



Social Innovation as a Support for the Development of Social Entrepreneurship in the Czech Republic

Petra Krejčí¹, Jarmila Duháček Šebestová²

Abstract

The main objective of the research was to clarify whether and what types of innovations are generated by work-integrated social enterprises (WISE) in the Czech Republic. The presentation of the results focuses only on selected types of innovation, namely pure and combined. The paper also aims to clarify whether WISEs generate more pure or combined innovations. The creation of pure innovations is more indicative of typical entrepreneur behaviour, while combined innovations are indicative of social entrepreneur behaviour. To collect primary data, semi-structured interviews were conducted with 18 WISE managers and the results were obtained using content analysis. Thus, the contribution of this paper can be seen in the identification of specific types of social innovations in the WISE environment that help to map the specific needs of managers. The results point to WISE's support of employees using innovation and their focus on combined innovation.

Keywords

Work Integration Social Enterprises, WISE, Social Enterprises, Social Innovations

I. Introduction

Social entrepreneurship is one of the growing areas of enterprises with an alternative goal in the Czech Republic. This is also evidenced by the Social Enterprise Directory (administered by Ministry of Labour and Social Affairs), in which the number of registered social enterprises is gradually increasing (České sociální podnikání, 2024). This is also confirmed by the fact that interest in the field of social entrepreneurship reappeared in the world after the global economic crisis in 2009, and interest in it has remained until now. (Barroso, 2011, Weaver and Blakey, 2022). However, social entrepreneurship is still an underexplored area in the Czech Republic, especially in the area of innovation and social innovation. A comprehensive understanding of social entrepreneurship is hindered, among

¹ Silesian University in Opava, Univerzitní náměstí 1934/3, 733 40 Karviná, Czech Republic.
E-mail: krejci@opf.slu.cz.

² Silesian University in Opava, Univerzitní náměstí 1934/3, 733 40 Karviná, Czech Republic.
E-mail: sebestova@opf.slu.cz.

other things, by a large number of factors that affect the development of the company and its innovative activity. One of the factors is the unadopted law on social enterprises, the three aspects of social enterprises³, the focus on a specific group of employees or company owners or managers, who are often former social workers (Ministry of Labour and Social Affairs, 2024).

Social innovation is closely related to social entrepreneurship. These are related to both the functioning of social enterprises that offer services and the integration of social enterprises that deal with the employment of disadvantaged people on the labour market (João-Roland and Granados, 2020), when type of work integration social enterprises (WISE) operate for the purpose of profit, however, with employees disadvantaged on the labour market (e.g. health or mental disorder). Social enterprises are also orientated toward the quality and efficiency of their products and services. Also, like normal enterprises, they must be competitive. Considering the above, the use of innovation is part of their enterprises. However, social innovation is generally not associated with social enterprises, because social innovation focuses on social value creation or to give solution for existing social problem (Mulyaningsih et al., 2016). Due to the facts mentioned, this paper is focused on a selected specific type of enterprise (WISE).

The authors of this paper have been focusing on this type of entrepreneurship and related social innovations since 2018. The paper focuses on the main outcomes of a long research on WISE and related social innovations. This research also explores the interconnectedness between WISE, employees and innovation, which is not a commonly used topic. The main goal of the research is to clarify whether and what types of innovations are created by WISE in the Czech Republic. The paper describes the results of the research with the help of content analysis of data obtained from semi-structured interviews. Subsequently, the focus is on the findings related to the research question in the discussion and conclusion of the paper.

II. Literature Review

The social economy has been developing for many centuries since ancient times. However, the industrial revolution was the main driver of the advent of the modern social economy and the organisation of the social economy. Organisations were created in response to the social upheavals and inequalities of the time. This fact was also manifested in various other periods of economic crises. (Moulaert and Ailenei, 2005). Historically, therefore, social enterprises and social innovation have a long tradition in the world and the term has been used since the nineteenth century. (Loudin, 2015).

Currently, the countries of the European Union are trying to develop social entrepreneurship by manuals and recommendations. ... One of them is a manual, called *Designing Legal Frameworks for Social Enterprises* that has already been adapted in 16 EU countries, developed by the OECD (2022), to support the creation of social enterprises. The definition of social entrepreneurship is mostly related to national social enterprise policies. Ireland's National Social Enterprise Policy states that a *social enterprise is one that seeks to achieve*

³ Economic, social and environmental aspect

a social, societal, or environmental impact rather than maximising profit for its owners or shareholders. The European Commission also gives a very similar definition. (Mulholland, 2019). According to the Irish Action Plan for Jobs (2012), social enterprises are *business models established to address social, economic, or environmental problems and are engaged in business or commercial activities to produce social and community benefits.* A social enterprise can also be defined as a business that is a combination of economic and social goals, where enterprises seek to achieve a positive social impact through their business activities. Due to their focus, they differ from ordinary commercial enterprises in this way, their main goal being profit maximisation. (O'Reilly, Walsh and Mottiar, 2023). Balakrishnan Nair (2022) supports these views in his assertion that social enterprises are made up of both for-profit and non-profit entities. While the main motive is to do social good, such an enterprise cannot rely solely on grants and donors, but must generate its own profit, making it financially independent.

