

Social Innovations in the Context of Modernization¹

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Social Innovations in the Context of Modernization. This paper deals with the subject of social innovations and their application in social practice. It attempts to conceptualize social innovations within theories on the modernization of the society. It is based on a sociological understanding of social innovation as a source of social change and modernization as an example of social change. The importance of social innovations rises with the high dynamism of changes in late modern society, and with the growth of its structural and cultural differentiation, which diversifies, differentiates, individualizes and dynamizes man's social world. Social context has influenced a modified understanding of innovation not only as a tool and source of economic productivity and competitiveness, but also as a potential tool for achieving social goals and social cohesion in society. The social dimension puts more significance on the positions and roles of social actors as vehicles of innovation. The solution to social problems and increasing the ability of social actors to participate in the solution process has become an important condition for sustainable economic growth. The author defines criteria of social innovation and conditions for their practical application. *Sociológia* 2012, Vol. 44 (No. 3: 291-313)

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Introduction

Innovations are becoming a topical subject of research as well as social practice. Innovative ideas and approaches transforming the existing routine ways of thinking and acting have become an embodiment of expectations for social development and simultaneously a space for searching for solutions to disentangle social practice and current problems. This need is highlighted by considering the critical development of the current model of society in its economic, political, and social dimension related to the understanding of the limits of economic growth, environmental risks, the growth of social inequality, unemployment and new social risks.

This study is devoted to the topic of social innovations and problems with their practical use in society. It is based on results from part of a project focused on social dimension which was carried out by the Excellence Centre for Social Innovations of Comenius University. The project concentrates on the

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development of social innovation in global and local processes in Slovakia³. At the same time, it attempts to develop the topic of social innovations in other research projects of the department. The aim of this study is to try to conceptualize social innovations in modernization processes and in the concepts of late modern theories. We are interested in different approaches to define social innovations and in the difficulties with their institutionalisation in the changing social structures of the late modern development stage of society.

Innovation in the Context of Modernization

Social innovation contributes to social change. It is the embodiment of change, of a different approach which shifts the existing practice or alternates it. At the same time, this term often implicitly emphasizes the long-term and multiplication effects of the change it initiates. Usually, an act is considered innovative when its importance or innovative approach manifests itself in the results initiated or brought about by the act.

The term innovation is also associated with the idea that the change it causes is desired. What is expected are positive impacts, the improvement of parameters, more quality processes, and results that are more efficient. The expected positive dimension of innovation is expressed by its embedment in the broader process of (progressing) social development most often called modernization.

In a general sense, modernization is usually associated with reaching the current parameters for developed, advanced social institutions as well as with their efficient performance and overall social reproduction. At the same time, it also has positive connotations; the process is expected to be appropriate, desired, and beneficial. Nevertheless, it needs to be pointed out that sociology understands modernisation in two ways. One understanding reflects the historical social development related to the transition from the traditional to the more current modality of the society, which is called modernity⁴. The modernization of society has helped to establish the key features of our current society in its main areas – a nation state, market economy, and parliamentary democracy with citizen's individual status. Modernization was embodied in the industrialization, urbanization, and secularization processes in society as self-organising processes responding to the dynamic development of technical

³ The author of the paper is the main researcher and coordinator of social dimension in the Excellence centre project dedicated to the issue of social inclusion and gender equality.

⁴ J. Keller emphasizes the need to distinguish between the theories of modernisation and modernity. He thinks that the crucial difference lies in the apologetic orientation of modernisation theories in contrast to the critical sociological approaches of classical sociologists, who analyse the process of transition to modernity not only as a problem-free process of a society which is progressing and improving, but also as a process which causes tensions, conflicts and potential social dangers (Keller 2007; 2004).

instruments, which serve economic production and deepen labour divisions - the key forces present at the inception of modernization.

The second understanding is related to the strengthening role of the state and the development of its governing and regulative functions in all social fields, to the development of science and to a broad technical and socio-technical application of scientific knowledge in public, economic and business administration. Here, modernization assumes the dimension of a deliberate and controlled optimization of efficiency parameters and of the performance of formal social organizations in all areas of social life. This target focus of managerial functions of modern society's formal organizations led to the understanding of modernisation as something implicitly positive, as it led to the improvement, advancement, and complexity of the society especially by using the outcomes of science and technology in economic reproduction. However, the late modern development stage of the recent decades disputed the belief in a rational expert regulation of social areas, and in the optimization of social processes based on scientific knowledge and technical implementation.

It was revealed that the social implications the modernization of the society brings do not necessarily have to be only positive. On the macro-social level, it may cause impetus to development, more quality goods and services, a growth in the standard of living and a overall civilization shift in the living conditions. However, these implications are not distributed evenly in society. Changes caused by modernization may marginalize some social categories, particularly if they have no potential to adjust and adapt themselves to these changes. Difficulties with structural unemployment related to the modernization of the economy are well known, as is another phenomenon, the employment crisis in developed economies, in which the high level of modernization produces fewer and fewer job vacancies (and more qualified ones) and therefore is not able to create a sufficient amount of job vacancies for low-skilled labour, which falls into a spiral of long-term unemployment.

