



Governance challenges for successful local forms of social innovation (Improve Milestone 42)

Improve Social Innovation team

The Improve project is concerned with social innovation in the field of poverty and social exclusion. Social innovation refers to new localized practices, actions and policies that help socially excluded and impoverished individuals and social groups to satisfy basic needs for which they find no adequate solution in the market or old style welfare policies and involve processes of social learning, collective action and awareness raising. We use two basic criteria to identify actions and policies as socially innovative. Firstly, there is the involvement of civil society, social entrepreneurs or local governments. Secondly, social innovation has a strong bottom-up character and tends to be close to the everyday life context of citizens. The latter does not preclude that socially innovative initiatives forge linkages to institutions and mechanisms of need satisfaction that operate at the supra-local level.

The Improve project sees social innovation as a paradigm for social intervention that could facilitate contextually specific applications of the redistributive and social investment modes of intervention of the welfare state or serve as a (relatively independent) complement to it. We aim to analyze socially innovative actions and policies from the perspective of how they can be aligned with welfare state policies in mutually supportive ways. In order for local forms of social innovation and welfare policies to work in mutually supportive and enriching ways, social innovation needs to address a range of governance challenges. These governance challenges are related to two central issues: the need to coordinate a multiplicity of actors and instruments (from state, civil society, social enterprises and private firms) and to work across various spatial scales (from local initiatives to actors and instruments on regional, national and European level).

Below, we present a list of eight governance challenges. A preliminary list of six governance challenges was written on the basis of D11.1 and has been extensively discussed with various stakeholders on three stakeholder workshops and one discussion with prof. Frank Moulaert, a long

time expert in local forms social innovation (see MS17 for reports of these workshops and discussions). On the basis of these discussions, we have extended and reformulated the governance challenges. The result of this work is below. This list is preliminary and will be updated with new insights from the case study research.

Challenge #1: Mainstreaming social innovation

Socially innovative actions and policies often start as small and local initiatives. They are socially creative, close to the people they target, involve a variety of actors and recognize diverse constituencies. Many initiatives are innovative exactly because they offer solutions for a specific context, a concrete actor's network and local needs, but still mainstreaming is necessary for them to gain wider impact or provide equal access for all those in need. This mostly involves a process of multi-level institutionalization. The literature on social innovation suggests 'bottom-linked strategies' for social innovation. Bottom-linked strategies maintain a link with the socially creative potential of local actors and allow for flexibility, but mobilize resources and actors on various spatial scales to improve sustainability and effectiveness of local social innovation.

Bottom-linked strategies often involve strategies for 'upscaling' social innovation. Two opposing strategies for 'upscaling' can be discerned for analytical purposes: a horizontal (network- or market based) and a vertical (hierarchy-based) strategy. The horizontal strategy for the upscaling of social innovation involves the rather spontaneous multiplication of initiatives in various localities, without this being planned by a co-ordinating agency. The vertical strategy for upscaling of social innovation is the planned rolling out of successful forms of local social innovation by a co-ordinating agency, either public or private, in a deliberate effort to cover the whole territory, but without homogenizing contexts and needs.

The Improve focus on the link between local social innovation – often with a task-specific approach - and the welfare state – with a territorial and/or categorical approach - suggests that the latter is an important vehicle for the mainstreaming of social innovative actions and policies. This requires attention to the specific aspects of a universal welfare state that may support or work against the mainstreaming of local forms of social innovation, e.g. the institutionalization of social rights, bureaucratized forms of service provision and the institutional capacity for redistribution. Mainstreaming social innovation may conflict with existing routines, practices and programs of the welfare state and hence require their downgrading or even disappearance, a process which may involve conflict and resistance from those committed to and benefitting from them. (The legal dimension of the connection between local forms of social innovation and the (welfare) state will be

dealt with in challenge 8). As social innovation aims to be transformative and hence work on the structural causes of poverty and social exclusion, mainstreaming social innovation may also meet resistance from the very economic structures and processes producing social exclusion and poverty (e.g. processes of commodification and competition).

Mainstreaming social innovation also crucially implies processes of social learning. The knowledge developed through local forms of social innovation needs to find its way into the larger community of social innovators and public consciousness and become part of a new culture of welfare provision. Social learning is a lived and embodied process, not a form of individualized knowledge dissemination through documents. The challenge is to make social innovations part of a collective attempt to build knowledge on successful social innovations.

