



УДК 330.1:338.49

JEL Classification: O31, P28

DOI: <https://doi.org/10.54929/2786-5738-2023-7-03-05>

## SOCIAL INNOVATION IN A SUSTAINABLE DEVELOPMENT SYSTEM

### СОЦІАЛЬНІ ІННОВАЦІЇ У СИСТЕМІ СТАЛОГО РОЗВИТКУ

**Iuliia Ushkarenko**

Doctor of Economics, Professor,

Head of the Department of Economics, Management and Administration,

Kherson State University

Ivano-Frankivsk, Ukraine

ORCID: 0000-0002-7231-5277

**Andrii Soloviov**

Doctor of Economics, Professor,

Dean of the Faculty of Business and Law,

Kherson State University

Ivano-Frankivsk, Ukraine

ORCID: 0000-0002-6429-5253

**Ушкаренко Ю. В.**

Доктор економічних наук, професор,

завідувачка кафедри економіки, менеджменту та адміністрування,

Херсонський державний університет,

м. Івано-Франківськ, Україна

**Соловйов А. І.**

Доктор економічних наук, професор,

декан факультету бізнесу і права,

Херсонський державний університет,

м. Івано-Франківськ, Україна

The article considers the features of social innovations, by which we mean new methods, ways of achieving social result in accordance with the goals of society for a fuller use of human resources. To analyze the impact of social innovations on sustainable development, it is advisable to divide them into two groups. Social innovations of the first kind include public and private transactions that are aimed at improving human capital. Social innovations of the second kind involve consideration of external social effects arising from any innovative activity. In the new interpretation, the innovative trajectory of sustainable development can be represented by the following sequence: new advanced technologies, new competitive goods demanded in the world market, new local and global markets, new organizational forms, institutions and approaches to regulation of innovative activity, new methods, ways to achieve social result in accordance with the purposes of society on more complete use of human resources.

**Key words:** innovation; sustainable development; innovation economy; socio-economic efficiency; social transformation; social innovation.

У статті розглянуті особливості соціальних інновацій. Метою роботи є аналіз впливу соціальних інновацій на стапій розвиток та обґрунтування основних напрямів їх поширення в умовах сталого розвитку соціально-економічних систем. Під соціальними інноваціями розуміємо нові методи, способи досягнення соціального результату у відповідності з цілями суспільства з більш повного використання людських ресурсів. Для аналізу впливу соціальних інновацій на стапій розвиток поділено їх на дві групи. До соціальних інновацій першого типу відносимо державні та приватні трансакції, спрямовані на поліпшення людського капіталу. Це програми з покращення якості освіти, охорони здоров'я, забезпечення житлом та іншими послугами, які сприяють найбільш повному розкриттю людського потенціалу. Соціальні інновації другого типу передбачають облік зовнішніх соціальних ефектів, що виникають у результаті будь-якої інноваційної діяльності. Ці ефекти з погляду сталого розвитку можуть бути як позитивними, і негативними. Позитивні соціальні ефекти інноваційної діяльності можуть виражатися у створенні нових робочих місць, зростання доходів і самореалізації кваліфікованих працівників, забезпечені гідних умов їх праці, відпочинку, медичного обслуговування, поліпшення якості освіти. Негативні соціальні зовнішні ефекти інноваційної діяльності можуть бути пов'язані з порушенням соціально-економічних пропорцій, вивільненням кваліфікованих працівників, наявністю об'єктів високої екологічної небезпеки тощо. У новому трак-

туванні інноваційна траєкторія сталого розвитку може бути представлена наступною послідовністю: нові передові технології, затребувані на світовому ринку нові конкурентоспроможні товари, нові локальні та глобальні ринки, нові організаційні форми, інститути та підходи до регулювання інноваційної діяльності, нові методи, способи досягнення соціального результату у відповідності з цілями суспільства щодо більш повного використання людських ресурсів. Встановлено, що дана модель дозволяє врахувати комплексний характер інноваційного процесу, який позитивно впливає на стабільний розвиток суспільства.

**Ключові слова:** інновація; стабільний розвиток; інноваційна економіка; соціально-економічна ефективність; соціальні перетворення; соціальні інновації.

