

# THE INFLUENCE OF SOCIAL INNOVATION ON THE COMPETITIVENESS OF THE NATIONAL ECONOMY

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**Abstract:** the relationship between innovation and competitiveness results from several factors conditioning the emergence of a new, previously unknown solution to a problem, process, the appearance of a new product, or other facilities considered on a global scale, e.g. improving the functioning of the state.

**Keywords:** society, technologies, planning, innovation, development, business, knowledge, competitiveness, social capital

## Introduction

Innovation is usually associated with something that happens outside of society and most often concerns only engineering, technology, perhaps economics, nothing more erroneous. Social innovation is needed both by society and by entrepreneurs. Society is gaining strength and is becoming more and more aware of its needs and possibilities, which it can express even through the Internet. It has the strength not only to bring about social change but also to support initiatives that it considers particularly necessary. These changes are a challenge and, at the same time, an opportunity for entrepreneurs to develop and compete effectively with others. Cooperation between non-governmental organisations, businesses and science promotes social innovation. At the crossing of different sectors, revolutionary solutions can be found that will not only benefit the entrepreneur but also contribute to solving social problems.

Social innovation is very often initiated by people who see problems comprehensively and look for solutions, they are called social innovators. They are curious people who ask themselves difficult questions and find solutions to them. Thanks to their strength and disagreement with the surrounding reality, they can put their ideas into practice, while teaching their surroundings new attitudes.

Today the world, including Poland, is struggling with many problems, among which social issues dominate, such as ageing society, climate change, social responsibility and others, so solutions are needed that are mainly aimed at improving comfort and quality of life.

## **1. Social innovation planning and marketing**

Social innovations are seen as new social activities aimed at improving the quality of life of people, nations, whole communities. This novelty may result from the introduction of unique solutions, but also the implementation of an already known solution, occurring in a new social context. Popularisation and dissemination of innovative change are also considered as social innovation [Olejniczuk-Merta, 2013].

According to the definition of the National Centre for Research and Development, social innovations are “solutions which simultaneously respond to social demand and cause a permanent change in given social groups. These solutions may involve innovative products, services or processes that enable different solutions to typical social problems”. Many other definitions also closely link social innovation to solving social problems. In the case of social innovation, it is therefore crucial to identify social problems and dedicate programmes to them that allow for sustainable change.

The process of social innovation, in some simplification, includes planning, product/social innovation development, testing, innovation implementation, control and evaluation. Procedures specific to programme planning applied in social marketing can also be used in the process of social innovation planning. One of the most important stages of the whole process is a preliminary analysis, which allows for the definition of a social problem, defining the details of the selected area of the problem and the related phenomena. Then we define the target market, make decisions about the product and other instruments, identify partners, budget and sources of financing, and choose ways to evaluate the effects and control the implementation of the social innovation programme [Daszkiewicz, 2015]. Social innovation is a new global obsession. “It may be a vague concept, but it has great potential” (according to Yvonne Roberts). However, some authors question the validity of adding the word “social” to the term “innovation”, pointing out, among other things, that every innovation contains a social element, influencing a change in lifestyle. Despite such an argumentation, it is possible to justify the use of the term social innovation by specifying the definition and describing its scope and nature. Many concepts for defining social innovation and links with other categories have been developed so far. Social innovation refers to strategies, concepts, ideas and organisational schemes introduced to expand and strengthen the role of civil society in response to various social needs. These include new products and services, new organisational models, new institutional forms, new roles and new functions, and new management mechanisms.

The main principle distinguishing this type of innovations is that in their case, social welfare is an objective, not just a consequence. We talk about social innovation, so when the aim of innovation is to increase the welfare of individuals, communities and territorial units in terms of social integration, creating employment and improving the quality of life. The definition of the European Commission defines social innovation as the creation and

implementation of ideas (products, services, models) to meet social needs and create new social relations and cooperation. The creators of the definition, Johannes Hahn and Laszlo Andor point out that social innovation increases the prosperity of society while positively affecting the ability of individuals to act. The aspect of participation and collaboration is considered particularly important. Social innovation is the answer to pressing social needs that influence the process of social interaction.

