

## Implementing Social Entrepreneurship and Innovation in Switzerland

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## Implementing Social Entrepreneurship and Innovation in Switzerland

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### **ABSTRACT:**

The purpose of this paper is to sketch out a proposal for developing and implementing social entrepreneurship and innovation in Switzerland. Its aim is to describe ways and means apt to substantially move the whole field into its next development stage on the national as well as on the international level. We delineate five areas of interrelated and mutually supportive activities which reflect a structural as well as a procedural approach to fulfilling this complex task and complement these thoughts by a brief outline of a potential institutional framework.

**Keywords:** Social Innovation, Entrepreneurship, Social Enterprise, Sustainable Development, Switzerland

**JEL Classification:** H4, L3, M13, O17

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**Preface**

This proposal represents the authors' thoughts and visions as regards an implementation of social entrepreneurship in Switzerland on a national level. By sketching out the "bigger picture" its aim is to lay the conceptual foundation for placing Switzerland on the global map of the social innovation movement. Since all ideas are visionary in nature they do not reflect the points of view of any given Swiss organization which might already be active in the emerging social entrepreneurship field. By intent, we therefore do not refer to any people or extant institutions which might be relevant for implementing this proposal.

The focus of this conceptual paper is clearly on the vision and the envisaged program of activities. Thereby we wish to emphasize the fact that these need to be jointly developed so that as its central beneficial effect social entrepreneurship and innovation will become a respected and acknowledged area of social life in Switzerland while at the same time emanating its achievements on a global level.

Frank Bau & Lutz E. Schlange, February 2010

## 1. Background and Starting Point

In 2009 the highly respected Global Entrepreneurship Monitor (GEM) included special questions on social entrepreneurship in its annual survey. The GEM report asked the following question to calculate the Social Entrepreneurship Activity (SEA) for all 49 countries represented in the GEM.

*“Are you, alone or with others, currently trying to start or owning and managing any kind of activity, organization or initiative that has a particular social, environmental or community objective? This might include providing services or training to socially deprived or disabled persons, using profits for socially oriented purposes, organizing self-help groups for community action, etc.”*

*(Bosna & Levie 2010)*

This quotation perfectly summarizes the main objectives of this paper. In line with the GEM, the proposal we develop over the following pages focuses on a wide range of socially oriented entrepreneurial activities including all types of social enterprises (SE): traditional NGO, not-for profit SE, hybrid SE, and for profit SE. The industries and fields of social activities those social enterprises might be in are multi-faceted, such as health, education, and social services as well as water management, development cooperation, work integration, new renewable energies, climate change, and any other fields of action where social value is being created.

Among the group of the innovation-driven economies, the 2009 GEM report ranks Switzerland on the 4th position as regards its rate of social entrepreneurial activity (SEA). The top 3 are United Arab Emirates, United States of America, and Iceland, all three of them scoring significantly higher than Switzerland (values around 4% compared to Switzerland's 2.7%, cf. Bosna & Levie 2010). As a result, in this respect Switzerland as of now is already reaching a top position among the core European economies.

The GEM data offer an orientation and a starting point for our line of argument. At the same time some interesting questions are raised which we will address within this proposal, in particular as regards a potential research program on social innovation (cf. section 3).

## 2. Objectives and Value Creation

We aim to motivate and convince business executives, politicians, educators, and representatives of foundations and other institutions to engage and invest in the development of social entrepreneurship and innovation in Switzerland. There are so many ideas which may never be implemented because business know-how, financial resources, networking contacts are lacking, as well as many other resources not accessible for a single social entrepreneur.<sup>1</sup> Any form of initiative or institution that is capable of implementing the plan of action to be sketched out in section 3 of this paper will

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<sup>1</sup> Austin, Stevenson & Wei-Skillern (2006).

help to fulfill one common vision: encourage and enable people to implement their ideas for a better future. Once people start realizing that their individual opportunity costs for social entrepreneurship are low enough and that there are resources available to support them with their endeavours, they will start creating social value intrinsically motivated on their own, in teams, and in organizations.

