

## **SOCIAL INNOVATION AND ITS TYPES IN RURAL AREAS**

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**Abstract.** The growth of modern economic systems has generated more numerous, complex and urgent social challenges. The aim of study is to clarify the term (definition) and meaning of social innovations and to determine the types of social innovations in the rural areas. The results of study show that the definition of social innovation is still vague. Despite the social innovation being defined and interpreted differently, it provides the social benefits for both local community and/or society in general. When accepting broader description of social innovation, it was concluded that social innovation is not the same as social entrepreneurship. Nowadays, social innovations, particularly in the rural areas, focus on successful solution of different social, economic, political and environmental issues. The social benefits, for instance, reduce the threat of climate change (e.g. reducing greenhouse gas emissions); maintain the biodiversity, ecosystems and landscapes; offer fresh and healthy local food etc., can be provided by the social innovations based on the agricultural production and other rural activities. The following social innovations (but not all) are or will be suitable for Latvia: sustainable or environment friendly agricultural production; local food systems; social or care farming; social services; renewables (e.g. bioenergy); ecosystem services (int. al. tourism) and recreation services; cooperation; local action groups and financial services.

**Key words:** social innovation, rural area, development.

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### **Introduction**

The growth of modern economic systems has generated more numerous, complex and urgent social challenges. Moreover, there is a growing consensus that the disconnection between economic growth and social welfare is increasing (Harayama, Nitta, 2011).

Therefore, interest in social innovation is growing due to societies facing extraordinary numerous, complex, and urgent social challenges: energy efficiency and security, food security, increasing inequality, rising poverty rates, unstable economies, extended unemployment, delocalisation, climate change, environmental degradation and a raft of other,

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mainly global, issues (Harrisson et al., 2009; Hewit, 2008; Caulier-Grice et al., 2012). The importance of social innovation for successfully addressing the social, economic, political and environmental challenges of the 21st century has been recognized on a global scale (Howaldt et al., 2014).

It is acknowledged on the European Union (EU) level (The Social Innovation..., 2010; European Commission, 2013) that social innovations are critical or essential in addressing the following challenges: economic growth - restarting economic growth and ensuring long-term sustainability and competitiveness for the future; fighting unemployment – especially youth unemployment and generational worklessness; climate change.

It is widely accepted (Bertolini et al., 2008) that there is backwardness of well-being of the inhabitants of rural areas or territories. For instance, Copus and de Lima (2014) recognize that the risk of poverty and social exclusion was higher in Central and Eastern Europe; *inter alia* Latvia, particularly in rural areas.

Taking into account the above mentioned considerations, the aim of the study was stated - to clarify the term (definition) and meaning of social innovations and to determine the types of social innovations in the rural areas. The tasks of study are: to clarify the definition, meaning and concept of social innovation; to find and propose social innovations, which are or will be suitable in Latvian rural areas.

*Materials and methods.* The principal materials used for the studies are as follows: different sources of literature, e.g. scholars' articles, research papers and the reports of institutions. The suitable qualitative research methods have been used: monographic; analysis and synthesis; grouping, logical and abstractive constructional etc.

Due to limited space, only the most important results of research have been outlined in the paper.

## **Research results and discussion**

### **Definition and nature of social innovation**

There are numerous definitions of social innovation found in literature that have been used in a number of ways. Some of the earliest references to social innovation, dating back to the 1960s, use the term to refer to experimental research within the social sciences and humanities (Caulier-Grice et al., 2012). Moreover, the social innovation is a complex and multidimensional concept that is used to indicate the social mechanisms, social objectives and/or societal scope of innovation (Bock, 2012). Many scholars pointed out that the definition of social innovation was still vague (e.g. Butkeviciene, 2009; Harrisson et al., 2009; Westley, Antadze, 2009; OECD, 2010; The Social Innovation ..., 2010; Caulier-Grice et al., 2012; The Young Foundation, 2012; Howaldt et al., 2014) and confusion exists with regard to the understanding of it. Besides, it is proved that social entrepreneur, social entrepreneurship and social enterprise do not have the same meaning (Westley, Antadze, 2009; The Social

Innovation..., 2010; Noya, 2011; Groot, Dankbaar 2014), for example, in the United States as in Europe (OECD, 2010), and this difference also complicates situation.

Murray et al. (2010:3) defined the social innovation as "...new ideas (products, services and models) that simultaneously meet social needs (more effectively than alternatives) and create new social relationships or collaborations. ...they are innovations that are both good for society and enhance society's capacity to act. The interest is in innovations that are social both in their ends and in their means." To this definition Caulier-Grice et al. (2012:18) added that social innovations " lead to new or improved capabilities and relationships and better use of assets and resources" but Phills et al. (2008) pointed out that social innovations were created, adopted, and diffused in the context of a particular period in history. Phills et al. (2008:39) propose own definition of social innovations "...novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals." Phills et al. (2008:39) insert the social change within the meaning of social innovation, to redefine social innovation as "a novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals."

