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**Social innovations in the process
of system products development**

Abstract

The article shows the essence of social innovation, its place and role in the development of innovative economy and innovative society. Social innovation is described as an active participation, entrepreneurship and creativity of different social groups and organizations in developing ideas and shaping innovative products and their dissemination. At the same time, it presents social innovation as a tool to improve the quality of life of the society and an element of qualitative changes in the socio-economic system. A special place in the consideration is devoted to the role of social innovation in the development of system products. This article shows the rightness and relevance of using social innovation processes in shaping system products. While preparing the article desk research method (to collect materials) and conceptual-theoretical method (to draw up the contents of the article) were used.

Keywords: innovation, social innovation, system products.

JEL classification: D00, D24, D69.

Introduction

The contemporary economy is characterised by great opportunities to use knowledge and creative abilities as well as skills of the society to shape innovative products. Translation of these opportunities into real actions lead to the development called the development by innovations, which was indicated for the first time by J. Schumpeter. Earlier, to the mid-20th century, development and state welfare were connected with natural resources: land, raw materials and workforce, and company's successes were decided by its tangible, financial assets and human

resources. At the same time, there prevailed the conviction that effects of the economic development were translated into the social development.

In the second half of the previous century, when the development, supported by new information and communication technologies (ICT), was quickly progressing, company's resources were updated by adding the fourth element – information and knowledge [Baran, Ostrowska and Pander 2012]. This modified the role and importance of individual assets in the development of firms and the economy to the benefit of information and knowledge. There was substantially appreciated the role of human factor in shaping the development. The previous rules of involvement of resources in the management processes turned out to be too ineffective to apparently succeed in the development, particularly social, and required a change [Yunus 2007]. Introduction thereof was connected with reliance of the development on the human and social capital, skilful adjustment to the functioning in the globalizing environment and a further intense use of new technologies. This direction of changes confirms that the lead driving force of innovation become a man and effects of investing in his development and the technologies alone. It also allows speaking of the growing society's co-participation and co-responsibility for innovativeness in the implemented economic processes [Kolarska-Bobińska 2014].

Taking into account numerous man's activities in various areas of his functioning (learning, job, family, the whole society), one may expect that they contribute to an acceleration of the development and augmentation of effects of the innovative processes and, further, lead to the innovative socio-economic development of the country.

1. Genesis and essence of social innovations

The development by innovations has been in operation since the mid-20th century. It yields many forms of technical and technological, marketing, managerial, organizational and social achievements as effects of innovative processes. Nowadays, innovative processes are characterised by the ongoing socialization understood as a growing share of the society in innovative processes whose effects contribute to raising the quality of life of the society. Considering the effects of innovations and the successively growing socialization of innovative processes, one may already single out three stages of the development of innovations and point out the shift to the fourth one. The first stage of innovation development is the period of 'Schumpeter's innovations', perceived as dominance of their technological aspect and lack of the element of socialization. In the 1980s (in the period of intensification of high-tech development), there took

place the first attempts of the society to be active and to take part in creating innovations (idea fishers, prosumption). We call it the second stage of innovation development. A wider social participation in the innovation development has taken place since the turn of the 21st century. It was just then, when there were defined social innovations as a phenomenon distinguishable from among all types of innovations, owing to the features distinguishing it such as the clearly specified and predetermined goal of innovations, inclusion to implementation of the innovative process of various economic and non-economic entities on the principle of cooperation in the innovative processes carried out. An important and immanent element distinguishing these innovations is a dual effect of the innovative process, consisting of the tangible effect of the innovative product and the emerged in the course of creating that product lasting social ties which improve, reinforce the society's ability to act effectively. As we can see, only at the third of distinguishable stages of innovation development there appeared social innovations. They stopped to be passive and resultative effects of technical and technological, organizational, managerial and marketing innovations [Olejniczuk-Merta 2014]. At present, we are at the stage of the shift to the fourth stage of development whose main determinant is the system product. This is a qualitatively new and substantially different than the hitherto one final effect of the innovative process; we shall return to its characteristics in the subsequent part of the problem analysis. Here, we shall focus on the analysis of social innovations and criteria thereof.

There is no single definition of social innovations. There is great diversity of views on them. In general, they are expressed as ideas, concepts, actions and strategies leading to the goal which is improvement of the quality of life of various social groups and the entire society. They can be brought closer based on the following criteria used for description of innovations: nature of changes, scope of changes, time the changes appear, effects of changes [Olejniczuk-Merta 2013].

