CONCEPTUAL OUTLOOK TO SOCIAL INNOVATION IN EU

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The generic theory of social innovation appeared in early 2000. Therefore, the role of social innovation was increased in last decades in the light of macroeconomic transformation of World economy and the great development of social networks. Under social networking new business activities appear in the globalized market, even known as social business. Most programmes of the European Commission have orientation on a high speed of knowledge transferring from scientific research system to business or public life. New organization models of business use a tremendous amount of social information and usually social networks serve for the greater impact on improving structure of business environment and implementation of digital managerial solutions. Social networking serves for production of new knowledge and creation of the new ecosystems for social innovation.

The authors of this article are presenting the new aspects of social innovation performance by using the content analysis for identification the role and functions of social innovation under digitalization of business environment. The research is focused on the clarification of social networking effects and better understanding why social innovation is becoming so powerful tool for business start-ups and social communication. The content analysis is used in case to highlight the comparative aspects of social innovation in different economical activities.

Keywords: social innovation, ecosystem of social business, social innovation performance, social networking, knowledge transfer, business digitalization.

JEL Codes: Q55, H40, L2, O3, P42.

INTRODUCTION

The outlook, achieving the main objective of this article, is displayed on the analysis of historical and practical content of social innovation performance under digitalization of business environment in EU and presenting social innovation functions, taken place in different businesses and social settings.

Commonly, social innovation exists on the base of the social networking or relationship of people with common interests, activities or knowledge. The social networks serve for professionals as any type of academicians (scientific associations and students), such as networking sites, blogs, wikis, media sharing services, mashups and folksonomies or social tagging for creation metadata collection, and public purposes. Synchronization of information sources has been served for creation of a new era of digital business by information communication technologies (ICT) – RSS (Really Simple Syndication), LinkedIn, Xing, QR code or the others as content sharing sites – podcasts, photo, video or slide sharing sites.

Therefore, social networking helps to appear new business activites in the globalized market, even known as social business. Research problem in the article is concentrated on two key questions – what key elements of social innovation are so important for social innovation performance and progress; and what changes in business environment can impact social innovation performance.

Research object is focused on the elements of social innovation frame. Research goal is oriented on the highlight of the social innovation performance and progress within transferable social networking.

Research tasks:
- to reveal the theoretical background of social innovation frame;
- to highlight the different key elements of social innovation performance under social networking;

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• to explain the challenges focused on assessment of social innovation in EU.

Research metods: monograph and descriptive analysis for overview of scientific references; content analysis of theoretical concepts and empirical explanations, analysis of ESIR, analysis of assessment system (tools and indicators) of social innovation in EU, methodological determination for generalisation and synthesis of the referenced conclusions.

RESEARCH FINDINGS

1. Historical outlook to social innovation performance

The innovation process started in 1970 from technological progress. In late 1980 product innovation and service innovation was more important in competitive business environment (Barras, 1990; Sundbo, 1994). Information technologies and social media played a great role in 1995 as a base of innovation progress of any business (Sundbo, 1997; Castellacci, 2008). Therefore, social networking technologies started becoming a base to start-up businesses in 2004 and a great tool to implement new business solutions, and even social innovation could be defined as it result.

The types of innovation by its continuity have influence on the innovation process. The continual and less radical innovation is more close to companies (Sundbo, 1994) and service business because of successful it implementation process and individual strategic frame. Radical innovation serves for a great general organizational development; large incremental innovation – for small jumps introducing new products; small incremental innovation – for some advantages to introduce novelties with general learning is useful for evaluation new product launch process; and individual learning – for estimation of business risk and investment return.

Even the idea, that social innovation rapidly could be copied in the market (Voss et al., 1992), the social media and social networking helps to avoid such negative process because of presenting big difference of such innovation. Theory of Differences, presented in 1982 by L. Waugh (Waugh, 1982), lets to highlight the role of social innovation in business environment. Differences of content of social innovation are defined by their source and information communication technologies (ICT) development with high speed interactive possibilities for information share (New media …, 2015). Changes of society bridge new communication and learning system with the new social networking tools. Important fact, that the most ideas of social innovation come from social networking (SN), and start-ups get primary information about their business ideas from there.

