



*Faculty of Economics, University of Niš, 17 October 2014*

International Scientific Conference

**THE FINANCIAL AND REAL ECONOMY:  
TOWARD SUSTAINABLE GROWTH**

---

**SOCIAL INNOVATIONS: THE WAY  
TO SUSTAINABLE DEVELOPMENT**

**Iva Konda\***

**Jasmina Starc\***

**Barbara Rodica\***

***Abstract:** The meaning of innovation in the past used to be associated merely with the technical aspect, through time the broader understanding of innovation has prevailed, including non-technical innovations such as organizational or managerial, as well as social innovations. The latter is the most promising way to create sustainability for everyone – the capacity of companies and society. Social innovations complement economic innovations and are focused primarily on achieving social welfare. The purpose of this article is to introduce the connection of social innovations and sustainable growth as an important phenomenon in today's real economy. The European Union supports and encourages social innovation; in fact, innovation is 'the heart' of the Europe 2020 strategy. The foundation for social innovation has already been present in Slovenia for a century. Through case studies and interviews with selected actors who are in some way involved in social innovation in the country, the authors discuss the extent to which social innovations have developed, which topics they tackle, and how they can contribute to a sustainable social development.*

***Keywords:** social innovation, social entrepreneurship, sustainable development, EU, Slovenia*

**1. Introduction**

Today, the world is faced with numerous social challenges in terms of economy, society and environment that it needs to tackle. Poverty, famine, food safety, drinking water scarcity, the impact of climate changes, global economic crises, unemployment and increasing economic inequality are only a few of them. Senge et al. (2008, 6-7) establish that these challenges are interconnected and represent the symptom of a larger unbalanced

---

\* School of Business and Management Novo mesto, Slovenia;

✉ iva.konda@guest.arnes.si, jasmina.starc@guest.arnes.si, barbara.rodica@guest.arnes.si  
UDC 330.341.1:502.131.1(4-672EU+497.4)

global system. As soon as we come to understand that, our perspective of the issue will shift and we will be able to see the extraordinary potential for innovations. Social innovations are thus coming (or have come) into the forefront of social development plans which will be based largely on sustainability principles.

Even though the understanding of innovations has shifted in the course of time, innovation theories are still focusing on the economic effect of innovations and innovation's contribution to economic growth. Never the less, in recent times the belief that innovations should be implemented into every aspect of social and economic life – including the private and public sector, as well as social welfare – is gaining traction, partly on account of the increase of innovations in the service sector. Nowadays, it is hard to imagine that a successful company could keep up in the long run with other companies without innovations. A successful company, which is oriented toward sustainable development leverages technological and social innovations, which are largely the result of entrepreneurship.

Social innovations are new ideas, organizations or modes of operation, which are more efficient than previous alternatives in meeting social needs and improving social welfare. Today, millions of people around the world create better ways to address social issues such as climate change, chronic illness, social exclusion and material poverty. Often, their ideas are brought to life with the help of collaborations between the public and private sector, civil society and households. What is more, social innovations can and should come from any sector. The fact is that successful innovations are largely the result of mutual collaborations of more than one sector (SIE, 2012, 6). Murray et al.(2010, 168, 197) state that there are different ways of corporate involvement with regard to social innovations such as corporate social responsibility, hybrid business models that combine business capacities and social objectives, partnerships between social enterprises and corporations. An important reason for the emergence of social innovation is apparently the incapacity of existing structures and policies to solve the most pressing economic and social problems. The authors also point out that many social innovations are conceived in informal life e.g. over coffee, at lunch or in a bar, within a network of acquaintances. Networks of acquaintances are a rather underestimated source of social innovation. They are successful mostly in the field of environmental protection, health care and nursing care, where they are often ahead of businesses and the state.

According to BEPA (2011, 34), social innovation represents new solutions for existing social conditions or issues and influence the process of social interactions. However, not every new way of resolving social issues can be considered a social innovation. Just like technical innovations are considered innovations only after they can be marketed, social innovations must bring to users *permanent benefits*. There is no uniform definition of social innovations in the European Union, but they are commonly defined as a process of developing ingenious solutions in a social enterprise setting in order to find solutions for social needs and issues, which the market and public sector failed to provide. Social innovations are thus innovations that are not only good for society but also enhance society's capacity to act. For the OECD (2010, 196) social innovation implies conceptual, process or product change, organisational change and changes in financing, and can deal with new relationships with stakeholders and territories. They cover a wider range – from new types of childcare, home health care and internet social networks, to the development of a global fair trade chain and encouraging city dwellers to use bikes instead of cars.