Due to the nature of changes, their main determinant is that being an element of the social change they create, at the same time, social changes [Howaldt and Schwarz 2011]. Moreover, they are understood as process changes in which creation, implementation and dissemination take part social and professional groups and even a considerable part of the society. P. Drucker [2009] expresses his belief that social innovations seldom introduce revolutionary changes in the social life. As a rule, they appear slowly. They are a complex and staggered process. In our considerations, social innovations are understood as process changes, staggered and creating new, lasting relations.

In the aspect of the scope of changes, we can speak of a wide and narrow comprehension of social innovations. Generally, there is adopted a broad under-

standing of those innovations comprising changes in the sphere of production, exchange and consumption. These changes diffuse social and economic activities. They take place in products and services, organization of manufacturing and market processes, in management and marketing. Changes in a narrow sense most often take place when they relate only to products and their technological changes. Here, we adopt the broad comprehension of social innovations.

Time as the determinant of introducing changes by way of social innovations, is, as a rule, long. In practice, there prevails the maximum long-lasting dissemination of innovative changes, what issues from the goal – to raise the quality of life of the society [Janoś-Kresło 2014].

Effects of changes as the criterion of social innovations are focused on innovation results. A result of social innovations is dual, what means that with a tangible product or service there appear new, lasting social relations which increase the society's ability to cooperate, to act actively and efficiently (European Commission 2013; Kwaśnicki 2014). Effects of innovative changes refer primarily to the intended, purposeful changes in social structures, habits, lifestyles, created by the very society or with its share. They may also take place as unintended social changes being, for instance, an extra result of a technological innovation. Their effects can be undesired, negative for the society, natural environment and economy [Bywalec 2010]. Relying on this aspect of changes, one may distinguish social innovations in the macro, mezzo and micro scales. Macro effects are those which occur in the scale of country or wider. Mezzo effects are those which take place in the scale of region, locally, whereas micro effects serve small groups of people. In practice, it is assumed that all effects of innovative changes, which contribute to raising the quality of life, are important and diffusion thereof is right.

Considering various aspects of the analysis of innovations, the multiplicity of notions of innovation as well as the multitude and complexity of circumstances for emergence of the idea of innovation, there seems right such comprehension which does not intend to create one definition of innovation but adopts a framework approach to description of social innovations, taking into account their most important features. As such we consider such conscious change to new, which aim is to raise the quality of life of the society and which is reached owing to the activity different from the routine one and involving both addresses of its final effect and other stakeholders connected with the course of the process of social innovations, is combined with an additional effort and risk, goes on under definite spatial conditions, is expressed in a tangible or intangible form, and its final effect is of the dual dimension and takes place in the form of product and social ties as a lasting effect of the innovative process, raising and reinforcing the society's ability to act.

So understood social innovations set up a lasting social change. They take currently an important place and play a responsible role in socio-economic processes.

2. Development and importance of social innovations

Owing to the ongoing activity of the society and to a wider and wider use of human and social capital, social innovations are an active driving force of innovative changes in the social, economic and natural environment of the man. They are the factor not only taking part in shaping innovative changes but also in their dissemination. They are indicated as the goal and the lead tool of improvement of the quality of life of the society. Their hitherto development, owing to the continuous improvement of both innovative processes being implemented and their results, has contributed to dissemination of many innovative products in the classical notion of the product, but also it has ensured the grounds for shaping quite new system effects/products being a new generation of products.

Social innovations may take place and develop in the social and economic sphere. In both spheres, they may cover a wide scope of activities [Yunus 2007; Orłowski 2014]. In the social sphere, they may refer to education and science, undertaking developmental challenges of an adult man, management of migrations and vocational and social mobility, supporting active ageing, healthcare, and other areas of man's social activity. In the area of economy, they may include tackling unemployment, inclusive of particularly high among youths, overcoming barriers and supporting the development from the perspective of sustainable economy, including green economy, sustainable lifestyle of citizens, towns revitalization, interbank cooperation facilitating financing innovations and intersectional cooperation as a whole. It may also serve dissemination of innovative architectonic and communication solutions, with the use of high-tech and IT solutions. There is lack of a rigid boundary between the social and economic areas as their effects serve both the society and the economy.

Taking into account the needs for economic and social development and the validity of simultaneous raise of their level in both areas, it is obvious that neither public administration nor business are able independently to resolve the problems that recently were and often still are at the discretion of the state. They will not reach the goals obviously exceeding their atomized possibilities. However, private entities, citizens, social and civic society movements have a vast potential and cooperation between them as participants of new solutions in the economy and in the social sphere may yield concrete, measurable benefits. The social and economic benefits stemming therefrom are perceivable and measurable [Yunus 2007; Budinich and Serneels 2012; Kowalik 2013; Eggers and Macmillan 2014].

