

**SOCIAL INNOVATIONS: SIGN OF THE TIMES?**

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This paper introduces the concept of social innovations as a new economic and social development paradigm. The fallout of modern and postmodern capitalist economy had a strong impact on social changes which marked transmodernity. These changes are seen in the so called 'social turn' marked by new social values which result, among other, in the application of the social entrepreneurship and social innovation concept. The paper analyzes the European Union policies in the field of (social) innovations and presents results of the empirical study which concerned their mapping in Croatia. The research study was based on a closed and an open-ended questionnaire sent to 1255 previously detected respondents. The results evidenced that although the concept of social innovations is still relatively unknown in Croatia, good practice examples show that their development potential crosses national as well as sectorial borders. The purpose of this article is to present the theory of social changes as well as evident development trends, based on which it is possible to predict that social entrepreneurship and social innovations will have an important role in the creation of new economy founded on social, and not so individual values.

**Abstract:** The aim of this article is to predict development trends based on social innovations. It introduces the concept of social innovations explaining the reasons of social changes marking transmodernity. By analyzing European Union policies in the field, it provides grounds for practical implementation of social innovation projects. The results of the mapping exercise of social innovations in Croatia is presented in order

to provide analytical data based on which public policies in the field of social innovation may be designed. This is matched with theoretical knowledge on social changes and social innovations as to offer thoughts on future development trends.

**Key words:** new economy, social innovations, social entrepreneurship, transmodernity, Croatia and the EU

## INTRODUCTION

The world today is hardly affected by the economic crisis which calls for a change in the existing economic model. Changes are generally introduced slowly and only when a critical mass is reached they seem to take deeper roots. Practice as well as sociological research witness new societal developments which stem from value changes (Ray and Anderson, 2000). The fallout of global economy and failure of capitalism shifted the focus from individual to societal values. The growing unemployment issues and precarious work teamed with failures in environmental protection, health systems, energy provision, urban planning, tourism industry, etc. forced our societies to search for new solutions which could diminish the existing problems or eventually lead to a systemic change. Indications leading to the changes happening today trace back in the early 20<sup>th</sup> century in Schumpeter's pioneering work on the theory of innovation. While this, however, focused on the economic and technological innovations, the buzzword of today is 'social innovation'. It is often paired with 'social entrepreneurship' concept representing an important point of departure from classical entrepreneurship (Phillips, Lee, Ghobadian, O'Regan & James, 2014) mainly focusing on profit for the individual or the shareholders towards entrepreneurship which cares for wider society. Although 'social entrepreneurship' at some point in time also represented an organizational social innovation, today it is not a novelty. New innovations are sought for not only in the organizational sense of companies but those being able to solve different societal problems ranging from very local to global ones across different sectors. They should not only bring profitability but enhance our quality of lives, contribute to equality and balanced development. As to lead to a systemic change, larger numbers of social innovations and companies which operate as social enterprises should be established. Different social movements have been evident in our societies and their number is growing and leading to some societal changes. Although a significant body of literature has developed around social entrepreneurship (e.g., Nicholls & Murdock, 2012; Shaw & de Bruin, 2013) and social innovation (e.g., Shaw & de Bruin, 2013; Howaldt, Butzin, Domanski & Kaletka, 2014; Karzen, 2015 a), the subject is still relatively new either in the academic discourse as well as in practice. This article explains historical developments which led to these phenomena and provides theoretical grounds for the concepts of new economic paradigms. The empirical research findings on social innovations in Croatia confirm that the concept is rather new but has a growing potential for solving societal problems. The European Union policies dealing with the subject are also analyzed as to provide grounds for predicting future trends in the field.

## **SOCIAL CHANGES: FROM MODERNITY TO TRANSMODERNITY- FROM CREATIVE TURN TO SOCIAL TURN**

The end of the 19th and the beginning of the 20th century was marked by monopolistic capitalism, industrialization, development of science and new art forms as well as birth of big cities. The key words marking this period could be the following: new, different, contemporary, away from tradition. The period brought new developments for our societies which were seen in the growing numbers of companies, employment opportunities and fast production describing the period as 'modernity'. At the same time, it had a strong impact on dehumanization, the shift towards alienation from society was evident.

This slowly led to the increased individual interests stemming from the censure of the existing economic models and their deconstruction which marked the second half of the 20th century. Criticism of absolute truths, identities and existing values characterised the era which is known as 'postmodernity'. It characterised by a certain negativity towards the previous period but the reality was a certain chaos: the growing use of new technologies and computerization of work led to new work models and redistribution of working hours and rationalization of work (Nahrstedt, 1998). Consequently, it resulted in the increased and faster production, decreased prices and needs for working force, and dislocation of production in cheaper parts of the world. A number of industries collapsed and the need for new production resources was seen. The fallout from the 2008-2009 Global Financial Crisis (GFC) and the worst recessionary times, experienced since the Great Depression of the last century, sharpened the focus on cultural and creative resources and their role in employment creation and regional regeneration. This new, 'creative economy' is now firmly acknowledged as an engine of economic growth and development, with national, regional and local initiatives (de Bruin & Noyes, 2015; UNCTAD, 2008; United Nations, 2010). A general 'creative turn' in society manifested itself in many social and academic fields, including urban development, cultural and social policy, entertainment, media, and education (Richards, 2011; Richards & Wilson, 2006). The creative prefix proliferated, e.g. creative industries, creative classes, creative economy, creative cities, and creative governance. The creative buzz has been around for quite some time (Jelinčić & Žuvela, 2012) and creativity became the catchphrase of development in general. Although the role of creativity in the formation of a city, nation and organization, is not entirely a novel phenomenon and practice, in recent decades with the decline of physical constraints on cities and communities, creativity has become the principal driving force in the growth and development of cities, regions and nations (Florida, 2002).