## **Social Innovations: the Way to Sustainable Development**

---

It is not surprising that social entrepreneurship is becoming increasingly important. The essence of social entrepreneurship is a simultaneous action to create public good by detecting and identifying social problems, as well as using entrepreneurial principles to attain positive social changes. *In fact, social entrepreneurship is social innovation*, because social enterprises demonstrate how successful the combination of business with social and environmental topics can be. Yunus (2009) believes that there are new and fascinating opportunities for implementing social enterprises in the market, and the market is becoming increasingly interesting, attractive and competitive. Rather than focusing on generating profit, social enterprises aim at a good cause, in this way acting as a vector of change. They provide products, services, customers, markets, inflows and outflows; however, their underlying guideline is social usefulness. Yunus provides an alternative option – companies geared toward maximizing profit, but held by poor people.

For a social entrepreneur and social innovation, a group of people from different fields and with different competences, working together toward a particular idea and realizing it by means of support mechanisms is key.

Osburg and Schmidpeter (2013, 319) state that social innovation will be more and more adding the social or responsible dimension to company innovations. Current focus areas for innovations, like e-Health or e-Mobility, offer huge business opportunities for many companies but a lot of research still has to be done about the social implications of those innovations. For example, are not silent cars a possible danger for blind people? Do elderly people really want to stay at home instead of going to the doctor? Today much questions are unresolved and offer huge opportunities for true social innovation in its pure sense – a new cross-sectorial collaboration to create societal value.

In terms of methodology, the authors of the article reference the findings arising from the research of bibliography, analysis of relevant documents and in-depth interviews, as well as a secondary analysis of statistic data. The article initially undertakes to define social innovations and introduce the development process of social innovations and their significance in society. Next, it demonstrates how a society oriented toward sustainability can contribute to a higher quality of life and goes on to introduce social innovations in the EU and Slovenia. The article closes with a future perspective.

## **2. Process of Social Innovation**

Innovation is social when it is socially acceptable and diffused widely throughout society or within certain societal groups; transformed or complemented depending on the circumstances; and ultimately institutionalized as new social practice or made routine (Howaldt and Schwartz, 2010, 21). As with any innovation, "new" does not necessarily equal "good", but in the case of social innovation this at least implies "socially desirable". Occasionally, economic innovation that generates consumer goods can contribute to the development of human welfare just by expanding and diversifying the offering, e.g. by introducing new medications. If such innovations provide users durable benefits, they are deemed social. It follows that social innovations are not exclusive of the non-profit sector. Owing to the increase of corporate social responsibility, they are more and more prominent in successful companies. The future of global society lies in social innovations (see Fig. 1). The development of social innovations can be powered by the government by means of concrete actions through various policies (e.g. new public health care models), markets

(e.g. open source software or organically grown food), movements (e.g. fair trade) and academia (e.g. teaching models for childcare), as well as through social enterprises (microcredits and homeless magazines).

An innovative idea without buyers is not worth much. The whole process from idea to market success of a particular product/service requires great effort in terms of energy and time from the (social) entrepreneur.

Murray et al. (2010) propose six steps (Figure 1) how to realize a social innovation. The steps are not always sequential and sometimes it is necessary to leave time between two steps to gather feedback on the progress. Despite this, they make up a useful scheme of supportive activities which innovators and innovations need in order to grow and flourish.

**Figure 1: The process of social innovation**



Source: Murray et al., 2010, p. 11.

1. *Prompts, inspirations and diagnoses:* At this stage, we outline all areas that require innovation/improvement. We identify the problem, and rather than just identifying its symptoms find the real source of it. Asking the right questions is the first step in the direction toward finding right answers.
2. *Proposals and ideas:* Next, we generate ideas. There are several methods to develop creativity and new ideas. It is crucial for the ultimate success of social innovation to include a wide circle of actors as early as in the inception process.
3. *Prototyping and pilots:* It is essential that ideas be refined through trial and error. The key in this stage is to act swiftly, operate at low costs and obtain feedback from potential buyers/users and experts.
4. *Sustaining:* Only a small portion of ideas will survive this entire process and ultimately flourish. When we start to address a certain problem in a new way – with a new idea, we often come across various alternative ways to solve the same problem. Therefore, improvements continue to be important. The main factor is naturally the response of the target audience, but we also cannot disregard different evaluation methods. In the public sector, maintaining an innovation means integrating it into the budget. Beyond the public sector, it means that the idea must be viable on the market – so that the company can cover its expenses with the service/product.

