

THE IMPACT OF CHALLENGE PRIZE RATKAISU 100 THREE YEARS ON

Teams, idea journeys and lessons
for future organisers

Tuukka Toivonen, Emma Nordbäck and Ville Takala



RATKAISU 100 was an open challenge prize competition organised by Sitra between 2016 and 2017. The challenge was to develop solutions that allow for the more effective identification and utilisation of expertise in an increasingly international world. The winners were awarded one million euros to bring their idea to life.

Fifteen teams were selected for the competition and the winners were chosen by an independent jury that assessed the effectiveness, innovativeness and feasibility of each solution. The one-million euro prize was split between two solutions, Headai, which harnesses capabilities for identifying expertise using artificial intelligence, and Positive CV, which identifies hidden strengths in young people.

The challenge prize was organised to mark Sitra's 50th anniversary in 2007.

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Contents

Foreword	2
Summary	3
Tiivistelmä	4
Sammanfattning	5
1 Introduction	6
Ratkaisu 100 three years on: why conduct a follow-up evaluation?	6
Our approach to impact	8
What do we know about the long-term impacts of challenge prizes?	9
2 Teams and their idea journeys	10
Four contrasting cases	11
Different kinds of continuities: Moving towards impact	17
Exploring team decisions behind quitting	18
3 Learning processes catalysed by Ratkaisu 100	20
4 Obstacles to achieving change: The missing social innovation ecosystem?	23
5 Towards long-range social innovation teams	25
References	29
About the authors	30

Foreword

At the time of Sitra's Ratkaisu 100 challenge prize competition, we all talked a lot about Antti Tuisku, who everyone in Finland had heard of from the Idols singing competition. Ratkaisu 100 was not about finding a budding pop star, but the competition did challenge its teams to invent ways for how we could effectively identify and utilise people's skills. Even though ours was a large-scale competition, it had the same basic idea as many other innovation competitions, hackathons and open innovation processes: setting a challenge, inviting people to tackle it, and declaring the one who came up with the best or quickest solution the winner.

Antti Tuisku never won Idols. And yet through sheer perseverance he has become one of Finland's most popular singers. The example of Antti Tuisku is a reminder that the hoped for impacts of putting our underused abilities to use do not come about by themselves. At the time of Ratkaisu 100, we knew that the teams would continue their work, and that there is still much to do. Unfortunately, there was scant multidimensional research on what happens following such competitions.

Do we know how to properly assist developers of innovations motivated by social impact? Do we know what kinds of obstacles the teams face and what sort of support they need? How could we design challenge prize and innovation programmes in ways that they would support the impact of the problem-solvers over a longer period? These questions prompt us to consider the sorts of alliances and sponsorship we as organisers provide to those conducting societal transformation. They also let us challenge ourselves as developers of instruments of challenge-oriented innovation policy.

Social challenge prizes are basically about finding effective solutions and about how they can or cannot be realised. That is why this report describes the journeys of both the awardees and non-awardees. It should be noted that the paths towards solutions are created in the environment existing at any given time, and that the skills of the travellers develop as the journey progresses. This report, therefore, also examines how challenge prizes teach innovation teams as change agents and considers the kind of atmosphere in which social innovations develop in Finland.

The promise social innovations give is that they can, if not fully resolve, at least alleviate socially significant problems. It is easy to criticise solution-oriented activities, such as challenge prizes, for "solutionism", but it is worth remembering that sometimes they also succeed in their mission. Success stories are always a result of cooperation between various actors.

We need open innovation processes such as challenge prizes because societal problems are so complex and important that the burden cannot be borne by only a few. We also need a better understanding of the paths change agents are taking and the kind of environment that would make their journey easier.

Our thanks go to the Ratkaisu 100 teams for our common journey and to the researchers who prepared this evaluation for their valuable observations.

Riina Pulkkinen
Leading Specialist

Päivi Hirvola
Director

Summary

This report examines the impact of Sitra's challenge prize 'Ratkaisu 100' three years after it took place in 2016–2017. The report is based on qualitative in-depth interviews conducted in June 2020 with each of the 15 teams that participated in the six month incubation phase of the challenge prize.

By mobilising the concept of an 'idea journey', we examine evidence of first, the direct social impact made by the teams and their ideas, which we term 'innovation impact', and second, individual and team-level learnings resulting from the challenge prize, which we term 'capabilities impact'.

We begin by offering four contrasting (anonymised) case narratives to demonstrate the various paths that teams and their ideas have progressed through in the period after the challenge prize. We then explore the team decisions behind quitting owing to lack of funding, to lack of incentives to leave a comfortable pre-existing job, and perceptions that prevailing social structures are too resistant to change.

Overall, our results indicate that participating teams benefitted significantly from the challenge prize. Through teaching entrepreneurial attitudes, skills and courage, familiarising participants with the idea of combining social value and economic viability, and building networks and contacts the challenge prize increased the readiness of participants to transform society in fundamental ways.

We conclude by examining obstacles to achieving change, and offer six critical questions concerning how future prize organisers can move from triggering new teams in the short term, to supporting resilient social innovation teams and transformations over years, even decades.

Much work remains to be done in building robust interfaces — comprising comprehensive challenge infrastructures that link teams to specific challenges, including a range of relevant actors and funding sources — to enable transformative social innovation. We call on innovation intermediaries, such as Sitra, to play an even more active role in making stakeholders across sectors receptive and responsive to the ideas, proposals and solutions of small teams, thereby enabling them to collaboratively pursue fundamental socially beneficial changes that transcend existing sectoral conventions and logics.

Tiivistelmä

Tässä raportissa tarkastellaan Sitran vuosina 2016–2017 järjestämän Ratkaisu 100 -haastekilpailun vaikutuksia kolme vuotta kilpailun jälkeen. Raportti perustuu haastekilpailun kuuden kuukauden hautomajaksoon osallistuneiden 15 tiimin laadullisiin syvähaastatteluihin kesäkuussa 2020.

Tarkastelemme ”ideapolun” käsitteen avulla ensinnäkin näyttöä tiimien ja niiden ideoiden suorista yhteiskunnallisista vaikutuksista, joita kutsumme ”innovaatiovaikutuksiksi”. Toiseksi tarkastelemme haastekilpailussa yksilö- ja tiimitasolla opittuja asioita, joita kutsumme ”valmiuksia koskeviksi vaikutuksiksi”.

Aloitamme esittelemällä neljä erilaista, anonymisoitua case-kuvausta, jotka osoittavat tiimien ja niiden ideoiden erilaiset kehityspotut haastekilpailun jälkeen. Sen jälkeen tarkastelemme tiimien lopettamispäätösten taustalla olleita syitä. Niihin lukeutuvat esimerkiksi rahoituksen puute, kannusteiden puute irtisanoutumiseen nykyisestä työstä ja käsitykset siitä, etteivät yhteiskunnalliset rakenteet ole tarpeeksi suojeita muutoksille.