### 3. Co-Creation of Activities

Social Entrepreneurship and Innovation, by its nature, represents an interdisciplinary field of activities (Dees 2001, Elkington & Hartigan 2008, Phills, Deiglmeier & Miller 2008). Solid knowledge about societal, sociological, and environmental issues without neglecting the business side is needed to successfully implement ideas which are actually creating social value. Thus, in its essence our proposal is based on a systems view of interconnected, mutually supportive activities which are co-created by diverse actors who are jointly developing this field of social change. Figure 1 summarizes these sets of activities as five building blocks.

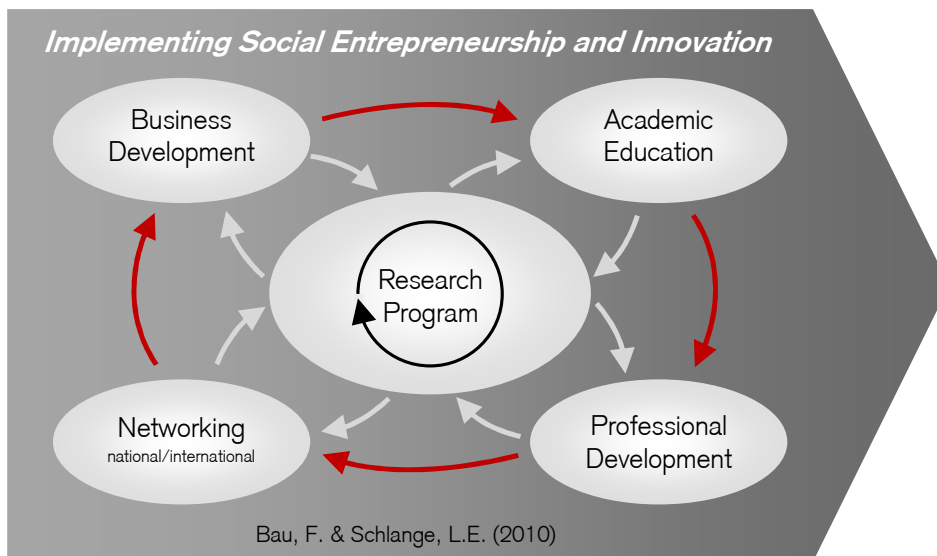


Figure 1: A systems view of implementing social entrepreneurship and innovation in Switzerland.

The core set of activities is devised around a **Research Program** which is built to answer open research questions arising from existing data, e.g. the GEM report (Bosna & Levie 2010). Moreover, it will cover any other research topic of interest to be dealt with in an academic field which is in a state of continuous evolution, such as data gathered from related activities to be undertaken within the other building blocks.

The creation of social value calls for a translation of newly conceived ideas into institutional systems which in order to survive must be economically sustainable. Conceived as a second building block,

we address this bundle of activities as **Business Development**. As a consequence, within a third building block social entrepreneurship and innovation need to become better integrated in the curricula of **Academic Education**. Besides business education this will encompass any field of study preparing for positions in the management of institutions. This request is following the Principles for Responsible Management Education (PRME) as they were established by the United Nations (UN) in 2007.<sup>2</sup>

As a next curricular step, phenomena and functionality of SE also need to become an integrative component of **Professional Development** as it is offered in form of Executive MBA classes for instance. Finally, within the fifth building block **Networking** describes a bundle of complementary activities where every single success and beneficial effect is multiplied and activities which are taking place in real-life will be reflected in the light of results from current research.

In figure 1 the highlighted relations of the activity bundles reflect a circular logic which is conceived of a systemic engine where each individual activity is meant to interact with, give new inputs to, and reinforce the other activities to develop momentum. In this perspective, a large-scale and comprehensive thrust towards implementing social entrepreneurship and innovation in Switzerland will emerge and materialize itself as a movement for broad-scale social change (Waddock 2008).

