

## **SOCIAL INNOVATION AND SOCIAL ENTREPRENEURSHIP – A SOLUTION FOR THE ISSUES OF THE CONTEMPORARY SOCIETY**

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### **ABSTRACT**

*In this paper, we addressed issues regarding the importance of social innovation (SI) and social entrepreneurship (SE) within a society which is in a profound and rapid change and transformation that marks all the areas of social life. The fundamental objective of the study was to analyze the concepts of social innovation and social entrepreneurship as providers of both social value and growth of life quality. We highlighted the inter-conditioning relationship between these two concepts and showed the need for social innovations to respond to some challenges of the society, such as aging, budgetary pressure and others. This paper proposes a model of social entrepreneurship at the intersection of three sectors: state, market and civil society, in its efforts to meet the more and more sophisticated requests of the contemporary society. Thus, the whole society must be connected to the new innovative social models.*

**KEYWORDS :** *innovation, Social Entrepreneurship, social innovation, transformation, value, public sector.*

**JEL CLASSIFICATION:** *M10*

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### **1. INTRODUCTION**

Social Entrepreneurship (SE) and social innovation (SI) emerged in the arena of international politics as a sector that provides services regarding the citizens' wellbeing combined with strong and often conflicting values that refer to social benefits, market value, participation and voluntarism on social entrepreneurship. SE and SI have become powerful metaphors for a new form of created value and also, a possible solution that is such a great necessity for the world.

Peter Drucker (2001) showed that "social needs will rise in two areas. First of all, they will rise in what has traditionally been considered the acts of charity area: helping the poor, the disabled and the helpless ones. They will also increase, perhaps even faster, in what concerns the services that aim to change the community and to change people." One of the causes.

Joseph Stiglitz (2008) pointed out that SE is a type of important technical innovation that can help the sustainable development of the financial institutions. There is a strong need for social services, taking into account the challenges of the contemporary society: escalating the aging phenomenon, strong pressure on public budgets, the need to increase the quality of life. Through SE and SI, the negative consequences of inequality, increasing cultural diversity, the fragmentation of decision-making processes and others, are eliminated. Therefore, the entire society must be connected to the new innovative social models.

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Thus, the private enterprises must take into consideration, with more responsibility, the social dimension of their work, and the central and public administration must cooperate more with the social actors to become more innovative in addressing these issues.

A major role falls, however, on the civil society that should be more involved and identify the social entrepreneurs who will be able to create social innovation in the form of new initiatives of social enterprises.

## **2. RESEARCH METHODOLOGY**

The implemented research is based on documents and reform strategies and is founded on an analysis of numerous studies that were carried out by both research groups from universities and also by European institutions in the analysis of the fields regarding the Social Entrepreneurship and the social innovation.

The method used for investigation was documentary analysis which included: works of literature regarding the role of social innovation and the forms of social entrepreneurship: articles, studies, reports, dedicated to this innovative approach in the country and the EU.

We also realized a comparative analysis on Social Entrepreneurship (SE) and social innovation (SI) and we developed the model of social entrepreneurship at the intersection of three sectors: state, market and civil society.

## **3. SOCIAL ENTREPRENEURSHIP – CREATOR OF SOCIAL VALUE**

We define SE as a process that creates social value through innovation with a high degree of participation, especially by involving the civil society, while ensuring economic efficiency. Innovation often takes place in three representative sectors: state, market and civil society. The key motivation for entrepreneurs on the capital market is to build profitable companies, to gain confidence, but the fundamental element is to create social value.

ES can be defined as a method to find new and better ways to create social value. (Dees et al., 2002). Other authors define ES as a combination of entrepreneurial creativity and achievement of the social mission. The key elements of this approach are:

- Innovation and social value;
- Concepts like "participation", "civil society", "significant economy" are frequently met, but with different weights;

SE does not mean only the achievement of social objectives, but also processes and relationships that create social value. SE appears, first of all, to help the social inclusion of marginalized or disabled people, to encourage employment, to capitalize some local potential or sustain the social activity of some NGOs.

SE as well as SI creates value, and the key word is "social". SE as creator of social value, contributes both to the increase of social wellbeing and also, to solving some very difficult social problems. (Carr et al., 2011) SE also allows the changing of an unjust social balance, with a new stable balance, which ensures a better future for a group of people or for society as a whole.