Tulokset viittaavat yleisesti ottaen siihen, että haastekilpailuun osallistuneet tiimit hyötyivät kilpailusta merkittävästi. Se paransi osallistujien valmiuksia edistää yhteiskunnallista muutosta opettamalla heille yrittäjyyteen liittyviä taitoja ja rohkeutta, perehdyttämällä heidät yhteiskunnallisen hyödyn ja taloudellisen kannattavuuden yhdistämiseen ja auttamalla heitä rakentamaan verkostoja.

Tarkastelemme raportin lopussa muutostavoitteiden saavuttamisen tiellä olleita esteitä ja esitämme kuusi keskeistä kysymystä siitä, miten tulevien haastekilpailujen järjestäjät voivat siirtyä lyhytkestoisesta, uusien tiimien käynnistämisestä kohti pitkäkestoisia tukea yhteiskunnallisia innovaatioita luoville tiimeille vuosien, jopa vuosikymmenten ajaksi.

Töitä on vielä paljon tehtävänä yhteiskunnallisia innovaatioita ja muutoksia mahdollistavien tehokkaiden rajapintojen rakentamiseksi (esimerkiksi kattavat haasteinfrastruktuurit, jotka yhdistävät tiimit erityisiin haasteisiin, mukaan lukien joukko erilaisia toimijoita ja rahoituslähteitä).

Suosittellemme, että erilaiset innovaatiotoimintaa tukevat tahot, sellaiset kuin Sitra, pyrkivät vielä aktiivisemmin lisäämään eri sidosryhmien kaukupohjaa pienten tiimien ideoille, ehdotuksille ja ratkaisuille. Vain yhteistyön kautta tiimit voivat käytännössä kokeilla ja toteuttaa yhteiskunnalle hyödyllisiä innovaatioita, ja samalla kehittää ja uudistaa nykyisiä toimintamalleja yhteiseksi hyväksi.

Sammanfattning

I denna rapport undersöks effekterna av Sitras utmaningstävling "Ratkaisu 100" tre år efter att den ägde rum 2016–17. Rapporten bygger på kvalitativa djupgående intervjuer som hölls i juni 2020 med de 15 team som deltog i den sex månader långa inkubationsfasen av utmaningstävlingen.

Genom att mobilisera konceptet "idéresa" undersöker vi bevis för inledande, direkta sociala effekter för team och deras idéer, som vi kallar "innovationseffekt", och för det andra, individuella lärdomar på teamnivå till följd av utmaningstävlingen, som vi kallar "kapacitetseffekt".

Vi börjar med att erbjuda fyra olika team-historier för att demonstrera de olika sätt som teamen och deras idéer har utvecklats under perioden efter utmaningstävlingen. Vi utforskar sedan orsaker som ligger bakom att team satt sin idé på is, vilket utgör allt från brist på finansiering, till brist på motivation och mod att lämna sitt fasta arbete, och erfarenheter om att befintliga sociala strukturer är alltför motståndskraftiga mot förändring.

På det hela taget visar våra resultat att de deltagande teamen fick betydande fördelar av utmaningstävlingen. Genom att internalisera entreprenörsattityder, färdigheter, mod, idén att kombinera socialt värde och ekonomisk livskraft, och bygga nätverk och kontakter, ökade utmaningstävlingen deltagarnas beredskap att omvandla samhället på grundläggande sätt.

Vi avslutar rapporten med att undersöka hindren för att åstadkomma förändring och erbjuder sex kritiska frågor om hur framtida tävlingsorganisatörer kan gå från att ge upphov till nya team på kort sikt, till att stödja resilienta sociala innovationsteam och omvandlingar på lång sikt.

Det återstår mycket arbete för att bygga stabila gränssnitt (omfattande infrastruktur för utmaningar som kopplar team till specifika utmaningar, inklusive en rad relevanta aktörer och finansieringskällor) för att möjliggöra omvälvande social innovation. Vi uppmanar innovationsförmedlare som Sitra att spela en ännu mer aktiv roll när det gäller att göra intressenter i olika sektorer mottagliga och lyhörda för små teams stora idéer, förslag och lösningar, vilket gör det möjligt för dem att samarbeta kring grundläggande socialt fördelaktiga förändringar som går utöver befintliga sektorsspecifika konventioner och logik.

1 Introduction

Ratkaisu 100 three years on: why conduct a follow-up evaluation?

National and global challenge prize programmes, along with various social impact hackathons, are typically greeted with great fanfare and loaded with grand expectations at the launch stage. Such high-intensity initiatives seek to focus diverse minds on our most important societal problems. But what happens after the winners have been picked, the audience has gone home and the media spotlight has shifted elsewhere? Should we simply assume that the awardees subsequently throw themselves into their work, power through any practical challenges and find a smooth path to making a positive social, economic and ecological impact in a matter of a year or two?

Of course not. To subscribe to such a simplistic view of challenge programmes would be to falsely reduce complex societal problems to straightforward planning problems. It would also be to mistake ideation for implementation and transformation. And it would cause us to miss fundamental lessons regarding the long-term efficacy of challenge prizes as an instrument of innovation policy — lessons that might help us design better prize programmes in the future.

Unfortunately, little rigorous evidence and multi-dimensional research exists on developments after prize processes have run their course and innovation teams are left to con-

tinue their journeys (more or less) on their own (see infobox at p. 9). This lack of insight into the long-term effects and dynamics of social challenge prizes constitutes a major problem within today's impatient 'hackathon culture' that is spreading rapidly in and around public policy circles. To plug this knowledge gap, new evaluation studies with inventive and appropriate methodologies are needed.

We offer one such study by revisiting the prominent Finnish challenge prize programme Ratkaisu 100 - delivered by Sitra, the Finnish Innovation Fund, in 2016-2017 - and the 15 teams that took part in it. Extending the questions and frameworks developed in our first evaluation report that charted the incubation phase of the programme (Toivonen, Nordback & Takala 2018), we seek to trigger **a richer discussion** on how challenge prizes can fulfil their potential as vehicles of challenge-oriented innovation policy (Mazzucato 2017) over the long term.

In our first report we concluded that because challenge prizes frequently focus on the first two stages of the idea journey — idea generation and elaboration as opposed to championing and implementation (Perry-Smith & Mannucci 2017) — it is hard to predict whether the ideas or solutions they generate ultimately transform society in some desired fashion. Indeed, we suggested that 'the real test comes when the solutions generated meet a society's multi-layered structures, processes, practices and wicked problems in practice' (Toivonen, Nordback & Takala 2018:53). We now have the opportunity to begin examining how the teams that participated in Ratkaisu 100 have dealt with precisely this test.

The lack of insight into the long-term effects and dynamics of social challenge prizes constitutes a major problem.

We seek to trigger a richer discussion on how challenge prizes can fulfil their potential as vehicles of challenge-oriented innovation policy.