### ***Research Program***

Getting back to the GEM 2009 report (Bosna & Levie 2010), several interesting **research questions** may be identified at the outset:

Switzerland is showing the largest overlap between the strictly social entrepreneurial activity and the total entrepreneurial activity.

> *What kind of organizations are those represented in the overlapping group?*

Differentiated by firm entrepreneurial process phase Switzerland has a poor rate of 0.1% of social entrepreneurial activity in established organizations and a strong 2.7% in early-stage organizations.

> *Why are established organizations so inactive in terms of social entrepreneurial activity?*

In all innovation-driven economies the social entrepreneurial activity is declining with people's age.

> *Given the fact that the opportunity costs of social activity are lower in wealthier populations, why does this picture not appear inversely?*

> *What are the psychological and sociological mechanisms that are keeping people in wealthy economies from investing in businesses creating social value?*

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<sup>2</sup> [www.unprme.org](http://www.unprme.org)



These are just some exemplary potential research questions raised by the GEM 2009 report. There are many other **fields of research** that need to be dealt with in order to better understand and further develop social entrepreneurial activities and relevant institutions in Switzerland.

As it was the situation in traditional entrepreneurship research some years ago, there will be extensive explorative and descriptive research needed to develop a data basis for theory building from qualitative and quantitative research.

- > *Who are social entrepreneurs and what kind of support do they have and do they accept?*
- > *What is the most critical set of resources missing to bring social entrepreneurial ideas on their way to success?*
- > *What factors are influencing the probability of social ventures getting financed with philanthropic and/or private funding?*

Answering these new research questions, identifying other research needs, and contributing to the international academic community are some of the central objectives a nationally operating initiative will enable to get accomplished.

### ***Business Development***

Introducing the term Business Development into the creation of SE is an important task. Too often social entrepreneurial activities are seen as being totally philanthropic without a realistic chance to create long-term earnings to become financially independent and truly sustainable. Putting more emphasis on business development will alleviate this inherent problem of SE.<sup>3</sup> There is no evidence that SE may not offer attractive returns on investment, as we all know from many examples in the private business context, such as hugely successful consumer brands like Newman's Own, successful social activism such as The Homeless World Cup, or (Swiss) environmental initiatives such as myclimate, to name a few.<sup>4</sup>

To reach this objective it seems obvious to use the well-established instruments from traditional entrepreneurship programs. The **central activity** in this context is a **social business plan competition** which is the perfect platform to communicate the idea and SE's benefits for society to the greater public. For social entrepreneurs-to-be, a competition is an ideal vehicle to motivate participants to make use of educational activities to be offered, to gain access to financial resources and business services needed to effectively start their businesses.

The successful establishment of social ventures accompanied by media coverage for the award winning ventures will act as a very helpful multiplier for attracting future participants and any rele-

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<sup>3</sup> eg Haugh (2007)

<sup>4</sup> [www.newmansown.com](http://www.newmansown.com), [www.homelessworldcup.org](http://www.homelessworldcup.org), [www.myclimate.org](http://www.myclimate.org)

vant group of stakeholders.<sup>5</sup> Traditional business plan competitions have already demonstrated the proof of concept that case studies as they were represented by the participating ventures are multiplying all bundles of activities in the ways described in our proposal. However, the early success stories are perhaps most critical for the research programs going along with the implementation plan.

### *Academic Education*

Within the interconnected set of activities academia is playing a central role in developing momentum. Social ventures and initiatives are often started by people coming from an academic background. Independently of the faculty, academic education should integrate elements of social entrepreneurship and innovation into their curricula in the sense of the before-mentioned UN PRME. Therefore, **curricula development** will be the main activity in this building block, not least to harness the potential of younger people to become active in the social entrepreneurial field.<sup>6</sup>

To start with business students, this will entail the adoption of fair leadership practices and building sustainable business systems in respect of human rights.<sup>7</sup> Even more so, students in the field of architecture are driven to respect social and environmental factors when designing buildings, offices and production sites. Examples for potential ways to sensitize students for SE may be found for any faculty. In the other direction, activities such as SE business development offer **case teaching material** which integrates philanthropic aspects and social innovation principles for dedicated classroom discussion.

