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ENGAGING STAKEHOLDERS AS A CONDITION OF CREATING SOCIAL INNOVATIONS

ANGAŻOWANIE INTERESARIUSZY WARUNKIEM TWORZENIA INNOWACJI SPOŁECZNYCH

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Summary: Nowadays the world is characterized on the one hand by the rapid pace of changes, their unpredictability, restricted resources, multi-dimensional social challenges, and on the other, widely accessible modern technology which has led to the "birth" of social innovations. Social innovation, like every other innovation, is something new, an improved solution. In the case of social innovations their essence is, however, a social element and it is this social element which is also the aim of innovation, and not only its consequence. Social innovations are therefore social, both as regards the aim, nature, scope, process and its effects. This article presents theoretical and empirical considerations on the essence of social innovations and also the role of dialogue with stakeholders in the process of their creation. It is based on a critical analysis of literature on the subject, desk and web research, and also research conducted in selected enterprises.

Keywords: social innovations, social needs, social relations, stakeholders' engagement.

Streszczenie: Gwałtowne tempo, w jakim zmienia się współczesny świat, nieprzewidywalność zmian, ograniczoność zasobów, wielowymiarowość wyzwań społecznych z jednej strony, a z drugiej – powszechna dostępność nowoczesnych technologii, doprowadziły do narodzin innowacji społecznych. Są one, jak każda innowacja, jakimś nowym, lepszym rozwiązaniem, ich istotą jest jednak element społeczny – to on jest celem innowacji, a nie tylko jej konsekwencją. Innowacje społeczne są zatem społeczne zarówno w sensie celu, charakteru, zakresu, procesu, jak i efektów. Artykuł ma charakter teoretycznych i empirycznych rozważań nad istotą innowacji społecznych, a także nad rolą dialogu z interesariuszami w procesie ich tworzenia. Powstał w oparciu o krytyczną analizę literatury przedmiotu, *desk* i *web research*, a także w oparciu o badania przeprowadzone wśród wybranych przedsiębiorstw.

Słowa kluczowe: innowacje społeczne, potrzeby społeczne, relacje społeczne, angażowanie interesariuszy.

1. Introduction

It was J. Schumpeter in 1912 who introduced the concept of innovation into the economy, applied a technological approach to its interpretation and acknowledged that it afforded an opportunity for firms to develop – to become prominent and build up a competitive advantage. Already at that point he perceived that innovation was bringing about social changes as a result of using the products of innovation. The understanding of innovation has evolved since then, which is visible by the fact that social innovations have become distinct in our times, becoming an active driving force of changes taking place in the human environment in its widest sense (and not their secondary effect, as was originally considered). [Olejniczuk-Merta 2015, p. 7] In 1982 J.C. Freeman noted that innovations were necessary for a firm to function. This also applies to social innovations. [Olejniczuk-Merta 2014, p. 3]

The rapid pace at which the contemporary world is changing, the unpredictability of the changes, restricted resources, multi-dimensional social challenges (climate change, poverty, unemployment, migration, an ageing society, social inequalities) on the one hand, and on the other – widely accessible modern technologies [Pracownia Badań i Innowacji Społecznych "Stocznia" 2014c, pp. 4-11] (including the rapid development of ICT, conducive to the creation of social activeness and building a citizen's society), led to the beginning of social innovations. Developed societies, because of the fifth wave of the computer revolution equipped with new communications tools (social media such as Twitter or Facebook, smart phones and Internet technology), are being included in activity which up to now was reserved only for enterprises i.e. creating innovations.

This articles contains theoretical and empirical considerations on social innovations and also the role of dialogue with stakeholders in the creation process. It was compiled based on a critical analysis of literature on the subject, desk and web search. Furthermore, the empirical part of the article includes the author's conclusions from the research conducted among selected enterprises.

2. Defining social innovations

Many researchers take the stance that the term social innovations is a pleonasm. I. Tuomi takes the view that each innovation is, as a rule, a social innovation, as it arises due to complex interactions between various societies. [Bendyk 2010, p. 76] W. Kwaśnicki is of a similar opinion, stressing that each innovation has a "social component", as it usually influences social lifestyle. [Kwaśnicki 2015, p. 24] Also A. Giza-Poleszczuk and R. Włoch [2013, p. 68] emphasize the fact that each innovation has a social dimension, as it changes social technology, that is, the way a composite system functions, composed of objects and people, and symbols. However, there are increasingly more numerous and widespread opinions that in the case of social innovation, the *social* element is understood as multi-dimensional and testifies about its essence, and therefore we are dealing with a new category of innovation.