The present report undertakes two interrelated tasks

1. It analyses how teams — both awardees and non-awardees — have tried to move from the ideation and elaboration stages of the idea journey (or from 'paper-based social innovation') to the championing, implementation and impact (or transformation) stages.
2. It generates insights on how prize programmes can better prepare teams for long-range impact in the future.

Data and guiding questions

This report is based on qualitative in-depth interviews held in June 2020 with all of the original 15 Ratkaisu 100 teams that were chosen for the incubation component of the prize programme in 2017. The prize of 1-million euros was split in half and awarded to two of the participating teams in November 2017. Of the 13 non-awardees, **five** decided to stop and move on to other pur-

suits while **eight** continued their work, with **two** subsequently reaching an impasse during our study period.

In designing our follow-up research, we were guided by the following specific questions:

1. What kinds of post-Ratkaisu 100 paths did the teams develop, and what **patterns of continuity, resilience and progress towards impact** can be observed among awardees and non-awardees?
2. How have the teams and their members benefited from **what they learnt during Ratkaisu 100**, and how have they become **empowered** to pursue social impact (whether with the same team or in another setting)?
3. What are the **predominant challenges and dilemmas** that the teams have faced on the road towards systemic change? How could future programmes better prepare teams to advance social transformations?

Our results are presented in three key sections below, starting with four case narratives and progressing to key take-aways and questions for future challenge prize organisers. We conclude by proposing a shift from short-termist 'hackathon mindsets' to a focus on supporting long-range social innovation teams.

As this report is a response to Sitra's need to understand and map the evolving social impacts of Ratkaisu 100, we clarify our approach to impact measurement before proceeding to our cases and the main take-aways.

Our approach to impact

We adopt a qualitative approach to mapping and tracing the impacts of Ratkaisu 100 in the two and a half years following the prize ceremony, held in November 2017. We focus on two main levels of impact:

1. Direct social impact of teams and their ideas (innovation impact)

What evidence is there regarding the direct impacts of Ratkaisu 100 teams between 2017 and 2020? Where substantial impacts are yet to be realised, is there evidence of teams progressing towards their socially transformative goals?

This level aligns with the core challenge of Ratkaisu 100 - devising social innovations that can catalyse 'the effective identification and utilisation of people's expertise and abilities in a context where human resources and knowledge frequently move across boundaries.'

2. Individual and team-level learnings resulting from the incubation programme (capabilities impact)

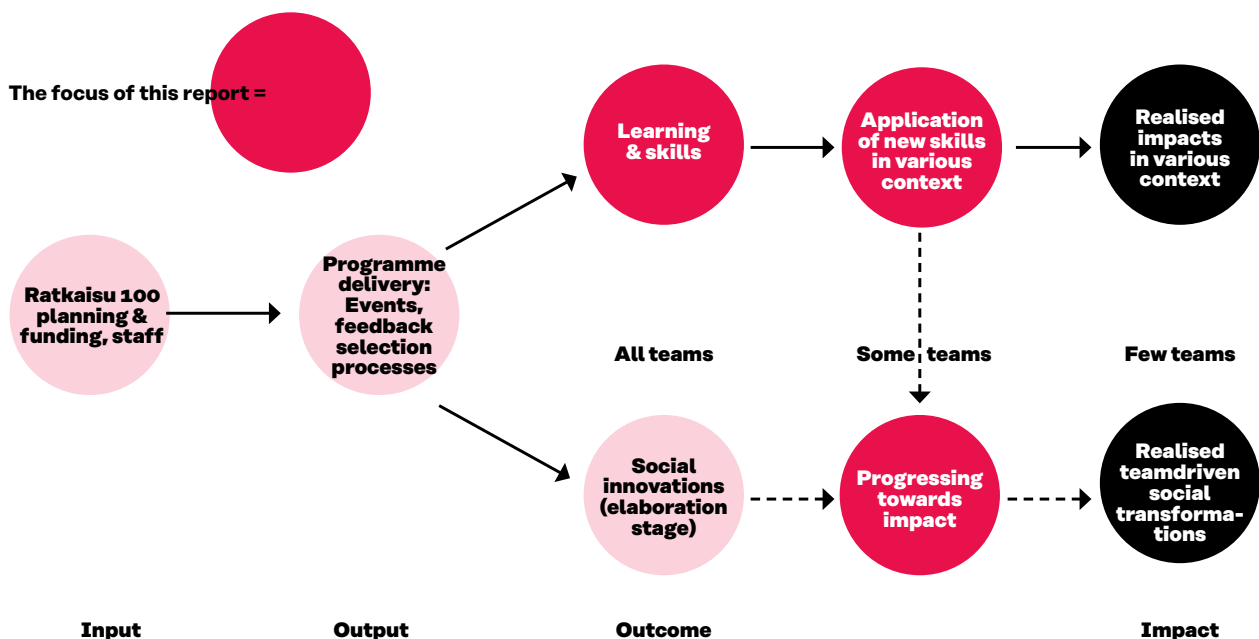
What examples of meaningful and consequential learning do we find? What does the data reveal about how Ratkaisu 100 improved the readiness and capabilities of the participating teams in terms of driving social innovation processes in various contexts?

This level aligns with Sitra's impact objectives 3 and 4 (Learning and Opportunities for Individuals to Shape Society) that Sitra designated as the primary goals of Ratkaisu 100.

The following diagram aligns these focus areas with Sitra's four-level impact framework and further clarifies what dimensions of impact this report deals with.

At the outcome level, we inquire into the skills, orientations and broader learnings gained by Ratkaisu 100 participants and how these have been beneficially applied in 2017-2020 (falling in between the outcome and impact levels). Having examined the specific social innovation ideas of Ratkaisu 100 teams in our previous report (at the

Figure 1. Ratkaisu 100 in Sitra's impact framework



‘outcome’ level), we here unpack how these ideas are progressing *towards realising impacts*. **It should be emphasised that the majority of teams we interviewed have yet to achieve substantial impacts linked to their socially transformative goals.** This is to be expected, considering that our data collection took place less than three years after the prize ceremony. Future evaluations will be in a better position to assess the degree to which Ratkaisu 100 teams have been able to realise their intended impacts and social transformations.

Our approach contrasts with conventional evaluation approaches rooted in economics (such as cost-benefit analyses) in at least two respects. First, we refrain from trying to quantify impacts and instead opt for a process-driven qualitative approach

that builds on the notion of the ‘idea journey’ to evidence the impacts of Ratkaisu 100 and the impacts of participating teams. Second, we accept the emergent, changing nature (Antadze & Westley 2012) of the teams’ ideas and impact goals, which means that progress towards impact must be assessed not only with reference to Sitra’s impact goals but ultimately at the team level as well. Due to the relatively open-ended nature of the core challenge of Ratkaisu 100, **there is no straightforward way to assess whether a given team has ‘solved’ the designated challenge.** This is another reason for why a nuanced, process-driven approach open to evolving solutions to diverse (self-defined) challenges, is an appropriate choice for our evaluative purposes.

