

The link between social innovation and social well-being

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1. INTRODUCTION

A key measure of human societies' development is well-being, which represents a comprehensive assessment of individuals' and communities' quality of life. According to the Organization for Economic Cooperation and Development (OECD), well-being is not solely based on material factors such as income and consumption but also encompasses education, health, social relationships, personal security, and environmental quality. These factors are milestones of social progress that determine how individuals can lead full and productive lives (Pomázi, 2010). Social progress includes the interaction between social and ecological systems, both of which are crucial for long-term sustainability.

Social innovation can facilitate social system development by improving individual and societal well-being, which is also influenced by governmental interventions, economic operations, and cultural conditions. At the same time, societies play a role in maintaining a sustainable ecosystem (Figure 1).

The multidimensional nature of well-being suggests that its maintenance and improvement require a complex approach. In this context, social innovation is increasingly important as it can respond flexibly and purposefully to individual and community needs. The strength of social innovation lies not only in enhancing the efficiency of existing systems but also in creating new structures, networks, and community collaborations.

The connection between social innovation and sustainability is particularly significant. The three pillars of sustainability – economic, environmental, and social dimensions – are closely interconnected. While economic and environmental sustainability are typically based on measurable and explicit indicators, social sustainability focuses on the well-being of communities and individuals. In this regard, social innovation is one of the most critical tools that enable the fulfilment of individual needs while ensuring the long-term preservation of community resources.

To achieve sustainable social development, it is crucial that innovation initiatives account for the differences between local and global needs. Local initiatives, such as community-based projects, can respond quickly and effectively to the challenges faced by specific communities. However, successes achieved at the local level often contribute to improving social and economic processes globally.

Understanding the importance of social innovation requires examining indicators that measure social progress and well-being. These include poverty rates, education levels, health conditions, and social inequalities (Kis-Orloczki & Karajz, 2021). Such data are essential not only for evaluating the current situation but also for developing future innovation strategies.

Through interdisciplinary approaches, social innovation serves not only to enhance the well-being of a given community but also to exert a long-term impact on sustainable development. Thus, applying social innovations is not merely an opportunity but increasingly a necessity in modernizing social and economic systems.

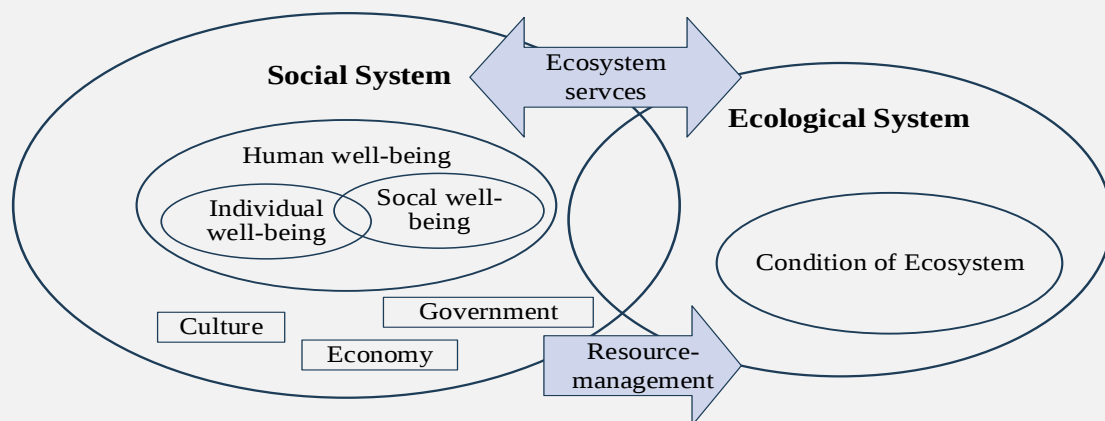


Figure 4.: Framework for social progress

Source: Metszősy (2019b) based on Pomázi (2010)

Individual well-being is significantly linked to societal well-being, with both serving as determining factors for each other. The foundation of a community's well-being is a well-established, supportive network of relationships, as well as trust and cohesion (Nagy–Koós, 2015). The primary indicators of individual well-being are quality of life and the availability of material conditions, as illustrated in Figure 2. Social innovation can provide pathways for improving both of these indicators on an individual level.

