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The Challenge of Social Innovation: Approaches and Key Mechanisms of Development

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Abstract:

Recently, a key motive for innovation has been the generation of economic value. Currently we are facing a challenge to develop new approaches to involving the public in solving social problems through innovation based on collaboration and cooperation. Consequently, there is an urgent requirement to shape a favorable environment for innovation, creating both economic and social value. The purpose of this study is to reveal mechanisms for the development of social innovation that can be successfully introduced and implemented in Russia.

The advantage of a systems-based approach to social innovation is that social innovation is defined as institutional change leading to the emergence of new routines (traditions) or practices. The use of benchmarking, along with comparative and historical analysis, to study foreign experiences of social innovation makes it possible to identify best practice in creating the conditions needed to develop social innovations, organize innovation processes and promote systemic innovations.

On the basis of information received, key mechanisms of social innovation were identified, including that of innovation mediation. The system capabilities of Living Labs in the promotion of social innovations were, in particular, investigated.

Key Words: *social innovation, methodology, implementation of social innovation, systems approach, systemic innovation, mechanisms, enhancing social innovation.*

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Introduction

The emergence of new social, environmental and demographic challenges which are of a complex multidisciplinary character and involve an increasing number of participants has driven society's increasing consciousness of the issue of social innovation worldwide, and in Russia in particular. Social innovations have a major role to play in overcoming and resolving these problems and challenges. Obviously, technologies are created within the social sphere. Innovations of all kinds, both technological and social, evolve in specific socio-economic conditions. In Russia, rapid economic growth has been the cornerstone of the country's development policy as a whole. This has lead to the emergence of relationships and interdependencies between the main actors within the socio-economic system in the absence of relevant societal institutions and structures.

Evidently, the development of a modern economy, in creating new ways of organizing socio-economic systems, actualizes the need for new economic policies. In particular, one feature of governmental economic policy in countries with advanced economies is the close intertwining of social and economic processes that reflects their objective interdependence with the development of economic systems. At the same time, an optimal balance between the economic and social parameters of policy can be determined by researchers based on analysis of the process of social reproduction as it occurs in the context of the appropriate macroeconomic system. The primary source of development is the improvement of production based on science and innovation, which has a clear social orientation due to the fact that it presupposes that individuals within a society are given full opportunities to develop, improve their skills, and access creative possibilities for the making and implementation of scientific and technological innovations. The issues of social development in the conditions of the "new economy" are not only outcomes, but also factors of economic development (Ackerman, 2011).

As noted by K. Polanyi (1995), "economic processes [when] separate from society dominate social relations instead of being regulated to benefit societal needs". Polanyi argues that whilst the economy is no longer embedded in social relations, social relations are still embedded in the economic system. The emergence and development of socio-economic structures is determined by the economy. As is well known, the development of economic innovation leads to the creation of added value. This has been in the limelight of the Russian government's agenda and has generated intense discussion, leading to the necessary financial, infrastructural and institutional support over the years. At the same time, social innovations leading to the appearance of social facts – practices, norms, rules, etc. – have for a long time not been recognized as significant.

Thus, for social innovation to slowly gain strength and recognition requires a revision of the common approaches to innovative development. Social and economic innovations, as well as indicators of their effectiveness, should be considered within

a single context. Hence, the implementation of innovation management processes should be accompanied by a simultaneous superposition of collaboration processes and mutual complementarity in the functioning of the main actors of the innovation system. This should take place, as a rule, coherently with the growth of public confidence in the government's decisions, democratization, the development of civil society and the reduction of corruption.

In the literature on social innovation, the main topics of discussion are issues of financial and public support for social entrepreneurs, the need to develop financial instruments to support social innovation and capital markets, and so-called hybrid forms of organizational structures to support social innovation, raise awareness, and improve the understanding of social innovation (Dees, 2010; Domenico *et al.,* 2010).

Social innovations can provide many benefits, including an increase in the level of trust in the government, improvements to the decision-making processes within authorities, and the emergence of new social norms, values and practices that institutionalize innovative behavior and thinking. At the same time, mechanisms for the development of social innovation and institutional transformation may be different from country to country, formed under the influence of institutional, political and historical factors. Despite this, there are general patterns and mechanisms that need to be identified for further adaptation and introduced into the practice of the particular state.

The hypothesis of this study is that there are key mechanisms for the development and implementation of social innovation that have a significant impact on the results of state policy in the field of social innovation, and that these can be identified and described on the basis of studying of the extensive data related to foreign management experience in this field. The economic theory of innovation is one of the most popular and dynamically developing areas of modern economic science and practice, not only for developed but also for developing countries. Simultaneously, there has been a strengthening and extension of the influence of various types of innovation on society. Innovation is a lever which can create new processes and generate new directions of development within modern society, as well as in public administrations, political institutions and social collaborative processes.