The creativity boom was arguably a consequence of failures of the modernist economy and it was the 'creative turn' which marked the post-GFC period (de Bruin & Jelinčić, 2016).

Although it brought new visions, possibilities and hopes for development, at the same time it brought negative consequences such as precarious work and extensive commodification of culture (Gill & Pratt, 2008; Hesmondhalgh & Baker, 2008; Keat, 1999).

Therefore, again, our societies are faced with the need for reconstruction. Hence, a need for a more just as well as sustainable economy arose, which would guarantee fair conditions for everyone. This new economy cares about all individuals who are part of the greater society; every individual is equally important and deserves the basic right to work. Such an economy was termed empathy (Singer & Fehr, 2005; Fontaine, 1997; Kirman & Teschl, 2010) or compassionate economics (Norman, 2008) and marks the general 'social turn' in society. There is now a reconfiguration of capitalism with no longer a sole focus on individual gain and greater awareness for societal problems as a shared responsibility of actors across all sectors (Bornstein, 2007; Mackey, Sisodia & George, 2013; Porter & Kramer, 2011; Shaw & de Bruin, 2013).

Sociological discourse named this new period 'transmodernity'. Ghisi sees transmodern concept as implying that the best of modernity is kept while at the same time we go beyond it (2006): transmodernity is critical of modernity and postmodernity while at the same time drawing elements from each. It is a return to some form of absolute 'logic' that goes beyond the Western ideology and tries to connect the human race to a new shared story, which can be called a global relational consciousness (Magda, 1989). Contemporaneously, the time has come for transmodernity, a world paradigm shift; Ateljevic provides a comprehensive review of different perspectives of transmodernity and calls for a unified approach in order to advance theory as well as to enlighten the practice (2013).

The 'social turn' may, therefore, be conceived as an integral part of the movement from postmodernity to transmodernity. As postulated by Ray and Anderson (2000), it is about value changes; with priority placed on authenticity, engaged action, whole process learning, idealism and activism, globalism and ecology, women's issues, altruism, self-actualisation and spirituality. It is about integrating tradition and modernity, taking the best from the tradition while trying to revitalise and modernise it. All ... with the purpose of creating a better society while at the same time going through a process of self-actualisation and individual spirituality development. People sharing transmodern values have a heightened social conscience and the stronger their values and beliefs about altruism, self-actualisation, and spirituality, the more likely they are to be interested in social action and social transformation. They reject materialism, greed, 'me-firstism', social inequalities, intolerance, big institutions and superficiality; their reality includes heart and mind, ... individual and community (Ray & Anderson, 2000). While focus on the individual is a remnant from postmodernism, another focus on the better, more human society may be identified as a distinguishing feature of the social turn. The characteristics of individualism seen in postmodernism were very strong but superficial; transmodernity brings personal evolution that starts in one's own deep analyses and spirituality development. It eventually leads to the need to reconceptualise society and its lost values (de Bruin & Jelinčić, 2016).

## **CREATIVITY, INNOVATION, SOCIAL INNOVATION AND NEW ECONOMY**

Despite numerous definitions for creativity, the focus in this this paper is on the one which highlights its power in driving economic growth and its role in development in general. Creativity refers to the formulation of new ideas and to the application of these ideas to produce original works of art and cultural products,

functional creations, scientific inventions and technological innovations. There is thus an economic aspect to creativity, observable in the way it contributes to entrepreneurship, fosters innovation, enhances productivity and promotes economic growth (UNCTAD, 2008).

The Oslo manual, defines innovation as the implementation of a new, significantly improved product (merchandise or service) or a process, new marketing method or new organizational method in a business practice, a new work or external relations organization (OECD, 2005). Although creativity and innovation are often considered synonyms, there is a difference: creativity refers to the re-formulation of the existing ideas as to create something new while innovation implies the creation of something which did not exist before. Creativity is a prerequisite for innovation: it can exist without innovation but there is no innovation without creativity.

In parallel with the development of modernist and postmodernist (later on also creative) economy, research of innovation focused on its economic and technological perspectives. In line with the capitalist development, its function was to increase the production and sales, and decrease the expenses, with the aim of increasing profit. In line with the 'social turn', the concept of 'social innovation' comes center-stage since it is required to cope with the significant challenges that societies are facing now and in the future (Howaldt et al., 2014). A social innovation is a novel solution to a social problem that is more effective, efficient, sustainable, or just than present solutions and for which the value created accrues primarily to society as a whole rather than private individuals (Centre for Social Innovation, 2015).

The pioneering work in the field of social innovations has been the one of Schumpeter in the beginning of 20<sup>th</sup> century. His concept slightly differed from today's implication of social innovations being rather generic while innovation's social value is secondary. Today's understanding of social innovation, however, puts its social value center-stage often being the trigger for an innovation. The 'social' prefix marks its application to any area of everyday life in which the focus is on people and their needs (Karzen, 2015 a).

In the academic discourse, the introduction of the creative economy has already been marked as the 'new economy' due to its focus on new type of production resources: while previously, in the modern period, it was the tangible resources the economy relied on, creative postmodern economy focuses on intangible resources such as knowledge, skills, culture and creativity which are individual in nature. The research shift from economic/technological innovation towards social innovation has been evident and the transmodern paradigm shift towards social values calls for the new 'new economy' which can be termed 'pro-social economy'. This is why research on social innovations has recently been re-actualized. It does not mean though that social innovation should be researched only in relation to the economy since its scope is broadened to practically every aspect of society. In the following chapter, we offer an analysis of the existing European Union policies and documents focusing on the subject of (social) innovation as a starting point for the research of social innovations in Croatia.

