



# How to explain social innovation in elderly care services: The role of for-profit and non-profit social enterprises

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## Abstract

Social innovation and social enterprise are two major factors in addressing the challenges of population ageing since both are aimed at solving social problems. One of these challenges involves providing quality care services for the elderly. However, few studies have analysed how social enterprises can promote or manage social innovations in this sector. This research therefore studies said relationship, paying particular attention to the for-profit and non-profit nature of social enterprises. Specifically, to test the hypotheses, we use data from a survey of nursing homes in southern Spain, where care services are expanding with the support of welfare state social policies. The results show that non-profit social enterprises tend to develop more social innovations in care services, and that the social mission and participative governance positively influence the implementation of social innovations in this activity sector. Consequently, implications for social policies are suggested to better meet the needs of the elderly.

**Keywords** Social innovation · Social enterprise · Elderly care services · Non-profit organisations · Social policies

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## Introduction

Population ageing is one of the most important demographic trends worldwide since people over 65 represent the fastest-growing age group (United Nations, 2019). This trend is more robust in highly developed regions, such as in European countries, where one in four inhabitants will be aged 65 or over by 2050, and the share of people over 80 years old will reach 13% of the whole population by that year (Eurostat, 2019). Population ageing is a process that results from the combination of current low fertility rates and increasing longevity (United Nations, 2019).

The analysis of the consequences of this process is usually considered from two contrasting perspectives. On the one hand, it is seen as a ‘triumph’ of our times, mainly due to improved public health, sanitation, and overall development (Powell & Khan, 2014). On the other hand, it is connected to significant societal challenges, such as its negative impact on labour productivity, output growth, and the financial sustainability of the public pension system (Herrmann, 2012; Powell & Khan, 2014). Nevertheless, an additional and relevant challenge of this process due to its broad socio-economic consequences involves the necessary provision of high-quality care services for the elderly (Grohs et al., 2015; Heinze & Naegele, 2012; Huarng, 2018; Verleye & Gremmel, 2011). Specifically, this research focuses on elderly care services and how to provide a high quality thereof, for which the two principal elements considered are social innovation and social enterprise.

On the one hand, social innovations imply the development and implementation of new ideas (products or services) to meet social needs (Mulgan, 2006, 2012; Mulgan et al., 2007). Social innovations can be explained from a functionalist approach as new social solutions (product- and process-based) or from a transformationalist approach as the creation of social change (Anheier et al., 2014; Nicholls & Murdock, 2012). Like business innovation, social innovations need an enabling environment and favourable institutional conditions for their development (Diaz-Carrion & Franco-Leal, 2022; Medina-Molina et al., 2022). In the specific sector of care services for the elderly, social innovations are a key factor since they can help improve the quality of life of senior citizens through the introduction of new social and household-oriented services, new environmental support, and new design and construction (Djellal & Gallouj, 2006; Heinze & Naegele, 2012; Merkel et al., 2019; Rey-García et al., 2019a).

On the other hand, social enterprises, unlike commercial enterprises, are organisations characterised by creating social value and seeking sustainable solutions to social problems (Santos, 2012). These enterprises possess a “hybrid” nature since they pursue social objectives through market mechanisms (Alvarez de Mon et al., 2022; Battilana & Lee, 2014; Doherty et al., 2014). In this way, the three main internal dimensions (according to the European school of thought on social enterprises, which habitually characterises them) are their social mission, their commercial business model, and their participative governance (Bacq & Janssen, 2011; Defourny & Nyssens, 2010, 2017; Galera & Borzaga, 2009; Savall et al., 2023). In the case of care services, the majority of the private organisations that provide them are social enterprises (Caló et al., 2018, 2021; Chandra et al., 2021; Hall et al., 2016). This is especially relevant in Europe, where the State

promotes the creation of these organisations through financial schemes and specific legal conditions to operate in the sector (Blomqvist & Winblad, 2019; Grohs et al., 2015; Roy et al., 2013).

In this context, a growing number of studies analyse the link between social innovations and social enterprises (Audretsch et al., 2022; Nogales-Muriel, 2023; Phillips et al., 2019; Sanzo-Pérez et al., 2022; Sinclair et al., 2018; Tortia et al., 2020). The most common argument to explain this link is that the interests of social enterprises lie in finding innovative solutions to social problems (Klarin & Suseno, 2022; Ko et al., 2019; Phillips et al., 2015; Saebi et al., 2019; Schöning, 2013; Testi et al., 2019; Zahra et al., 2009). Nevertheless, the literature recognises that social enterprises are not the only source of social innovations (Carberry et al., 2019; Phills et al., 2008). It is therefore necessary to carry out in-depth empirical studies to better explain how said relationship takes place (João-Roland & Granados, 2020; Phillips et al., 2015). In the specific case of elderly care services, these particular studies are of great interest since the social enterprises which provide these services have to implement social innovations to improve their quality (Goldstein et al., 2010; Krlev et al., 2019; Rey-García et al., 2019a, b).

Accordingly, a first research question arises: *To what extent are social enterprises important for social innovations in the specific sector of elderly care services? Or, more specifically: Are the main dimensions of social enterprises, such as their social mission, commercial business model, and collaborative governance structure, sufficient to explain social innovations in this sector?*

Another issue that requires further study, related to the link between social innovations and social enterprises, is the role that specific types of social enterprises play in the development of social innovations (Klarin & Suseno, 2022). In this regard, this study considers the difference between non-profit and for-profit social enterprises (Defourny & Nyssens, 2017; Defourny et al., 2021). On the one hand, for-profit organisations have a more hybrid nature since they are more commercially oriented, while on the other hand, non-profit organisations follow purer altruistic behaviour and a more collaborative structure in their decision-making (Anheier, 2014; Dees, 1998; Do Adro et al., 2021; Krlev et al., 2019; Lepoutre et al., 2013).

In contrast to for-profit organisations, it is acknowledged that non-profit social enterprises are an innovation in themselves (Széll, 2012). They are created to specifically solve social problems through their advocacy and service-providing role (Anheier, 2014; Do Adro et al., 2021; Krlev et al., 2019; McDonald, 2007), and they have to develop different types of social innovations to carry out these two missions (Krlev et al., 2019; Rey-García et al., 2019a; Shier & Handy, 2016).

In this regard, several studies have pointed out that non-profit social enterprises tend to be more innovative since they have a clear motivating mission to address growing and complex social needs (McDonald, 2007; Svensson et al., 2020). However, other studies claim that non-profit organisations must be more innovative due to their lower risk-taking propensity (Hull & Lio, 2006). Therefore, a second research question arises: *Are non-profit organisations the form of social enterprise that can contribute the most towards finding innovative solutions to the needs of the elderly?*

In summary, to fill the existing literature gaps and answer the research questions, the main objective of this article is twofold. On the one hand, we analyse whether the main dimensions of social enterprises of elderly care services significantly influence

their social innovations, while on the other hand, we study whether non-profit social enterprises tend to be more socially innovative than for-profit social enterprises.

