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## **SOCIAL INNOVATION AND THE TRANSFORMATION OF WELFARE STATES**

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**BERNHARD LEUBOLT, CARLA WEINZIERL**

**Social Innovation to Foster Social Development?**

This issue of the Austrian Journal of Development Studies focuses on social innovation and its contribution towards social inclusion and poverty reduction<sup>1</sup>. It presents parts of the outcomes of the research project ImPRovE, financed by the European Commission, which has been launched with the intention of generating academic support for European social policy makers.

**I. Social innovation and its recent policy repercussions**

The concept of social innovation has gained prominence in the international policy making community throughout the last ten years, particularly in the European Union. It is highly ambiguous, with blurred boundaries. The authors of the *Open Handbook of Social Innovation* (Murray et al. 2010: 3) recognise that “the field we cover is broad. Social innovation doesn’t have fixed boundaries: it happens in all sectors, public, non-profit and private. Indeed, much of the most creative action is happening at the boundaries between sectors, in fields as diverse as fair trade, distance learning, hospices, urban farming, waste reduction and restorative justice”.

As the above-mentioned project was commissioned by the Bureau of European Policy Advisors and the European Commission, it quickly became an important point of reference – especially for the definition of social innovation. The European Commission has defined social innovation

“as the development and implementation of new ideas (products, services and models) to meet social needs and create new social relationships or collaborations. It represents new responses to pressing social demands, which affect the

process of social interactions. It is aimed at improving human well-being. Social innovations are innovations that are social in both their ends and their means. They are innovations that are not only good for society but also enhance individuals' capacity to act." (EC 2013: 6)

Many European policy makers highlight social innovation as a possible alternative to state controlled social policies. In times of austerity politics, this also indicates further pushes towards a more reduced welfare state; as the Bureau of European Policy Advisors stated in 2014: "In the current economic climate, it is essential to do more with less and to do it better" (BEPA 2014: 93).

In the social field, "to do more with less and to do it better" (ibid.) promises better social services, despite serious spending cuts. Thereby, it somewhat echoes the promotion of 'civil society' and the 'third sector' during the 1990s: the state was recognised as a rather bureaucratic and inefficient service provider, while civil society was seen as being able to promote new solutions better and more cheaply (Novy 1996; Appel et al. 2003; Leubolt 2007). This concept has been criticised from different perspectives, especially concerning the replacement of paid by unpaid labour and the resulting repercussion on predominantly female care work. Recent findings criticise social innovation on very similar grounds, as it is seen to promote neoliberal solutions to social policies (Meichenitsch et al. 2016). Nevertheless, the critics also recognise the potential for promising social innovations. Especially in the case of 'loopholes' in the welfare state (e.g. due to legal obstacles for foreigners), social innovations have the potential to complement or even fortify welfare states. Collective engagement by civil society actors often leads to processes of empowerment, albeit often with the 'Janus face' (Swyngedouw 2005) of accompanying neoliberal transformations.

## **2. Academic approaches to social innovation**

Social innovation is not only politically ambiguous, but is also used in diverse ways by different academic communities. In their recent overview on social innovation, Choi and Majumdar (2015) distinguish seven

different perspectives: (1) the sociological perspective emphasises changing social practices and structures leading to social change. Introduced in the field of development studies during the early 1990s, this approach focussed on the promotion of social development by new creative strategies; (2) the creativity research perspective has a more goal-oriented focus than the sociological perspective and is interested in the tactics and strategies applied to create innovations; (3) the entrepreneurship perspective deals with social entrepreneurship and corporate social responsibility and mentions social innovations somewhat “indirectly as something that social entrepreneurs do” (Choi/Majumdar 2015: 13); (4) the welfare economics perspective focusses on the “potential to improve either the quality or the quantity of life” (Pol and Ville, quoted in: Choi/Majumdar 2015: 14); (5) the practice-led perspective, such as advocated by the Young Foundation (cf. Murray et al. 2010), is to be found in reports and other non-peer-reviewed contributions and has a quite strong policy orientation; (6) the community psychology perspective emphasises experimental social innovation as a tool to drive positive change for marginalised communities; finally (7) the territorial development perspective (Moulaert et al. 2013) focusses on local development and the inclusion of excluded groups in different spheres of society.

