Cambridge Judge Business School

Critical Perspectives on Social Innovation No 1, July 2024

SOCIAL INNOVATION AND THE UN SUSTAINABLE DEVELOPMENT GOALS: FIVE BLOCKAGES TO PROGRESS

Paul Tracey & Neil Stott

Cambridge Centre for Social Innovation

University of Cambridge

UNIVERSITY OF CAMBRIDGE
Judge Business School

Critical Perspectives on Social Innovation

Welcome to the first contribution to our ‘Critical Perspectives on Social Innovation’ series. In this piece Professors Paul Tracey and Neil Stott (Cambridge Centre for Social Innovation) outline five blockages which impede achieving the UN Sustainable Development Goals (SDGs).

Paul and Neil’s next contribution will focus on what social innovators can do to overcome the five blockages.

Social innovation and the UN Sustainable Development Goals: Five blockages to progress

Social innovators have embraced the UN Sustainable Development Goals (SDGs). The SDGs provide a vocabulary and frame that helps social innovators to legitimate their work, and they have helped galvanize a new generation of social innovators and to nurture their creativity in tackling global issues. However, progress to date is painfully slow.

The SDGs are the most recent global attempt to stimulate innovation in the face of global challenges and existential risks. Yet our collective ability to achieve the goals is questionable: while governments, companies, and social sector organizations participate in a grand social-symbolic narrative that indicates progress is being made, the evidence at the coalface of these initiatives paints a different picture[i].

We argue that there are five blockages based on five core assumptions which impede progress towards the SDG targets. We posit that these assumptions constitute a particular logic of social change which emphasizes the need to embrace market-based activity, with the responsibility falling disproportionally on the third sector that is expected to address the most deep-rooted social problems through forms of "enterprise".

The SDGs are designed to provide a roadmap for addressing fundamental global challenges by 2030. There are 17 goals and some 169 more specific targets contained within them. At the time of their unveiling in 2015, there was much scepticism – including from us – about whether the SDGs would make any difference, even though 193 countries signed up to achieving them by the target date.

Interestingly, however, the discourse associated with the SDGs have been taken up by many different types of organization. For any given social issue, multinational companies, activists, social movement organizations, and governments invariably have very different perspectives on why the 'problem' exists and what needs to be done to address it. The SDGs have provided a common vocabulary for talking about them. They also help to make concrete a complex set of issues and the interconnections between them. As such, they arguably represent an important step forward in foregrounding and in thinking about how we address the most deep-rooted social and environmental issues.

However, despite all the energy that the SDGs have generated, we are not making anything like the progress that we need to meet the goals by 2030. A gloomy editorial in the journal *Nature*[ii] highlighted that even before the Covid-19 pandemic just two of the 17 SDGs were close to being achieved. And because of the pandemic, the authors suggested that the SDGs have become unachievable within the timescale and that policy makers therefore need to recalibrate and be less ambitious about what can be achieved. The implication is that the implementation of the SDGs will mirror predecessor initiatives, such as the Millennium Development Goals (MDGs). Announced with great fanfare in 2000, the MDGs have largely been forgotten: while the precise legacy of MDGs is still being dissected and debated, it is clear they did not achieve as much as originally hoped.

We argue that there are five blockages in the social innovation ecosystem that we think need to be addressed if meaningful progress on the SDGs is to be made.

Financial Resources

The first blockage concerns money. The UN estimates that more than five trillion dollars per year will be needed to achieve the SDG targets by 2030[iii]. That is clearly a significant amount of money which cannot all come from government; firms and the impact investment market also make significant contributions. The total impact investment market was estimated at about 1.164 trillion US dollars in 2022 and is growing very fast. The growth of impact investment is a positive development, because capital is needed to make progress; otherwise the SDGs will remain out of reach.