## SOCIAL INNOVATIONS IN THE EUROPEAN UNION CONTEXT

Europe is facing serious problems that endanger its currency, economy and social model. Perhaps at no time since the 1940s has social innovation been so urgently needed (European Commission, 2013b) and this is why its role in the Europe 2020 Strategy is firmly recognized. It is crucial to ensure that EU countries can exit the social crisis making the European social model more resilient through better cooperation. This is the vision of the Europe 2020 Strategy, which seeks to build an EU, based on a social market economy fit for the 21st century, capable of fostering smart, sustainable and inclusive growth. In times of social, political and economic crisis, social innovation has evoked many hopes and further triggered academic and political debates. With the adoption of the EU's Europe 2020 Strategy, social issues have been brought to the fore (European Commission, Policy Review, 2013 b). They have potential to promote smart specialization; to enhance working conditions and the quality of education; to foster longer and healthier life; to promote gender equality in the community development; to fight crime and social exclusion; to strengthen civil society; and to promote social integration. The Europe 2020 Strategy has identified targets in five areas: employment; R&D/innovation; climate change/energy; education; poverty/social exclusion. Social innovation can be a tool to help achieve them.

A number of documents, policies and projects have been developed in the last decade<sup>2</sup> which offer important elements in the Commission strategy for social innovations and could be strengthened in the future (BEPA, 2010). For example, Renewed Social Agenda includes most important policy framework for social innovations by providing opportunities, access and solidarity through empowerment and responsibility which are the essence of social innovations (BEPA, 2009). Furthermore, Education and Training 2020 (ET 2020), European Union's strategic framework for national education and training sets 'enhancing creativity and innovation, including entrepreneurship, at all levels of education and training' as one of its four strategic goals (European Commission).

<sup>1</sup>The European Structural Fund regulations for 2014-2020 offer new opportunities for social innovation. Cohesion policy has supported social innovations in the past and some good practice examples can be found in the fields of social inclusion, migration, urban regeneration, social economy, microfinance, health and aging, incubation, workplace innovation, and regional strategies, which can inspire new programmes and projects in the future (European Commission, 2013 a). For that reason, the Communication 'Towards Social Investment for Growth and Cohesion - including implementing the European Social Fund 2014-2020' (Social Investment Package - SIP) gives special importance to social policy innovation in policy making and connecting social innovation policies to priorities (European Commission, 2013 c).

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<sup>2</sup> Such as Challenge Social Innovation & Vienna Declaration; Reinvent Europe through Innovation: From a knowledge society to an innovation society, Business Panel on future EU innovation policy; Europe 2020 Flagship Initiative Innovation Union; Empowering people, driving change: Social Innovation in the European Union; Culture as a factor for economic and social innovation, etc.

<sup>3</sup> For example, Social Policy and Innovation (ImPRovE) is an international research project that brings together ten outstanding research institutes and a broad network of researchers in a concerted effort to study poverty

European platform against poverty and social exclusion is based on some areas for action through promoting powerful evidence of what does and does not work in social policy innovations before implementing them more widely. EU carried out its policies also by FP7 projects<sup>3</sup> and supports research on social innovations (Cordis, 2015).

The popularity of social innovations within the EU is evident in the fact that it takes part practically in every sector. The following Table presents an overview of EU policies which support (social) innovations.

**Table 1. Overview of (social) innovations in the EU policies**

Policy	Innovation	Social innovation
Tourism	X	X
Health and social care	X	X
Culture	X	X
Education	X	X
Science and research	X	X

Employment	X	X
Environment and climate change	X	X
Poverty reduction		X
ICT	X	X
Renewable energy	X	X
Sustainable development	X	X
Consumer policy		X
SME	X	X

It can easily be said that (social) innovations are a drive of the EU 2014-2020 programing period and various programs, policies as well as projects include (social) innovation. In practice, Sweden has the best performing innovation system in the EU, followed by Denmark, Germany and Finland. These countries belong to the category of 'innovation leaders'. Bulgaria, Latvia and Romania are on the other side of the spectrum, in the category of 'modest innovators' (Holanders & Es-Sadki, 2014). The performance of Croatia, Czech Republic, Greece, Hungary, Italy, Lithuania, Malta, Poland, Portugal, Slovakia and Spain is below that of the EU average. These countries are 'moderate innovators' while the EU average innovation performance falls within the category of innovation followers (see Figure 1).

**Figure 1.** EU Member States' innovation performance

Source: Innovation Union Scoreboard, 2014

Social innovations appear in many areas and policies and are researched from a number of theoretical and methodological angles but the conditions under which social innovations develop, flourish and sustain and finally lead to societal change are not yet fully understood (2013 b). The following chapter focuses on the research of social innovations in Croatia with the aim to add to understanding of this popular but still under-researched subject.

## **SITUATING SOCIAL INNOVATIONS IN CROATIA**

### **Background**

In Croatia, innovation policy and National Innovation Systems are still not recognized as tools for socio-economic development and as the essence of strategic policy. Despite traditionally been a research and science oriented society, Croatia with its both traditional and alternative institutions have not made a shift from the socialist-style science policy towards a modern innovation policy oriented country, which uses the R&D for the socio-economic challenges (Karzen, 2015 b). Lately though, Croatia has made a move toward the innovation policy in line with the EU policies. There exist different strategic document which do not focus on innovation but open doors to them (such as Strategy of Education, Science and Technology) while the key document is the Strategy of Fostering Innovation in the Republic of Croatia 2014-2020. This document also treats social innovation (Priority 2. Responding to social challenges through application of innovations). Another important document is the Proposal of the Strategy of Smart Specialization of the Republic of Croatia since it changes the approach to the regional development. This document also has social innovations as one of its foci. The key document, passed in April 2015, is the Strategy of Social Entrepreneurship Development 2014-2020. Although it focuses on social entrepreneurship and not social innovation, it has been a move forward to opening up of this field.