To this end, we begin with a literature review in which the links between the challenges of an ageing society, social innovations and social enterprises are explained. This enables us to establish our research hypotheses and subsequently conduct an empirical study to test these hypotheses. This empirical study consists of a survey covering process-based and product-based social innovations of collective nursing homes (private day-care centres and senior residences) located in Andalusia, southern Spain. This autonomous community has developed a public policy that promotes the role of social enterprises in providing formal care for senior citizens under the rules of the Spanish Dependency Law. It is also the most populated Spanish region, with more than 8 million inhabitants, 1.5 million of whom are over 65.

The contribution of this research responds to three relevant calls of several previous studies. Firstly, there is the need to analyse how social innovations can be encouraged by social enterprises (João-Roland & Granados, 2020; Lortie & Cox, 2018; Phillips et al., 2015). Secondly, the role that different types of social enterprises play in outcomes needs to be addressed (Klarin & Suseno, 2022), just as this research analyses the different roles of non-profit and for-profit social enterprises in social innovations in elderly care services. And thirdly, linkages between various aspects related to the behaviour of social enterprises need to be established, that is, *context, processes, and outcomes* (Klarin & Suseno, 2022; Saebi et al., 2019). Specifically, the context is determined in this research by the ageing process and the role that welfare state social policies play therein through the imposition of conditions on social enterprises in providing care services. The processes are related to the role played in providing care services to the elderly by the three main dimensions of social enterprises. Lastly, the outcomes are product-based and process-based social innovations in care services for senior citizens.

## Theoretical framework

### Elderly care services and social innovations

During the two first decades of the twenty-first century, predictions regarding population ageing have shown that this demographic phenomenon is occurring worldwide (United Nations, 2019). Specifically, it is expected that in developed regions, such as the European Union, the proportion of people aged 80 years and over should more than double by 2050 to reach 13% of the whole population (Eurostat, 2019). The lower fertility rates and a higher life expectancy at birth explain this demographic trend (United Nations, 2019).

Population ageing poses a significant challenge to our societies. With its negative impact on output growth and on the financial sustainability of the public pension system (Herrmann, 2012; Powell & Khan, 2014), the provision of care services for the elderly has become a crucial issue (Verleye & Gremmel, 2011). Since people live longer and have fewer children, family structures are experiencing significant transformations. In this way, intergenerational conflicts between the needs of the elderly

and the young may emerge, especially when senior citizens become physically or psychologically unwell and, therefore, need special attention through social services (Hess et al., 2017). Furthermore, the problem of the “social division” among the elderly cannot be forgotten since those with lower socio-economic status experience difficulties accessing social services, thereby opening the door to social segregation (Merkel et al., 2019).

Today, these social challenges are addressed through various care services, which can either be informal, primarily via family support, or formal, such as through care services provided in collective nursing homes (Fernandez-Carro, 2016; Huarng, 2018). In this context, social innovations constitute a principal factor in tackling the multiple challenges of an ageing society, such as the employability of an ageing workforce, the adaptation of housing conditions, and the reconstruction of health and long-term care systems (Heinze & Naegele, 2012). Specifically, long-term care in collective nursing homes constitutes a crucial service for those elderly who need permanent assistance due to severe psycho-physical health problems (Casanova et al., 2020).

Unlike business innovation, social innovation is not motivated by profit maximisation but instead by social goals (Mulgan, 2006, 2012; Phills et al., 2008). Social innovation satisfies new needs not yet catered for in the market although the market may indeed intervene at a later date (Spear, 2011). However, despite the consensus regarding its relevance in addressing social problems, no generally accepted definition of social innovation is currently available (Testi et al., 2019).

According to the *Guide to Social Innovation* of the European Commission, social innovation is defined as the development and implementation of new ideas (products or services) to meet social needs and to create new social relationships and collaboration (European Commission, 2013). More specifically, social innovation involves new social processes and outputs by bringing about social inclusion and the well-being of excluded groups by addressing market failures and supplying public goods (Grabbe et al., 2018). In this way, social innovation implies improving social relations and satisfying the needs of humans (Moulaert et al., 2013). Furthermore, social innovations also involve “*a process of recontextualisation within socially reconstructed norms of the public good, justice, and equity*” (Nicholls & Murdock, 2012, p. 2). By synthesising various views on the concept, Anheier et al. (2014) point out that social innovations can be explained from a functionalist approach as new social solutions or a transformationalist approach as creating social changes.

In this way, a classification of social innovations proposes three specific types: product-based, process-based, and socially transformative (Shier & Handy, 2015a). Product-based and process-based social innovations are related to the Schumpeterian view of innovation, which is inspired in part by that proposed by the OECD’s Oslo Manual for the case of business innovations (OECD, 2005). Product-based social innovations include new goods or services to meet emerging social demands, while process-based social innovations include changes in the structure and procedures of the providers of social goods and services, which enable them to adapt to new social demands. In this way, process-based social innovations can include the non-technological innovations specified in the Oslo Manual. As for transformative social innovations, these aim to create social change within the community, such as promoting public awareness.

In the specific case of elderly care services, the role played by various technological developments deserves special attention, such as telemedicine, remote surveillance, alarm technologies, aid technologies, equipment for transporting individuals, and architectural technologies (Djellal & Gallouj, 2006; Merkel et al., 2019). Nonetheless, we cannot identify innovation in services, as with elderly care services, exclusively using or adopting a specific technology (Aksoy et al., 2019; Gallouj & Savona, 2009; Spear, 2011). Specifically, when we refer to innovations in this sector, we mainly refer to the provision of new services and processes that can improve psycho-physical health and well-being and improve the quality of life of the elderly (Casanova et al., 2020; Djellal & Gallouj, 2006). Hence, in the specific case of residential provision, such as day-care centres and senior residences (nursing homes), if we follow a functionalist approach to social innovations, they can include social and household-oriented services, environmental support, design and construction, and of course, provision to the users of new high-tech products (Heinze & Naegele, 2012).

### **Elderly care services and social enterprises**

Several types of organisations and actors can be the providers of these social innovations for the elderly: the State, non-profit organisations, and for-profit organisations (Casanova et al., 2020; Djellal & Gallouj, 2006; Verleye & Gemmel, 2011). Among these three actors, the State holds a central position, especially in developed countries, by promoting the role of private organisations (for-profit and non-profit) in health and care services (Anderson, 2012; Chandra et al., 2021; Grohs et al., 2015; Hall et al., 2016; Henderson et al., 2020; Roy et al., 2013). In addition to public pensions for retirees, the State creates public-owned care service companies and regulates the activity of the other two actors that provide social services (Blomqvist & Winblad, 2019). Furthermore, the State, directly or indirectly, transfers to those private companies increasing financial support due to the process of *marketisation* of social policies, that is, a strategy of outsourcing public services through public tendering or privatisation and the users' free choice of providers (Deusdad et al., 2016a).