A key concept in understanding this is Maslow's hierarchy of needs, which categorizes human necessities into hierarchical levels:

1. Physiological needs (food, water, sleep): These fundamental needs are essential for survival and play a primary role in stabilizing individuals and communities.
2. Safety needs (physical security, health, financial stability): A stable environment and a sense of security form the basis for further development.
3. Love and belonging needs (social relationships, community inclusion): Strengthening social life, friendships, and family bonds is crucial for increasing well-being.
4. Self-esteem needs (recognition, self-worth): Social status and recognition of one's achievements contribute to self-confidence.
5. Self-actualization needs (creativity, personal development): At the highest level, individuals strive to achieve personal goals and fulfil their potential.

The success of social innovations largely depends on how well these needs are addressed:

- Physiological needs-oriented innovations, such as improving food supply chains or creating affordable housing, can immediately enhance quality of life.
- Security needs-related innovations, including advancements in personal safety technologies or healthcare system reforms, strengthen long-term stability.
- Projects supporting love and belonging needs, such as community programs or strengthening social relationships, contribute to social cohesion and collective well-being.
- Self-esteem-oriented innovations provide opportunities for individual development, such as skill development centres offering free training for disadvantaged groups, helping them reintegrate into the workforce.
- Self-actualization-focused innovations offer creative and personal development opportunities, such as establishing community art spaces where individuals can showcase their work, participate in artistic workshops, and collaborate on new ideas.

