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## **Tackling marginalisation through social innovation? Examining the EU social innovation policy agenda from a capabilities perspective**

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### **Abstract**

This paper demonstrates that the capabilities approach offers a number of conceptual and evaluative benefits for understanding social innovation and – in particular, its capacity to tackle marginalisation. Focusing on the substantive freedoms and achieved functionings of individuals introduces a multidimensional, plural appreciation of disadvantage, but also of the strategies to overcome it. In light of this, and the institutional embeddedness of marginalisation, effective social innovation capable of tackling marginalisation depends on a) the participation of marginalized individuals in b) a process that addresses the social structuration of their disadvantage. In spite of the high-level ideals endorsed by the European Union, social innovation tends to be supported through EU policy instruments as a means towards the maintenance of prevailing institutions, networks and cognitive ends. This belies the transformative potential of social innovation emphasised in EU policy documentation and neglects the social structuration processes from which social needs and societal challenges arise. One strategy of displacing institutional dominance is to incorporate groups marginalised from multiple institutional and cognitive centres into the policy design and implementation process. This incorporates multiple value sets into the policymaking process to promote social innovation that is grounded in the doings and beings that *all* individuals have reason to value.

**Keywords:** Social Innovation; Marginalisation; Capabilities; Public Policy; European Union

## 1. Introduction

In recent years, social innovation has become an increasingly prominent concept employed by political leaders and administrations. Particularly since the Great Recession, there has been a notable shift in how public institutions conceptualise societal challenges and the role private and public actors might play in tackling these. To some extent, the policy discourse on social innovation has elevated it to some sort of putative “problem-solver”, being repeatedly cited as a means and end to meeting social needs within the context of resource scarcity. For the purposes of this paper, social innovation is understood as

the development and delivery of new ideas and solutions (products, services, models, markets, processes) at different socio-structural levels that intentionally seek to change power relations and improve human capabilities, as well as the processes via which these solutions are carried out.’ (Nicholls and Ziegler, 2014: 2)

Bearing in mind this definition, this paper explores two key questions. What conceptual and evaluative benefits does the capabilities approach (CA) proffer for understanding social innovation - in particular, its capacity to tackle marginalisation? And in light of this, to what extent does the EU social innovation policy agenda successfully support the ideals and implementation of social innovation capable of tackling marginalisation?

In many respects, the CA offers a number of opportunities to better understand the relationship between social innovation and marginalisation. First, the CA offers a framework by which to interrogate the “social ends” of innovation. The CA emphasises the plurality of human ends and the diversity of those pursuing these ends. Thus, it is able to capture the non-monetary exchanges and motivations that characterise and contribute towards social innovation. In addition, the CA offers a language to evaluate social impact with regards to who benefits and by what standards. Second, the notion of human capabilities as a means and end aligns with the idea that a “change in social relations” is not only “for”, but also developed “with”, those affected by marginalisation and social innovation. In this respect, participation can be seen as both intrinsically valuable and instrumentally necessary to social innovation. Third, agency and the real freedom of human beings to achieve opportunities are central to the CA. As such, a CA-driven analysis of social innovation provides insight into the role of agency and contextual factors for “innovators” and beneficiaries. Finally, beyond the focus on individual conditions, the CA offers an alternative strategy for societal and economic change – a shift away from economic development towards human development, or even sustainable

human development. Such alternative strategies are needed to substantiate the “transformative” potential of social innovation emphasised in public and political discourse.

However, whilst the CA offers a great deal as an evaluative tool, the extent to which it is practicable to implement as a normative ideal and administrative standard has been brought into question. This is where social theory, and its complementarity with the CA might proffer some viable mechanisms by which to focus on cognitive frames, actor networks and institutions to promote human-centred development and enhance human capabilities.

The CA starts with concerns about poverty, deprivation and marginalisation; with manifest injustices (Sen 2009) and violations of human dignity (Nussbaum 2006). In what follows, we focus our analysis on the role of social innovation processes for reducing marginalisation: we start with a capabilities conception of marginalisation and its relation to social innovation, and on this basis we explore social innovation policies “for” the marginalised. Innovation more generally has been an enduring interest and concern of policy direction (Borzaga and Bodini, 2014). However, only in the last two decades has social innovation captured the political interest of supranational organisations and domestic institutions (Pol and Ville, 2009; Grisolia and Ferragina, 2015). Social innovation has proven particularly conspicuous in pan-European strategies and domestic policies. A key feature of the Europe 2020 strategy is to facilitate and embed social innovation across Europe (BEPA, 2010: 16). Accordingly, we opt for a European focus on two EU policy programmes articulating a social innovation policy agenda: the European Social Fund and the EU Programme for Employment and Social Innovation.