The academic community's interest in the theory of innovation is rising rapidly. On the one hand, many new methods to increase the effectiveness of economic activity through innovation, including the effectiveness of innovations as a whole, are being created and developed. Noteworthy examples include the concept of open innovation, the democratization of innovation, and support for user-driven innovation (Franke *et al.,* 2006, Frank *et al.,* 2016; Chesbrough *et al.,* 2006; Reichwald *et al.,* 2007, Von Hippel, 2005). Meanwhile, some authors emphasize that it is unacceptable to neglect the social aspects of technological innovation, and that these must be taken into account (Howaldt and Schwarz, 2010; Topcu *et al.,* 2015, Rusanov *et al.,* 2015; Sibirskaya *et al.,* 2016; Nechaev and Antipina, 2016;

Rupeika-Apoga and Nedovis, 2015). The origin of social innovation as an economic category dates back to the works of M. Weber (1922), who made the first attempt to explore the social changes caused by technical and economic transformation. Overall, within the framework of sociological theories, the term "social invention" was first presented in the 19th century, announcing the possibility of introducing new abnormal behaviors that might spread and become traditional in the framework of existing social institutions. The theory of social innovation has developed rapidly over the last two decades, with the following decisive theories emerging:

- There is a shift from linear to nonlinear processes of innovation when the interaction and mutual learning of the various actors becomes a decisive factor (Lundvall, 1992);
- Increasing awareness of the role and significance of social norms and conventions (Morgan, 1997) highlights the growing need for social capital, cooperative support, the encouragement of innovation activities, and the facilitation of collaboration in the innovation process.

Within various theories of innovation, attempts have been made to underline the "social" character of innovation processes. These include ideas such as the evolutionary theory of innovation, which explores the collaborative nature of the innovation process (Lundvall, 1992) studies into the role of social innovation in regional development (Tynjälä and Nikkanen, 2007; Epifanova *et al.,* 2016) explorations of social networks and clusters (Rutten *et al.,* 2007: Stroeva *et al.,* 2016) and the development of the learning region concept (Cooke 2002).

In various management theories, social innovation is taken to mean organizational changes, that is, the improvement of social capital in order to increase organizational effectiveness (Moulaert *et al.,* 2005). An institutional approach to the problem has played a significant role in understanding the mechanism of social innovation, focusing on the adoption and adaptation of new ideas and practices, showing that in the process of diffusing innovation, the interaction between people takes a leading role. The institutional approach has largely been developed within the framework of economic and juridical disciplines and has revealed objective patterns in the functioning of society, as well as in the nature and content of the existing social order. Russian scientist, economist and sociologist V. V. Radaev (2002) implies that, from the viewpoint of modern institutionalism, institutions are considered not as a rigid frame, but as a flexible supporting structure which changes under the influence of practice and has typical ways of acting Institutions simultaneously regulate human interaction and are governed by them.

Russian researchers T.I. Zaslavskaya and M.A. Shabanova (2002) offer a definition of "institution" which integrates the macro and micro levels. According to them, the institution consists of three main elements: the formal legal and administrative norms established and controlled by the state; the socio-cultural norms, controlled by civil society; and institutionalized social practices. The basis of each institution

constitutes legal norms formally enshrined in laws, regulations and other legal documents. The completeness, consistency and legitimacy of these norms – and their fairness from society's point of view –determine the quality and efficiency of the social institution. The quality control of legal compliance is also important. The execution of socio-cultural norms is controlled through cultural mechanisms – public opinion and the moral assessment of individuals. The functioning of public institutions is manifested in social practices that embody the legal and cultural norms into practice.

According to this way of understanding institutions, they are commonly divided into formal (constitution, legislation, regulation, etc.) and informal (norms of behavior) rules. Changes in formal rules (or enforcement mechanisms) usually require significant resources. The ruling political elite act as agents of these changes. However, institutionalization also originates "from below" as a result of the fixation the daily life of people in a specific set of socio-economic conditions and norms (Rostovskaya, 2013; Thalassinos *et al.*, 2015; Budik and Schlossberger, 2015; Carstina *et al.*, 2016). Economists headed by D. S. Lvov, considering institutionalization as a system of views on the methodology of social science (a special branch of science that studies the social system), are guided by the following principles (Lvov, 2001).