The important message in this field is that SE must not be a topic exclusive to business and social faculties. In the contrary, it is an opportunity for students from any faculty represented at our universities as well as our universities of applied sciences. Entrepreneurship and social entrepreneurship in particular needs to be devised as an art, not as another module in business administration (Faltin 2009). Student-led grassroots initiatives will form an integral component within this set of activities.<sup>8</sup>

As a consequence, in resonance with its interdisciplinary nature the field of social entrepreneurship and innovation deserves a multi-faceted, polyvalent-elective **education program** to be established in a joint effort by all relevant institutions willing to provide academic education in this field.<sup>9</sup>

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<sup>5</sup> A recent initiative following this objective can be found at [www.socialentrepreneurship.ch](http://www.socialentrepreneurship.ch).

<sup>6</sup> eg Harding (2006), 3.

<sup>7</sup> eg Brooks (2009).

<sup>8</sup> For instance [www.commonhumanity.ch](http://www.commonhumanity.ch), [www.oikos-international.org](http://www.oikos-international.org), [www.sife.org](http://www.sife.org), [www.netimpact.org](http://www.netimpact.org), [www.grameencreativelab.com](http://www.grameencreativelab.com).

<sup>9</sup> A blueprint for this concept may be found in the Master of Science in Engineering (MSE) program offered by the Swiss universities of applied sciences.

### *Professional Development*

While academic education by tradition is addressing younger people who are about to start their professional careers, institutions in the professional development sector are educating active managers, experts, and executives from various industries. On the educational levels CAS, DAS, MAS, and EMBA SE initiatives offer the great opportunity to transport ideas and visions into established businesses as well as administrative bodies.

While contents and principles may need to be customized, they are quite similar to those in the area of academic education. The professional development system is flexible enough to offer single modules in sustainability management, social entrepreneurship and innovation, as well as in other principal topics. It is also possible to designate degrees in social and sustainability entrepreneurship (Schlange 2009a) following a holistic and interdisciplinary approach. One desirable side effect will be that executives and representatives in the administration will get in contact with SE and, hopefully, be more open-minded stakeholders in the future.

### *Networking*

A series of regular as well as extraordinary networking **events** will be needed to bring all relevant stakeholders together to further develop the structures needed to realize the common vision and to promote social entrepreneurial initiatives. Again, Swiss SE development may copy many well-known elements from the traditional start-up scene, such as founder's nights, first Tuesdays, to name a few. An important prototype of these platforms designed for socializing will be an **International Conference on Social Entrepreneurship and Innovation** which will involve scholars and practitioners who are active in the field. Also, enhancing cooperative activities with like-minded international initiatives will render support to this purpose.<sup>10</sup>

To comfort the Swiss SE scene in their networking needs, **enabling spaces** such as the hub for social entrepreneurs will help to catalyze joint activities as well as to crystallize their social structuration efforts.<sup>11</sup> Here, people have the opportunity to come together, to find and get to know each other and finally explore ways and develop means for rendering mutual support by combining individual ideas, personal strengths, and resources.

## **4. Need for an institutional framework**

Due to the country's topography and its con-federalist constitution, the democratic, regulative, and administrative structures of Swiss institutions are on the one hand often small in size and limited in their regional coverage. On the other hand they are entrenched in their direct relations with region-

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<sup>10</sup> eg [www.skollworldforum.com](http://www.skollworldforum.com), [www.ashoka.org](http://www.ashoka.org)

<sup>11</sup> [the-hub.net](http://the-hub.net)

al stakeholders. This picture is also true for a variety of organizations including private companies, especially SMEs, non-profit organizations, universities and other public and governmental bodies, and foundations (Schnurbein 2009) which are dealing with and enabling social entrepreneurship and innovation.