INFOBOX

What do we know about the long-term impacts of challenge prizes?

As challenge prize programmes proliferate, some progress is being made in terms of their evaluation. First, it has been recognised that such programmes incorporate varied rationales, requiring diverse evaluative criteria (Gök 2013). These typically consider learning and ecosystem-related effects as opposed to only focusing on whether successful, proven solutions were generated (see e.g. Nesta 2020). Second, considerable attention has been paid to how prize design shapes outcomes (e.g. Lynchurst 2010). Third, the sheer difficulty of conducting reliable evaluations is being recognised, in light of the complexity and diversity of challenge prize (technical) specifications, governance approaches, themes and contexts (Murray et al. 2012).

Notwithstanding these advances, longitudinal studies that stretch several years into the futures of participating teams remain non-existent (to the best of our knowledge). As a result, the link between prize programmes and their (potential) socially transformative impacts — that invariably require years to develop and realise — remains opaque and under-explored. The time-limited nature of prize programmes and their project-based funding frameworks often mean that evaluative time horizons remain narrow and the ‘solutions’ being surveyed amount to innovations on paper only (proposals and prototypes).

We call on prize organisers to expand their evaluative imaginations and commitments so that far more evidence can be accumulated on the long-term impacts of their programmes in real-world contexts, to help us understand when social challenge prizes really do contribute to transformative change.

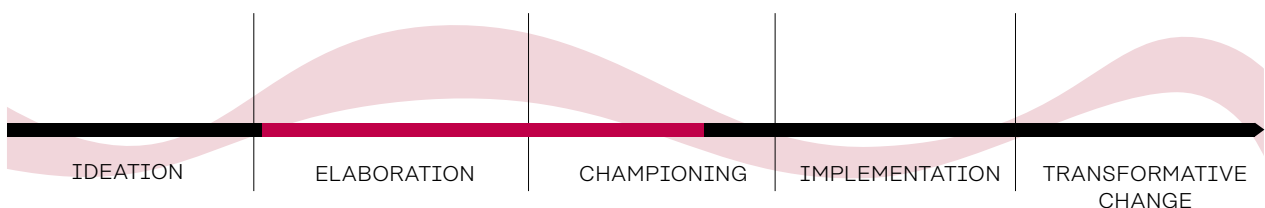
2 Teams and their idea journeys

In this section, we take a closer look at the participating teams' journeys after the competition. Our analysis is closely informed by the notion of the 'idea journey' (Perry-Smith & Mannucci 2018) — also utilised in our previous report — that help open up the developmental path of new ideas and projects into four key stages: idea generation, elaboration, championing and implementation. To this analytic framework we add a fifth stage: social transformation. Setting out to follow, trace and unpack idea journeys has substantial benefits compared to more conventional, rigid approaches to analysing social innovation. It enables us to identify the various ways in which ideas can continue to evolve within and beyond the boundaries of a given team. As a flexible conceptual and methodological framework (set out in more detail in Toivonen, Idoko & Sorensen, 2020), investigating idea journeys moreover allows the analyst to follow ideas through any number of contexts and across time.

While real-world idea journeys are messy, iterative and uncertain rather than

linear and predictable, the idea journey construct helps us zero in on how teams deal with and overcome specific challenges through the innovation process. For instance, it invites us to explore how teams engage with various experts, mentors and stakeholders and how they incorporate (or reject) the feedback these groups offer (elaboration stage); how they seek influential supporters and advocates (championing stage); how they leverage different networks to secure the resources needed (implementation stage); and at which stage some teams hit a brick wall and why. The idea journey approach also encourages us to interrogate whether the support that teams access (in this case through their Ratkaisu 100 participation and any other programmes and contexts, primarily in the Finnish setting) align with the specific hurdles that accompany each stage and transition. More broadly, applying the lens of the idea journey is useful for elucidating the efforts, advances and struggles of the teams on their path towards social impact.

Figure 2. Five phases of a typical idea journey



Four contrasting cases

The idea journeys of the 15 teams participating in Ratkaisu 100 varied dramatically, both during the competition and also subsequently when they were put to the test in the 'real world'. Below, we offer four contrasting (anonymised) case narratives, to demonstrate the various paths that teams and their ideas have evolved through between November 2017 and June 2020. We pay particular attention to the challenges, enabling factors and interactions they have encountered along the way, contributing towards an idea becoming implemented or abandoned.



Case 1: A lovable solution gaining social impact one user at a time

Circumstances at the end of the challenge prize

This team consisted of leading Finnish experts in fields relevant to the solution developed during the competition. This existing pool of expertise gave the team a deep understanding of the intended target group and its needs from the very outset of the competition. Some of the team members had collaborated with one another prior to the competition, although not with the same exact line-up. Being guided by a common mission, this team had begun to craft its solution based on a pre-existing idea that had for years been brewing in its members' minds in the context of their paid work. This original idea maintained its basic form throughout the competition. Nearly everyone encountering the solution fell in love with it during the competition and eventually the team was chosen as one of the two winners. Did this love story continue afterwards?

Idea journey after the competition

After the competition, the team set up a formal company structure. Those team members who shared the same vision continued to work together. The team also recruited additional employees, which was easier said than done. After more than two

years since the competition, the team has not been able to fill all open positions and find it "extremely difficult to attract the right people" (with the right skills and a commitment to social innovation). Soon after the competition, the team also realised that they needed to find a new direction for their idea, to be able to implement the solution in practice:

" We had a vision of our solution, the end result, but we had no idea of how to get there...and we noticed quite quickly that in order to reach the end destination, we could not just focus on our solution, we needed to build a service around it for additional target groups, who embrace what our solution is about, in order to then produce our intended solution [impacts]. So we actually needed to move backwards in order to move forward."

While the team lacked startup experience, they were able to find valuable mentoring help by leveraging personal networks. A close relative of the CEO was an experienced serial entrepreneur, who generously took a year-long sabbatical to mentor the team. He helped the team grow and specifically to learn about the world of business and organisations, which was a new world for them. In 2019, the company got its first paying customers, received angel investment and additional startup funding, took a loan,

attended an international social innovation competition, conducted international pilots and global customers, identified the essence of their product and progressed with product development. Although this may sound promising, it has been a tedious process and harder than the team "could ever have imagined".

” It's been a struggle. For me personally, having a strong mission and vision about what we want to achieve at a societal level... and then learning about how incredibly slow it is to develop products in practice, that has taken a lot of energy from me, to stand the slowness, and to internalise it. Without all incredible mentors, we would probably have used our 500,000, and be like, whoops,

what just happened... To learn about the logics behind business and how to stay alive as a company has been extremely hard.”