The principle of institute-centrism is fundamental in the process of institutionalization; it suggests that any factor influencing the process of joint activities of people and the results thereof operates through institutions and due to institutions.

The principle of irreducibility rejects the idea of "natural scientific and technological reductionism", thereby establishing a clear distinction between knowledge based on social science and natural science. According to this principle, any attempt to suggest the laws of social life are a particular manifestation of natural-scientific laws is methodologically incorrect, and in this regard, the joint activity of a group of people should be studied as either a natural-technical or as a social system.

The principle of methodological socialism (collectivism) is directed against the so-called "methodological individualism". The basis of this principle is constituted by the claim that it is impossible to reconstruct the social system from the interaction of individuals, when from the beginning, into the model of each of them, special fundamental grounds determined by reflexive norms have not been incorporated. The concept of the institute logically precedes the notion of the social individual.

The principle of unity asserts that social relations cannot be divided into two separate "entities", one of which is primary and the other derivative. Social relations are inconceivable without the rules of law and other institutions.

The principle of historicism, which denies any theories suggesting a common predetermined path of historical development, argues that the social system as a set of social relations is a concrete development of historical integrity.

Thus, the indicated streams of institutionalism have greatly expanded the study of social processes due to the inclusion sociological, political, psychological, social, legal and ethical factors, thereby substantiating institutionalism as a system of views with regard to the methodology of social science.

However, the passivity of the role this framework accords individuals in the process of diffusing innovation should be noted. Theories within in the framework of this approach have made significant contributions to the understanding of social innovation, highlighting the complexity of the interactions between structural factors and specific individuals in shaping perceptions, rules, and the development of tendencies which ultimately create new innovation practices (Rogers, 1962). One of the most important and successful joint attempts in the theorizing of social innovation is the Vienna Declaration of 2011. This document stresses the importance of social innovation, to support the technologies that have been unable to solve the problems arising during the transition from an industrial to a knowledge-based society. In accordance with this declaration, "such societal changes require the inclusion of social innovations in a paradigm shift of the innovation system" (Vienna Declaration, 2011).

The Theoretical Foundations of the Concept of Social Innovation

The term "social innovation" was introduced by Schumpeter J. (1939) to describe a process of creative destruction leading to the emergence of new combinations of resources in business, political and cultural environments. Thus, social innovations are new combinations of practices (along with combinations of products, technologies, etc.). There have been many subsequent attempts to define the term "social innovation", the most significant of which are presented in Table 1.

The main drivers of social innovation include the roles, relationships, norms and values – the patterns of interaction and mutual cooperation – that form the practice of creating new things. It has become a widely recognized fact that innovation, as a crucial source of economic growth, is not only an economic mechanism or a technical process but also a social phenomenon.

Table 1. *Definitions of "social innovation"*

Source	**Definition**	**The main context**
Mulgan et al. 2007	Innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly developed and diffused through	The emphasis is on social innovations, distributed mainly among social organizations, including social entrepreneurship, social changes, open innovations

	organizations whose primary purposes are social.	and other "grassroots" initiatives.
NESTA 2008	New ideas to tackle social problems or meet social needs, e.g., a new product, service, initiative, organizational model or approach to the delivery of public services.	The object of social innovation is presented in the form of new products, services, organizational models or approaches to providing public services.
Phills et al. *Stanford Social Innovation Review*, 2008	A novel solution to a social problem that is more effective, efficient, sustainable or just than existing solutions and from which the value created accrues primarily to society as a whole rather than private individuals. A social innovation can be a product, production process or technology (much like innovation in general), but it can also be a principle, an idea, a piece of legislation, a social movement, an intervention, or some combination of these.	It highlights an important requirement for social innovation, namely its holistic nature and predominant influence on society as a whole.
Howaldt and Schwarz 2010	New combination and/or new configuration of social practices in certain areas of action or social contexts prompted by certain actors or constellations of actors in an intentional targeted manner with the goal of better satisfying and answering needs and problems than is possible on the basis of established practices.	Changes in social practices determine changes in the behavior of individuals.
Caulier-Grice et al. 2012	Social innovations are new solutions (products, services, models, markets, processes etc.) that simultaneously meet a social need (more effectively than existing solutions) and lead to new or improved capabilities and relationships and better use of assets and resources.	The definition emphasizes the complementarity of the social innovation process as a means of development or co-development jointly with one of the innovative types of process, occurring from the top down. The importance of social innovation for society as well as for economic development is stressed in this definition.
Tynjälä and Nikkanen 2007	Social innovation is the process of the institutionalization of social ideas, determined by social movements or due to a loosely organized group of	The process of social innovation is explained as the process of institutionalizing social needs, when the structures of society change under the influence of the

	interested people.	values and beliefs of social groups that transform new connections into real social practices.
Heiskala 2007	Social innovations are changes in multilevel institutions of the society (cultural, normative and regulative) which enhance its collective power resources and improve its economic and social performance.	In this definition, social innovation is understood as transformation, encompassing regulative, cultural and normative innovations.

