

CDSSES 2020**IV International Scientific Conference "Competitiveness and the development of socio-economic systems" dedicated to the memory of Alexander Tatarkin****SOCIAL INNOVATION AS AN ECONOMIC SYSTEM**

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Abstract

The interest to the topic of social innovations has been continuously growing in the last twenty years both in foreign and domestic researchers. At the same time researches' development in this field is continuously evolving starting from the justification of social innovations registration importance in socio-economic development of one or another system up to development of the particular technologies and mechanisms of social innovations development, implementation and management. The relevance of systematic approach application to social innovations considering is due to the contradictions growth in society, the need to involve various subjects: business, government authorities in solving these issues, the necessity to develop effective norms, rules, mechanisms of interaction between economic agents, etc. In this regard, the development of social innovations, the study of new approaches in this phenomenon research is a rather demanded task in current economic conditions. The study aims to research the essence and content of social innovation as an economic system. Statistic approach can be applied to structural content of social innovations as an economic system. Under such an approach, this system is considered in an unchanged position and all its elements are at rest. However, these elements are interconnected with each other in a certain subordination, which gives the system such a basic property as an integral unity.

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1. Introduction

The development of economic theory and its relevance are predetermined by the conditions and the factors that have arisen in reality. The economy transformation revealed that the existing theories cannot take into account the social essence of economic phenomena and do not mitigate "market failures". These theories are quite good in conditions of long-term stability ("calm"), but are counterproductive in case of transitional economy ("volatility") (Urunov, 2017, p. 188). Social innovations are one of the methods for resolving conflict situations in society in dynamic economic development. Despite the undoubted relevance of social innovations, there is no unified conceptual basis in this area, and only individual scientists and research projects present small breakthroughs in this direction. It is worth noting that identifying the essence and content of social innovations is currently very controversial, since there are many different variants of them.

For example, Mulgan et al. (2007, p. 5) believe that social innovations are "new ideas ... to achieve social goals". Mulgan et al. (2007, p. 7) believe that

the results of social innovation are all around us. Self-help health groups and self-build housing; telephone help lines and telethon fundraising; neighbourhood nurseries and neighbourhood wardens; Wikipedia and the open university; complementary medicine, holistic health and hospices; microcredit and consumer cooperatives; charity shops and the fair trade movement; zero carbon housing schemes and community wind farms; restorative justice and community courts. All are examples of social innovation – new ideas that work to meet pressing unmet needs and improve peoples' lives.

Phils (2009, p. 36) defining social innovation emphasizes that this is, first of all, "any new and useful solution aimed at social needs or problems which is better than existing approaches (for example, more effective, efficient, sustainable) and for which the value of the created worth (benefits) is directed primarily for society as a whole, rather than for an individual. That is to say that this scientist emphasizes that the result of social innovation is primarily the growth of social welfare but not personal one. Pol and Ville (2009, p. 878) act as opponents of this statement, believing that "the proposed new idea has the potential to improve either the quality or the duration of life". In our opinion, social innovations are a set of qualitative changes in human and social capital formation, development and implementation to increase the level of personal and social welfare. Since this phenomenon is quite complex, we propose to apply systemic analysis to assess its essential and substantive basis (Kisova, 2019, p. 15).

2. Problem Statement

Systemic analysis application to the assessment of social innovation essential and substantive basis will provide an opportunity, on the one hand, to study their structure, to understand the relationship between the subjective and objective forms of this phenomenon. On the other hand, it will allow us to identify the relationship between the input and output parameters of this system in order to further forecast and predict the general socio-economic system development. These two main circumstances

require a systematic scientific study, since in the domestic and foreign literature, social innovations are considered fragmentarily, the problems of theoretical substantiation of their essence, content, structure are to a greater extent posed than solved.

3. Research Questions

What is the structure of social innovation from the perspective of systemic approach? What are the inputs and outputs of the “social innovations” economic system?

4. Purpose of the Study

This study aims to develop theoretical and methodological ideas about the essence and content of social innovation from the economic system's perspective. Analysis of the structural elements of social innovation, which have a process and subject basis. Study of the input and output parameters of the economic system "social innovation".

5. Research Methods

Several scientific approaches were used in the research: historical-genetic, systemic, design, institutional, structural, and statistical. The work uses the techniques and methods of formal and dialectical logic (analysis and synthesis, comparisons, analogies, the unity of the historical and logical) are applied in the study. The research is based on the study of current monographic and periodical economic literature.

6. Findings

The systematic approach as a part of the scientific knowledge methodology was intensively developed in the 1960-1980 twentieth century. The scientists most often consider a system as a complex of components which interact in one way or another: "a system is a complex of elements that interact", "a system is a network of interconnected elements of any type of concepts, objects, people", the system is "a set of objects, the interaction of which causes the emergence of new, integrative qualities that are not typical to single components forming the system". Moreover, finally, the most complete, in our opinion, definition of a system as "a set of interconnected components of a particular nature, arranged according to relations with well-defined properties: this set is characterized by unity, which is expressed in the integral properties and functions of the set." (Romashenko & Kisova, 2017, p. 1143).

