Social innovation and why it has policy significance.

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Introduction

Social innovation represents a very simple idea--that innovative social action can create social value beyond the capability of existing systems. Social innovation can both create new ways of addressing old issues and accelerate rates of social change. For public policy interventions, a key proposition is that social innovation may be understood as a process that has distinctive preconditions and stages, and those preconditions and stages can be understood and acted upon to promote innovation. Alternatively if no positive effort is made to identify and facilitate social innovation processes, policy interventions may well create barriers and the potential leverage of social innovation will be lost.

While practice in this area, led by innovative community sector and public managers is rushing ahead, theoretical commentary, which could lead to the development of models of practice, has been less evident. One obvious way to remedy this is to search for a clear definition of social innovation. This, however, runs the danger of leading into the mazes of social and innovation theory. Rather than doing that, our enquiry starts with a face value rubric under which innovation occurs when a new idea (or combination of old ideas) forms a different way of thinking and acting that changes existing ideas and/or practices to create a social benefit. In any case, for policy practitioners, the most important issue is not to define social innovation but to recognise it. In particular, understanding that innovation has preconditions and processes both of which can be acted upon is a necessary step to making it a practical option for organisational activity and government policy.

At a theoretical level the established policy-relevant debates which help locate social innovation include theorising around economic innovation, social capital, community strengthening and regional development. A brief account of each of these theoretical intersections is used here to set the scene for a discussion of the practice of social innovation and an identification of the components of this practice which might form the basis of a theoretical model.

Intersecting Theoretical Bases

Economic innovation

International commentary on economic innovation provides one set of ideas. which can be useful in establishing the character and locating the significance of social innovation. In its old form as the commercialisation of science and the introduction of new technology into production processes this line of commentary has a considerable pedigree including giants of economic theory such as Schumpeter (1939) and Rosenberg (1982). The impact of this view on business practice and public policy is seen in the normative status of Research and Development (R&D) as the dominant, and often the only, way of supporting and measuring innovation. Some contemporary critics of this approach have located innovation more in incremental changes in how productive activity is organised and the use it makes of changing technology, than in major scientific breakthroughs (Fagerberg et al. 2005). This emphasis on what happens in the workplace rather than in the laboratory has struggled to reverse the policy focus on R&D. Apart from anything else the latter lends itself to subsidies, grants and photo opportunities which fit comfortably into both administrative and political modus operandi. The more incremental approach to economic innovation focuses greater attention on how people in public, private and community enterprise constantly adopt and adapt new ideas often drawn from industry, locality and other networks. In this approach innovation often begins when a worker, customer or client identifies a problem in a product or service and seeks a remedy. It is this process which creates 'the social conditions of innovative enterprise' (Lanzonic 2007: 30ff). Most significantly for this article these new understandings of innovation processes start in practice rather in laboratory-based development of scientific knowledge. A similar point is evident in the criticism of Porter's initial list of factor conditions of competitive advantage (Porter 1990; O'Shaughnessy 1996) and his subsequent addition of locality and culture to his list of enablers of competitive advantage (Porter 1998). Together the new approach to innovation and Porter's revised competition theory give credibility in economics to social factors in general and particularly to the agency of people and place as significant in creating the enabling conditions for innovation. As we shall see these are precisely two of the distinguishing features of social innovation.

Social Capital

A second intersecting source of commentary relevant to social innovation came in the form of the social capital literature. The abstract ideas of this literature have. struggled to gain traction in the worlds of policy and business. It did, however, produce a strong line of international research which found that social capital ideas were directly related to personal and collective well-being (Granovetter 1974; Coleman 1988; Tomison 1996; Vinson et al. 1996; Porter 1998; Young and Glasgow 1998; Berkman and Glass 2000; OECD 2001; Lin 2001; Szreter and Woolcock 2004). In particular participation in communities was being reflected in: better physical and mental health; higher educational achievement; better employment outcomes; lower crime rates; decreases in maltreatment of children; and an increased capacity for a community to respond to threats and interventions. In Australia efforts by the Australian Bureau of Statistics to measure social capital (ABS 2004) and Productivity Commission work on its policy implications (Productivity Commission 2003) were evidence of a more concerted effort to understand the tools needed to turn the social capital ideas into usable policy instruments. The relevance of these ideas to social innovation lies in their identification of how networks enable knowledge flows which spark innovation and how the trust created by social relationships reduces transaction costs.