The prevalent approach in both the ImPRovE project and the articles of this volume of the *Austrian Journal of Development Studies* is the territorial development perspective on social innovation (Moulaert et al. 2005; Moulaert et al. 2007; MacCallum et al. 2009; Moulaert et al. 2010; Moulaert et al. 2013). This approach puts special emphasis on insights of historical institutionalism (cf. Pierson 2004), as it recognises path dependencies and their implications for political, economic and societal institutions: social innovation “inevitably is a local and institutionally embedded process [...] Practices that are innovative and successful in one particular locality are not necessarily innovative and successful in another” (Oosterlynck et al. 2013a: 3). Therefore, the articles in this volume share the concern with understanding the locally relevant institutions of the welfare state and other concerned political, economic and cultural institutions.

Although mostly focussing on the local scale, a strong perspective on multi-level governance expands this focus towards institutions onto the regional, national and international scales. There is a markedly strong

focus on processes of collective empowerment, which is also reflected methodologically, as social innovation is conceptualised as a three-dimensional process, involving (1) a content dimension, (2) a process dimension, and (3) an empowerment dimension, which links the content and process dimensions (ibid). The content dimension refers to the satisfaction of human needs that are not currently satisfied, the process dimension highlights changes in social relations, especially with regard to governance and the increasing participation of marginalised groups. The empowerment dimension highlights increases in the collective socio-political capability of the hitherto marginalised groups.

### **3. Social innovation in Europe and Latin America**

The articles in this volume thus deal with social innovation in a territorial development perspective. They call into question the potential and limits of social innovations in fostering social development, with special focus on the potential contribution of such innovations to improve social policies. With the help of calls for proposals for good practices of social innovation, 29 European and two Brazilian cases have been selected for further analysis within the ImPRovE research project. The articles presented in this volume build on the research published in the Case Study Working Papers of the project. The criteria for case selection were 1) distribution among different European welfare state regimes (conservative/corporatist; liberal; social-democrat; familial/Southern; cf. Esping-Andersen 1990; 1999; Oosterlynck et al. 2013b), and 2) relevance to at least one of the policy fields of housing, labour market, and education. These fields were recognised as having a strong impact on territorial and social development, with a high potential to implement socially innovative initiatives. Before the case study work in the project commenced, eight governance challenges were identified: (1) mainstreaming social innovation, i.e. the possibilities of reproducing similar innovations in different geographical and political contexts; (2) avoiding fragmentation in governing the welfare mix; (3) developing a participatory style of welfare governance; (4) finding the balance between safeguarding diversity while promoting equality; (5) the possibility of uneven access if innovations are not designed universally; (6)

avoiding responsibility by the traditionally engaged state actors, i.e. the transfer of former state responsibilities to civil society without adequate financial and institutional resources to do so; (7) managing intra-organisational tensions; and (8) developing an enabling legal framework. These challenges were derived from a literature review and have been used as a guiding framework for the 31 case studies. While the contributions in this volume of the *Austrian Journal of Development Studies* make differentiated use of these challenges, they give insights into all three policy fields.

The labour market is the prime focus of two of the four contributions in this volume: Pieter Cools writes about the case of 're-use' non-profit organisations in the UK. Bernhard Leubolt and Wagner de Melo Romão deal with the Brazilian national movement of collectors of recyclable material and their strategic efforts in recent years to be included in policy making. Thus, both contributions feature socio-ecological innovations, since the handling of waste has turned into a major ecological challenge in cities worldwide and thereby adds an additional dimension to the potential social inclusion described in both cases.