## **2. A CA-conception of marginalisation**

In everyday use, “marginalisation” tends to have a negative connotation. To be marginalised is to be unimportant, to lack power, to remain unheard by society and divorced from its decision-making processes and institutions. If the margin is conceived as a negative, disadvantageous position, the implicit assumption is that a move towards the centre is in some way positive and advantageous. The image is powerful but, if used without care, evidently problematic. Think of outstanding achievements in music, sport or science – these are “at the margin”, but neither negative nor disadvantageous in any obvious way. Likewise, the innovator, be it in business, politics or civil society, comes from the margin whenever the new idea is missing from - and likely at odds with - the current way of doing things. The innovative “margin” here connotes a future promise: that the mainstream will adopt in the long run for its benefit. Thus, we cannot

automatically identify “margin” with a negative, disadvantaged position in society; indeed the example of the innovator even suggests a positive promise and potential power of “the margin”.

Still, there are uses of “margin” where the negative connotation is appropriate in an evaluative sense. Here marginalised people or marginalised groups are those who are at the margins of society with respect to valuable opportunities, resources etc. From an evaluative perspective therefore, marginalisation requires an account of the good or goods, whose lack is associated with some relevant marginalisation.

In conceptualising the good, it is a key starting point of the CA not to focus on a single, material or resource-based interpretation of “the good”, but rather on the question what individuals are able to achieve with goods with a view to the life they want to live. According to the CA, there is no single “centre”: disempowerment, lack of recognition or material poverty all refer to some of the important deprivations, representing factors that detract from a “decent” or even “good life”. Accordingly, marginalisation in the ethical sense has a plural, multidimensional meaning. It focuses on ethical disadvantage (Wolff and De-Shalit 2007), where disadvantage refers to a lack of human capabilities.

However, which capabilities should matter? According to Sen, capabilities should be identified and weighed in public discussion. According to Nussbaum, philosophers can contribute to this discussion via a philosophically justified proposal (list) of central capabilities that is open to public discussion and refinement (Nussbaum 2006). Her internally diverse list of human capabilities provides space for consideration of a plural “centre”. Drawing on her work, Wolff and De-Shalit (2007) provide a methodological proposal – public dynamic reflective equilibrium - to combine a list of central capabilities and the need for public discussion. They start with a philosophical list, asking those affected by social policies as well as service providers to reflect on central capabilities and arrive at a reworked list of the central capabilities, the lack of which constitutes disadvantage. On this capabilities conception, the disadvantaged are marginalised in the sense that they are deprived of access to basic aspects of *living in dignity*, or as equals at least with reference to this basic level of dignity. In terms of the centre-margin image, we can re-imagine it drawing on the Aristotelian roots of the concept of “flourishing” in the CA: a flower with different petals, each petal representing one aspect of flourishing, i.e. a functioning, and marginalisation as the extent to which an individual or group has “stunted” or entirely missing petals.

While it is logically and practically possible that different aspects of marginalisation are experienced separately – for example, the well-resourced, safe person who still has little political power – the disadvantages associated with marginalisation tend to cluster (Wolff and De-Shalit, 2007, 119ff). As capabilities are ends and means, there is an intuitive

explanation for this in the CA. For example, poor health or even famine co-depend on voicing one's needs. Inversely, a person in poor health will find it difficult to participate in the political process (Sen 1999). Sen's correlation thesis explains why some scholars have spoken of "fertile functioning" i.e. functionings that are likely to affect the character of other functionings (Wolff and De-Shalit, 2007, 120). This points to the importance of social innovations that enable the fertile combination of capabilities (Ziegler 2010). In addition, the interrelation of capabilities helps explain why the capability of participation is important as a means and end for the CA; however, we shall return to this point below.