The social innovation happens in all sectors, public, non-profit and private; and between the three sectors (Phills et al., 2008; Harayama, Nitta, 2011). Caulier-Grice et al. (2012:29) add informal sector, which is described as "...activity undertaken by individuals, families and communities that is not captured by the private, public and non-profit sectors." Caulier-Grice et al. (2012:18) suggest the following five elements should be used to define the activity or practices as a socially innovative: novelty; from ideas to implementation; meets a social need; effectiveness; and enhances society's capacity to act, which along with the descriptions are outlined in Table 1.

Table 1

### Core elements of social innovation

Core elements	Description
Novelty	Social innovations are new to the field, sector, region, market or user, or to be applied in a new way.
From ideas to implementation	There is a distinction between invention (developing ideas) and innovation (implementing and applying ideas).
Meets a social need	Social innovations are explicitly designed to meet a recognised social need.
Effectiveness	Social innovations are more effective than existing solutions – create a measurable improvement in terms of outcomes.
Enhance society's capacity to act	Empowers beneficiaries by creating new roles and relationships, developing assets and capabilities and/or better use of assets and resources.

Source: *Caulier-Grice et al., 2012*

Scholars (Westley, Antadze, 2009; The Social Innovation..., 2010; Noya, 2011) argue that terms "social innovation", "social enterprise," and "social entrepreneurship" are overlapping but distinct. Moreover, the terms "social enterprise," "social entrepreneurship," and "social finance" are often used interchangeably with "social innovation" (Westley, Antadze, 2009). Table 2 shows the links and differences of social innovation and social entrepreneurship.

Table 2

### Links between social innovation and social entrepreneurship

Social innovations	Social entrepreneurship
New solutions to social challenges	New responses to social challenges.
Improvement of individual and collective well being and quality of life	Explicit pursuit of positive externalities.
Conceptual, process or product change, organisational change and changes in financing, and new relationships with stakeholders and territories	New forms of internal and external governance.
Changes in financing	Mixed financing (public, private, monetary and not monetary).
Changes in relationships with territories	Strong links with territories.

Source: *Noya, 2011*

Groot and Dankbaar (2014:24) go even further and indicate that 'social' should not be used as an adjective to entrepreneurship, which suggests that some entrepreneurs are social and others are not. 'Social' is as a dimension of the results of entrepreneurial action. Entrepreneurship can have social results, intended (by what are often called social entrepreneurs) but also unintended (when a business idea leads to social change) or maybe partially-intended; moreover, new ideas, new products, or new services, may turn out to be social innovations regardless of any social impact intended by the inventor (Groot, Dankbaar

2014:24). Groot and Dankbaar (2014) explain very clearly that it would be easier to define, separate and compare the social impact of enterprises than to aspire with rigorous criteria separate 'social' enterprises from so called 'regular' or 'normal' enterprises. Moreover, the 'normal' entrepreneurs should be encouraged to think about possibilities to engage in social innovation instead of thinking that social innovation is something for government, foundations, charity, or non-profit organization (Groot, Dankbaar, 2014).

Groot and Dankbaar (2014) consider that social innovation occur in different sectors, in which they may arise from actions and activities done by different actors (e.g. public authorities and officials as well as from private initiatives, both profit and non-profit); and social innovation does not require social entrepreneurship.

Meanwhile, Caulier-Grice et al. (2012) state that the term social innovation has been used to describe also social entrepreneurship. This statement is opposite to viewpoint of other forenamed and cited scholars. Hubert (2012) pointed out that in the BEPA report three complementary approaches to social innovation were distinguished:

- 1) *social*: the grassroots social innovations responding to pressing social demands which are not addressed by the market and are directed towards vulnerable groups in society;
- 2) *societal*: the broader level which addresses societal challenges, where the boundaries between social and economic are blurred; and they are directed towards society as a whole;
- 3) *systemic*: the systemic type which relates to fundamental changes in attitudes and values, strategies and policies, organisational structures and processes, delivery systems and services.

There are three major challenges with a global scope, which require action at the EU level (Hubert, 2012):

- 1) a green challenge: the need to change current ways in which essential natural resources are used;
- 2) an inclusive challenge: the need to anticipate and adapt to societal changes, including political, cultural, demographic and economic transformations in order for the EU to develop into a knowledge society;
- 3) a smart challenge: the need for more effective and transparent governance in the EU and the world with the creation of accountable forms of governance able to anticipate and adapt to the future; and in such a way to respond to common challenges.