Jan Keller draws our attention to the necessity of separating the theoretical understanding of modernization. He suggests a division of modernization theories into two basic groups: one-dimensional and emancipatory. The one-dimensional theories do not focus on one dimension of social modernization (such as economic reductionism or technical determinism). He calls one-dimensional those theories which promote unconditionally the prevailing social trends and automatically regard them as correct (Keller 2007: 19). Thus, these are theories which implicitly understand modernization as a positive development process. On the other hand, the authors of the emancipatory theories are more likely to be critical about social development trends which proclaim modernization principles. They think that full modernization should focus more on how these principles can be overcome. This is the only way

modernity can develop its full emancipating potential. "In this sense, we speak about a reflexive modernization, that is modernisation which is...aware of the ubiquitous risk of the re-barbarization of conditions and which attempts to warn against this risk using theoretical analysis as a method." (ibid: 19)

Based on current sociological knowledge, innovation can be perceived as the source of social change and modernization as an example of (current model of) social change. However, the term modernization as a conceptual context of our thinking about social innovations will for our purposes be used as it is applied in emancipatory theories, which critically analyse the deliberate organized effort to improve living standards by looking at the social consequences of these actions no matter how well they were intentioned⁵.

The perspective on innovations has changed due to many undesired and unexpected social implications of expertly and technically focused modernization. Originally, the term innovation was associated with economy and technology. To be more precise, it focused particularly on technical applications enabling dynamic economic growth. Today, this understanding of innovation is already considered classic; it is tied to a more active use of industrial sources (mainly science and technology) in the business environment. We may call it Schumpeterian, since it was J. Schumpeter who in the 1940's was the first to emphasize the link between economic growth and scientific knowledge related to technical applications and referred to this change by the term innovation (Muller 2008: 628). Here, scientific knowledge used for technical upgrades is perceived as a promising source of competitive advantage, a crucial instrument for economic growth. The development of information technology increases the scope of available information, develops social networks, detaches the individual from the place and time of his/her everyday being, accelerates decision-making processes of institutions and an economic production.

On the other hand, the cause of dynamic changes in late modern society is found in a growing structural and cultural differentiation, which diversifies, differentiates, individualizes and dynamizes man's social world. This causes an increase in demands on the reflexivity of social actions (Giddens 1998). According to Giddens, reflexivity is the determining feature of all human actions, which lies in the fact that human action is not just a process of linking accumulated interactions and causes, but a permanent process, in which actions and their contexts are monitored (ibid: 39). The reflexivity of modern social life lies in the fact that social practices are constantly verified and reconstructed in view of new information about the practices in question, which in a sense

⁵ This refers mainly to the concepts by U. Beck (Risk Modernity) (Beck 2004) A. Giddens (Reflexive Modernity) (Giddens 1998) and Z. Bauman (Liquid Modernity) (Bauman 1995; 2002), which we consider very inspiring sources for theoretical context.

change their character. Every culture routinely changes its social practices due to new inventions. However, in modernity, conventions are radically revised and this revision is applied to all aspects of life (ibid: 40-41). In late modernity, for which a pluralisation of social forms and their normative and value settings is typical, the reflexive dimension of social action gains even greater significance. At the same time, it places higher demands on a social actor (individual or collective) to disembed and re-embed him/herself into the changing social contexts. As a result of the high dynamism of changes, social change is no longer regarded as a relatively separated development phase that links two social modalities (the old and the new arrangement), but rather as a permanent dynamism of our life⁶. If the change is permanent, then we need a strategy to adapt to this situation. In this context, social innovations can be understood as adaptation strategies to the permanency of social changes, which enable the transformation of changing partial parameters into new arrangements and modalities of actions, bringing new solutions to people's current demands and improving their living conditions⁷.

This social context has influenced a modified understanding of innovation not only as a tool and source of economic productivity and competitiveness, but also as a potential tool which can be used to reach social goals and social cohesion in society. The social dimension assumes a new extent and makes the position and role of social actors as innovation bearers more important. A solution to social problems as well as an increase in the ability of social actors to participate in this solution is becoming a vital condition for economic growth. It opens a space for social innovations regarded as innovative solutions to social problems, which are not only more efficient, but also more sustainable, and which go beyond previous solutions (Phills – Deiglmeier – Miller 2008)⁸. Here, we mean solutions which provide added value beneficial to the whole society and not just to the individuals involved.

Defining Social Innovations

Here are the usual key defining criteria for social innovations: a focus on social demands or people's problems (particularly those, which have not been satisfied or solved by existing institutional processes), innovative approaches (solutions which bring positive social change such as change in manner,

⁶ S. Eisenstadt also refers to such an understanding of modernization. He thinks that modernization leads to a type of social system development which creates constant change and is able to process change thanks to its own institutional dispositions. It produces permanent change. (Eisenstadt 1973)

⁷ This is how social innovations are defined in the CESIUK project of the Excellence Centre for Social Innovations of Comenius University in Bratislava. In this project, just as it is in this paper, social innovations were researched and elaborated.

⁸ The authors represent the Centre for Social Innovation, Stanford Graduate School of Business, Stanford University.

stances and social impacts), and a production of social added value (the synergic social effect on the quality of social relationships and the social capital of communities).

A team of authors from the Oxford University perceives social innovation mainly as new ideas and their practical use which fulfil unsatisfied social demands of people (Mulgan et al. 2007). Innovations generate processes leading to social change. The authors bring the question about the source of this dynamism to the fore. They say that we can basically talk about four sources for the dynamism of innovation. Innovators are above all individuals, individual personalities, who contribute to innovations with their creativity and ability to push a new idea through. Apart from the individual level, collective social dynamism can also serve as a source of innovation. The latter is the result of social movements and shared activities. There are some other sources such as market dynamism, new economic and business impulses, and initiatives. The last source, the authors say, is an organizational environment, where incentives to innovative changes come from formal organizations and their management (ibidem).