Challenge #2: Governing welfare mix: avoiding fragmentation

A second challenge for local social innovation is to keep the plurality of actors and methods of intervention in service provision manageable. Although different welfare regimes have always been characterized by specific types of welfare mix, the combined effect of the increasing marketization of services, the professionalization of the third or voluntary sector and the financial constraints in the provision of public services have made this challenge even more pressing. The proliferation of actors and methods in welfare provision may undermine the general rationality of the welfare system and increase fragmentation to a point at which complexity becomes unmanageable. It becomes increasingly difficult, even impossible, to develop shared strategies and aims amongst all involved actors because the complexity undermines the capacity of actors to decode, understand and share interpretations of social problems, identify solutions and act on them. The possibility for social innovation actors to make a difference becomes more limited, especially in the absence of clear hierarchical relationships between actors. There is hence a need for a platform where social innovation experiences and strategies can be exchanged and a shared vision can be elaborated.

We need to look beyond the field of social policy and social work here, because social problems are not only to be solved with social policy and interventions, but equally so with economic policy and interventions. In this regard, we note a tension between social policies aimed at promoting social cohesion and economic policies geared towards economic competitiveness. For a particular policy mix to work effectively, the policies constituting it must be coherent.

Since under traditional welfare regimes, it is usually the state and its hierarchical mode of governance who provides coherence to welfare mixes, an important aspect of the challenge of social innovation and welfare state transformation is the specific role of the government, local or otherwise. Governments can take up diverse roles in innovative welfare provision (e.g. coordinator, regulator, provider), but its role is often looked at with much suspicion by many social innovators who perceive the state's role through the perspective of (horizontal) subsidiarity. Another actor whose role in social innovation requires special attention are the volunteers. Their role in innovation in welfare provision is ambiguous, because on the one hand they provide personal commitment, extra capacity, creativity and flexibility to welfare provision, while on the other hand they often lack professionalism, their engagement may lack continuity and they are easily overburdened with tasks.

Challenge #3: Governing welfare mix: developing a participatory governance style

Local forms of social innovation can be seen to explore new roles for the state, market actors and civil society in service provision and new ways of organizing the multiplicity of actors involved in providing welfare. Welfare systems show different styles of governance, ranging from clientelistic and corporatist over managerial to pluralistic governance styles. Social innovation seems to privilege a participatory governance style. The challenge then is to design a framework for localized forms of welfare provision that includes decentralized participatory (deliberative) institutions in a way that they can react to experienced social needs, benefit the practices in other localities (through the exchange of information about successful and less successful experiences) and enrich the knowledge and responsiveness of centralized institutions. This style of governance needs to enable coordination and lead to a clear definition of roles, accountability and autonomy in order to guarantee effectiveness of actions and policies and avoid policy implosion. Important criteria for the evaluation of localized participatory institutions are the inclusiveness of governance, the legitimacy of civil society and a clear mandate and transparent regulations on the role of the private (profit and non-profit) sector. Criteria for the implementation of centralized elements for 'accountable autonomy' are primarily concerned with the administrative provision of resources for mobilization, training and facilitation to maintain the integrity of participatory practices and collective deliberations.

Challenge #4: Equality and diversity

The fourth challenge for governing socially innovative initiatives has to do with the relationship between claims for the recognition and respect for cultural, gender, age and other forms of diversity on the one hand and the more traditional socio-economic claims for material redistribution on the

other hand. The welfare state was built during the heydays of Fordism and predicated on the male breadwinner model and a national community of norms and values and shared ethnic-cultural background. The diversity of European societies has rapidly increased in the last decades, not just in terms of ethnic backgrounds (migrant workers, refugees, asylum seekers), but also in terms of citizens' position in the labor market (increasing long-term unemployment, temporary contracts, working poor, new form of self-employment) as well as gender roles and family models (female labor market participation, single parents, patchwork families) that require new solutions or even models in the field of social security (especially access) and in the care sector. An important question is therefore how innovative welfare solutions to serve the needs of increasingly diverse societies are initiated and implemented, having a focus on social groups that are most often affected by poverty and social exclusion (migrant workers, single mothers,...).

Socially innovative actions and policies in the field of poverty and social exclusion, with their strong focus on participation and representation of excluded groups, are particularly receptive for these claims, while the national institutions of the welfare state are often not very attentive to cultural, gender, age and other differences. The complementary challenges of a bottom-up perspective on socially innovative initiatives are the following:

- (a) how can these initiatives uncover the strengths, imperfections and defects or gaps of redistributive and social investment policies through their practical applications;
- (b) how to use this information and alternative practices as an input to the 'politics of need deliberation', in order to make both local and supra-local welfare policies more responsive to cultural and other differences and non-economic needs, without falling into local particularism and an overall disorganization in the provision in social services;
- (c) how can we avoid that the strongest civil society organizations influence public decisions about social rights and the associated public resources distribution at the expense of weaker ones.