Community Strengthening

This social capital theorising led naturally into the third set of ideas and practices relevant to social innovation: community strengthening. Overall the body of social capital related research had established the claim that community engagement diminishes the impacts of social disadvantage (Gerard 1985). Given the weight of research opinion, it is hardly surprising to find that governments began trying many practical ways to enhance participation (Coleman and Gotze 2001; Gilchrist 2004). In Australia, research was showing that social cohesion, measured by participation in sport and the ability to get help when needed, was associated with lower levels of negative social outcomes such as rates of imprisonment and early school leaving (Vinson 2004). A principle programmatic approach to this emerged internationally and in Australia in community strengthening based on the idea that communities with certain characteristics produced better social indicators and that therefore governments should be seeking to build those characteristics. More recent work has begun to connect this idea of community strength and resilience with the impact of families on social outcomes (de V. Peters et al. 2005). This produces a very interesting convergence between what has recently (but not always) been a conservative political idea--family, and what has recently (but again not always) been a leftwing political category--community. The point for our argument is, however, that characteristics of locality (people and place) emerge from both the social capital literature and community strengthening practices as central enabling conditions for addressing complex social issues. It is in this area of complexity that social innovation has greatest potential for public management. This is because existing approaches based on less flexible theoretical and operational categories struggle when faced with issues which spill over disciplinary foci and organisational structures.

Regional Development

The fourth set of debates which help locate social innovation among the ideas which have policy impact is concerned with regional development. Here economic literature on 'cluster theory' (Porter 2000; Florida 2003) meets geography's new regionalism (Cooke and Morgan 1998: Rainnie and Grobbelaar 2004) harking back to established concepts such as the milieu innovateur (Aydelot 1986) and newer ones such as the idiosyncrasy of clusters (Andersson et al. 2004). Essentially these theories share a focus on the significance of locality based drivers and their dynamic contribution to innovation, wellbeing and prosperity. The possibility that they may lead to an over-emphasis on physical (economic and environmental) factors to the exclusion of social factors, especially when it comes to planning, needs to be noted. In other words it is important to note that 'community' needs to be understood in terms of both people and place if it is to be useful in policy terms. The key factors emerging from the regional development debates as ensuring that this occurs include: local leadership; institutional capacity; trust relations; the significance of history and narratives; local area data; network relations and a recognition of interdependence between the worlds of social, economic, natural and human capital. Regional development policy has recently seen the creation of platforms on which innovations systems are built as being the key idea in translating theory into practice. Institutional arrangements indicative of this include mechanisms for inter-municipal co-operation in Europe and cross border collaboration in North America (OECD 2005: 103ff, 113ff). Less formal instruments which focus the attention of central government agencies on regional issues include the use of a 'rural lens' in Canada, the creation of micro-regions in Mexico and the role of rural pathfinders in the United Kingdom (OECD 2006: 80, 87, 85). It is no accident that these policy platforms and initatives display precisely the focus on people and place based social relations which are evident in the other literatures and in social innovation.

These four sources of commentary: economic innovation, social capital, community strengthening and regional development, together contribute the old ideas which come into new associations in what is being termed social innovation. Mulgan (2006) has refreshed the literature in an international context while Smyth, Riddell and Jones' (2005) collection of cases provides examples of practices in Australia. While by no means exhaustive this collection is noteworthy for its inclusion of examples from all levels of government and across the spectrum of social policy themes. What has not yet been attempted in the Australian context is to draw these themes and points of policy intervention together into an integrated framework. The following discussion addresses this lack using a historical perspective to place the arrival of social innovation as a policy and action option in the context of the community sector in Australia.

Origins of Social Innovation in Australia

The value of social innovation in terms of public management is connected to the changes which have taken place in how social action has been organised in the community sector. In particular the changes in conceptual frameworks for social action need to be understood to place social innovation in the context of practical social action. We capture some aspects of these changes in Table 1.

