

Social innovation in South Africa's rural municipalities: Policy implications

Perhaps the first decade or two of the 21st century will historically become known as the 'innovation decades', especially as innovation has become synonymous with achieving human social and economic development. (Hart et al. 2012: 8)

Executive summary

South Africa's post-1994 innovation policies and strategies evidently support the strengthening of policies that yield social outcomes and consider rural development to some extent. However, the policy challenge is how to promote innovations that yield direct positive social outcomes that benefit the poor and marginalised members of society.

Many policy statements refer to social innovation, but what this means in practice is unclear. This policy brief reviews the social innovation policy process in South Africa and considers the primary international definitions of innovation and social innovation. With these concepts as a backdrop, the policy brief unpacks the state of social innovation in some of South Africa's rural municipalities. This is done using recent experience and evidence obtained from the Rural Innovation Assessment Toolbox (RIAT) pilot research study supported by the Department of Science and Technology (DST) during 2012 and 2013. The Science, Technology and Innovation (STI) policy has struggled with a pro-poor focus – often because this has not been translated effectively into action and also because

of a lack of clear understanding about the multifaceted dynamics of innovation. Despite this, there is acknowledgement within rural district municipalities that a pro-poor focus to innovation is necessary. In fact, the evidence suggests that this is already being undertaken by some local innovators, albeit in different forms.

This brief recommends four immediate policy actions to improve our understanding of social innovation and towards adopting a pro-poor focus:

- For real empowerment and equitable rural social change, pro-poor innovation policy development must occur with the direct participation of marginalised rural communities.
- Foster an open-minded understanding of innovation and social innovation among rural service providers and potential innovators.
- Invest in social innovations that can bring about systemic changes in the National System of Innovation (NSI).
- Support research networks and studies for a deeper understanding of how to strengthen the workings of rural innovation value chains for and with poor communities.

What pro-poor innovation policy landscape?

The 1996 White Paper on Science and Technology (DACST 1996) recognised the importance of both formal (government, higher education and research institutions, the private sector and civil society) and informal (households and individuals) actors in the NSI. Drawing on the experiences of developing economies in Asia and Latin America, the White Paper acknowledged that an exclusive focus on technical innovation was insufficient and that social innovation should be included in the national innovation strategy. Unfortunately, in the subsequent years little progress was made in ensuring the place of social innovation in the NSI and society generally.

Acknowledging this shortfall and the slow pace of structural change, the latest Ministerial Review on Science, Technology and Innovation went to some pains in attempting to illustrate what the idea of social innovation could encompass (DST 2012). First, the review committee equates social innovation with innovation for development, and states that social innovation should address priorities arising from unemployment and poverty. This means it must have social purposes and involve the full range of societal actors, including the public sector, private sector, civil society and the poor themselves. Second, following observations by researchers (Cousins 2011), the committee also agrees that development for the poor needs to pay greater attention to the immense potential for creative and active agency within poor communities, while noting that existing structural conditions limit the ability of these communities and individuals to completely exercise agency (DST 2012). Following Petersen (2011), the committee considers the primary focus of social innovation in the South African context to be 'on any appropriate technologies or interventions that can address the challenges of poor communities' (DST 2012: 135). Clearly the

review committee acknowledges that the poor are creative and innovative actors and agents in their livelihood and social improvement strategies, and recognises that the availability of appropriate support to these innovation actors seems to be a vital step in achieving change and ensuring that innovations have desired outcomes.

What is social innovation?

Innovation is a multifaceted concept that involves both processes and the outputs of these processes (Gault 2010; OECD/Eurostat 2005). Innovation processes involve four activities, namely:

- adoption (the use of innovations);
- adaption (the improvement of innovations);
- diffusion (the sharing or transfer of innovations); and
- invention (the creation of new innovations) (OECD/Eurostat 2005).

The four main types of outputs of these activities are:

- product innovations (goods and services);
- process innovations;
- marketing strategies; and
- organisational arrangements (Gault 2010; OECD/Eurostat 2005).

There are multiple and contrasting ideas about how to achieve greater impacts from innovation processes and outputs. Some argue that the benefits of any innovation ultimately trickle-down to the most needy, directly and indirectly, and herein lies their social and economic value. More recently, social value (such as improving wellbeing and welfare of society or groups within society) has been acknowledged as a crucial outcome of innovation activities (Marcelle 2012).