## **Social Innovations: the Way to Sustainable Development**

---

5. *Scaling and diffusion:* This stage, there are different possible strategies as to how to disseminate the innovation e.g. via licensing or franchising. Alternatively, if the idea is inspiring or someone else simply copied it, it can be disseminated unorganized. Perhaps the potential of social innovation will be recognized by decision-makers and the new idea will become a successful model for solving particular problems – normally, this is associated with more available public finances. Above all, dissemination relies on an exchange of ideas and knowledge with other organizations.
6. *Systemic change:* This is the ultimate goal of social innovation. A change in the system is usually an interaction of social movements, business models, legislation and regulations, data and infrastructure and, of course, a completely new mindset and course of action. Here, we often confront with the previous regulation of the respective field. For the success of innovation, it needs to be economically viable, supported with new technologies, supply chains, institutions, knowledge and regulatory fiscal support. Social innovation often denotes transformations in the public and private sector, and it usually takes time for one to gain ground.

According to Senge et al. (2008, 45) managers have to consider three things in the process of social innovation:

- See the bigger systems in which companies operate;
- Cooperate with the internal and external environment of the organization; or to collaborate across boundaries; and
- Focus on what really matters to create the future they truly want.

Recently, social innovations came into prominence because they are an alternative to the existing methods on how to overcome the crisis, offering long-term solutions to current issues and new development opportunities.

### **3. Metodology**

There is no generally accepted methodology for measurement of social innovation now. Problems with establishing uniform measures and procedures start with the lack of a generally accepted definition of social innovation, a method for establishing variables, and the issue of measuring social innovation's performance or effect. Due to the restrictions imposed by national or international standards, e.g. IFRS and US-GAAP, the financial accounting can only be made up from transactions that have direct influence on the organization within the boundaries of its system. Another issue about measuring social innovation is the lack of objectivity (e.g. what is good for society) and the inability to standardize procedures etc. (see for instance Mulgan, 2010; Osburg and Schmidpeter, 2013).

The article is based on primary and secondary data sources. Secondary sources are represented by technical articles from academic databases and electronic documents (e.g. analyses, reports, estimates, proposals etc.) of national and European institutions and literature. Primary data was obtained by means of performing in-depth interviews with a focus group of players from the state, private and civil (non-profit) sector and social entrepreneurs in Slovenia.

It builds on the assumption that social innovations provide one way to achieve sustainable development of the society. Social innovations complement economic innovations, and their focus lies primarily on assuring social welfare. We believe that their development is of key importance for overcoming the economic crisis in the Slovenian setting.

Testing of the thesis was narrowed down to the Slovenian perspective; we were interested in how social innovations are developing in Slovenia, the current state of affairs in Slovenia in this field and whether it is justified to expect a systemic development of social innovation by the state. In a time when social and economic issues are getting more and more severe and when old problem-solving methods fail to work, social innovations seem as a new suitable option or alternative.

### **3.1 EU, Social Innovation and Sustainable Development**

EU is faced with great budget restrictions, demographic changes and globalization. Competitiveness, the ability to create jobs and a decent living standard of EU citizens are relying more and more on the capacity to encourage innovation in terms of products, services, business and social processes and models. Innovations, whether classic such as technological, service and organizational, or new social innovations are at the heart of the new Europe 2020 strategy, as they are supposed to represent the best way to successfully overcome economic and social issues.

Europe 2020 gives priority to knowledge and innovations (smart growth) and promotes a more competitive and green economy (sustainable growth), enhancing the economy through a high employment rate which strengthens social and territorial cohesion (inclusive growth).