To define social innovations, three key criteria are considered:

1. There is usually a **new combination** or a **hybrid mixture** of existing elements. (Most of the time, social innovations do not mean the invention of new elements; the innovative aspect lies in a new link, or an innovative application of known elements in non-traditional contexts.⁹)
2. Their practical use implies **cutting across** organizations, sectors and branches. (This enables the creation of new sources of added value for new ideas and knowledge, strengthening the synergic effect and consequences of innovative applications.)
3. They produce **new social relationships and networks** of hitherto isolated individuals and groups, and bring the cumulative social dynamism of the involved actors (ibidem, p. 5)

G. Mulgan points out that social innovation could easily be defined as new ideas which are based on innovatively interlinking hitherto separated elements that had proved to be working and reaching social goals. This distinguishes innovation from improvement (which brings partial incremental change) as well as from creativity or inventiveness. Even though both creativity and inventiveness are vital, they do not incorporate practical use as a criterion for the applicability of a new idea. The term innovation is not limited to a new idea or thought, but also includes its practical application (ibidem: 8).

⁹ This can be viewed as a link to Schumpeter's understanding of entrepreneurs, which he looks upon as innovators on the basis of a new combination of economic growth factors.

Social innovation is linked with a development of activities and services motivated by social goals. In addition, it is developed and spread mainly by organizations whose dominant goals are social. This separates them from business innovations, which are generally focused on maximizing profit. Although these can provide positive social consequences, they are not defined by them.

Changing demands are the source of innovation. Stability does not require innovation. It becomes an imperative in times of worsening problems, when existing solutions no longer work and institutions react to past rather than to present problems. What accelerates innovations is the conflict between what is and what should be, between people's demands and what social institutions offer them. G. Mulgan et al. recognize the following problems both as basic realms of the current innovation deficits and as the biggest opportunities for new creative solutions:

1. prolonging life expectancy (a challenge for retirement schemes, retirement reforms, new forms of health and social care)
2. growing social diversity and differentiation (prevention of social segregation and social conflict)
3. growth of social inequalities across and within society (risks related to social distance and social exclusion)
4. increase in chronic diseases (new medical support models)
5. behavioural problems related to abundance/over-supply (obesity, diets, lack of exercise, dependencies)
6. problems with transition into adulthood (related to the maturing of young people and problems with their perspectives for life)
7. happiness in life (conflict between economic growth and decrease in social well-being, between consumerism and satisfaction) (ibidem: 9)

Innovations play two decisive social roles: they are a device for both economic and social growth. The interconnection of these two roles is a new challenge for social innovations. In current conditions, social rather than technical or institutional innovations have gained in importance.

The interconnection of economic and social growth is embedded in key sectors of future economic growth. It is needed in people-oriented services such as health care, education, and social care. These sectors will require creating a mixture of economics strongly tied with public policies and also innovative models notably different from traditional industrial economic models.

Today's social demands and problems represent new challenges, which public politics and civic activities also have to face. In the realm of public and social services, the desired change can be performed by innovating the services, however, only on condition that the "customer" participates (the client

and his/her behaviour) in the process of creating the social added value. The need to mobilize individual and group social actors is specific to present-day social innovation – mobilization forms part of social innovation (ibidem).

R. Lessem and A. Schieffer are concerned with defining social innovation and such social research strategies which would stimulate social innovations. (Lessem – Schieffer 2008).

They think that the term social innovation is, despite its present-day frequent use, mostly associated with technical and technological novelties. Introducing these into practice leads to a more efficient production of goods and services, their higher flexibility to satisfy the demands of customers and clients, as well as to the expansion of human demands, which acquire new forms (often by artificially stimulating the demands and expectations of consumers and clients of products and services present in the market). Innovativeness has become a device for the higher competitiveness of businesses. The reason is that it reflects the entrepreneurs' potentiality and capability to offer faster and lower-cost commodities, goods with new features and practical benefits, and new, appealing features for consumers.

However, there is the darker side of purely technological innovations – they deepen social inequalities (such as the distance between poor and rich, healthy and ill, protected and endangered). A purely technical and technological innovation does not consider negative social and ecological impacts. A belief in the modernization path of the West and the North creates the illusion that modernization will solve the problems of poor countries by applying the technical and technological innovations of the western world and that, as a result, these countries will not only stop lagging behind, but a whole range of problems will automatically be solved¹⁰.

The same authors think that social innovations do not require a universal modernizing process, but rather a social, historic and cultural context – how knowledge is generated, how such social innovation is produced --which is embedded in the local context and local sources (ibidem: 29).

Innovation comes from creativity stimulated by a productive interaction of differences. It arises from the interaction of different social disciplines, different cultures, and different social sectors (private, public and civic).

Differentiation is the first prerequisite for integration. Different forms of culture and civilization in a social realm are a fundamental condition for their creative interaction and for a balance in their coexistence.

A creative act can be reproductive (when it creates something that has already been designed earlier) or can result in innovation. Innovation stands for

¹⁰ Modernization attempts in less developed and transforming countries have shown that the transfer of patterns from developed countries may cause new problems and tensions, particularly when applied in a rather mechanical way without considering the economic, social, and cultural context of the society.

a leap in quality, a new variation, or a new form of integration. Social innovation as a term designates a cultural artefact or scientific discipline in which hitherto separated elements combine. A new form is also created when a certain element is used in another social context and when this helps the society as a whole to adapt to its environment better. A new product is innovative if it corresponds better with its context, and therefore works better than before.