Thus, the system is not a mechanical sum of randomly selected and grouped elements, but a strictly subordinate arranged within itself unity, the elements of which are closely interconnected, interdependent and interact with each other.

Taking into account this definition, we will try to understand the essential and meaningful forms of the economic system "social innovations".

The main subject of the study of social innovation from the perspective of the economic system is the connections and relationships which arise among the elements of this system and which ensure its

integrity and unity (Rao-Nicholson et al., 2017, p. 228). It is exactly the kind of the system, which makes it possible to analyze and to reveal in more detail the essence and the content of social innovations, the features of their formation and development.

To study the structural content of social innovation as an economic system, from our point of view, it is necessary to apply a statistical approach, in which this system is considered in an unchanged position and all its elements are at rest. However, at the same time, these elements are interconnected with each other in a certain subordination, which gives the system such a property as an integral unity.

The conditions, factors and methods of implementing social innovations, as well as the subject-object composition and forms of implementing social innovations are the elements that form the content of social innovations as an economic system.

Let us analyze each element of the social innovation system.

The level of effectiveness of social innovations formation and implementation depends on the conditions and factors that determine them. In general, the conditions act as the prerequisites under the influence of which the impact of factors can increase or decrease. Factors play a more active role, since they act as the driving force for real economic processes. With regard to the system of social innovations, the most important conditions that determine its development and functioning are the level of development of the productive forces, the nature of production relations of a given system of national economy, natural conditions.

At the same time, the main factors influencing this system, in our opinion, are the following:

- in relation to the environment - external and internal. External factors include public administration, socio-economic conditions, human capital development, innovative infrastructure, informal institutional environment. Internal factors directly determine the processes and relationships that arise within the organizational system of social innovations.

- the sphere of effective influence - economic and institutional. Economic factors are a lack of funding for social innovations, a low level of human capital, job losses, an increase in unemployment, etc. Institutional factors are primarily the level and the degree of social capital development.

- by the nature of the impact, the factors are divided into mediated actions (indirect) and immediate (direct). Indirect ones include regulatory framework; direct ones include the state of the territory economy development, its innovative potential, the level of human and social capital development.

- by the nature of manifestation, objective (growth of national wealth and GDP, reduction of energy and material consumption of GDP, growth of investments, etc.) and subjective (culture, psychology of society, ethnicity, religion, etc.) factors can be distinguished.

- according to the level of impact, the following factors affecting the formation and implementation mechanism can be distinguished: at macro level (agreements settlement, social and other conflicts reduction at the national level, etc.); at meso-level (the social sectors development stimulation, providing opportunities for all citizens to participate in public life, etc.); at the micro level (creating conditions for personal self-expression, the right of everyone to participate in decision-making, etc.).

The form of social innovations implementation should mean the methods of actions (behavior) of subjects regarding the formation and implementation of qualitative changes in the areas of continuous

reproduction of human and social capital in order to level the contradictions in economic interests and improve personal and social well-being (Popov et al., 2018, p. 41).

Social entrepreneurship, social enterprise, social cooperation and social partnership are the main forms of social innovations implementation. So, social entrepreneurship is understood as entrepreneurial activity aimed at mitigating or solving social problems, characterized by the following features: social impact, innovativeness, self-sufficiency, scale, replicability (Yun et al., 2017, p. 426). It combines a social orientation of activities and an entrepreneurial approach, it is in the junction of entrepreneurship and charity, and involves the creation of social good not through pure charity, but through profitable or partially profitable activities. The main target of social enterprises is to solve social problems with innovative methods, i.e. the creation of social benefits through entrepreneurial activities the implementation (Koroleva, 2017, p. 148).

A social enterprise is identical in essence and function to the concept of a “non-profit organization”. This category also includes such traditional organizations as non-profit theaters, hospitals, schools, social service providers, etc.

Social cooperation is an association of citizens aimed at achieving social benefits. In the Russian Federation, social cooperatives include production and consumer cooperatives, which can implement social and innovative projects among their activities.

Social partnership is a system of institutions and mechanisms for coordinating the interests of the production process participants: workers and employers, based on equal cooperation (Glazkova, 2019, p. 2). Social partnership development in its various forms is an important component of the process of social orientation strengthening in actual market economy, its socialization (Tardivo et al., 2017, p. 584).

The forms of social innovation mechanism implementation depend on the relationship between the object and the subject of social innovation. In particular, the object of social and innovative activity means an economic entity, territory, labor collective, areas of human and social capital development, where this socially innovative project is being implemented; under the subject - the initiators or executors of the given project (state, companies, households).

According to the project approach, the participants in social innovation are:

- customer. As a rule, is federal, regional, municipal authorities and administrations, performing the task of social security of society and solving social problems act as a customer;
- investor. Both state and municipal authorities, and various foundations, charitable organizations, private companies, as well as individual individuals can act as an investor;
- manufacturer. The initiator of social innovation represents it. It could be the representatives of business, associations of state authorities and business, single individuals;
- a consumer, in the role of which are the society as a whole and people in particular act in this role.