The framework of Europe 2020, the flagship initiative Innovation Union, the European platform against poverty and social exclusion and the Single Market Act are documents, which relating to social innovations too. The Commission places its focus on social economy and social innovation, both in terms of territorial cohesion and in terms of finding original solutions for social issues, especially regarding the fight against poverty and social exclusion, in order to promote a "highly competitive social economy" (European Commission, 2011).

In the framework of innovations, social innovations provide an opportunity to create new solutions, to connect with citizens and promote better quality of life. In the words of Barroso (2011, 3): »Social innovation should be at the core of our social market economy and also contribute to make our social market economy more competitive. If we are prepared to adapt to our fast-changing world, if we address today's social and economic challenges in a smart way, it has the potential to unleash fresh waves of creativity and innovation and create new sources of sustainable growth and jobs.«

The Commission supports the following most common methods in the field of social innovations (BEPA, 2011, 81 – 96):

- knowledge-sharing and dissemination;
- participative processes for stakeholders in the preparation and implementation of policies;

## **Social Innovations: the Way to Sustainable Development**

---

- policy coordination and capacity building; supporting studies, research and evidence for good practice for policy planning and policy development and for advancing knowledge on social innovation;
- support of social experiments;
- support of social entrepreneurs and enterprises; infrastructure and enabling factors to support and nurture social innovation.

There are numerous organizations/networks/companies that are involved with social innovations in the EU. Among them are for instance: NESTA – UK's Innovation Foundation (<http://www.nesta.org.uk>), The Young Foundation in England (<http://www.youngfoundation.org>), ZSI – Centre for Social Innovation in Austria (<https://www.zsi.at>), globalna skupnost SIX – Social Innovation Exchange, which includes individuals and organizations both from civil society and global companies, public agencies and academia, all of whom are dedicated to promoting social innovation and spreading the interest in this respective field (<http://www.socialinnovationexchange.org/>). The Commission is the main financier of the Euclid network, which connects actors from the civil sector (NGOs, non-profit and voluntary organizations) and acts as an important advocate and promoter of social innovation (<http://www.euclidnetwork.eu/>).

A *sustainably oriented society* must ensure a healthy environment, clean water and air and safe food. It should support a healthy human development without jeopardizing future generations. This means that a sustainably oriented society demands a long-term business activity, which strives for optimum profit by reducing the exploitation of natural resources to the minimum, relying instead on their sustainable use. Its development is focused on the process of transformations over a longer period, in which the use of natural resources, directing of investments, technological development and institutional progress are adapted to the needs of the present and future generations.

In addition to social benefits, social enterprises pursue sustainability in the field of environment and economy. This means that social enterprises generate at least one portion of its revenues on the market so they are not completely dependent on national funds and subsidies.

We also should not forget that profit-oriented companies or entrepreneurs too could contribute to the implementation of broader social objectives, if they incorporate the *corporate social responsibility* standard in their quality standards. This means that they accept as their mission a commitment to donate part of the generated profit for the realization of wider community needs, of the community in which it operates. Entrepreneurs are increasingly aware that they can attract clients and enhance their image through socially and environmentally friendly operations. This has led to a series of collaborations between businesses and third or public sector organisations; developments in the field of corporate social responsibility; increased private sector provision of public services in some countries and; the development of new social business models (The Young Foundation, 2010, str. 42).

Social economy is currently one of the fastest growing sectors of business activity in the EU, employing, according to some data, more than 11 million people, which is 6 % of the total of persons employed. Approximately one of four newly founded businesses is supposed to be a social business. The largest share can be found in Belgium, Finland and France (European Commission, 2011). Social economy enterprises in the EU make up 3