Social innovations can mobilize collective activities and leverage institutional resources into society-wide incentives (social services, social economy, model of governance, inter alia, regional, social movements, and diversity policies); thereto, the relationship between state institutions and social innovation is complex and may complete both tensions as well as opportunities (Moulaert et al., 2013). Besides, the social innovations highlight new cross-sector relationships (Bjork, Olsson, 2013).

The social economy is the source of social innovation and while it already plays the key role in developing new models and services to meet social needs, it could play an even greater role (Murray et al., 2010). The social economy is a hybrid and it cuts across the four sub-economies: the market, the state, the grant economy, and the household (Moulaert et al., 2013). The distinction between social and economic innovation is impractical and restrictive, because there are many cases of social innovations which are also economic innovations, for example, the fair trade and micro-finance movements (Caulier-Grice et al., 2012). Social innovations can include new types of production and new markets for social or environmental goods; moreover, it can include employment, consumption or participation; and ownership and production, for example co-operatives (Caulier-Grice et al., 2012). Butkeviciene (2009), studying Lithuanian situation, regards that the main actor in social innovation development is community; and the idea and successful implementation of social innovation highly depend on the characteristics of the community itself.

### **Types of social innovation in rural areas**

The Ministry of Agriculture of Latvia<sup>1</sup> emphasizes the viability of long-term agricultural production and the future-oriented management of natural resources; in addition, the Ministry stresses that the Latvia's EU presidency will continue promoting the sustainable, innovative and environmentally-friendly development of agricultural, food and fishery sectors.

Evaluating the possibilities of the social innovation in rural areas, author agrees to this view and consider that the meaning of social innovation is broader than simply satisfying social needs but includes numerous challenges (e.g. energy efficiency and security, food security, increasing inequality, rising poverty rates, unstable economies, long term unemployment, delocalisation, climate change, environmental degradation etc.); and can address to achieve the benefits for society as a whole.

Butkeviciene (2009), analysing social innovations in rural Lithuania, lists them: ecological farming, formation of local action groups, and electronic social innovations. Moreover, the social innovation is often appointed as an essential part of agricultural and rural innovation (Bock, 2012), which are characterised by co-production of economic and social values or benefits.

Analysing experience of other countries, one can notice differences in selection the types of supporting social innovations. In this context, Moulaert (2013) stressed that social innovations could differ, considering regional and local specifics. For example, Northern Ireland Building Change Trust (2013) emphasises the following themes or sectors as the key opportunities and challenges associated with developing social innovation: health and social care; access to rural services; culture and the arts; and food/food production.

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<sup>1</sup> <https://www.theparliamentmagazine.eu/articles/feature/latvia-focus-long-term-agricultural-production>

Taking into account the benefits not only for the local community but for society as a whole, author proposes pursuing types of social innovations, which already are developed, are currently in the developing stage or could be developed in rural areas.

### ***Sustainable agricultural production***

Sustainable or environment friendly agriculture is the production of food, fibre, or other plant or animal products using farming techniques that protect the environment, public health, human communities, and animal welfare. Scholars (Phills et al., 2008; Power, 2010) consider that sustainable agricultural techniques can provide the social and environmental benefits. For instance, environmental friendly and organic farming is recognised as social innovation, which provides ecological (biodiversity; ecosystems, landscapes, carbon storage and climate regulation etc.), recreational (*int. al.* tourism) and cultural output (Phills et al., 2008; Bergman et al., 2010; Power, 2010).

### ***Local food systems***

Local food systems or chains not only provide locally produced fresh food but also strengthen social cohesion and community development, particularly in disadvantaged rural regions, where low farm incomes and narrowly-based economies can lead to out-migration, which further threaten agriculture and social cohesion (Karner, 2010; Melece, 2014).

Local food systems deliver the following social benefits: social co-operation, local economic development, and close geographical and social relations between producers and consumers, thereby providing universal social benefits – welfare of a society - in economic, social and environmental terms, which satisfy society, not only locally but in general (Karner, 2010; Bareja-Wawryszak, Golebiewski, 2014; Melece, 2014).

### ***Social or care farming***

The care farming (also called as social farming, green care farming, farming for health) can be defined as the use of commercial farms and agricultural landscapes as a base for promoting mental and physical health, through normal farming activity; and provide various other services, for example, educational, rehabilitation and etc. (Sempik et al., 2010; Di Iacovo et al., 2014; Elsey et al., 2014). In addition, the care farming or care farm has the following different interpretations: social farm, rehabilitation farm, residential farm, educational farm, community farm, therapeutic farm etc. (Elsey et al., 2014). Di Iacovo et al. (2014) pointed out that the social farming was a traditional as well as an innovative activity for farmers.