Such interrelations indicate that for the analysis of marginalization, a perspective is required that focuses both on ends and on the explanation of processes. Put differently, there is a need to focus on the ways in which individuals or groups come to occupy disadvantaged positions. To do so, we propose an understanding of marginalisation as "the result of a social process through which personal, social or environmental traits are transformed into actual or potential factors of disadvantage."<sup>i</sup> The term *trait* puts the focus on the relative immovability of the feature. Personal traits comprise that universe of individual characteristics that cannot be modified by choice in the short term. Personal traits are differently distributed, and it is matter of much controversy whether this distribution is "earned", "deserved", "contingent", a "brute fact" etc. We take a social perspective: personal traits do not cause marginalisation in isolation; rather, it is a *social process* that transforms these traits into *actual or potential factors of disadvantage*. By choosing the wording "potential", our CA-inspired approach underscores that social processes may be systematic, but not exact. Framing personal traits as actual and *potential* factors of disadvantage leaves space for individual agency in the process of marginalisation as well as for overcoming it (Chiappero and von Jacobi, 2015, 2). Likewise, social and environmental *traits* are (potential) factors of marginalisation. Group membership or environmental characteristics<sup>ii</sup> are examples for such traits - again unchangeable in the short-term - that can be transformed into factors of disadvantage. Traditionally, a specific emphasis of the CA has been the analysis of such traits in relation to resources on one side and achieved outcomes on the other: via the notion of conversion factors, we can analyse the extent to which a person can transform a resource into a functioning.<sup>iii</sup> However, there is need to say more about "traits" in relation to social processes. We thus propose to complement the CA with social theory.

### ***CA, marginalisation and the social grid***

Jens Beckert (2009, 2010) provides a synthesis of a number of institutionalist approaches that point to the interplay of institutions, cognitive frames and actor networks in social processes. Relational patterns and socio-structural linkages; policies, rules and laws manifested in institutions; and cultural, interpretive and cognitive structures all have a

bearing on the character and dynamics of social processes. Rather than considering these 'social forces' in isolation from one another, Beckert (2010) suggests that they are "irreducible", tightly interacting and co-evolving:

"Each of the three structuring forces contributes to the social organization (...) by shaping *opportunities and constraints* of agents as well as *perceptions* of legitimacy and illegitimacy" (Beckert, 2010:609, emphasis added).

Essentially, the interrelation of these three social structures points to the institutional, cultural and social embeddedness of individual action and macro-structural dynamics. On this basis, these social forces structure the dynamics by which individuals fall into advantageous (central) or disadvantageous (marginalised) positions. In terms of our CA conception of marginalisation: if we are concerned that a personal, social or environmental trait is an actual or potential factor of disadvantage, then we need to study the institutions, cognitive frames, and actor-networks that constitute the disadvantage accrued from that particular trait. Opportunities and choices of individuals are directly affected by social forces e.g. with *whom* we get in contact with through existing *networks*; or which and whose rights are protected by existing *institutions*, or which *cognitive frames* drive our decision-making. Similarly, Beckert observes that social forces contribute to:

'positioning actors in more or less powerful positions. At the same time, actors gain resources from their position which they can use to influence institutions, network structures, and cognitive frames' (Beckert, 2010, p. 606).

Thus, the social grid enriches the capability perspective by making it possible to examine the extent to which, through the dynamic interrelation of social forces, space is (or is not) created for (marginalised) individuals to contribute towards the social ends that they deem valuable (Frediani *et al.* 2014, Ferrero and Zepeda, 2014, Nicholls and Ziegler 2015). With this in mind, we may reasonably ask which measures and policy instruments may support the creation of such space?

Thus far, this paper has demonstrated that a CA conception of marginalisation, and the ordering processes by which it is manifest or overcome, offers a number of conceptual benefits. However, this also raises a number of challenges for social innovation policy. The CA (re-)inserts the role of individual agency and collective action into analyses of social innovation and marginalisation. This promotes the recognition of human diversity in which there may be a plurality of life goals and therefore valued capabilities. However, this represents a challenge for public policy because it demands the pursuit of a plurality of goals or the pursuit of a smaller number of goals to the exclusion of others. The CA requires public policy to be informed by interested (but particularly, affected) agents, that

collectively define its goals. The operational limits of democracy play a role here where representation and implementation may lead to an irreconcilable set of multiple goals; the privileged pursuit of some goals over others; and/or a tendency to pursue the most common or central goals articulated by a polity. This poses a particular challenge for those facing marginalisation – particularly with regard to their capacity to alter the institutions, cognitive frames and social networks that structure their disadvantage.

Public policies that aim at supporting social innovation, with a view to reducing marginalisation, should keep these inevitable tensions in mind. Focusing on the substantive freedoms and achieved functionings of individuals, as well as their interrelation (including the especially “fertile” role of participation for other functionings) introduces a multidimensional, plural appreciation of disadvantage, but also of the strategies to overcome it. In light of this, and the ‘institutional embeddedness’ of marginalisation (Beckert, 2009: 264), effective social innovation capable of tackling marginalisation depends on a) the participation of marginalised individuals in b) a process that addresses the social structuration of their disadvantage.