Hence, considering the hitherto development and experience in this area, the adopted goals of raising the quality of life of the society as well as a successful start of the development of social innovations, it is worthwhile to return to

the Confucius' old life maxim and to apply it, developing more and more broadly social innovations. It sounds: "When it is obvious that the goals cannot be reached, don't adjust the goals, adjust the action steps". Among the action steps being adjusted to reaching the contemporary goals and challenges of the socio-economic development, there are just the above-specified social innovations together with their effects, i.e. innovative (single) products and new system products.

3. Notion, genesis and development of system products

System products are the highest at the present stage of the socio-economic development form of the products offered to consumers. They are also defined as products of knowledge, multivalued, and multiproducts, multibenefits. This is a new generation of complex, multiroot products, including services [Żabiński (ed.) 2012]. As a rule, they are products based on the recent information and communication technologies (ICT). They are an effect of the development of science, knowledge and the socioeconomic progress emerging on that basis. System products, contrary to traditional, single, provide consumers many values simultaneously, what in the simplest way can be coined with the term 'many in one'. This means that consumers receive in one system product the component consisting of many elements meeting at the same time a definite set of compatible needs and those delivering the values satisfying consumers. These products may also consist of more than one product/service in the physical aspect and place of offering or consuming it. They may be, as single innovative products, designed and manufactured with the share of their purchasers and consumers. The immanent feature characterizing creation of those products is their networking nature, including the use of network of many suppliers and trade agents. System products may take place both in the local scale and in *glocal* and global. They provide consumers, together with a definite value, with an equally important innovativeness. Moreover, like innovative single products, they are branded products, recognizable ones. Examples of such products may be: the health offer of Lux-Med, complex offers provided by tourist agencies, banks or clothing companies.

System products are the innovation of the turn of the 21st century. The roots of their development can be found in the Schumpeter's creative destruction which affected the acceleration and dissemination of development of product innovations – single products. The development of technological innovations resulted in introduction of many new products and services which entailed changes in the way of meeting many consumer needs, households functioning and organization. Those innovations facilitated modernization of meeting needs

and raising the society's aspirations. They caused that there were growing consumers' expectations also as regards complexity of meeting many needs which related, *inter alia*, to convenience, spending leisure time, investing in health and development. Meeting these expectations was connected with creation of the first system products.

System products are products of the future; they are more and more often defined as one of important determinants of the social and economic life in the 21st century. What justifies such comprehension thereof? Well, these products, owing to their innovativeness and complexity of meeting consumer needs, ensure their users the already mentioned convenience, saving time, rest and relax, health and satisfaction. Value of these products for consumers is higher than in case of single, classical products. It is proper to add here that purchasers evaluate products' value in the entire cycle of their life, i.e. starting from the process of purchasing, through the use and ending on the decadent period of their life [Szymura-Tyc 2012]. This means the need to ensure consumers satisfaction in the entire cycle of life of system products, i.e. from purchasing thereof to the end of consuming/using/exploiting. At the same time, it shows that satisfaction is greater with the complex needs meeting; therefore, there is the need for care about the complex offer of products, accompanying them services or complementary other products, or both. The system products may just ensure it.

The system nature of products may take place at the three levels: at the level of final products, at the level of users, and at the level of components [Szymura-Tyc 2012, p. 54]. The product system nature at the level of final product means an opportunity to use a definite product only combined with other complementary goods. The system nature at the level of users takes place when they consider it favourable, that the product is widely used by other users with whom they interact. On the other hand, the system nature at the level of components takes place when they are a more and more complex cluster of elements raised owing to the use of various technologies whose development is based on the agreed standards [Szymura-Tyc 2012, p. 54].