OECD
• A group of strategies, concepts, ideas and organizational patterns with a view to expand and strengthen the role of civil society in response to the diversity of social needs (education, culture, health).
Bureau of European Policy Advisors (BEPA)
• The development and implementation of new ideas (products, services and models) to meet social needs and create new social relationships or collaborations. It represents new responses to pressing social demands, which affect the process of social interactions. It is aimed at improving human well-being.
The TEPSIE project
• Social innovations are new solutions (products, services, models, markets, processes etc.) that simultaneously meet a social need (more effectively than existing solutions) and lead to new or improved capabilities and relationships and better use of assets and resources. In other words, social innovations are both good for society and enhance society's capacity to act. [2012]
• New approaches to addressing social needs. They are social in their means and in their ends. They engage and mobilise the beneficiaries and help to transform social relations by improving beneficiaries' access to power and resources. [2014].
Vision of Sustainable Development for the Polish Business 2050 (Vision 2050)
• Social innovations are new solutions (products, services, models, markets, processes etc.), which meet social needs more effectively than the present solutions and lead to the development of new areas of cooperation and improved management of resources. The "social" element is apparent both in their aims and the means used. These are innovations which not only benefit society but also business by generating new areas of revenue.
National Centre for Research and Development (NCBR)
• Solutions which simultaneously meet social needs and also create a permanent change in given social groups. These solutions may relate to innovative products, services or processes which enable different resolutions of typical social problems.
Pracownia Badań i Innowacji Społecznych „Stocznia" (The Unit for Social Innovation and Research "Shipyard")
• Breakthrough resolutions (not only technological) which are a response to realistic social problems.
• Effective, quick and smart rectification of the world. In other words, a search for even better, novel ways to rectify even a small particle of reality.
J.A. Phills Jr., K. Deiglmeier, D.T. Miller ("Stanford Social Innovation Review")
• A novel solution to a social problem that is more effective, efficient, sustainable than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals.

Figure 1. Selected definitions of social innovations

Source: own study based on: [European Commission 2013, p. 6; MG..., p. 7; NCBR 2012, p. 1; OECD 2011, p. 13; Phills Jr. et al. 2008, p. 36; Pracownia Badań... 2014c, p. 5; TEPSIE 2012, p. 18; TEPSIE 2014, p. 42].

There are many definitions of social innovations. A review of selected ones, currently functioning, is presented in Figure 1.

One concludes from the definitions quoted (and also from the analyses of others not mentioned here), that there is no single, universally binding interpretation of the concept of social innovations. Interpretations of this term differ both as to how they are perceived, and also how the key elements are emphasised. One of the key differences apparent across the definitions is how the *social* in social innovation is treated and defined which demonstrates the complexity and multi-faceted nature of social innovation.

Although there is not one commonly accepted definition of social innovations, it is generally agreed that there are certain common elements. For a better understanding of what social innovations are, it is worth presenting classified core elements of social innovation, which should distinguish authentic social innovations and also prove their real innovativeness and social usefulness. Figure 2 contains proposals prepared by the TEPSIE[1] project and the Pracownia Badań i Innowacji Społecznych "Stocznia", which have many common points.