**Statement of the problem in a general form and its connection with important scientific or practical tasks.** Attention to innovation is linked to the global community's transition to a new type of economy, called the «innovation economy» or «knowledge-based economy». This attention is even more intensified in the context of the current global crisis, which many experts associate with the implementation of innovative transformations. Social innovation occupies a special place in the system of sustainable development. This is related to the dynamics of socio-demographic processes of global community development and the integration of the achievements of scientific and technological progress into the sphere of consumption.

**Analysis of the latest studies and publications, which the author relies on, which consider this problem and approaches to its solution.** The study of social innovations is devoted to the works of both foreign and domestic scholars. In particular, the main concepts and types of social innovations are considered in the works of L. V. Boyko-Boychyk, O. O. Nabatova, L. I. Fedulova. Possibilities of using social innovations in Ukraine are presented in the works of T. A. Zayats, social innovations in the format of components of their formation and implementation were considered in the works of O. V. Bilska. Among the foreign scholars who have devoted their works to the study of social innovations are G. Bruner, X. Henderson, G. Giddens, J. Holland, J. Galbraith, D. Domansky, P. Drucker, A. de Jesus, N. Kandor, J. Kasta, R. Kaplan, J. Keynes, J. Keane, G. Mulgan, A. Toynbee, L. Thurlow, A. Unchetta, W. Farrell, J. Fay, M. Friedman, G. Hacken, E. Hansen, F. Hayek, R. Hard, D. Hardwick, R. Hetting, A. Chandler, X. Chenery, R. Shannon, J. Scholte, P. Ekins, etc.

**Highlighting previously unsolved parts of the general problem, to which the specified article is devoted.** Despite the existence of numerous papers devoted to the problems of sustainability of socio-economic systems, models and methodologies for assessing the sustainable development of socio-economic systems, many issues are not fully substantiated in the studies of domestic and foreign authors. Some issues related to the place and role of social innovations in the system of sustainable development also need improvement.

**Formulation of the goals of the article (statement of the task).** Analysis of the impact of

social innovations on sustainable development and the rationale for their dissemination in the context of sustainable socio-economic systems.

**Presentation of the main research material.** Through social innovations, we will understand new methods and ways of achieving social results in accordance with the goals of society for fuller use of human resources. Social innovation more fully takes into account the laws of natural development, according to this man achieves his goals in sustainable development through the improvement of the very process of work. The social nature of innovation activity lies in its creative origin, and many researchers note that both work experience and knowledge can be accumulated and preserved by passing from generation to generation. The separation of social innovation into a separate category allows us to link the problem of economic development and social change. Economic innovations are measured by improvements in the efficiency and competitiveness of the national economy, while social innovations characterize improvements in the quality of life [5].

Scholars D. Mullean, S. Tucker, R. Ali ta B. Sanders in their study presented the ten most significant social innovations that caused qualitative social changes in the life of society (tab. 1). «It should be noted that the activities of some of the above-mentioned associations are often criticised, and some of their actions are not always approved, but society has been stirred by the important economic, environmental and social ideas they have been promoting. In addition, most of the established organisational associations are non-governmental and non-profit organisations that started as a group of like-minded people with a common goal» [7].

In order to analyze the impact of social innovations on sustainable development, it is useful to divide them into two groups. Social innovations of the first kind will include public and private transactions that are aimed at improving human capital. These can include programs to improve the quality of education, health care, housing and other services that contribute to the fullest unlocking of human potential. The main resource of sustainable development of the national economy and the world economy as a whole is human capital, which combines a set of personal and professional qualities of all participants of the innovation economy, especially important of which

are creativity, morality, commitment to cultural values. The formation of such qualities requires an appropriate system of education to train highly qualified and talented people who have contributed

to the social environment of innovative activity [6, p. 121]. The effective use of human capital requires significant expenditure on health care, education, leisure activities, housing, etc.

