Rebalancing society The humanization of the economy through *social innovation*

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Overview

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- 1. Introduction
- 2. The marketization of society
- 3. The welfare state
- 4. The humanization of economic life
- 5. A world of three movements



Economic growth

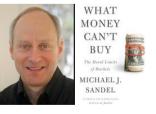
- · Allows people to live more prosperous lifes
- Funds welfare programmes and public health systems
- But economic growth came with a cost
 - Of pollution, waste production, unemployment
 - Of turning people into individuals and consumers
 - A looming new financial crises (becomes of unsustainable debts)
- In the name of liberty we are suffering from individualism: every person and every institution striving to get the most for him, her, or itself, over the needs of society and a threatened planet (Mintzberg in Rebalancing society pamphlet)



1. Marketization of society

From a market economy to a market society (Sandel, 2000, 2012)

- A market society is a way of life in which market values seep into every aspect of human endeavour... Market-ideology has penetrated families and government.
- There is the self-disciplining of workers (through performance measurement, job insecurity ..)
- Work & spend cycle (Schor)



- Marketization is composed of many phenomena (ranging from the legal obligation of tendering in public procurement, financialisation, infotainment, performance targets, meritocracy, job insecurity, advertising to promote products and pleasure activities
- It is not a uni-directional force but playing out in interaction with other historical developments such as emancipation, fast technological advances, globalisation, individualisation and secularization in high-income countries (mutual causality)

Why economists like markets

- Economists like markets because
 - 1) they are based on voluntary transactions and associations
 - 2) they rely on merit-based rewards
 - 3) they contribute to (dynamic) efficiency and

4) they contribute to **democracy** (according to Milton Friedman and Friedrich Hayek).

- **Socialists** dislike free markets because of private ownership, inequality and 'asset-based (unearned) income'
- **Social-democrats** have come to embrace markets (in a third way approach) but their main concerns are: providing equal opportunities for unequal people and redistribute wealth (via education and social welfare policies).

Negative effects of competition

- Competition in the market place drives organizations to short product cycles (planned obsolescence) with an excessive exploitation of natural resources
- It fuels **consumerism** through advertising and by holding up materialistic images of success and pleasure.
- Workers and students compete in systems of meritocracy. Meritocracy developed from a justified call into a force of selfdiscipline and source of anxiety (of not making it)
- People are being made into competitive persons: "a neoliberal meritocracy produces its own assumption of universal egotism" (Verhaeghe, 2012).

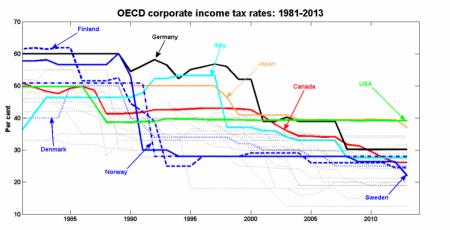
Negative effects of meritocracy & individualism

- "The invidious comparisons between people become deeply personal. In this talent cull, those judged without inner resources are left in limbo. They can be judged no longer useful or valuable, despite what they have accomplished".
- "The statement "you lack potential" is much more devastating than "you messed up". It makes a more fundamental claim about who you are. It conveys uselessness in a more profound sense".

(Sennett, The Culture of the New Capitalism, pp. 123-130)

- In the name of liberty we are **suffering from individualism**: every person and every institution striving to get the most for him, her, or itself, over the needs of society and a threatened planet (Mintzberg, Rebalancing Society)
- Why emotionally invest in your colleagues, employer and company if you know that your involvement will be brief? (Sennett)

The undermining of souvereign states by economic integration, financialisation and WTO laws



Source: https://www.economicshelp.org/blog/21345/economics/does-cutting-corporate-tax-rates-increase-revenue/

Trade agreements: shifting power to business

- In the mid-1990s, the Organization for Economic Co-operation and Development (OECD) promoted a Multilateral Agreement on Investment that would have allowed private investors to sue governments in what were then called "independent settlement mechanisms".
- Widespread outrage stopped that, so attention turned to accomplishing the same thing in bilateral agreements. That has largely succeeded: a number of subsequent trade pacts have included special courts of arbitration that enable private companies to sue sovereign states whose laws or regulations— even in matters relating to health, culture, and environment—they see as having reduced "the value of [their] profits or expected future profits" (Nace 2003: 257).
- Corporations have used these courts, not only to sue states, but more simply to threaten them with such suits, which has had a "chilling effect on legislation" (Monbiot, 2013).

