

# Digital Transformation, Social Innovation and the Not-For-Profit Sector in Australia

## Invitation to Correspond

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**Abstract:** Digital transformation also includes the potential and practice of digital *social* innovation, whereby the affordances of digital technologies are used to address contemporary social issues. This is particularly relevant to the not-for-profit sector, which plays an important role in Australian society delivering community services. There is a growing appreciation of the ability of this sector to innovate, given its closeness to grass-roots social issues, its flexibility, and capacity to recruit staff and volunteers from all walks of life to contribute to its operations. The sector often operates in-between and in-connection-with government and business, and such collaboration with diverse viewpoints can also be a stimulus for innovation. However, various constraints have been identified, such as the lagging digital proficiency of the sector and its workforce, and the general standoff between purpose, profit and regulatory motivations. The relationship between modern technologies and social innovation by the not-for-profit sector is of national policy interest and worthy of investigation into its originality, opportunities and obstacles. From this brief discussion article, the author invites interested readers to correspond and contribute to this research project.

**Keywords:** not-for-profit sector, digital social innovation, digital transformation, collaboration, research

## Introduction

Telecommunications is regarded by consumers and the regulators as an essential service in Australia today (cf. [Consumer Action Law Centre, 2022](#); [Australian Communications and Media Authority, 2023](#)). It underpins access to education, health, employment and social welfare services. It supports our personal wellbeing by assisting us to navigate multiple relationships and connect with others.

However, in the aftermath of COVID-19 and with other recent economic shocks such as significant increases in mortgage interest rates and energy prices, managing the cost of living is front-of-mind for many Australians. In these circumstances, “people living in poverty, disadvantage and hardship increasingly seeking help with the essentials of life” and turn to community welfare services for assistance ([Cortis & Blaxland, 2022](#)). A significant indicator of this economic stress is that searches on the Ask Izzy website were at a record high in February 2023, the top three categories being hardship, emergency food relief, and mental health and wellbeing services ([Infoxchange Australia, 2023](#)).

Ask Izzy ([AskIzzy.org.au](#)) is a mobile-friendly web portal that provides a searchable database of over 400 000 support services across Australia and can direct users to their nearest facility. It is but one outstanding example of Australian social innovation by a not-for-profit organisation using the affordances of the digital economy to help people and social service providers to navigate available support services and to upscale access to anyone with a rudimentary online connection. It is also an example of innovation through collaboration with government and business sectors, who have contributed to its development and accessibility.

## Social Innovation Going Digital

Concepts of social innovation have been traced back to the early 19th century, pre-dating that of technological innovation ([Godin, 2012](#)). However, the term has only more recently come to prominence and been subjected to analysis and theorising (cf., [Mulgan, 2006](#); [Pol & Ville, 2009](#); [Howaldt & Schwarz, 2010](#)). Defining social innovation can be problematic, since it might encompass a very wide range of actors, activities and outcomes. However, it is often differentiated from technological innovation and business or commercial innovation, since its primary focus is on social outcomes. Mulgan goes so far as to define social innovation in conjunction with social purpose organisations: “innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly developed and diffused through organisations whose primary purposes are social” ([Mulgan, 2007](#), p. 8). The example of Ask Izzy above fits this definition well.

Digital social innovation is a more recent concept relating to the use of digital technologies for the purpose of social innovation ([Rodrigo et al., 2019](#)). The affordances of online and digital technologies are primarily used to create a social or environmental benefit (cf., [Morsillo, 2011](#)). In a 2019 keynote, *Social Innovation: Where Next?*, Mulgan suggested that digital social innovation, data and artificial intelligence, and corporate social innovation were growing themes ([Mulgan, 2019](#)). For example, there is great interest today in the use of data analytics by the not-for-profit sector for public good ([Farmer et al., 2023](#)). The development of a Digital Social Innovation Index for Europe highlights such contemporary interest ([Bone et al., 2018](#)).

Again, the example of Ask Izzy in Australia fits these conceptions of digital social innovation very well.

## The Relevance of the Not-For-Profit Sector

The not-for-profit sector plays an important role in Australian society, particularly in delivering community support services. McKinsey & Company reported that: “this mission-driven sector is critical to meeting fundamental societal needs and fostering social cohesion. It is also an important part of the economy, employing 1.38 million people—11 percent of jobs in Australia—and contributing an estimated AU\$129 billion, or 4.8 percent, of the country’s gross value added in direct and indirect contributions” ([Dillon et al., 2021](#), p. 3).

Considerable philanthropic contributions support digital social innovation in Australia: for example, the Telstra Foundation, “Our purpose is to enable social change through technology, and we have been helping non-profits improve their impact for over two decades” ([Telstra Foundation, 2023](#)); Google, “We connect innovative nonprofits, social enterprises, and civic entities with Google’s resources to help solve complex human challenges” ([Google, 2023](#)); Optus Future Makers, “Empowering social innovators to change the world. A capacity building and accelerator program for social start-ups that are using technology for good” ([Optus, 2023](#)); and the auDA Foundation providing grants for “educational and research activities that will enhance the utility of the internet for the benefit of the Australian community” ([auDA Foundation, 2023](#)).

Not-for-profit organisations are often involved in co-creation efforts and act as partners to sustainability or social responsibility efforts by corporate Australia: for example, the ANZ Bank’s MoneyMinded financial literacy education program in partnership with Berry Street, Brotherhood of St Laurence and The Smith Family ([ANZ Bank, 2020](#)); and The Telstra Top-Up pre-paid mobile credit program in partnership with Infoxchange Australia ([Infoxchange Australia, 2020](#)).

However, various constraints to innovation have been identified in the not-for-profit sector in Australia. In particular, “the sector lags behind on the adoption of ICT” ([Australian Government Productivity Commission, 2010](#), p. 230). In their annual survey of not-for-profit organisations, Infoxchange found that the COVID-19 pandemic had been a catalyst for the uptake of basic information technology systems, such as cloud applications; however, there is still a long way to go and “[b]uilding the digital capability of staff is now the number one priority for organisations” ([Infoxchange et al., 2022](#), p. 4). The current consultation on a *Not-for-profit Sector Development Blueprint*, a recent Government initiative, explicitly asks: “What standards of digital capability should the sector aim for and how might these be achieved” ([Blueprint Expert Reference Group, 2023](#), p. 33).

## Conclusion

As businesses and government increasingly focus on technology for productivity or efficiency outcomes, how well-placed are Australian not-for-profits to utilise technology to pursue their primary purposes? Is there a compelling rationale for the greater use of technology by not-for-profits in their traditional role of strengthening civil society? What capabilities are needed to maximise participation in new digital service provision opportunities? Digital social innovation among Australian not-for-profit organisations is an emergent activity and worthy of investigation to better understand its originality, opportunities and obstacles, and the transformations it is engendering for the sector and its constituencies. Readers with an interest in this area of research are invited to correspond with the author.

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