

EUROPEAN POLICY BRIEF

SOCIAL INNOVATION IN EMPLOYMENT



This policy brief on Social Innovation of Employment informs on an inventory of challenges and policy recommendations based on the Case Study Report of Employment and on the Second Policy Foresight Workshop of Employment. A 'paradigm shift' is needed in the mind-set of policymakers. 'Traditional' employment strategies for youth employment and vulnerable groups are underusing how social innovation could help, and how it can bring new actors at the stage. Social entrepreneurship creates jobs and provides experience but it has a bad image and remains underused. Workplace innovation can improve employability and sustainable jobs but it not fully recognised as a useful social innovation to alleviate employment issues. Policymakers must 'open their eyes' and help create the infrastructure for social innovations: a 'social innovation friendly environment'.

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INTRODUCTION

The 2016 Policy Brief reported that, in the field of employment, the term social innovation is not regularly applied. Employment is a policy topic that is being dealt with by the 'expected agents to a large extent: politicians, policy makers, employers' organisations, unions, dedicated governmental organisations, educational, social economy entities, and social insurance institutions, etc. Seeing social innovation, in SI-DRIVE, as largely a bottom up movement that inspires communities and organisations to help solving social issues, it can be observed that the term is hardly used in this policy domain. To push social innovation forward as a means to improve employment issues thus remains a big challenge.

While unemployment figures dropped significantly due to the economic recovery since 2015, the chances for employment are still precarious for elderly, handicapped and migrants among other vulnerable collectives. Furthermore, youth unemployment is a persistent issue in Southern and Eastern parts of Europe. European policies focus on modernizing and improving the performance of public employment services, and improving mobility across Europe. New challenges emerge on European labour markets as a consequence of the Fourth Industrial Revolution, which is characterized by a range of new technologies that are fusing the physical, digital and biological

worlds, impacting all economies and industries. Whilst new technologies create new jobs, for example in the IT branch, there is also a threat that digitisation, robotics and automation may vanish the work of the lower and middle skilled employees. Due the expectation that especially the middle range of jobs is conducive to be taken over by computers, software and machines, the polarisation trend which already exists in many countries is expected to intensify. Displacement effects are likely to appear, implying that middle and higher skilled employees take over the jobs of the lower educated workers and pushing them out of the labour market. The challenge for social innovation is not only to formulate answers against the loss of the quantity of jobs but also to respond to the loss of the quality of jobs, as the Fourth Industrialisation may come together with more standardisation and less decision latitude in jobs ('digital Taylorisation'). The impact of technology will also affect a large proportion of tasks and will require a different skillset of the workforce ('21st century skills').

EVIDENCE AND ANALYSIS

The global mapping of social innovation resulted in 136 cases of Employment. More than half of the number of these cases of social innovation initiatives dealt with 'job search support & matching' and 'training and education'. Analysing all cases lead to the identification of three practice fields, namely **youth unemployment & other vulnerable groups** (comprising the 'job search support & matching' and 'training and education' cases), **social entrepreneurship & self-creating opportunities** (like self-employment), and **workplace innovation & working conditions**.

The **case study research** (based on a selection of ten out of these 136 cases) revealed that the practice field of **youth employment** is strongly related to traditional policy makers and employment organisations that already were in place before the term social innovation was starting to get used. Social innovation initiatives in this practice field seem to partly replace the role and responsibility of public policy and the state. Initiators, such as foundations and individuals, for example organize training and job experience. They are often supported by funding from local or international programmes. But their sustainability and upscaling is limited once their program ends. Moreover, the practice field is highly heterogeneous and scattered.

The practice field of **social entrepreneurship** is represented by individuals or organisations who want to combat a social issue, for example by helping others in creating jobs and training persons to enhance their competencies. The chances for sustainability are slightly positive as long as the business case of their social innovation is economically viable, but upscaling is often not likely to occur. Social entrepreneurship and self-creating opportunities are becoming a new normal for participants in the platform economy and on the Internet. Successful social entrepreneurs and self-employed persons however are therefore not unemployed, and, besides, they are often well educated. It also shows that public policy plays a limited role here, apart from funding start-ups and providing expertise and training for entrepreneurs. Some countries, particularly examples outside the EU strongly support social entrepreneuring when it aligns with their governmental goals and when public policies in that particular field are underdeveloped.

The practice field of **workplace innovation** and working conditions is different, and mostly an affair of organisations, employers and managers. This means that employment policymakers and employment organisations hardly have any relation with this practice field. Workplace innovation is initiated by organisations in order to improve their performance and their job quality; engagement and involvement of employees is crucial for success. Improving working conditions is a related topic, often driven by legal obligations to at least guarantee minimum levels of proper working environments. Sustainability of work in the case of workplace innovation is rather positive because employees, and often unions or work councils, participate in their implementation. Scaling is however not in the interest of individual organisations and competition between organisations can be a barrier for cooperation. On the other hand, organisations want to show their good practices to attract employees and to get positive publicity in general, whereas other organisations want to imitate the well performing organisations. Therefore, good workplace innovation examples get exposure in the media.