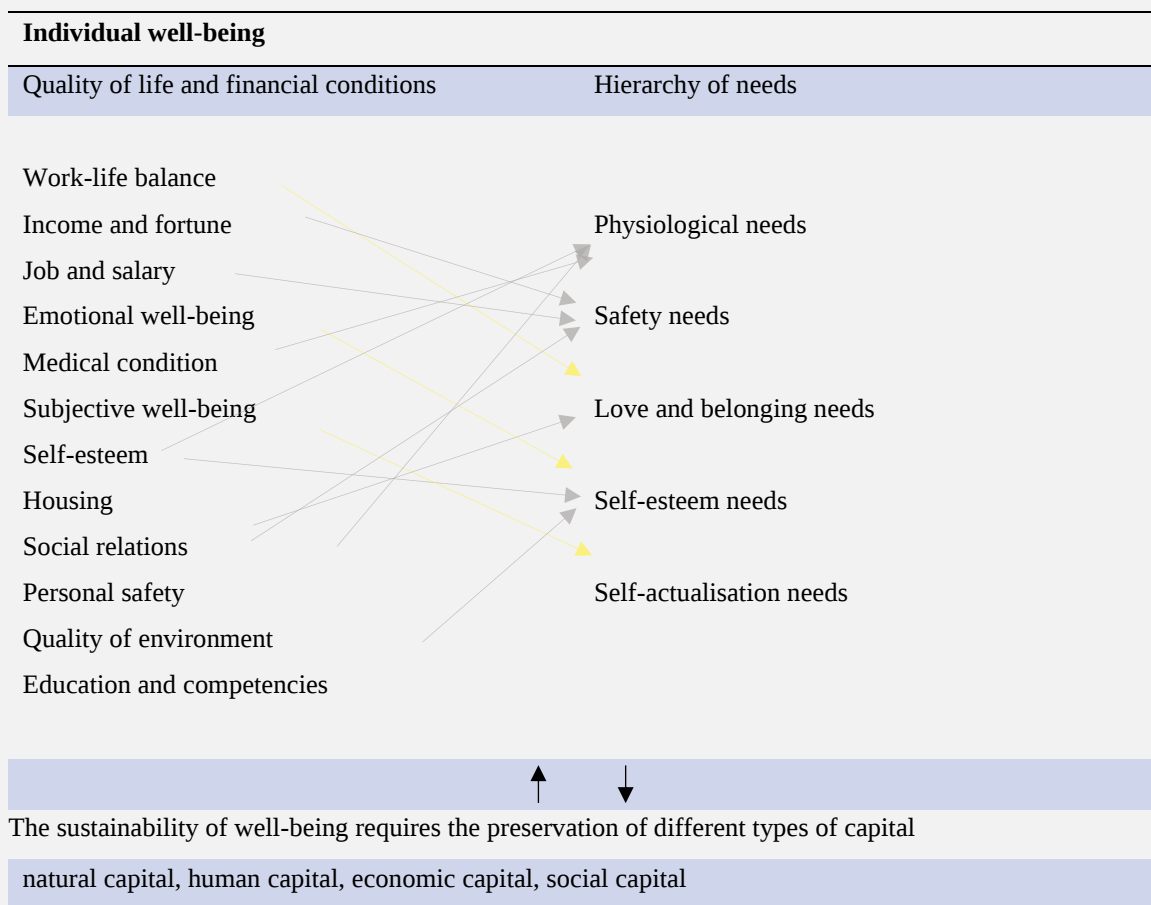


Figure 2.: Characteristics of individual well-being

Source: Metszõsy (2019a) based on Kõmüves, (2018)

It is important to note that social innovations often target multiple levels of needs simultaneously. For example, an energy-efficient housing program can meet physiological and security needs while also fostering social relationships and individual esteem if it involves local resources and labour.

This multi-layered approach effectively enhances well-being by addressing not just isolated issues but also considering the entire social system. Thus, social innovations generate both immediate and long-term sustainable impacts on development.

2. PRACTICAL APPROACH TO SOCIAL INNOVATION

The practical implementation of social innovations is a complex process that extends from identifying societal needs through the development and implementation of innovations to ensuring long-term sustainability. The goal of innovations is to provide new solutions to social problems that improve the quality of life of individuals and communities while promoting the transformation of social structures. Below, different approaches to social innovation and their practical applications are discussed.

1. Contributing to society

One of the most common goals of social innovation is solving social problems and improving quality of life at all levels. These innovations seek sustainable and effective solutions that have long-term positive impacts on communities (Pol & Ville, 2009).

Example: A microenterprise program launched in a disadvantaged community that provides microloans to help individuals establish their own businesses, thereby increasing local employment and economic independence.

A social innovation relationship model developed by Kocziszky, Veresné Somosi and Balaton (2017), supplemented with Maslow's hierarchy of needs, effectively presents the defining elements of this type of innovation. Social innovation aims to enhance well-being through various means and at different levels. Social innovation can occur at the micro (organizational), mezo (regional), macro (national), and global levels. By addressing various needs or improving satisfaction levels, social innovation contributes to increased well-being.

2. Transforming social structures

This approach focuses on the profound transformation of social structures and systems. Innovations aim to redefine social relationships, fostering greater social cohesion and justice (Simms, 2006).

Example: Implementing a civic engagement system that allows local residents to actively participate in municipal decision-making, such as through direct voting platforms.

3. Changing social practices

This approach replaces existing social practices with new combinations that respond more effectively to social challenges (Zapf, 1991).

Example: An educational reform program that supplements traditional teaching methods with online platforms and interactive learning materials, ensuring equal access to education for individuals in rural areas.

4. Contributing to regional or community development

Community-level social innovations prioritize addressing everyday needs. These innovations often focus on combating social exclusion and inequality while promoting social justice (Angelidou & Psaltoglou, 2017).

Example: The creation of an inclusive playground that enables children with disabilities to play alongside their peers, fostering community integration and cooperation.

5. Digital world and community engagement in innovation

The digital age has opened new opportunities for social innovation, particularly through the use of social networks and digital platforms. These innovations enable people to connect virtually and collaborate on solving community problems (Misuraca & Pasi, 2019).