An important aspect of SE is that social change tends to be seen as a "breaking model" (pattern-breaking) on a large, national or global scale, but it is also recognized that changes break all the deeply rooted patterns, even in small communities. (Light, 2008). The same author shows that great ideas often begin as insignificant, but ultimately they extend and break the social balance. SE as well as SI are not limited exclusively to one sector, this happens inside or in non-profit sectors.

The relationship between SE, Corporate Social Responsibility (CSR) and socially responsible investing (SRI) is noteworthy. The three have much in common (profit strategies on long-term, sustainable, environmental friendly and in accordance with the needs or expectations of the main co-concerned groups, from owners or investors, to consumers, partners, employees and to

communities in the proximity of the organizations operations, as well as the triple assessment and the economic-financial, social and environmental - reporting of the organization performance), but they differ in the decision level.

Thus, the social entrepreneurship is an initiative of the entrepreneur, CSR is linked to a company's management, and SRI is linked to the investors options for a socially responsible investment fund, as well as to the fund decisions to invest in companies that prove a certain level of social performance.

SE appears, firstly, to help the social inclusion of marginalized or disabled people, to encourage employment, to capitalize a local potential or sustain the social activity of some NGOs.

On the border of social entrepreneurship, there are also other businesses or projects that are based on some real social needs of communities or social groups, which manage to find a sustainable way to meet those needs. Through their social objectives and benefits, the rural entrepreneurship, agro tourism, biological or organic agriculture, the small organic farms, cooperatives or networks of small farmers and artisans are found on the border between classical and social entrepreneurship.

#### 4. SOCIAL INNOVATION - A VECTOR OF CHANGE

"Social innovation is closely linked to SE, involving the development of ideas, services and models through which social challenges can be better approached, with the participation of public and private actors, including the civil society, in order to improve social services,.. (2016).

The nature of social innovation is approached as a new solution that is more efficient, effective and sustainable (Phills, 2008). The primordial factor of social innovation is the concept of "social" itself. This implies that innovation is accompanied and focused on social issues, especially on unfulfilled social needs, on objectives and change.

For some authors (Mumford, 2002), this means innovation in social relationships, social organization and governance. Other authors (Phills et al., 2008) transpose the concept of "social" with priority to the society as a whole and then to people. Thompson et al. (2000) adds the fact that the most important benefit of social innovation is to help disadvantaged people and encourage them to assume more responsibilities and to organize and better control their lives.

In what concerns the sectoral involvement (Mulgan, 2008), it introduces the idea that the dissemination of social innovation is achieved with priority through some organizations whose primary purposes are social while other authors (Thompson et al., 2000) speak about the community initiative, and Bacon et al.,(2008) shows that these social innovations can be achieved by the public sector, others by community groups and others by voluntary organizations.

Representative themes of social innovation refer to:

