Social Innovation and Territorial Development

Edited by

DIANA MacCALLUM
Griffith University, Australia

FRANK MOULAERT
Katholieke Universiteit Leuven, Belgium

JEAN HILLIER
University of Newcastle upon Tyne, UK

SERENA VICARI HADDOCK
University of Milan – Bicocca, Italy

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Chapter 1
Social Innovation: Institutionally Embedded, Territorially (Re)Produced
Frank Moulaert

Introduction

‘Social innovation’ is a concept significant in scientific research, business administration, public debate and ethical controversy. As we will see in the next section, the term is not new, especially in the scientific world. But it has returned to prominence in the last 15 years, after a period of neglect. It is used in ideological and theoretical debates about the nature and role of innovation in contemporary society (Hillier et al. 2004), either to confront mainstream concepts of technological and organizational innovation, or as a conceptual extension of the innovative character of socio-economic development. That is, the concept enlarges the economic and technological reading of the role of innovation in development to encompass a more comprehensive societal transformation of human relations and practices (Moulaert and Nussbaumer 2008).

A variety of life-spheres and academic disciplines have taken on board the concept of social innovation. To begin with, social innovation is a hot topic in business administration where it refers to two new foci. The first one gives more attention to the social character of the firm: the firm as a network of social relations and as a community in which technological and administrative changes are just one part of the innovation picture, the institutional and social being of at least equal importance. To put it more strongly: the business administration literature increasingly stresses how many technological innovations fail if they are not integrated into a broader perspective in which changes in social relations within, but also embedding, the firm play a key role. If this sounds like the ultimate form of capitalism, that is, the commodification of all social relations within and across firms, it also refers to a second concern, which is to let firms play a more active social role in society – discursive or real. This sought-for social role often reflects a pure marketing strategy in the sense of ‘make the firm look more socially responsible so as to sell better’; but it can also stand for a real alternative, ranging from a diversity of ‘Corporate Social Responsibility’ initiatives to the establishment of new units or subsidiaries that are fully active in the social economy, or/and have resolutely opted for ecologically and socially sustainable outputs and production models (Moulaert and Nussbaumer 2008). But social innovation is not only back on stage in business administration, it is the driving
force of many NGOs, a structuring principle of social economy organizations, a bridge between emancipating collective arts initiatives and the transformation of social relations in human communities.

This edited volume is about social innovation and territorial development. It focuses on social innovation not only within a spatial context, but also as ‘transformer’ of spatial relations. It defines social innovation as the satisfaction of alienated human needs through the transformation of social relations: transformations which ‘improve’ the governance systems that guide and regulate the allocation of goods and services meant to satisfy those needs, and which establish new governance structures and organizations (discussion fora, political decision-making systems, firms, interfaces, allocation systems, and so on). Territorially speaking, this means that social innovation involves, among others, the transformation of social relations in space, the reproduction of place-bound and spatially exchanged identities and culture, and the establishment of place-based and scale-related governance structures. This also means that social innovation is quite often either locally or regionally specific, or/and spatially negotiated between agents and institutions that have a strong territorial affiliation.

Before focusing, in the third section of this chapter, on social innovation in and through space, I first adopt a more historical perspective and examine how the concept of social innovation has been present in academic literature since the beginning of the twentieth century, and even before.

**Historic Antecedents of the Theory and Practice of Social Innovation**

The concept of social innovation is not new. As far back as the eighteenth century, Benjamin Franklin evoked social innovation in proposing minor modifications within the social organization of communities (Mumford 2002), and in 1893, Emile Durkheim highlighted the importance of social regulation in the development of the division of labour which accompanies technical change. Technical change itself can only be understood within the framework of an innovation or renovation of the social order to which it is relevant. At the start of the twentieth century, Max Weber demonstrated the power of rationalization in his work on the capitalist system. He examined the relationship between social order and innovation, a theme which was revisited by philosophers in the 1960s. Amongst other things, he affirmed that changes in living conditions are not the only determinants of social change. Individuals who introduce a behaviour variant, often initially considered deviant, can exert a decisive influence; if the new behaviour spreads and develops, it can become established social usage. In the 1930s, Joseph Schumpeter considered social innovation as structural change in the organization of society, or within the network of organizational forms of enterprise or business. Schumpeter’s theory of innovation went far beyond the usual economic logic, and appealed to an ensemble of sociologies (cultural, artistic, economic, political, and so on), which he sought
to integrate into a comprehensive social theory that would allow the analysis of both development and innovation.