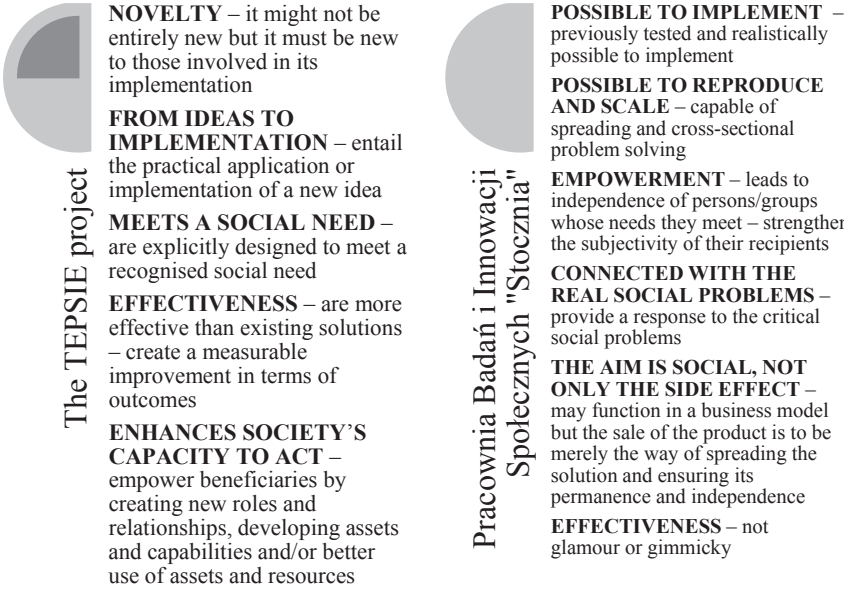

Figure 2. The key characteristics of social innovations according to The TEPSIE project and Pracownia Badań i Innowacji Społecznych "Stocznia"

Source: own study based on: [Pracownia Badań…2014b, pp. 13-16; TEPSIE 2012, pp. 18-21].

[1] Research project TEPSIE (The theoretical, empirical and policy foundations for building social innovation in Europe) was financed from European Commission funds within the 7. Framework Program. Its aim was to work out the directions of development of instruments, methods and policies which will become part of the EU strategy oriented on the development of social innovations. The project was a research collaboration between six European institutions including Wroclaw Research Centre EIT+.

Furthermore, in the TEPSIE project common features of social innovation have been distinguished, which include the following: cross-sectoral (cut across and occur in all sectors and frequently move between sectors as they develop); open and collaborative (often inclusive and engage a wide range of stakeholders); grass-roots, bottom-up; prosumption and co-production (users are becoming producers and are involved in the delivery of their own services); mutualism (mutual dependence, aid and exchange); new social relationships and capabilities (often inclusive and engage a wide range of actors); improved use of assets and resources; development of capabilities and assets (enabling beneficiaries to meet needs over the longer term). [TEPSIE 2012, pp. 21-24]