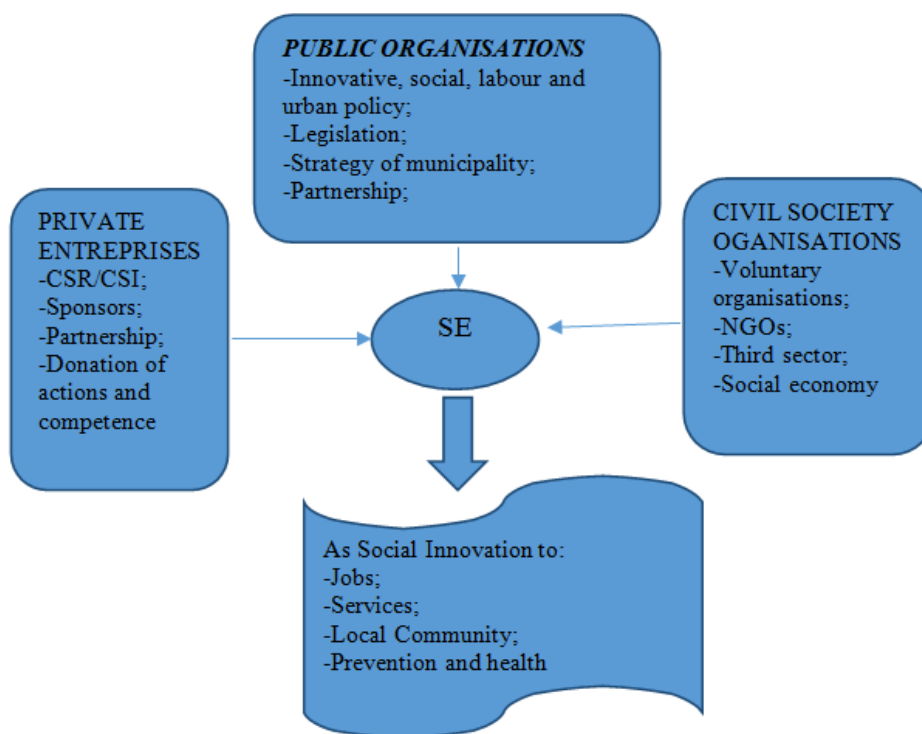
- ✓ innovative ways of active involvement of the community members in the supported operations, inclusively for overcoming barriers related to moral or society/ethnic customs;
- ✓ innovative ways to fight discrimination;
- ✓ capitalizing on local opportunities to identify the proposed solutions;
- ✓ activities and initiatives that aim at promoting equality and no discrimination etc.
- ✓ creating and strengthening partnerships, networks and platforms of cooperation between business support centres, incubators/clusters/hubs existing at a national/regional/local level;
- ✓ implementing mechanisms so that some public services can be overtaken by the economic agents through some commercial activities aiming at social, cultural, environmental, etc. services (e.g. utilitarian climbing, landscaping, elderly care, home delivery of food or other supplies, etc.);
- ✓ development of cooperatives for the delivery of some necessary services in the community.

SI involves connecting with movements and innovative social processes and does not always mean involving businesses. Drucker (2001) stated that solving social problems means social innovation, that brings then direct and indirect benefits and strengthens the position of the

organization or its business sector.

## 5. SOCIAL ENTREPRENEURSHIP MODEL

SE and SI have a deep, indestructible and special connection that requires a highly dynamic interaction with the three main pillars of the today's modern society: the state, market and civil society. We can make, therefore, a model of social entrepreneurship in relation to these three sectors, as follows:



**Figure 1. The social entrepreneurship model at the intersection with the three sectors**

*Source: adapted from Lebech (2015,p.29)*

This model shows how SE in Europe, in general, can be understood as a consequence of some changes and movements taking place in sectors that constitute modern society. Also, we note that entrepreneurial thinking and innovation are needed today in all types of organizations, irrespective of the sector they belong to.

Analysing the three sectors we find that, at the level of each of them, there were profound transformations, so that they all contributed to the development of SE. Thus, the public organizations and the private sector, in general, have changed radically going through processes of decentralization, governance in network, aiming to find new ways of cooperation to increase wellbeing. An important landmark in the transformation of the public sector is the modernization of programs in this area, towards competitiveness, by improving efficiency, effectiveness, leadership development and more. The wellbeing state has actively contributed to the initiation and development of the social innovation of SE.

Private enterprises have great importance in the development of SE and social responsibility. We are talking, in this case, about CSR which involves how private organizations have the CSR values incorporated in business development and in the core areas. CSR must contribute to the sustainable

development of organizations and create social value.

Civil society and the organizations within the civil society bring an overwhelming contribution to the development of SE, so we can say that civil society is the foundation stone of the SE. Civil society through volunteering and NGOs support and develop SE. In general, these organizations within the civil society promote innovation and entrepreneurship, they expand their portfolio of activities and use their resources effectively creating social value.

## 6. CONCLUSIONS

We conclude that these two concepts of SI and SE are in a close interdependence that unite the society synergies as a whole for the increase of life quality. There are several elements around which these concepts revolve and which highlight the following aspects: the close relationship between business innovation and social entrepreneurship; strongly imprinted accent on social needs, social issues and wellbeing, and the various sectors responsible for SI and SE, as well as non profit sector, business, government and the community.

Through SE and SI, we can cope with the profound challenges in our society by providing some services that are and will be necessary. One of the reasons is the extremely fast growth in the number of elderly people, many of them living alone or wanting to live alone. Another cause is the growth of the sophistication degree of medical services and health care, which require specialized research, education, and more and more specialized medical facilities. There is also a growing need for the long-life training of adults. To all these, the strong pressure on public budgets is added.

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