It is also possible to expand social enterprises with the WISE enterprise concept, i.e., work integration social enterprises. At their core, WISEs are social enterprises that employ long-term unemployed people to produce goods or provide services in low-skilled sectors such as construction, catering, gardening, or recycling, which are then sold at market prices. (Boulongne, 2022). However, it can be stated that Lysaght et al. (2024) disagree completely, stating that WISE's are the types of businesses that have emerged to address the historical exclusion of people with mental illness and various addictions from employment opportunities. Therefore, WISE is not an average service company. Among the key benefits of WISE are mainly social integration of people with various social problems, improvement of work behaviour, increase of social bonds and self-confidence, or improved mental health. (Chan, Ryan and Quarter, 2017; Villotti et al., 2018; Krupa, Sabetti and Lysaght, 2019; Elmes, 2019; Martinelli et al., 2022). Social enterprises are still being developed today and are the most common form of WISE within developed economies. (Wry and Zhao, 2018, p. 50). As it is not different even in the Czech Republic, where only one type of social enterprise has been recorded so far, namely WISE, this paper is focused on social enterprises of the WISE type in the Czech Republic.

Social enterprises in the Czech Republic

In the Czech Republic, it is currently possible to define social entrepreneurship as an activity that contributes to the environment and society. These activities are important for local development, for example, by creating jobs for people disadvantaged on the labour market. Social entrepreneurship is associated with equanimity and a focus on increasing the public good and making a profit. (Tessea, 2024).

However, contrary to previous findings, the Czech Republic does not have such a long tradition in the field of social enterprises and social innovations. (Šebestová and Palová, 2016). Due to the fact that the idea of social entrepreneurship began to develop in the Czech Republic only after 2000, it carries with it to the present day. The social economy and social entrepreneurship are not yet well received, and there is still a low awareness of the content of this issue. In contrast, in other European countries, such as Great Britain, Spain, or France, social economy and social entrepreneurship are positively accepted. (Asmalovskij and

Sadílek, 2016). In particular, the countries of Central and Eastern Europe are characterised by a significantly lower level of capital than the countries of Western Europe. (Czapiński and Panek, 2015). A positive trend can be observed in the countries of western Europe and a rather negative trend can be observed in the post-Soviet states in the area of social economy and social entrepreneurship (Sarracino and Mikucka, 2017).

On the other hand, in the countries of western Europe, a change is taking place from the traditional model of value creation to a system where customers and suppliers work together. Such a system should change from product-orientated to service-orientated or customer-orientated. (Prahalad and Ramaswamy, 2004; Vargo and Lusch, 2004; Vargo et al., 2008). On an overall European scale, it is necessary to consider what is emphasised in the resolution of the European Parliament from 2009: *“The social economy is one of the main purposes of the European economy, as it combines profitability and solidarity, creates quality jobs, promotes economic, social, and regional cohesion, strengthens social capital, as well as supports the sustainable development of economies”*. (Dohnalová, 2016, p. 14–15).

In the Czech Republic, social enterprises are defined by the Thematic Network for Social Economy, using the abbreviation TESSEA. The terms social entrepreneurship, social enterprise, and WISE are defined here (see Table 1). It is important to note that social entrepreneurship is important for local development by creating jobs for people with social, cultural, or health disadvantages. For both a social enterprise and a WISE, increasing public benefit is just as important as making a profit, but most of it must be returned to the enterprise. A social enterprise, as well as a WISE, is created and developed on the concept of triple benefit, which includes social, economic and environmental benefits. A WISE is distinguished by the fulfilment of a public benefit goal, which is focused on “employment and social inclusion of persons disadvantaged on the labour market”. (TESSEA, 2024).

Table 1: Definition of TESSEA

Concept	Definition
Social enterprise	Social entrepreneurship is business activities that benefit society and the environment.
Social enterprise	A social enterprise means a “social enterprise entity”, i.e. a legal entity established under private law or a part thereof or a natural person that meets the principles of a social enterprise.
Work integration social enterprise	A work integration social enterprise means a “social enterprise entity”, i.e., a legal entity established under private law or a natural person that meets the principles of an work integration social enterprise.

Source: Own processing according to TESSEA definitions used since 2011

The triple benefit is also referred to as the so-called “Three P’s”, i.e., Profit, People, Planet. In Czech, these terms are given as economic, social, and environmental benefits. Social entrepreneurs therefore focus on all three mentioned enterprise components if they use the triple benefit. Social benefit. Social enterprise entities are established voluntarily and with democratic decision-making principles. They respect legislative and statutory bodies.

As part of the social goal, companies contribute to the public good and satisfy the needs of social groups of people and society. (Dohnalová, 2016, p. 24–25). A social enterprise can then be called an enterprise that meets more than 80% of the indicators. A total of 19 of these indicators are set for a general social enterprise, of which 8 are mandatory. An enterprise that meets more than 80% of the indicators can be called a WISE. 20 of these indicators are established for a WISE, of which 10 are mandatory. The author of indicators for social entrepreneurship is TESSEA.

Linkage on environmental and social changes

The European Green Deal, adopted by the European Commission in 2020 (European Commission, 2020a), also has a further impact on the development of the social economy and social enterprises. This motivates not only social enterprises to strengthen the environmental impact of their activities and promote innovation. There is a growing trend of social enterprises introducing innovative solutions across a diverse range of sectors. These include professional activation, social and health services, local development, as well as more traditional areas such as renewable energy, socially engaged agriculture, the environment (including recycling), and culture. This is evidenced by a number of studies, (Costanza, 2023, Sengupta et al., 2020, Wronka-Pośpiech, 2023). This growth can be attributed to countries adopting broader social objectives that align with the United Nations' Sustainable Development Goals (SDGs). In response to this change, numerous social economy organisations and social enterprises are now placing greater emphasis on green policy, poverty alleviation, gender equality, and environmental sustainability (European Commission, 2020b). In line with these objectives, there has been a growing interest in the circular economy, short food chains and energy cooperatives.

