

SOCIALLY RESPONSIBLE INNOVATIONS – DESIGNATION OF THE CONCEPT AND OPERATIONAL DEFINITION

Introduction

Looking through the newest scientific and popular science literature, grant programs, governmental programs and documents and also trends presented in mass-media, there is a significant increase in interest of modern organizations – on the one hand – in their level of innovativeness and social responsibility problems on the other hand. Due to that state, scientists also put a bigger emphasis on these concepts [23, p. 133; 9; 11, p. 194; 27, p. 541].

The most important problem in this particular situation is to integrate the elements of innovative behavior and corporate social responsibility in the products and services generated by the company and find a way to manage them. Moreover, there is an issue of implementation of socially responsible innovations in the work processes in the company. The objective of this article is to show the designatum of the term 'socially responsible innovations' and outline when we can and when we cannot talk about socially responsible innovations (SRIs).

1. The background of SRIs

The category of socially responsible innovations is relatively new in the field of management science and does not have a clear and precise definition. Owing to that, there is a significant problem with the indication of the designatum of this concept. Boundaries between what SRIs are and are not, are blurred.

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The basic determinant of SRIs is the relationship between innovations and social responsibility. The main reason for the connection of those two concepts is to fulfill the idea of sustainable development, which is one of the most promoted trends in global development. The term of sustainable development should be understood as a balance in human life, that is, a development in which special attention is paid to symmetry between social development, economic development and environmental protection, with a strong emphasis on “our” responsibility in the holistic sense and for future generations in particular [12, p. 5]. A detailed discussion of the principles of sustainable development and its objectives can be found in the document, *Transforming our world: the 2030 Agenda for Sustainable Development*, which was accepted by the Seventieth Session of the General Assembly of the United Nations which took place on September 25–27th, 2015, but the most important thing for this paper is Scope 12 of the Agenda, which points to the development of the sustainable consumption and production models. As the Agenda authors point out, sustainable production and consumption are about doing more and better and spending less simultaneously. They indicate the need to increase economic prosperity by reducing resource use, pollution and degradation of the environment, while enhancing the quality of life. These processes should involve a wide range of stakeholders, including business representatives, consumers, lawmakers, academics, researchers, and finally media and development agencies. Implementing the Scope also requires a systematic approach and cooperation within a supply chain, from the producer to the final consumer. With regard to sustainable consumption, particular emphasis should be placed on sustainability education, the provision of sound and accurate information, and the promotion of sustainable public procurement.

The concept of sustainable consumption and production models is very important for the European Union decision makers due to the limitation of natural resources and aging population. In order to meet this challenge, one decided to introduce strategies and instruments implementing the principles of sustainable production and consumption. In the European Union, EU 2020 Strategy is an elementary document that defines activities related to sustainable production and consumption [10]. This document identified three priority areas. The first one is an intelligent growth based on the development of a knowledge and innovation-based economy. The second area is sustainable growth – a low-carbon, resource-efficient and competitive economy. The third is an increase in social inclusion, employment opportunities and economic, social and territorial cohesion [1, p. 179].

Sustainable production and consumption can be defined as a holistic approach aimed at minimizing the impact of social systems on production and consumption on the environment [6, p. 254]. The balance should be present at all stages of the product's life cycle. Starting from the acquisition of raw materials necessary for the production, through the whole manufacturing process and the supply chain, until utilization and

disposal [28, pp. 76–77]. The characteristic feature of such a production is the manufacture of products or services which, to a greater extent than conventional products and services, refer to ecological and social requirements. An indispensable element of sustainable production and consumption is also the continuous improvement of the quality of life [25]. As a result of the application of sustainable production principles and tools, products and services that are safe and meet international environmental and ethical standards at all stages of their life cycle should be introduced to the market and their production and use should have a positive impact both on consumers and on the local community [28, p. 77].

Socially responsible innovation responds to the challenges that confront the economy with the concept of sustainability of consumption and production by combining elements of innovative and socially responsible activities in reference to products and services developed by the company, so on the denotation of SRI will be all of the products and services which will be both innovative and will respond to the concept of sustainable consumption and production.

2. Designatum and definition of SRI

In order to speak of socially responsible innovations that will pursue patterns of sustainability of production and consumption, two categorical conditions must be met.