The relationship between what is being done, that is the drivers and character of activity, and how it is being done, that is the instruments which operationalise the activity, is particularly significant for understanding the changing role of the community sector. Up until the early 1900s the dominant focus of organizations taking social action to improve wellbeing was the salvation of, and indeed competition for, souls. Organisations operating in the community sector were offshoots of the churches and operated within a religious and paternalistic framework. From the beginning of the twentieth century to the end of World War 2 this mindset shifted towards a focus on charity for the poor and meeting people's basic physical needs. An indicator of the difference between these approaches was the shift from indoor relief, in which church-based organizations sought to bring people into their physical and organisational structures, to outdoor relief, in which charities sought to go out into communities to provide material support for the disadvantaged. Their similarity lay in the paternalistic mindset in which some of the well-off saw a duty to act for those less fortunate than themselves. Not only were the impulses charitable but the recipients were passive.

With the emergence of the welfare state as a model for the delivery of social security, the community sector shifted towards filing the gaps in state-based service provision. This often meant looking after the most disadvantaged or those whose exclusion arose from factors of which particular states were unable to take account. With the change in the dominant public administration paradigm towards market based rationality of the 1980s and 1990s, this initially changed remarkably little. Market failure simply replaced government failure as the driver of community sector activity, with the social inclusion/exclusion paradigm remaining dominant (Room 1995). So community sector organisations found themselves sweeping up after the market rather than filling the gaps in state based welfare provision. They continued to play a counterbalancing role for people who fell through the welfare cracks. The market based rationality, however, increasingly introduced an important new element into community sector activity as Non Government Organisations (NGOs) took on a direct service delivery role on behalf of government. The new instruments were competition and contracts with all the attendant regulatory, compliance, auditing and management practices. During this period the sector began to look less like charity and more like an industry, with increasing levels of professionalisation and business-like modes of operation. The policy deficits which have seen a retreat from the high water mark of this new public management era had particular impacts on service delivery, with state-funded social welfare increasingly contracted out to community organisations for whom it became core business (The Smith Family 2007). During the 1990s a new stage began to emerge with social investment capturing the character of activity and social innovation becoming a major instrument. This has impacted on both community sector organisations and government agencies with social service delivery mandates. It is this stage in which social innovation merges as a usable public policy model because of its capacity to address complexity and its sustainability. Both arise from being able to access resources not available in other models of activity in government, business or community organisations.

This period in which social innovation practices are moving into policy, business and community sector activities is characterised by an inter-sectoral interest in new ideas and ways of doing things which create social value. The view underpinning this is that increasing social value has impacts in areas as diverse as sustainability, employment creation, physical security and personal health. At this practical level, social innovation can be defined as mould-breaking ways of confronting unmet social need by creating new and sustainable capabilities, assets or opportunities for change. It is different from charity, philanthropy, corporate social responsibility and not-for-profit operations in three important respects. First, social innovation involves an interest in developing capacities by investing in people's skills and resources. In this sense social innovation represents an investment in human capital which can lead to outcomes such as enhanced capacity for voluntary activity and employment as well as new business start-ups. Second, it adopts an investment, rather than a deficit, model. This enables a focus on the assets of particular communities rather than their problems and makes positive place-based practices possible because in identifying community assets practitioners also identify local opportunities. Third, is it is concerned with scale and sustainability where people live, work and play. This local level focus draws together sets of otherwise contrary influences which can be mediated around place rather than setting up a dynamic of competition for scare resources. Social innovation then is about creating a new level of capability which changes the framework within which issues are addressed. It focuses on creating social value but in doing so adds value to communities in ways which can drive improved productivity.

Social Innovation in Practice

The emergence of social innovation practices in the last few years now makes it possible to develop a list of characteristics and to identify how these might be integrated into organisational responses. International experience is focusing particular attention on the role of the public sector as both an innovator in itself and a facilitator of social innovation in general (Mulgan 2007; Harris and Albury 2009). Observation of the Australian experience leads us to the contention that in public policy terms, social innovation is new, useful and actionable. It is new to the extent that it is a break from the orthodoxy of community, business and government sector activities. This does not, however, mean that it does not include some well established and tested ideas. It is useful in that it adds value to the problem solving activities of all three sectors. It does this by focusing on how a given risk or opportunity can be approached in such a way that both the processes and outcomes build capacity in individuals and communities. It is actionable because it fills the needs for the community sector to (re-) discover life beyond contracts, for business enterprises to leverage social and locality factors, and for government organizations to develop their ability to interact and perform at community levels.