Thus, what is crucial for innovation is the creative interaction of diverse elements. Improvement is the consequence of a new social content. The social innovator's task is to contribute to the improvement of human existence and of living conditions. The creation of such a social innovation originates in integrated social research which interconnects perspectives of individual approaches in the social sciences and their social and cultural frameworks and by using them transforms organizations and communities (ibidem).

Their approach is global, holistic and complex. They offer a world-wide multicultural model of integrated research, in which the intellectual and cultural traditions of the North, South, East and West serve as a platform for interaction, complementation and mutual enrichment while producing social innovations.

A more realistic global approach to social innovations usually interconnects the awareness of economic growth limits, ecological sustainability, and the social polarization of the society. A. Hautamaki from the Innovation Centre in Finland thinks that in this context we can talk about sustainable innovation (Hautamaki 2010).

The concept of sustainable innovation is based on crucial desired aspects of modern innovation: sustainable development, ecological thinking, participative and continuous innovation, and innovative leadership. Sustainable success can only be built on new values, new institutional structures and finally, on a change in our actions.

We can describe sustainable innovation as innovative activities based on ethically, socially, economically and ecologically sustainable principles. This approach combines opportunities related to a sustainable development of practice, new perspectives of innovative activities and leadership. The concept of sustainable innovation is based on five principles:

- **sustainable development** (innovation which promotes the sustainability of economic activities with respect to their ecological burden)
- **participative innovation** (innovation in which a wide range of actors are participate, including entrepreneurs, customers, clients, users and citizens; a focus on real people's and innovation users' demands; support and respect for the capabilities of people)

- **continuous innovation** (innovation with the ability to continuously reproduce and renew its background and a continuity of living conditions)
- **global innovation** (innovation in the context of world-wide cooperation which is capable of using knowledge generated elsewhere in the global space)
- **innovative leadership** (a leadership model able to support an innovative climate and the implementation of innovations; a new type of leadership based on vision, enthusiasm, delegation, trust, and purposefulness).

This approach reflects equilibrium between the long-term influence of innovative processes and direct outcomes and their impacts on people, society, the economy, and the environment. It incorporates not just the production of new goods and services, but also that of social innovation. Often the main goal for innovation in society is social innovations in the form of a better and more efficient delivery of people's social demands and of solutions for their problems. In order for a country to thrive and successfully develop itself, social innovations and their social benefits are often far more important than technological innovations (*ibidem*).

The shift in the social understanding of an innovative environment is tangible in the position and role of social innovations. The traditional approach emphasized innovation as a device for economic growth and economic competitiveness (in other words, a device for improving the productivity leading to economic growth). Here is a simplified illustration of this approach:

innovation > productivity > growth (IPG)

Today, this understanding is rather disputable. Both the meaning and the possibilities of economic growth (measured by growth in consumption and GDP growth) are questioned. Considering the unfavourable ecological externalities of economic development, the illusiveness of a vision of permanent economic growth (and the recent financial and economic crisis on top of that), and an increase in social problems (the unemployment rate, particularly the long-term rate, and threats of exclusion and poverty), new approaches which will fit the needs of this situation are necessary. What comes to the fore is such a form of social development that brings better opportunities for all members of the society to provide for their elementary human needs and to attain adequate living conditions, and which offers a meaningful life, good health care, and quality education. Even though economic growth supports social development, the relation between them is not so deterministic and straightforward. From the perspective of sustainable development, what becomes dominant is a type of social development which is based on human and cultural values, includes democratic participative processes, and as such sets conscious ecological limits to economic growth. Social capital as the

binding element of the social system becomes the vital component of a successful society.

Social capital as a phenomenon is becoming more and more important also for the operation of the economic system as such. Without mutual will and trust, the costs for the operation and improvement of the society are increasing. Research on social capital and its bonding and bridging forms (Lin – Ericson 2008) shows that social capital is both the input and the output of the economic system. It improves the economic system and decreases transaction costs by supporting networking and cooperation.

What is desired at the moment is such a form of economic and social development which entails the **sustainable reproduction of all resources**. A simple scheme:

(sustainable) **innovation** > sustainable **reproduction** of all resources > **well-being**
(IRW)

(Hautamaki 2010: 22)

Social Economy as an Example of Social Innovation

Hybrid business forms applying business models in order to reach social aims are considered a typical representative of social innovations. They are referred to as social economy and solidarity-based economy¹¹. The innovativeness of these initiatives lies in the use of business approaches as devices for the solution to the social problems and social demands of people. In other words, it is an interconnection of two, seemingly hardly compatible realms.

As a matter of fact, traditionally, economic and social realms are considered separately. The economy stands in the position of creator of resources, whereas the social realm is regarded as a site for the redistribution of these resources in order to solve people's unfavourable and dangerous social situations and to support endangered social categories. The economy is a productive realm, whereas social realms consume resources and depend on economic production. The logic of this relationship is industrial. Social expenditures are an inevitable outlay into human capital, which is primarily considered as a potential labour force, from which the healthy, educated, and qualified can re-enter the economic process as productive agents.