Therefore, it’s important to arise the idea, how social innovation appear, how social networking serves for this purpose. Y. Benkler (2006) noticed the value of social innovation in transforming markets. He arised the concept of social innovation as common-based peer production when big amount of people in social networks try to share or deliver new ideas about their personal needs. Consequently, the high organized social community with individual decentralized behaviour can start economic activity or new business. The result of social activities – cultural products and democratization of their dissemination. According to Y. Benkler (2006), the on-line economics is more effective because of information open use and big amount of information resources for economical activity, and direct links create competitive conditions for business (New media …, 2015).

The role of social networking was increased in 2008, when information platforms started to be the main tool to social innovation and business analytics (Boltz, 2012). The technology of big data, as a concept known by the name of Clifford Lynch, was accepted to keep information platform and social networking, that could be presented by „4V” model (volume, variety, velocity and value). Information platforms became an important frame to provision of services for business including identification of high competition economic activity and it niches (Conway, 2010; New media …, 2015). Up to generic „4V” model there was constructed famous „Push-Pull-Pass” model of Paul Bradshaw, well-known as internet knowledge managing model (New media …, 2015; Bradshaw, 2008).

The development of Web 2.0 in early 1999 served for social networking and knowledge transfer start. The process was intensively developed in 2004, and was known as Web 3.0, so useful for sharing the new business ideas and social innovation (New media …, 2015).

Consequently, social innovation performance depends on communication technology progress, social networking and business digitalization.

2. Conceptual frame of social innovation

The main conceptual frame of social innovation is declared in „Europe-2020“ Growth Strategy and „European Innovation Partnership (EIP) 2014–2020” Program, which predict the innovation capacity by increasing role of social innovation. Social innovation has orientation on the solutions, that contribute the target goals of EU, like 75 percent of employed people of 20–64 years old; 3 percent of GDP of EU from investment to innovation; 20 percent reduce of greenhouse gas emissions, 20 percent from renewables, 20 percent increase in energy efficiency; 10 percent reduce of school drop-out rate; and reduce poverty and social exclusion for 20 mln. people in Europe.

The usual outlook to innovation development leads in the direction of technical or technological progress, but in case of the worse social and economic results, when the great welfare disparity effects are available in EU, lots of economical and social indicators reveal the fact, that business and social groups suffer from an urgent capacity building their needs (An ecosystem for ..., 2014; Reader et al., 2012). The goals of social innovation performance lead to a great investment to a product, service, process or infrastructure (ex., institutions, ways of working), therefore, it available not only by the techno-progress.

Multidisciplinary approach should be undertaken as a powerful tool to turn the content and types of social innovation. Content of social innovation usually include various types of new thinking, as a new strategy concept or an
idea of a new activity (even product, service, technology, entrepreneurial model), as the most observable case in nowadays for greater meet of social needs and creation of social networking (Castellacci, 2008; Kucko, 2009; Reader et al., 2012; An ecosystem for ..., 2014). Usually, social innovation is linked to a concept of „entre-„, or „exo-„, entrepreneurship or business mentoring by keeping attention on social solvency of start-ups, sometimes to find the best solution of social affairs with the lowest costs (Reader et al., 2012; Rukuiziene, 2013; Growing a digital ..., 2015).

The conceptual frame of social innovation is not presented precisely in scientific literature. The authors of this article concentrate efforts to accumulate key elements for identification of social innovation conceptual frame as differences of it extent, users, performance drivers and progress conditions (1 table).

1 table. Key elements of social innovation conceptual frame (composed by authors)

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<tr>
<th>Users of social innovation</th>
<th>Key elements of social innovation frame</th>
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<td></td>
<td>Extent of social innovation</td>
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<td>Policy makers</td>
<td>Social policy reform in EU</td>
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<td>Support mechanism of supply and demand of new service for public sector</td>
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<td>Support mechanism of supply and demand for business innovation</td>
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<td>Business users</td>
<td>Implementation of tech-tool (ICT) innovation</td>
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<td>Investors and funders</td>
<td>Improvement of tech-product or process innovation</td>
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<td></td>
<td>Arrangement of new investment areas</td>
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<td>High competition reduce in business sector</td>
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<td>Beneficiaries</td>
<td>Assessment of customers attitudes, behaviour and outlook</td>
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<td>Social groups</td>
<td>New experience in use of social innovation (service, product or model)</td>
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Simultaneously, the new social needs with social communication networking and business digitalization by ICT highly impacts on societal capabilities and social needs. Finally, powerful ecosystems are appearing up to the social innovation. Therefore, definition of the ecosystem of social innovation is focused on underpin of digitalization of service in public sector and business (Social innovation ..., 2014; New media ..., 2015), as a leverage for entrepreneurship and social business development (An ecosystem for ..., 2014) by active demand and supply entities, who drive their knowledge for supporting social networks and social activities.

