of the private sector for developing and implementing their social programs, to make an even greater positive impact. Coupled with this new *modus operandi* is the use of certain indicators that allow for monitoring the result of their activity, which could prove somewhat difficult inasmuch as it involves intangible accomplishments.

The final chapter focuses on the models of social innovation that contribute to well-being in the social action arena from varying points of view. The eight

Millennium Development Goals, adopted by the international community as a framework for the development processes of over 190 countries in 10 regions, have served as a backdrop for classifying the programs that are leading social innovation in each area and set a clear example for other programs sharing the same objectives. We begin by analyzing the business models that target the bottom of the pyramid, namely programs for eradicating poverty and promoting development. The trend points toward the application of market solutions to social problems, based on the viewpoint that, by involving the bottom of the pyramid in the formal economy, it helps generate wealth for families in disadvantaged communities and drives the country's economic growth. An additional factor is the increased importance of the role played by social entrepreneurs from developing countries, who search for new ways to solve old problems. Then we discuss some models that are arresting environmental degradation and ensuring the limited supply of energy resources. Thirdly, we examine the models that contribute to social welfare and nurture economic activity for the development of disadvantaged communities, particularly in developing countries. However, that same social welfare is approached in terms of solving "homegrown" social problems derived from the current crisis, such as unemployment and increased poverty. Fourth, we address the models that reduce the "10/90 gap" and resolve the inefficiency of health systems, in both developing countries and developed countries. Lastly, we look at some educational models that lay the foundation for a system whose maxim is to guarantee education as a human right, without forgetting that the spirit of innovation must start in the classroom.

In short, this publication strives to reflect the main characteristics of a new landscape in social action, where innovation and the application of new technology are two constants in the quest to meet the challenges facing the human race in the 21st century.