The idea of the integration of science and innovation, as well as of the integration of science policy and industrial and technology policies, has, so far, in Croatia, been poorly received and understood. From the socio-economic and cultural point of view, it has hardly been accepted at all. The last two decades of the 20th century did not make the necessary shift from the standard research and industrial policies to the innovation policy (Švarc, 2004).

Despite such situation, some developments have been noticed and the situation has somewhat changed lately. In the period February-May 2015, Institute for International Relations and Social Innovation Laboratory did a mapping exercise in order to detect good practice examples of social innovation in Croatia. The research has been done within the larger EU FP7 project "Social Innovation: Driving Force of Social Change" (SI-DRIVE).

### **Methodology**

A specially designed on-line questionnaire has been sent to 1255 e-mail addresses. The sample consisted of previously detected respondents working in public, private or civil sectors; some of them have already been

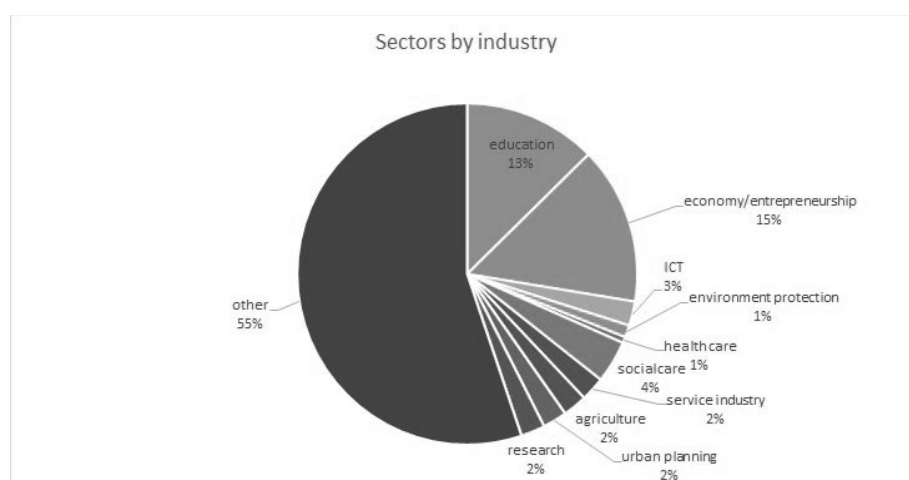


known as those creating/promoting social innovations or entrepreneurship and the others were selected based on information on their activities which could potentially lead to new developments. The content of the questionnaire was defined and tested within the framework of the EU FP7 project SI-DRIVE (Social Innovation: Driving Force of Social Change)<sup>4</sup> which was the same for all countries involved, and consisted of 28 closed and open-ended questions. The response rate was 14% (N=172 in absolute numbers). Given the novelty of the subject, the number of responses is satisfactory. As this was the first such mapping on the subject in Croatia, the results may be indicative.

## Results:

The greatest number of innovations come from the sector of economy/entrepreneurship (15%) and education (13%). 4% of them are categorized as social care innovations, 3% of them as ICT innovations while only a small number of them are distributed in the service industry, agriculture, urban planning and research (2% each), health care and environment protection (1% each). The largest category (55%) is not clearly defined and belongs to different sectors (see Chart 1.). The diversity of sectors where the social innovations occur shows its correspondence and adaptability to all sectors thus indicating its great potential in solving societal problems.

Chart 1.

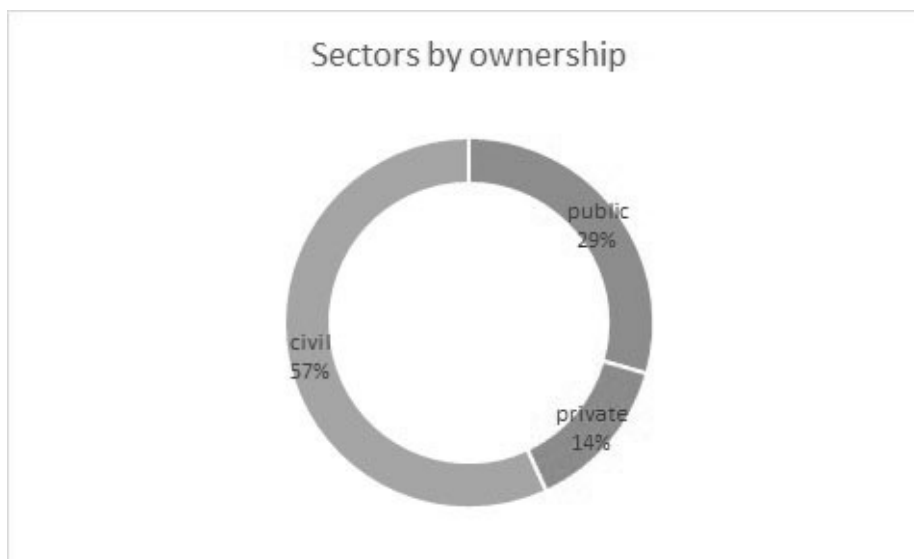


Concerning ownership, the greatest number of innovations come from the civil sector (57%). They are followed by the public sector innovations (29%), and somewhat surprisingly private sector (14%) (see Chart 2.). One would expect the greatest number of innovations to be in the private sector or at least greatest than those in the public sector due to the slow and bureaucratic mentality in transitional countries such as

<sup>4</sup> See [www.si-drive.eu](http://www.si-drive.eu); the questionnaire has been prepared by a group of experts and then sent to all project partners who tested it themselves, commented and revised it. In this way participatory process in the creation and testing of the questionnaire has been respected.