However, these investors appear remarkably passive: the rapidly growing impact investor movement does not seem to want to engage with the SDGs nor beneficiary communities around the world. A recent study[iv] found that while 93% of impact investors said they aligned their objectives with the SDGs, only 48% aimed to achieve any of the 169 specific targets, and only 11% actually engaged with communities, customers, workers, and other stakeholders to understand the impact they were having or not having. If investors do not engage, how, you might ask, do they try to calculate the impact of their capital? The answer is that they often rely high-level targets and indicators with data that varies drastically in quality[v]. This can actually make things worse, as the following example illustrates.

A number of years ago, one of us led and one of us volunteered for a social enterprise in the UK. At that time there were a series of contracts put out to tender to help unemployed people get back into the labour market. 'Success' was measured by the proportion of clients who moved into and stayed in employment for a particular period. Numerous private companies came in to fulfil the contracts, but they effectively screened out many potential clients. For instance, they might filter out people who had been out of work for a long time, people with disabilities, or people with criminal records. Instead, they would focus on the 'easy' cases that they were confident they could place. The rest were left for other organizations to pick up – social enterprises and non-profits. On paper, then, it looked like these private organizations were doing an amazing job of helping people get back into work, and the social enterprises and non-profits looked like they were doing a relatively poor job because they were placing fewer clients. But the reality on the ground told a very different story: the social enterprises and non-profits were helping very different types of people that had more complex needs. But the funder would only have been able to find that out through direct engagement.

The implication is that we need impact investors to engage and to build understanding about the organizations and the communities that they are investing in. This can be resource intensive, and investors need to work closely with intermediaries on the ground, but unless impact investors actually work with communities to collect high quality data it does not matter how much capital is raised and how much the impact investment market grows, it is not going to achieve the sort of fundamental change that is needed. There are some great examples of engaged impact investment, but not enough.

Greenwashing and Bluewashing by Private Firms

The second blockage relates to firms. One of the big differences between the SDGs and the MDGs has been the foregrounding of the private sector. The UN realised that without the resources and the capacity for innovation of companies around the world, it is not going to be possible to meet the goals. Consequently, we have seen a lot of effort to engage companies, including in the design of the goals themselves – Paul Polman, for example, the former CEO of Unilever, was closely consulted in the construction of the SDGs. But while there is much rhetoric, and some impressive individual case studies, corporate engagement with the SDGs has so far been largely superficial – often used to support their reputations through greenwashing and social washing rather than meaningful attempts to make positive social change.

For instance, van der Waal and Thijessens[vi] looked at the 2000 largest stock listed companies in the world and measured their engagement with the SDGs. They found that while most of these companies are talking about the SDGs, they are not part of firms' core strategy and firms are not making specific commitments to meet them. The authors concluded that "Corporate involvement in the SDGs is overall still limited… companies treat the SDGs… as a scheme with non-committal implications." The only exceptions were firms in parts of Asia (Japan, South Korea, and Thailand). One of the explanations is that the state in these countries played a more active role in promoting the SDGs and in designing a system of regulation to enforce them. The implication is that voluntary codes are unlikely to work. These findings raise the broader question of whether big, established firms are capable of transforming themselves so that they are aligned with the SDGs, or whether we will need to look at the next generation of entrepreneurs and the companies that they are building.

The Marginalization of the State

The fourth blockage is the role of the state, and more specifically the growing marginalization of the state and state intervention in social innovation discourse[vii]. Most social innovation debates in theory and practice focus on the social and/or private sectors, with the state often perceived as part of the problem rather than part of the solution. This can be seen to an extent in the context of climate: while early internationally co-ordinated strategies on the environment tended to privilege the state by recognizing its role in creating the regulatory environment needed to reduce reliance

on the carbon economy, the emphasis and discourse are increasingly shifting towards the "innovative capacity" of firms in the private sector[viii].

More broadly, the growth of social innovation in the Global North – and the US and UK in particular – is often assumed to be the result of the shrinking nation state; a shift from a set of assumptions about universal provision and forms of welfare to distributed – and uneven – provision and forms of welfare with a view to "efficiency" and cutting through red tape[ix]. And in the Global South the state is often assumed to be incompetent and/or corrupt, with investment often diverted to private firms. This is exemplified by the Gates Foundation's massive investment African health systems, which has sought to promote private provision, and arguably placed these health systems on a trajectory that will eventually mimic a version of the US healthcare model[x].