In terms of impact, the team is proud over having already achieved a concrete impact, albeit incrementally. They are beginning to see a change in the mindset and practices of real target groups – perhaps the idea is extremely lovable after all? Now, in 2020, the company is rolling out their first commercial product which will seek to involve thousands of users, who will give feedback, which again, will feed into a further refined product. The path towards large-scale impact has begun, one user at a time.

Case 2: A disappointed team that subsequently found new enthusiasm and energy

Circumstances at the end of the challenge prize

This team consisted of a group of experts with long experience of topics and projects related to the solution they chose to develop for Ratkaisu 100. The team's journey through the incubation stage was marked by an uneasy engagement with aspects of the support offered. In particular, the sometimes conflicting and critical feedback given by mentors made the team question their suitability for the competition. The team felt passionately about the social challenge they wanted to address, but questioned the competition's suitability as a source of support. During the competition the team had often felt demoralised by the process.

Idea journey after the competition

The team's initial major sense of disappointment with the competition and their final ranking was soon overcome by the strong sense of purpose and mission about their initiative. The disappointment with the result was felt not only by the team, but also by the wide network of stakeholders that they had established during the competition. **The stakeholders encouraged the team to continue working on the challenge irrespective of the final result.** Soon after, the

team submitted a major successful bid to the European Union. The team's ambition level grew through this process, and soon it established a partnership with a similar initiative in another European country. The new funding placed certain restrictions on membership and as a result the team's composition went through major changes, with one original member becoming a central driving force. The newly composed team is currently developing a major training programme with an international and cross-sectoral scope.

Because the team sought to develop a programme to change cultural attitudes, they were under no illusion that the task would be easy or rapid. The team often regretted how deeply entrenched certain attitudes in society still were, and how difficult change was. Regardless, the team's sense of mission and purpose, their general optimism and proactiveness kept driving them forward.



The challenge prize was in the end for us only the first step of a longer journey. And thankfully that journey still continues. The competition experience moulded us into a tight unit, and even though our team's composition has since then changed, we all still feel a strong sense of purpose and mission about our initiative. Due to the feedback we received from our stakeholders during and after the competition, there was really no choice for us but to continue developing our solution."

CASE 3: A team that adapted its course, opting for slower, incremental change

Circumstances at the end of the challenge prize

This team comprised members sharing a common mission — to improve the life of an overlooked group of people. Team members included people working on this mission on a daily basis as well as those belonging to the actual target group. Entering the competition determined to achieve meaningful change in the lives of these people, Ratkaisu 100 provided the team with a springboard to move from having a clear mission to developing a definite innovative solution. At the end of the competition, the team had already piloted their idea with actual users and customers, found that the underlying financial model worked well, that there was a clear demand for their solution, and in particular that it succeeded in improving the quality of life of the target group.

Idea journey after the competition

Following the competition, however, the team experienced several obstacles, diminishing their potential of reaching large-scale change quickly. First, they failed to secure funding through the public funding procurement process. The structures and rules in the public sector sets obstacles for implementing their solution at large, such as by restricting what the target group can and cannot do. While the team acknowledges the possibility of attracting funding from the private sector — and have in fact received several offers that they have had

to turn down — the target group for their solution is strongly attached to the public sector, making it nearly impossible to detach their solution from it. Hence, the team's large-scale mission quickly turned into a protracted battle with the public sector, in which there were incremental innovations, but in which the potential for meaningful change is scrutinised:



The public sector dictates what kind of practice we should have and what kind of auditing and paperwork should be done by us to meet their quality criteria. This largely hinders us from implementing our innovation at a large scale."

In being dependent on the public sector, the team has therefore reached a state where they just go along with the situation and adhere to the current structure, accepting that there is no way around it. While suffering temporary burnout and despondency, the team is however confident that they will reach their goals sooner or later, resilient and mission-oriented as they are:



We will never leave things unfinished, we continue to push things forward together. We are ambassadors of these people [the target group] and try to get their voices heard. We want to improve their lives and we will continue to develop these issues, we just need a thick skin, and it will take years. But we are resilient... we all have a burning desire to continue fighting for this."

Case 4: A team that found itself in no man's land after embracing social innovation

Circumstances at the end of the challenge prize

This team had been established specifically for Ratkaisu 100, with many team members meeting each other for the first time at the start of the competition. Having a strong technological focus at its core, the team was able to secure a major partnership with a public sector actor at a very early stage of the incubation process. Thereafter, the team developed its solution to closely meet the partner's needs. The emerging social innovation attracted wide interest from municipalities in Finland, suggesting its suitability for different contexts and needs. Despite criticisms from some of the more business-minded mentors during the incubation process, the team kept to its vision of seeking to develop a solution that created both business and social value.

Idea journey after the competition

Though (narrowly) failing to win funding from Ratkaisu 100, the team felt strongly motivated to continue their work subsequently. As a result, a new company was founded, with two of the original five team members continuing working full time for the company, whilst the other team members maintained smaller, part-time roles.

Soon after, the company was admitted to a number of start-up accelerator programmes, that provided facilities and general support for business development. Although this support was welcomed, it also led to

some disagreement, as the team was committed to developing a social innovation, rather than a purely profit-seeking company.

The partnership that was established with the major public sector actor during the challenge prize continued afterwards, with the team receiving another, more substantial, round of investment from the public sector actor. The new company also sought to broaden its customer base beyond the public sector, to include both public and private actors, particularly in the sphere of education. The team tried hard to attract investment from the private sector too. The team succeeded in forming a partnership with one of the largest retailers in Finland.

Despite the investments secured, funding was a constant problem. Throughout, the incoming revenue had been enough to pay for the salary of the two full time members, with very limited resources for product development, which then limited the possibility of securing further partnerships, as potential customers kept asking for a more refined product. As a last resort, the team sought the possibility of establishing mergers with larger companies, but soon realised that such paths were not without their own difficulties. Unable in the end to secure the major financial backing that further development would have required, and having exhausted other possibilities for continuing, at the beginning of 2020 the company was put on hold and the two full-time members returned to full-time employment elsewhere.

In sum, the team's decision to work closely with the public sector alienated private funders, who did not believe in the growth potential of an initiative that sought to cater specifically for the needs of the

public sector. But competing for major public sector contracts proved near impossible for the small start-up with limited funds. To

some extent, therefore, the team ended up in a no man's land by embracing the hybrid logic of social innovation.

Different kinds of continuities: Moving towards impact

The four contrasting case stories illustrate how the ideas of social challenge prize participants can take different journeys through which they survive and develop or languish and die. Ideas can be taken further either by the original team or through other channels. The first case illustrates how a winning idea has made it to the implementation phase of their journey and is on a steady path towards achieving social impact. The second case illustrates how an idea that failed to gain traction during the Ratkaisu 100 incubation phase (leaving the team demoralised momentarily) subsequently did so due to EU funding and has since progressed towards social impact. The third case illustrates how a promising idea — that was able to demonstrate its economic and social viability during Ratkaisu 100 — encountered the rigidity of public sector structures after the competition, making large scale change difficult to realise. In turn, the fourth case shows how a team did everything in their power to move towards implementation and impact yet failed to attract funding, eventually deciding to pause their activities. Even

so, the team still managed to inject new knowledge and know-how into a sector keen to learn about how artificial intelligence applications could be incorporated into public services. Other cases that we have analysed show how an idea may remain alive and spur impact through alternative channels, despite its originator team having ceased to exist.