Social economy attempts to solve two key social problems – the creation of new jobs and the inclusion of marginalized categories of the population. It is

¹¹ Here are just some of the authors dealing with this issue – J. Defourny, M. Nyssens (Defourny - Nyssens 2008, Social Enterprise 2006), L. Favreau, J.-L. Laville, R. Spear (Spear – Defourny – Favreau - Laville 2002, Laville 2007), A. Nicholls (Social Entrepreneurship 2008) and G. Korimová (Korimová 2007) and G. Lubelcová (Lubelcová 2012) in Slovakia. EMES network researches the issue in Europe (<http://www.socialeconomy.eu.org/spip.php?rubrique541>).

innovative in that it seeks resources for the creation of new jobs. It focuses on people's social demands which have not been satisfied (mostly on local level) and transforms them into new jobs. The social demands of people include quality of their living conditions, environment and housing, infrastructure development, quality of life, a sufficient amount of social and public services and the satisfaction of demands in the everyday lives of families and individuals. These are then jobs which do not require heavy investments and highly qualified labour and which, as a result, enable social inclusion of the disadvantaged and marginalized in the labour market. Thus, they happen to be a potential source of inclusion in localities with limited possibilities for finding a job. In addition, they strengthen the social inclusion of inhabitants from such localities.

Focus on labour inclusion of disadvantaged people can be found in many labour market policy tools. Still, the innovativeness of social economy consists in the fact that it interconnects social aims with economic and business approaches. At the same time, social entrepreneurship is entrepreneurship in the real sense of the word: it is a production of goods and services for sale, and it is a constant and continuous economic activity based on a well thought-out business plan, a market and customer needs analysis, the ability to manage and maintain an enterprise, and appropriate marketing and sales. Social business is a type of business pursuing the financial independence of its economic activities by employing entrepreneurial spirit and competitiveness. Competitiveness is based on using unique local peculiarities for business, on covering demands which have been absent on the market or have not been profitable for traditional business forms, on the ability to produce series on a small scale tailored to customer's requirements, and last but not least, on the specific social ethos that the product acquires by having included disadvantaged groups. Thus, the product must bring special benefits thanks to which it is able to perform well on the market while respecting marketing principles. It is this ability to uncover its business dimension that is the source of innovation in what has traditionally been viewed as a non-profit activity and that provides social aims with a new impulse of economic sustainability.

So, social economy represents a new, developing, hybrid form of economy that interconnects market and public economy sectors, which have traditionally been separated. This form assumes an independent economic status and a business dimension from the market economy, and a focus on public interest (which stands for the social aim of business) and financial support from public sources from the public economy (using several financial sources for their economic activities).

In addition, inter-sectorial cooperation also concerns the interconnection of market and state sectors with civic society. The initiatives of social economy

are significantly interconnected with third sector organizations (particularly in Europe), which focus on supporting civil society and offering welfare and social services. These organizations contribute to the concept of social entrepreneurship by establishing new types of organizations, by a specific type of leadership, social mission values, and volunteer work. In some European countries, the growth of the cooperative movement brought about new initiatives too. Cooperatives as shareholding, mutually beneficial organizations, brought employment in a wide range of services, from business to social and cultural services.

The ethos of the third sector has greatly influenced the understanding of social aims in these hybrid forms. Social business¹² not only serves a specific group of citizens, but its main interest is to develop and promote a sense of social responsibility on the local level. Its social mission is related to supporting and helping the community to be able to articulate its demands, mobilize local resources, and encourage those involved. Therefore, a precondition for a fully-fledged social business is the formation of local partnerships, social networks among institutional and informal bearers of activities and sources. The activity of social business often arises from civil initiatives. Social businesses usually result from a collective dynamism of participating citizens or members of a group, who share a common goal or a community demand. This collective dimension can be variously implemented. What is important is individual or group leadership, which, however, cannot be misused for a limited group interest, but must engage individuals or groups in wider community. Social aims are connected with the participative management of social businesses. All stakeholders participate in the decision-making process including users or customers of produced goods and services. In many cases, the main goal of social business is to develop democracy on a local level using economic activity.

Social entrepreneurship focuses on a new dimension of added value to a business, namely the social value. Nevertheless, it is not easy to specify this value without any ambiguities. New methods are developing to identify social benefit and social return on investment (Goldsmith 2010; Brooks 2009; Wolk – Kreitz 2008; Young 2008). These methods use evaluation approaches, new methodology approaches (balanced scorecards, social audits, benchmarking,

¹² The Slovak milieu is also acquainted with the term social business as an independent organizational unit of social economy. It entered the Slovak legal framework in 2008 as an employment policy tool. It was designed as a device for labour integration of disadvantaged job applicants serving as an intermediate labour market (it presupposes temporary supported jobs in order to increase the employability of the disadvantaged, which then find employment in the open labour market). However, we think that this narrows the social roles of the institute mainly in comparison to experience from abroad. In addition, it has fallen into disrepute among the public due to the project of pilot social businesses, which were proved to have been excessively supported from public resources. Because of this experience, the term social business has been discredited on a political level, which may have the rather long-term effect of viewing the issue of social business in the Slovak environment from a sceptical perspective. For further information, see Lubelcová 2012.

cost-benefit analyses, customer- and client-oriented public sector analyses etc.) as well as other methodologies, which include a wider range of indicators related to quality of life, human development, and ecological context in business.