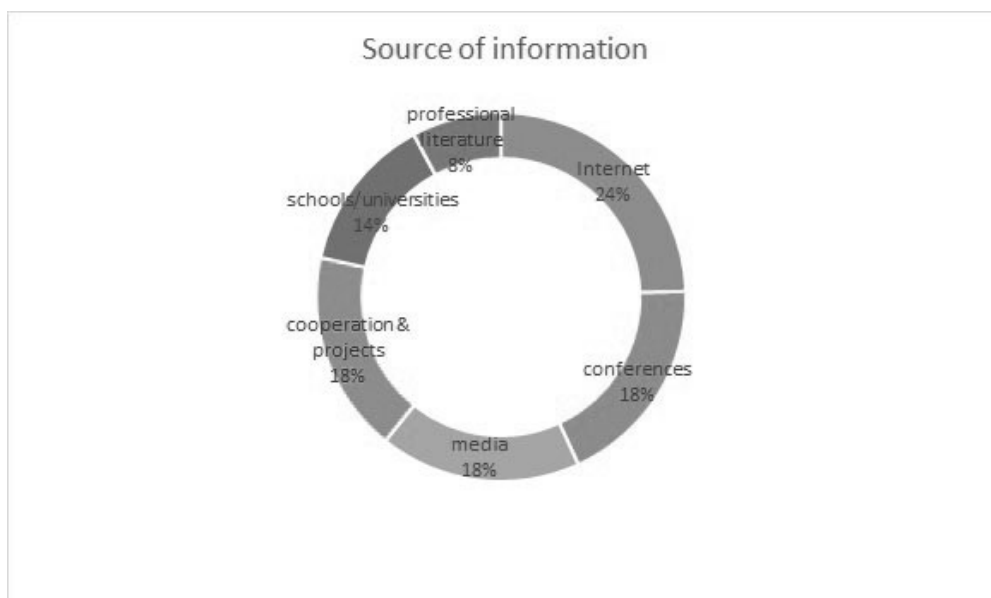
Croatia. The greatest number of innovations in the civil sector is not surprising since their agility and activism has been seen also in other sectors.

**Chart 2.**



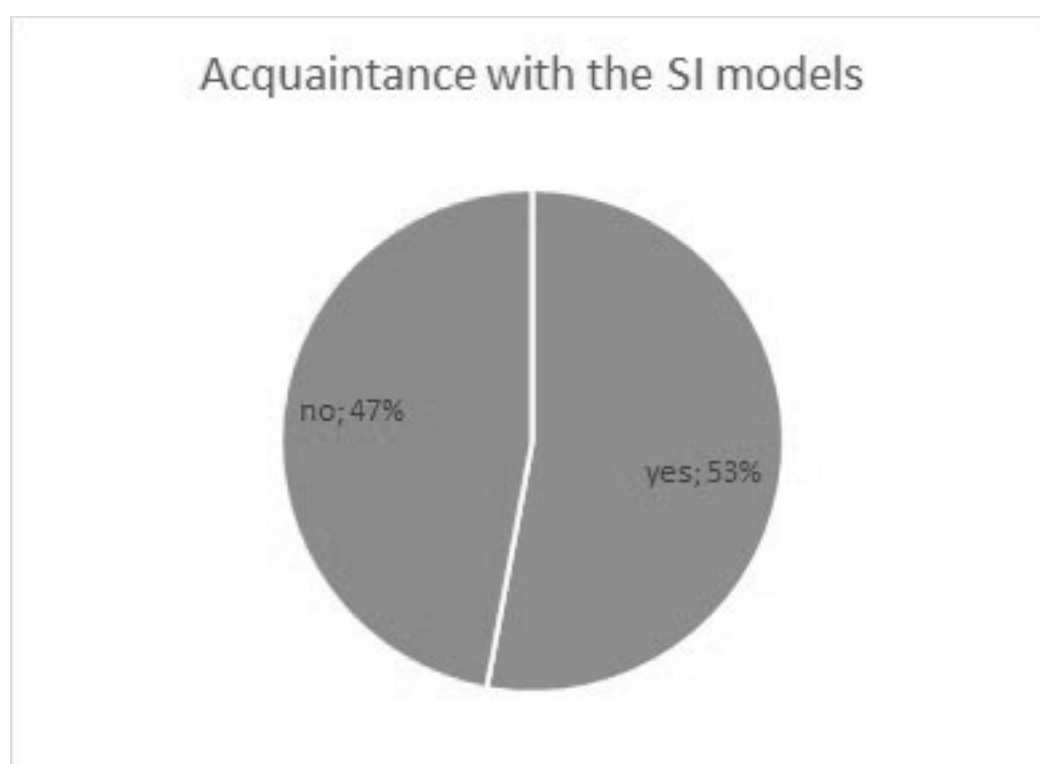
86% of the respondents are acquainted with the term 'social innovation'. When it comes to the source of information about the term 'social innovation', majority of respondents (24%) have found out about it on the Internet. Others heard about it at conferences, through cooperation and projects and in the media (18% each) or in schools/universities (14%). Relatively small number of respondents (8%) first read about 'social innovations' in the professional literature (see Chart 3.). This indicates that as much as the finding out about and understanding of the social innovation concept is left to individuals themselves, a lot of its promotion can be done through the media, conferences as well as schools/universities.