This raises the question of how acute activities relate to the existing concept of corporate social responsibility (CSR), which is adopted by many market entities as a development strategy. A synthesis of the findings reveals that CSR manifests as a voluntary approach, particularly in commercial enterprises that do not assume the form of a social enterprise. This assertion is supported by the findings of Igwe et al. (2018), who reported that up to 68% of commercial enterprises in the UK adhere to this approach. This observation suggests that social enterprises perceive social and environmental responsibility as the foundation of their business operations. It is important to highlight the interconnectivity between corporate social responsibility (CSR) and social innovation. Social innovation can emerge from both social enterprises and other enterprises that have adopted this approach (Szegedi et al., 2016).

Definition of innovation and social innovation

Innovation is very important to most companies in the market. They can also be a strong competitive element. Innovation is also a way for companies to gain visibility on the market. As market saturation has increased in the past, a search for suitable specific elements has been made. Enterprises initially competed on price, later quality, and finally on speed in responding to customer demands. (Veber, 2016).

Social innovation is generally very difficult to describe with just one or two definitions. Steiner et al. (2021, p. 285) defines social innovation as the development of new ideas, products, services, various improvements, and the use of new creative procedures, which aims to build a more sustainable society. This is very close to the definition of a common innovation with a difference in its sustainability. In a little more detail, social innovation can be defined as a type of innovation that pursues a social goal not only in terms of the final output, but also in the way it is created, by bringing changes in communities. (Avelino et al., 2019). On the contrary, it can be very simply said that social innovation means improving social relations and satisfying human needs. (Moulaert et al., 2013). Therefore, we can perceive social innovation as more effective new solutions that create social value, especially for society. (Hagedoorn et al., 2022). This brings the definition very close to the idea that it is not only a non-technical improvement of products, and precisely the impossibility of defining it concretely is the best way to implement quality social innovation. (Repo and Matschoss, 2020).

Due to the mentioned definitions of social innovations, the well-deserved position of social enterprises can be seen precisely in the creation of social innovations. Their role in the creation of social innovations is also essential in the area of using their own human and financial resources to develop a better society. (Testi et al., 2019). This is also confirmed by Ilchenko (2022), who presents social enterprises and their connection with social innovations in the environment of war in Ukraine. It states that social entrepreneurship is an innovative form of business with the ability to introduce innovations and solve economic and social problems. This ability is all the more visible in conditions of war and economic uncertainty, where state resources are not sufficient.

Furthermore, not only social entrepreneurship itself is connected with innovation and social innovation, but also with the differentiation of different types of innovation. For example, according to Edwards-Schachter (2018), innovations can be divided into technological, product, process, service, business, project, social, and responsible innovations. In Schumpeter's classical conception, technological innovation is understood as a process of industrial mutation that removes old structures and creates new structures. (Schumpeter, 1942). Currently, technological innovation is considered to be innovation that begins with the investment of research and development and ends with the production of new products and processes. (Lundvall, 2016). Innovation, particularly technological innovation, is often driven by structured **Research and Development (R&D)** processes. R&D acts as a catalyst for innovation, enabling enterprises to develop new products, processes, or services that respond to market needs. Within the social innovation context, R&D may focus on creating solutions that balance societal impact with economic sustainability. This is also shown in a study by Goluglu and Tekin (2012), which states that innovation is mainly due to technological advances resulting from research, applied development and commercialisation of new products. This process is often described as the "technology-push" model of innovation. The results show that the causality between R&D and technological change works both ways – successful innovation can stimulate further R&D investment. This creates a cycle where innovation promotes R&D and vice versa. Empirical evidence confirms that R&D, together with patenting intensity, contributes to economic

growth. The study also supports Schumpeter's view that R&D investment generates innovation, which accelerates economic growth.

Product innovation can be defined as the internal interaction between product and process innovations in manufacturing and the manufacturing process, resulting in a product that is available to a potential user. (Gault, 2018). Process innovation is closely related to product innovation, as the relationship between process and product-oriented innovation results from the need to innovate products and vice versa. (Hullová et al., 2016). However, the innovation process can also mean new task specifications, new mechanisms at work, new information at work, new components in the production organisation, or new equipment in the production process. (Reichstein and Salter, 2006). Kahn (2018) describes process innovation as a change in methodology or process to achieve better efficiency, higher productivity, faster processing, or lower costs. The concept of design-based innovation began to develop around the 1970s. During its development, it became more associated with the development of products and services, where it is considered the most important aspect. (Sanders, 1992; Edwards-Schachter, 2018). Today, the concept of design-based innovation is often associated with social needs and social responsibility in social innovation. (Manzini, 2014).

Enterprise innovation is seen as a source of innovation and is therefore considered a complementary innovation to generally recognised innovations such as product innovation. (Massa and Tucci, 2013). Some authors agree that it is an innovation that deals with innovations in managerial thinking that are influenced by changes that take place in the internal and external environment of the company. (Grossi, 1990; Martínez Lorente et al., 1999). Service innovation is significantly different from other innovations. This difference is due to their nature. Services are very closely linked to strategy, are more natural, are less often formally organised, and are less technological. (Goldstein et al., 2002; Gallouj and Weinstein, 1997). Service innovation is also linked to social innovation, where services are often very important and sometimes linked to technological innovation. (Edwards-Schachter and Wallace, 2017). Responsible innovation is currently a highly debated category of innovation. The terms used in responsible innovation are "responsible innovation" or "responsible research". Today, responsible research and innovation are also very often linked to production and the problems of the fourth industrial revolution. (Owen et al., 2013). According to von Schomberg (2013), there is no agreed definition of this term and therefore it may vary in different research. However, according to the same author, responsible innovation can be defined as an interactive and transparent process to which stakeholders respond in terms of sustainability, acceptability, and social suitability of the innovation process and its products. (von Schomberg, 2013).