The purpose of this study is to identify mechanisms of social innovation development that can be successfully introduced and implemented in Russia. It is expected that the results of this study will provide a significant contribution to the development of economic science and practice, by means of elaborating effective principles and mechanisms for social innovation system management within a particular institutional environment and the existing socio-economic conditions.

Methodology

Historical analysis, Delphi technique, expert models, SWOT analysis, focus groups, in-depth interviews, specialized expert surveys, population surveys, consultations with the public focused on the development of open and transparent communications in the area of social innovation, benchmarking, and comparative analysis of public policies regarding support for social innovation in various countries. The empirical aspects of the study were based on the following sources:

- Publications of Russian and foreign research concerning the results of sociological and historical research on various aspects of development and the introduction of social innovation in foreign countries;
- Official statistical data;
- Official websites of ministries and departments;
- Centers for social innovation (Centre for Social Innovation, Toronto; Centre for Social Innovation at Stanford Graduate School of Business; Australian Centre for Social Innovation; Skoll Centre for Social Entrepreneurship, UK; Social Innovation Research Group, Taiwan; Lien Centre for Social Innovation, Singapore; Dasra, India; Tilburg Social Innovation Lab, the Netherlands; and other centres supporting innovation in the social sphere), the sphere of social innovation entrepreneurship;
- Official reports on and strategies for the implementation and introduction of social innovation in foreign countries (including “Europe 2020”, “Horizon 2020”, “Science for Environment Policy In-depth Report: Social Innovation and the Environment (2014)”; “Implementing a Scottish Social Innovation Strategy 2014-2020”; “Australian Innovation System Report” (2014); “Outlines of Social Innovations in Lithuania” (2013); “The Japan Vision: Health Care 2035” [Executive Summary]);
- Websites of international projects dedicated to support the implementation and dissemination of social innovations, including the distribution of supporting funds

(EU Programme for Employment and Social Innovation (EaSI), The Theoretical, Empirical and Policy Foundations for Social Innovation in Europe (TEPSIE), Community Investment Package, PROGRESS (financial instrument supporting the development and coordination of EU policy in the employment, social inclusion and social protection, working conditions, anti-discrimination and gender equality), European platform against poverty and social exclusion, Building a European Network of Incubators for Social Innovation (BENISI), Social Business Initiative (SBI), Social Innovation Europe Initiative, European Innovation Partnership on Active and Healthy Ageing (ECEIPAHA), URBACT (Social innovation in cities), Regio Stars, Digital Social Innovation, Innovation Union and Digital Agenda for Europe, Collective Awareness Platforms for Sustainability and Social Innovation **(**CAPS), European Social Fund, European Regional Development Fund and others);
- Websites of key organizations (EU Commission, OECD, BRICS and others).

The first stage of research was to collect information about social innovation practices in OECD and BRICS countries, in sectors such as education, culture, childcare, healthcare, job-seeking assistance and rehabilitation, among others. The second stage involved the classification and description of the main three directions of support for social innovation: the creation of an enabling environment, the organization of innovation processes, and the promotion of systemic innovation.
In the third stage, the key mechanisms of social innovation were identified and systematized. In particular, mechanisms such as public funding of socially-oriented NGOs, collaboration and changing roles, the integration of private capital with public and charitable support were investigated, along with other factors.

Empirical Results

Approaches to Social Innovation

Having considered the basic definitions of the concept, two approaches to social innovations can be distinguished.

The first approach is the *sociological*, first conceived of by M. Weber (1922), which states that new social needs embodied in practice lead to changes in the social relations between individuals, institutions and other actors. Social innovation can be considered as having been initiated by social demands when it is seen as a source of improvement of the situation of certain segments of society.
The second is the *systemic approach.* In this paradigm, social innovations, along with technological and economic ones, can be comprehended as elements of social exchange. The focus of the systemic approach is on the individual who creates institutions. Through the prism of this approach, social innovations are thought of as institutional changes leading to the emergence of new routines (traditions) or practices. These changes have to cover various directions, including the regulative, normative and cultural, in order to ensure a systemic character.