Focus on innovation as the key defining criterion for social entrepreneurship has also shaped the approach and conception of a centre for social entrepreneurship, the Saïd Business School at the University of Oxford. According to A. Nicholls, a representative of this school on social entrepreneurship, defining social entrepreneurship is problematic and unclear mainly because of the dynamic flexibility of its forms, which is peculiar to these initiatives. They concern a wide range of organizational forms from charity, non-profit organizations and third sector organizations to trading companies, while maximizing the added social value. The author also says that it is not the form which is crucial. He prefers the term social entrepreneurship to social business. He defines social entrepreneurship using two constitutive elements: firstly, strategic focus on the social contribution of entrepreneurship and secondly, an innovative approach to reaching its mission. It is the combination of social mission and entrepreneurial creativity which distinguishes social entrepreneurship from other forms of private, public, and civic sectors. Social entrepreneurs are mainly agents of social change; they transcend the routine institutionalized and organizational forms and sectors. He considers three criteria for defining social entrepreneurship: sociality (social mission), market orientation and innovation (Nicholls, in: *Social Entrepreneurship* 2008).

Therefore, social economy refers to the key defining criteria for social innovation – innovativeness and a social dimension. Innovativeness is embodied in a new combination, in the interconnection of existing elements, the innovative use of known elements in unusual contexts (business models in social contexts, the transcendence of market segments, state, and civil society, hybrid connection of hitherto separated realms, structures, and forms). Social dimension assumes several aspects. The first aspect concerns a focus on unsatisfied demands of people. Entrepreneurial activities concentrate on improving infrastructure in the locality, the lack of public and social services, and the use of local sources and their involvement in processes of economic and social development, particularly in less developed regions). Entrepreneurial activities help turn unsatisfied demands into jobs mainly for a handicapped regional labour force (through support of social inclusion and solutions to social problems). The third aspect of innovation refers to the fact that it is based on cooperation between social actors (social partnerships, social networks, social capital). The fourth aspect reflects the social character of generated benefits. (Not only do the social actors involved profit from the

outcomes of innovation, but the whole community does; there is the added social value of innovation, which is, as a rule, locally oriented and has a synergic effect on local social development.) These initiatives have the potential to multiply social effects thanks to their embeddedness in the social demands of communities, dynamic adaptation to their changes, broad social partnerships, and the networking of those involved.

Social economy initiatives used as examples for social innovation not only have the potential to contribute to solutions to today's social problems in an alternative way, but they also reflect processes which late modern society is undergoing and which have been conceptualized in its theories.

M. Aiken comments that theories on reflexive modernization (U. Beck, A. Giddens) help elucidate this phenomenon in a wider context of the characteristics of current society and its changes. He has formulated several points of contact that are inspiring if we want to understand the social context in social economy (Aiken 2012).

First of all, he draws attention to how Beck portrays the permanent need for making decisions that social actors are exposed to in the conditions of "autonomised dynamism of modernization" (Beck, in: Beck – Giddens – Lash 1994). This means that our choices for action are subject to a changing context. As a result, tried, externally determined activities must be changed and alternated according to changing conditions. This makes the role of an actor, who is "free from the agency of structure", more important. In a late modern society, the process of individualization is deepening. It is, however, not understood as an individual's fragmentation, isolation, or loneliness, but as a social form, in which decisions are to be made. It is the disembedding and re-embedding (Giddens, in: Beck – Giddens – Lash 1994) of ways of life, in which social actors must produce, direct and link their own biography. Thus, individualization does not mean a freedom of choice, but a necessity to choose coerced by the dynamism of changes in living conditions.

However, this type of individualization does not stay closed in personal decisions, but transcends the social realm – classic social roles and social institutes as set methods of activities cease to work in these changing conditions and the social aspect is created through individualized interactions of individuals. This individualization process offers a new dimension to activism, which transcends all realms of life in the society and shapes the society bottom-up from actors' initiatives localized at various social levels. Thus, concepts of reflexive modernization offer an interpretative framework for social innovations: by emphasizing the process of individualized decision-making in a dynamically changing context, by strengthening the role of social actors (no longer as a desired form of civic engagement, but rather as a consequence of individualization as a social form of life), and by shifting their

meaning to new forms of governance and decision making (both localization and globalization). This forms the base for a new form of participative democracy, which also assumes an economic dimension¹³. At the same time, the local embedment of these initiatives is referred to as an expression of sub-politics (U. Beck), which points to the failure of large representations on the one hand and on the other to bottom-up initiatives, which supplant official political structures as promoters of public interest.

These inspirations not only help us conceptualize social innovations (using social economy as an example). Understanding the wider social context for embedding social innovation can greatly influence its use and policies which help support innovations.

Use of Social Innovations

We have already mentioned that a defining criterion for social innovations is not only the novelty of the idea, but also its practical use. However, the application of new approaches to solutions for social problems is as such a particularly demanding process, which is exposed to a wider range of barriers than technical or technological innovations. The latter require coping with new approaches and technical tools, whereas social innovations often involve changes in values, attitudes, and opinions while not forgetting the tried ways of social action. This raises demands on their application. In addition, current social innovations are associated with the development of social partnership, the creative inter-sectorial interconnection of such institutions as markets, state and civil society, placing special demands on the abilities of stakeholders to build and develop social capital.

Social actors, as potential bearers, who are able to generate new ways to solve social problems play the key role here. We can talk about individual, group, and institutional dynamism of social innovations. Encouraging creativity and giving new approaches to solutions to social problems a full play are both important preconditions for individual and group dynamism. Experience from abroad shows that this is significantly accelerated by creating social partnerships, which serve as a platform for exchanging experience, for uniting shared interests and for joint initiatives. On the institutional level, a concept of learning organizations has proved successful. These organizations increase their capacity to continuously adapt to challenges from their surroundings as well as to transfer all good experience and good practice within these organizations.