Finding and classifying social innovations is not easy. General systematisation is missing because the scientific community is not united in this area, which is already based on the previous definition of social entrepreneurship. The authors have different views, but experts have generally turned in this search to the foundations, that is, especially to the works of Schumpeter and his school. Therefore, social innovation can be linked to responsible innovation or design-based innovation. Specifically, social innovations were divided by Djellal and Gallouj (2012) into technological, non-technological, and social

innovations. Technological and nontechnological references are taken from the Oslo Manual (OECD). Social innovation is consequently their opposition, as stated above. In contrast to technological innovations, which can be protected through *patents* or intellectual property rights, social innovations face challenges in achieving similar levels of protection. This is primarily due to their orientation toward non-technical improvements and broader societal benefits.

One of the developing initiatives is the European Social Innovation Database (ESID), where we can find examples of innovations from implemented projects and their effect (Gök et al., 2022) or the Social Innovation Match, which offers similar examples and is run by the European Competence Centre for Social Innovation (2022). However, in order to take social innovations into account in the framework of entrepreneurial activity (e.g., hybrid types of social enterprises), these innovations need to be separated from other areas of social innovation, such as innovations implemented by civil society or the state. Considering this, social innovations in the company can include product, process, service, organisational, and marketing innovations.

Depending on the secondary research of Krejčí and Šebestová (2018), which focused on social enterprises in the Czech Republic and their relationship to innovation and based on the division of social innovation according to Djellal and Gallouj (2012), a social innovation scheme was created. For more precise research on the occurrence of innovations in social enterprises, the already mentioned scheme dividing innovations into pure and combined was created. Pure innovations are divided into product-oriented, employee-focused, and enterprise-wide innovations. Combined innovations are divided into product and employee oriented innovations, employee and enterprise wide-oriented innovations and product and enterprise wide-oriented innovations.

Product-oriented innovations aim to improve quality or make the production of products or services that the company produces more efficient. This is, for example, the introduction of new technology. **Employee-focused innovations** are designed to improve the lives of employees in a social enterprise. These are, for example, innovations that facilitate the work of health-impaired employees. **Enterprise-wide innovations** aim to improve the internal and external environment of a social enterprise. This could be, for example, roof repair during the renovation of the exterior of the enterprise. **Product and employee oriented innovations** partly improve the products or services of a social enterprise and partly improve the lives of employees in the enterprise. An example can be the introduction of new technology which partly simplifies the production process of products and partly simplifies the work of employees with disabilities. **Employee and enterprise wide-oriented innovations** partly improve the lives of employees in the enterprise and partly improve the internal and external environment of the social enterprise. It can be, for example, the reconstruction of a dressing room or social facilities of a company. **Product and enterprise wide-oriented innovations** aim to improve the products or services of a social enterprise and, in part at improving the internal and external environment of a social enterprise. An example could be the partial reconstruction of premises in a company with more modern technologies to offer some social service. (Krejčí, 2018). Based on the compiled literature search and secondary research, the following *research question was determined*:

“What representation and influence do employee-focused innovations have in work integration social enterprises in the Czech Republic?”

III. Methods

In this work, the key factors are WISE, innovation, and social innovation. Based on the cluster analysis, it was found that social enterprises are not strongly associated with social innovation. Due to the finding of this gap in the field of social innovation, in connection with social innovation, research is focused on this area. Furthermore, regarding the literacy of managers in the field of economics and innovation, questions were created within the framework of a semi-structured interview. According to the directory of social enterprises (CSP, 2024), there are currently 432 social enterprises in the Czech Republic. However, the Czech Social Entrepreneurship Portal is only a voluntary register. Due to this voluntary nature, not all social enterprises and WISEs may be listed here. Registered social enterprises do not have to meet the requirements described in TESSEA requirements. Only enterprises that met these criteria, which mark the enterprise as WISE under TESSEA, were selected for the investigation.

The research was carried out in April, May, and June 2022, the research was mainly aimed at obtaining information about innovation and social innovation from managers of WISE. For the needs of the interviews, the questions were divided into four categories. The first category focused on enterprise identification and contained three questions. The second category focused on innovation and contained seven questions. The fourth category focused on subsidies and contained four questions. The fifth (last) category focused on various other supplementary questions and contained five questions. The interview contained a total of 19 questions, and some questions contained additional question sorting. This paper focusses specifically on the first and second categories of questions.

As these were semi-structured interviews, these interviews were tailored to the manager and his needs. During interviews, it was necessary to react to the given situation. In some cases, for example, the manager answered two questions in one question, and as a result, there was no need to ask this question further. During the first interview, it also became clear that some questions in the category of innovation need to be modified. Therefore, their language was changed and focused not on the amount of innovation, but on the percentage distribution of the types of innovation in WISE. The procedure during data collection was as follows: (i) introduction of the interviewer and welcome of the interviewee, (ii) short introduction of preprepared circuits, (iii) consent to recording the interview, (iv) the interview itself, (v) ending the interview by thanking and saying goodbye to the interviewee, (vi) transcript of the entire interview, and (vii) interview analysis.