More specifically it is now possible to differentiate social innovation from other forms of innovation and list its components. A starting point here is to reiterate that social innovation is different from other forms of innovation and other forms of social action. Under social innovation it is the social benefits which are seen as the major output adding value in ways which drive economic opportunity and performance. Social action, in contrast, has generally focused on welfare provision to address social problems. It has thus been positivist and interventionist. Social innovation by contrast is constructivist and community based. Characteristic actions differentiating the social innovation approach from more traditional forms of social action and from economic innovation include:

* Shifting focus from social needs to social assets;

* Revaluing community as a social agent;

* Seeing the community sector as an industry;

* Focusing on the creation of skills and employment opportunities;

* Building community enterprises; and

* Establishing inter-sectoral partnerships.

A brief discussion of each of these types of activity will show how social innovation is different and how it is being operationalised by practitioners in some areas of Australian public policy and management.

These features of social innovation all represent mindset shifts which are now observable slowly entering the mainstream of practice in both community organisations and in government agencies with social policy mandates. The first and most important is the shift in thinking in social policy from needs to assets. This approach begins with an understanding of the current and potential resources that can be brought to bear on a risk or an opportunity. The focus is on building assets as a resource to prevent needs becoming crises and to increase personal involvement in addressing issues. This may mean changing the way in which governments interact with business and communities of location and interest (Pope and Lewis 2008). Three areas of contemporary innovative activity may serve to demonstrate how this is happening in particular fields. These are finance, urban regeneration and risk management. The resource focus of a social innovation approach may be observed in the rise of new fields of activity in the finance industry including the growing fields of micro finance, micro credit, financial literacy, low income loans and peer to peer finance (Alhert, 2009). An institutional example of this in Australia is the Bendigo Bank's social sustainability approach to finance (Stubbs and Cocklin 2007). Under a social innovation approach these all become part of the assets mix which might be used to address issues of lack of opportunity and economic welfare. In urban regeneration the place-based strategies which have become so popular in the Europe (Gomez 1998) and the USA (Ward 1996) show how a community assets focused approach can be used to address issues of urban decay and land use planning. In terms of risk management at both individual and community levels, social innovation approaches focus away from needs towards assets, enabling the identification of risk and protective factors. Actions which flow from this involve building protective factors and mitigating risk factors. While the mapping of risk and protective factors is something which is yet to be widely adopted in Australia either for individuals or for communities, the practical implications are familiar to practitioners. An example of a community risk identifiable using a social innovation framework, is high dependence on a small number of ageing volunteers.

A second distinctive feature of a social innovation approach is the focus it places on revaluing communities as having agency. In this approach communities are seen as having value because they can cause things to happen. The assumption here is that the positive aspects of communities can be leveraged, and that even in communities which are dysfunctional there exists the potential to identify and utilise characteristics and dynamics which can turn them around. Despite increased social mobility most Australians are still part of one, or several, communities. These may be communities of location, or communities of interest including professional, virtual, and even temporary communities. What they have in common is a series of characteristics which make them valuable to people. First communities provide a space in which friendships are made and from which support can be sought. So communities can be fun and can provide security. Second communities are a space in which identities are forged, enabling people to sort out values and views about themselves, others and the world (Rutherford 1998). So communities are sense-making machines. Third and because of their sense-making role, communities are places where people, especially young people, learn to make judgements about the world. So communities are formative and summative. Fourth communities are a place in which people seek access to resources for living, working and playing. So communities make people feel proud and foster a willingness to contribute to the public good through activities like volunteering. Finally communities can be a place where creativity, diversity and innovation emerge. So communities are as important to business as they are to social welfare.