Table 1

### Examples of social innovations

Social Innovation	Characteristic
The Open University	It has become the prototype of many distance learning models that have opened up education in a new format around the world and continue to do so.
Fair trade	It is an international trade movement that advocates environmental, ethical social and labour standards. This movement was formed in the UK and the US in the 1940s and 80s and is now spreading globally.
Greenpeace	An organization noted for its struggle to preserve the environment, the movement's origins began with the zealous ideas of the Quakers, which eventually transformed into a peaceful movement where its activists can "subvert consciousness" for environmental and social change.
Grameen Bank together with BRAC and others	They have created new models of rural and community microcredit that have been imitated around the world.
Amnesty International	An international movement that defends human rights.
Oxfam (originally the Oxford Committee for Relief of Famine)	The organization promotes the principles of equality and works to overcome poverty and injustice.
The Women's Institute (founded in Canada in the 1890s)	It was a public organization for women based on the British concept of women's guilds. Over time, numerous followers (women's organizations) spread the ideas of feminism, which later became mainstream.
Linux software, free encyclopaedia Wikipedia and South Korean online news Ohmynews	They transform the priorities of society and are free to access for everyone.
NHS Direct and many other organisations, from Doctor Foster to the Expert Patients Programme	They have opened up access to medical consultations and information services via telephone for ordinary people.
Participatory budgeting models	It was launched in 1989 in Brazil, in the city of Porto Alegre, where it is still practised today. This model of socio-democratic innovation is currently used all over the world.

Source: compiled by the author based on [7, p. 47]

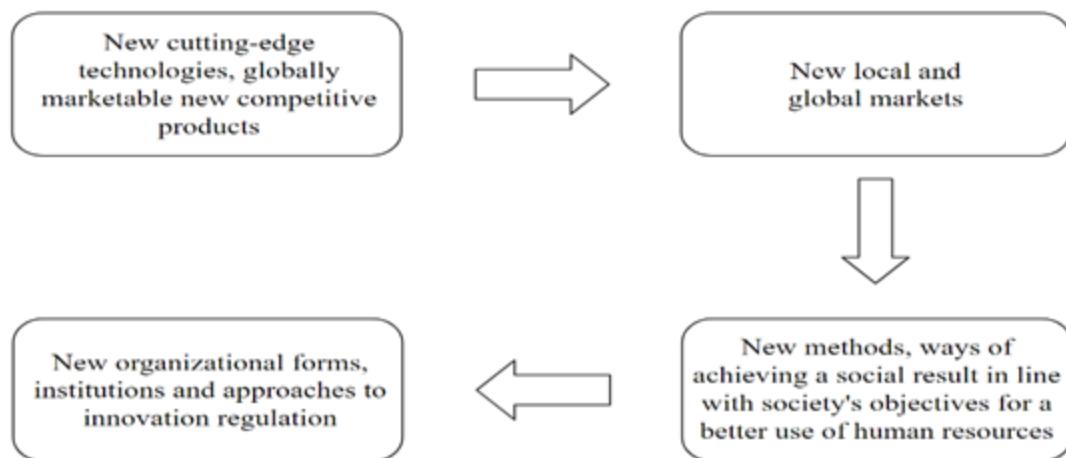
In developed countries the needs for social innovation are shaped by the pressure of an ageing population, and therefore the demand for innovations that increase the time horizon of active life and provide a dignified existence for older people will increase first and foremost. Pharmaceutical and medical innovations are needed to prevent the onset of various diseases, thereby giving humanity the prospect of a longer and healthier life. In developing countries, the relevance of social innovation and its role in sustainable development are driven by the need to build a middle class and to improve the quality of life, including meeting basic food needs. One of the most important types of social innovation in human history has been the formation of the family. Supporting the family, creating favorable conditions for the disclosure of innovation activity of each new generation is one of the most important factors of sustainable development.

Social innovation of the second kind involves taking into account the external social effects arising from any innovative activity. These effects, from the perspective of sustainable development,

can be both positive and negative. Positive social effects of innovation activities can be expressed in creation of new jobs, increase in income and self-realization of skilled workers, provision of decent working conditions, recreation, medical care, improvement of the quality of education. In addition, factors associated with the construction of housing and roads, prevention of «brain drain», increased employment in the most efficient sectors of the national economy, improvement of their quality of life, etc. are taken into account [10, p. 12]. Negative social externalities of innovation activities can be associated with the disruption of socio-economic proportions, the release of skilled workers, the presence of objects of high environmental risk, etc.