## **2. Social innovation planning**

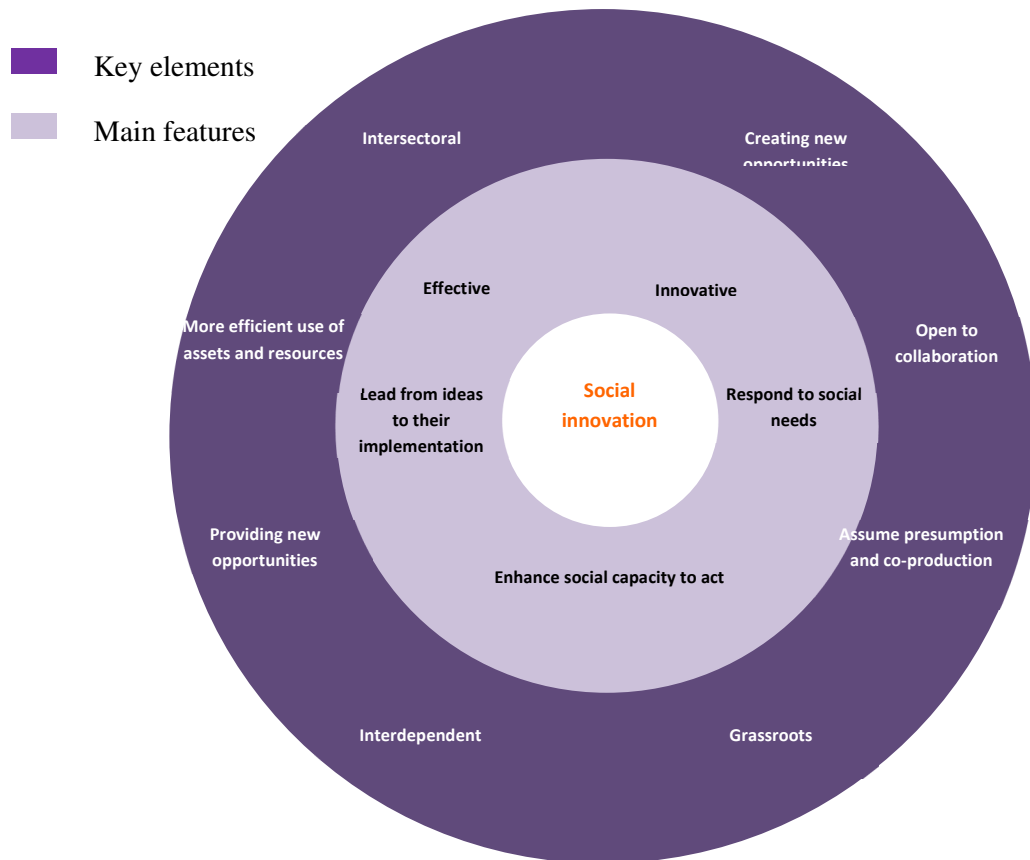
We can define new social activities aimed at improving the quality of life of people, nations and entire communities as social innovations. This novelty may result from the introduction of unique solutions, but also the implementation of an already known solution, occurring in a new social context. Popularisation and dissemination of innovative change are also considered as social innovation. According to the definition of the National Centre for Research and Development, social innovations are “solutions which simultaneously respond to social demand and cause a permanent change in given social groups. These solutions may involve innovative products, services or processes that enable different solutions to typical social problems”. Many other definitions also closely link social innovation to solving social problems. Kesselring and Leitner even claim that social innovation can only be talked about if an idea of solving a social problem is implemented. In the case of social innovation, it is therefore crucial to identify social problems and dedicate programmes to them that allow for sustainable change. Not every innovative idea is social innovation. It is impossible to predict for sure which idea will be successful and which one will end up on the shelf. The process of social innovation, in some simplification, includes planning, product/social innovation development, testing, innovation implementation, control and evaluation. Procedures specific to programme planning applied in social marketing can be used in the social innovation planning process:

- preliminary analysis (based on the introductory research),
- definition of a social problem,
- identification of the target market (main addressees and secondary groups),
- product decisions (product levels, positioning),
- price, distribution and promotion arrangements,
- identification of partners (entities cooperating in the programme implementation),
- identification of the budget and sources of funding,
- selection of ways to assess the effects and control implementation [Daszkiewicz, 2015].