Typical social innovation ecosystem consists of typical elements: 1) members, who are active in social and business environment, and have an economic, social and technological support, as a sustain tool for social innovation performance to reduce the impact on cultural, financial, technical or acknowledgement barriers; 2) objects of social innovation, which are developing in specific innovation lifecycles (phases) – idea, prototyping and piloting, implementation and scaling (Reader et al., 2012), and their influence as different effects on social life and business; 3) relationship between members or objects as expression of social communication or social networking by ICT.

Economical and social challenges up-to-development of communication technologies in EU affect the social innovation performance and business environment more tightly than technological development. Social shortage of knowledge and disability of skills is becoming more important problem in modern life of European countries.

3. Strategic and legislative frame of social innovation

Social innovation has a great impact on innovators – government, scientific organizations, society, social investors, funders or beneficiaries from any business and non-profit organizations. Some fields of social innovation are important to announce as developing, trendy, education, employment, homeless, low income activities for women, youth occupation and their achievements.

Considering reviews currently help to overview the results of studies and proposals for social innovation performance and progress (2 table).

Mainly, the results of social innovation performance are presented in some study fields of business service and public sector (Reader et al., 2012; Social innovation ..., 2014; Pisano et al., 2015). Review sources serve for foundation the strategic and legislative frame of social innovation.
The European Investment Policy is focused on fostering, support, scale and forming of emergent markets of money, democracy and education in EU countries (Murray et al., 2010) with clear strategy of NESTA (National Endowment for Science Technology and the Arts) to initiate the assessment of „hidden innovation“ (Reader et al., 2012).

The initiatives of Social Innovation Europe (SIE) Inititative started in 2011 by a couple of projects of the European institutions overlapped in researches of integration social innovation in business and social life (European social innovation, 2012; Reader et al., 2012). Innovation Union is one of the responsible chain for formation initiatives of R&D (Innovation union …., 2015), traditionally of techno-based process and integration of social innovation to the Innovation Union Flagship Initiative (Wobbe, 2012; Reader et al., 2012). Two data sources are available for identification of social innovation integration progress – Innovation Union Scoreboard (IUS) and Community Innovation Survey (CIS) (Innovation union …., 2015; Innobarometer, 2013, 2015). Innovation Union Scoreboard directly serves for European Commission to evaluate the EU countries by their innovation progress indicators. Special European Social Innovation research site is active since 2014 for academicians and scientists to access research data and results of European research projects under the 7th Framework Programme (FP7), and it is fitted to explore the practical issues in CRESSI (Creating Space for Social Innovation) frame including wide spectrum of researches in the field of social innovation (ESIR, 2014).

Another tool is TEPSIE (Theoretical, Empirical and Policy Foundations for Building Social Innovation in Europe) Blueprint of the European Social Innovation Research Programme, which serves as a research field for identification and regulations of inequalities under social innovation, instead of Social Innovation Europe Prototype Scoreboard, and as a guideline with assessment tools and indicators to evaluate social innovation economically (TEPSIE, 2012).

The EU Innovation Support System (ISS) has a great orientation on elimination of the negative effects of economical World Crisis – regional equality, outcome and efficiency differentiation in EU28 countries (Reader et al., 2012). Generally, EU Innovation Support System (ISS) is focused on the four areas for predicting economical, technical and social gaps: 1) Innovation Policy development; 2) investment and funding; 3) assessment of social innovation; and 4) knowledge and learning of social groups and business (Figure 1).