In recent years, social innovation has repeatedly been cited by the European Commission as a key strategy to ‘deliver the kind of inclusive and sustainable social market economy we all want to live in’ (BEPA, 2010: 16). Not only is social innovation understood as a means to achieve an end in this regard, it is also regarded as an end in itself. With this in mind, the following section examines the European Union’s high-level strategic commitment to social innovation and its role in tackling marginalisation. We start by considering the extent to which the European Commission’s (EC’s) conception of marginalisation and social innovation aligns with that outlined above. We then proceed to consider how this translates into the policymaking process through two key EU-funded policy programmes.

### **3. An EC interpretation of marginalisation and social innovation**

At the centre of Europe 2020 - the European Union’s ‘ten-year jobs and growth strategy’ - social innovation is reported as ‘another way to produce value, with less focus on financial profit and more on real demands or needs... for reconsidering production and redistribution systems’ (European Commission, 2014a: 8). This approach is largely shaped by the European Commission’s definition of 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 (European Commission, 2013a: 6).*

The Bureau of European Policy Advisers (BEPA) has also argued that there are a number of dimensions to social innovation that need to be attended to or accommodated within a common *working* definition employed by the European Union. According to BEPA, social innovation, as a process, aims to: meet the social demands of vulnerable groups that are not currently met by the existing socio-economic settlement; address societal challenges in which the boundary between the 'social' and 'economic' blurs; and promote a participatory approach to social organisation and interactions that centres on empowerment (BEPA, 2010). These objectives of social innovation are not seen as mutually exclusive. Innovations that meet social needs are able to address societal challenges and through the development of new forms of organisation and social interaction facilitate empowerment and participation, both as a source and outcome of well-being.

In light of this, the European Commission advances a definition of social innovation that has the capacity to more effectively tackle marginalisation in three important respects. Firstly, the definition of social innovation advanced by the European Commission recognises the socio-structural processes and interactions that can lead to, or indeed tackle, marginalisation, rather than treating social needs as idiosyncrasies of the socio-economic process. This opens up the possibility for identifying and addressing some of the causal mechanisms that structure the character and prevalence of marginalisation. The second, related, benefit is associated with the dynamic conception of marginalisation that arises as a result. If social innovation is both a means to meeting social needs and an end (approach to addressing societal challenges), marginalisation, as a conceptual and empirical category, takes on a somewhat novel form. It moves from being a static condition to an iterative exercise whereby the role of individual agency and collective action gains new significance for understanding how capabilities are secured and functionings are achieved. Finally, the European Commission considers active participation and empowerment, particularly of vulnerable groups, as an essential means and end of social innovation. This definition of, or perhaps ambition for, social innovation potentially has the capacity to transform those socio-structural dynamics that give rise to marginalisation, as outlined in section two.

At least at the EU level, the terms 'marginalisation', 'disadvantage', 'inequality', 'social exclusion', 'worklessness' and 'poverty' are often used interchangeably in policy discourse and political rhetoric. This, in part, reflects increasing institutional recognition that marginalisation, in its various manifestations is a complex and multi-dimensional phenomenon. In 1975, the European Council adhered to a conventional poverty measure.

Whilst this focused on monetary resources it was broadly acknowledged that poverty leads to being ‘excluded and marginalised from participating in activities (economic, social and cultural) that are the norm for other people’ (Eurostat, 2010: 6). Over time, various permutations of this participation standard have been introduced alongside other measures and dimensions of social and economic stratification. Invariably, ‘the complexity of the concept of social exclusion has resulted in the elaboration of a portfolio of indicators which represent more broadly its various facets’ (Eurostat, 2013: 2).

As part of the Europe 2020 strategy, the European Commission has sought to tackle the phenomenon of marginalisation across Europe. In 2010, the ‘Employment, Social Policy, Health and Consumer’ (EPSCO) Council of Ministers adopted a social inclusion target to reduce the number of people that were at risk of poverty and social exclusion by 20 million. This is one of the five headline targets that measure the impact of the Europe 2020 strategy. Through the Open Method of Coordination (OMC), EU Member States are assessed on their progress in alleviating poverty and social exclusion. To do so, the European Commission has introduced and used a composite ‘at-risk-of poverty and social exclusion’ (AROPE) indicator to capture the multi-dimensional nature of marginalisation and the multiple factors that lead to poverty and social exclusion (Maître et al., 2013). This composite indicator has only been officially used since 2010. The indicator includes non-monetary aspects and factors of disadvantage that increase the prevalence and risk of social exclusion (Eurostat, 2010). The headline indicator employed by the European Union focuses on households that either have very low work intensity, live below the relative poverty line or experience material deprivation. Whilst the indicator employed by the European Commission does not measure individual capabilities, it does track certain empirically detectable factors of disadvantage that may be the result of capability deprivations or lead to further ones.