The case study analysis suggests that youth employment and social entrepreneurship imply shifting social security tasks from public policy responsibility to private and civilian initiatives when we look at the social innovation projects and initiatives; for workplace innovation the initiative has

always been with profit and non-profit organisations and not with public bodies. At a higher level, the **comparative analysis** of the 136 cases reveals a dominant role for public bodies in the employment domain. At the same time it appears that people ('individuals, networks and groups') are the main driver to lift off social innovation initiatives. But in order to sustain and scale up, these initiatives lack institutions and a solid eco-system, as youth employment stays entangled in 'old institutions', social entrepreneurship remains highly an affair of charismatic go-getters, and workplace innovation solutions remain hidden behind company walls for the sake of market competition. Eco-systems for social innovation lack market incentives; and what's more, compared to technological eco-systems, the social innovation partnerships and communities see a underrepresentation of universities. Thus, the absorption of cutting edge knowledge to drive innovation is a scarce asset. These limitations of the infrastructure make it hard to create social innovation friendly environments. This is where policy can step in.

POLICY IMPLICATIONS AND RECOMMENDATIONS

In a **second round of foresight and policy workshops** the implications for policy were discussed. Contrary to the outcome in the first round of workshops in 2015, when it was stated that a major issue for policy should be the question about **scaling of social innovation**, it was now stressed that social innovation should mainly focus more on **public value than on economic value**, implying for example that people can enhance their employability and labour market opportunities. **A main message is that, while the term social innovation becomes more applied in the employment domain, the mindset of policy makers should be changed into making better use of what social innovation really has to offer.** Scaling could have advantages as social innovations can get 'contagious', which means that they will be copied if they are working well. Apart from that, social innovations can have beneficial side-effects related to other policy domains, such as poverty, education, housing, economic consumer behaviour, etc. But, respondents of the workshops indicated that social innovations are heterogeneous and scattered, so that contagion would not progress very fast, therefore they emphasized the importance of public value. The main recommendations are:

- In general: more dissemination, networking and learning is crucial to really understand and experience that social innovation can help solve employment-related issues, such as getting a job, supporting job seekers, and improving competencies and employability of job seekers and employees alike.
- Youth employment: focus on the participation of unemployed people in not only paid work but also activities that improve their qualifications and experience; policy makers and employment organisations should get convinced that social innovation can help solving their employment issues.
- Social entrepreneurship (SE): stimulate SE as a means to solve employment issues by a focus on its public value through education and attractive financial schemes and taxes.
- Workplace innovation: while this is mainly a matter of individual organisations to undertake action, policy making could strengthen the role of intermediaries and disseminate good practices. Although not mentioned in the workshop it is advisable to include workplace innovation and social innovation as elements of policies of technological and business innovation.

The next table summarises the outcome of the workshop with international experts in social innovation of employment.

Table: Main results policy and foresight workshop on social innovation of employment

	Youth unemployment (& other vulnerable groups)	Social entrepreneurship (SE) (& self-creating opportunities)	Workplace innovation (WPI) (& working conditions)
Main challenge, goals, ambition	-participation via jobs and other activities, social cohesion, equality for all -redistribution of work/jobs (shorter working weeks)	-use SE for solving social problems -let SE grow and scale up -SE is seen as a possible solution to improve	-inclusive companies (social, environmental); sustainable, no unneeded hierarchy -no more front runner syndrome (WPI is more than

	<ul style="list-style-type: none"> -rebalance of power to give vulnerable groups voice (paradigm shift) -let people improve their skills in all possible ways 	<ul style="list-style-type: none"> employment -Support SE to grow and scale up; 	<ul style="list-style-type: none"> being in competition), less polarisation -more room for cooperation, experimentation, bosses as facilitators -more engaged employees and good quality jobs
Crucial barriers to overcome and drivers	<ul style="list-style-type: none"> -accept that there will be no full employment- need for mobility and refugee crisis (competition for jobs) across Europe -tension between value-creation and public value -vulnerable groups are badly presented by politics -social innovators are in conflict with rules and regulations 	<ul style="list-style-type: none"> -SE has a negative image as 'not real'; improve the image of SE -'scammers' that abuse SE to make quick wins -unclear legal and fiscal barriers between social enterprise, social entrepreneurship, civil society initiatives -limited funding leads to unwanted competition and hinders start-ups and sustaining growth (scaling) -start-ups cannot learn from failures due to lack of systematic learning 	<ul style="list-style-type: none"> -Insufficient knowledge and proof about good practices -competition and unwillingness to share knowledge between companies -dilemma between WPI (when efficiency driven) and employment creation (too strong focus on efficiency gains)
Leverage factor for policy	<ul style="list-style-type: none"> -create social innovators network as advisory body -intersectoral cooperation to avoid policy silos -change perception of SI by both public and policy makers -build an infrastructure, institutionalisation, regulate the field, create funding, build an ecosystem -improve ways in finding jobs, and the functioning of employment organisations -reform platform, circular or collaborative economy to help to include the 'outsiders' -stimulate experimentation with SI 	<ul style="list-style-type: none"> -consider to use part of private companies profit to grow SE (CSR, taxes) -improve SE by legislation, taxes -improve SE image via education, dissemination of good examples, quantify the benefits 	<ul style="list-style-type: none"> -support and empower intermediaries and social innovators who mediate between business / corporations and knowledge institutes / universities -disseminate good practices and enhance awareness and knowledge -develop ways to stimulate WPI, particularly bottom-up -stress the combination of economic welfare and social well-being

