

Let's do social innovation rather than corporate social investment

By [Reana Rossouw](#), issued by [Next Generation](#) 1 Sep 2016

Companies cannot be sustainable if the communities they depend on for future business are unsustainable. While this may sound as logical and common sense as continually adapting CSI efforts to keep up in an ever-changing world, so many corporates have been riding the wave of change on the same old social investment board for several years.

The world will continue to face countless environmental and social challenges for years to come – population growth, an ageing population, scarcity in water, food and other resources, urbanisation and accelerated climate change, among others. For the sake of our businesses, our communities and our environment, we will have to stop doing change-as-usual, while different results are needed to ensure sustainability and growth – for businesses as well as the environment we operate in.



Progressive social investors have come to realise this and have been adopting strategies not only to succeed in making a considerable dent in social and environmental issues in their surroundings, but also increasing their profits while doing so.

In addition, some businesses have realised that social change and development in general can no longer simply be left in the hands of governments, NGOs and charities. This is not only about profitability, but the survival and future of our customers, suppliers and the environment we do business in. Businesses have increasingly come to acknowledge and understand that they have the power to improve society and the environment as a whole, which means trying to be better – and do development better.

Try a new drawing board

As the world becomes more interconnected and volatile, and global challenges increasingly impact negatively on our businesses, we need more hands-on, innovative ways to contribute to solving the challenges facing the societies in which we do business, as well as the planet we live on. Saving the world from itself means the private sector will have to get its hands dirty – while still making money.

Our social responsibility efforts are often conducted in a reactive way, but will have to shift to pro-active social innovation. We need greater, deeper and more meaningful action to accelerate previous CSI efforts. We can't continue with the change-as-usual approach, putting little plasters on gaping wounds. A total system change is needed that is timely, effective and holistic. Businesses should change the way they operate to achieve radical social and environmental success, alongs

financial profit.

This can be achieved through social innovation, which is focused on addressing the most critical social and environmental challenges in such a way that it contributes to the success of the business. By implementing this model, businesses can thrive while concurrently driving social impact and growth.

Social innovation is a way for us to create social capital, which means there is shared value – both for us as businesses, as well as for the communities we do business with, and society in general. Social innovation means there are different strategies and different types of strategies, to affect real change, through a process of innovation.

Make a drastic plan

It is necessary that companies take a giant leap, fully integrating environmental, social and economic aspects into their overall business model, not merely pass the CSI buck to one department. CSI should be driven from the very top, be an integral part of a company's planning and day-to-day way of doing business. It should be managed within a company's core operations or business units to become a competitive differentiator that create future economic value.

Social innovative efforts should be led by the executive or senior management and individual champions across the company, working closely with departments like corporate affairs and sustainability.

These attempts should be new, drastic, innovative, commercially viable and – above all – measurable. It should entail rapid and real-time feedback that is directly linked to deliverables. The social impact of the strategy should be measured continuously and adapted where necessary.

It should entail a mindset change and long-term planning beyond the next few years, developing new, powerful systems that can indeed dramatically impact on challenges like poverty, resource scarcity and even corruption. Successful social innovations have durability, scale and transformative impact.

Phone a friend

By considering thinking innovatively about new products, services, processes, business models and partners, businesses can achieve and ensure business, social and environmental success.

Social innovation is not about redistributing wealth, throwing more money at societal, economic and environmental problems but rather an attempt to deliberately address these crises in partnership with other stakeholders and interest groups.

Complex problems such as unemployment, access to housing, quality healthcare for all, not only demand aggressive intervention. They also call for collaboration between businesses, sectors, interest groups and other stakeholders like customers, suppliers, government and NGOs.

They've been doing it

One good example of a successful social innovation strategy is where the global pharmaceutical company Novartis developed a for-profit health initiative improving the access of 740 million people in India's rural areas to medicine tailored to these communities. Apart from enabling millions of people to acquire medicine they could otherwise not afford, this initiative increased people's awareness of health, disease and prevention thereof through education efforts, while creating local employment.

Business-wise, Novartis gained access into a large, untapped market, as well as securing their licence to operate and profit from their offering well into the future.

The focus of social innovation is simply on finding solutions to local and global social problems in ways that also create tangible business benefits. It calls for companies to be more strategic, more ambitious and more collaborative in how access and opportunity can be provided for billions of low-income people to participate in the global economy.

With more than two decades' experience, three published books and tool guides and several insightful research reports and articles, Reana Rossouw is one of Africa's leading experts on social innovation and related fields. Her company, Next Generation, is a specialised management consultancy that helps investors and social purpose organisations to strengthen their ability to address complex and challenging social issues.

In addition to Next Generation's advisory, consulting and research services, a strong belief in contributing to the development of the sector has fuelled their capacity development and training programmes, presented as tailored onsite solutions, as well as annual master class events.

The master classes are targeted at new entrants in the field as well as experienced practitioners. Courses are interactive, with real-life case studies and high level of discussion. The next master classes will take place in Johannesburg (31 Oct to 2 Nov) and Cape Town (7 to 9 Nov). Contact rrossouw@nextgeneration.co.za to secure your seat.

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