Chapter 7
Support of Social Innovations:
Case of the Czech Republic

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ABSTRACT

The aim of this chapter is to summarize the theoretical knowledge from the field of social entrepreneurship and the creation of social innovation and highlight the impact EU funds have on the development of social innovation in selected regions of the Czech Republic. The authors assumed that there could be a positive link between the amount of financial support and the number of created social innovations within the chosen EU programmes. Classification of created social innovation according to type, creator, priority axis in relation to beneficiary etc. came under other objectives. Social innovations are created as a positive externality from other social projects. Finally, recommendation for sustainable support evaluation is provided.

INTRODUCTION

Social innovations are considered as "new ideas/products, services and models) that simultaneously meet social needs and create new social relationships or collaborations. In other words, they are innovations that are both good for society and enhance society's capacity to act "(Murray et al 2010) or "new and better solutions which meet urgent social (or societal) needs, and, at the same time, they create new social interactions and cooperation" (Kadeřábková, Moghadam Saman, 2013). Dobele (2015) added, that social innovations should bring newness, create new changes in society, solve social problems, create benefits for the whole of society, offer social value, and should be based on social motives. Social motives and other factors were also mentioned as determinant of social innovations by Murray et al. (2010). The impact of social innovations, stemming from those definitions, is crucial for economic and social development, and thus for social welfare. However, their implementation still depends largely on public support, especially in less developed countries. The main problems, which have an influence on

the practice of social innovation, are a lack of legal recognition of social innovation (the current definition is available as a "project" call of each Operational program), insufficient social innovation policy coordination as well as a lack of data for the measurement of output.

Regional socioeconomic analysis, which is related to the problem of output measurement is mostly based on three pillars, which assess the impact of actions on regional policy. These pillars are economic (dynamics of economic development), social (investments in social capital, the main indicator for societal development) and finally, environmental (eco-friendly approach, recycling). The main condition of social development is the maintenance of a balance between these pillars (Minařík et al., 2013). In this context, Kapstein and Kim (2011) presented a fully developed matrix of socioeconomic impacts on the local community and their model includes four dimensions: macroeconomic impacts (GDP contribution and other macroeconomic indicators), socioeconomic impacts and linkages (education, employment), community impacts (changes in settlement, social structure, migration), and environmental impacts (pollution, investment in environmental protection). Despite the differences, the inputs and outputs of the social innovation process clearly remain as a multidimensional phenomenon.

Earlier attempts to capture the core logic of the public sector business model highlighted the multidimensional and multi-level exchange of resources, capitals, power etc. (Alford, 1993), in contrast to the traditional business model framework for business companies (Osterwalder & Pigneur, 2010). Thus, the main goal of this chapter is to gain a better understanding of the multi-level specificity of the public sector business model and its innovation from the perspective of social innovation. Thus, this chapter evaluates the relation between the creation of social innovation and financial support from the Human Resources and Employment Operational Program (HREOP) and the Operational Program Education for Competitiveness (OPEC) in 2007-2013. The authors assumed that there could be a positive link between the amount of financial support and the number of created social innovations when social innovations were created as a positive externality from other social projects because of their form as a "voluntary output" of those projects (Dohnalová et al, 2015, Kadeřábková, Moghadam Saman, 2013). The undertaken study aims to explore the immediate effects of using European Structural Funds in the current context of regional development, highlighting the influences on socioeconomic indicators and the social return on investment ratio (SROI). The selected area is complex and is represented by the impact of structural funds finance on the socioeconomic results obtained at the level of Kapstein and Kim (2011) indicators and of social innovations, which express the new regional capacity to be dynamic at both local and regional levels. It is in such context, that this chapter firstly aims to measure, through marketing quantitative research, using the survey research method (based on an evaluation questionnaire directed at the beneficiaries), the level of impact of projects financed through the Human Resources and Employment Operational Program (HREOP) and the Operational Program Education for Competitiveness (OPEC) in 2007-2013 on the target audience in selected regions of the Czech Republic. Secondly, the effectiveness of support allocation is measured by a modified ratio of social return ratio (SROI), suggested by the authors. Finally, an evaluation tool based on performance evaluation is presented. The chapter deals with performance management on regional beneficiaries using the principles of the "3E's", which represent the areas of economy, effectiveness and efficiency, namely in the example of the selected regions in the Czech Republic. The authors also applied a classification of social innovation as used by Caulier-Grice et al., 2012) in their research.

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