

## Social Innovations Implemented in Social Enterprises

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**Abstract:** The aim of this thesis is to point out the basic concepts of social entrepreneurship and social innovation. The question is if social enterprises are carriers of social innovation and if they represent better solutions over the available alternatives and through what form these solutions are achieved. The main reason for solving problems through the application of social innovation is the unmet needs of the population. Innovative approaches to addressing these unfavorable social phenomena are one way of addressing the problems that arise. Social innovation try to achieve a social impact and sustainable changes in society, which should have a measurable impact on public savings.

**Key words:** social innovation; social entrepreneurship; Europe 2020; social policy

**JEL code:** L

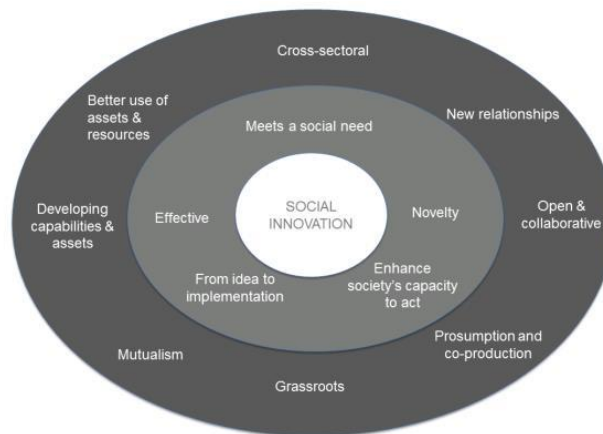
Social enterprises are nowadays considered as one of the typical representatives of social innovation. They strive to achieve social goals through their business.

They focus on people's unsatisfied social needs (especially at the local level), which they transform into employment opportunities. The social needs of people relate to the quality of their living conditions, the quality of living environment, the development of infrastructure, the quality of life, the abundance of social and public services, meeting the needs of the daily lives of families and individuals. There are job opportunities that does not require demanding investment resources and a highly skilled workforce, that allow integrate disadvantaged and marginalized people in labor market. They are thus a potential source of occupational inclusion in localities with employment opportu limited nities and strengthen the social inclusion of these sites and their inhabitants. Our research shows that the marginalized groups of the population are mainly people with disabilities and ethnic minorities. Jobs are created for people they do not require a highly qualified workforce, they are suitable for disadvantaged types of people. The essential question raised in achieving of the goal of the submitted thesis was to determine if social enterprises employ disadvantaged people because of the financial support they receive for their employment or it is the innovativeness of their actions and the resources for this activity seek the needs of the population, that are not satisfied.

The innovativeness of social entrepreneurship lies in linking social goals with economic, entrepreneurial approaches, which include five main elements: the element of novelty, the transition from idea to realization, social need, the element of efficiency, and the encouragement of society to act. These five basic elements illustrated following picture.

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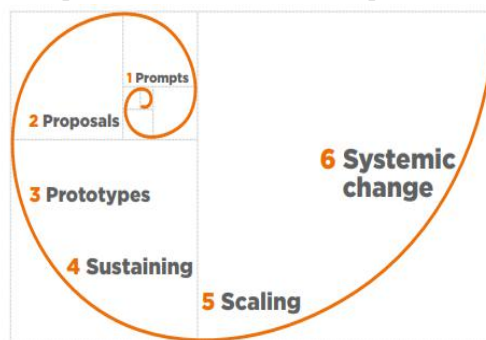


Source: Jouen M. (2008)

The ability to expose the entrepreneurial dimension in traditionally non-profit areas of activity is a source of innovation and provides a new impetus to economic sustainability for social objectives. It is precisely the creation of social benefits and an innovative approach that represents the main difference between social entrepreneurship and other forms of business from the public and private sectors.

They then create jobs at local and regional level in locations and regions with limited job opportunities. Social enterprises, as entrepreneurs, support the regional labor market in which they operate, as well as the products made there.

The aim of introducing social innovations into social enterprises is primarily to gain financial independence by introducing innovations into their business activities. However, this requires knowledge of the various phases of putting innovation into practice. This process is illustrated in the picture below.