Three basic definitions of social innovation have emerged; however, there is ongoing contestation around the meaning of this new concept (Hart et al. 2012). Firstly, social innovations are largely

Innovation studies has become an academic discipline in its own right, with several thousand scholars worldwide. However... it remains an extremely complex subject and there is controversy regarding its role, place in society and definitions of key concepts.
(Hart et al. 2012: 3)

The thinking about development in poorer communities needs to ascribe a much greater potential for creative and active agency within communities, rather than seeing them only as recipients of service delivery.

(Department of Science and Technology 2012: 26)

considered to be products (goods and services) with immediate human welfare or social benefits, such as better health, education, improved water access, cost-efficient energy devices, and products that improve communication and transportation. The second definition of social innovation considers the organisation or arrangement of people and things within enterprises or social settings (informal or formal organisations and arrangements). Examples range from trade unions and worker forums to savings groups, neighbourhood committees, rural neighbourhood work parties and even various marketing practices. Key here is the social collaboration of people in ways that add value for the livelihoods or the relationships of the actors involved. The third definition of social innovation is a combination of the first two. Social innovations are those new products, services, models and practices that meet social requirements and involve new social collaborations. Evidence from the RIAT pilot study sheds some light on the awareness and understanding of social innovation in South Africa that can be used to enhance existing policy on social innovation.

Evidence from South Africa's rural district municipalities

What meanings do rural residents attach to innovation? How do they define social innovation? To answer these questions, we draw on evidence from a purposefully designed study undertaken in four South African rural district municipalities (RDMs) to understand the nature of and prospects for rural innovations, both those traditionally focused on increasing income as well as those centring on social benefits.

Most respondents have the perception that innovation must be something new and should involve physical technology to improve revenue of the user (individual or enterprise). Only a handful of rural-based enterprises were engaged in the invention of new innovations (7%) during 2012. Respondents did not initially acknowledge broader innovation activities, but when directly asked about innovation activities, most of the respondents were actively engaged in the adoption (53%), adaption (29%) and diffusion (24%) of existing innovations. Public and non-profit enterprises tended to be more active with regard to adopting and diffusing product innovations (goods and services) to the broader community. On the other hand, the profit- and livelihood-driven private enterprises tended to be more involved in adoption and subsequent adaption for their own purposes.

Very few of the sampled rural enterprises are aware of the idea of social innovation. In Table 1 we see that overall only 22% of the respondent enterprises are so aware. The greatest share of awareness (37%) was found in the public enterprises. Less than 20% of both private and non-profit enterprises had any awareness of the concept. These figures are fairly dismal, but reinforce the idea that social innovation has not been actively promoted in rural areas since its initial inclusion into South African innovation policy in 1996. This is even the case for public enterprises – the NSI policy and strategy representatives in these areas.

Table 2 illustrates the responses with regard to the enterprises' main reasons for engaging in innovation activities. Commercial purposes include increasing profits of the enterprise and its market

The activities associated with social innovation (in their varied and evolving forms) need to be clearly understood in the public mind as highly valued investments in the future, with implications for many fields of practice in the public and private sectors, and in personal lives.

(Department of Science and Technology 2012: 27)

Table 1: Share (%) of enterprises aware of the term 'social innovation' – by enterprise type

	Public enterprises (n = 97)	Private enterprises (n = 202)	Non-profit enterprises (n = 179)	All enterprises (N = 478)
Aware of social innovation				
Yes	37	19	17	22
No	63	81	83	78

Table 2: Share (%) of enterprises engaging in innovation activities for commercial or social improvement purposes – by enterprise type

Main purpose of innovation activities	Public enterprises (n = 98)	Private enterprises (n = 202)	Non-profit enterprises (n = 182)	All enterprises (N = 482)
Commercial purposes	22	86	41	56
Social improvement purposes	76	13	57	42
Uncertain	2	1	2	2

share, meeting subsistence and survival needs, and innovation to improve the body of knowledge (activities undertaken by research institutes). Social improvement purposes include products, services and arrangements that directly improve society and the poorer members in particular, and include research in this regard. While 2% of all the respondents were uncertain why their enterprises were innovating, more than half (56%) reported that this was for commercial purposes. The majority of public sector enterprises (76%) innovate for social improvement purposes, and the majority of private sector enterprises (86%) for commercial purposes. Interestingly, the gap between these purposes is not so great for the non-profit enterprises, although the greatest share (57%) focused on social improvement. This might be due to the high level of competition for resources to provide services in this sector and the resultant need to supplement grant income in creative ways – ways that require innovations that increase income. It might also reflect the fact that some non-profit enterprises, especially those linked to government projects and community groups, aim to generate an income for members as part of poverty-reduction strategies.