Social innovations have a special place in the sustainable development system. They are almost never linked to the generation of monetary income and cannot be replaced by other types of innovation. In a new interpretation, the innovation trajectory of sustainable development can be represented by the following sequence [fig. 1].

The development of the innovation spiral can undoubtedly take a more complex form. However, this model allows us to take into account the complex nature of the innovation process, which has a positive impact on the sustainable development of society.



**Fig. 1. Innovation trajectory of sustainable development**

Source: own research

**Conclusions from this study and prospects for further research in this direction.** Social innovation is aimed at developing human capital and addressing the problems of civil society formation. The development of innovative economy is one of the priority and important tasks of ensuring global sustainability and enhancing socio-economic efficiency of the global economy. However, this process is very complex and contradictory. The emerging contradictions between the nature of innovation activity and the essence of the market

economy, between the destructive and creative nature of innovation can be resolved only in the presence of the institutional conditions for innovation activity and the developed civil society. Therefore, sustainable development of the national economy requires a combination of various instruments of state regulation of innovation activity, which should be aimed not only at creating favorable conditions for the spread of innovation, but also at strengthening the conservative model of behavior, as its destruction could lead to crisis phenomena in society.

#### REFERENCES:

1. Boiko-Boichuk, L. V. (2009). *Suspilni reformy yak kerovani sotsialni innovatsii: vymohy do modeli* [Social reforms as managed social innovations: requirements for the model]. *Nauka ta innovatsii – Science and innovation*, 4, 92–98. [in Ukrainian].
2. Bolotna, O. V., Kostiuk, M. K. (2017). *Sotsialni innovatsii yak instrument pidvyshchennia yakosti zhyttia naselellinia Ukrayny* [Social innovations as a tool for improving the quality of life of the population of Ukraine]. *Ekonomika ta suspilstvo – Economy and society*, 10, 510-517. [in Ukrainian].
3. Zaiats, T. A. (2017). *Sotsialni innovatsii: potentsial i mozhlyvosti vykorystannia v Ukrayini*. [Social innovations: potential and possibilities of use in Ukraine]. *Hlobalni ta natsionalni problemy ekonomiky – Global and national economic problems*, 20, 735–737. [in Ukrainian].
4. Rohulia, O. YU. *Sotsialni innovatsii yak osnova rozvytku pidprijemstva*. [Social innovations as the basis of enterprise development]. Retrieved from <http://dspace.nuph.edu.ua/bitstream/123456789/12925/1/176-178.pdf>. [in Ukrainian].
5. Fedulova, L. I. *Sotsialni innovatsii v systemi sotsialno-ekonomicznykh vidnosyn*. [Social innovations in the system of socio-economic relations]. Retrieved from [www.nbuvgov.ua/portal/soc\\_gum/usoc/2008\\_3/60-74.pdf](http://www.nbuvgov.ua/portal/soc_gum/usoc/2008_3/60-74.pdf). [in Ukrainian].
6. Domanski, D. (2018). Developing Regional Social Innovation Ecosystems. *ISR\_FB*, 47, 117–128.
7. Mulgan, G., Tucker, S., Ali, R., & Sanders, B. (2016). Social innovation what it is, why it matters and how it can be accelerated. Sand Business School University of Oxford Park End Street Oxford. United Kingdom, 52.
8. Heiscala, R. (2007). Social innovations: structural and power perspectives. *Social Innovations, Institutional Change and Economic Performance*. UK, USA: Edward Elgar Publishing, 52–79.
9. Mulgan, G., (2017). Social innovation is not a new concept or practice, but much has been achieved over the last decade. What might the priorities be for the next 10 years? Retrieved from <https://www.nesta.org.uk/blog/social-innovation-the-last-and-next-decade/>.
10. Unceta, A., Castro-Spila, J., & García Fronti, J. (2017). The Three Govanances in Social Innovation. *Innovation: The European Journal of Social Science Research*, 1–15. DOI: 10.1080/13511610.2017.1279537.