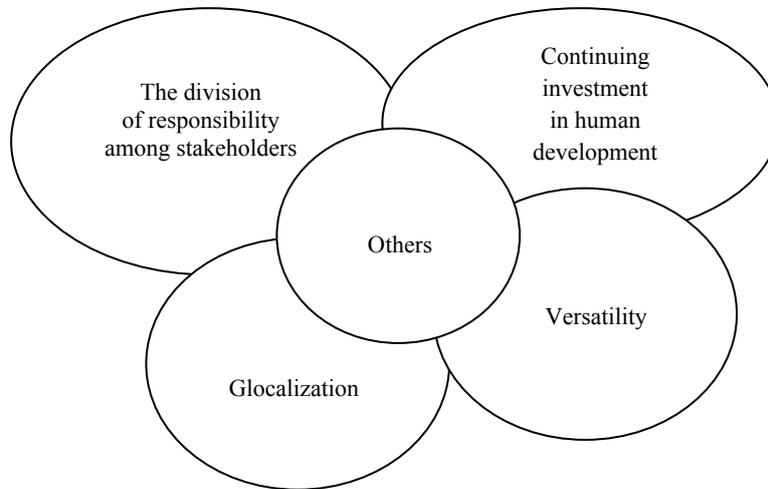
The development of products of the above-mentioned system nature is in the phase of initial advancement. The middle advancement can be indicated rather fragmentarily. This is connected with complexity of processes of their production, hybrid nature of organizational ties, and not always sufficient level of development of the social capital. On the other hand, the factor conducive to creation thereof is that social innovations functioning almost for half-century are an adequate tool to develop system products.

4. Social innovations as a tool to create and diffuse system products

System products provide consumers and users with benefits and satisfaction only when they efficiently operate the entire system comprising many various products and services and using them users. The main problem for manufacturing such products relates to working out the standards serving the common use by producers and users as well as other members of system networks. It seems that this requires lasting ties between all of them. As a rule, such cooperation requires functioning of integrated networks of enterprises and other stakeholders.

At the same time, looking more widely at formation of system products, taking also into account external conditions and factors of shaping thereof, one may see that to create system products there need to be proper social innovations whose areas of action and rules of operation are adequate to the needs of the process of system products development. Therefore, one can consider as right the use of processes of social innovations for the system products development.

An axiom is today the statement that the leading driving force of innovations, including system products, is the man and capital he represents, which in action translates into activity, creativity and enterprise. It is a prerequisite but also an insufficient condition for an efficient development of system products in the processes of social innovations. This stems from the fact that not all innovative changes in the process of creating system products can be put into the old, previous structures and actions. Social innovations modify these structures and actions. The issue is here, *inter alia*, with the undertaken formal and informal solutions related to cooperation of various economic entities and with various forms of ownership, adoption of new forms of use of system products, innovative changes in marketing of system products, changes in the structures of distribution and logistics of supplies. Many changes require legal, organizational and managerial regulations at different levels of action. Such changes are implemented within the framework of functioning of social innovations. The development of system products requires both dissemination of the hitherto introduced changes in the environment, such as, at least, investing in the human capital development, and setting up new terms and conditions conducive to the system products development. Together, all conditions can be assembled in a few groups. The below figure presents them.

Figure 1. Conditions for system products development

1. The continuing investing in human development, including the human and social capital. They include the foundations for high activity of the society, enterprise and creativity, confidence, abilities to cooperate, inclusive of undertaking grassroots innovative initiatives.
2. The variety means here multiplicity of forms of participation in the processes of system products manufacturing, forms of ownership, which may be represented by stakeholders (public, private, public-private as well as collaboration, use instead of holding, and other). It is also expressed in various scopes of innovations of system products (from very narrow to very wide, multibranch system products) of a various scale of innovations (from a small local to a very wide, serving the whole society). It is likewise in relation to effects of system products innovativeness – they may be expressed in relatively low innovative changes as well as acquire the form of changes of the nature of crucial innovations.
3. *Glocalization* expresses the need to co-exist, and often to cooperate, in the processes of system products manufacturing of the two ranges of innovations, global and local. Each of them may put in another value to the process of system product manufacturing as well as its final effect. This is the condition dictated by the hitherto experience as regards innovation development, not always unanimously favourable for various stakeholders. At the same time, it stems from the assumptions related to implementation of the processes of social innovations and system product creation.
4. Stakeholders' co-responsibility for the reached final effects of system products is the condition issuing from the participation of many stakeholders and the need to involve all of them into the tasks being implemented in such

a degree and scope which results from their labour division in the network. It is directly connected with a success of the efficient and effective system products development.

5. Other conditions, inclusive of the departure from the hierarchy-type systems to the network ones in the innovative processes and a greater democratization of the socio-economic life.

Conclusions

Instead of resumption of the above-specified considerations, I would like to direct the Reader's attention to the book *Marketing produktów systemowych* [*Marketing of system products* – Żabinski (ed.) 2012], which presents first experience of Poland as regards the introduction of system products as well as detailed conditions conducive to or limiting their development.

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