There is clearly a debate to be had about the past performance and future potential of the state in driving social innovation. We are also acutely aware that authoritarian government is re-asserting itself in many parts of the world[xi] placing social innovators in difficult, and sometimes dangerous, positions – especially in places where even indirect criticism of state actors can lead to arrest, imprisonment, or worse[xii]. At the same time, it is hard to imagine that we can make meaningful progress towards the 2030 goals without governments around the world committing to a lead role, and without other actors in the social innovation landscape accepting their legitimacy in that role. Within democratic settings, social movement organizations like Extinction Rebellion attempt to provoke the state to change policies and practices. Yet, in our experience, current generations of social innovators rarely use the political tools available to them to make change or engage within political infrastructures to make or reform law, regulations, or policy.

Pressure for Social Sector to Scale

The third blockage is the prevalence of a hegemonic scaling narrative in the social innovation community, which encourages the replication of social sector organizations and practices rather than focusing on how to replicate their results[xiii]. Social investors, governments, and foundations are looking for projects that have succeeded in one place, and asking organizations to replicate them in another place. Yet the available evidence, and our experience of third sector organizations, suggests that this is not working[xiv].

The reason is that the same social problem often manifests itself very differently across time and place. About 20 years ago Paul began a project with Nelson Phillips (an innovation scholar now at UC Santa Barbara) and Owen Jarvis (a social innovator who at the time worked for a social enterprise that supported homeless people across the UK). One might expect that the dynamics of homelessness, and the organizational solutions that are needed to tackle homelessness, would be broadly the same across UK cities, like Bristol and Liverpool for example. But the reality on the ground suggested a different picture – we found that there were important local issues which meant that the specific dynamics of homelessness were unique in each place, and that somewhat different models to address homelessness were therefore needed for different cities. Applying the same logic across countries and cultures, the challenges get much more significant still. Of course,

social ventures focused on a product or technology may not face these same challenges, but their capacity to address deep-rooted social issues or work with marginalized groups with complex needs may also be more limited.

This raises the question: how do social purpose organizations scale appropriately? An interesting alternative to the conventional organizational growth model is offered by the Ashoka Globalizer initiative. Launched in 2009, it takes high potential social innovators through a program designed to help them scale their impact. It is built around a powerful insight: that social innovators should focus on scaling their ideas – helping other people to implement their innovation – not scaling their organizations to different places. The rationale is that when initiatives are successful, it is often because the social innovators are deeply embedded in the contexts where they are working – and it is their local relationships and their local understanding of the issues that create impact.

This is an important lesson for the impact investment community, which is arguably too deferential to ideas about scaling from the business and start-up world: building huge social organizations delivering across many different places at scale is not necessarily the best – or most democratic and accountable – way to make social change. Of course, there are some organizational forms and practices that can be scaled in a traditional way – product-based ventures or infrastructure for example. But when it comes to addressing deep-rooted challenges associated with the SDGs, many of the problems – such as inequality – are underpinned by complex sets of social, cultural, and political factors[xv]. Forcing impact organizations to be larger does not always make sense strategically, and indeed it actually risks diluting organizational impact and undermining financial sustainability.

Top-down Interventions

The fifth and final blockage is connected to the previous one, and concerns the top-down nature of many of the interventions in the social innovation sector, which exclude and, in some cases, alienate the people they are designed to help. For some issues, such as climate, there is clearly a need for centralized regulation and control. But there are many other cases, especially in low-income countries, where communities have solutions imposed upon them in a way that is not accountable, and frequently ineffective. The justification for top-down initiatives is often to support "vulnerable" groups with a view to making them more "productive" and "resilient" – a discourse that is "lends itself too easily to hijackings by powerful actors driving their own interests."[xvi]

These interventions are "done to" communities, rather than done with or by them, and often fail to take root or have unintended negative consequences in the longer-term because they are inconsistent with local cultural traditions and ways of organizing[xvii]. The second author understands that this is a thorny issue, especially in communities characterized with high levels of inequality and that have been starved of resources over multiple generations. As a community worker for many years, he learned first-hand that community participation is not always straightforward: it is time consuming, it is resource intensive, and it is not clear whether 'true' participation is even possible

in some cases[xviii]. But the social innovation movement needs to get better at enabling communities to frame the problems that they face, and to develop their own solutions to those problems[xix].