The content analysis of the interviews was chosen for the interview analysis. The following procedure was followed for the correct analysis of the obtained data: (i) formulation of the research question, (ii) selection of the sample, (iii) definition of the units of analysis, (iv) creation of categories and coding scheme, (v) coding of the data, (vi) analysis of the results, and (vii) presentation of the results. (Krippendorff, 2018). To answer the research question, three categories were chosen for the coding and coding schemes for each of them, as can be seen in Table 2. The categories were chosen after an initial review of the data. Here, for

example, pure enterprise-wide innovation was found to have no significant effect within enterprises and was therefore not included in the category. The categories were chosen based on a first look at the data and relevance to the research question.

Table 2: Categories and coding scheme

Category	Specification	Coding scheme
Type of innovation	Employee-focused innovation	Innovation aimed at improving working conditions, training, skill development, and general well-being of employees
	Product-oriented innovation	Innovation aimed at improving or expanding the products and services offered by the company.
	Combined innovation	Innovations that combine aspects of employee and product-oriented innovation.
The impact of innovation	Positive impact	Innovations have improved the working environment, increased employee motivation and efficiency.
	Neutral impact	The innovations did not have a significant positive or negative effect.
	Negative impact	Innovations had a negative impact on employees or the enterprise.
Frequency of innovation	Regularly	Innovations are carried out regularly, for example, every quarter or annually.
	At random	Innovations are carried out unsystematically and as needed.
	As needed	Innovations are carried out depending on the current needs and situation.
	Undetermined	The frequency of innovation was not specified.

Source: Own processing

After choosing the categories and the coding scheme, the phase of data coding began, where each transcribed interview was subjected to the chosen coding and specific connections, influences, and frequency of innovations were found. Subsequently, there was a summary and evaluation of all the information obtained and its presentation in the form of this paper. With the help of research in the form of semi-structured analyses, WISE in the Czech Republic was looked into, and the research question is discussed on the basis of them. The WISE analyses serve to better understand what innovations these companies create within the presented division into pure and combined innovations, what their frequency is, and whether they have any influence in the company.

Characteristics of the sample of respondents

Before approaching the final selected sample of respondents, they were selected from social enterprises. The selection was carried out based on predetermined parameters that the company had to meet. These parameters include: the company is based in the Czech Republic; the enterprise employs medically, socially, mentally, or psychologically disadvantaged persons, or a combination of these disadvantaged groups; the company returns more than 50% of the profit to the business.

From the total number of 356 enterprises (CSP, 2022) registered in the directory of social enterprises, 107 WISE's were selected for outreach. This selected sample of potential respondents was approached by email communication. Of the sample of respondents addressed, 22 managers provided feedback. Of these 22 responses, 18 respondents participated in the follow-up interview. It was no longer necessary to interview four respondents, as theoretical saturation had occurred.

A total of 11 women and 7 men participated in the interview. Among enterprises, one can find micro enterprises, small enterprises, medium enterprises and large enterprises. Micro-enterprises according to the number of employees include eight enterprises. Small enterprises include four. Small enterprises include four, and large enterprises include two. The useful life of enterprises on the market is between one year and twenty-five years, and the length of the interview varies between 26 and 122 minutes. Within the field of business, enterprises are mainly engaged in production, service provision, or a combination of these areas. Only two enterprises are involved in business. A total of 13 enterprises were involved in production, and a total of eight enterprises were involved in providing services.

Basic analysis of the work integration social enterprises

As shown in Table 3 below, the basic statistics of social enterprises are usually micro and small enterprises, but there are also medium and large enterprises among them. Given this, a significant standard deviation is visible from the mean in the number of employees. The difference between the maximum and minimum number of employees is 487, precisely due to the diversity of social enterprises. The duration of companies on the market is most often and on average around eight years, which is confirmed by the mode, median, and average. The longest time that one of the social enterprises has been on the market is 25 years, which, like the average duration of enterprises on the market, points to the short tradition of social enterprises in the Czech Republic.

The length of interviews between social enterprises varied. On average, it took around fifty minutes, but the longest interview with a manager lasted 122 minutes. The shortest interview lasted 26 minutes. All interviews were initially set to approximately 35–45 minutes; however, most managers tended to talk more about the company and answered individual questions in the form of a longer monologue. The basic findings of each interview are summarised below, broken down into characteristics, innovations, subsidies, and other information.

Table 3: Basic statistical data on social enterprises

	Mode	Median	Diameter	Standard deviation	Maximum	Minimum	Difference	Sum
Number of employees	–	15.5	73.67	123.42	480	2	478	–
Duration of enterprises on the market (year)	8	8	8.39	5.5	25	1	24	–
Interview length (minutes)	36	47	50.72	21.77	122	26	96	913

Source: Own Processing

IV. Data and Results

As mentioned in the methodology, content analysis was chosen for data analysis. Individual categories and coding schemes were established, which provided the possibility of a good evaluation of the data. The evaluation of the data is briefly presented for each company as follows, according to the selected categories.

Enterprise 01:

- * **Type of innovation:** One of the innovations aimed at employees in the early days of the company was the establishment of individual and group meetings and the distribution of working hours, which helped improve psychological stability and work morale. Pure and combined innovations.
- * **Impact of innovation:** Positive, improving mental stability and work morale.
- * **Frequency of innovation:** Regular, throughout the year, as needed.

Enterprise 02:

- * **Type of innovation:** Working hours are adjusted for employees (frequent breaks and tolerance for not being able to come to work) workplace (according to the possibilities of each employee). Combined innovation.
- * **Impact of innovation:** Positive, adapting the work environment to the needs of employees.
- * **Frequency of innovation:** Random, according to need and situation.

Enterprise 03:

- * **Type of innovation:** The company combines its innovative activity in production and services with the needs of employees. For example, in the beginning, the production of concrete containers was carried out by a single employee on a tailor-made basis, so that he could work in the company. Combined innovation.
- * **Impact of innovation:** Positive adaptation of work tasks to the abilities of employees.
- * **Frequency of innovation:** Quarterly, depending on the season.