With the institutional approach, households, companies and the state participate in social innovations. The role and functions of households should be considered in two ways: on the one hand, they act as a carrier of human capital, which is a potential basis social innovation creating, and on the other hand, as a direct consumer of social innovation (Korogodin, 2015, p. 1099).

Subject-object relations of social innovations are realized at several levels of the hierarchy: mega-level - global social innovations; macro level - social innovations at the national economy level; meso-level - regional social innovation; micro-level - social innovation at the enterprise level; nanoscale - social innovation at the household level.

Dialectical interdependence of all elements and structural levels of the economic system of social innovations predetermines its integrity and the presence of emergent properties. In a consolidated manner, social innovations from the perspective of the economic system are presented in Figure 1.

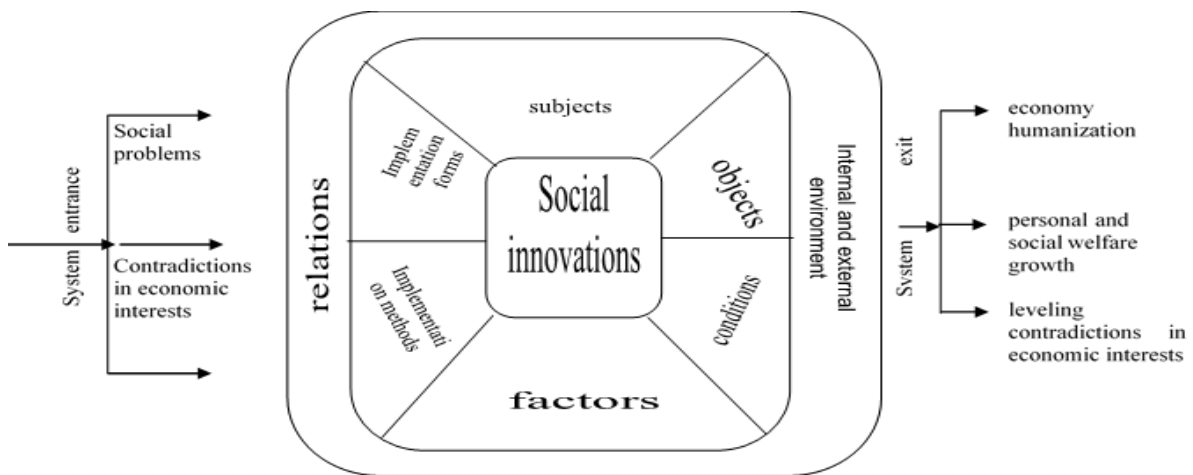


Figure 1. Model of the "social innovation" system

Social problems, as well as contradictions in the economic interests of business entities are the input parameters of this model. К таким противоречиям, в частности, можно отнести: In the system of socio-economic relations contradictions related to the formation of social innovations due to the collision of interests of subjects of different levels may arise. These contradictions are associated with the rivalry of interests and motives of the main economic agents involved in this process (Veretennikova & Omonov, 2018, p. 21). Such contradictions, in particular, include:

- the desire of companies to get an economic effect as soon as possible, while there might not be any economic effect at all or it can be in a few years. As a result, economic agents have little incentive to introduce social innovations into the activities of their companies (such innovations are mostly of an organizational and managerial nature), which contributes to a massive outflow of human capital to other countries;

- overproduction problems resulting from the benefits surplus formation. On the one hand, excess production creates new challenges in relation to the search for sales markets, and on the other hand, it puts the economy in front of the problems of excessive consumption of resources, including non-renewable ones (Kats, 2015, p. 220).

Accordingly, the "output" parameters of the system are the results of interaction and functioning of various elements of the social innovations economic system, which include the growth of personal and social well-being, the leveling of contradictions in the economic interests of business entities. At the same time, this system's main effect is the formation and spread of economic growth humanization, i.e. orientation of the strategic and tactical goals of the state, first of all, on the realization of human potential as the main factor and as a result of economic development.

7. Conclusion

Thus, social innovation as an economic system is a set of structural elements, subsystems of various levels, connections and relations between various economic entities, the interaction of which leads to an increase in welfare, decrease of contradictions in economic interests, and the development of humanization of the economy. Our study of social innovation from the perspective of the economic system allows us to formulate a number of conclusions:

Firstly, the assessment of the social innovations emergence and development testifies to the existence of numerous multilateral ties, relationships, between their various elements.

Secondly, systemic approach application to the analysis of social innovations gave a possibility to classify the composition of elements that have a process and objective nature. The conditions, factors and methods of social innovations implementation act as the elements that form the content of social innovations and have a process basis. The elements of a subject nature, in our opinion, include the subject-object composition and forms of social innovations implementation.

Thirdly, social innovations create the effect of formation and spread of economic growth humanization.

Fourthly, the theoretical analysis led to the understanding that social innovations as an economic system express a set of social relations arising among economic agents regarding the formation and spread of qualitative changes in the spheres of human and social capital formation and development in order to level the contradictions in economic interests and improving personal and social well-being.

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