Source: Mintzberg in Rebalancing society pamphlet)

The salariat and precariat

- Flex jobs, off-shoring and outsourcing are changing the salaryman model into a model of temporary labour
- McDonald's 'best practice' model involves deskilling, removal of long-serving employees, union busting, and lower wages and enterprise benefits.
- This makes perfect sense:
 - Temporary labour has cost advantages: wages are lower, experience-rated pay is avoided, entitlement to enterprise benefits is less and soon. And there is less risk; taking on somebody temporarily means not making a commitment that might be regretted, for whatever reason.
 - People on temporary contracts can be induced to labour harder, especially if the jobs are more intense than regulars have been doing. Regulars may resent change. Those on temporary contracts can also be put in forms of underemployment more easily, paid less for fewer hours in down periods, for example. They can be controlled through fear more easily. If they do not put up with demands placed on them, they can be told to leave, with minimal fuss and cost.

From: Standing The precariat, p. 32)

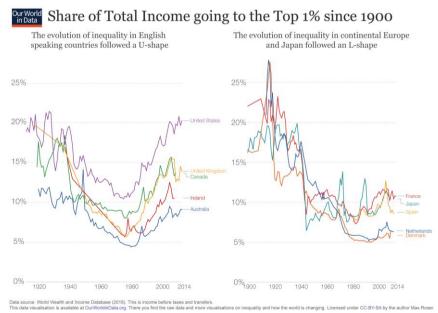
• Market thinking entered systems of social care:

efficiency-driven norms alienate health-care professionals and dehumanize patients (Laloux, 2014).

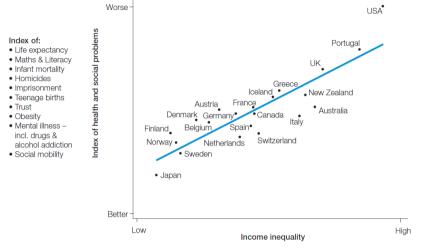
"The whole day, the electronic registration system that you have to carry with you is making you crazy. Some evenings I had to go and see 19 different patients. Then there is nothing you can do but run inside, put on a bandage or give a shot, and run out. You can never finish your work in a qualitative way." "The last years I was responsible for 80 patients that I never got to know well. ... The planning was done somewhere else by someone who didn't know the patients. [...] Nobody felt responsible for the care of patients. Every day there were complaints and conflicts among colleagues."

- According to a Gallup survey in 2011-2012, across the world only 13% of the workers are engaged, in the sense of psychologically committed to their jobs and goals of the organization. 63% are not engaged and 24% are actively disengaged
- Source: http://www.gallup.com/poll/165269/worldwide-employees-engaged-work.aspx
- There is also a lot of evidence of work making people sick:
 - In The Netherlands, In 2017, 16 percent of employees between the ages of 15 and 75 indicated they experienced **work-related mental fatigue** at least several times per month.
 - One million people in the Netherlands suffers from **burn-out** symptoms

Levels of inequality are increasing

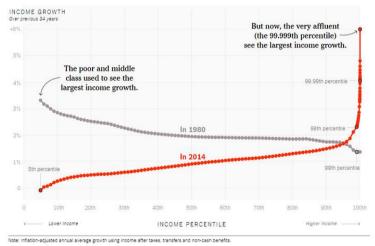


Anglo-saxon countries + Portugal have high indices of inequality and health and social problems



Source: Wilkinson and Pickett, 2009a

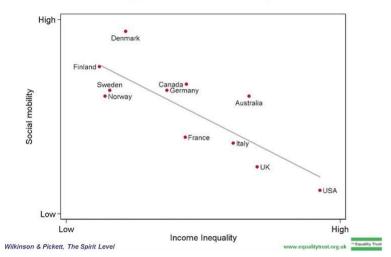
Income growth in the US over previous 34 years