Taken together, these stories shed light on the way idea journeys triggered by social challenge prizes can take dramatically different paths towards impact. While some teams resiliently champion their idea, other teams choose to quit, yet their focal idea may continue to develop within different teams, networks and contexts. This neatly illustrates the value of tracing idea journeys as opposed to focusing on the 'performance' or 'growth' of teams or startups. It is best to make few assumptions about how ideas might progress and instead collect empirical data and evidence that reveal their actual pathways. Of course, some ideas do die out and that is why we next turn to unpacking the decisions that lead some teams to quit.

Exploring team decisions behind quitting

What is to be learned from the non-awardee teams that did not receive a share of the prize money in November 2017? Of the non-awardees in our sample, eight continued their work (with two eventually reaching a dead-end) while five decided to stop at the outset and move on to other pursuits. Here we unpack the most common team decisions to end their idea journeys.

Lack of funding. The most common stated reason for Ratkaisu 100 teams not moving forward with their solution was lack of funding. It's as simple as that. If a team lacks sufficient funding, they cannot secure the staff and other resources needed to implement a product. Unable to show to potential investors or customers what they have developed, such teams are likely to be told to 'come back later when you have a functioning product.' Thus, a lack of funds dramatically narrows a team's options for moving forward. Some of the interviewed teams earnestly told us that they would have continued had they obtained funding. Yet, if they believed in the strength of their ideas, why did these teams not do more to find funding from alternative sources? Did they simply accept that their idea could not attract supporters or were there other factors and circumstances involved?

A comfortable personal environment.

The wider context surrounding Ratkaisu

100 participants helps explain why some teams let go of their ideas. Most were simply living the 'good life' of the welfare state – enjoying permanent employment in jobs they found interesting and that provided them with personal financial security. Many participants explicitly told us they were rather happy with where they were in life, being reluctant to 'give it all up', in an exchange for more insecurity. In addition, they did not necessarily have the 'startup mindset' needed for moving beyond their current comfort zones. Without guaranteed funding, a jump into the unknown was a change that many were not ready to make. These participants simply felt too safe and comfortable in their pre-existing lives and positions.



"I still find that our idea has high potential to generate social impact. But I could not have continued to pursue it on top of my full-time job. Like I would have needed to begin to actively search for funding, partners and such. But no one in our team was ready to make that jump, to let go of our full-time jobs. And me too, I am kind of satisfied where I am in life."



"I've realised that this is not my thing. I like the normal nine-to-five job with good employment security."

The highly positive spirit and 'can do attitude' enacted through Ratkaisu 10 failed to prepare the teams for the challenges of the world they were about to (re-)enter.

These findings on participants who felt too comfortable to take action or lacked the initiative to apply for funding indicate an absence of (high-level) commitment, dedication and ambition to address the identified social challenges, beyond the context of the

competition. We also identified a few contrasting cases of more resilient teams that continued to work on their identified challenges beyond the scope of the competition. Such teams had had a strong pre-existing sense of mission prior to joining Ratkaisu 100. This point of contrast raises an interesting question about whether purpose-driven, challenge-focused innovation requires highly committed, purpose-driven individuals who also possess prior careers in related fields. Of course, some of these resilient teams who continued to pursue impact beyond the competition also encountered challenges which led a few to cease their activities, as recounted below.

Mismatches between the ‘real world’ and the teams’ social innovations. The solutions generated during Ratkaisu 100 were developed within the framework of the competition, which could be said to have constituted a ‘bubble’ or even a temporary utopian context. Although several ideas reached the elaboration and (early) champi-

oning phase during the incubation phase of Ratkaisu 100, this took place in a setting where novel ideas were welcomed and expected, and where success could secure vital funding. But the hard truth that many encountered subsequently was that small social innovation teams struggle to attract further funding as only a few investors in Finland seem willing to invest in social innovations at the moment. Therefore, the highly positive spirit and ‘can do attitude’ enacted through Ratkaisu 100 — while amplifying the teams’ motivation and traction during the contest — failed to prepare them for the challenges of the world they were about to (re-)enter. When they did enter it and started to champion their ideas in earnest, many teams found that existing ways of doing things — including procurement processes in the public sector — were resistant to new ideas and vehicles for change. They rarely welcomed small teams striving to create big social innovations and changes.

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3 Learning processes catalysed by Ratkaisu 100

Three years on, seven of the original 15 Ratkaisu 100 have ceased to exist. This may seem a disappointment given the resources invested and the potential of the generated ideas. But if we look beneath the surface other positive impacts can be discerned. Ratkaisu 100 served as a space for meaningful learning, inducing changes in participants' ways of understanding and interacting with the world. The participants became empowered to pursue social impact, if not directly through their original solution idea, then through other efforts to produce social value. Therefore, although not all of the original ideas have advanced towards implementation, our qualitative data strongly suggests that the readiness of participants to transform society has increased in fundamental ways.

Entrepreneurial attitudes, skills and courage

Ratkaisu 100 served as a springboard for the development of entrepreneurial skills, attitudes and courage conducive to advancing social impact, enhancing the participants' readiness to act entrepreneurially. Since the end of the prize programme, many participants have sought out more meaningful and influential work through which they could contribute towards transforming society. In doing so, some have continued to play the role of ambassadors for their original ideas and target groups, while others have taken on other important challenges. In our interviews, participants explained how they had internalised a stronger can-do-attitude and sense of self-efficacy in relation to tackling grand challenges in the future. A

central feature of the competition was that it functioned as a school of action and courage, reframing social challenges as opportunities instead of threats.

“A mindset change is the biggest impact the competition had on me. I don't think, without all the mentoring, all the inspiring events during the competition, that I today would have a sense of “internationalising my business - why not?”. Of course I will utilise all the possibilities that open up. But before, I did not have this sort of a can-do-attitude.”

“The most important lesson to me was that anyone can “conquer the world” and that anything is possible if you really want to and work hard towards achieving those goals. Now I feel that I can start experimenting with anything, and see if it works out, just be brave. I also learned a concrete skill set during the competition which has come in handy in my own business, as well as in my relative's business. I would not have had the time to study and acquire these skills now, but the competition allowed me to stop for a moment and to learn something new and meaningful.”

“Internalising the idea of generating social impact and economic viability.”