Due to such support provided by the State, an increasing number of for-profit and non-profit organisations have logically emerged in the provision of elderly care services as state-assisted private centres (Blomqvist & Winblad, 2019; Caló et al., 2018; Henderson et al., 2020; Krlev et al., 2019; Roy et al., 2013). In this context, although a number of these private companies are large corporations seeking profit maximisation (Bos et al., 2020; Blomqvist & Winblad, 2019; Grohs et al., 2015), a significant proportion of small and medium-sized companies are considered social enterprises since they pursue social goals with market mechanisms (Caló et al., 2018, 2021; Chandra et al., 2021). In this case, the State establishes public standards in providing care services in order to receive financial support, thereby encouraging these companies to follow the social mission (Anderson, 2012; Choi et al., 2020; Hall et al., 2016).

Unlike commercial enterprises, social enterprises are organisations characterised by creating value and seeking sustainable solutions to social problems (Santos, 2012). The European school of thought on social enterprise establishes three essential dimensions

of social enterprises: a social mission, a commercial business model, and a participative governance structure (Bacq & Janssen, 2011; Defourny & Nyssens, 2010, 2017; Galera & Borzaga, 2009). Firstly, the social mission is usually identified not only through the aims of the social enterprise but also via the types of their users or customers. However, how social enterprises distribute their profits is also crucial since they are expected to limit profit distribution and prioritise reinvestment to uphold the primacy of their social aims (Defourny et al., 2021; Saebi et al., 2019). Secondly, the business model implies that social enterprises assume an economic risk by selling their goods and services on the market, and attain a significant part of their revenues from the users, which allows these social initiatives to be more independent of public aid and philanthropic funds and, therefore, to be financially self-sufficient (Dees, 1998; Saebi et al., 2019). This second dimension involves a marketisation of social organisations that have become more business-like (Maier et al., 2016). Thirdly, the dimension of governance structure refers to how decisions are made (Defourny & Nyssens, 2010). In this respect, two pure models can be established in social enterprises, from one more individualistic to another more collective and participative (Bacq & Janssen, 2011; Defourny & Nyssens, 2017). Nevertheless, it is assumed in general terms that decisions in social enterprises tend to be participative (Doherty et al., 2014), and pay attention to teamwork and communication between the stakeholders (Gupta et al., 2020), especially in the case of non-profit social enterprises (Shier & Handy, 2016).

Most definitions agree that social enterprises focus not only on the creation of social value, that is, promoting improvements in health, well-being, and quality of life, but also on economic value (Bacq & Janssen, 2011; Henderson et al., 2020; Zahra et al., 2009). In this respect, a social enterprise is considered a *hybrid form of enterprise* since not only does it give priority to social objectives concerning financial rewards, but it also combines common traits of non-profit, public, and for-profit organisations (Alvarez de Mon et al., 2022; Battilana & Lee, 2014; Doherty et al., 2014; Solorzano et al., 2018). This hybrid behaviour allows social enterprises to be identified along different points of a continuum, the *social entrepreneurship spectrum*, according to which, at one extreme, purely philanthropic and non-profit enterprises are located, while at the other end, purely commercial enterprises preside (Dees, 1998; Defourny et al., 2021; Santos et al., 2013). In this regard, a typology of social enterprises proposes three different models, excluding public social enterprises (Defourny & Nyssens, 2017; Defourny et al., 2021). Firstly, *social businesses* are for-profit social enterprises, with market-oriented behaviour, which serve the interest of the shareholders; secondly, *social cooperatives* are for-profit companies also with market-oriented behaviour but which serve the interests of their members (for instance, the workers in the case of worker cooperatives) and, lastly, entrepreneurial *non-profit social enterprises* are less market-oriented than the other two models and pursue the general interests of the community where they work. Indeed, in the case of elderly care services, and especially those provided by nursing homes, it is possible to find cases halfway along this spectrum, with differences between countries depending on the care regime provided by the welfare state (Bos et al., 2020; Blomqvist & Winblad, 2019; Chandra et al., 2021; Deusdad et al., 2016a; Grohs et al., 2015; Henderson et al., 2020; Roy et al., 2013; Testi et al., 2019).

## Development of the hypotheses

Despite the consensus that the source of social innovations is not restricted to social enterprises (Carberry et al., 2019; Phills et al., 2008), many researchers consider the role of these enterprises to be highly significant (Lortie & Cox, 2018; Phillips et al., 2015, 2019; Phills et al., 2008; Testi et al., 2019). As the Social Innovation school of thought on social entrepreneurship points out, innovation is a central element of the social entrepreneurship domain because social entrepreneurs are those who find innovative solutions to social problems of their community (Bacq & Janssen, 2011; Dees, 1998; Saebi et al., 2019; Zahra et al., 2009). To this end, social entrepreneurs create new ventures or manage existing organisations innovatively (Zahra et al., 2009) through creativity (Ko et al., 2019). Furthermore, social enterprises must develop social innovations if they want to exert both a social and an economic impact (Goldstein et al., 2010).

In the case of the elderly care sector, social innovation is also crucial for social enterprises for two reasons related to the role of the welfare state social policies. On the one hand, these policies oblige the providers of care services to meet specific quality standards, and encourage them to adopt social innovations (Anderson, 2012; Choi et al., 2020; Adro et al., 2021; Hall et al., 2016). On the other hand, those policies imply an increasing competition between social enterprises for public financial support (Anderson, 2012; Blomqvist & Winblad, 2019; Lyon, 2012), and hence these enterprises must innovate to be more competitive if they want that support (Ko et al., 2019).

Nevertheless, not only can environmental and institutional conditions (such as social policies in the case of elderly care services) foster social innovations (Audretsch et al., 2022; Medina-Molina et al., 2022; Wenqi et al., 2022), but so can specific internal factors related to the behaviour of social enterprises (such as organisational and managerial factors) (João-Roland & Granados, 2020; Nogales-Muriel, 2023). Specifically, we focus on three main organisational and managerial dimensions which, according to the European school of thought on social enterprise, characterise social enterprises: their social mission, their commercial business model, and their participative governance (Bacq & Janssen, 2011; Defourny & Nysens, 2010, 2017; Galera & Borzaga, 2009; Savall et al., 2023). On the one hand, the social mission of social enterprises contributes to social innovations through the limits imposed by such missions on profit sharing and, consequently, the priority it gives to reinvestment (Doherty et al., 2014; Gallego-Bono & Chaves-Avila, 2020). Reinvestment is fundamental for business innovation since it is a low-risk and low-cost source of funds (Wang et al., 2016). In this case, it is also essential for social innovations in any economic sector, since a broad range of human, social, and/or physical capital is needed for it to be successful (Dhondt et al., 2017; Goldstein et al., 2010). However, reinvestment becomes even more relevant for social innovation in social enterprises since they tend to have a more acute lack of financial resources than conventional enterprises due to the distrust of financial institutions in this type of enterprise (Doherty et al., 2014). A further reason that makes social mission an essential factor for social innovation is the higher intrinsic motivation of social entrepreneurs to meet social goals (McDonald, 2007; Tortia et al., 2020). Due



to these motivations, social entrepreneurs devote more interest and passion to their work, related to creativity and social innovations (Braga et al., 2014).