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Source: http://www.marketwatch.com/story/what-that-viral-new-york-timesinequality-chart-really-shows-2017-08-08

"You're more likely to achieve the American dream if you live in Denmark"



Social mobility is lower in more unequal countries

The high price of materialism

Money is my first, last, and only love -Armand Hammer

- People who are highly focused on materialistic values have lower personal well-being and psychological health than those who believe that materialistic values are relatively unimportant.
- People with a strong materialistic orientation are likely to watch a lot of television, compare themselves unfavourably with people whom they see on television, be dissatisfied with their standard of living and have low life satisfaction.
- People who hold materialistic aims as central tot heir values have shorter, more conflicting relationships with friends and lovers.
- From Kasser

People believe in materialism because society is so materialistic, and society is so materialistic because many people believe that materialistic pursuits are a path to happiness.



We are the system we complain about

- Nowadays, everybody is first and foremost a consumer, interested only in what benefits them"
- "Offshoring happens because everybody wants things to be cheap. Getting the best possible product for the lowest possible price is a principle we all live by"
- "The postmodern individual suffers from a strange type of dissociation, a new form of split personality. We condemn the system, are hostile to it, and feel powerless to change it. Yet at the same time we act in a way that reinforces and even extends it. Every decision we make what to eat and drink, what to wear, how to get about, where to go on holiday — demonstrates this"

From: Paul Verhaeghe What about me? The struggle for identity

2. The welfare state as a protector & provider

- In western societies, especially Europe, welfare systems have been created during times of growth with strong labour unions
- For **social care** and **medical care**, (state-based or funded) systems of provisioning have been developed
- We also have environmental legislation and workplace safety regulations for workers (with most acts introduced in the 1970s and 1980s)

Pathologies of the welfare system

- 1) Erosion of community resilience: the emergence of a co-dependence on both market-based solutions and state welfare, at the cost of traditional forms of social relations and informal modes of exchange.
- **2)** The limited success of polices aimed at addressing social exclusion because reintegration activities are too much oriented towards the market economy.
- 3) Unemployment benefit receivers are treated in a **non-human way**, through the use of bureaucratic rule, orders and the use of sanctions (as shown in the movie *I Daniel Blake*).
- Essentially, the welfare system is not oriented towards the integrity and capabilities of people, and because of this it **undermines the "freedom of the self to assume life in such a way that it is expressive of his or her integrity as a self**" (Yeatman, Dowsett, Fine & Gursansky, 2009, p.4)

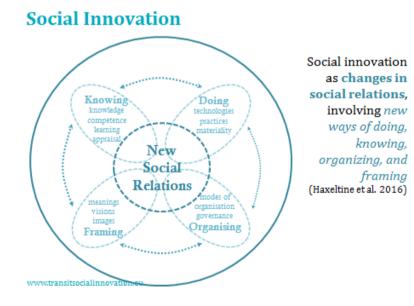
3. The humanisation of economic life

- A diverse economy: there always has been an alternative economy in which values of cooperation and mutuality govern economic interactions.
- <u>My proposition</u>: there is a *third movement* in the form of a *humanization* process
- Shared underlying values: people as persons > objects (statistics), intrinsic > extrinsic motivations, purposeful activities, collective benefits.
- Occuring in all sectors (domains) of society (in different ways and at different speeds).
- Example **activities** : commons-based peer production, time banks, ecovillages and transition towns, home care, family group conferences, Teal organizations (Buurtzorg).
- These are all part of a "movement" which so far has no name and is without political parties speaking on its behalf



The humanisation of the economy through *social innovation*

- We conceptualise humanization of the economy as the development of economic activities that **help satisfy basic psychological needs** for *autonomy, relatedness and competence*_with an important role for ego-transcendence in terms of serving a greater cause and acting for the benefit of all.
- <u>The argument</u>: (1) the current economic system to a large extent **fails** in satisfying basic psychological needs, and that (2) there is a societal movement of alternative economy activities that are considered better in satisfying those needs.
- We refer to such alternative economy activities as 'social innovation initiatives' that involve *new social relations and new ways of doing, organising, framing and knowing* (Haxeltine et al. 2013, 2016, Avelino et al. forthcoming).



