

SOME ASPECTS OF SOCIAL INNOVATION AND LEGAL STATUS OF SOCIAL ENTERPRISE

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Purpose. The purpose of this paper is to clarify the definition of social innovation and its relation to the status of social enterprise as a legal concept.

Design/methodology/approach. Methodologically this research focuses on the legislation of European Union and some recent initiatives that were undertaken by Lithuania and other EU Member States in the area of development and facilitation of social entrepreneurship.

This research utilizes the qualitative research methods. The textual analysis method has been used to examine the content and meaning of legal texts and other documents, as well as their structure.

Findings. The social economy and social enterprises offer specific tools that can be used to tackle important social challenges. Moreover, they can contribute to reducing the social divide and accelerating innovation while pursuing their overarching objective of providing a service to society.

Social enterprise is not a new organizational form, but a result of evolutionary development of non-profit or voluntary organizations. To create social value, social enterprises have developed innovative strategies, new resource configurations and governance structures. It should be stressed that usually innovation process in commercial enterprises means the creation of new products and services, however, in social enterprise innovation means the reconfiguration of existing products or services to create social value.

Research limitations/implications. The scope of the research covers the examination of the EU legislation regulating this area. It also covers the comparative analysis of social entrepreneurship legal regulation in the neighbouring Baltic countries – EU Member States – Latvia and Lithuania that shows current progress in development of legal basis for social entrepreneurs.

Practical implications. In 2015, the Ministry of Economy of the Republic of Lithuania adopted the Conception of Social Entrepreneurship. So far, this is the main document providing the common definition. However, it is rather broad and not very well

known. Currently Lithuanian Government works on several initiatives to promote social entrepreneurship, i.e. Draft Law on Social Business, which, however, is not published yet. Therefore, the results of the research can be useful improving the national legal framework on social entrepreneurship.

Originality/Value. Social innovations and social entrepreneurship legal preconditions are quite new definitions that lack conceptual review to become more understandable. This research looks for the legal preconditions of social entrepreneurship and social innovation in order to clarify these definitions in the way that could be useful for further research and practical application.

Keywords: social innovation; social enterprise; social business; social entrepreneurship.

Research type: general review.