Finally, in the 1970s, the French intellectuals of the ‘Temps des Cerises’ organized a debate of wide social and political significance on the transformation of society, and on the role of the revolts by students, intellectuals and workers. At the same time, a major part of the debate was echoed in the columns of the journal *Autrement*, with contributions from such prominent figures as Pierre Rosanvallon, Jacques Fournier and Jacques Attali. In their book on social innovation, *Que sais-je?*, Chambon, David and Devevey (1982) build on most of the issues highlighted in this debate. This 128-page book remains the most complete ‘open’ synthesis on the subject of social innovation to this day. In brief, the authors examine the relationship between social innovation and the pressures bound up within societal changes, and show how the mechanisms of crisis and recovery both provoke and accelerate social innovation. Another link established by Chambon et al. concerns social needs and the needs of the individual, individually or collectively revealed. In practice, social innovation signifies satisfaction of specific needs thanks to collective initiative, which is not synonymous with state intervention. According to Chambon et al., in effect the state can act, at one and the same time, as a barrier to social innovation and as an arena of social interaction provoking social innovation from within the spheres of state or market. Finally, these authors stress that social innovation can occur in different communities and at various spatial scales, but is conditional on processes of consciousness raising, mobilization and learning.

The authors cited up to this point cover the most significant dimensions of social innovation. Franklin refers to ‘one-off’ innovation in a specific context; Weber and Durkheim emphasize changes in social relations or in social organization within political and economic communities; Schumpeter focuses on the relationship between development and innovation where strong technical economic innovation is considered of prime importance and where the entrepreneur is viewed as a leader who, despite facing many difficulties, is able to introduce innovation into modes of societal organization. Most of these highlight the importance of social innovation within diverse types of institutions and institutional dynamics (such as public administration, world politics, enterprise, local communities, intergroup or community relations). Finally, Chambon et al. add to these dimensions by introducing the relationships between social needs and their individuation, societal change, and the role of the state. They thus offer a fuller picture of social innovation which provides a platform for global discussion on this theme.

Today’s return to social innovation as a theme for research and as a principle structuring collective action is not at odds with the ‘founding writings’ described above. In tune with Schumpeter’s work, in contemporary business literature, social innovation shows itself through the activities of the innovating entrepreneur who alters the social linkages at the core of the enterprise, to improve its functioning, to transform it into a social undertaking or to introduce a social rationale (for example see Manoury 2002, 5). Schumpeter and Weber are cited regularly by authors seeking to legitimize social transformation in organizational structures, in
both business and public administration, where principles of social innovation are actively applied (for a survey see Moulaert and Nussbaumer 2008, Chapter 3).

Following on from the re-reading of the works of Benjamin Franklin, who perceived social innovation as the solution to specific life problems (Mumford 2002), and of the foundational writings of sociology, social innovation today can also be rediscovered within the artistic world, in which society and its structures can be creatively rethought. In effect, the arts re-invent themselves as sociology, as in the ‘Sociologist as an Artist’ approach, which underlines the importance of sociology as the science of innovation in society (Du Bois and Wright 2001). Finally, ‘the return of social innovation’, both in scientific literature and political practice, is demonstrated by the use of the concept as an alternative to the logic of the market, and to the generalized privatization movement that affects most systems of economic allocation; it is expressed in terms of solidarity and reciprocity (Liénard 2001; Nyssens 2000; Moulaert and Nussbaumer 2005b).

Social Innovation in Contemporary Social Science

In contemporary social science, there is growing interest in the idea of social innovation. I have singled out four spheres, or approaches, utilizing the concept which I present briefly here.

The first sphere is that of management science and its potential to share themes with other social science disciplines. For instance, within social science literature, authors emphasize opportunities for improving social capital which would allow economic organizations either to function better or to change; this would produce positive effects on social innovation in both the profit and non-profit sectors. This emphasis on and reinterpretation of social capital, which has also been taken on board in management science, would include economic aspects of human development, an ethical and stable entrepreneurial culture, and so forth, and thus facilitate the integration of broader economic agendas, such as those which advocate strong ethical norms (fair business practices, respect for workers’ rights) or models of stable reproduction of societal norms (justice, solidarity, cooperation and so on) within the very core of the various entrepreneurial communities. However, the price paid for this sharing of the social capital concept across disciplines is that it has become highly ambiguous, and its analytical relevance is increasingly questioned (Moulaert and Nussbaumer 2005b).