From the table it is clear that policy makers have different options regarding the three practice fields of employment. Despite the fact that the practice field of youth employment is closest to existing employment policies, stakeholders and employment organisations, quite a paradigm shift is needed to make the target groups, i.e., the vulnerable groups, participate better in their own interest. This requires a disruptive shift because at present policy makers are among the ones whose perception about social innovation and its usefulness for employment should be altered. If they succeed in doing this and realise why social innovation has much potential, they could stimulate creating networks and cooperation to spread the word. But above all a social innovation friendly environment is needed through the built up of an infrastructure and regulated field.

A rather bad image is also affecting social entrepreneurship (SE). In this case, not from the side of policymakers but among companies and entrepreneurs, SE can help solve societal problems in new ways, and policy makers can help to popularize SE. In addition they could support SE by forms of taxation, legislation and make SE part of corporate social responsibility outcomes. Educating people is a final recommendation to improve the image of SE.

While workplace innovation (WPI) may stand at a distance from policy makers in the field of employment, it is the practice field that could enhance inclusiveness and cohesion perhaps the most. Policymakers from different domains (e.g. social and economic policy together) can stimulate WPI and support the intermediaries who help organisations to develop and implement WPI. Relatively little is known about what good WPI stands for and how it enhances the quality of employment, therefore knowledge dissemination is important as well. Policy makers should mostly stimulate WPI and ensure that organisations will create good quality jobs. This strengthens social cohesion eventually.

Policy makers operate in different regions of the world, and of course what works in one region may not work in another. Therefore policy recommendations must be aligned to the socio-economic and political-historic contexts of countries and regions. Experts in the workshop

suggested for EU Member States, that policy makers could take into account the importance to involve end-users in policy making and create space for learning and experimentation. Funding could be connected to results being achieved (performance budgeting) and technological innovation subsidizing could be made compulsory to include a social innovation paragraph or an employment quality certificate.

The situation for new and candidate EU Member States is different as they encounter historically different path dependencies. Experts propose a more rational and pragmatic approach in this region, that is based on performance based funding and that stimulates entrepreneurship. Although cocreation with vulnerable groups is recommended as well, as in the EU Member States, compensating mechanisms for vulnerable groups should be in place too. Finally private companies should be urged to reinvest a larger part of profits in national projects and build multi-stakeholder platforms.

For Non-EU countries (in our case study Russia, China and Turkey) social innovation is a way to survive in an economy that is already much an informal one, or one where a social security system is not well developed. Because social innovation and social entrepreneurship have a relatively low status policy making could focus on knowledge building and creating awareness about SI and SE, support a sense of corporate social responsibility and use tax instruments to stimulate the desired behaviour by entrepreneurs and corporations.

Conclusions

As concluded two years ago, social innovation of employment is still “too much employment policy”. But we know more about social innovation today than in 2014-2015. The practice fields are highly heterogeneous and cases are not much connected. Learning from one another by social innovators and scaling these social innovations seems underrepresented. The usefulness of social innovation for solving employment issues seems not well recognized by policy makers. Yet there are many, many activities labelling themselves as a social innovation (more than in 2014-15). From the perspective of policymaking it can be observed that in the field of employment formerly ‘traditional’ public tasks in employment services are being shifted to, for example, foundations and social entrepreneurs who provide training and job experience for job seekers. In the practice field of workplace innovation corporations keep the initiative to themselves.