Source: Murray Robin J., Caulier G., Mulgan G. (2010)

The main reason given by the companies in the questionnaire is mainly to maintain their own competitiveness. Social enterprises want to keep pace with their competitors while maintaining the interest of their customers, which is not possible without innovation.

Competitiveness is based primarily on the use of unique local specifics, by meeting the unmet needs of the population, creating products and services that are tailored to customer requirements, and creating the value of a product and service through the involvement of people in its process.

On the basis of the data obtained, social innovation has been found to have a major impact on the proper functioning of the social enterprise. Most companies even consider them a necessary condition for the development of the company. The primary benefits of social enterprises are to increase competitiveness, reduce

costs, develop new products and increase company turnover. Social enterprises are not always involved in innovation on their own initiative. Often they need some kind of impulse, a motivation to show them the right direction.

Social enterprises are inspired mainly by customers who, with their unmet needs, create market space for manufacturers and distributors to create new or improve existing products and services.

Social enterprises consider market resources as the main initiator of their innovation, the companies they work with and competitors as the main initiator of their innovations. Only a small percentage of companies initiate their own ideas, foreign literature, foreign companies or their own needs. Social entrepreneurship is also promoted by the public sector, whether by direct financial means or indirectly through certain benefits. It is the public sector that sets the conditions for the actual running of a social enterprise. However, in spite of the possibilities that the public sector provides or can provide to social enterprises, the results of the questionnaire showed that only about half of them have developed cooperation with the public sector, at least to a minimum. Only 35% of the companies surveyed cooperate at a high level with the public sector. Despite the fact that social entrepreneurship and social innovation have only come to public awareness in recent years, some of the social enterprises surveyed have existed for a long time, as evidenced by the fact that they have their place on the market in terms of their focus and perspective.

Most representatives of functioning social enterprises in Slovakia claim that the social enterprise in which they work is a bearer of social innovation. Research has confirmed that social enterprises are carriers of social innovation. Research also confirmed that social entrepreneurship is not only a current trend, but it has a long-term history of some social enterprises in the labor market.

Social innovation is seen as a means of keeping them on the market. One of the key prerequisites for the start-up of innovations in a social enterprise is the above-standard strong motivation of the key actors who were behind the birth of the business initiative. These people are characterized by their idealism to altruism in the sense of selfless service to others.

To start up social entrepreneurship it is also necessary some social capital in terms of social links, network of contacts and relatively good power status in the area in which the actors operate. Almost all the social enterprises we visited have been set in motion, with a certain “know-how” and with the social links and contacts that the actors have already accumulated in their previous social and work trajectory. A significant feature of social entrepreneurship, which we have identified, is also dependence on the external economic environment. The introduction of innovations into individual activities ultimately constitutes demonstrable better solutions, as confirmed by companies that have actually introduced these innovative elements in their business activities. Social enterprises identified as better solutions that the innovative steps they have taken in their activities have helped them to increase competitiveness, reduce costs and create new products and services.

The questionnaire survey revealed that social enterprises seek to solve primarily two key problems of the current market, namely job creation and the inclusion of disadvantaged categories, through social innovation. In addition to the results, the following recommendations have emerged and should be implemented in practice. These are: developing employment, developing the service sector, developing social services, strengthening social inclusion and a new social assistance strategy for disadvantaged people, developing the social potential of locations, accelerating the acquisition of decentralized competences of authorities at regional and local self-government levels.

## Conclusion

Through social enterprises, disadvantaged people get a new chance to integrate into society, while long-term unemployed get lost work habits. We can also find added value in this type of business in that social enterprises use most of the profits they generate to develop their business and educate their own employees. The main goals of social entrepreneurship are based on the concept of triple benefit — economic, social and environmental. The questionnaire survey verified the claim that the introduction of innovations into individual activities represents demonstrably better solutions, which was confirmed by companies that actually introduced these innovative elements in their business activities.

Against this background, social innovation should continue to be supported, whether in the form of national program calls, social innovation competitions, various endowment funds, contributions from non-profit organizations, or at least building a suitable environment for the creation and implementation of such innovations.

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