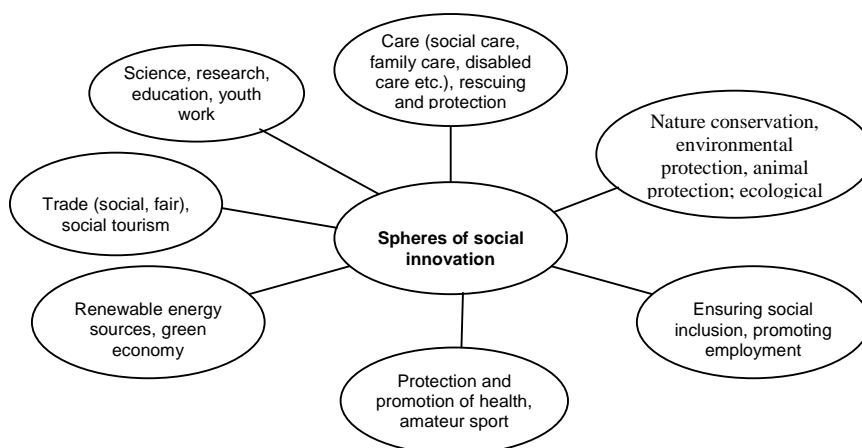
million organizations or 10 % of all European companies, employing 6 % of the total working population. With a staggering 70 %, the largest share is employed by non-profit organizations, followed by co-operatives with 26 % and mutual societies with 3 %. Social economy enterprises are present in almost every economic sector such as banking, insurance, agriculture, crafts, various commercial services, health care and social services etc. (European Commission, 2014). According to a research conducted by Črnak-Meglič and Rakar (2009), the social economy sector or the third sector in Slovenia employs a meagre 0.74 % of the workforce. This means that this sector in Slovenia has the potential to provide jobs for almost 48,000 people.

### 3.2 Social Innovations in Slovenia

As a developed country and EU member, promoting innovations is in the forefront of Slovenia's economic and social recovery strategy (e.g. National Reform Programme 2014-2015, Resolution on the National Research and Development Programme 2011-2020). Understanding innovations in these documents is from a traditionally economic point of view – emphasizing products, processes, the organization and marketing. The role of social innovation is less prominent, as it is only found in indirect connections and methods with which social innovation can contribute to implement national objectives. The reason for this may be that in Slovenia the structure of the social security system and public services did not really change that much from the socialist period. The economic crisis put pressure on the state with regard to public finances, which has additionally hampered the payment of social benefits and other expenses (public sector wages, pensions, employment subsidies etc.).

A step forward in the development of social innovations in Slovenia is the Social Entrepreneurship Act (OJ of RS, No. 20/2011) which entered into force in early 2012. This document is the most direct instrument to promote the development of social innovation by promoting the development of social enterprises. The fields and activities of social enterprises include all vital elements for ensuring social and economic welfare where social innovation can play a crucial role (see Figure 2).

Figure 2: Spheres of social innovation





## **Social Innovations: the Way to Sustainable Development**

---

Social innovations are also less prominent due to their relative recentness and distinct features. An important feature of social innovations is their double process dimension, acting from the bottom up and from the top down. In addition to cooperation and carrying out activities at the international community level, there is also a need for regional, national and local incentives. The most social innovations come about at grass-root level.

Interviewees believe that the *supportive environment for social innovations in Slovenia is poorly developed*. If we want an advanced society, we need continuous innovations in politics, public administrations, NGOs – in all social events, really.

In addition to some public funds and foundations, which are not specifically aimed at social innovations, the Social Entrepreneurship Act opened the door to the first social incubators (promoters and intermediaries between the demand and supply of social innovations) and other similar support services for social innovations, even though still lacking any real financial support and investments. There are several companies, organizations and individuals in Slovenia, which act socially innovative without defining their operations as such. However, it is evident from the records on social enterprises that there were 46 social enterprises registered in Slovenia as at 23 June 2014. According to European standards, around 18,000 operational societies, 250 foundations, 250 private institutes that are defined as non-profit companies, 150 companies for the disabled and some ten co-operatives could be classified as such in the social economy sector (Radej, 2011). Since in Slovenia the state plays the main role in providing public goods and services, this might be the reason for the underutilized potential of social innovation in the country.

Interviewees agree that the concept of social innovation *in Slovenia has not yet been generally accepted*, in large part due to the word "social". Alluding to the past socialist system, it creates terminological confusion and leads to the inadequate understanding by many decision-makers about the added value of social innovations – which is an active and dynamic contribution to comprehensive economic development – seeing "social" only as passive rescuing of vulnerable groups. An important pillar for the development and implementation of social innovations is the development of the civil sector. Social innovations provide great opportunities for addressing the needs of residents (e.g. recycling and home assistance), even though there are many factors hampering their development through the actions of civil society (and social enterprises). These factors are mostly a legacy from the past and include the following (OECD/MDDSZ, 2010, 12):

- Conceptual confusion;
- Stigmatisation of entrepreneurship and a lack of positive vision of entrepreneurs and entrepreneurship;
- The lack of entrepreneurial capabilities of social economy organisations;
- No clear role for the social economy in the Slovenian social system;
- Strong stigmatisation of certain target groups;
- The distance between the social economy, the state, and their low level of communication. The state does not consider social economy organisations as serious partners in meeting the needs of people or does not consider important their contribution to general social welfare; and

- A lack of intermediary public bodies between municipalities and the state – incomplete decentralization, which is particularly important for meeting regional needs in light of Slovenian regional diversity.