In terms of public policy, both these approaches emphasize the results of social innovation in terms of changes in the behavioral norms and practices of the main actors or groups of actors. Applying various approaches to social innovation, it is possible to underline that various social mechanisms are needed to facilitate the process of social change. The choice will depend on the chosen type of change process: from top to bottom or vice-versa (top-down or grassroots innovations). Thus, the key aspects of a process social innovation are:

- the organization of the innovation process;
- the outcomes of social innovation;
- the sustainability of the social changes made;
- the role of major actors in the process of implementing social innovation;
- learning and collaboration as the main mechanisms for implementing social innovation;
- changes in social interactions and relations, as well as in the practice of main actors.

We consider that a systemic approach to social innovation makes it possible to describe the process of social innovation more comprehensively, in contrast to the Weber's sociological approach which offers a more general perspective on social changes that do not always lead to innovation. In the systemic approach, changes occur in the fundamental attitudes and values, policies, strategies, organizational processes, structures, working methods, functions, institutions and relations between actors. Consequently, under the second approach a huge role belongs to the state, which should provide the systemic nature of social changes. Based on this approach, to identify the key mechanisms of the development of social innovations in foreign countries, it is necessary:

1. To identify the practices aimed at creating conditions for social innovation, including structures, mechanisms, organizational forms, etc., which contribute to the creation and development of social innovations.
2. To consider the process of generating, introducing into practice, disseminating and diffusing social innovation, as well as the conditions under which these new practices become commonly used routines (the so-called routinization of innovation).
3. To examine the required system innovations needed to support the process of social innovation.

State Aid and Development of Social Innovations in Foreign Countries

The application of methods such as benchmarking, comparative studies and historical analysis to explore various countries' experiences of social innovations were used to identify best practice for creating favorable conditions for the development of social innovation and the innovation process itself (Table 2).

Table 2. *Directions of support and development of social innovation*

Directions of support and development of social innovation	**Contents**
Main directions in creating favorable conditions for social innovation	
1. Changes in the tax system	- creating incentives to innovate such as tax benefits, risk reduction (e.g., providing new forms of insurance); - creating and developing specialized environmental institutions; - granting appropriate permissions; - introducing a system of objectives, encouragement and responsibility.
2. "Democratizing" innovation and making it accessible	- public participation in developing the budget, setting budget priorities and spending limits (Ontario, Canada and Porto Alegre, Brazil); - involving citizens in development and political decision-making by taking into account their online requests (Korea's Tribunis Plebis); - creating specialized structures for considering and implementing citizens' ideas (New Zealand Police Act wiki); - "Open Government"; - specialized banks of ideas for improving the provision of public services (Imagination Bank of Seoul Metropolitan Government); - open audits to ensure public accountability; - public control over public finances to ensure their transparency; - creating resources for accumulating user feedback about the quality of provided services (Kafka Brigades in the Netherlands).
3. Organizational forms of support for a nurturing environment for social innovation	- establishing specialized organizations to consolidate the efforts of the state, private enterprises and science to promote the user-oriented ideas (the Innovation Unit in the UK or Mindlab in Denmark); - public venture capital funds; - innovation intermediaries (Innovation Exchange in Australia and the Innovation Exchange and the Innovation Unit in the UK); - innovative accelerators (NESTA's [National Endowment for Science, Technology and the Arts] Public Services Innovation Laboratory, UK); - broker companies (NESTA and Edge); - communities that integrate practitioners for mutual exchange of experiences and collaborative learning; - professional collaboration; in particular, professional action learning groups (the Innovation Unit's Next Practice model).
4. Evaluation systems	- comparative assessments, including benchmarking; - financial and environmental indicators (for example, Social