Regarding the commercial business model, social enterprises as hybrid organisations must raise a significant portion of their revenue from service users (Alvarez de Mon et al., 2022; Doherty et al., 2014; João-Roland & Granados, 2020; Savall et al., 2023; Shier & Handy, 2015b; Zainol et al., 2019). Although the State provides financial support to these social enterprises of elderly care services, it is seldom sufficient to cover the cost of services, mainly due to cost containment and austerity measures of the public sector (Deusdad et al., 2016a; Gori, 2019). Therefore, social enterprises need such income from users, not only to be financially self-sufficient, but also to invest in the greater number of resources that social innovations require (Zainol et al., 2019).

Thirdly, as far as the governance structure is concerned, it should involve greater internal collaboration between stakeholders, that is, social entrepreneurs, managers, workers, and users of care services (Phillips et al., 2015; Tortia et al., 2020). If we agree that internal and external collaboration is essential for business innovation (Bougrain & Haudeville, 2002), then it can be assumed that it is also necessary for social innovations (Gupta et al., 2020; Krasnopolskaya & Korneeva, 2020; Phillips et al., 2019; Rey-García et al., 2019b; Shier & Handy, 2015b). Specifically in care services, different studies have shown that an internal and external collaborative environment supports social innovation for the elderly (Heinze & Naegele, 2012; Krlev et al., 2019; Rey-García et al., 2019b; Roy et al., 2013).

In this way, the dimensions of social enterprises contribute towards the quality of care services and, consequently, to a better quality of life for senior citizens (Caló et al., 2018; Choi et al., 2020; Do Adro et al., 2021; Krlev et al., 2019; Roy et al., 2013; Széman & Trobert., 2017). As stated earlier, these services are provided in different areas, such as housing, transport, health, mobility, and, more recently, in digitalisation (Djellal & Gallouj, 2006; Merkel et al., 2019). According to Shier and Handy's classification (2015a), these are service innovations in products and processes.

Therefore, three hypotheses can be established regarding the positive relationship between these three characteristic dimensions of social enterprises and social innovation in elderly care services:

*H1: The greater the profit reinvestment within social enterprises of elderly care services, the greater the social innovation in those services.*

*H2: The higher the earned revenues from users within social enterprises of elderly care services, the greater the social innovation in those services.*

*H3: Participative governance within social enterprises of elderly care services positively influences the social innovation in those services.*

Moreover, if social innovations are mainly motivated by social goals, then non-profit social enterprises necessarily play a central role with respect to social innovations in comparison with for-profit social enterprises (Krlev et al., 2019). Certain scholars point out that focusing primarily on a social mission while not pursuing a profit means creating a favourable climate for social innovation to succeed (McDonald, 2007). Moreover, other authors point out that non-profit social enterprises constitute social innovation themselves (Széll, 2012).

Non-profit organisations are characterised by two significant roles when they perform their economic and social activity: an advocate role and a service-providing role (Anheier, 2014; Do Adro et al., 2021; Krlev et al., 2019). The advocate role implies protecting people who need help, such as people with disabilities, migrants, or other socially excluded groups, by striving to influence decisions within political, economic, and social institutions (Anheier, 2014). The service-providing role seeks to complement or substitute the function played by the government or the market in the provision of essential services, such as elderly care services and other care services, to which people are entitled according to the rules of the welfare state (Krlev et al., 2019). Nonetheless, the globalisation process since the 1980s has been pushing towards a change in non-profit organisations (Maier et al., 2016). Today, this third sector of the economy is more oriented towards the market, more interested in job creation, and although these organisations distribute no profit, they do not always assume the non-profit distribution constraint as a distinctive characteristic (Borzaga & Santuari, 2000; Defourny et al., 2021; Maier et al., 2016; Peng & Liang, 2019; Shirinashihama, 2019).

However, although this trend towards “managerialisation” can play against their social nature and negatively affects the quality of the service provided (Maier et al., 2016), there are two aspects of non-profit organisations clearly related to specific characteristics of social innovations: firstly, stakeholder representation and participative management; and secondly, a strong link with the local community and its particular needs (Anheier et al., 2014; Borzaga & Santuari, 2000; Krlev et al., 2019; Shier & Handy, 2016; Shin, 2016). In this way, non-profit organisations enable the penetration of new ideas from different stakeholders of their communities, thereby encouraging an innovative attitude towards solving local social problems and creating social change (Shier & Handy, 2016). This experience of non-profit organisations in creating social value through social innovations can be used by for-profit social enterprises, by collaborating with non-profit organisations to gain legitimisation with beneficiaries and stakeholders, thereby minimising the consequences of managerialisation and simultaneously stimulating social innovations (Sanzo-Pérez et al., 2022).

In the elderly care sector, there have been several analyses on the higher or lower quality shown by non-profit social enterprises in the provision of care services and, more specifically, in the provision of residential care (nursing homes) compared to that of for-profit enterprises (Grabowski et al., 2013; Grohs et al., 2015; Hjelmars et al., 2018; Winblad et al., 2017). Although the results remain inconclusive, the findings indicate that non-profits provide better quality of care services. Additionally, these findings are supported by other studies that point out that non-profit companies have shown better performance than for-profit enterprises during the COVID-19 pandemic (Liu et al., 2020; Stall et al., 2020). Higher quality in service delivery is closely linked to social innovations (Edwards-Schachter et al., 2012), and in the case of non-profit social enterprises, this link is reinforced by the critical importance such companies place on collaborative relationships in their governance structure (Krasnopol'skaya & Meijjs, 2019; Phillips et al., 2019; Rey-García et al., 2019b; João-Roland & Granados, 2020; Tortia et al., 2020).

Therefore, considering those specific characteristics of non-profit social enterprises, we establish the following hypothesis related to the development of social innovations for senior citizens:

*H4: Non-profit social enterprises of elderly care services tend to introduce more social innovations than do other social enterprises.*

## Methodology

### Elderly care services and social enterprises in Andalusia

Andalusian providers of elderly care services have been chosen as the sample population to test the hypotheses. Andalusia is the most populated region in Spain, with more than 8 million inhabitants, and is also immersed, like other Spanish regions, in an ageing process. In Spain, the Central State Administration has established a general legal framework and specific financial commitments in elderly care policies through the 39/2006 Act on the Promotion of Personal Autonomy and Attention to People in Situations of Dependence, commonly known as the “Dependency Act” (BOE, 2006). This act was the first to centralise long-term care services in Spain, by recognising the right of all dependants to receive support from the State. This act contemplates both the provision of economic subsidies to relatives for the care of their elderly family members and the direct provision of care services.