One of the most important stages of the whole process is a preliminary analysis, which allows for the definition of a social problem, defining the details of the selected area of the

problem and the related phenomena. Conducting this stage with due diligence is crucial for the effectiveness of the programmes carried out, whose primary objective is social change.

Social innovation is based on the ingenuity of citizens, non-governmental organisations, local communities, businesses or public entities. Social innovations describe the whole process, within which new ways of meeting social needs are developed.



**Figure 1.** Key elements and main features of social innovation [Tepsie Projekt, 2012]

### 3. Impact of innovation on competitiveness

Every action aimed at improving the quality of life, improving conditions and standing out in the environment is innovation. Today's institutions, businesses, non-profit institutions (e.g. schools, nursery schools, creches, nursing homes) are facing new and increasingly complex tasks. Programmes and objectives are changing, and the existing working methods do not always produce satisfactory results. These facilities are required not only to create a climate of safety and dignity but also to allow for comprehensive development, especially conducive to

creative thinking. The people employed there must constantly modify the existing ways of education and work. The knowledge and skills acquired during the studies become a starting point to create a team that will distinguish an institution from others and encourage society to choose it, not the competitors. To be the first, to be competitive, one should actively seek information about the surrounding world and be open to such information, courage and commitment to the organisation and its goals [Pszczólkowski, 1978, p. 21].

The introduction of social innovations is a source of benefits affecting the development of cities, the standard of living of their inhabitants and the functioning of entities operating within them. Consideration of their strategic use in creating the attractiveness of cities will begin with the identification of factors important for the development of places. They include the following [Pszczólkowski, 1978, p. 32]:

- maintaining an adequate level of basic services and infrastructure to ensure the satisfaction of residents, business representatives and tourists,
- development of facilities, attractions and territorial features allowing to raise the standard of living of the residents, maintain the businesses operating on its territory and attract new residents, tourists and investments,
- communicating the qualities and achievements to create a strong image,
- obtaining the support of residents, leaders, organisations and other groups of public opinion to facilitate the implementation of development goals.

The attractiveness of cities depends on introducing specific solutions to maintain and attract residents, business representatives and tourists, but also on communication activities supporting the implementation of development goals and building a strong city brand. It should be noted that this is a very complex task, as decisions and actions related to the city's development concern different stakeholders. On the one hand, this affects the need to consider the attractiveness of the city in the context of different groups, and on the other hand, to find a common ground for development activities. In a nutshell, the attractiveness of a city can be considered on three levels relating to the city's ability to maintain and attract inhabitants/residents, tourists/visitors and business/investments. The city can use social innovation to increase its attractiveness in each of these areas while maintaining its sustainable development.

#### **4. Social Innovation Programme**

The Social Innovations Programme of the National Centre for Research and Development was launched in Poland. It supports the science sector, the business environment

and the sector of non-governmental organisations in undertaking and implementing innovative actions and social initiatives based on the achievements of science and technology. The Programme is addressed to individuals who undertake activities aimed at stimulating social development and improving the quality of life of the society, with particular emphasis on those groups and areas where there is a unique need for innovative solutions and new social initiatives. The aim of the Social Innovations Programme is to support activities important from the social and economic point of view. This support will allow the implementation of new products, services or procedures related to solving complex social and economic problems. The implementation of the Programme will make it possible to meet the guidelines contained in the National Research Programme, in the scope of “dynamizing sustainable economic development and improving the quality of life of Polish society”.