Challenge #5: Uneven access

A fifth important challenge for the governance of social innovation is related to uneven access to social services, resources and support that is created by the proliferation of local initiatives and the marketization of welfare services. Relying on bottom-up and civil society initiatives means that not everywhere and not for everybody the same services, resources and support are made available. The

increasing discretionary power of local governments and other actors opens up for a disorganization of social services, resources, support and admission requirements. This undermines the idea of social rights on which welfare states are based. This challenge can also be phrased in terms of the tension between subsidiarity, which in theory allows much room for the development of socially innovative initiatives, and universality, which guarantees equal rights and access to social services and resources to all citizens of a particular state. This challenge is also related with the issue of developing common standards, while respecting diversity. A possible solution is to allocate the central state or the European Union a central role in guaranteeing a minimum of universal social rights in multi-level governance arrangements, but this raises tensions with the bottom-up approach that is central to social innovation.

Challenge #6: Avoiding responsibility

The interest of policy makers for social innovation has increased since the global financial-economic crisis. This reflects the growing awareness that new solutions or forgotten old solutions are necessary to tackle current challenges for social and territorial cohesion. Unfortunately, stressing social innovations also serves as a justification for avoiding responsibility. Involving civil society in the provision of social services, resources and support seems to justify decreasing public commitment and, thereby, reducing the financial burden on public budgets. An important governance challenge for social innovation in times of fiscal austerity is hence how to avoid that social innovation becomes part and parcel of a strategy of dismantling the welfare state and of abandoning the concept of universal social rights and enlarged human rights (housing, health, education, mobility), as governments under fiscal stress are shedding public responsibilities. A suggestion of the literature here is that subsidiarity should have financial consequences. That means that passing on responsibilities to local governments and non-public sectors also requires a transfer of public resources.

Challenge #7: Managing intra-organizational tensions

The organizations carrying forward social innovation are confronted with several intra-organisational challenges that need to be addressed to make social innovation sustainable. A first challenge for socially innovative organizations is how to manage tensions between the personal motivation of the diverse individuals involved in it (whether they are volunteers, employees or entrepreneurs) and the long term interests of the organization itself. This tension is particularly relevant for social innovation organizations in the field of poverty as they often emerge as survival or coping strategies for

individuals and households, making them more vulnerable for divergence between personal and organizational interests. This danger is augmented when situations of poverty stimulate the reproduction of an individualist or survivalist mindset. All this serves to stress the importance of using social innovation methods within the organization itself.

A second intra-organizational challenge has to do with the relationship between the people occupying strategic, management and/or political roles and the social workers and professionals. This challenge is partially related to a tension which is at the heart of social innovation and hence also of the organizations promoting it, namely the tension between reacting to immediate concerns and the need to develop long term visions and strategies for the structural transformation of society. Whereas the former tend to highlight the long term strategies, the latter tend to have a more pragmatic perspective, focusing on the daily activities and short term needs to be addressed.

Challenge #8: Enabling legal framework

As legal frameworks are usually tailor-made for existing practices and institutions, social innovators are often confronted with legal rules and regulation that hinder social innovation. Creating a more favorable legal framework for social innovation is important, particularly when social innovation policies and actions are getting mainstreamed and upscaled. Social innovators are often dependent on enlightened administrators and experts to navigate through the complex landscape of legal rules and regulations and learn how to negotiate with officials and politicians for their support. A prime example of how existing regulation counters social innovation is to be found on the European level, where competition law is often an obstacle for the expansion and development of new activities in the social economy sector. Another example are the tendering procedure, which are mostly based on price competition and do not consider the social and territorial logic that is central to social innovation (e.g. building of relationships, personalization of intervention, long time intervention, etc.). Tendering procedures also tend to favor big organizations compared to small, local organizations, although the latter may have better knowledge on local needs, problems and resources, better relationships with the local population and be more socially innovative. A difficulty for the creation of an enabling legal framework is that the mechanisms of representative democracy and citizenship rights are less adequate to transfer insights from social innovation initiatives geared at impoverished populations into policy making, given the weak socio-political position of this population.

A related issue is that of assessment. Assessment of social policies and actions are in many cases exclusively quantitative, making it difficult to include aspects that are less easily measured (e.g. the creation of new relationships of trust and co-operation). Moreover, assessment procedures tend to privilege efficiency and are targeted at cutting costs, rather than stressing effectiveness. The elaboration of assessment procedures is mostly done by experts and professionals, which discourages the participation of ordinary citizens and creates distrust in the data used to assess socially innovative policies and actions and the institutions producing them. Assessment criteria tend to be standardized while social innovation per definition aims at discovering new needs, mechanisms and potentialities for long-term transformations. Finally, assessment procedures are oriented towards controlling social innovation initiatives and actors, rather than on mutual learning and awareness raising processes, that may also have an impact on the central agencies and their operation.