Perhaps of most interest from a capabilities perspective, is how the European Union conceptualises material deprivation. Individuals are defined as materially deprived if they are unable to afford certain goods considered by most people to be desirable or even necessary to lead an adequate life. An individual living in a household that is unable to afford at least three items of a given list<sup>iv</sup> is believed to be suffering from material deprivation. Severe material deprivation is identified if at least four of the items cannot be afforded. Importantly, the indicator distinguishes between those who cannot afford a particular item and those who do not have it for another reason including that they may not want it. In this sense, the achieved functionings specified are relative to the prevailing standards of a community but also sensitive to the multiple value sets of the population who may choose to pursue different activities or goods (Sen, 1984: 84-85).

In certain respects then, the definitions of social innovation and marginalisation advanced by the European Commission appear to align with those advanced at the beginning of this paper. The following examines how these definitions (or perhaps ideals) are translated and realised in the EU policymaking process. Two key policy programmes underlining the EU's social innovation policy agenda are examined: The European Social Fund and the EU Programme for Employment and Social Innovation. As illustrated below, they represent perhaps the largest and most explicit commitment to supporting social innovation at the EU level (Edmiston, 2015).

### ***European Social Fund***

The European Social Fund (ESF) is a EU funding instrument designed to promote social inclusion through sustainable, quality employment. In doing so, the ESF seeks to reduce inequalities across and within EU member states and promote economic and social cohesion (SIE, 2011). Policy discourse surrounding the ESF refers to social innovation as a key mechanism by which to tackle marginalisation (European Commission, 2014a: 63). However, for the Multi-Annual Financial Framework running between 2007 and 2013, the proportion of funds allocated to social innovation, varied across member states, but generally ranged only between 1 per cent and 5 per cent of the total funding received by that country (European Commission, 2013b: 27). It is estimated that more than €2 billion of these funds were dedicated to public sector innovation and more than €1 billion was dedicated to innovative activities designed to support the development of skills and combat unemployment (European Commission, 2013b: 27).

For the period 2014 to 2020, member states negotiated the funds they will receive from the ESF. Member states partially match the funding received through the ESF and managing authorities in member states then distribute these funds to operational programmes. These programmes support local and specialist organisations to deliver a range of employment-related activities. Whilst member states and managing authorities are, to some extent, able to interpret the strategic priorities of the ESF, the funding priorities are principally negotiated and agreed at the European Union level. The priority axes of the ESF focus on: 'getting people into jobs' by providing opportunities to obtain training, qualifications and skills with a view to finding gainful employment, promoting social inclusion, enhancing the educational outcomes, skills and training received by young people, and improving the quality of public administration and governance (European Commission, 2013c; 2013d). As priority axes, these objectives represent the central cognitive paradigm that frames the causes of, as well as the solutions designed to tackle, marginalisation.

As a condition of their funding, member states are required to identify fields of social innovation that correspond to their specific needs. This can be undertaken during the

development of operational programmes or at a later stage. Each operational programme co-financed by the ESF will have to demonstrate how planned actions have contributed towards social innovation in the coming years (European Commission, 2013a; European Commission, 2013e). In addition, the European Code of Conduct on Partnership makes access to European Structural and Investment Funds conditional on working in partnership with trade unions, employers, NGO's and other bodies promoting, for example, social inclusion, gender equality and non-discrimination (European Commission, 2014b). These requirements encourage actors, networks and organisations making use of European Structural and Investment Funds to realise social innovation as an approach and goal to their activities.

The regulations surrounding the ESF state that it will commit to 'the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health' (European Commission, 2013f: 470). At least 20 per cent of the ESF running from 2014 to 2020 has been allocated towards promoting social inclusion to ensure 'people in difficulties and those from disadvantaged groups' receive the same opportunities as others to integrate into society. However, this funding has tended to focus on work integration rather than broader social integration:

(S)omeone in a job is less at risk of poverty and more engaged with society. But the job market is not a level playing field. Getting work can be harder for some groups and individuals. Whether because of ethnic origin, education, disability or age – a number of people find the job market closed to them (European Commission, 2013c: 1).

To the extent that funds are available specifically to assist particular groups, the ESF acknowledges what role different endowments and conversion factors might play in contributing towards the capabilities and achieved functionings of individuals. In spite of its narrow focus on entry into the paid labour market, this represents a high-level commitment to, or at least recognition of, the idea of inclusive employment and that people may need different levels of support to move closer towards achieving such an outcome. For work integration, social enterprises perform a particularly salient function across Europe.