<table>
<thead>
<tr>
<th>Reviewed reference title</th>
<th>The proposals for study aims, approaches and key findings about social innovation</th>
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<tr>
<td>OECD Oslo Manual Report</td>
<td>Tool for methodologies of measuring innovation</td>
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<tr>
<td>EPSIS (European Public Sector Innovation Scoreboard) project</td>
<td>Tool for assessment effects of social innovation economically in EU countries</td>
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<tr>
<td>MEPIN (Measuring innovation in the public sector in Nordic countries) project</td>
<td>Tool for assessment innovation effects in the public sector</td>
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<td>WARM (Wellbeing and Assessment Model)</td>
<td>Tool for assessment of social capital and wellbeing in local areas</td>
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<tr>
<td>TEPSIE Work Programme</td>
<td>Tool for assessment theoretical, empirical and policy foundations for building social innovation in Europe</td>
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<tr>
<td>NESTA (National Endowment for Science Technology and The Arts)</td>
<td>Tool for assessment of „hidden innovation“ and public service innovation</td>
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<th>EU Innovation Support System (ISS)</th>
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<td>Start of social innovation: social needs and problems</td>
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<th>Business Digitalization</th>
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<td>Effect-3</td>
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<td>(1) New value (2) Added value</td>
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<td>Barriers of social innovation progress: cultural, financial, technical, operational, etc.</td>
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Figure 1. Conceptual frame of social innovation development (composed by authors)

The gaps inside the conceptual frame of social innovation exist as a lack of the theoretical and empirical knowledge about achievements about the development of social innovation performance. There are not well-known the assessment results of it effects. Three areas (effects) are important to assess as a new value or added value: 1) progress of social innovation; 2) impact of social innovation by field; and 3) extent of barriers to social innovation.
The development of social innovation frame is an important goal in the context of economic cycles and changes in business environment of EU. Increase of social innovation capacity makes available higher innovation space and the new value exit in the European markets. High innovation space is based on the incremental, radical and disruptive innovation cycles in any business, and the new value of social innovation usually impacts on changes of innovation infrastructure and networking with the great number of social communities up-to their needs.

Social innovation is becoming a tool for a new EU Policy Agenda to manage amount of societal goals in face of world disasters – finance support and investment lack, migration of population in case of economical and political troubles, climate change, environmental disasters and etc. (Pisano et al., 2015). Therefore, social innovation is a result of the corporate and governmental infrastructure changes.

4. Peculiarities of assessment of social innovation performance in EU

The Innovation Union Scoreboard (IUS, was started in 2001) and the Community Innovation Survey (CIS) are the main tools to evaluate the situation in the innovation performance and to identify the boosting areas in EU regions. Regional Innovation Scoreboard was valid till 2012. A new analytical tool – Innobarometer is covering the lack of analytical data (Innobarometer, 2014) since the end of this document.

For innovation performance, as an important process in EU, the available analysis of 8 dimensions and 25 indicators from 3 groups are used as Summary Innovation Index (SII) (Innovation Union Scoreboard..., 2015).

EU28 countries are assessed by several indicators, grouped as 8 dimensions: human resources, type of research system (opened, excellent or attractive), finance and support, internal (firm) investment, linkages and entrepreneurship, intellectual assets, type of innovators, economic effects, supported by Eurostat, United Nations and OECD analytical data resources.

The mechanism of assessment of the social innovation progress in EU is oriented on grouping EU28 countries up-to general innovation performance level. First group consists of EU countries leaders – Denmark, Germany, Finland, Sweden; second group – countries followers – Austria, Belgium, France, Ireland, Luxembourg, Netherlands, Slovenia, UK; third group – countries moderate innovators – Croatia, Cyprus, Czech Republic, Estonia, Greece, Hungary, Italy, Lithuania, Malta, Poland, Portugal, Slovakia, Spain; forth group – countries modest innovators – Bulgaria, Latvia, Romania (Innovation Union Scoreboard, 2015).

Since 2014 the new innovation performance measuring system was started in EU, and full system of indicators is presented in Innovation Union Scoreboard Report-2015. New indicators are able to assess the innovation performance by SMEs and entrepreneurship are involved by grouping EU countries in a new version. Mostly, the new EU members are presented as moderate or the modest innovators.