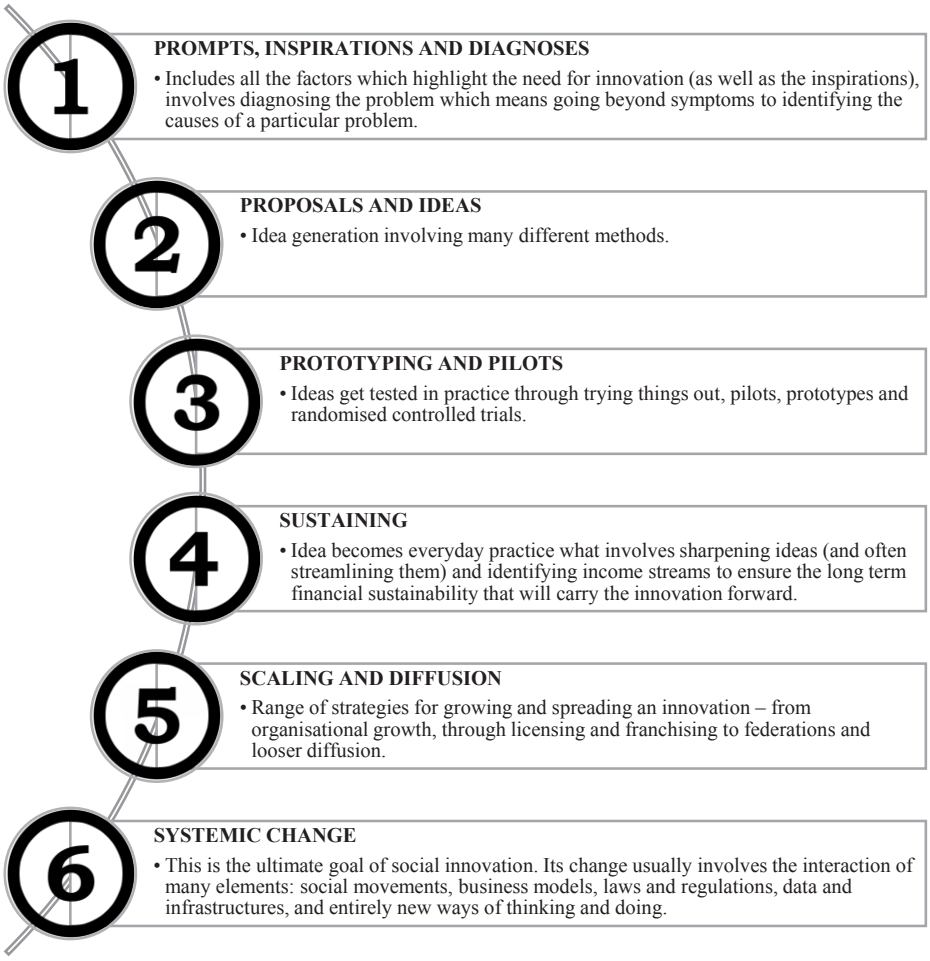

Figure 3. Process of creating social innovations

Source: own elaborations based on [Murray et al. 2010, pp. 11-124].

As social innovations are highly complex and context-dependent this means that challenges and unintended consequences can occur during any stage in the social innovation process. Social innovation describes the entire process through which new responses to social needs are developed in order to deliver better social outcomes. This process comprises four main elements [European Commission 2013, p. 6]:

- identification of new/unmet/inadequately met social needs,
- development of new solutions in response to these social needs,
- evaluation of the effectiveness of new solutions in meeting social needs,
- scaling up effective social innovations.

Another version of the process of creating social innovations has been put forward by R. Murray, J. Caulier-Grice and G. Mulgan (it was incorporated in The TEPSIE project). The spiral life cycle of innovation comprises 6 stages (Fig. 3). These stages are not always sequential (some innovations jump straight into "scaling") and there are feedback loops between them.

According to deliberations conducted, social innovations are a complex and systemic phenomenon and by their very nature, multi-disciplinary – they cut across sectors and fields of action, can occur at multiple levels (e.g. incremental) or different scales (e.g. macro).This has undoubtedly contributed to the diversity of meaning and uses of the term of social innovation.

Social innovations, just like every innovation, are something new, a better solution. They can be an original, and even experimental (going against well-known tried and tested patterns) solution of familiar problems or an adaptation, applying already known solutions in a new social context – in relation to new social groups or area of activity.[2] Social innovation includes its popularization to the maximum possible extent, and diffusion (e.g. as best practices or popularization of the use of prototypes) – it must be possible to replicate, copy and alter it (diffusion of innovation). Social innovation can be a product and service, function, a way of management, production process, or technology (much like innovation in general), but it can also be a principle, an idea, a model, a market, a form of institution, a piece of legislation, a social movement, an intervention, or some combination of these. Social innovations are a solution which is more efficient, more effective, with more permanence than the existing one. Effectiveness, often emphasized in this context, is understood as the capacity to satisfy social needs, improved use of means and resources, bringing benefits not only to society but also other stakeholders.

In the case of social innovations, their essence is, however, a social element – it is this which is the aim of innovation, and not only its consequence. Social innovations are therefore social both in their ends and in their means [Murray et al. 2010, p. 3] and to put it more precisely, they are social in the sense of both aim, nature, scope, process and effects. Social innovation is not only about responding to pressing social needs

[2] A large majority of social innovations is certainly not something completely new, but the effect of traditions being rediscovered (see: micro-credits, co-operatives, self-study groups).