Cools' case study highlights the trajectory of the re-use non-profit organisations in the UK in the macro-context of neoliberal social policy reforms. He develops a single case study, but interprets the results comparatively with findings from case studies in European countries and Brazil. Cools mainly tackles two of the above-mentioned governance challenges: mainstreaming and the question of the responsibility of traditional state actors in the fields of employment and environmental policies. Cools highlights the innovative practice of linking poverty reduction with employment and environmental policies, which developed as a reaction against rising unemployment and public austerity throughout the 1980s. Despite this phenomenon, recent neoliberal reforms have led to much more pressure on the non-profit organisations in the re-use sector. Austerity politics have led to increased competition, both within the sector (from second-hand websites and other for-profit players) and from public authorities who are now increasingly competing for waste contracts. There is a tendency of state actors to increasingly avoid responsibility, as the re-use initiatives currently tend to take over former responsibilities of the government without an adequate transfer of public resources. This tendency contradicts the idea that the British liberal welfare regime is very conducive to social



innovation and highlights important problems for the political implementation of such innovation.

Leubolt's and Romão's article deals with the Brazilian movement of collectors of recyclable material. This particularly marginalised group of people consists of many homeless and formerly unemployed people. They began to organise in cooperatives at the end of the 1980s and had managed to build a nation-wide social movement by the beginning of the 2000s. While the 1990s were marked by rising unemployment and the local spread of collectors' cooperatives, the 2000s were economically stronger and marked by the territorial up-scaling of policies geared towards the inclusion of the collectors. Guided by Fraser's '3-R-approach' to promoting social justice, social inclusion is understood as a multi-dimensional process, involving redistribution, recognition, and representation. These dimensions have been addressed by policy making, which promoted an approach that is described as 'bottom-linked', that is, operating between a state-driven 'top-down' and a civil society-driven 'bottom-up' approach. This 'bottom-linked' approach is evaluated as being promising, despite contradictions.

Carla Weinzierl examines the contribution to social cohesion of a socially innovative initiative in the field of intercultural education. She frames cohesion as the balance between diversity and equality, between the right to be different and the right to belong. The *Vielfalter*, an initiative that funds projects in Austrian kindergartens, schools and non-profit associations, aims at valuing diversity by fostering participation and empowerment. Weinzierl scrutinizes the understanding of participation in the *Vielfalter*-funded initiatives with a view to sharpening this fuzzy concept that oscillates between dichotomic understandings of participation as 'tyranny' vs. participation as 'liberation'. She argues for overcoming the prevalent, reductionist 'either-or' solutions in Austria, whereby policies and strategies are either culturalised or are narrowly conceived in terms of labour market activation. If social cohesion, a multi-layered phenomenon with not only socio-economic and cultural, but also political aspects, is to be achieved, the concept of citizenship needs to be rethought in immigration societies such as Austria.

Finally, Fabio Colombo and Tatiana Saruis' contribution deals in a comparative way with the policy field of housing: the article looks at the evolution of 'Housing First' in Bologna (Italy) and Stockholm (Sweden),

from the perspective of the different welfare configurations and their role in shaping social innovation. ‘Housing First’ responds to the various challenges of the traditional system of homelessness services; its innovation lies in considering housing as a basic human right to be provided without prior compliance to the different requirements of the traditional, so-called staircase model. By zooming in on the implementation of these two initiatives, the article asks how social innovation arises differently in different contexts, that is how it is embedded in the local welfare regime, governance model and territorial organisation of social policies. Thus, Saruis and Colombo highlight path dependencies in welfare regimes by disentangling the relationships between actors, practices and contexts. They elaborate how both the fragmentation and weak coordination of the familistic welfare system in Italy, as well as the more strongly coordinated approach in Sweden, pose different challenges to the mainstreaming of ‘Housing First’.

The four presented case studies shed light on the contradictions within recent efforts to promote social innovation. On the one hand, there are new possibilities for emancipatory civil society efforts. This is especially evident in the case of the Brazilian collectors of recyclable material. On the other hand, the contributions also point at the potential fortification strengthening of neoliberal policies, as especially highlighted by the re-use non-profits in the UK. In a nutshell, the contributions reveal an ambiguous picture concerning the potentials and limits of social innovation for the sake of restructuring welfare states.

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