Examined through the framework of institutional theory, we see that multiple logics came together and collided through Ratkaisu 100. While the main goal of Rat-

kaisu 100 was to get teams to address specific societal problems (in the context of its shared problem statement), the competition also required teams to devise business models that could make their solutions financially sustainable. In addition to the multiple logics thus embedded in the challenge prize design, the participating teams themselves came from various backgrounds. This meant they brought diverse (mutually incompatible) cognitive models to social innovation and problem analysis. In a recent paper (Takala, Nordbäck, & Toivonen, 2020) we looked at how the entanglement of such logics were experienced during the competition. We found that private-sector teams, almost without exception, were invigorated by social impact logics, while public sector teams usually found it difficult to embrace business logics. But how about two years later — are we able to trace any long-lasting changes in the logics the participants embody?

Strikingly, our most recent interviews (in June 2020) reveal that many teams have in fact internalised the rationale behind social impact and they exhibit a strong desire for continuing to engage in meaningful innovation. This shift in internalised logics plays out at different levels of concretion. For instance, one business-oriented participant told about how social impact logics changed the way he approaches business:

“Impact measurement and social impact were things that I struggled with the most during the competition. They were the weirdest things, they annoyed me and I tried to fight against these logics until the very end of the competition. But now I have forgotten what it was about them that bugged me, and instead they have stayed alive and have had a profound impact on how I approach business today. Now when I am doing sales and marketing, I always begin by drawing these social impact models on paper. It always

starts from there, what social impact we want to achieve, and the actions follow from there.”

Similarly, other participants who were deeply embedded in the world of public sector logics discovered long-lasting learnings from the other side of the institutional divide:

“I did not know that there is a business person inside me. I realised that during the competition.”

Other participants talked about how the hybrid logics of the competition continue to inspire them, but other teams have found that it is difficult to combine social and business logics in practice, making them leave the social innovation field altogether.

“Continued learning from new contacts and collaborators gained during the competition.”

Ratkaisu 100 opened up new networks and contacts with important user, stakeholder and sponsor groups for the participating teams. Two years after the competition, participants reported that their personal networks had grown as a result of the competition, and many valued the outcome of now having access a diverse network that includes professions, organisations and sectors that normally do not cross paths. But no concrete collaborations had thus far been realised among the participating teams following the competition, which leads us to conclude that the competition ran short of creating a genuine collaborative creative community — a social unit that engages in valuable conversations, shares feedback generously and solves important problems together (Hargadon and Bechky 2006).

Nevertheless, Ratkaisu 100 did have spillover effects on the participants internal networks, enabling them to pass on their lessons learned to extended networks.

Examples include helping a family member to start a business, offering mentoring to friends, acting as change agents in introducing a more experimental culture to an old bureaucratic public sector instance.

By acting as change agents around their own solution idea, some teams also managed to foster important learning and enable innovative activities that benefited society on a broader scale. One team that eventually had to put their own idea on hold shared their ideas and approaches very openly at a time when many municipal actors were looking to implement artificial intelligence in their service delivery. They talked about the trade-offs with this open approach:



"I think that with a very small investment we were able to support a large number of actors in gaining an understanding of chatbots and their possibilities. The brutal fact however is that a small early stage start-up cannot compete for public contracts with the large players."

Based on these observations, we suggest that challenge prizes should be evaluated also based on a wide range of transformative effects they can have on individuals, teams, personal networks and sectors apart from whether a particular idea they have generated is implemented or not.

4 Obstacles to achieving change: The missing social innovation ecosystem?

A major goal of Ratkaisu 100 was to bring together and mobilise a diversity of actors into solving social issues. The competition sought to spur and support new solutions that could address a societal problem in the areas of education and/or employment and in a manner that would be financially self-sustaining in the long run. Whereas some teams struggled with this emphasis on combining societal impact with business thinking, others embraced it as a new and refreshing angle for approaching product development. Motivated by a desire to advance the public good, many teams sought to partner with and offer their solutions to public sector organisations during Ratkaisu 100. Interestingly, some mentors expressed the opinion (during the incubation phase) that a strong public sector focus could undermine the financial viability of the emerging projects over the long run.

Indeed, what had seemed like an obvious choice for some teams — finding public sector partners to solve public problems — began to reveal its limitations following the end of the competition period, when the teams sought to scale their solutions through further partnerships. In the eyes of private sector investors, the public sector partnerships that some teams had developed appeared to curtail growth prospects. Or such investors viewed it as safer to invest in startups focused solely on building their customer base and growing their profits. Also, teams oriented towards collaborating with the public sector soon realised that competing for large public sector contracts, beyond short-term pilots, would be extremely tough for small teams.



"To compete for the big contracts you would need to invest like four hours a week only in having conversations with the public agencies. Otherwise you would fall out of the loop. And the initial discussion process might take a year. This creates financial pressures for small actors which they cannot handle."



"Perhaps our greatest achievement was our first business-to-government contract. It took about a year of lobbying just for our small startup to even be included in the conversations."

This particular startup simply did not have the resources, human or financial, to manage the extended process that the relevant contract negotiations, with their complex rules and regulations, would have required. This suggests that in the Finnish context the public sector's willingness and ability to enter into procurement contracts with small teams may often be limited. Procuring from large companies, or (covertly) appropriating elements of a small startup's idea for internal use, is something our interviewees pointed out as the easier paths for public sector actors:



"We found out later on that the city had started to implement in their operations the programme that we had developed during the competition [Ratkaisu 100]. But when we had asked, after the competition had ended, whether they would like

to form a partnership and begin developing it together, they said no. Of course, we were delighted that our ideas were spreading; however, this was frustrating, too."

These observations raise questions about the extent to which an institutionalised social innovation ecosystem currently exists

in Finland. Sectoral logics, values, and ways of working are deeply rooted both in the public and the private sectors; transforming such logics and resolving collaborative bottlenecks in relation to procurement practices and attitudes constitutes a challenge that may require considerable further work from systemic intermediaries (such as Sitra).