**Chart 3.**



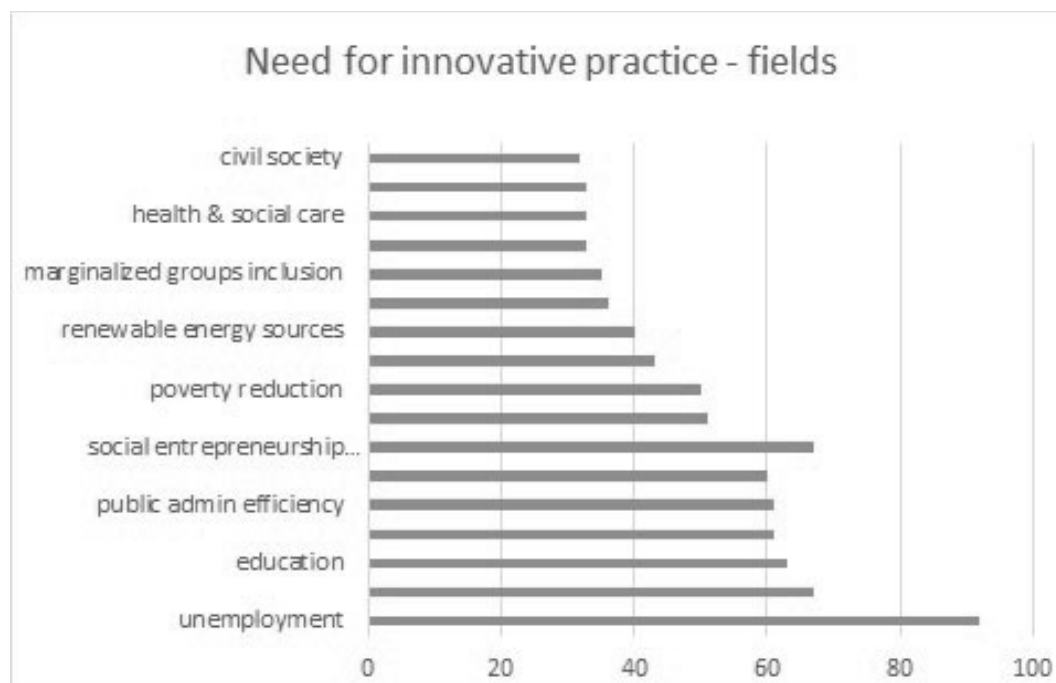
Just over a half of the respondents (53%) are acquainted with some social innovation model (see Chart 4.). When put in the relation with the acquaintance of respondents with the term 'social innovation', it is obvious that the knowledge on the subject is still quite superficial (86% of them heard about the term but only 53% know about it in more depth). This again shows the need for further education and promotion on the subject.

**Chart 4.**



A number of fields require the innovative practice: although the majority of respondents 'vote for 'employment', they see a need for it also in education, creative industries, public administration, development and sustainable governance, entrepreneurship and social entrepreneurship support, poverty reduction, urban development, renewable energy sources, environment protection, marginalized groups inclusion, culture, health and social care, care for elders and disabled, civil society (see Chart 5.).

Chart 5.



The majority (51%) of respondents see a great potential of social innovations' to contributing to the society. 40% think they greatly add to solving societal problems and 9% see their moderate contribution. Not one of the respondents thinks that the contribution is small.

When it comes to the innovation drivers, 52% of the respondents claim that they belong to the category of social challenges. 13% of them think that the driver is the model seen somewhere else and 10% of respondents share the opinion that it's the new policies/strategies which drive the innovation. 6% think that it's the advancement of technology. Also, 6% say that the availability or limiting resources can drive the innovation, while 13% think it is something else (see Chart 6.). Therefore, the majority of innovations are developed when there is a social need or challenge. Still, other drivers can also trigger the development of innovations. Additional triggers were also mentioned such as problems (isolation, unavailability) and needs (representativeness, competitiveness), etc.

Chart 6.

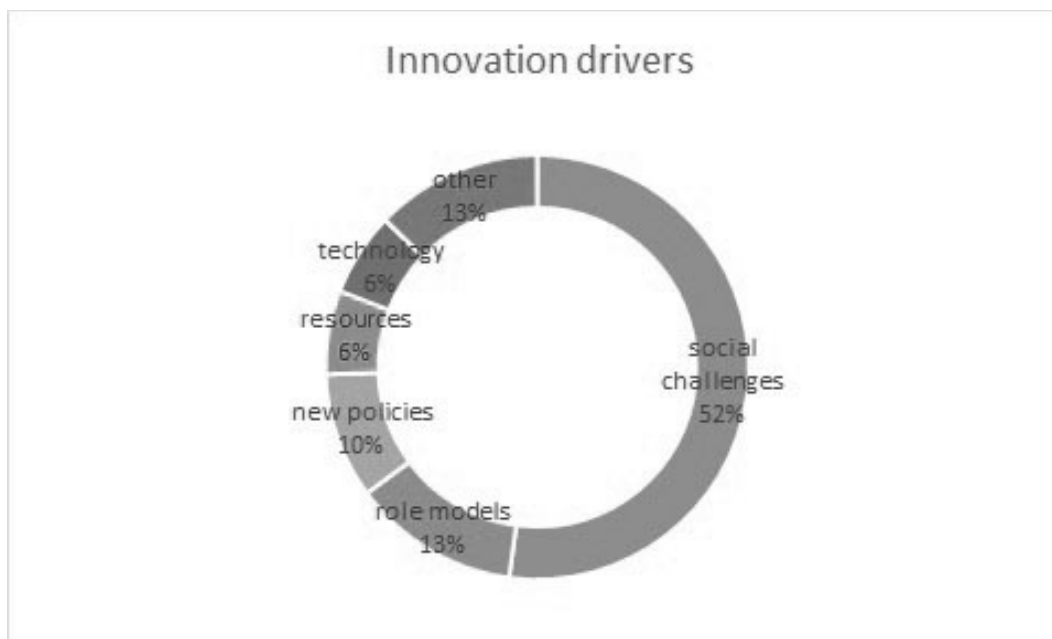


Chart 7.