Institutional support for elderly care services varies according to the type of system prevailing in each country. Different classifications of long-term care systems that strive to capture the institutional structure and the main aspects of these systems are proposed in the literature (Ariaans et al., 2021; Pavolini, 2021). Specifically for the European context, six models based on two dimensions are established in the literature (Pavolini, 2021). These dimensions are the share of GDP on public long-term care expenditure and the percentage of public long-term care expenditure on cash benefits. In turn, the models established are: (1) Limited State intervention; (2) Mild State intervention through cash benefits; (3) Mild State intervention through services; (4) Strong State intervention through cash benefits; (5) Strong State intervention through services; (6) Very strong State intervention through services.

In this European context, it is highlighted that Spain constitutes one of the ten countries with a specific public policy of social assistance for long-term care, and it is considered one of the three quasi-universalist European countries in terms of access to social services. However, the Spanish long-term care system is regarded as a “*mild State intervention through cash benefits model, where GDP public expenditure on long-term care is medium-high (on average 0.8%), and almost half of this expenditure is channelled through cash benefits (46.0%)*” (Pavolini, 2021, p. 17). Furthermore, it is one of the seven countries whose care system is based on cash benefit justification schemes. Moreover, Spain is one of the 12 European countries in which home and residential care covers less than 10% of their population over 65 years old.

In addition to this, it is worth noting that, according to the Spanish “Dependency Act”, Regional Administrations are responsible for evaluating the applications and paying allowances to the dependants. In this respect, depending on the political priorities of each regional government, significant differences exist between regions regarding the services supported (SAAD, 2018).

In this context, Andalusia presents an interesting study case in Spain due to population and service priorities. On the one hand, it is the most populated region with more than 8 million inhabitants, but it also contains a very high number of people over 65 years old: nearly one and a half million. Elderly care services, therefore, pose a significant challenge for this regional government. On the other hand, as can be observed in Table 1, the regional government prioritises the provision of services in comparison with the provision of cash benefits (73.15% vs. 26.85%), which differs significantly from the Spanish average (SAAD, 2018). The provision of services mainly includes professional care, primarily through telecare and professional home care, but also through residential care and care in day-care centres (nursing centres). Regarding these two elements, although the percentage of recipients of care services in collective centres remains low in comparison to the Spanish average (8.85% and 5.02% of total recipients in Andalusia vs. 12.61% and 7.18% of total recipients in Spain), public spending on these concepts represents the highest level that the Regional Administration allocates to dependency assistance (Andalusian Agency of Social Services & Dependency, 2018). The reason for this level of spending is that the day-care centres and senior residences require significant financial resources since these services are costly and diverse.

Regarding residential care and day-care centres, it is essential to mention that the Regional Administration needs more structure and, therefore, requires cooperation from the private sector. In this context, such cooperation takes place through the public financing of various seats or bedrooms for the elderly in private collective centres. These positions are known as “state-assisted”, and the centres that offer them are known as “state-assisted centres”. This relationship explains why the “Dependency Act” promotes social enterprises in the form of private businesses created to cover elderly care services, which enjoy the guarantee that the Administration will cover the financing for the care of various dependants.

**Table 1** Recipients of different care services and cash benefits with public funds 2018 (% of total recipients)

	SPAIN	ANDALUSIA
<i>Care services</i>	59.16	73.15
-Dependency prevention and autonomy promotion	3.96	0.66
-Telecare	17.02	31.51
-Professional home-care	17.86	27.12
-Professional home-care	12.61	8.85
-Residential care in senior residences	7.18	5.02
-Care in day/night centres		
<i>Cash benefits</i>	40.84	26.85
-Cash benefits for family home-care	30.81	25.44
-Cash benefits linked to the provision of a service	10.03	1.41

Source: SAAD (2018)

## Data and sample

In order to collect data from providers of elderly care services, a survey has been conducted in Andalusia on a sample of social enterprises consisting of state-assisted private care centres (private social enterprises with state support). To this end, a database of those centres provided by the Agency of Dependence and Social Services from the Regional Administration of Andalusia in 2019 was employed to establish the population universe. This database contains a total of 705 senior residences and day-care centres. It also includes information regarding ownership (public or private).

Regarding ownership, it should be noted that the private sector constitutes more than 70% of these firms (Table 2). From these, both non-profit and for-profit social enterprises play a significant role, especially in the case of the for-profit sector (approximately 38.3% vs. 32.4%, respectively). Furthermore, limited liability companies deserve special attention among these for-profit state-assisted centres since they make up almost 25% of the total number of state-assisted elderly care centres.

These figures reveal the importance of the private sector in terms of the number of social enterprises compared to public centres (70.7% vs. 29.3%). Hence, this study is focused on this private sector and the target population of this study is composed of a set of 498 private care centres, known as “state-assisted centres”, funded by public administration through the Dependence Act (Table 2).

The survey was sent in 2019 by email to this target population, except for large companies (250 employees or more) since, following the general trend in the size of Spanish and Andalusian firms, most of the companies that have emerged since the approval of the 2006 Act, are SMEs, while large companies in this sector remain very scarce and, as in other countries, seek profit maximisation, very often losing their socially oriented objective (Bos et al., 2020; Grohs et al., 2015). More specifically, it was initially sent in February 2019, and to those who failed to respond, it was sent a second time in August 2019. This questionnaire was directed to the owner or the person holding the highest responsibility of the entity (CEO, director, or manager). It included several questions related to product-based and process-based

**Table 2** State-assisted elderly care centres in andalusia on 31 December 2018

OWNERSHIP	STATE-ASSISTED ELDERLY CARE CENTERS	DISTRIBUTION (%)
PUBLIC	207	29.30
PRIVATE	498	70.70
<i>Non-profit</i>	229	32.40
<i>For-profit</i>	269	38.30
Unlimited Liability Company	18	2.40
Limited Liability Company	170	24.00
Individual person	11	1.75
Cooperatives	55	8.00
Others	15	2.15
TOTAL	705	100.00

Source: Authors' own from the Agency of Dependence and Social Services (Junta de Andalucía)

social innovations (as explained by Shier & Handy, 2015a) in elderly care services, since only innovations of new social solutions are considered and not transformative social innovations, because this is required of providers by the State, that is, we have followed a functionalist approach. Additionally, the questionnaire included questions regarding the characteristics of the social enterprise according to the European approach (Defourny & Nyssens, 2017), that is, its social mission, commercial business model, and collaborative governance structure. Finally, the questionnaire included a question regarding the for-profit or non-profit status of the social enterprise). At the end of the process, a response rate of 22% was obtained, that is, a sample of 113 responses, of which 112 were valid. This response rate is equivalent to a sample size taken at a confidence level of 95% with an error of 8.1%.