Local understandings of social innovation are often contested and do not always coincide with those used by policymakers and researchers. Responses to in-depth qualitative questions indicate that a fair number of rural enterprises believe they are involved in innovation activities that have social or welfare purposes, in the sense that there is a very direct link to providing or improving social services,

addressing community needs and helping others in their immediate proximity. This was particularly so for public and non-profit enterprises who mentioned targeting the poor, less fortunate and marginalised. However, some of the responding private enterprises perceived their profit-making products, processes and strategies as being social innovations in that they ultimately have a social benefit, even if it is only indirect (i.e. a trickle-down effect). Some farmers indicated that the use of improved seeds, plant material and inputs that improved food quality and availability thereby improved national food security, even if the use of these innovations ultimately increased food prices. Similarly, some credit providers argued that the use of innovative microfinance arrangements that ensure the repayments of loans, rather than their affordability, were also social innovations in that by ensuring repayment they were ultimately helping to provide credit to more people. Others suggested that strategies for creating a few jobs for other people, while significantly increasing the income of the innovating entrepreneur, were also social innovations because they enabled others to earn an income, thereby reducing unemployment, even if this income was far below that of the entrepreneur. Undoubtedly these are innovations, but are they social innovations?

While the social impacts of these examples are very indirect and at best have a gradual effect on the wellbeing of the less fortunate, they also have potential far-reaching negative effects. These include raising the price of foodstuffs and decreasing farm employment

South Africa's key problems are poverty, unemployment and inequality. That these must become the core focus of innovation strategy and policy and be of relevance to the poor, rather than the elite, cannot be overemphasised. (Hart et al. 2012: 32)

opportunities, increasing the debt of those who can ill afford this and increasing the number of low-paid jobs. Although there are some elements of social benefit, the primary aim of such social innovations still appears to be the immediate improvement of enterprise turnover and revenue, and as a result there is no real benefit for the poor. In these four RDMs, the perceptions of innovators about the purpose and beneficiaries of social innovation are blurred and clear boundaries do not exist, although there is an indication that the poor or less fortunate should benefit more directly.

Conclusions and policy actions

Despite the existence of rural innovators, various policies, strategies, new understandings of innovation and ideas about social innovation have been slow to permeate into the innovating enterprises in RDMs. In the sampled municipalities, the notion of social innovation is extremely broad, while that of innovation generally is narrower, although a broad range of innovation activities are in fact practised. Rural innovators have their own ideas about the benefits of their innovations, and are able to translate these to coincide with their perspectives about contributing to the greater social good, even if only indirectly in some cases. Given this situation, there is a pressing need to focus on innovations specifically for the poor, vulnerable and marginalised in rural areas. Such innovations must be done in conjunction with these groups, with care to ensure that they have immediate direct benefits that improve livelihoods, increase assets, increase resilience and reduce vulnerability to shocks.

Four immediate policy actions that will promote innovations which yield direct positive social outcomes that benefit the poor are as follows:

1. Policy development: Consider including a subcategory of innovations that specifically focus on the poor in rural areas. Do this in conjunction with

them and ensure there are immediate social outcomes. Poverty has multiple dimensions and these must be included in any 'pro-poor' approach to supporting innovation in rural areas. In view of this, support should be focused on innovations improving livelihood strategies, education and knowledge acquisition, health and general basic services. A simple welfare-only approach is likely to be insufficient with respect to changing the status quo in rural municipalities.

2. Programmes: Specific actions need to be undertaken to educate rural service providers and potential innovators about the broader meaning of innovation, social innovation and pro-poor or pro-vulnerable innovation, and to understand local ideas on how these can best be achieved. This in itself could foster systemic change in the NSI if done collaboratively.
3. Invest in social innovation: Locally developed innovations that immediately benefit the poor, vulnerable and marginalised must be promoted along with the creativity and agency of the innovators. Where necessary, such actors and their innovations must be supported without creating dependency. Adopting a participatory pro-poor approach to identifying and introducing innovations should foster systemic change in the NSI. At present many innovations diffused by rural public enterprises are externally developed, while important local innovations and more pressing local needs are ignored.
4. Further research: While providing new and powerful information about innovation in South Africa's rural municipalities, the RIAT pilot study has simply scratched the surface. Further research is required to understand innovation pathways or value chains and to consider how these can improve a pro-poor focus of innovation. Research is also needed to look at ways of reducing evident

system challenges and strengthening the capabilities of key local innovation actors. This research could be facilitated by the various state institutions using research councils and university partnerships to identify and undertake the research.

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