So, in tackling the SDGs, we argue that social innovators are arguably placing far too much faith in market-based solutions – particularly the notion of social entrepreneurship. To make meaningful progress, social innovators need to expand their repertoire of skills and practices. We will explore what could be done in our next contribution to the 'Critical Perspectives on Social Innovation' series.

References

i. Naidoo, R., & Fisher, B. (2020). Reset sustainable development goals for a pandemic world. Nature, 583(7815), 198-201.
ii. As above.
iii. https://news.un.org/en/story/2023/09/1140997
iv. https://bluemark.co/making-the-mark-2021/
v. Chalmers, J., Cox, E., & Picard, N. (2021). The economic realities of ESG. PWC: Strategy+Business, www.pwc.com/gx/en/issues/reinventing-the-future/take-on-tomorrow/download/sbpwc-2021-10-28-Economic-realities-ESG.pdf
vi. Van der Waal, J.W., & Thijssens, T. (2020). Corporate involvement in sustainable development goals: Exploring the territory. Journal of Cleaner Production, 252, 1-11.
vii. Garrard, G. (2022). The Return of the State: And Why It Is Essential for Our Health, Wealth and Happiness. New Haven, CT: Yale University Press.
viii. Kolk, A., & Pinkse, J. (2010). The integration of corporate governance in corporate social responsibility disclosures. Corporate social responsibility and environmental management, 17(1), 15-26.
ix. Mirabella, R. M., & Eikenberry, A. M. (2017). The missing "social" in social enterprise education in the United States. Journal of Public Affairs Education, 23(2), 729-748.
x. McCoy, D., Kembhavi, G., Patel, J., & Luintel, A. (2009). The Bill & Melinda Gates Foundation's grant-making programme for global health. The Lancet, 373(9675), 1645-1653.
xi. Diamond, L., Plattner, M. F., & Walker, C. (Eds.). (2016). Authoritarianism Goes Global: The Challenge to Democracy. Baltimore, MD: JhU Press.
xii. Neuberger, I., Kroezen, J., & Tracey, P. (2023). Balancing "protective disguise" with "harmonious advocacy": Social venture legitimation in authoritarian contexts. Academy of Management Journal, 66(1), 67-101.
xiii. Bradach, J. L. (2003). Going to scale: The challenge of replicating social programs. Stanford Social Innovation Review, 1, 19-25.
xiv. Tracey, P., Phillips, N., & Jarvis, O. (2011). Bridging institutional entrepreneurship and the creation of new organizational forms: A multilevel model. Organization Science, 22(1), 60-80.

xv. Beckman, C. M., Rosen, J., Estrada-Miller, J., & Painter, G. (2023). The social innovation trap: Critical insights into an emerging field. Academy of Management Annals, 17(2), 684-709.

xvi. Fougère, M., & Meriläinen, E. (2021). Exposing three dark sides of social innovation through critical perspectives on resilience. Industry and Innovation, 28(1), 1-18.

xvii. Stott, N., & Tracey, P. (2018). Organizing and innovating in poor places. Innovation: Organization and Management, 20(1): 1-17.

xviii. Cooke, B., & Kothari, U. (Eds.). (2001). Participation: The New Tyranny? London: Zed books.

xix. Lawrence, T. B. (2017). High-stakes institutional translation: Establishing North America's first government-sanctioned supervised injection site. Academy of Management Journal, 60(5), 1771-1800.

Cambridge Judge Business School
University of Cambridge
Trumpington Street
Cambridge
CB2 1AG
United Kingdom

T +44(0)1223 339700
enquiries@jbs.cam.ac.uk
www.jbs.cam.ac.uk