## Measures and data analysis

Based on the responses to the questionnaire, an ordinal regression has been developed through the SPSS 25 statistical program. In the statistical model, the dependent variable refers to social innovation and the independent variables are related, on the one hand, to the dimensions which define social enterprises, that is, their social mission, their commercial business model and their participative governance (Hypotheses 1 to 3), and, on the other hand, to their for-profit or non-profit status (Hypothesis 4).

The variables have been defined following the previous literature collected in the theoretical framework. Thus, the dependent variable, referring to *social innovation*, describes whether the firm has incorporated any product-based or process-based social innovation following the functionalist approach. This variable has been defined in accordance with the definitions of social innovation provided by the European Commission (2013) and Shier and Handy (2015a).

Regarding the independent variables related to the social enterprise dimensions, we first consider the *social mission*. The literature recognises the reinvestment of profits (as opposed to their distribution) as critical behaviour to fulfil the social mission as much as possible (Defourny et al., 2021; Saebi et al., 2019; Savall et al., 2023). Following this literature, the level of reinvestment of profits is contemplated to measure this characteristic. Secondly, regarding the feature on the aforementioned development of a *commercial business model*, social enterprises must obtain a significant amount of revenue from service users to be sustainable over time (Alvarez de Mon et al., 2022; Doherty et al., 2014; João-Roland & Granados, 2020; Savall et al., 2023; Shier & Handy, 2015b; Zainol et al., 2019). This point is critical in the context of elderly care services, given that the financial support provided by the State for elderly care services is seldom sufficient to cover the entire cost of services (Deusdad et al., 2016a; Gori, 2019). For this reason, the variable related to the commercial business model is measured through the level of revenue from users. Thirdly, the characteristic related to *participatory governance* has been assessed following previous contributions. These state that social enterprises tend to be participatory in their decision-making process (Doherty et al., 2014), by paying attention to teamwork and

communication between different users and other stakeholders of care services (Gupta et al., 2020; Phillips et al., 2015; Tortia et al., 2020). This attention is also essential for social innovations (Gupta et al., 2020; Krasnopolskaya & Korneeva, 2020; Phillips et al., 2019; Shier & Handy, 2015b), specifically in elderly care services (Heinze & Naegele, 2012; Krlev et al., 2019; Rey-García et al., 2019a; Roy et al., 2013).

Lastly, the independent variable related to the *for-profit or non-profit status* of the social enterprise has been valued in the regression as a determinant of the social innovation. This follows the various contributions that find that the quality of the services provided by non-profits is higher than of those services offered by for-profits in the elderly care services (Grabowski et al., 2013; Grohs et al., 2015; Hjelmar et al., 2018; Liu et al., 2020; Stall et al., 2020; Winblad et al., 2017), which in turn is linked to social innovations (Edwards-Schachter et al., 2012).

The measurement of the variables in the regression can therefore be described as follows:

a) *Dependent variable:*

*Social Innovation:* This is a variable that measures both product-based and process-based social innovations in elderly care services, such as those related to social and household-oriented services, environmental support, design, and construction, and, of course, provision to the users of new high-tech products. This variable takes values 0, 1, or 2: 0 is taken if the residence or day-care centre has incorporated no new products nor processes in the last three years; 1 if either new products or processes have been incorporated; and 2 if both new products and processes have been included.

b) *Independent variables:*

*Related to the social mission: “Reinvestment of Profits”.* This variable takes values from 0 to 4: 0 is taken if the residence or day-care centre does not reinvest profits; 1 if an amount between 1 and 25% of profits is reinvested; 2 if this figure lies between 26 and 50%; 3 if the investment is between 51 and 75%; and 4 if between 76 and 100% is reinvested.

*Related to the commercial business model: “Revenues from Users”.* This variable takes values from 0 to 4: 0 is taken if the residence or day-care centre has no earned revenue from users; 1 if it receives an amount between 1 and 25% of profits; 2 if this figure is between 26 and 50%; 3 if it has between 51 and 75%; and 4 if it has revenues from users between 76 and 100%.

*Related to the participative governance: “Participation”.* This variable takes value 1 if the residence or day-care centre makes their decision in a participative way, and 0 otherwise.

*Related to the type of social enterprise: “Non-profit”.* This variable takes value 1 if the residence or day-care centre is a non-profit organisation and 0 if it is a for-profit organisation.

c) *Control variable:* The size of the social enterprise has been included as a control variable following the literature on innovation (for instance, Martínez-Román

& Romero, 2017). To be precise, this variable is called “Size” and refers to the commonly accepted classification of the European Union according to the number of employees. It takes values from 1 to 3, depending on whether the company is a micro (1–9 employees) (value 1), a small (10–49 employees) (value 2), or a medium-sized company (50–249 employees) (value 3). As was pointed out, large companies (250 employees or more) were excluded from the study.

## Results

The sample characteristics (frequencies and descriptive indicators of the variables included in the analysis) are presented in Table 3, and the correlation matrix is set out in Table 4. As can be observed, there are statistically significant correlations between many of these variables. Despite these connections, the necessary tests have been carried out, and it can be stated that no multicollinearity problems exist since the highest variance inflation factor lies below 10 (1.194) and the highest condition number is below 20 (15.853).

The result of the ordinal regression model (Table 5) reveals a high model fit, whereby the final model is significant at 99% ( $X^2(12)=32.378$ ,  $p=0.001$ ). Furthermore, outputs for Pearson’s chi-squared test ( $X^2(68)=81.284$ ,  $p=0.130$ ) and the deviance test ( $X^2(68)=77.431$ ,  $p=0.203$ ) were both non-significant, which suggests that the model suitably fits the data.

For the predictors, the control variable is negative for value 1 and positive for value 2, which means that larger sizes have a higher probability of innovation. However, this variable is not significant. Moreover, it can be observed how higher levels of the *Reinvestment of Profits* exert a more positive influence on the levels of social innovation considered, thereby supporting Hypothesis H1. Regarding *Revenues from users*, although positive estimations are obtained, they are not significant and, hence, Hypothesis H2 cannot be confirmed. Furthermore, level 0 of the *Participation* variable negatively affects social innovation levels, which means that firms where the decision-making is participative, tend towards socially innovative behaviour. Thus, Hypothesis H3 is supported. Finally, it can be observed that lower levels of non-profit organisations (i.e., higher levels of for-profit organisations) negatively affect Social Innovation, or, equally, non-profit organisations are more inclined to develop social innovations (i.e., they are more likely to innovate), thereby confirming Hypothesis H4. A summary of the confirmation of the hypotheses is shown in Table 6.