### ***Social services***

Social services are a range of public services provided by governmental or private organizations, for example, education, health care, job training, and nursing services for children, older people and disable persons; as well as to help former prisoners and people with addictions. These public services may provide not only above mentioned social farming but also entrepreneurs and other different institutions (e.g. public, non-governmental and community owned).

### **Renewables (e.g. bioenergy)**

It is recognized that pollution-reducing innovations, *inter alia* green house gases reducing emissions, are the social innovations (Bergman et al., 2010), and scientists (Knickel et al., 2009; Levidow, 2011) include the development of renewables, including bioenergy, in it.

### **Ecosystem and recreation services**

Considering the fact that agroecosystems are essential sources for provisioning services (Power, 2010), EU Rural Development Programme offers, under agri-environmental measures and measures promoting environmentally sustainable farming practices, different options for addressing environmental concerns to rural development stakeholders, through actions that include, *inter alia*: enhancing biodiversity by conserving species-rich ecosystems, *inter alia* reserving or maintaining grassland and extensive farming (e.g. organic); improving water management; contributing to capture and storage carbon; reducing emissions; as well as preserving cultural heritage and landscapes (Peters, 2009; Maes et al., 2013).

Moreover, Maes et al., (2013) stressed that the cultural ecosystem services or recreation services were one of the non-material benefits for society. Ecosystem services are connected not only with recreation services but also with rural or countryside tourism.

### **Cooperation**

The social impact or benefits of the cooperation and various cooperatives, which act in rural areas, are identified by scholars (e.g. Thomas et al., 2011; Lafleur, Merrien, 2012; Anderson et al., 2014). Besides, it is noted that the cooperatives may multiply local expertise and create social capital within a community (Nembhard, 2014).

### **Local action groups**

One way to operate the initiatives of local community in rural areas are local action groups, made up from public and private partners from the particular territory, and may include representatives from different socio-economic sectors and act under the LEADER<sup>1</sup> approach. They receive financial assistance to implement local development strategies, by awarding grants to local projects.

### **Financial services**

Taking into account that the rural areas are still lacking access to financial resources and services, credit unions and micro-finances<sup>2</sup> or micro-credits are the options in this sector. Despite the rural microcredit funding having been established in Latvia (Kruzmetra et al., 2012), nevertheless, the further development of financial services, in particular credit unions, are necessary. As evident from the above description of various types of social innovations in the rural areas, it should be noted that the majority are related to the so-called green

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<sup>1</sup> Derives from the French words "*Liaison Entre Actions de Développement de l'Économie Rurale*" which means, 'Links between the rural economy and development actions'. An EU wide initiative that give local people a real opportunity to get involved and have their say in the delivery of a local development strategy.

<sup>2</sup> Micro-finance is a source of financial services for entrepreneurs and small businesses lacking access to banking and related services.



economy and partially could be described as a green innovations. UNEP (2011:16) provides the definition of green economy as "...low-carbon, resource efficient and socially inclusive". Furthermore, it can characterise as "...improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities" (UNEP, 2011:16).

## **Conclusions, proposals, recommendations**

Many scholars have pointed out that the definition of social innovation is still vague. Despite the fact that there is lack of common and clear definition, social innovation is complex and multidimensional concept; and is a much broader term than social entrepreneurship or enterprise.

The social innovation is defined and interpreted differently. Some scientists perceive the social innovation only in its narrowest scope, linking it solely with the social services and the social entrepreneurship. Another view expressed by the scientists in recent publications highlights a broader description or meaning of the social innovation. They emphasize that the social innovations are innovations which provide the social benefits or beneficial outcomes for both the local community and/or the society in general.

Besides, the social economy is the source of social innovation. Hubert (2012) suggests three major challenges with a global scope, which require action at the EU level: 1) a green challenge; 2) an inclusive challenge; 3) a smart challenge - the need for more effective and transparent governance.

Nowadays, social innovations, particularly in the rural areas, focus on successful solution of different social, economic, political and environmental issues. The social benefits for example, reduce the threat of climate change (e.g. reduction of greenhouse gas emissions); maintain the biodiversity, ecosystems (e.g. agroecosystems; forest ecosystems) and landscapes; offer fresh and healthy local food etc., can be provided by the social innovations based on the agricultural production and other rural activities.

After studying literature on social innovations of rural and agricultural origin, author describes and propose following, but not all, social innovations, which are or will be suitable for Latvia: sustainable or environment friendly agricultural production; local food systems; social or care farming; social services; renewables (e.g. bioenergy); ecosystem services (int. al. tourism) and recreation services; cooperation; local action groups and financial services.

The majority of abovementioned rural social innovations are related to the so-called green economy and could be named as partially green innovations.

The necessity of further studies arises from various types of rural, including agricultural, innovations which could require detailed studies for each of the types of innovation.

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