The first is to classify such a product or service into an innovation category. Using the same assumptions as those adopted by the Oslo Manual, it should be noted that innovation is the implementation of a new or significantly changed service, product, process or method, but also a significant change in the organization of work, place of work or relations with stakeholders [17, p. 46]. This definition of innovation is, in the opinion of the authors, the most general and broad definition which can be used to classify a phenomenon as an innovation. Both approaches focus on the creation of a completely new quality through a total negation of existing realities or the creation of a new quality through renewal, reconstruction or adaptation of existing solutions [26, p. 13] where a minimum requirement for innovation is that these solutions must be new to this particular organization, which gives the ability to adapt means already used in other organizations and still recognize them as innovative [17, p. 46]. Due to that broad spectrum of innovation, it is important to underline that the determinants of innovation may be located both inside and outside the organization [5]. In addition, six plans of innovation can be described, which are: (1) introduction of new products and improvement of existing ones, (2) the use of new or improved products and methods, (3) finding new markets, (4) a new method of sale and purchase, (5) the use of new raw materials and intermediates and (6) the introduction of a new organization of production [21]. Less detailed classification shows that there

are four dimensions of the discussed concept. These are: (1) product innovation, (2) process innovation, (3) marketing innovation, and (4) organizational innovation [17, pp. 47–52]. It is worth emphasizing Schumpeter's claims that innovation can take place only once. The dissemination of innovative solutions is a completely separate process, which he called 'an imitation'. He also demarcates the concept of innovation and invention, due to the fact that many of the ideas, models and prototypes were never adopted and did not enter into production or other use, and thus – never turned out to be innovation itself [21].

The second condition is the sustainability of the innovative product or service, which is often strongly related to the CSR (corporate social responsibility) concept. The authors agree with the following broad definition of CSR: corporate social responsibility is an effective process of managing an enterprise that by responding to possible identification of stakeholder expectations the company contributes to the increase of its competitiveness, giving it stability and sustainable development, while shaping favorable conditions for economic and social development, creating both social and economic value [18, p. 78]. This kind of understanding of the concept is strongly connected with the Stakeholders theory, which is a theory of organizational management and business ethics in which there are strongly marked morals and values. It was originally developed by Freeman in the book entitled *Strategic Management: A Stakeholder Approach*. The traditional perception of the organization assumed that only the owners and shareholders of the company were important. The Stakeholder theory instead argues that there are other parties involved, including employees, customers, suppliers, financiers, communities, governmental bodies, political groups, trade associations, and trade unions, so it is strongly connected with the terms and conditions of the sustainable consumption and production issues [8; 15; 16, pp. 285–298]. So the concept of CSR is a concept which, by definition, should be used as a tool with which enterprises will be able to integrate social, environmental and economic business activities and various interactions with the wider category of stakeholders of the company and it should be strongly correlated with the core of business organizations [19, pp. 78–92]. CSR should be based on three main pillars: (1) minimize risk and maximize the chances of success of the company in the long term; (2) ability to conduct business in such a way as to increase its positive contribution to society, while minimizing its negative effects; and (3) the specific manner in which a company treats participants of the market process (stakeholders), which are: customers and business partners, employees and the local community [14, p. 12].

The combination of innovation and corporate social responsibility can be brought about in two ways, which are called the virtuous circle of CSR and innovation. The first of these is when innovation is driven by CSR and the second is when CSR is driven by innovation. These two types of relationships between innovation and CSR

are defined by the outcomes of these connections. If the result of innovation is a product or service, the existence of which is conditional upon a social or environmental goal – it is referred to as innovation driven by CSR (CSR-driven innovation). But if innovation has been applied during the manufacturing process of the product or service in such a way as to make it more socially responsible, taking into account the needs and expectations of all the stakeholders of the organization, it is referred to as innovation-driven CSR [13, p. 316]. So, because of this explanation, it can be said that CSR-driven innovation is about doing the right things, while innovation-driven CSR is about doing the things right [13, p. 316]. Naturally, the best situation is when both parts of the virtuous circle of CSR and innovation are working at the same time. It should be clear that one cannot be fully successful without the other. It is because the bi-directional model is specified as a model in which the innovations which are realized by the companies are functions of CSR and corporate social responsibility practices are functions of innovations. Therefore, they both should propel each other in an infinite circle. This virtuous circle, if it works both ways, should provide the situation of doing the right things in the right way.