The decline of the welfare state leaves a void to be filled by SI initiators regards the practice field of youth employment and vulnerable groups. In the practice field of social enterprises the self-propelling power of socially responsible entrepreneurs and self-employed persons can be observed. In developed EU Member States they do not meet much support. But outside Europe social entrepreneurs get institutional support from governments (RU, CH) when what they do is in line with governmental socio-economic objectives. For the practice field of workplace innovation, more dominant in developed EU Member States than elsewhere, the companies in these advanced economies better understand the crucial role of human talent and a social responsible attitude to worker engagement. For all three practice fields it seems safe to conclude that most SI initiatives are scattered, unconnected, isolated and not articulated as a social movement (i.e., no disruptive but yet significant social change). This situation, however, asks for new governance structures that enable the balancing of those shifting social risks from public policy makers to individuals, communities, entrepreneurs and non-public organisations. Is there a task for public policy making to make those agents more resilient? The experts in the workshop recommend that policy makers pay attention to improving the image and knowledge about SI and SE, that they provide infrastructural and institutional support, and that social innovators and target groups become empowered; in addition they state that policy makers should value public value as least as high as economic value to stimulate a balance between economic welfare and social well-being.

RESEARCH PARAMETERS

Social Innovation – Driving Force of Social Change, in short **SI-DRIVE**, is a research project aimed at extending knowledge about Social Innovation (SI) in three major directions:

- Integrating theories and research methodologies to advance understanding of Social Innovation leading to a comprehensive new paradigm of innovation.
- Undertaking European and global mapping of social innovation initiatives, thereby addressing different social, economic, cultural, and historical contexts in twelve major world regions.
- Ensuring relevance for policy makers and practitioners through in-depth analyses and case studies in seven policy fields, with cross European and world region comparisons, foresight and policy round tables.

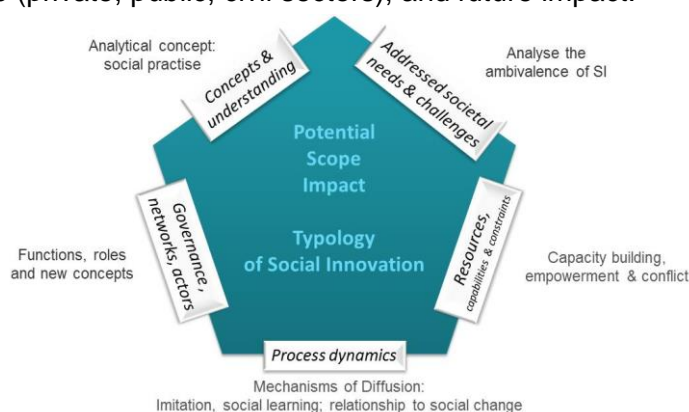
SI-DRIVE involves 14 partners from 11 EU Member States and 11 partners from other states of all continents, accompanied by 13 advisory board members, all in all covering 30 countries all over the world.

Research is dedicated to seven major policy fields: (1) Education and Lifelong Learning (2) Employment (3) Environment and Climate Change (4) Energy Supply (5) Transport and Mobility (6) Health and Social Care (7) Poverty Reduction and Sustainable Development.

The approach adopted ensures cyclical iteration between theory development, methodological improvements, and policy recommendations. Two mapping exercises at the European and the global level were carried out in the frame of SI-DRIVE: Initial mapping captures basic information of more than 1000 actual social innovations from a wide variety of sources worldwide, leading to a typology of social innovation. Subsequent mapping focused on well documented social innovation, leading to the selection of 82 cases for in-depth analysis in the seven SI-DRIVE policy areas. The results of the global mapping and the in-depth case studies were analysed on the ground of the developed theoretical framework, further discussed in policy and foresight workshops and stakeholder dialogues - carefully taking into account cross-cutting dimensions (e.g. gender, diversity, technology), cross-sector relevance (private, public, civil sectors), and future impact.

Beneath the comprehensive definition of Social Innovation and defined practice fields, five key dimensions (see figure) are mainly structuring the theoretical and empirical work.

The outcomes of SI-DRIVE cover a broad range of research dimensions, impacting particularly in terms of changing society and empowerment, and contributing to the objectives of the Europe 2020 Strategy.



PROJECT IDENTITY

PROJECT NAME	SI-DRIVE - Social Innovation: Driving Force of Social Change.
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FURTHER READING

Oeij, P./Žiauberytė-Jakštienė, R./Rehfeld, D. et al. (January 2017). Social Innovation in Employment: Case Study Results. <https://www.si-drive.eu/?p=2567>

SI-DRIVE Policy Briefs 2016: Social Innovation in Employment, Environment, Energy Supply, Transport and Mobility, Health and Social Care, and Poverty Reduction and Sustainable Development. <http://www.si-drive.eu/?p=1934>

SI-DRIVE Policy Briefs 2017: Social Innovation in Employment, Environment, Energy Supply, Transport and Mobility, Health and Social Care, and Poverty Reduction and Sustainable Development. <https://www.si-drive.eu/?p=2834>
 SI-DRIVE Newsletters (http://www.si-drive.eu/?page_id=333)