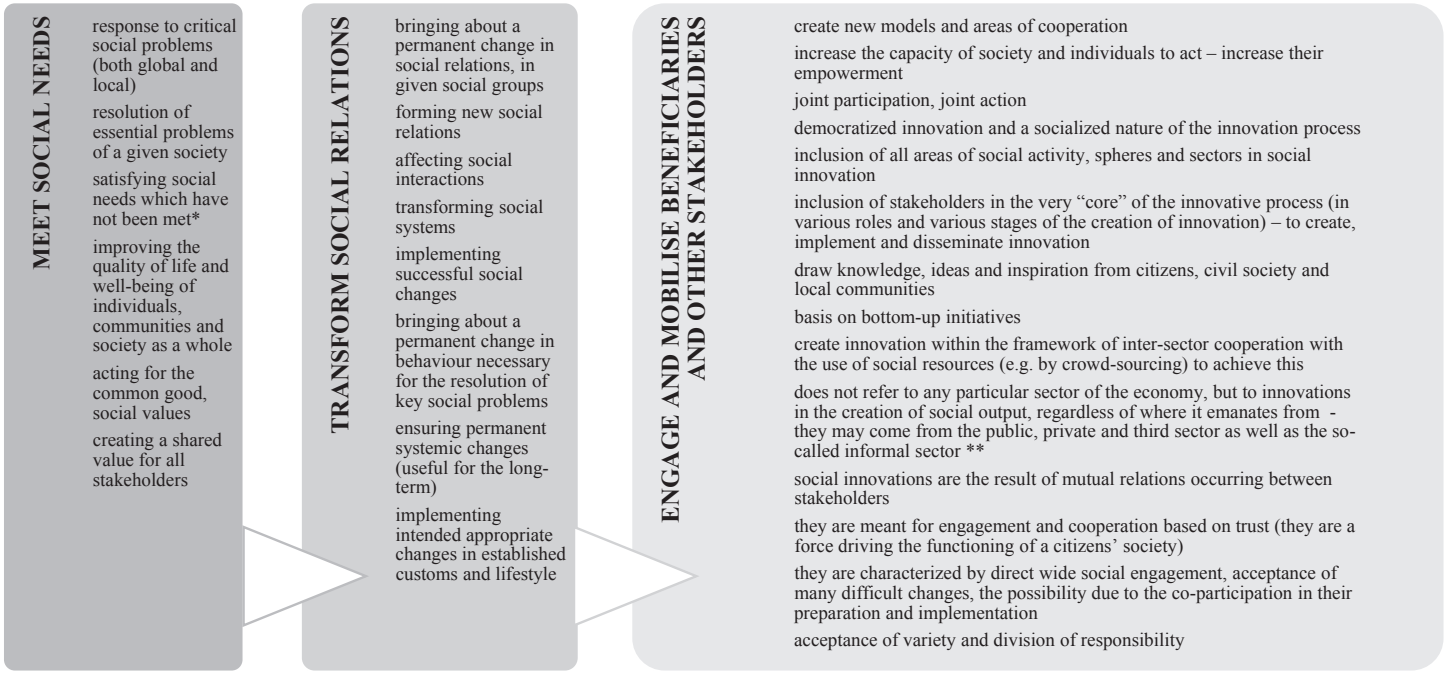

Figure 4. The meaning of the term *social* in the terminology of *social innovations*

* Some authors add that it is a matter of needs which are not traditionally met by the market or existing institutions and are targeted at exposed and marginalized groups in society.

** Social innovations are very often erroneously attributed activities of organizations and social enterprises, but this may be due to the fact that social innovations had their beginnings in these sectors.

Source: own study based on literature in the subject.

and addressing societal challenges, but is also a mechanism which achieves systemic change. It is seen as a way of tackling the underlying causes of social problems rather than just alleviating the symptoms. [European Commission 2014, p. 8] The *sense of community* of social innovations is understood therefore, first and foremost, as meeting social needs, secondly, transforming social relations, and last but not least, engaging and mobilising beneficiaries and other stakeholders. It demonstrates the complexity and multi-faceted nature of social innovation (Fig. 4).

3. Social innovations in the practice of enterprises in Poland

The *social* nature of social innovations means that they extend beyond the sphere of technology and economy, and business is only one of the social entities, of which this type of innovation can be a co-creator. As for the issue of resolving social problems, however, most entrepreneurs' approach continues to be above all in terms of philanthropy, but , some firms are beginning to perceive a chance in social innovations for new possibilities of development – new business models, products and services. Effectiveness and efficiency of these solutions is dependent above all on the tendency to include various groups of stakeholders in the innovation process. According to norm ISO 26000, stakeholder engagement is an activity undertaken to create opportunities for a dialogue between an organization and one or more of its stakeholders (…). [PKN 2012, p. 16] Dialogue with stakeholders, interpreted in this way, may take on many forms – from consultations to active cooperation, meaning joint-participation, joint decisions and joint responsibility. It is a guarantee of *socialization* of innovation – of the fact that these solutions will be adequate for the real needs and will ensure permanent systemic changes in society. [Niziński 2014, pp. 4-5]

With such prerequisites as a starting point, at the end of August and beginning of September 2016 research was conducted by means of an on-line questionnaire relating to the engagement of stakeholders as regards creating social innovations, sent to 24 enterprises, conducting institutionalized dialogue in Poland with stakeholders in accordance with or inspired by series AA1000 standards.[3] The family of norm AA1000, comprising 3 standards, is the only global standard wholly devoted to the process of engagement of stakeholders. [AccountAbility 2011] The research focused on the significance of engaging stakeholders in the process of creating social innovations (as a key element, an essential condition) and not on the process as such, which determined both the research test and the questions in the questionnaire.