Chart 7. Represents relevance of the respondents' innovations in geographical terms. Majority of them (29%) has national, regional (22%) and local relevance (20%), 15% has global and 14% EU relevance. Although only around one sixth of innovations mapped by this exercise have a global value, and the majority is of national or lower relevance, it is still a step forward for a small country like Croatia.

Mapped innovations have a different status: 10% of them is in the concept development phase, 35% are in the phase of pilot projects and the majority (55%) has already been implemented (see Chart 8.). These statuses are encouraging showing that innovations thrive and compete.

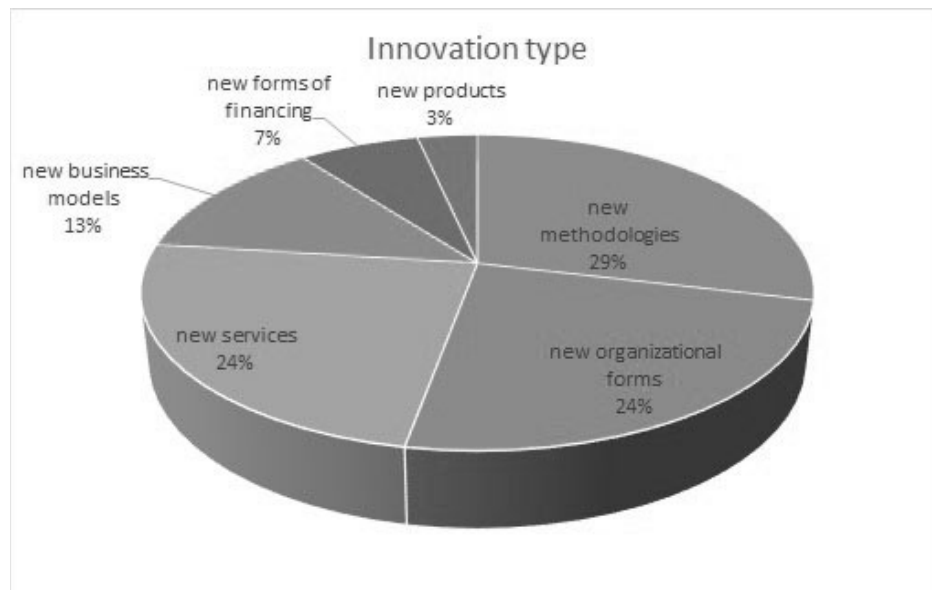
**Chart 8.**



The number of social innovations in Croatia are tracked from 1994 until present day. In 1994, there were only two of them. There were none, one or two innovations in the following years so far as 2008 when the number increased to four, and has been gradually rising in the next two years (five in 2009 and six in 2010). Then it again fell to one in 2011, and increased to three in 2012. From then on, a great increase is noted in 2013 when there were fourteen of them as well as in 2014 with as much as eighteen. The year 2015 notes three innovations so far. It is somewhat surprising that already in 1994 social innovations were noted. The increase of their numbers in the period 2008-2010 might be due to the global financial crisis which acted as a driver. It can be speculated that the largest increase of innovations starting from 2013 on is due to availability of funds designated for innovative practices as well as a global change of modernist and post-modernist capitalist economic models which led to different solutions for societal problems.

According to the type of innovation, 29% of the respondents classify them as new methodologies/strategies/means. New organizational forms and new services (24% each) follow. 13% of them belong to new business models, 7% of them to new types of financing/fundraising or use of resources, and only 3% to new products (see Chart 9.). Although in general, innovative practices in business are mainly focused on new products, this is not the case with social innovations which are more concentrated on other types of innovation presented above. This may also indicate new economic or governance models which today's societies are going through at the moment.

Chart 9.



When it comes to target groups, besides a number of them listed individually, mostly they are as follows: schools, unemployed persons, public administration, entrepreneurs, and elderly and disabled. The diversity of target groups is seen which proves the non-limiting nature of innovations.

99% of researched innovations can be applied in other contexts. Their advantages are that they mostly fill the gap on the market and satisfy social needs (26%), include users in all phases of the process (22%), efficiently solve long-term problems in the community (16%), enhance the quality of life of target groups (15%), change social relations and decrease inequalities (10%), enhance users' access (6%) and decrease the risk of marginalized groups exclusion (5%).

Chart 10.



Chart 10. Represents the number of employees on a certain innovative practice. The greatest number of organizations are small type organizations and employ 1-5 people. There is 19% of them employing 6-10 people, 12% employing 11-30 people, 10% with 31-60 employees, 5% of those having 61-100 employees and 11% of those with more than 100 employees. A number of organizations additionally have volunteers working on their projects. This corresponds to general trends in the creative sector where the greatest number of creative enterprises are those employing only a small number of workers (for ex. Florida, 2002; Flew, 2012; Rašić Bakarić, Bačić & Božić, 2015).