According to interviewees, social innovations are *important for Slovenia and beyond*, for the whole world even, as pointed out by Stritar (2014), adding that social innovations are mostly important for those people who are marginalized by technological innovation. In particular, interviewees highlight youth employment, the pension and health care system and self-sufficiency as those areas, where Slovenia needs social innovations the most. Puh (2014) when thinking in terms of social economy provided an interesting perspective. Social economy plays an important role in association with the local and national structure. It connects profit-making with solidarity (ethical economy); generates high-quality jobs adjusted to individuals (ergonomics); supports sustainable development – environmental and technological innovations (ecology); strengthens social, economic and local/regional bonding, generates social capital, promotes active citizenship and, most of all, puts the human into the forefront of all this. All three principles are the pillars of the eTRI business model, which enables sustainable implementation of social entrepreneurship in Slovenia in the form of eTRI franchises. Their mission is to create green jobs for vulnerable groups. This is a concrete example of social innovation, which offers a new innovative solution and an alternative to existing business models.

*Social innovations are not only important for society and environment, but also for saving the economy*, is the consensus of the interviewees. Addressing social and environmental problems in fact means saving the economy, as all three elements are interconnected. Mitrovič (2014) highlights the strategic importance of social responsibility and at the same time innovative embedding of social responsibility in the corporate context of a company trying to find its competitive edge in this process. Nearly all activities in this value chain of the company touch on various communities in which the company operates, generating either positive or negative effects. Many times employees of a company and clients are much more aware of sustainable actions and impacts on social environment. In other words, a company, which is aware of the significance of social innovations, can find a great source of inspiration in its employees and users, who are keen to participate. According to Špec Potočar (2014), values are mainly left to us in that we maintain and improve the quality of life. Against this background, rural environment and local self-sufficiency are crucial. Possibilities for entrepreneurship, for inclusion of partnerships and development of social innovations are numerous in these spheres; we just need to pursue them actively, instead of waiting for state incentives or others for funding. Bačar (2014) points out Google and Facebook as two examples of classic (economic) social innovations, which revolutionized communication in society. He believes that social innovations create a better world by efficiently solving existing cultural, social, environmental and economic challenges. Individuals, groups or organizations develop them, and they may take place in the non-profit, profit or public sector. In fact, practice shows that *social innovations successfully connect all three sectors*. Slapnik (2014) points out co-operatives and corporate social responsibility as an important link between social innovation and the economy. An example from the UK is provided where volunteerism and social responsibility are highly cherished, unlike in Slovenia. Perhaps a greater emphasis on social innovations in Slovenia in the future could turn this situation around. The interviews also reveal that *social innovators in Slovenia collaborate*, encourage and help each other, but

## **Social Innovations: the Way to Sustainable Development**

---

mostly operate on an individual basis. Co-operatives in Italy, Spain and the UK are given as examples in terms of collaboration.

Among the problems of social innovations, interviewees highlight the lack of funds, failure to grasp the significance of social innovation, unwillingness to take risks and lack of inter-sectoral connection. Their views on the role of sectors in encouraging and implementing social innovation, however, differ. Most believe that civil society is the initiator and executor, as it is in direct contact with the field and is therefore capable of quickly identifying opportunities or issues as they arise. The education sector could play a more decisive part, mostly with regard to illuminating this topic, raising awareness and encourage youngsters; if it was more flexible and socially responsible, it could also implement social innovation. Teaching about the significance of the social and environmental dimension starts as early as in kindergarten where children are taught to save water and separate waste. The state can promote innovation by eliminating bureaucratic obstacles, in addition to including the economy – also through state measures. Successful companies have figured out that without social innovations there is no chance for long-term growth and development.

