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What are the latest trends in social entrepreneurship in Germany?

German social entrepreneurs have challenged traditional service-providing non-profit organizations for the last fifteen years. Traditional service providers – many of them practicing social entrepreneurship since the 19th century and often with a faith-based background – have become giant players of the German economy with about 2.5% of the GDP and more than 1.5 million employees. The new generation of social entrepreneurs have an impact, both in terms of new social problems they are sensitive to and for which they provide solutions.

Some examples of new social problems and solutions are multi-generation community housing models due to demographic change, or the development of refugee language training to further immigrant integration or new employment opportunities for people with disabilities to foster inclusion. Increasingly, both segments of the social entrepreneurship sector are mutually influencing each other: Large, traditional organizations are developing approaches towards intrapreneurship – change from within – and new start-ups get scaled or disseminated with the support of the “big ones.”

What kinds of issues does the University of Heidelberg’s Centre for Social Investment address?

CSI Heidelberg addresses issues of social entrepreneurship, social impact investment and social impact measurement. All of this is connected to another strategic core interest in social innovation processes. In this area most of our work has a European dimension due to substantial projects funded by the European Commission. We identified, among other issues, the contributions to social innovation of the Third Sector, the Non-profit sector (e.g. www.itssoin.eu). Our work shows that successful social innovation may have started from prompts in this sector, but always unfolds to its full effectiveness by cooperation with the private market economy and state actors. Single-sector solutions are, according to our research, less likely to get disseminated and become effective across society.

At the CSI we research what role philanthropy plays today, particularly the German foundation sector, which has more than doubled in size in the last fifteen years and now includes more than 22,000 foundations.

Relative to donations in money, we looked at the significance of donations of time. For example volunteering has recently shown a peak in Germany, when more than a million refugees arrived in 2015. In particular, we've identified rather informal structures of volunteering without a formal organization that are coordinated by social media and other internet tools.

More and more, we work on connecting our insights to the practice of organizations in the field by running innovation labs with stakeholders across sectors or within an organization.

How can universities cultivate the next generation of social innovators?

Universities need to develop a new understanding of their role as innovators. They have to work in a trans-disciplinary way, i.e. they have to involve all stakeholders - – practitioners and policy makers (especially on local levels) – early on in the research process. Stakeholders can often seem like a mere target audience for expected results. Such one-way communication is then euphemistically referred to as "transfer". Universities should instead become moderators of lab structures for system innovation, where all relevant stakeholders jointly work on solutions for social problems.

On another level, universities can provide courses to introduce entrepreneurial thinking and capacity to students of any discipline. This will help foster an entrepreneurial start-up spirit and competencies, both in terms of tech and social innovation. Our research shows that traditional universities still have to discover this role for themselves – with some remarkable exceptions, like all of Munich's universities. Also, the European experience tells us that wherever we find centers like ours, the initiative to establish them most likely originated from foundations or within civil society.

How would you make the case for social entrepreneurship from a business perspective?

Social entrepreneurship in a strong welfare state like Germany operates on the basis of hybrid business models. Part of the innovative drive of the entrepreneurs is aimed at finding ingenious solutions for the financial sustainability of their enterprise, combining very different resources such as revenue for services, philanthropic contributions, local government or state support, and income originating from the regulated markets of the welfare state. This is, at least, what we find empirically when analyzing their finances. However, success stories like renewable energies, fair trade, organic food, or textile production show that

markets are increasingly driven by social values; by a clear mission of what kind of society we want to live in. The latest example for this development is social impact investing.

In your opinion, how are increasing technological advancements affecting the growth of social innovation?

We are only beginning to comprehend these effects. However, digitalization offers great opportunities for building and maintaining the (often informal) networks of civil society and the non-profit sector. It offers great opportunities for the communication of civic activists (informal) and their organizations (formal) in situations of political repression. Digitalization holds the potential to contribute to a development towards more freedom and self-organization in society. We see this reflected in the civil society trends in countries such as Russia or the philanthropy trends in China. Organizations in both the social entrepreneurship sector and civil society only begin to grasp these opportunities, be it in the mobilization of their resources (crowd-funding), in the marketing of their products, or in instruments to increase market transparency and accessibility. In addition to offering solutions to social problems, social innovation holds particularly great promise where technology and the social capital of community ties come together.