## Discussion

According to the results obtained, with most of the hypotheses supported, a relationship between social enterprises and social innovation can be observed in the elderly care sector. Therefore, these findings could explain why this kind of enterprise constitutes an option when fostering social problems such as that of population ageing, since they represent support for the different Public Administrations, which in



**Table 3** Sample characteristics: Frequencies and descriptive statistics (N = 112)

Variable	Value	Meaning	Frequencies (%)	Minimum	Maximum	Mean	SE
Social Innovation	0	No new products or processes	26.8	0.00	2.00	1.01	0.74
	1	New products or processes	46.4				
	2	New products and processes	26.8				
Size	1	Micro (1–9 employees)	6.3	1.00	3.00	2.14	0.50
	2	Small (10–49 employees)	73.2				
	3	Medium-sized (50–249 employees)	20.5				
Reinvestment of profit	0	The residence or day-care centre does not reinvest profits	0.9	0.00	4.00	3.57	0.92
	1	An amount between 1 and 25% of profits is reinvested	4.5				
	2	An amount between 26 and 50% of profits is reinvested	10.7				
	3	An amount between 51 and 75% of profits is reinvested	4.5				
	4	An amount between 76 and 100% of profits is reinvested	79.5				
Revenues from Users	0	The residence or day-care centre has no revenues earned from users	6.3	0.00	4.00	2.88	1.31
	1	It receives between 1 and 25% of profits from users	11.6				
	2	It receives between 26 and 50% of profits from users	19.6				
	3	It receives between 51 and 75% of profits from users	12.5				
Participation	4	It receives between 76 and 100% of profits from users	50.0				
	0	Decision-making not in a participative way	86.6	0.00	1.00	0.13	0.34
Non-profit	1	Decision-making in a participative way	13.4				
	0	Being a for-profit organisation	50.9	0.00	1.00	0.49	0.50
	1	Being a non-profit organisation	49.1				

*Source:* Authors' own

**Table 4** Correlation matrix (Spearman)

	Social Innovation	Size	Reinvestment of Profits	Revenues from Users	Participation	Non-profit
Social Innovation	1	0.043	-0.184 <sup>a</sup>	-0.161 <sup>a</sup>	0.287 <sup>c</sup>	0.244 <sup>c</sup>
Size	0.043	1	0.025	0.002	0.048	0.179 <sup>a</sup>
Reinvestment of Profits	-0.184 <sup>a</sup>	0.025	1	-0.119	0.198 <sup>b</sup>	0.306 <sup>c</sup>
Revenues from users	-0.161 <sup>a</sup>	0.002	-0.119	1	-0.125	-0.281 <sup>c</sup>
Participation	0.287 <sup>c</sup>	0.048	0.198 <sup>b</sup>	-0.125	1	0.191 <sup>b</sup>
Non-profit	0.244 <sup>c</sup>	0.179 <sup>a</sup>	0.306 <sup>c</sup>	-0.281 <sup>c</sup>	0.191 <sup>b</sup>	1

Source: Authors' own

<sup>a</sup>Correlation is significant at the 0.10 level (2-tailed)

<sup>b</sup>Correlation is significant at the 0.05 level (2-tailed)

<sup>c</sup>Correlation is significant at the 0.01 level (2-tailed)

turn use these enterprises to develop their welfare state social policies (Blomqvist & Winblad, 2019; Hall et al., 2016; Roy et al., 2013). Considering that the objective of collective residences is to improve the quality of life of the elderly, these organisations develop their innovative capacity to this end, thereby constituting an

**Table 5** Ordinal Regression. Predictors of Innovation

	$\beta$	Wald	S.E
<i>Control variable</i>			
Size = 1 (micro: 1–9 employees)	-0.344	0.149	0.890
Size = 2 (small: 10–49 employees)	0.234	0.244	0.474
<i>Independent variables</i>			
Reinvestment of profits = 0 (0%)	20.331		0.000
Reinvestment of profits = 1 (1%–25%)	<b>1.592*</b>	2.784	0.954
Reinvestment of profits = 2 (26%–50%)	<b>1.862***</b>	7.962	0.660
Reinvestment of profits = 3 (51%–75%)	<b>1.881**</b>	3.930	0.949
Revenues from users = 0 (0%)	0.563	0.487	0.807
Revenues from users = 1 (1%–25%)	0.006	0.000	0.662
Revenues from users = 2 (26%–50%)	0.798	2.427	0.513
Revenues from users = 3 (51%–75%)	0.696	1.115	0.659
Participation = 0 (No Govern. particip.)	<b>-1.940***</b>	9.960	0.615
Non-profit = 0 (For-profit social form)	<b>-1.104**</b>	6.042	0.449
<b>Model Fit: <math>X^2(12) = 32.378***</math>, <math>p = 0.001</math></b>			
Pearson's chi-squared test: $X^2(68) = 81.284$ , $p = 0.130$			
Deviance test: $X^2(68) = 77.431$ , $p = 0.203$			
$R^2$ of Cox and Snell: 0.251			
$R^2$ of Nagelkerke: 0.285			

Source: Authors' own

Significant values are shown in **bold**

\* $p < 0.10$ ; \*\* $p < 0.05$ ; \*\*\* $p < 0.01$

**Table 6** Summary of the results of the hypotheses

Variables	Hypotheses	Results
Reinvestment of Profits	H1: The greater the profit reinvestment within social enterprises of elderly care services, the greater the social innovation in those services	Supported
Revenues from Users	H2: The higher the revenues from users within social enterprises of elderly care services, the greater the social innovation in those services	No supporting evidence
Participation	H3: Participative governance within social enterprises of elderly care services positively influences the social innovation in those services	Supported
Non-profit	H4: Non-profit social enterprises of elderly care services tend to introduce more social innovations than do other social enterprises	Supported

infrastructure upon which governments depend to guarantee the provision of elderly care services (Caló et al., 2018; Chandra et al., 2021; Krlev et al., 2019; Winblad et al., 2017). Moreover, these links between social enterprises and the State also provide evidence that not only do social innovations depend on the providers (Aksoy et al., 2019), but also on certain institutional conditions (Audretsch et al., 2022; Medina-Molina et al., 2022), such as welfare state social policies in the case of elderly care services (Krlev et al., 2019; Rey-García et al., 2019a).

Regarding the three dimensions of social enterprises selected to explain social innovations, this study finds that, in terms of attaining revenue from users, the reinvestment of profits and a participative character of governance represent factors of greater influence for social innovations than the existence of a commercial business model. Concerning the reinvestment of profits, this research reinforces that part of the literature which emphasises the importance of this characteristic for the creation of social innovation and social value (Defourny et al., 2021; Murray et al., 2009). Regarding participative governance, this dimension is also considered highly relevant for the development of social innovations in the specific literature (Anheier et al., 2014; Doherty et al., 2014; Gupta et al., 2020). However, this literature indeed considers both participative governance and social innovation from a macro-economic perspective through the interaction of various stakeholders and the combination of various types of resources for the solution of societal problems in a specific territory (Moulaert et al., 2013; Phills et al., 2008). Our article, however, highlights the importance of participative governance from a meso-economic perspective, that is, at the business level (Guzmán et al., 2020; Klarin & Suseno, 2022). The results herein obtained, therefore, suggest that participative governance in the entrepreneurial decision-making process helps to build a forum for the proposal and development of new ideas, the improvement of the service provided by the residences and day-care centres, and for the enhancement of the quality of life of their users. Lastly, it also helps towards addressing the social problem of population ageing. In this respect, this finding coincides with the contribution of Casanova et al. (2020), since social innovation for the elderly exerts impacts at both meso and macro levels.