A study conducted by GEM (Rebernik et al., 2010, 112) showed that society in Slovenia expects companies to give part of their profit back to the community by supporting important social and environmental projects. Additionally, companies should invest more into corporate social responsibility activities if they want to restore the trust of the public, which they had lost because of the global crisis. It is also interesting to note that entrepreneurs than the government – something that all interviewees agree with, in general can address social and environmental issues and community issues more efficiently.

### **4. Conclusion**

Social innovations are important for addressing social, environmental and economic problems, because they greatly shape sustainable development. In Slovenia, social innovations are important in various fields, especially employment, social inclusion, demographic changes, health care, education, finance, political structures and social integration. In general, interviewees showed great awareness and support for social innovations, so one might say that social innovations in Slovenia are to an extent fairly well developed. The greatest difficulty with the implementation of social innovation into the social setting is the weak supportive environment, lack of funds and unwillingness of the state and other important actors to take risks and make changes.

Compared to other European countries, the civil sector in Slovenia is poorly developed and/or supported by the state and companies. There are also only a handful of examples of market-oriented civil society organizations. The Social Entrepreneurship Act is expected to boost the growth of this sector. The private sector is witnessing the trend of social innovation or, at least, social responsibility. At state level, the trend of social innovation is existent but not specifically aimed at this field. The existing entrepreneurial supportive environment requires a thorough overhaul and upgrade by developing social entrepreneurship incubators and co-working spaces. The key is to create an understanding supportive environment, which is aware of the significance of social effects/impact brought on by social innovations. With this goal in mind, the Ministry of Labour (MDDSZ) commissioned a study on measuring its social effects. Setting up rules on how to measure

social effects might help companies to prove such effects and help users to make purchases of products and services offered by e.g. social enterprises.

Considering the answers we had obtained and the reflections on the significance of social innovations for the economy, all surveyed individuals displayed great consensus with regard to the fact that social innovations are necessary for the sustainable development of society and key for Slovenia's journey toward overcoming the economic crisis.

While reviewing EU's perspectives in the field of social innovation, the authors have established that there are two fundamental reasons why the EU supports social innovation. First of all, constituting a new approach to address current issues, social innovations can help remedy the situation in the EU and steer it back to the path of successful economic development. Second of all, should this strategy succeed, it could provide a new groundwork in the global economy so that the EU can once again become competitive and successful on the international scene. This is why it has adopted a new strategy, prompting member countries to attempt to remedy the situation in their respective areas in line with their circumstances and resources. However, the EU has also assumed a part of the responsibility upon itself by promoting and funding individual countries or local activities, projects, programmes etc. EU's innovation policies support the authors' thesis that social innovations importantly drive forward the sustainable development of society and that their development is also crucial for Slovenia's way out of the crisis. The thesis, however, can be confirmed only in part. There is no uniform methodology in place for the purpose of studying the influence and success of social innovations, which could demonstrate their actual success through numbers and indicators.

### **References**

1. Bačar, F. (2014). Interview with the author. Novo mesto, 24. April.
2. BEPA (2011). Empowering people, driving change: Social Innovation in the European Union, [http://ec.europa.eu/bepa/pdf/publications\\_pdf/social\\_innovation.pdf](http://ec.europa.eu/bepa/pdf/publications_pdf/social_innovation.pdf) (19. 6. 2014).
3. Černak-Meglič, A., Rakar, T. (2009). The role of the third sector in the Slovenian welfare system. *Teorija in praksa*, 46(3): 237–254.
4. European Commission (2011). Social Business Initiative - Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation (SEC(2011) 1278 final).
5. European Commission (2014). Social Economy, <http://ec.europa.eu/enterprise/policies/sme/promoting-entrepreneurship/social-economy/#h2-1> (19. 6. 2014).
6. Howaldt, J, Schwarz, M. (2010). Social innovation: Concepts, research fields and international trends, [http://www.asprea.org/imagenes/IMO%20Trendstudie\\_Howaldt\\_englisch\\_Final%20ds.pdf](http://www.asprea.org/imagenes/IMO%20Trendstudie_Howaldt_englisch_Final%20ds.pdf) (18. 6. 2014).
7. Mitrovič, Z. (2014). Interview with the author. Novo mesto, 6. June.
8. Mulgan, G. (2010). Measuring Social Value, [http://www.ssireview.org/articles/entry/measuring\\_social\\_value](http://www.ssireview.org/articles/entry/measuring_social_value) (23. 6. 2014).
9. Murray, R., Caulier-Grice, J., Mulgan, G. (2010). The Open Book on Social Innovation, <http://www.nesta.org.uk/publications/open-book-social-innovation> (19. 6. 2014).