The second sphere arises from the fields of arts and creativity. It encompasses the role of social innovation in social and intellectual creation. Michael Mumford unlocks this idea in a paper which defines social innovation as:

l’émérgence et la mise en œuvre d’idées nouvelles sur la manière dont les individus devraient organiser les activités interpersonnelles ou les interactions sociales afin de dégager un ou plusieurs objectifs communs. Au même titre que
Mumford, author of several articles on social innovation in the sphere of arts and creativity, posits a range of innovations from the ‘macro-innovations’ of Martin Luther King, Henry Ford or Karl Marx to ‘micro-innovations’ such as new procedures to promote cooperative working practices, the introduction of new core social practices within a group or the development of new business practices (2002, 253). Mumford presents his own view of social innovation employing three main ‘lines of work’: the life history of notable people whose contributions were primarily in the social or political arena; the identification of capacities leaders must possess to solve organizational problems; the development, introduction and adaptation of innovations in industrial organizations. He then applies a mixed reading along these three lines to an examination of the work of Benjamin Franklin and arrives at a definition that parallels and shows synergies within the approach of the ‘Sociologist as an Artist’.

The third sphere concerns social innovation in territorial development. Moulaert (2000) stresses local development problems in the context of European towns: the diffusion of skills and experience amongst the various sectors involved in the formation of urban and local development policies; the lack of integration between the spatial levels; and, above all, neglect of the needs of deprived groups within urban society. To overcome these difficulties, Laville et al. (1994) and Favreau and Lévesque (1999) put forward neighbourhood and community development models. Moulaert and his partners in the IAD project have suggested organizing neighbourhood development along the lines of the Integrated Area Development approach, (the Développement Territorial Intégré) which brings together the various spheres of social development and the roles of the principal actors by structuring them around the principle of social innovation. This principle links the satisfaction of human needs to innovation in the social relationships of governance. In particular, it underlines the role of socio-political capacity (or incapacity) and access to the necessary resources in achieving the satisfaction of human needs; this is understood to require participation in political decision making within structures that previously have often been alienating, if not oppressive (Moulaert et al. 2007). A similar approach has been proposed for regional development policy: the ‘Social Region’ model offers an alternative to the market logic of Territorial Innovation Models (TIM; see Moulaert and Sekia 2003), replacing it with a community logic of social innovation (Moulaert and Nussbaumer 2005a).

The fourth sphere in which social innovation is the order of the day is that of political science and public administration. Criticisms of the hierarchical character
of political and bureaucratic decision making systems are well known and are at the root of new proposals concerned with change in the political system and, above all, in the system of public administration. Several approaches or initiatives have been developed: the use of territorial decentralization (regionalization, enlarging the power and competence base of localities) in order to promote citizen access to governance and government; an increase in the transparency of public administration; the democratization of administrative systems by promoting horizontal communication; a reduction in the number of bureaucratic layers. All are designed to give more control and influence to both users and other ‘stakeholders’ (Swyngedouw 2005; Novy and Leubolt 2005).

Social Innovation and Territorial Development

Social innovation analysis and practice have devoted particular attention to the local and regional territory. In Western Europe, but also in other ‘post-industrial’ world regions like North America and Latin America, urban neighbourhoods have been the privileged spatial focus of territorial development based on social innovation. There are many explanations for this focus. First, there is the high tangibility of decline and restructuring in urban neighbourhoods: plant closure in the neighbourhood or within its vicinity erodes the local job market; high density of low-income social groups manifests in spending behaviour and social interaction; lived experience of the consequences of physical and biotopical decline affects community life, and so on. Because of spatial concentration, in general, the social relations, governance dynamics and agents ‘responsible for’ the decline are more easily identifiable in urban neighbourhoods than in lower density areas or at higher spatial scales. Proximity feeds depression, fatalism, localized déjà-vus, and so on. But, second, spatial density simultaneously works as a catalyst for revealing alternatives, however meagre they may be; urban neighbourhoods spatially showcase the cracks of hope in the system (to paraphrase CityMine(d) which uses the term KRAX, or urban ruptures or crack lines – see KRAX Journadas n.d.). Their proximity to the institutional and economic arenas underscores the ambiguity of these neighbourhoods: they are both hearths of doom – they could not avoid or even ‘architecture’ the decline – and ambits of hope – these arenas of dense human interaction show and often become loci of new types of social relations and drivers of alternative agendas.