Example: A digital crowdfunding platform that allows for the fast and transparent financing of local projects – such as a community library or youth centre.

6. Integrating different types of innovations with social impact

Social innovations often collaborate with other forms of innovation, such as technological or environmental innovations. These integrated approaches amplify each other's effects and allow for the comprehensive management of complex problems (Gardner et al., 2007).

Example: A smart city development project that integrates sustainable transportation systems with local community needs, such as bike-sharing programs and digital route planners.

7. Restructuring processes

Social innovations do not merely introduce new solutions; they also aim to improve the efficiency of existing processes. This is particularly important in organizational operations, where better resource allocation can lead to significant outcomes (Sarkki et al., 2019).

Example: A nonprofit organization restructuring its internal operations using agile project management methods to enable faster responses to local needs.

8. Social work and policy innovation

Innovations in social work and social policy are essential for supporting vulnerable groups and achieving societal goals (Edward-Schachter & Wallace, 2017).

Example: A mentorship program that assists homeless individuals in integrating into the workforce while also providing psychological support.

Social innovation is becoming increasingly significant across different organizations, including educational institutions, governmental organizations, the nonprofit sector, and public administration.

These initiatives influence not only the organization itself but also the broader environment. The success of various types of social innovations largely depends on their adaptability. Innovations that consider local characteristics and the unique needs of target groups remain sustainable in the long run. In practice, these innovations combine local resources, community knowledge, and digital tools to maximize impact.

3. THE PROCESS OF IMPLEMENTING SOCIAL INNOVATION

Best practices in social innovation processes do not merely serve as outcomes but also provide valuable insights during the initial phases regarding potential actions. Acquiring such knowledge involves internalizing external expertise, utilizing society's knowledge base, and analysing past successful practices to determine possible courses of action.

The general process steps characteristic of all types of social innovations can be outlined in eight phases (Sanders et al., 2007; Tohidi & Jabbari, 2012; Rajapathirana & Hui, 2018; Soma et al., 2018):

- **Preparation:** Define the scope and territorial boundaries of the social innovation to be implemented and establish the foundational knowledge required for the process. It is crucial that all participants understand the actions associated with each phase in the same way, necessitating the use of appropriate tools. Objectives must be defined, and Key Performance Indicators (KPIs) identified for continuous evaluation.
- **Guidelines development:** Identify challenges related to the target area, specify activities for optimization, and determine the necessary efforts and benefits for stakeholders to encourage participation. Idea-generation methods serve as valuable tools for understanding needs and formulating potential solutions since social innovation originates from an unmet need and an idea to address it.
- **Conceptualisation:** Define value propositions, anticipated impacts, and feasibility. Evaluate sustainability with stakeholders and potential partners using appropriate communication tools.
- **Implementation of simple routines:** Launch the social innovation project and organize the project team. Optimize the value proposition based on preliminary consultations and define the purpose of iterative cycles (how value creation occurs for the target group and how development constraints can be reduced).

- Develop and evaluate routines with the involvement of the target group and refine goals based on results.
- Sustainability: Define the business model, legal structure, and strategy. Implement actions to achieve established objectives while continuously assessing feedback and monitoring results.
- Evaluation and measurement: Assess organizational and societal performance, analyse financial resources (venture capital, grants, donations, crowdfunding, available benefits).
- Systematic adjustments: Balance top-down and bottom-up approaches, measure key indicators, and mobilize stakeholders to advance the social movement.
- Learning and development: Generate new knowledge during and as a result of the process, fostering knowledge transfer and creating a shared knowledge base that can be utilized in future development initiatives.

Social innovation is present at all levels due to its necessity in enhancing well-being. The resolution of globally emerging problems often begins with small-scale local initiatives. It is essential to distinguish between organizational and municipal-level innovation activities; however, from a methodological standpoint, if a structured framework can be developed to describe social innovation using an input-transformation-output model, a shared toolkit can be established, serving as one of the pillars supporting decision-making in social innovation. The main differences and overlaps between the mezo and macro levels stem from the structure of the social system itself. Thus, findings from meso-level analyses may be applicable at the macro level with certain limitations and adaptations. The key characteristics of these levels are illustrated in Table 1.