According to the six priorities of the Economics Development Action Programme (EDAP) of each EU28 country are fixed in EU Programme „Europe-2020“ (Europe-2020) and are focused on the development of national economies. The close content of social innovation development and improvement of business environment are placed in 2nd and 3rd Priority.

The 2nd Priority „Business productivity increasement and improvement of business environment“ in the National Economics Development Action Programme (EDAP) predicts the financial support within innovation and investment, information and communication, marketing and export for SMEs by developing business incubation, international competitiveness and new business vitality. The major goal of this priority is focused on improvement of business and competition environment.

The 3rd Priority „Informative society for all“ predicts interactivity of population increasing possibilities for development electronic business, public services, professional communication and social networking quality and safety.

The „Digital Agenda“ and the „HORIZON-2020“ Work Program serves as a frame for policy making with the standards and tools to initiate social innovation for Europe in digital way. Digital social communities (DSC) are playing an important role in smart/online business, and they are the main axes in social innovation performance and progress focused of social entrepreneurship development (The EU explained ..., 2014).

5. The functions of social innovation performance

The development of social innovation depends on the variety of economic activities and societal interests to it. Up-to the social networking and communication development the functions of social innovation are becoming more prospective and important for any business. The empirical research results in the field of innovation development present the situation in European market, that service sector attracts more innovation than the others (Sundbo, 1997). It means, that the social innovation performance could be fitted to the same tendency.

The broad diversity of social innovation performance makes difficulties to identify their functions. Many authors (Miles, 1993; Sundbo, 1994; Wobbe, 2012) declare, that service sector is more deductive for technical and social innovation. Some reasons are arised in this article as a base for approving successful social innovation progress in service sector.

Firstly, the development of business in nowadays is available by using high-tech communication tools. Manufacturing companies mainly invest and use the new strategic tools to manage technological processes because that innovation process is a long lasting activity there. Investment allows them to reach extremely attractive markets because of final innovative products, but globally great competition equalizes the business opportunities (Barras, 1990). Therefore, manufacturing companies use complex business infrastructure – financial and technical outsourcing, logistic, advisory, transportation, security services and etc. Such business infrastructure depends on technical (industrial) service sector for manufacturing companies. Hence, it means, that technical (industrial) service sector is innovating more rapidly than manufacturing.

Secondly, the same situation is in a public service sector. Pure service companies are useful for society because of their material and non-material activity. The most progressive way to display service of a high variety for users is to
supply their needs by innovative technologies, and thus, creates a different sence of usage in a holistic process of any services (managerial, processing, outsourcing quality), service content (structure, time, convenience) or service producer (place, communication, organization, staff skills).

Consequently, it makes a sense of more rapid R&D process in a service sector because of IT, social media, social networking and smart solution transfer technologies of data. Some contraversal approach (Castellacci, 2008; Bitner, Muller, 2011) was pointed about the unified theory of innovation without any need to group innovation according the economic activities or sectoral features. All innovation is the same in any economic activity. Only intensivity of innovation process serves for the new business (product or service) ideas or concepts.

Such conclusion is easy to approve by the help of usage of social media and social networking. Mostly business start-ups and SMEs use social media for approving their business ideas investigating consumers needs, tastes, interests, social habits; and competitors possibilities to impact on their business results. It means, that any company should get in future the competitive advantage by the non-technological innovation, thus, the process and organizational innovation is hardly imitative in any business environment.

CONCLUSIONS

The content of social innovation frame has a complex structure constructed of four key elements – innovation extent, users, performance drivers and progress conditions. Accordingly, the existing gaps inside the conceptual frame of social innovation are arisen from theoretical and empirical knowledge lack and poor research results about social innovation performance. There are not well-known the assessment results of it effects.

The authors revealed and formulated some research findings in this article as three axes contributing the conceptual social innovation frame:
1) the impacting key elements of social innovation performance, which are focused on assessment, approach building and actions oriented on the results of business digitalization – innovation policy development, investment and funding, assessment and knowledge share;
2) the barriers, which contribute to the progress of social innovation and depend on ICT and social networking;
3) the challenges of social innovation in business start-up and social communication.

Finally, for increase of the capacity and space of social innovation the analysis of social innovation life cycle has to be prolonged for getting better understanding about it. The development of social innovation frame is becoming an important goal in the context of economic cycles and changes in business environment of EU.

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