Regarding the apparently lower influence of revenue from users (as indicative of a commercial business model) on social innovation, this may be related to the fact that the study is focused on those care centres that have state-assisted places for the elderly, which means that they receive financing from the public sector for their provision of care services for senior citizens. That is to say, for those social enterprises, social innovation holds no importance, since no specific demands regarding these issues exist from the public sector and, at the same time, people in charge of such social businesses can feel that their revenues are sufficiently guaranteed, and hence no innovation needs to be introduced (Uyarra et al., 2014). In this respect, this situation would suggest a lack of “vocational spirit” for the creation of social value.

In fact, certain authors have pointed out that the Dependency law in Spain has constituted a business opportunity in many cases and that the people involved in these initiatives have not always been aware of what a social business implies. This means that, despite meeting the minimum legal requirements to receive public funds, these social enterprises have failed to consider the creation of social value and to expand their social mission through social innovations (Bayter et al., 2018). Along these lines, the recent pandemic experience of COVID-19 has underlined the

lack of this engagement in this sector in Spain (Gallego et al., 2021; García, 2020). It could be said that these social enterprises would be more concerned with seeking profit than solving social needs. Public sector containment and austerity measures since the financial crisis in 2009 could be behind this behaviour, since both the financial support for elderly care services and the quality control of these services have decreased (Deusdad et al., 2016b; Gallego et al., 2021).

Nevertheless, it is found that non-profit social enterprises innovate more in the elderly care sector than do for-profit social enterprises. This research, therefore, supports all the literature that states that non-profit organisations are more concerned than for-profit organisations regarding solving social needs since non-profits have neither economic motivation nor profit distribution possibilities (Anheier et al., 2014; Krlev et al., 2019; McDonald, 2007; Moore et al., 2015; Shier & Handy, 2015a). Therefore, in the case of non-profit social enterprises, a “vocational spirit” is more visible for social value creation (Do Adro et al., 2021). Especially in the specific sector of the elderly, the introduction of new products or processes could address the problems arising from population ageing by improving the autonomy of senior citizens through various means, such as nursing care services, stimulation, and physiotherapy, thereby following the objective of the Spanish Dependence Law (Act 39/2006).

Concerning the practical implications of this research, three points should be highlighted. First, the public sector could stimulate or demand that state-assisted private social enterprises implement social innovations to obtain a broader and more successful social mission. To this end, the Dependence Law could be modified by introducing new mandatory requirements for new goods or services already existing in the specific market (Bayter et al., 2018). Second, although, in the Dependence Law, the public sector prioritises non-profit organisations over all other social enterprises, the law could also include the reinvestment of a part of the profits in for-profit residences and day-care centres to facilitate the introduction of social innovations. And third, the public sector could promote the connections of these residences and day-care centres with other structures and institutions and other industries that can improve the well-being of the elderly (Heinze & Naegele, 2012). In this way, these interactions beyond the business itself could also promote the creation of social innovations in a widespread *social innovation system* (João-Roland & Granados, 2020; Phillips et al., 2015) and thereby attain better results regarding the situations of the elderly.

## Conclusions

Given the increasing number of social enterprises created to address the issues surrounding population ageing, this article analyses whether the specific dimensions of such companies and their for-profit or non-profit nature affect the development of social innovations in the elderly care sector. Based on 112 responses to a questionnaire directed at state-assisted private social enterprises in Andalusia, an ordinal regression has been carried out. The results obtained lead to the following conclusions.

Firstly, there is a clear relationship between social enterprises and social innovation in the elderly care sector. In this respect, this research contributes to the specific literature on social entrepreneurship and social innovation. It presents empirical evidence

that social enterprises are drivers of social innovations through their specific characteristics, to be precise, through those related to the reinvestment of profits and participative governance. In this way, this study responds to the demands of several authors in this line of research that highlight the need for empirical contributions that refer to the connection between these two elements (social innovation and social entrepreneurship) (Barraket & Furneaux, 2012; João-Roland & Granados, 2020; Lortie & Cox, 2018; Phillips et al., 2015) by specifically focusing on the sector of elderly care services due to the challenges presented by population ageing (Casanova et al., 2020; Rey-García et al., 2019a).

Secondly, we conclude that non-profit social enterprises tend to develop more innovations in the elderly care sector than do for-profit social enterprises. In this respect, this study responds to the need to study the role that different types of social enterprises play in outcomes (Klarin & Suseno, 2022), and contributes to the literature by showing how the lack of economic motivation and its consequent non-profit distribution constraint leads to more social innovative behaviour to cover a social need (Anheier et al., 2014; Krlev et al., 2019; McDonald, 2007; Moore et al., 2015; Shier & Handy, 2015a; Svensson et al., 2020), such as that related to elderly care.

Thirdly, it is concluded that the role of the Public Administration in promoting social enterprises to meet social needs is critical, as happens in the case of Spain and the region of Andalusia through the Dependency Law. In this regard, this research contributes to the literature by providing an empirical study that analyses the characteristics and behaviour of residences and day-care centres created for elderly care after the approval of a specific law. It also shows that, despite the proliferation of such social enterprises, their improvement margins remain highly evident in social innovations to better assist these sensitive collectives (Liu, 2020; García, 2020). The role of the State should therefore be reframed regarding the type of support these social enterprises receive.

Finally, this research is not exempt from limitations. Firstly, social innovations were measured by focusing exclusively on process-based and product-based social innovations, as we followed a functionalist approach proposed by Anheier et al. (2014). It would therefore also be necessary to include measures of transformative social innovations (Shier & Handy, 2015a). In the elderly care sector, the role that transformative social innovations and their providers can play holds the key to promoting social change in the way in which society deals with the challenges of population ageing (Rey-García et al., 2019a, b). Secondly, the sample size is sufficient for this research, although the survey has been conducted only in the specific field of elderly care services in residential and day-care centres. Future research plans include other types of services, which will also provide a broader view of social entrepreneurship and social innovations in this sector. Finally, one should be cautious about generalising the conclusions drawn here, as this study is applied to the specific Spanish region of Andalusia. In order to test whether these results refer to the Spanish situation of the ageing process in other regions, this study should be replicated across other territories, while paying special attention to their regional peculiarities. Given these limitations, future lines of research should be directed to overcome these issues.

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## Declarations

**Conflict of interest** The authors have no competing interests to declare that are relevant to the content of this article.

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