## Social Innovations: the Way to Sustainable Development

---

10. OECD (2010). Social Entrepreneurship and Social Innovation. In SMEs, Entrepreneurship and Innovation, [http://ec.europa.eu/internal\\_market/social\\_business/docs/conference/oecd\\_en.pdf](http://ec.europa.eu/internal_market/social_business/docs/conference/oecd_en.pdf) (24. 6. 2014).
11. OECD/MDDSZ (2010). Izboljšanje socialne vključenosti na lokalni ravni preko socialne ekonomije: Poročilo za Slovenijo, [http://www.mddsz.gov.si/fileadmin/mddsz.gov.si/pageuploads/dokumenti\\_\\_pdf/seminar\\_soc\\_podjet\\_oecd\\_porocilo.pdf](http://www.mddsz.gov.si/fileadmin/mddsz.gov.si/pageuploads/dokumenti__pdf/seminar_soc_podjet_oecd_porocilo.pdf) (26. 6. 2014).
12. Osburg, T., Schmidpeter, R. (2013). Social Innovation: Solutions for a Sustainable Future, [http://www.thomasosburg.com/\\_Osburg\\_Social\\_Innovation.pdf](http://www.thomasosburg.com/_Osburg_Social_Innovation.pdf) (26. 6. 2014).
13. Puh, L. (2014). Interview with the author. Novo mesto, 24. April.
14. Radej, B. et al. (2011). *Presečno določanje razvojnih priorit.* Ljubljana: Slovensko društvo evalvatorjev.
15. Rebernik, M. et al. (2010). *Slovensko podjetništvo v letu krize. GEM Slovenija 2009.* Maribor: Ekonomsko-poslovna fakulteta.
16. Senge, P. et al. (2008). *The Necessary Revolution. How individuals and Organisations Are Working Together to Create a Sustainable World.* New York: Doubleday.
17. SIE (2012). Social Innovation Europe. Financing Social Impact; funding social innovation in Europe – mapping the way forward, European Commission, [http://ec.europa.eu/enterprise/policies/innovation/files/funding-social-innovation\\_en.pdf](http://ec.europa.eu/enterprise/policies/innovation/files/funding-social-innovation_en.pdf) (19. 6. 2014)
18. Slapnik, T. (2014). Interview with the author. Novo mesto, 24. April.
19. Stritar, T. (2014). Interview with the author. Novo mesto, 24. April.
20. Špec Potočar, M. (2014). Interview with the author. Novo mesto, 24. April.

## SOCIJALNE INOVACIJE: PUT KA ODRŽIVOM RAZVOJU

**Rezime:** Značenje inovacija u prošlosti se povezivalo uglavnom sa tehničkim aspektom. Vremenom je počelo da prevladava šire značenje koncepta inovacija, koje je uključilo i ne-tehničke inovacije, kao što su organizacione ili menadžerske, ali i socijalne inovacije. Socijalne inovacije su najperspektivniji način da se postigne održivost, tj. potencijal kompanija i društva u celini. Socijalne inovacije dopunjuju ekonomske inovacije i usmerene su pretežno na postizanju društvenog blagostanja. Svrha ovog rada je da istraži vezu između socijalnih inovacija i održivog rasta kao važnog fenomena u savremenoj realnoj ekonomiji. Evropska unija podržava i ohrabruje socijalne inovacije; u stvari, inovacije su “srce” razvojne strategije Evropa 2020. Osnova za socialne inovacije u Slovenii postoji već čitav jedan vek. Kroz studije slučajeva i seriju intervjuva sa odabranim akterima, koji su na izvestan način uključeni u socijalne inovacije u nacionalnim okvirima, autori ovog rada razmatraju stepen prisutnosti socijalnih inovacija, u koju su oblast usmerene, kao i kako mogu uticati na održiv razvoj društva.

**Ključne reči:** socijalne inovacije, socijalno preduzetništvo, održivi razvoj, EU, Slovenija.