When it comes to users of innovations, 33% of them has between 1-100, 22% has 101-500, 15% has 1.000-10.000, 14% has more than 10.000, and 13% has between 501-1.000 users. The greatest share of those which have the smallest number of users is seen but other numbers, although small in absolute values, are not to be neglected. Some of the organizations are also members of different networks.

## Discussion

Croatia is not an innovation policy oriented country; so far, R&D sector has not been seen as a priority for the socio-economic challenges while standard research and industrial policies have failed to make a necessary shift to the innovation policy. Still, although scarce, innovation practices take roots in various fields of the Croatian society. This research has shown a diversity of sectors where social innovations occur (employment, education, environment protection, urban planning, etc.); they have a great potential in solving societal problems regardless of the sector. They equally occur either in public, private or civil sector but the greatest number of social innovation examples are seen in the civil sector.

The subject of social innovations is relatively new in Croatia. Although there are examples which date back to 1994 already, they were not widely recognized. Today, the majority of respondents are acquainted with the term 'social innovation' but their knowledge on the subject is still quite superficial. This opens the door to promotion and education activities.

The problem of unemployment is seen as the one to be dedicated the greatest attention in terms of innovative practices. Still, numerous other fields are also detected such as education, creative industries, public administration, development and sustainable governance, entrepreneurship and social entrepreneurship support, poverty reduction, urban development, renewable energy sources, environment protection, marginalized groups inclusion, culture, health and social care, civil society.

Majority of innovations are developed when there is a social need or challenge but also other drivers can trigger the development of innovations. Mapped examples mainly have national or lower level relevance (regional or local) but it is to be pointed out that as much as around one sixth of them have a global value and 14% have the EU relevance. More than half of innovations is in its implementation (55%) or pilot phase



(35%) which proves a high level of their success and chances for sustainability. The number of innovations has been largely increased especially in the period 2013-2014.

Mapped social innovations are mainly seen in new methodologies/strategies/means (29%) and new organizational forms and new services (24% each). New business models, new types of financing/fundraising or use of resources, new products are less represented. The diversity of target groups is mentioned which proves the non-limiting nature of innovations while almost all researched innovations can be applied in other contexts. Results show that even without the policy context in the field of (social) innovations, individuals successfully manage to be innovative even across national borders.

## CONCLUSION

In today's world of economic, ecological and social crisis, resource depletion and unsustainability, there is a strong need for new future paradigms. Basic framework for tomorrow has to be built to support employment, environmental protection, health and education system, urban planning, tourism, etc. The main idea is to improve the society through the concept of transmodernity. This concept was developed as a reaction on capitalism, industrialization and dehumanization in the second half of the 20<sup>th</sup> century; it is to improve postmodern economic theory and practice and to influence development of the society in general.

Social innovation is seen as a promising method for addressing growing developmental challenges through flexible solutions, active stakeholder engagement, strong institutional support and integration of society, science and innovative practices. Social innovation aims to meet social needs and empower the society with new capacities to act.

It has an important place within the Europe 2020 Strategy, recent EU policies, programs and almost all sectoral development documents. Croatia only recently committed itself to fostering social innovation through the framework of the Strategy of Social Entrepreneurship Development 2014-2020, as well as through some other policy documents.

In general, the knowledge on the concept in Croatia is still not fully understood as shown by the results of the mapping of social innovation, conducted in Croatia in March 2015. Despite a relatively low response rate of the research, the results are indicative since it was the groundbreaking trial to map the situation in the field. The responses were not surprising as respondents have little knowledge on what the social innovation is. Out of all analyzed sectors, social innovation mostly comes from entrepreneurship (15%) and education (13%). Notwithstanding the low level of representation of social innovation, the majority of respondents consider that it is a significant factor for development in the future. Internet (24%) and media (18%) had important impact on its growth. Most common form of social innovation in Croatia are new strategies/methodologies (29%), new organizational forms (24%) and new services (24%).

Main problems Croatia is facing today are insufficient implementation of social innovation policies; excessive administration; lack of knowledge on the subject; inadequate use of mechanisms, tools and solutions; and a lack of understanding of positive impacts it can produce. Still, most of social innovation ideas are implemented; innovations occur in diverse sectors and are adaptable to different contexts; their rather high level of success is seen on national, but also global and EU level; they address diverse target groups.

Great opportunity for Croatia lies in the private sector and civil society, which are open to the implementation of new ideas and strategies. At the moment of the research, civil sector accounted for 57% of innovations, public for 29% and private sector for 14%. Most of innovators come from small type businesses which hire between one and five people (43%) and six to ten people (19%).

Social innovations are a recent practice which requires further studying and analysis. Institutions and policy tools which support their development are still of rudimentary nature. However, so far implemented social innovations across the EU have caused tangible benefits which makes it just to consider them as a potential catalyst for social changes within development models. Social innovations have proven to contribute to improving the conditions of many local communities, either by establishing new organizational structures, processes or services or by setting up new interventions, such as new financial or tax arrangements. They prove to be a great solution for many problems Croatia is facing today and could engage innovative professionals of different profiles in rural area development, ecological food production, local communities' development, etc. In doing so, significant efforts are needed to raise the capacity of institutions to monitor and support the new challenges, for example through organizing educational workshops and promotion activities.

In future, Croatia can expect growth in social entrepreneurship and social innovation since there is a growing interest and there are opportunities to build and acquire new knowledge, while new policy context is being completed. There are a number of new innovation triggers initiated by the EU which support both social innovations and prosperity for the benefit of our society.

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