The Social Innovation Programme is also a response to the Europe 2020 strategy. The diagnosis of the National Development Strategy 2020 showed that Poland still has a low level of social capital, accompanied by “low level of public debate and low quality of social dialogue at the stage of policy development and regulation preparation” (National Development Strategy 2020 Active society, competitive economy, efficient state, September 2012). As part of the Programme, it is planned to support research projects, the results of which will contribute to the “inclusion policy”, which creates an opportunity to build a sense of causality even in those groups that have not yet found their place in social and economic life. Currently, best practices in supporting social innovation include sustainable education, sustainable transport, support for active and healthy ageing and support for people with disabilities and the unemployed. Another example of social innovation is interbank cooperation facilitating the financing of innovative investments, innovative architectural or communication solutions, which often use highly advanced technologies and IT solutions. An extremely important effect of the Programme will be the “strengthening of intersectoral links, mainly between higher education, the research sector and innovation system”, which will have an impact on solving important social and economic problems. This will enable the public and private sectors to work together to develop innovations in socially relevant areas with significant economic potential. The assumption of the Programme is that such partnerships have a chance to shorten the time from the idea to its effective implementation and are currently needed because they can create a market and demand for high technologies, improving the existing instruments and initiatives.

The main objective of the Social Innovations Programme is to improve the quality of life of the society, with particular emphasis on those groups and areas where there is a real need for innovative solutions and undertaking new social initiatives.

The specific objectives of the Social Innovations Programme are:

- increase in the number of implementations of innovative technical solutions and innovative products, services and procedures to solve complex social problems,
- increase intersectoral cooperation at a local, regional and national level.

Innovation-related research is mainly associated with technical and technological innovations - new products and services. However, there are also innovations that deserve attention, allowing for a creative response to social challenges related, among others, to the situation on the labour market (e.g. the increase in the number of well-educated people who cannot find themselves on the labour market despite good preparation), as well as the globalisation of many economic activities. Social innovation means solutions that both respond to social demand and bring about sustainable change in given social groups. These solutions may involve innovative products, services or processes that enable different solutions to typical social problems. Social innovation means both socially justified technical and technological innovation and strictly social innovation. The category of technical and technological innovations includes in particular such solutions that are related to adapting a given product to the needs of a particular customer, for example, the inhabitants of Polish regions with underdeveloped infrastructure. The category of strictly social innovations may include such solutions that address, among others, the problems of elderly people, people with disabilities and the unemployed, i.e. groups requiring support from the state and society. Regardless of the adopted path, all implemented projects should indicate a clear social context and define the problem to be solved, as well as indicate the cause and effect relationship between the project and the social problem to be solved.

## **5. The 500+ programme**

The government adopted an innovative bill which introduces the “Family 500+” Programme. Exactly this project is called: The bill on State aid in raising children and dates from 22 December 2015. A benefit of PLN 500 per month for the second and subsequent child was introduced according to this project. PLN 500 will also be granted for the first child if the income per family member does not exceed PLN 800 or 1200 for families with a disabled child. The government programme was prepared at the Ministry of Labour and Social Policy.

This programme is designed to help raise children by granting parental benefits. The disbursed money will be used to cover part of the costs related to meeting life needs and raising a child. In addition to improving the situation of Polish families, the programme also aims to increase fertility rates. Currently, the fertility rate in Poland is 1.3 births per woman, compared to 2.42 in 1983. The “500 Plus” Programme will be most useful for families with many children. The average income of families with three children will increase by 25 per cent (from 4 to 5 thousand PLN) thanks to government assistance. The birth of another child will not change their financial situation, because the fourth child will reduce the income of these families per one person to such an extent that they will meet the income criterion and will also receive funds for the first child, i.e. a total of 2 thousand PLN [GUS, 2018].

According to the Central Statistical Office's research, the birth of a child means a worsening of the family's financial situation [GUS, 2018]. Due to a bad financial situation, 19% of Poles do not plan (another) offspring [CBOS, 2018].

## Conclusion

Concluding the considerations on the impact of social innovation on the competitiveness of the national economy, it can be stated that the functioning of society, its scope of knowledge, the level of globalisation and the development of consumer markets still require the implementation of new solutions, technologies that will contribute to the formation of social development in a sustainable way.

Social innovations are carried out both in business and outside business by many entities, institutions of different nature of activity and form of ownership. Social innovations are for human beings and they inspire and implement them. Society as a whole creates social capital, the value of which is based on mutual social relations and the trust of individuals, who can benefit more from it. The importance of social capital is growing rapidly because nowadays the value of an enterprise is increasingly dependent on human knowledge and skills. In addition to the knowledge and experience of the employees, this capital creates strong cooperation ties, an accepted division of roles and leadership, mutual trust and their relationships with customers and professional skills.

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