The ambiguity of the status of local territories as breeding grounds of socially innovative development is well known in the literature. On the one hand these territories very often have lived long histories of ‘disintegration’: being cut off from prosperous economic dynamics, fragmentation of local social capital, breakdown of traditional and often beneficial professional relations, loss of quality of policy delivery systems, and so on. In this context Moulaert and Leontidou (1995) have called such areas disintegrated areas (see also Moulaert 2000). On the other hand, several of these areas have been hosts for dynamic populations and
creative migration flows which have been instrumental in (partly) revalorizing social, institutional, artistic and professional assets from the past, discovering new assets and networking these into flights towards the future. In this sense, there is an artificial split within the local community-based development literature between the more traditional ‘needs satisfaction’, ‘problem solving’ approach, and the more diversity-based, future-oriented community development approach which looks in particular at the identification of aspirations, strengths and assets of communities to move into a future of hope (see Chapter 2, by Gibson-Graham and Roelvink, in this book; Kretzmann and McKnight 1993).

A thesis defended throughout the chapters in this book is that needs satisfaction and assets for development approaches cannot be separated, either for the purpose of analysing local socio-economic development trajectories of the past, or for the construction of alternatives for the present and future. The philosophy of the Integrated Area Development approach is based on the satisfaction of basic needs in ways that reflect not only the alienation and deprivation of the past, but also the aspirations of the new future. This satisfaction should be effectuated by the combination of several processes:

- the revealing of needs, and of potentials to meet them, by social movements and institutional dynamics – within and outside the state sphere, with a focus, but a non-exclusive focus, on the local scale;
- the integration of groups of deprived citizens into the labour market and the local social economy production systems (referring to activities such as housing construction, ecological production activities, social services);
- education and professional training leading to integration into the labour market, but also to more active participation in consultation and decision making on the future of the territory. The institutional dynamics should continually enrich local democracy, the relations with the local authorities and the other public as well as private partners situated outside the locality but taking part in the local development. The local community could in this way seek to regain control of its own governance, and put its own movements and assets at the heart of this process of renaissance (Martens and Vervaeke 1997; Mayer forthcoming; García 2006).

Looking more closely at how the above processes are materialized, Integrated Area Development is socially innovative in at least two senses. First of all, from a sociological perspective, IAD involves innovation in the relations between individuals as well as within and among groups. The organization of groups and communities, the building of communication channels between privileged and disfavoured citizens within urban society, the creation of a people’s democracy at the local level (neighbourhood, small communities, groups of homeless or long term unemployed, and so on) are factors of innovation in social relations. Governance relations are a part of the social relations of Integrated Area Development; without transformation of institutions and practices of governance, it becomes more or less
impossible to overcome the fractures caused by different disintegration factors within communities and their local territories (Garcia 2006; LeGalès 2002).

The second meaning of social innovation within IAD reinforces the first: it evokes the ‘social’ of the social economy and social work (Amin et al. 1999). The challenge here is to meet the fundamental needs of groups of citizens deprived (démunis) of a minimum income, of access to quality education and other benefits of an economy from which their community has been excluded. There are different opinions on the nature of fundamental or basic needs, but a consensus is developing that a contextual definition is needed, according to which the reference ‘basket’ of basic needs depends on the state of development of the national/regional economy to which a locality belongs. ‘State of development’ here refers to the income per capita, the distribution of income and wealth and the cultural dynamics and norms determining so-called secondary needs.

The combination of these two readings of social innovation stresses the importance of creating ‘bottom-up’ institutions for participation and decision-making, as well as for production and allocation of goods and services (see Figure 1.1). The mobilization of political forces which will be capable of promoting integrated development is based on the empowerment of citizens deprived of essential material goods and services, and of social and political rights. Such a mobilization should involve a needs-revealing process different from that of the market, which reveals only necessities expressed through a demand backed up by purchasing power – the only demand that is recognized in orthodox economics. In a decently working Welfare State/economy persons and groups without sufficient purchasing power could address themselves to the existing systems of social assistance and welfare for the satisfaction of their needs. But these sources of goods and services are often downsized by the austerity policy of the neoliberal state or by the dominance of allocation criteria based on individual merits; they therefore do not always provide an acceptable level or quality.