Given the above, it is important to see this bi-directional system as a perpetual process where – on the one hand – the organization will search for success, and on the other hand – search for values. To that end, being innovative and responsible is based on constant usage of the virtuous circle of innovation and CSR which means searching for value and searching for values must be constantly ongoing.

The sustainable innovation model consists of five stages, which are: (1) understanding the organization, (2) recognizing the current state, (3) defining the ideal state, (4), identifying the opportunities and risks (5) taking actions. At the third state, there is a necessity to compare the second and the third state. After that, it is time to execute stages four and five. The most important thing about that model is the feedback loop – after each stage, organization should learn from introduced changes and then start the process again, because of the infinity assumption of the model.

Unfortunately, the combination of the idea of innovation and corporate social responsibility contains a number of contradictions. They result, inter alia, in: (1) the necessity for use of CSR objectives in the core business of the company or in a situation of creation breakthrough innovations which are very risky, but which promise great benefits, (2) the opposition between expectations for the use of tools of corporate social responsibility that should benefit customers and other stakeholders of the company and the long period of return from the introduction of innovative solutions, (3) the dissonance between the ability to generate savings through the use of innovation in CSR, and the continuing weakness of demand for traditional products and services and (4) the dilemma of creating innovative solutions and applying social responsibility in PR of the organization, and concealing developed innovative solutions to make money on obsolete products and services [20, pp. 102–103].

However, these problems can be solved by using an open innovations model. By doing this, the free flow of intellectual and human capital inside and outside of the organization can be ensured, while allowing the control of emerging innovations and increasing the chances of preserving its market position [3; 4]. According to the authors of the concept of open innovations, because of limited funding, only those innovations which guarantee a quick profit are accepted, which leads to a loss of many valuable innovations. Such a short-sighted strategy eventually leads to a reduction of business activity in core areas, preventing its further development. The open innovations model allows one to overcome that struggle. It is necessary to wisely use the two types of open innovations model. The outside-in open innovation, which means that the company is taking skillful people and bright ideas from the outside and the inside-out open innovation, which takes place when a part of resources or projects are placed outside the organization, which brings profits from licenses etc., and in time it is taken over as a spin-off [4, pp. 52–53].

Based on the above suggestions, operational definition of the Socially Responsible Innovations concept, should sound as follows: Socially Responsible Innovations are all innovative solutions used by organizations (including products and services) that aim to balance economic, environmental and social factors, and/or in the process of manufacturing products and services.

Conclusions

In conclusion, it must be stated that there are means which can respond to the problems of unsustainable production and consumption, and, as a result, provide the sustainability of those. Those means are the socially responsible innovations.

Usage of SRIs requires a lot of changes in the management of the organizations and management of the innovations themselves – this part often involves the problem of management of innovative projects and innovative management of the project [22, pp. 226–237] because of the popularity of this kind of implementation of socially responsible innovation to the organization and the market.

It is very important to remember for shareholders, managers, every employee of the organization and all other stakeholders that the innovations, to be socially responsible, must be based on the sustainable development theory and CSR as the tool for implementation of the sustainable development theory. Furthermore, there must be a strong will to involve all of the shareholders in the process of developing the SRI and actual usage of social capital of the organization. Those changes, if correctly implemented in the organization, can bring a great profit both for society, the environment and the organization itself.

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Abstract

In this article, the authors point to the designatum of the term socially responsible innovations in order to identify the research area. In addition, the authors attempt to show an operational definition of socially responsible innovation based on the integration of innovation theory and elements relating to the concept of sustainable development, corporate social responsibility, the virtuous circle of innovation and CSR.

KEYWORDS: INNOVATION, CSR, SOCIAL RESPONSIBILITY, SUSTAINABLE DEVELOPMENT

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SPOŁECZNIE ODPOWIEDZIALNE INNOWACJE – DESYGNAT POJĘCIA I DEFINICJA OPERACYJNA

Streszczenie

W artykule autorzy wskazują na desygnat pojęcia społecznie odpowiedzialnych innowacji w celu zidentyfikowania obszaru badań. Ponadto podejmują oni próbę wskazania definicji operacyjnej społecznie odpowiedzialnej innowacji, opierając się na integracji teorii innowacyjności i społecznej odpowiedzialności przedsiębiorstw oraz na spirali innowacji i CSR.

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KODY KLASYFIKACJI JEL: A12, A13, M00, M2, M11, M14, O32