The ESF claims to develop 'human capital to empower and support people' (European Commission, 2014c: 20). However, tackling marginalisation is principally understood as an activity focused on the (re-) employment and activation of marginalised groups (European Commission, 2013d). The centrality of work and training to the EU social inclusion strategy is demonstrable through the investment priorities and stated objectives

of the ESF. Importantly though, the ESF tends to focus on equipping EU citizens with the resources they need for the labour market as it currently functions, rather than supporting initiatives and measures capable of transforming the labour market in a ‘sustainable’ or ‘inclusive’ manner (e.g. European Commission, 2013g). Whilst there are many instances of EU-sponsored social innovations assisting and employing target groups, the ESF tends to focus on investments that help ‘Europe’s workforce adapt to the changing needs of the economy’ (European Commission, 2013c: 1). In line with the EU’s Social Investment Package, this strategy to tackling marginalisation centres on ‘re-training’, ‘re-skilling’ and ‘up-skilling’ disadvantaged, unemployed or young people (e.g. European Commission, 2015a). As such, funds to tackle marginalisation are principally used to facilitate the integration of individuals into the existing economic paradigm and system of production and consumption. Such an approach allows little institutional or cognitive space to accommodate or attend to the multiple goals and ends that a CA to public policy design demands.

The ESF aims to capitalise on innovative ideas, methods and services to enhance the efficacy of employment assistance and activation services by ‘promoting social entrepreneurship and vocational integration in social enterprises and the social and solidarity economy in order to facilitate access to employment’ (European Commission, 2013h: 475). Crucially though, social innovation is only recognised and supported at the implementation stage in ways that contribute towards the maintenance of broader socio-economic relations and dynamics. Whilst ESF-funded activities may be innovatively social in their means, by drawing on the experience, expertise and resources of actors and organisations engaged in social innovation, the activities and objectives funded are not always innovatively social in their ends. That is, the existing funding priorities currently limit the capacity for social innovation to significantly disrupt or alter ‘the process of social interactions’ that shape the European labour market (European Commission, 2013a). Social innovation may (and almost certainly does) occur as a result of the ESF. However, this is largely a by-product, rather than an explicit objective of operational programmes. This limitation is perhaps propagated by the lack of systematic evidence collected on how the funds are used to support social innovation (TEPSIE, 2014).

### ***EU Programme for Employment and Social Innovation***

The European Commission argues that ‘unemployment is the main cause of poverty for the working-age population’ (European Commission, 2010: 4). Invariably, this informs Europe 2020’s overall strategy for tackling marginalisation but also how the European Union views the role of social innovation in this process:

the fight against poverty and social exclusion needs to rely on growth and employment as well as on modern and effective social protection. Moreover,

innovative social protection intervention must be combined with a broad set of social policies including targeted education, social care, housing, health, reconciliation, and family policies, all areas where welfare systems have so far tended to intervene with residual programmes (European Commission, 2010: 5).

Compared to the ESF, the EU's Employment and Social Innovation Programme (EaSI) is a much smaller financing instrument designed to support employment creation, social policy and EU labour mobility.

The European Commission claims that 'the concept of social innovation, which has a special focus on youth, is at the heart of EaSI' (European Commission, 2013i: 7). The programme brings together three programmes of activity that were managed separately between 2007 and 2013. This integrated programme was originally going to be called the Programme for Social Change and Innovation, but was later renamed.

The 2015 EaSI work programme centres on a priority of 'getting more people into work and ensuring that workers have the skills they need to progress and adapt to the jobs of the future' (European Commission, 2015b: 3). Once again, this EU funding instrument appears to have focused on innovations that are more social in their means rather than in their ends. Supporting a broad range of labour market and social policy experimentation, the EaSI programme of activity tends to direct the majority of its resources towards innovations that proffer individual solutions, or mere strategies and tools, to cope with socio-structural dynamics. In doing so, EaSI measures fail to acknowledge the structural determinants of agency and outcome and the 'institutional, cultural and social embeddedness' of actors (Beckert, 2009: 264). As a result, publicly supported activities often fall short of allowing social innovation processes to be genuinely transformative.