Experiences of alternative territorial development, inspired and/or steered by socially innovative agencies and processes, unveil different aspects of the double definition of social innovation at the level of cities and urban neighbourhoods. Professional training targets the reintegration of unemployed into the regular labour market but also into new production initiatives in the construction sector, the consumption goods sector, ecological production activities, and so on (Community Development Foundation 1992). In many localities, new networks for production, training and neighbourhood governance are being explicitly constructed (Jacquier 1991; OECD-OCDE 1998; Favreau and Levesque 1999; Fontan et al. 2004; Drewe et al. 2008). But to achieve the ambitions of Integrated Area Development, the different pillars of IAD (territorially based needs satisfaction, innovation in social relations and socio-political empowerment) should be effectively materialized and connected. Far from seeking to impose an ‘integral integration’, connecting all the theoretical constituents of the approach, we consider territorial development projects as integrated when at least two ‘sectors’ (sectors of materialized IAD pillars are: training and education, labour market, employment and local production) are linked
and when an active governance (reproduced through community empowerment and institutional dynamics) steers or feeds this connection (Moulaert 2000). Socially innovative governance in IAD has as an objective the democratization of local development, through activating local politics and policy-making, simplifying the functioning of institutions and attributing a more significant role to local populations and social movements (Novy and Leubolt 2005). The empowerment of the local population is primordial to democratic governance and the building of connections between the sections of the local system. It is, in the first place, implemented by jointly designed procedures of consultation and shared decision making about the needs to be revealed and met, and about the assets that could be put on track to this end.

Figure 1.1  Social innovation and integrated area development

Source: Based on Moulaert et al. (2000).

The Social Relations of Territorial Community Development

There exist many different orientations for strategies of social innovation at the level of neighbourhoods and localities (cultural, technological, artistic, artisanal; and equitable provision of 'proximity services' – see City 2004; André et al. Chapter 9 in this book). This book (especially the second part) focuses on
territorially integrated experiences or projects that combine various initiatives built on forces that are socially organized at diverse but articulated spatial scales, with the purpose of satisfying the existential needs of inhabitants, and in the first place those inhabitants deprived of resources. The rich diversity of research into such initiatives allows exploration of the relationship between path dependence, the present and the future of neighbourhoods, as well as between the analysis of and the strategies for territorial and community development. These relationships are difficult and refer as much to the problems raised by the (structural, institutional) determinants stemming from socioeconomic history as from the potential conflicts and opportunities that the confrontation of ‘past’ and ‘future’ as well as ‘here’ and ‘elsewhere’ can generate. In this respect, the analysis of path dependency as embedded in territorial development helps to avoid a deterministic reading of both the past and the structural–institutional context in which territorial and community development (should) take(s) place.

Thus considered, the ‘va et vient’ between lived development and pro-active development, has generated a number of observations on the nexus of social relations and territorial development:

- The social relations of territorial development are not legible in general terms, but require an explication of the nature of development, the type of socio-political development, the nature of the strategic actors and the relationships with the territory – in all its social, political, economic, etc. dimensions.
- The same holds for the analysis of social capital within territorial social relations, where one should avoid at any price an instrumental interpretation. Social capital is socially embedded – and this is not a tautological observation but rather a confirmation of the fragmented nature of social relations and their links with the economic, cultural and symbolic capital of individuals and groups that belong to specific social communities (Moulaert and Nussbaumer 2005b). From this viewpoint, social innovation means not only the (re)production of social capital(s) in view of the implementation of development agendas, but also their protection from fragmentation/segmentation, and the valorization of their territorial and communal specificity through the organization and mobilization of excluded or disfavoured groups and territories.

I conclude that social innovation in territorial development must be addressed through a detailed analysis of how social and territorial logics interact with each other. In Lefebvrian terms (1991 [1974]) one should indeed devote reflection to the following questions:

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1 See also the work of Christian Jacquier, Jean-Louis Laville, Juan-Luis Klein, J.K. Gibson-Graham, Frank Moulaert, Pavlos Delladetsima, Serena Vicari Haddock, Jean-Cédric Delvainquière, Christophe Demazière and the EU project SINGOCOM (n.d.).
• How does social innovation relate to the social production of space?
• Should it only be interpreted in terms of production (and production of perceived space) or is it also part of conceived and lived space?

Within much of the literature, social innovation in its territorial dynamics is expressed in terms of the representation of space, or even of spatial practice. But in reality its materialization depends significantly on its relations with the lived space and its perception; in fact it is this lived space that will produce the images and the symbols to develop a new language, and the imagineering tools to conceptualize a future social space.

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