	Return on Investment [SROI]); - methods for evaluating social influence and cost/benefit analyses; - innovative indicators of government efficiency for assessing current levels of innovative activity (Government Innovation Index developed by the Government of South Korea); - various forms of engaging stakeholders in the evaluation at different phases of the projects in different ways; - operating indicators for the statistical control of social innovation (e.g. Social Impact Assessment, Cost-Benefit Analysis, Social Return on Investment) (Reeder et al., 2012; Nicholls et al., 2009).
5. Information support of all stakeholders	- creation of an integrated electronic database for interested users (the Electronic Court Records for King County, Washington); - search services and platforms for users (for example, NHS Direct); - communities of practitioners; - information brokers, consultants, mediators for searching and revealing innovative practices; - the interaction of contributors and information receivers in information services.
6. Support for the creation of innovative projects	- competitions for technological ideas (Innocentive, X prizes, The Big Green Challenge and NESTA's Innovation Challenge in Mental Health); - open source soliciting of ideas for strategy, projects and grantees (Ashoka Changemakers, the Case Foundation's Make It Your Own Awards, Nevada Community Foundation and Omidyar Network); - Community Angels for project generation; - Idea Banks to promote citizens' involvement in generating ideas (the Global Ideas Bank and the Hope Institute).
7. Grant funding	- direct financing of individuals (UnLtd, The Skoll Foundation); - specialized donor platforms (Kiva, Donors Choose, Network for Good, Brazil's Social and Environmental Stock Exchange); - charitable foundations (The John M. Olin Foundation); - grant funding for research and development to create and prototype innovation; - philanthropic funding (NESTA).
8. Regulatory conditions for the development of the social economy	- policy tools to re-make markets in order to promote the social economy, such as mandatory targets for employing the disabled, provisions and rules regulating renewable energy, fiscal measures and planning conditions; - privileges, exemptions and assistance such as tax benefits for social enterprises and others.
9. New forms of interaction between	- activation the informal social economy such as mutual support services, local networks (LANs);

stakeholders	- the support economy: advising, coaching, mediating, supplementing and communicating; - associations in various areas of interests; - partnerships on a formal and informal basis, such as Green Communities, a national network of not-for-profit organizations which aims to develop innovative green solutions for communities and individual households in Canada.
Main organizational aspects of innovation process	
10. Using diagnostics, design and development	- as sources for innovation ideas, e.g., citizen-reporters, or zero waste; - in the transfer of social innovation technologies such as "learning by visiting", or applying various formats for creative meetings, such as brainstorming, to generate ideas and solve social problems; - in designing methods for capturing user and producer experiences with multi-disciplinary evaluation to co-create diagnoses; - to create banks of ideas, either within organizations or more broadly in scope (Global Ideas Bank); - in user research by using, in particular, ethnographic methods; - to increase transparency and openness in decision-making processes in order to raise awareness society, along with the use of statistical methods to control production, research, etc.; - to facilitate learning through collaboration, including international collaborative networks (Clinton Global Initiative), as well as in the functioning of research associations (The Young Foundation); - for innovation in higher education institutions, in particular in implementing training programs and courses at universities and business schools (The Innovation and Action Lab in Brussels, created by i-propeller and involving the London School of Economics, Harvard Business School, SITE at the Stockholm School of Economics and others); - to develop solutions using methods such as brainstorming, visualization and modeling (used by specialized consultancy agencies such as IDEO, Participle, Live Work and Think Public); - to search for alternatives and solutions using, for example, competitions; - to establish innovative markets, bazaars (BarCamps and Innovation camp); - to develop instruments of mass engagement for successful cooperation (The Open Source Software movement, Wikipedia etc.); - to establish distributed network resources for problem solving (for example, Innocentive); - to monitor non-experimental data to reveal patterns;

	- to provide incubators for testing alternative solutions.
11. Scaling, diffusion and connecting	- extending enterprises by combining with others to strengthen opportunities and raise competitiveness; - spin-offs such as associations, affiliations and federations, inculding employee led spin-offs with continued links to the original hub; - expansion through collaborative support (the Royal National Institute for the Blind); - social franchising (the School for Social Entrepreneurs); - dissemination of social innovation; - replication of innovations within organizations (as in the case of greening the Harvard University campus); - dissemination of innovations for collaboration and training; - dissemination of innovations through the mass media (for example, Jamie Oliver's school dinners, or the Castleford regeneration).
Directions of systemic innovations	
Self-organized social movements, aimed, for example, at increasing accessibility in cities for people with restricted physical abilities	
Creating a new infrastructure, and adapting it to new social needs (such as charging points for hybrid cars, or local regeneration networks for distributing heat, power and cooling).	
Conversion of the economy through the promotion of new proposals and process chains, for example, recycling industries to process secondary materials.	
Service innovations for new systems (such as personal health trainers or Ten UK's support service for head teachers), new forms of financing and insurance, the creation of new services, training hubs (e.g. the new model Apple Store transposed to doctors' surgeries).	
Establishing working prototypes of the new system, for example the low carbon housing in Hammarby Sjostad in Sweden, Vauban in Switzerland, and Bed Zed in the UK	
Innovative institutions embodying the new system of principles of training and conducting research (such as the College of Health or Forum for the Future).	
New legislative and regulatory structures for the development of systemic exchange (such as new trade or building standards), social and ecological requirements, new ways of creating value (such as QALYs in health, valuations of carbon reductions).	