The PROGRESS axis or the Programme for Employment and Social Solidarity is the EU's main instrument to promote welfare reforms through employment and social policy experimentation. Between 2014 and 2020, PROGRESS has committed between €10 and €14 million each year to test labour market policy innovations and social policy experimentation, looking at methods, processes and finances (European Commission, 2013i: 7). An annual work programme defines the funding priorities and activities supported by PROGRESS (European Commission, 2015b). From this, calls for tender and calls for proposals are issued and eligible organisations can then bid to contribute towards or lead on certain activities. These calls are open to a range of public and private bodies and networks at the local, regional, national and supranational level. The programme committee that develops and decides upon the calls for tender and proposals is made up of senior civil servants with responsibility for labour market and social policies in their respective EU members states. In this sense, innovation (social or otherwise) is only accommodated and supported in a way that reflects existing

institutional dominance through prevailing actor networks and field dynamics. The participation and incorporation of marginalised actors would help strengthen the capacity for social innovations to provide human-centred and effective interventions capable of tackling marginalisation. However, without the participation and empowerment of those individuals targeted by interventions, marginalised actors are unable to ‘gain resources from their position which they can use to influence institutions, network structures, and cognitive frames’ (Beckert, 2010: 606). This limits the potential for social innovations (as a means and end) to significantly disrupt socio-structural relations and power dynamics through an enrichment of individual capabilities and activation of personal agency.

The Microfinance and Social Entrepreneurship axis of EaSI has the potential to overcome this in a number of ways. The principle objective of the axis is to increase the availability of productive credit to ‘vulnerable groups’ and micro-enterprises as well as opening up access to finance for social enterprises. This axis builds upon the European Progress Microfinance Facility (EPMF) that will run alongside this until 2016. Launched in 2010, EPMF helps individuals that would otherwise struggle to obtain credit and provides them access to alternative forms of finance. This includes those currently unemployed and those who would normally have trouble securing credit as a result of their personal, social or environmental traits. The EPMF increases the availability of loans below €25,000 to

persons who have lost or are at risk of losing their job, or who have difficulties entering or re-entering the labour market, as well as persons who are facing the threat of social exclusion; or vulnerable persons who are in a disadvantaged position with regard to access to the conventional credit market (European Commission, 2014d: 50).

Since its inception, the EPMF has helped more than 20,000 entrepreneurs with loans and guarantees worth a total of €182 million (European Commission, 2014e: 9). Managed by the European Investment Fund, EPMF supports selected microcredit providers in the European Union to increase lending by issuing guarantees to share the burden and risk of non-payment. Micro-credit providers are able to set their own conditions for receipt of funds. Of those individuals that have gained access to microfinance through EPMF: 60 per cent were unemployed or inactive when they applied, 36 per cent were women and just below 6 per cent were aged under 25 (European Commission, 2014e: 9-10).

These measures have contributed towards job creation for those experiencing socio-economic and credit marginalisation. Importantly, self-employment and micro-enterprises contributing towards the social economy have been at the centre of these activities (European Commission, 2014d). In this capacity, EPMF has paid much greater attention to the participation and empowerment of marginalised groups as a means and

end of social innovation. Beyond opening up access to microfinance, the Microfinance and Social Entrepreneurship axis of EaSI will focus on capacity-building in microfinance institutions and the development and expansion of social enterprises (European Commission, 2013i). Between 2014 and 2020, a total of €92 million will support social entrepreneurs. Up to €500,000 will be available to a social enterprises, provided the annual turnover of the organisation is less than €30 million (European Commission, 2013i). Whilst these measures represent a much smaller investment in nominal terms, the Microfinance and Social Entrepreneurship axis of EaSI does engender an approach to tackling marginalisation that attends to the diverse endowments, value sets and capabilities of individuals. Indeed, it places these at the centre of socio-economic development and social innovation.

#### **4. Conclusions**

As a putative problem-solver that is particularly susceptible to modification and reinterpretation, social innovation is liable to conceptual, ethical and empirical slippage (Jenson, 2012). As illustrated in the case of the ESF and EaSI, an ostensible claim to be social or innovative does not necessarily count as such. There is a danger that ideals and descriptions are superimposed onto a phenomenon or initiative with markedly different origins and outcomes. Social innovation may be supported through policy instruments and agendas in ways that are neither recognised nor intended.

With this in mind, section three of this paper sought to interrogate, from a capabilities perspective, the differing ways in which EU social innovation policy is strategically articulated and then implemented with a view to tackling marginalisation. Taking ESF and EaSI as examples, it is clear that publicly-supported social innovation can become exposed to institutional capture whereby the concept and potential of social innovation is only accommodated and supported in a way that is strategically and financially valued by prevailing institutions, actor networks and cognitive frames. In light of this, the EC interpretation of social innovation and marginalisation is not necessarily, or even commonly, realised in practice through EU social innovation policy programmes and funding. In spite of the high-level definition endorsed by the European Commission, social innovation tends to be supported through EU policy instruments as a means towards the maintenance of prevailing institutions, networks and cognitive ends. This belies the transformative potential of social innovation emphasised in EU policy rhetoric and actually points to the reproduction of power structures in certain instances. Without specific and committed attention to the prevailing institutions, actor networks and cognitive frames that structure marginalisation, social innovation will continue to be expressed in terms of its means rather than its ends in EU policymaking processes.