The fact that these features of communities have feel-good value ought not to mask the utility of a community based approach in addressing complex issues (Hess and Adams 2001). That community is an idea whose time has come in public administration is clear from the way the names of government agencies have been changing. On hundred and fifty years ago good new ideas about the relationship between policy and human capital were expressed in the creation of departments of education and health. Ten years ago there were no departments with a focus on social capital and community building. Today internationally there are over 70 including five in Australia created in the last five years. This represents a very public recognition of the value to democratic government of including community in its instrumentation. It may yet prove problematic because the idea of community, even where it is accepted as having positive potential, may not work effectively within the straight jacket of formal agency.

A third factor in the social innovation approach is the recognition that the community sector is actually an industry with a full set of industrial characteristics including risk, opportunity, investment, management, evaluation of performance and outcomes. The social value outcome of community sector activity is seen by many of its practitioners in the creation of social justice without which the sector loses much of its raison d'etre. This focus can have a limiting effect as it may prevent those in community-based organisations appreciating the necessity for practical instruments which can improve sustainability and effectiveness. On the other hand there are signs that some in the community sector have taken this step to seeing themselves as part of an industry. The creation of Industry Planning Units in various peak organisations of the community sector is one example of the increasingly professional and businesslike way in which community sector organizations are undertaking their activity.

A fourth characteristic of the trend towards social innovation is the emergence of community enterprises. These take a variety of forms, but are most visible in the (re-)emergence of co-operatives as a way of doing business in which commercial operations make a return on investment to the community not individual private shareholders. Examples include traditional co-operative structures, those with particular relationships with State governments and those with links to well established community sector NGOs. (2) In areas experiencing disadvantage, these sorts of enterprises may provide pathways into social inclusion, skills and financial security. These are the fastest growing businesses in Australia and are playing a significant role in making social innovation possible. Where social innovation fails it is often because of financing. Community enterprises have the potential to address this because they can integrate sustainable finance from the earliest stages of the development of new ideas. By contrast in some parts of the community sector there has traditionally been an ethos that government has a responsibility to adequately fund good new ideas. If this was ever the case it is certainly so no longer. The growth in community enterprises is, however, uneven and often subject to very local factors--especially the capacity and willingness of communities to support innovative activity.

Finally social innovation has a focus on merging ideas, practices and resources between sectors--government, community and market. Community enterprises are an example of this especially as they often involve partnerships between individuals and groups originating in different sectors. This intersectoral character increases the sustainability of social innovation by spreading risks and drawing in varied types of resources, including knowledge, from different sources. Where failure arises from one of these areas it does not necessarily doom the whole enterprise. Cross sectoral involvement also widens buy-in and facilitates diffusion of ideas and benefits.

Social Innovation and Public Policy

It is our contention that social innovation has a major role to play in the contemporary development of public policy and management. The major reason for this is that traditional ways of addressing social issues are not working. Several generations of highly professional dedicated public policy makers and managers. have worked their way from the welfare state to contracting out social welfare provision but persistent and intractable social problems remain unresolved and have arguably gotten worse. Levels of poverty, for instance, remain at best relatively stable. Even in its starkest forms, such as child poverty, despite publicly expressed interest at the highest levels of government, and numerous strategies, genuine success has been limited. For those of us living in regional Australia these failures are particularly galling as our postcodes and electorates continue to be among the most disadvantaged on most measures of social wellbeing.

As a result of the contemporary trends in the community sector and in how government relates to communities, this need for innovation in social policy areas can now be addressed using new ideas about the enabling conditions for successful social innovation. There is a growing body of evidence including publicly available reports on how particular innovations have worked. An analysis of the socially innovative Caroline Springs Partnership in Victoria provides a single example which captures many of components of success. This began in 2005 with a developer, Delfin Lend Lease, a local government, Melton Shire, and the Department for Victorian Communities, establishing an entity to plan and guide the development of a new community of 24,000 residents on the western outskirts of Melbourne. A departmental evaluation conducted after five years provides valuable insights into the determinants of success and the interventions which created these (DPCD 2010).