¹³ An exceptional example of a complex social innovation behind social economy is an experience from Quebec, Canada, where the political support for social economy led to the formation of a multi- and cross-sectorial partnership, new processes in decision making (model of deliberative democracy) and flexible forms of governance (Mendell 2009). The introduction of social economy led to a significant institutional change in the governing and decision making processes.

For social innovations to be applied, it is important not only to create a supporting, pro-innovative environment stimulating social actors to generate innovative ideas and approaches to solutions to social problems. Strictly speaking, social innovation is social change. Therefore, the wider context of the process of applying innovations is related to understanding social change and its management¹⁴. Brilliant ideas play an innovative role only under special circumstances – when people admit or support change.

G. Mulgan points out that when introducing innovation, the following potential barriers must be taken into account:

- efficiency and performance
- people's interest
- minds
- relationships

(Mulgan et al. 2007: 18)

The decrease in efficiency and performance means that innovation (as a change) can worsen overall performance in the short-run. This restriction mainly refers to introducing innovation in organizations. The change in elements of the system may lead to a temporary decline in the running of the whole. Difficulties in the transition period are related to the extent of change, and do not necessarily have to bring positive consequences. C. M Christensen (Christensen 2000) calls this potentially negative consequence the innovator's dilemma. Firms or public organizations with established ways to produce output from their self-reproductive activities can improve their performance by partial changes, which the people and structure are able to absorb. However, substantial innovative changes require a longer adaptation process and are often, at their introduction, accompanied by a decrease in performance discouraging their implementation. In change management conceptions, we refer to this as a change beginning risk curve.

At the introduction of changes, risk related to people's interest refers to the fact that people prefer stability, particularly if they think everything is working well. A change means a risk, a sort of uncertainty. Besides, any change requires energy and investments, and changing tried ways of acting and institutional mechanisms. It may also change the positions of the actors involved and threaten their interests.

Barriers in minds are formed by assumptions, expectations, values, and norms produced by set ways of doing things. This provides people with a feeling of stability resulting from the fact that their social environment is

¹⁴ For further inspiring reading on change management, see Kotter 2000; Hiatt – Creasey 2003.

understandable, predictable, and transparent. Organization is expressed by its identity and culture. Organisations are locked into routines and habits that are as much psychological as practical and which are embedded in organizational memories.

Introducing innovations can meet with the social barrier of an already formed network of social relationships. Social capital, relationships based on mutual support, trust, and commitment, may cause resistance to change and to innovative practices.

These barriers may simultaneously support and stimulate changes. The need for change may be generated if we become aware of the low efficiency or performance of tried ways of solving social problems. Growth in the interest particularly of the marginalized and those who could not participate in the solutions, decreases trust in tried forms of solutions and can initiate the search for alternatives. Critical approaches are becoming more frequent and more visible. They help break free from the past, from tried and routine ways. Gradually, new perspectives initiate a change of mental models. Movers and activists of new approaches form new relationships, new platforms for cooperation and mutual commitment. Social change becomes possible (Mulgan et al. 2007: 19).

Practical use of social innovations should take these potential barriers and commitment to social change into account. In addition, principles of change management should be respected, particularly if the application is managed. Here, a key role is played by actors (people and organizations) who bring isolated people, ideas and sources together.

Finnish authors, who focus on preconditions for sustainable innovations, champion another approach. What they find crucial is the supporting social environment (articulating policies for innovation support on a macro level) and the institutional “mindset”.

T. J. Hamalainen and R. Heiskala, other authors from the Finnish innovation centre, perceive social innovations as changes in the institutional structure of reproductive activities in the society (Hamalainen – Heiskala 2007). They define social innovations, in line with a sociological understanding of institutions as using tried ways of doing social actions, as changes in the cultural, normative, and regulative structures in the society which strengthen collective sources of power and improve their economic and social performance. They explain today's important role of institutions (they think it is now a period of a third industrial revolution) by the need for cumulative incremental innovation.

Hautamaki summarizes the need for and focus on sustainable innovation policy in the following scheme:

The differences between traditional and sustainable innovation policies

Traditional innovation policy	New sustainable innovation policy
Economic growth as the basic goal	Well-being and sustainable development as the basic values, where economic growth has only an instrumental value
Basic concept: national innovation system (NIS)	Basic concept: innovation ecosystem
Direction and control from above (top down)	Enabling spontaneous processes and experiments, and competition (bottom up)
Creative accumulation, incremental innovation	Creative destruction, radical innovation
Isolated public institutions	Systematic development and social innovations
Supply-driven	Demand-driven, with the customer as the centre
Paradigm of closed innovation	Decentralized innovation
Corporate model of business: Principal-agent approach	Network model of business: Partnership approach
Technology emphasized	Knowledge and competencies emphasized
Product centrality	Service centrality
National level dominates	Regional level gets autonomy
National field of action	Global field of action
Culture in the margin of innovation policy, superficial industrial design	Culture as an essential and dynamic part of the innovation environment, creative industry, and design thinking

Hautamaki 2010: 138

Current society, for which high dynamism is typical, causes permanent change. For this, a permanent ability to adapt to this changeability is required. Reflexive social structures with the capability of collective learning are bearers of these “creative routine activities”. Learning organizations¹⁵ are dynamic structures open to the inside and outside. These qualities make adaptation to constant change surrounding us possible. Reflexive social structures are capable of continuously revitalizing themselves through social innovations. Revitalization takes the form of cumulative incremental innovation. The most successful social innovations result in an important increase in collective power sources in the society – they are beneficial to all actors.