In this instance, the ESF and EaSI exhibit an overall tendency to treat social innovation as a vehicle for promoting work integration and thereby tackling marginalisation. This is problematic because it assumes that work integration, or at least a move towards the evaluative and empirical ‘centre’, is the most effective strategy for tackling marginalisation (Wolff and De-Shalit 2007). Invariably, this neglects the multiple value sets and endowments of individuals. Equally, conflating labour market integration with social inclusion fails to address, or at the very least, problematize, the socio-structural dynamics and labour market processes from which social needs and societal challenges arise (Levitas, 1996). It assumes that tackling marginalisation is best achieved by integrating individuals and groups into the existing economy. As a result, political and cultural aspects receive a secondary status, and with it the capacity of citizens to reshape the economy in terms of their political and cultural ideals (Ferrero and Zepeda, 2014). While we have noted that at the level of cognitive framing the EU approach to marginalisation and social innovation is in many ways resonant with a CA-inspired approach to human development, we conclude that there is much less evidence for this in institutional practice. Rather, the conceptions here appear to be reduced to important, but nonetheless partial strategies for overcoming marginalisation i.e. work integration. In turn, the transformative potential of human development and social innovation as a genuine alternative (Moulaert et al. 2013) is reduced, and even at risk of being subverted entirely.

Publicly supported social innovations that seek to contribute towards the maintenance or consolidation of the institutional and cognitive centre are unlikely to effectively address marginalisation. In fact, measures designed to contribute towards this process are likely to have the converse effect. One strategy of displacing institutional dominance is to incorporate groups marginalised from multiple institutional and cognitive centres into the policy design and implementation process. As the capacity to participate and contribute towards this process depends on other capabilities, in particular economic ones, we also suggest that there is a need to focus on ‘secure capabilities’ and economic standing more generally (Wolff and De-Shalit 2013). However, we must leave the question of secure capabilities, their bearing on participation and the policies deemed necessary to foster a constructive relationship between the two to a future paper.

Displacing institutional dominance demands a commitment to the principle and practice of “bottom-up” policy development and implementation. Whilst traditional forms of stakeholder consultation and deliberation offer an opportunity to incorporate the views of beneficiaries into the policy-making process; such strategies tend to reflect dominant policy or political thinking in terms of their framing of social problems and the consequent range of policy solutions deemed appropriate. To address the social and economic challenges facing the European Union, Phillippe Van Parijs suggests that there

needs to be, inter alia, a thickening of EU civil society and an enrichment of the electoral institutions that foster the construction and defence of an EU-wide general interest (Van Parijs, 2006). Whilst of value, such an approach risks reproducing existing material and status hierarchies.

If social innovation is to effectively address marginalisation, there needs to be a more concerted attempt to privilege the interests and (re-)insert the voices of marginalised groups into civil society, electoral institutions and the policy-making process. This requires the introduction of methods that place those historically marginalised from the institutional and cognitive centre at the heart of the policymaking process. This may include, but is not limited to, public deliberation, co-production and participatory grass-roots action that enables marginalised groups to: identify and define social problems; co-design socio-economic and political solutions; and hold those at the institutional and cognitive centre to account for progress made. Such a strategy would incorporate multiple value sets into the policymaking process to promote social innovation that is grounded in the doings and beings that *all* individuals have reason to value.

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<sup>i</sup> Here we continue the discussion of marginalisation as a process as proposed in Chiappero and von Jacobi, 2015, 2.

<sup>ii</sup> Examples of studies that have treated different social and environmental factors, crucial for human development are Bourdieu, 1984, Acemoglu et al. 2002, Pierson, 2004, including from a CA view, Longshore Smith and Seward, 2009; for an overview see von Jacobi, 2014a.

<sup>iii</sup> For an in-depth treatment of conversion factors and the conversion process, see Sen, 1987; Kuklys, 2005; Chiappero and Salardi, 2008; Binder and Broekel, 2011; von Jacobi, 2014b.

<sup>iv</sup> to pay their rent, mortgage or utility bills; to keep their home adequately warm; to face unexpected expenses; to eat meat or proteins regularly; to go on holiday; own a television set; a washing machine; a car; and a telephone.