Key features of this success story are the effectiveness of shared community and school facilities which have involved not only better use of resources and improved services but also increased rates of participation. The ten new schools (four Government and six private) are co-located with diverse community activities. These include:

* A children's hub with pre-school, maternal and child health services and several playgroups;

* Two outdoor sports fields, with synthetic pitches, lighting, gym and toilet facilities, used by three schools and four community based clubs;

* A community centre with occasional care, maternal and child health services, counselling services, holiday activities, disability support and new parent support;

* A performing arts centre;

* A shared plaza from which entry is gained to 3 schools and the community centre; and

* A community services hub in which local government, churches and community organisations have offices.

The Caroline Springs Partnership is described by the policy makers who have implemented it as 'an alliance model. A significant enabling factor for this has been that the alliance operates at all stages of the project. It is not just a matter of sharing facilities once they are established--although the improved services and lower costs this involves are seen as significant in themselves. Rather it is about collaborating from the start to deliver infrastructure which serves both economic and social objectives. The Caroline Springs experience is that both the facilities thus delivered and the fact that they have been developed co-operatively leads to better services, lower costs,. greater connectedness and increased community strength (DPCD 2010: 26-27).

Practitioner-oriented reports of this type are augmenting a small body of more general material on the interventions which have accelerated the rate and effectiveness of social innovation. Serious gaps in this material, however, remain. Importantly understandings of social innovation lag well behind explanations of economic innovation. One result of this is that, in public discussion and policy, innovation is overwhelmingly treated as economic innovation with a narrow focus on technical efficiency and the commercialisation of science and technology. Although there is case study material on the links between economic and social innovation this is yet to be theorised, so it is difficult to establish a generalised view of the utility of social innovation as compared to the effectiveness of economic innovation. The social innovation evident in the Caroline Springs Partnership has had direct benefits in terms of efficiency through economies of scale. It has also delivered a level of collaboration between private sector, government and community which is already having cost and quality impacts on the delivery of services. These include some addressing of needs which were not thought of in the initial planning.

In fact, as mentioned earlier in this article, understandings of economic innovation have been shifting towards views more compatible with the social innovation approach. Traditional models of economic innovation focused on research and development investments. Governments subsidised this through tax policy and took the lead in 'picking winners' in areas such as biotechnology and nano-technology. Newer understandings stress that innovation occurs across all industries and areas of economic activity but is often 'hidden' because its contributions to productivity are not visible to orthodox government agencies using traditional policy instruments. This brings post-invention effects including adoption, diffusion, take up and spillover into clearer focus as essential aspects of the innovation process. Crucially these new understandings of economic innovation also emphasise the importance of place and locality as drivers of innovation because it is often in and through communities of interest and location that these subtle effects of innovation take place. Nonetheless most funding continues to be grant based and therefore focuses on specific firms and stages of innovation, such as product development. This limits the impact of outcomes by corralling them within the firm.

A significant conjunction is that the newer approaches to economic innovation and the social innovation approach deliberately focus more on the characteristics and assets of a place rather than the internal processes of an enterprise. Table 2 captures this movement. One key point to note in the context of this article is the increasingly co-operative focus of the new approach to economic innovation, especially the phenomena of clustering and networking to support mutual, or at least overlapping, interests. This brings economic innovation into territory familiar to social policy. The other outstanding factor is that the governance needs of the three approaches to innovation shift in a fundamental sense from a focus on firm level, top-down action driven by positivist assumptions and expert knowledge to a focus on local action in which approaches to issues are constructed in the process of dealing with them.

Under the traditional approach firms innovated and then sorted out the governance through licencing and patents certified by agencies usually at national level. In the newer approach governance processes which establish networks, often at regional level, become a critical precondition for effective innovation. The role of trust relations and the impact of intermediaries are two important implications. The latter are particularly interesting in terms of targeting interventions because these people who cross the boundaries between discourses, cultures, professions and institutions can not only play a vital role in facilitating network co-operation but can also be a resource provided by government. In the Caroline Springs Partnership, for instance, a central role was allocated to and played by a 'broker' who had deep connections in the area through previous activities in local government and the private sector. This person was employed by the Partnership and became a conduit for local knowledge into the development process. For the institutions of the Partnership this represented a considerable challenge as the 'broker' needed the freedom and resources to interact widely in ways unfamiliar in the modus operandi of both the private developer and the government agencies.