We may conclude that it is not only the creative social actors, bearers of new ideas, which are important for social innovations, but that the stability and sustainability of a pro-innovative environment is mainly dependant on the mindset of the institutional structures where innovations are generated and applied. We find the emphasis on the institutional analysis of social innovation enforcement very conductive. The need to change institutional mindsets refers to the organizational environment in which elementary social reproductive activities take place. This issue is grounded in the concepts of M. Weber, who

¹⁵ For the definition of learning organizations, see Senge, 1995.

revealed how formal organizations are inclined to fall into an “iron cage” of conformity, institutional isomorphism being a natural disposition how organizations develop in the process of their institutionalization. In other words, a question must be answered. How are innovative activities to be saved from the natural process of institutionalization and rigid organizational forms, in which these are performed (DiMaggio – Powell 1983)¹⁶? An important precondition for innovations is institutional change, which opens the space for growth and for strengthening reflexive and adaptive (learning) social structures¹⁷. Continuous incremental innovation should become inherent to social institutions and organizations. Societies with such institutional structures can avoid the deep crises often brought about by large structural changes.

Conclusion

The increased dynamism of social processes places demands on innovatory approaches and solutions to today's social problems, which transcend tried ways of thinking and actions. Social innovations as an issue are becoming the centre of attention.

Social innovations can be understood as adaptation strategies to permanent social changes, which enable transformation of changing partial parameters into new arrangements and modalities of actions bringing new solutions to people's current demands and thus improving their living conditions. Innovation is performed in the context of society's modernizing processes. Our understanding of modernisation is based on emancipation theories on modernization, which submit the intentional institutional effort to improve living conditions of people to critical analysis by looking at them from the perspective of their social impacts. Theories of reflexive modernization provide a specific explanatory framework in order to understand processes of social change and social innovations. Based on these theories, the reflexivity of modern social life resides in the fact that social practices are incessantly verified through new information about the practices themselves, which then, in fact, alters their character (Giddens 1998) and forms a new basis for dynamic and adaptable reproduction.

¹⁶ Nicholls brings attention to this problem related to social economy and introduces the issue of relationship (tension) between a form (structure) and an activity (process) of entrepreneurship. He is interested in answering the question of relationship between the stability of organizational form (social business) and flexibility transcending the forms of entrepreneurial activities. Flexibility, originality, and diversity represent the key tools of social entrepreneurship as a source of new and innovative solutions to persisting social problems. The question arises how to keep the innovative aspect of social entrepreneurship and protect it from processes of institutional isomorphism, the homogeneity of organizational forms and practices, which traditional business organizations as well as non-profit organizations have suffered from. (Nicholls, in: *Social Entrepreneurship 2008*: 109-112)

¹⁷ We can find inspiration from A. Giddens and his theory of structuration (Giddens 1984). According to this theory, a social actor (re)produces conditions which determine his behaviour in an active and reflexive manner. Social structure (norms and rules) influences the actor's action, but does not exist beyond him. It is constantly created through reflexive feedback.

The first part of the paper explored definitions of social innovations largely based on the works by Centres for Innovation at Stanford and Oxford Universities, the Finnish Centre for Innovation and on experience from research on social innovations. These approaches are united by their focus on the dominant role of social innovations today. They represent a shift from the focus on technical and technological innovations principally as tools for economic growth peculiar to the industrial stage of modern society. Social innovations focus on innovative solutions to people's social problems. They emphasize the active participation of social actors, development of social capital and networking, mobilization of local resources and how organizational, sectorial and professional borders transcend the traditional use of approaches and applications. We can perceive these characteristics as the defining criteria of social innovation. Finnish authors have come up with a concept of sustainable innovation based on principles of sustainable development, ecological thinking, participative and continuous innovation, and innovative leadership. In comparison to the Anglo-Saxon tradition, which emphasizes creativity of social actors (individuals or groups) in the process of creating and introducing social innovations, the Finnish lay stress on supportive macro-social environment and institutional structures as important preconditions for the application of social innovations. They believe that the precondition for innovation is a change in institution, which opens space for growth and the strengthening of reflexive and adaptive (learning) social organizations. On the other hand, Anglo-Saxon authors reflect on conditions for the application of social innovations. Usually, innovation as a change of routine practices requires a change in the views, stances, and behaviour of the actors involved, which are a possible barrier for its implementation. Hence, the application of change management principles is essential for the introduction of innovations and their practical use, and is inspiring in Slovak conditions too.

We have illustrated the key defining criteria of social innovation by the example of social economy initiative. We are persuaded that this case can exemplify life politics, in other words, policy for self-actualization introduced by A. Giddens. He believes that emancipatory politics was the meaning of the first stage of modernity. He characterizes emancipatory politics as involvement focused on emancipation from inequalities. Relevant for the second stage of modernity (late modern society) is life politics – this refers to involvement, which tries to promote options for a fulfilling and satisfied life for all people (Giddens 1998: 139). He adds that a substantial precondition for the development of forms of individual self-actualization, including those minimizing serious social risks, is a diverse global interconnection. Therefore, what we should be interested in at the moment, is the coordination of individual profit and the arrangement of our world. This challenge can close our thinking

about social innovations as a stimulus for understanding current bottom-up approaches and as a political shaping of positive top-down social development.

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