Enterprise 04:

- * **Type of innovation:** One of the employee-focused innovations during the company's independence was the creation of a job specifically for a person with a mental illness. Pure innovation.
- * **Impact of innovation:** Positive, creating a job for a disadvantaged person.
- * **Frequency of innovation:** Undetermined, given the company's short period on the market.

Enterprise 05:

- * **Type of innovation:** The company has created a rest room for employees outside of the work area where they can relax when needed. Combined innovations.
- * **Impact of innovations:** Positive, improvement of the working environment, and psychological well-being.
- * **Frequency of innovation:** Regular, approximately quarterly depending on the seasons.

Enterprise 06:

- * **Type of innovation:** There was also an innovation in computer technology specially adapted for the blind and partially sighted. Pure and combined innovations.
- * **Impact of innovation:** Positive, improving working conditions for disadvantaged employees.
- * **Frequency of innovation:** Depending on the need and availability of funds.

Enterprise 07:

- * **Type of innovation:** There is an innovation of the department with an offer of services for employees in the area of offering services of social workers, for example, solving problems with foreclosures. Pure and combined innovations.
- * **Impact of innovation:** Positive, supporting employees in solving personal problems.
- * **Innovation frequency:** Random, as needed.

Enterprise 08:

- * **Type of innovation:** The company focusses on creating jobs for people unemployed in the labour market for various reasons. Pure and combined innovations.
- * **Impact of innovation:** Positive, integration of disadvantaged people into the work process.
- * **Frequency of innovation:** Regular.

Enterprise 09:

- * **Type of innovation:** There is also job creation for large groups of potential employees and retraining courses are held for employees. Pure and combined innovations.
- * **Impact of innovation:** Positive, improvement of qualifications and employment.
- * **Frequency of innovation:** Regular.

Enterprise 10:

- * **Type of innovation:** The enterprise is more concerned with job creation, where the enterprise tries to meet the needs of each employee. Pure and combined innovations.
- * **Impact of innovation:** Positive individualisation of jobs according to the needs of employees.
- * **Frequency of innovation:** Regular.

Enterprise 11:

- * **Type of innovation:** The enterprise created a special workplace for a person in a wheelchair (a trained tailor), thanks to which two more people could be employed. Pure and combined innovations.
- * **Impact of innovation:** Positive, improving employment opportunities for disadvantaged people.
- * **Frequency of innovation:** Regular.

Enterprise 12:

- * **Type of innovation:** The company offers additional education and training to its employees (not just for the mentally disabled). Pure and combined innovations.
- * **Impact of innovation:** Positive, increase in qualifications and work skills.
- * **Frequency of innovation:** Regular.

Enterprise 13:

- * **Type of innovation:** An agreement was specially negotiated for employees with a psychologist available. Pure and combined innovations.
- * **Impact of innovation:** Positive, supporting the psychological health of employees.
- * **Frequency of innovation:** Regular.

Enterprise 14:

- * **Type of innovation:** There was the creation of shared jobs and the innovation of the washing machine service process. Pure and combined innovations.
- * **Impact of innovation:** Positive, improving efficiency and working conditions.
- * **Innovation frequency:** Random.

Enterprise 15:

- * **Type of innovation:** The main innovations included a new product in the form of dog biscuits and the creation of transitive positions for employees. Pure and combined innovations.
- * **Impact of innovation:** Positive, expanding job opportunities and increasing qualifications.
- * **Frequency of innovation:** As needed.

Enterprise 16:

- * **Type of innovation:** The company offers employees barrier-free access by an external psychologist and adjustment of working hours. Pure and combined innovations.
- * **Impact of innovation:** Positive, improvement of work conditions and psychological well-being.
- * **Frequency of innovation:** Regular.

Enterprise 17:

- * **Type of innovation:** The company offers employees special support in the form of an assistant and barrier-free access to adjust their working hours. Pure and combined innovations.
- * **Impact of innovation:** Positive, improvement of working conditions and support of employees.
- * **Frequency of innovation:** Regular.

Enterprise 18:

- * **Type of innovation:** Innovation was focused on employees and the technical background of production. Pure and combined innovations.
- * **Impact of innovation:** Positive, improvement of working conditions and efficiency.
- * **Innovation frequency:** Random.

The data obtained are presented in Table 4. The table shows only selected types of innovation, namely innovations that have the largest presence within the company and are specifically related to employees. Pure and combined innovations must always contain 100% of the innovations created. Pure innovations include employee-focused, product-oriented, and enterprise-wide innovations; however, only employee-focused and product-oriented innovations are presented here for the above reasons. The combined contain three combinations of pure innovations; however, only product and employee oriented innovations are presented here. Table 4 shows that the impact of innovation is positive in all cases, and all companies except company 04 form combined innovations. It is visible that if they do not constitute employee-focused innovations, then they constitute product and employee oriented innovations. This combination is in some cases represented by 100% innovation

creation. Innovations are also very often regular, and only rarely are they random or as needed, and only in one case are they undetermined.

Table 4 also shows the share of individual types of innovation. Employee-focused innovations are not very significantly represented, and some enterprises do not create these innovations at all (these are enterprises 02, 03, 05, 14 and 17). Product-oriented innovations are also an important part of innovation activity, especially in enterprises 01 and 04. Combined innovations form a significant part of innovation activity in enterprises 02, 03, 05, 08, 10, 11, 12, 13, 14, 15, 16 and 17. Product and employees oriented innovations are significantly represented in many enterprises, while some enterprises (enterprises 02, 03, 05) focus exclusively on these innovations.