The nature of innovation, and particularly of the new understandings of economic and social innovation, indicates the existence of an underpinning innovation value chain. This is formed where actions taken in one area support and stimulate actions in others. A problem we face in this regard in Australia is that government interventions often take the form of pilot projects which fail to gain permanent form. They are completed when funding is exhausted. A report is made followed by a new grant application and another pilot is begun. This grant driven cycle may result in invention addressing a particular enterprise process issue. It does not result in a sustainable cycle of innovation. In order to make the best use of innovation we need a systematic approach which links activities across silos and sectors.

For public policy interventions encouraging moves in this direction are evident in a number of Australian jurisdictions. The Government of Victoria led the way almost a decade ago decade with the establishment of the Department for Victorian Communities with its ambitious agenda to make community the focal point for government interventions (Hess 2003). Now its community building program includes the partnership, cross sectoral and combined social and economic benefit approaches characteristic of social innovation (Victoria 2009). At a national level, the 'Relationship Matters' report (FaCSIA 2008) focusing on 'corporate community investment' reflects the view that social innovation can deliver outcomes in areas in which more orthodox approaches have been failing. The principles of South Australia's Social Inclusion Initiative are also now reflective of social innovation practices focusing on linking people and communities for social and economic outcomes (South Australia 2009: 8). The emergence of a hybrid organisation linking government and non-government interests in social innovation with the creation of the Australian Social Innovation Exchange (http://www.asix.org.au/) is an attempt to create a national network around the idea.

Conclusion

While social innovation now boasts a range of practice in Australia and internationally its future, especially as a useful aspect of public policy and management, is far from secure. This is partly because its success depends on crossing boundaries and it therefore lacks an institutional, professional or disciplinary home. The contrast with economic innovation is striking. Here a strong body of theory developed over many years within a rigorous disciplinary framework has helped embed the idea at the heart of public policy and management. In Australia each year over $2 billion of public funds are directed at economic innovation (Productivity Commission 2006) yet social innovation struggles to even get on the page.

Practical efforts are driving an upsurge in social innovation actions such as community enterprise development at state level and corporate social responsibility practices in the private sector. Government, and particularly national government, faces the prospect of being sidelined. If this is allowed to happen the potential of social innovation contributions to Australia's wellbeing is unlikely to be realised. A note of caution here is that community development practices of the 1960s and 1970s also focused on networks and trust relations. This policy history and especially its failures may provide lessons for current practice. As a next step to enhancing the value of social innovation to improving Australia's wellbeing, research is required to scope the idea in more detail and produce the evidence to demonstrate the cost effectiveness of investing in social innovation.

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Notes

(1.) While this characterisation of periods is our own historical analysis, it is consistent with the work of others such as Lyons (2001) and Smyth, Reddell and Jones (2005).

(2.) Web sites typical of these are at http://www.communityenterprise.org.au/; http://www.workplace.gov.au/NR/rdonlyres/75D34355-DEB9-4AFD-8513 - F86C7EE404E8/0/CDEPOrganisationList3.pdf; and http://www.comm unityenterprise.org.au/

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Table 1: Phases in the development of the community sector (1)

Period	Characterisation	Instruments
To 1900	Competition for souls	Evangelisation
1900-1950	Meeting basic needs	Charity
1950-1970s	State-based welfare	Filling the gaps
1980-1990s	Market based welfare	Competition and contracts
from 2000	Investment in communities	Social innovation

Table 2:.Contrasts and Similarities in Economic and Social innovation

	Old economic innovation	New economic innovation	Social innovation
Drivers	shareholder value	market position	social wellbeing/ liveability
Location	firms	industries/ regions	community
Leadership	company engineers	industry groups/ clusters	distributed
Ideas from	experts	shop floor	networks
Actions	research and development	invention, diffusion, adoption	building inter-sectoral networks
Relations	ownership	mutual interest	trust
Interventions	grants, tax breaks	incubators/ infrastructure	facilitating network formation/ capacity building
Governance	licences, patents	partnerships	partnerships