

Social Innovation in Germany

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The German welfare state is predominantly built on social insurance systems. Broadly, Germans see their economy as a social market economy—that is, one that combines a capitalist mode of production with the belief that society should protect all of its members from economic and social need. This has a strong influence on the environment for social innovation throughout the country.

The definition of social innovation continues to evolve in Germany. Norbert Kunz, a German social entrepreneur, defined a social innovation as a systematic solution to a social problem wherein the success factor is the social change—financial sustainability is desired, profit however is not the main aim. Howaldt and Schwarz (2010) take a less integrated view, instead contrasting social innovations to technical innovations. Social innovations, they state, ‘can be not only be analyzed, but also engendered and (co-)shaped; they are oriented toward social practice and require reflection on the social relationship structure’.

Historically, German innovation has been attached to Germany’s system of industrial relationships. If this social partnership stood as a specific strength for Germany into the 1990s, it stands today as a central problem for its lack of flexibility. Policy makers have consistently looked at social change in connection with technological innovation and technological research through the paradigm of a social-technical system, *not* from the perspective of an independent type of innovation (Howaldt & Schwarz, 2010). The Hightech Strategy produced by the Federal Ministry of Education & Research (BMBF) in 2006 exemplifies this paradigm. Hirsch-Kreisen criticizes such innovation policies which are exclusively confined to R&D funding and overlook the relevance of practical experiences and cross-sector partnerships (2008). In Germany, it has been widely agreed that a broader concept of innovation should be adopted which includes social innovation in its definition in order to tackle the great challenges facing modern societies: unemployment, demographic & climate change.

Politics

A first success on the political level was the incorporation of the importance of social innovation in the most recent coalition agreement between the two governing parties in 2013. In 2015, the Federal Ministry for Economic Affairs and Energy recognized the needs for special support and frameworks for social innovation; and published a study on the challenges of founding and scaling social enterprises.

Research

Researchers have increasingly chosen to include social innovation in their work. The Centre for Social Investment (CSI)—which opened in July 2006 at Heidelberg University to provide research, teaching, training and advisory services in the public benefit sector—provides strong academic support for developing notions of social innovation in Germany. Sozialforschungsstelle Dortmund (the Social Research Centre, Dortmund) is a long-established social science research centre which has also begun branching into the social innovation field; ‘*Social Innovation: concepts, research fields and international trends*’, by Jürgen Howaldt and Michael Schwarz

(quoted above), was published here in 2010. This study takes a broad view, looking at the theoretical concepts, areas of empirical research and observable trends in the field of social innovation from a German perspective.

In addition, German universities increasingly offer study programs in the field of social innovation and social entrepreneurship.

Public health

In public health, social innovation has also begun to make progress. Rising rates of chronic disease, epidemic obesity and diabetes, a widening longevity gap between the rich and the poor, health care 'reforms' at odds with patients' interests and other issues are becoming hard to ignore. Addressing these issues will require a radically new mindset regarding health and health policy in Germany. In November 2008, a German new book 'Policy Innovation for Health', published by Springer, calls for new mechanisms for conducting health policy and for the inclusion of many actors in the policy process. It's increasingly probable that, as elsewhere in Europe, social innovation mechanisms will find new ways to improve service in public health. The role of welfare organization is crucial in this regard. While they perceived social enterprises as competitors in the beginning, there is now a mutual learning, exchange and even a development of social intrapreneurship within welfare organizations.

Infrastructure for social innovation

The infrastructure for social enterprises has experienced a new impetus in the past five years. Ashoka plays a crucial role as an intermediary between politics and economics and awarded 50 fellows in Germany. Besides Ashoka, Social Impact is one of the most important organizations establishing an infrastructure for social innovation. Social Impact focuses on the early stage of social enterprises and supports them in their founding period. In 2011, the organization opened a first Lab in Berlin which offers co-working, space for exchange and networking, coaching and qualification programs, mentoring and access to finance for free. Hamburg followed in 2012, Frankfurt, Leipzig and Duisburg 2015. More than 3.000 social entrepreneurs applied to be accepted into the program.

Other important organizations in the field are Phineo, On Purpose and The Changer offering various services and products. The two Impact Hubs in Berlin and Munich also offer workshops and events for social enterprises.

Funding

The funding of social innovation is still a topic that shows a diverse evolution depending of the stage of development of a social enterprise.

After the proof of concept funding is available in Germany. Organizations that fund social innovation ideas include BonVenture Ananda and FASE. Funded projects include those providing solutions to challenges created by demographic change and the integration of migrants, as well as those which explore the opportunities created by intercultural dialogue, future civil society and environmental protection. However, social innovation in Germany faces a financing gap with regard to the early stage and risk capital.

The German National Advisory Board launched a study to investigate the status quo and needs of social impact investments and the potential of private capital. They came to the conclusion that private social impact investments are still in a stage of innovation and are driven forward by pioneers.

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[Ananda Social Venture Fund](#)

[Bertelsmann Stiftung](#)

[BonVenture](#)

[BMBF - Federal Ministry of Education & Research](#)

[Centre of Social Investment](#)

[FASE](#)

[GLS Bank](#)

[Sozialforschungsstelle Dortmund \(Social Research Centre Dortmund\)](#)