### *Concentrating Scattered Forces*

The Swiss population has, historically, a very positive attitude towards societal and social needs and the creation of social value (Helmig et al. 2009). Today, we are facing a great opportunity to integrate the many isolated activities into a common framework in order to enhance social entrepreneurial initiatives as well as to communicate Switzerland's expertise and impact in the field both on a national and an international level.

Concentrating all available forces which are apt to support sustainable and social innovation will assist people in building initiatives by developing their ideas and enhancing their social impact which will let a multiplicity of personal dreams and societal visions come true. In particular, the potential of cross-sector initiatives from the private, public, and civil segments of Swiss society (Schlange 2009b) may be harnessed by creating a **think-and-do-tank for social innovation** which will be open for all stakeholders interested in fostering the creation of social value.

### *Integrating and Incentivizing Regional Resources*

In the social economy, well established regional institutions will clearly perceive and appreciate the benefits to be gained from a joint effort to create a new multi-stakeholder platform, i.e. the connectivity for long-term sustainability. As a fact that is proven by its tradition, academic research has always been a societal layer from where it is easiest to start concerted activities. Using shared databases, writing interdisciplinary research papers are common practices in the academic community. Thus, research is a central success factor for an implementation of the endeavor as a whole.

One of the most significant initiatives to incentivize regional initiatives to take part in a national movement will be a national business plan competition for ideas implementing social innovations. A competition on the national level offers connectivity for smaller competitions that might even have a narrower topic or regional limitations. Furthermore, a national competition and accompanying service offerings such as consulting, coaching, and networking activities<sup>12</sup> may prepare and enable participants to successfully present their ideas at the Global Social Venture Competition (GSVC), which represents the most popular competitive platform in the world.

On the educational level a shared initiative offers the chance to concentrate the individual expertise in relevant institutions, particularly universities throughout the country. Many Swiss universities are

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<sup>12</sup> eg [www.socialentrepreneurship.ch](http://www.socialentrepreneurship.ch).

simply too small to effectively offer a holistic educational program for entrepreneurs striving to implement innovations which are primarily meant to create sustainable social value.

Finally, networking will, by its nature, bring together universities, institutions, and agencies from different regions of the country which have been actively engaged in the field of social entrepreneurship and innovation. Once the regional forces get in contact and start shared initiatives, Switzerland will be in the position to make a significant leap ahead.

As a result, the outlines of this visionary landscape of SE in Switzerland sketched out in this paper will emerge from a multi-stakeholder process. In order to prepare the next steps necessary to realize this vision, a social entrepreneurship initiative will contribute to catalyzing the emergent networking needs and streamline thematic activities, such as social welfare, health care, or water and energy supply.

## **5. Conclusion**

Today the vision of a thriving social economy in Switzerland, based on its traditional strengths, while comforting the civil society, public, and private sectors of its society, may sound like a utopia to some. However, the roots of large scale societal change may no longer be neglected and the time has now arrived to pro-actively guide this movement into a future where social value creation in this country will be commonplace. By doing this in form of a joint initiative on the national level, it will be possible to place Switzerland on the global map of social entrepreneurship and innovation and develop it into one of its leading centers worldwide.

## **6. Partners and Associated Institutions**

Dr. Frank Bau. Lecturer of General Management, Department for Entrepreneurial Management at the University of Applied Sciences HTW Chur.

Prof. Mariana Christen Jakob. Self-employed Consultant and Professor, Competence Center Social Management at the University of Applied Sciences HSLU Lucerne.

Prof. Dr. Lutz E. Schlange. Professor of Entrepreneurial Marketing and Sustainability Management, Department for Entrepreneurial Management at the University of Applied Sciences HTW Chur.

Prof. Josef Walker. Professor of Entrepreneurship and Head, Department for Entrepreneurial Management at the University of Applied Sciences HTW Chur.

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