Table 1.: Characteristics of social innovation levels

Extent of innovation practice	<i>Micro</i>	Organisation, family, small community
	<i>Mezo</i>	Community, municipality, region
	<i>Macro</i>	Nation
Orientation	<i>Micro</i>	Group of specified persons
	<i>Mezo</i>	People living in a defined area or belonging to a community by some characteristic
	<i>Macro</i>	Nationwide
Initiative	<i>Micro</i>	bottom-up → top-down
	<i>Mezo</i>	top-down ← → bottom-up
	<i>Macro</i>	top-down → bottom-up
Characteristics	<i>Micro</i>	Direct involvement, supportive community
	<i>Mezo</i>	Collaboration, social enterprise, changing social relations
	<i>Macro</i>	Systemic, structured change, individual and governmental development, interdependences

Source: own elaboration based on Lin–Chen (2016)

The success of the social innovation process is influenced by multiple factors, which play different roles at various stages and levels of implementation. Hard factors are typically measurable based on existing data, allowing their impact on implementation to be directly determined, with changes detected through sensitivity analysis. In contrast, soft factors, although crucial to the process, are more difficult to quantify, and their effects are not directly observable.

- **Micro (organizational) level:** At this level, soft factors primarily include community cohesion, knowledge, and willingness to take risks. A strong, cohesive community significantly enhances the realization of new opportunities, facilitating more efficient idea generation and implementation. The level of individual and organizational knowledge is a decisive factor in the speed of the process. For external participants, these factors are difficult to quantify and estimate, which introduces a level of risk in assessing existing knowledge and community strength. Hard factors at the micro level include geographic location, local economic strength, and available resources. The impact of geographic location is often assessed by comparing organizations situated in similar regions.

- Mezo level: This level encompasses larger communities, such as towns, regions, or counties. The factors present at the micro level also play a role at the mezo level but are extended and scaled up. The range of soft factors expands to include traditions, local culture, and identity, while hard factors incorporate infrastructure and institutional capacity.
- Macro (national) level: At the national level, factors influencing the broader society come into play. Key elements include adaptability, which is a fundamental aspect of social learning, and the presence of various forms of capital, such as economic, human, social, and natural capital, which significantly impact the success of social innovation on a larger scale.

4. CONCLUSIONS

Implemented social innovation actions play a crucial role in the overall process. Actions defined as best practices serve as input data for future social innovation initiatives, while the outcomes of these actions often become best practices themselves. This creates a cyclical learning process within social innovation, where knowledge and experience gained in one process are utilized in identifying and shaping subsequent initiatives.

A key characteristic of best practices is their repeatability and adaptability to specific conditions. Given the unique nature of social innovation efforts, no single action can be universally replicated. Each level—whether community, municipality, or organization—has distinct characteristics and resources. Therefore, previously implemented actions must be modified to align with the specific conditions available for implementation. Nonetheless, reviewing best practices provides a solid foundation for comparing similar circumstances, resources, and needs, serving as a launching point for new initiatives.

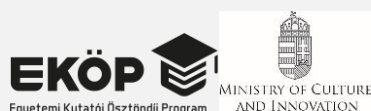
However, it is important to note that social innovation practices at the micro and mezo levels are significantly influenced by economic conditions. These innovations primarily originate in small communities or municipalities, where social activities and the value generated by such activities are heavily dependent on the national economic climate. Even minor fluctuations in the anticipated support mechanisms and resources can significantly impact these initiatives.

In cases where there are sudden economic shifts, such as changes in the financial viability of self-sustaining activities—such as local production and sales—market instability may narrow the range of consumers, threatening job retention for individuals engaged in these activities.

As a result, the long-term sustainability of the entire social innovation initiative may be at risk. Ensuring stable economic conditions and flexible adaptation strategies is essential for maintaining the resilience of social innovation efforts.

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