Therefore, understanding social innovation as an innovative process of value creation determines the need to consider mechanisms responsible for the positive nature of social changes. Phills *et al.* (2008) identified the following three mechanisms of social innovation:

- Exchanges of ideas and values;
- Shifts in roles and relationships;
- The integration of private capital with public and philanthropic support.

In their opinion, these are the key mechanisms that increase access to resources and promote mutual cooperation among all stakeholders. They suggest that the mechanisms of social innovation, as a basic sequence of interactions or actions, change society and develop its institutions.

From our point of view, the use of ICT technologies in the implementation of social innovations should be also considered among the key mechanisms. The European Commission has launched the "Digital Social Innovation Research Project", developed in cooperation with universities and research centers. The purpose of this project is to investigate the potential of the networking effects of the internet, and how digital technologies can encourage innovators and citizens to solve major social problems. The functions of such platforms are as follows:

- to accelerate research and development speed and effectiveness, leading to sustainable growth and innovative development;
- to stimulate open network structures, such that an unlimited number of actors can participate in projects, each contributing to resolving social problems;
- to expand public-private partnerships;
- to raise public awareness about problems facing society, such as the environment;
- to stimulate the creation of new forms of social innovation through the development of decentralized forms of collaboration that open up new areas of social innovation;
- to encourage the intensive involvement of citizens and communities in the creation of interdisciplinary grassroots initiatives.

The next mechanism that is not fully taken into account is the use of *mediation* in the implementation of social innovations. This mechanism enhances the capabilities of social innovators, supporting small-scale social innovators to raise their level of involvement in the process to solve social problems at a higher level, as well as to accelerate, replicate and scale up grassroots social innovations. Intermediaries operate between the actors involved in the innovation system, generating the necessary links, creating opportunities for the development of mutual relations and cooperation. In other words, these mediators build and coordinate relationships between the various factions within the innovation system. As such, their main role should be understood not as generating or implementing social innovation, so much as creating the opportunities and conditions for innovation to develop by providing an enabling environment for social innovation.

One example of this kind of innovation intermediary is provided by Living Labs, an organization which has spread through Sweden, Belgium, Finland and Spain since its inception in 2006. Currently, throughout the world there are more than a hundred Living Labs. This mediation service was created mainly as a public-private partnership for the realization of potential benefits to a region where user-driven innovations are integrated into the collaborative process of creating new services, products and infrastructure. They represent form of innovative cooperation, focused

on the creation of a functional area where all stakeholders involved in a public-private partnership (e.g., universities, government agencies, institutions and society) can interact, with the aim of creating, prototyping and testing new technological products in real-time. This resulted in the emergence of a general platform to accelerate the innovation process and ensure the provision of medium- and long-term services for the development of new technologies that support innovation processes within various organizations. As innovation intermediaries, Living Labs:

1. *Facilitate the cooperation in the field of research.* Living Labs act as connectors, seeking technological complementarity and generating links on this basis. At the same time, they contribute to cooperation through medium- and long-term studies of possible types of technologies with all stakeholders, including future users, who are brought in at the research and development stage.

2. *Providing complementary services to stakeholders.* As a rule, research and development centers are continually expanding their range of services through the inclusion of additional activities, such as rationale for a project, inspection, marketing analysis and so on. The feature of Living labs is that they offer complementary services, including not only the creation and development of technology, but also the provision an experimental platform with a large number of users who are involved in a joint invention process through the use of prototypes of products.

3. *The link between science and the state.* Living Labs contribute as intermediaries to the development pf individual regions when initiated by universities and public authorities sharing a desire to collaborate over science-driven innovation. Although only few in number, these kinds of Living Labs aim to accelerate the development of new technologies in the region, promote certain directions of research, and create synergistic effects between regional actors.

Discussion

In practices surrounding the development and introduction of social innovation, the idea this paper has focused on is the systemic picture of managed processes. Despite Russia’s has relative lack of experience in social innovation, it can be observed that successful international models are frequently borrowed – in a rather sketchy way – and shoehorned into the country's different socio-economic conditions. The authors consider this method to be completely inappropriate and ineffective. . However, a comprehensive approach to social innovation processes can be made possible through revealing and implementing systemic innovation.

As a result of this study, core directions of systemic innovation were identified based on international experience, as well as specific mechanisms for their implementation. The authors propose that, in addition to well-established mechanisms such as developing ICT solutions, the use of innovation mediation

would be highly effective. Effective use of such mechanisms leads to the enhancement of the capabilities of social innovators, enabling small-scale social innovators to engage in solving social problems at a higher level, as well as accelerating, replicating and scaling up social innovations.