Table 4: Results of the research of the coding of the data

Number of enterprises	Employee-focused innovation	Product-oriented innovation	Pure innovation	Product and employee oriented innovation	Combined innovation	The impact of innovation	Frequency of innovation
01	20%	50%	70%	30%	30%	Positive	Regularly
02	0%	0%	0%	100%	100%	Positive	At random
03	0%	0%	0%	100%	100%	Positive	Regularly
04	20%	60%	100%	0%	0%	Positive	Undetermined
05	0%	0%	0%	100%	100%	Positive	Regularly
06	40%	25%	70%	30%	30%	Positive	As needed
07	30%	20%	70%	30%	30%	Positive	At random
08	30%	15%	50%	30%	50%	Positive	Regularly
09	20%	30%	60%	40%	40%	Positive	Regularly
10	20%	0%	30%	50%	70%	Positive	Regularly
11	10%	10%	20%	60%	80%	Positive	Regularly
12	30%	0%	30%	70%	70%	Positive	Regularly
13	20%	20%	40%	60%	60%	Positive	Regularly
14	0%	20%	20%	80%	80%	Positive	At random
15	20%	20%	50%	25%	50%	Positive	As needed
16	20%	20%	50%	50%	50%	Positive	Regularly
17	0%	30%	40%	60%	60%	Positive	Regularly
18	90%	0%	90%	10%	10%	Positive	At random

Source: Own Processing

After coding and analysing the text, it is possible to identify certain patterns and trends. Among them is *the innovation ratio*, which in most enterprises is of a combined nature in the product and employee area, which represents a significant part of the innovations created by WISE enterprises in the Czech Republic. Furthermore, it is possible to identify specific *typical areas* that companies focus on in their innovations. These mainly include improving the working environment, promoting psychological health, training and skill development,

and adapting working conditions to the needs of employees. A very important formula is the *impact of employee or product and employee-focused innovations*, which points to the positive impact of innovations. These are mainly areas and work environments, employee motivation, and the overall efficiency of enterprises. Innovation has been identified to contribute to psychological well-being, stability, and improved working conditions.

All enterprises report a positive impact of employee-focused innovation on the work environment, psychological well-being, and overall efficiency. Employee-focused innovations lead to improved working conditions (e.g. barrier-free access, adjustment of working hours, relaxation rooms); to support mental health (e.g. agreements with psychologists, external psychologists, mentors); to increase qualifications and develop skills (e.g. training, retraining courses), and to individualise jobs according to the needs of employees.

It can be seen that employee-focused innovations form a significant part of the innovations in WISE in the Czech Republic. These innovations focus on improving the working environment, increasing efficiency, and promoting the inclusion of disadvantaged people. The impact of employee-focused innovations is particularly noticeable in the area of psychological stability, work ethic, and specific adjustments to working conditions, leading to an increase in overall efficiency and employee satisfaction. The analysis also shows that almost all enterprises (except one) engage in combined product and employee oriented innovations, and these innovations have an impact on their operation. Combined innovations contribute to better working conditions and the competitiveness of enterprises. The exception is Enterprise 04, where combined product and employee oriented innovations were not recorded and have no obvious influence.

Thanks to the results, it is possible to answer the research question, which was formulated as follows: *“What representation and influence do employee-focused innovations have in work integration social enterprises in the Czech Republic?”*

It can be pointed out that pure employee-focused innovations occupy a strong position in the creation of other innovations. This speaks of the need and interest in improving employees working space, working conditions, abilities, and skills. In this regard, as the managers themselves stated, employees are often accommodated, and jobs are directly created for specific job applicants. Employees often cannot continue to work under certain conditions or find it difficult to work under such conditions. Since managers want to retain their employees, they consult with them about their needs and then analyses their needs. Based on these needs, innovations are created. However, among WISEs, there are those that ignore employees in those respects, resulting in little or no pure employee-focused innovation.

Among the innovations in WISE, the combined innovations are the most significant. These innovations significantly exceed the creation of other innovations. Considering the connection of employees and production or services, it can be noted that employees are closely related to the creation of this type of innovation. According to managers, they are connected to product-oriented innovations and are often an inseparable part of these social innovations. In this case, it is often necessary to consider the abilities and possibilities of employees, which are often limited by their health status. Due to this, it is not always possible to perform

innovations regardless of the opinion and capabilities of the employees. Managers thus often carefully choose and tailor innovations not only to production, but also to employees. The considerable influence of innovations within the framework of WISE in the Czech Republic. The research confirmed the positive influence of innovation, especially in the field of employment, which is closely linked in WISE, in general. Therefore, it is possible to point out, above all, the influence in the area of mental health support, individual work needs, regular improvement of working conditions, as well as the increase in qualifications and the development of skills.

V. Discussion and Conclusion

Qualitative research confirmed the importance of combined innovations and confirmed that they are an integral part of WISE in the Czech Republic. Combined innovations, mainly in the form of product and employee oriented innovations, have a strong presence among total innovations. The results of this research show that WISEs in the Czech Republic create innovations focusing on the combined areas of products and employment conditions. These innovations have been shown to have a positive impact on improving the working environment and competitiveness of these enterprises. However, the problem is that social innovation in the Czech Republic is not yet systematically supported through comprehensive national strategies or legislative frameworks, which hampers its development. As this research shows, WISEs rely on the individual initiative of managers and the specific needs of employees to create innovations, especially combined ones. While this practice is effective at the micro level, the lack of coordinated support limits its societal impact at the EU level, where the Czech Republic lags behind in the area of social innovation (Rada pro výzkum vývoj a inovace, 2024).