Seven companies filled in the questionnaire. In most cases, the enterprises which took part in the research conducted a dialogue with key stakeholders (4 cases), 3 firms discussed each selected topic and within the panel of stakeholders, 2 conducted

[3] The appropriate research test was defined based on web research and also information obtained from Forum Odpowiedzialnego Biznesu i CSRinfo.

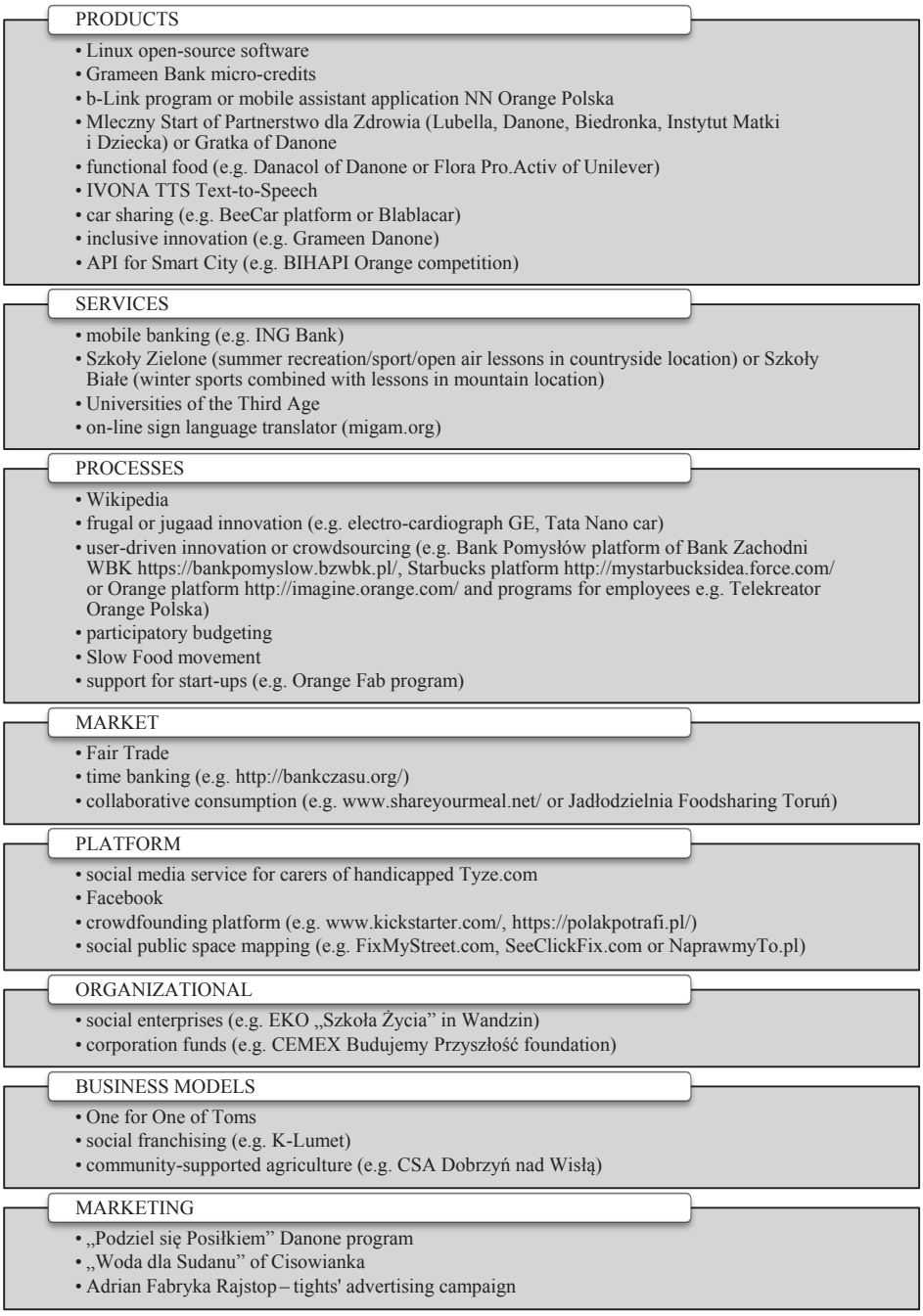

Figure 5. Examples of social innovations divided into various categories

Source: own study on the basis of web research and conducted research.