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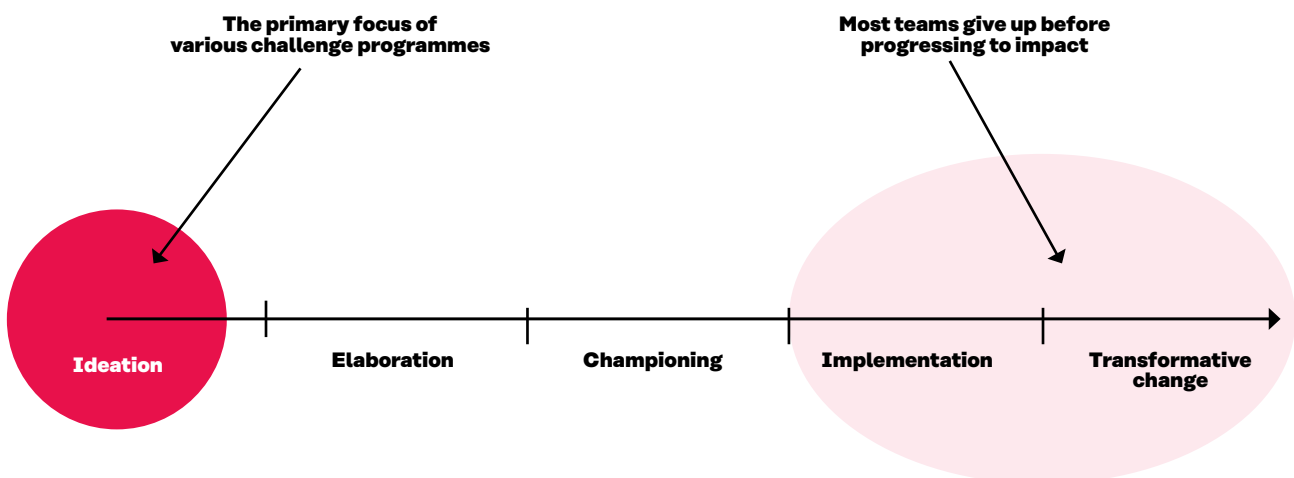
5 Towards long-range social innovation teams

If there is one key takeaway from this brief report, it is that challenge prizes will benefit from rethinking their long-term impacts, drawing on both theory and empirical evidence. One highly positive and to some extent surprising finding from our Ratkaisu 100 follow-up interviews is that as many as eight teams (out of the original 15) continued their work beyond the end-date of the competition. At the time of writing, six teams remain active, and the ideas developed by some of the teams that have shifted to other pursuits also continue to evolve in other contexts. Furthermore, the learning and capability effects surveyed above continue to exert a positive impact on Ratkaisu

100 participants. The fact that Ratkaisu 100 has generated substantial and positive long-term outcomes and impacts is not in doubt.

Still, prize organisers can go a lot further to extend this focus on long-term patterns and impacts, building on the (inevitable) realisation that social transformations require years and even decades to progress. We propose a new agenda that positions long-range social innovation teams and impacts as a pivotal concern for all involved parties. This implies moving from a preoccupation with the ideation stage to an expanded 'whole idea journey' focus, as illustrated in the figure below.

Figure 3. Extending the focus of challenge prizes on long-term patterns and impacts



This implies nothing less than a paradigm shift that begins from putting short-termist 'hackathon thinking' in its correct place and progresses towards the creation of robust interfaces (comprehensive challenge infrastructures that link teams to specific challenges, including a range of relevant actors and funding sources) that enable transformative social innovation. Such interfaces could help resolve many of the avoidable problems highlighted in this report. Innovation intermediaries such as Sitra already play an influential role in terms

of building these structures and spaces through events and exchanges for opening up both the public as well as the private sector, inviting them to embrace new thinking, including hybrid strategies and models that combine elements from both sectors. However, we believe intermediaries can go yet further to help make key players within these sectors receptive and responsive to the ideas, proposals and solutions of small teams, enabling them to collaboratively pursue fundamental socially beneficial changes that transcend existing conventions and logics.

Six questions for challenge prize organisers

We conclude this report with the following six questions pertaining to how prize organisers and intermediaries can move from triggering new teams on the short term, to supporting resilient social innovation teams and transformations over years and even decades:

1. What is your strategy for systematically selecting, cultivating and continuously supporting long-range teams?

Not all ideas triggered and incubated through prize processes can be expected to evolve and flourish, but neither should promising teams and ideas be *unnecessarily* left to languish and fail. A firm long-range vision is needed even when the challenge programmes you run may have a time-limited nature (for instance without involving funding for follow-up components).

2. What are your assumptions regarding the speed and complexity of the social transformations needed for your designated challenge(s) to be addressed?

While developing and user-testing a narrowly targeted service or product is a process that can often be accelerated, how long will it take for multi-layered social transformations to unfold to the extent that they can be substantially evidenced? Our recommendation would be to think at least five to ten years ahead. Connected to this, how are you expanding the temporal imaginations and

assumptions of your participants (Bluedorn & Standifer 2006)? How aware are they of the considerable amounts of time required for systemic interventions to bear fruit? Are teams able to switch effectively between rapid, entrepreneurial action and longer time horizons?

3. Are you assessing individual and team-level commitment when short-listing and choosing participants?

Our evidence suggests that those individuals with a high degree of commitment towards their mission (that transcends the boundaries of any given competition or grant) are likely to continue their work, whether chosen as awardees or not, and whether their team line-ups change considerably or remain the same. You will need a well-formulated strategy for assessing commitment from the very beginning of the prize process, taking into account important contextual factors. We recommend you to distinguish between individual- and team-level commitment: what may matter most for *teams* is not whether they remain unchanged but rather how they adapt and evolve through the idea journey, maintaining overall resilience even as key members join and leave.

4. Can you help participants deepen their degree of commitment while also helping them alleviate undue risks?

As seen in this report, participants' motivation to address an important challenge can be deepened in certain ways, for instance through interacting with stakeholders who can become the co-drivers of and cheerleaders for a solution. Although this remains an area in need of systemic improvements, can

you also help your participants to reduce any undue personal risks along their idea journey, including unacceptable financial risks where participants must support a family? Instead of allocating the majority of funds to one winner, might a larger overall impact be achieved by distributing funds more widely, perhaps through milestone payments made over a longer period of time? Such mechanisms could result in more support to newly established teams with a promising idea but fewer pre-existing resources, which can make long-term commitment difficult in practice.

5. Are you doing enough to open up key public and private sector actors to change?

Do you have a clear idea of how small social innovation teams can sustainably and effectively collaborate with larger partners and clients in *practice*? Our study has shown that a significant challenge to small social innovation teams is the difficulty to compete with larger companies who provide cheaper and "safer" options to select in procurement processes. Moreover, competing as a social innovation team for private investment remains a challenge, at least in Finland. What could be done to make current procurement and contracting practices more inclusive vis-a-vis small teams with big ideas? Are you catalysing experimentation, collective learning and regulatory developments in this space? Our

evidence suggests that challenge prize participants may quickly navigate back to their safety zone following the end of a programme such as Ratkaisu 100, especially if they have not secured funding by this point. This seems to be particularly true for participants who are satisfied with the security and comforts of their existing life and work arrangements (within a welfare state context). Why should they take a leap into the unknown?

6. Are you remaining open to various post-challenge prize pathways and strategies without, for instance, pushing all of your participants to adopt a standard start-up format?

When dealing with complex social problems, teams may need several years of concentrated time to work on developing their ideas and partnerships as opposed to investing time in devising business models or trying to become 'real entrepreneurs' (as was the case with some of the teams we interviewed). The widest possible range of options should be considered to enable teams to sustain their focus and build the foundations required for generating impacts. The start-up format would only be appropriate for some teams, after sufficient groundwork, and even so, they might choose to combine it with various parallel organisational formats.

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