WISEs generally face the problem of lack of funding, lack of innovation protection, low collaboration with research institutions and lack of legislative support. This may change with the upcoming arrival of the Social Entrepreneurship Act, which is expected to come into force in 2025. However, here, strengthening R&D funding for social innovation, ensuring protection for social innovation (e.g. through certification or quality labels), and fostering collaborations between WISEs and research institutions may also be a strong supportive factor.

It should therefore also be noted that research and development (R&D) can have a significant impact on combined innovation. In the field of social innovation, R&D can contribute to the identification and implementation of solutions aimed at improving the working environment, optimising processes or developing new products. In this way, R&D not only promotes the efficiency of enterprises but also ensures that innovation is better adapted to the needs of employees, especially the disadvantaged.

There is an expansion of the study by Gailt (2018), with a focus on specific innovations in a specific area. Considering the results, it can be said that companies have social goals they want to achieve, and employees are supported in the form of innovation, and thus the company focusses on them, thanks to which a positive connection between work commitments and social innovation can be observed, as stated by Hagedoorn (2022). In the area of pure innovation, the use of both employee and product-oriented innovations has

been shown to be almost identical. In this sense, the connection of social and economic aspects in the creation of innovations in WISE's is clearly visible. Both aspects are very important for these companies and in some cases are intrinsically linked. Considering the extent of the use of combined innovations in WISE, it is possible to point to the fact that social innovations in these enterprises. Social innovations are also created in a combination of product production and service offerings (in the form of product and employee oriented innovations). They thus interfere with the economic aspect of WISE and thus can greatly influence it. Mainly in the form of income and subsequent profit, which is further reinvested back into the company⁴. The focus of companies on combined innovations also points to a sustainable approach in the economic (financial) area, which is also pointed out by Balakrishnan (2022).

Selling products and services is just as important at WISE as it is at other non-branded enterprises. The existence of the company and its long-term functioning on the market is therefore ensured by the creation of products and services together with the achievement of a publicly beneficial goal. The WISEs aim to achieve profit and financial self-sufficiency in the market, as well as to secure a social goal in the form of employment of disadvantaged people in the labor market. Given these facts, WISE also strives to be competitive. They use innovation and social innovation to maintain public benefit goal and competitiveness. In this way, they emphasize the sustainability of enterprise and the development of innovations in their field. Due to these results, the paper is positively connected with other studies in the field of innovation within social enterprises. (Ilchenko, 2022; Avelino et al., 2019).

The theoretical contribution therefore results from the knowledge of WISE and its relations to innovation and social innovation. Research specifically points to the relationship of these enterprises with innovation and social innovation and its special approach in the field of combined innovation. The existence of combined innovations only confirms that these enterprises are influenced by many different factors. Given the similarities between WISE's under the conditions of the European Union, this research may be a suitable basis for the work of researchers focused on social entrepreneurship in their country. This paper also contributes to the possibility of dividing innovations in these enterprises and to the possibility of its further expansion or refinement. Distribution of innovations is not a very common subject of scientific publications in the field of social entrepreneurship.

The extent of use of pure and mixed innovations in WISE was found to be unaffected by the size of the firm. However, during the interviews, it became clear that the innovative activity of enterprises can differ in relation to the field of enterprise or in relation to the social group of people they employ. However, it is currently not possible to determine whether this is really the case given the focus of the research. Therefore, future research can focus on these relationships between other variables and their influence on the creation of specific types of innovation. In the context of future research, it is also important to mention the support of creating hypotheses and their refutation or confirmation using quantitative research. However, it is necessary to think carefully about the construction of the questions in the questionnaire survey so that there are no high number of incorrect

⁴ WISE are required to return more than 50% of profits back to the enterprise.

answers. After constructing the questions, it would be possible to start additional data collection with the help of a questionnaire survey.

Future quantitative research also strongly constrains the amount of WISE. Their number cannot be precisely determined at the moment, and due to a certain small number, at least 50% participation in the questionnaire survey would be required in order for the research results to be considered relevant. The future of social entrepreneurship in the Czech Republic is currently unknown and uncertain. Assuming that it will develop like in other EU countries (e.g., Spain, Great Britain, or France), the Czech Republic will see the expansion of social entrepreneurship in the future and perhaps, just like in Slovakia, the enactment of this form of enterprise. This possible future results from the current adoption of the draught law on social entrepreneurship by the Czech Republic. This could lead to the creation of official data on social enterprises. Research in the field of social enterprises would be easier and more accurate due to the resulting statistical data. However, it is now impossible to determine what the new law's interpretation will be and whether it will be helpful in further research.

In conclusion, Czech WISEs have the potential to play a key role in the field of social innovation, especially in combined innovation linking employee and product aspects. Systematic support in research, innovation protection and legislation can significantly increase their competitiveness and societal benefits, which is essential to reduce the innovation gap between the Czech Republic and other EU countries.

Limitations of Research

The main research is mainly limited by the small number of managers interviewed. The total of 18 WISEs participated in the interview. Related to this is also the disparity between the number of micro-enterprises, small enterprises, medium-sized enterprises and large enterprises. This disparity is a major limitation and may affect the results of the research. Due to the uniform division of innovation into pure and combined, throughout the entire research, this division is also a limitation here. Each manager defines and categories his innovations in a slightly different way, which may have caused problems during data collection. However, during the interview, the definitions and distribution of innovations were always thoroughly explained, and managers no longer had a problem answering the questions. However, the distribution of innovation in this research was nevertheless problematic, mainly due to the enterprise field of WISE.

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