dialogue with selected stakeholders and 1 stated that it did not use standards AA1000 as a guide. The social innovations which arose in the researched enterprises were the effect of cooperation primarily with employees (6 indications), scientific communities (4), consumers, non-government organizations and local community (3 responses for each), more rarely with suppliers (2) and investors (1). Breakthrough social innovations in Poland by the researched firms included: development of a cooperative notion (2 indications), development of IT for handicapped persons, Development Program for Libraries, crowdsourcing, ecological food and alternative fuels used in production (1 response each). The results of dialogue with stakeholders most frequently were social innovations of products/services and organizational (3 indications each) one, and less frequently process (2) and marketing (1). One firm stated that dialogue with stakeholders did not lead to the formation of social innovations. The examples of social innovations mentioned by the researched firms which were the results of dialogue they conducted with stakeholders, were presented in Fig. 5.

Research conducted amongst enterprises first established that it did not altogether adequately interpret this concept, and second that it did not perceive the possibility of the dialogue creation in this area with stakeholders. Perhaps this was one of the reasons why only a few of the firms singled out for the research (and classed amongst the leaders of corporate social responsibility in Poland and conducting a dialogue with stakeholders) decided to take part in a short questionnaire.

There are many different classifications of innovation in literature, including social innovations. One of them was proposed in The TEPSIE project, although it is not commonly accepted, as the concept itself and its interpretation are still evolving. Figure 5 depicts examples of social innovations according to the category of The TEPSIE project [2012, pp. 24-25] together with a category of marketing innovations singled out from typology in Oslo Manual. [OECD, Eurostat 2008, pp. 49, 52-53). Some social innovations might cut across more than one type.

4. Conclusions

For a long time innovations were interpreted exclusively in the categories of technological and economic changes. Nowadays, social innovations have expanded the meaning of innovativeness, included in various aspects – from the aim, through scope, creation process and its participants, to effect. The new meaning given to the concept of social innovations and their functioning as well as to development, is reflected in the complexity of the socio-economic reality, dynamics around us and the scope of its changes. Only social innovations can serve as an answer to the global problems, as they relate to in-depth changes in the functioning of societies. Social innovations are becoming more and more an essential factor in the socio-economic development process – a tool for the improvement of the quality of life of society.

As it was established from the deliberations, the term social innovations continues to give rise to controversy, and even misunderstanding (which was also evident in

questionnaires completed by enterprises). The critical analysis of various approaches, definitions, core elements and common features demonstrated, on the one hand, the complexity and multi-dimensional aspect of this concept, and on the other indicated the very essence of social innovations. Social innovations above all, should be social both in their ends and their means – their social aspect should be understood as meeting social needs, transforming social relations and last but not least, engaging and mobilizing stakeholders. The questionnaire research showed that enterprises were not fully aware what kind of dialogue with stakeholders was offered (also in the context of the creation of social innovations). However, the rapidly intensifying collaborative economy phenomenon in our times, in which the vast majority of enterprises can be acknowledged as social innovations, indicates that the interest in these types of innovations will continue to grow and they will evolve themselves.

Nowadays, innovations have permeated all areas of life and society has become the source, co-creator and beneficiary of innovation. However, this social dependency on innovation is at the same time the greatest challenge. Social innovations have resulted not only from knowledge, but above all from cooperation and it is social capital which decides on the quality of cooperation. Low social capital in Poland manifests itself in the lack of trust, problems with cooperation, restriction of exchange of information, tendency to patent whenever this is an option, competitive rivalry, and unwillingness to admit to failure [Pracownia Badań... 2014a, p. 19], which is the greatest barrier not only to innovativeness but also development.

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