Thus, despite rising interest within the academic community in the effectiveness of social innovation developments, social innovation remains poorly understood. The mechanisms for social innovation require more thorough investigation. Urgent attention should be paid to combining economic and social innovation, the development of optimal innovative solutions in terms of both economic growth and development, and to ensuring the social stability and prosperity of society. The use of innovative mediation in the field of social innovation also requires further development: in particular, issues such as the economic feasibility of creating of such structures, and accessibility for small-scale forms of social entrepreneurship, require attention. There is a need for an effective evaluation system focused on the results of social innovation processes. Moreover, due to recent events leading to mass migrations, the international community faces the challenge of diversity management from an intercultural aspect, which can be solved using new types of social innovation in this field.

Conclusion

Currently, awareness of the need for social innovation is constantly increasing in Russian society. Examples of social innovation at the federal level in recent years include monetization of benefits for the disabled, war veterans and servicemen, as well as remote projects and inclusive education designed to enhance social cohesion and the level of education. However, social innovation is not widespread in Russia, for a number of reasons.

First of all, it can be asserted that in the majority of countries with a relatively low level of development, one finds the innovative potential of individuals and organizations significantly underutilized. One possible reason for this is the nature of the institutionalization of social practices in these areas, which often blocks innovative action among the general population, instead supporting passive behavior. Contrastingly, in other regions the existing institutions do not block but support and stimulate innovative behavior. This “path dependency problem” is well known. Besides this, other barriers to implementing social innovation include a top-down/autocratic approach to governance, a lack of transparency, lack of engagement by the general population, and a tendency to ‘cut-and-paste’ solutions from abroad into contexts they are not suited to. We should recognize the fact that old paradigm of government aid is inadequate. What we need instead are creative and innovative solutions for fostering sustainable growth, securing jobs, and increasing competitiveness.

We also consider it extremely important that the implementation of innovation

policies should be accompanied by a simultaneous superposition of collaborative processes and mutual complementarity in the functioning of the main actors of the innovation system, taking place, as a rule, coherently with the growth of public confidence in the government, democratization and development of civil society, and the reduction of corruption. The social innovation approach requires a shift in thinking, particularly in the delivery of services, as social innovation emphasizes the importance of the participation of individuals and communities in tailoring solutions.

Efforts are, in fact, being made in Russia to stimulate co-operation between actors and to create networks of social entrepreneurs and social innovators. However if social innovation in Russia is to bring about the full benefits that can emerge from such networks, these efforts must be supported in reaching the necessary level of focus. Social innovation not only focuses on social needs, but indirectly it has a huge impact on economic growth and development. Therefore, the collaborative focus of implementing social innovation offers opportunities to accelerate efforts to address these challenges and in turn, generate social benefits and sustainable growth throughout our communities.

To improve the efficiency of social innovation, we believe, based on the study of international experience (Sharma, 2014, Valma, 2014, Arslan-Ayaydin *et al.,* 2014; Theriou *et al.,* 2014; Theriou and Aggelidis, 2014), that Russia needs to develop public-private partnerships in the implementation of social innovation systems; to create incentives for business to invest in social innovation (tax exemptions, etc.); to create favorable conditions for the realization of private initiatives (i.e. social entrepreneurship) in the Russian regions; and to create institutions of development to implement and scale up successful practices of social innovation. If social innovation is to be successfully developed in Russia and the potential which it offers is to be realized, a collective commitment to embrace change among the main elements of the innovation system is required. Significant change is rarely achieved without risk, but if social innovators are to be given the scope necessary to develop new solutions to meet the needs and challenges of Russia's communities, a commitment to embrace such risk as part of the process must also be made.

On the basis of the findings of this study, we identified key mechanisms of social innovation, including the utilization of ICT technologies and innovation mediation. The system capabilities of Living Labs in the promotion of social innovations were, in particular, investigated. It is expected that the results of this study will provide a significant contribution to the development of economic science and practice by means of elaborating on the effective principles and mechanisms behind social innovation system management within a particular institutional environment and the existing socio-economic relations.

To conclude, we offer the following general recommendations for implementing a Russian social innovation strategy:

1) Raise awareness about social innovation beyond the society.
2) Formulate (with stakeholders and citizens) a Russian social innovation strategy.
3) Implement a reasonable specialization strategy encompassing social innovation.
4) Support the development of social innovation networks and platforms to enable greater focus and co-ordination of socially innovative activities in Russia.
5) Plan and implement the creation of dedicated social innovation intermediaries in Russia – in particular, Living Labs.

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