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Social innovation examples

- Greater autonomy in work (worldwide phenomenon)
- Cooperatives, for-benefit (social) companies, ...
- Open innovation
- Peer-to peer production and consumption
- Living labs (ENoLL has 400 members), Urban labs, Fablabs, ...
- Timebanks (255 in UK with 40,000 members)
- Slowfood (has 1500 convivia and 100,000 members)
- Worldwide there are 10,000 eco-villages
- Collaborative planning, participatory budgetting
- Fablabs (and the Fab City Global Initiative)
- Alternative currencies and credit unions
- ...

The initiatives are part of networks & movements



Buurtzorg: a new way of providing home care

Jos de Blok	Start Buurtzorg 2007	
Buurtzorg: community based integrated care in a teal organization.	Starting an organization and care delivery model for community care with: - independent teams of max 12 nurses - Working in a neighborhood of 5000-10.000 p. - who organize and are responsible for the complete process: - clients, nurses, planning, education and finance; - and all kind off coordination activities!!!! EDUCUTE CONC	
4. Formal networks 3. Buurtzorgisam 2. Informal networks 1. Selfmanagement client Onionmodel Buurtzorg Buurtzorg works inside-out: empowering and adaptive, network creating, supporting.	Started in 2007 2015: 8000 nurses in 800 teams	
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Governments and social innovation

- Participatory budgeting
- Collaborative planning
- Citizen's Right to Challenge (→ citizen-based ways of providing public services)
- Direct democracy
- ...

Social innovation solutions

- are built around the relationships that people develop with each other.
- Sometimes the relationships formed are novel. More often, however, solutions revive forms of relationship that were once more common within society but which have faded under pressures of competition and the growth of individualistic cultures: such as cooperation, mutuality, reciprocity, asset-sharing, nurturing and caring.
- Sometimes these are revived with the help of new technology, like social media and 'apps', or by using novel community currencies to facilitate transactions.

Source: TRANSIT brief on Resourcing, Monitoring and Evaluation

The "re-invention" element of social innovation in an individualised society

Social innovation	Element of re-invention
network	
Global Eco-village	Compared to the traditional forms of community life, they are modern
Network	in the sense of valuing individual freedom and equality and by being
	globally connected through virtual and personal networks.
Transition Towns	Traditional forms of local, small-scale production and community-
	based exchanges, including local complementary currencies,
	complemented with modern communication technologies and
	individual freedom
Time Banks	A modern version of barter systems through the use of software and
	absence of barter (the time of doing a service is the basis for
	exchange) Services are exchanged via a service pool.
Shareable-Sharing	Sharing is an old phenomenon, with modern ICT infrastructure it can
cities	take different forms and go beyond family and friends, connecting
	various communities.
Slow Food	Celebration of locally produced traditional food.
movement	

- Social innovation mostly makes use of abundant and nonrival resources that otherwise would go to waste. Unused labour, spare capacities, discarded materials, unwanted or broken equipment, vacant buildings and waste land are mobilized to deliver positive social impact.
- Social innovation processes need relatively small amounts of money to put these otherwise wasted assets and resources to productive use.

Source: TRANSIT brief on Resourcing, Monitoring and Evaluation

Narratives of change of TSI

- Transition Towns: as a society we should shift away from consumer capitalism' towards some kind of post-growth, localised steady state economy; such a shift requires outer transitions as well as inner transitions in the form of cultural change, i.e. shifts in values and worldviews
- **Time banks**: A complementary means of exchange, based on time, can help *rebuild relationships within communities*, keep communities strong and healthy and, at the same time, offer people useful roles helping themselves and others. Time banks help individuals and communities to help themselves, reducing dependence on markets and state welfare systems on which they cannot rely.
- Slow Food envisions a world in which all people can access and enjoy food that is good for them, good for those who grow it and good for the planet. Slow Food was started by Carlo Petrini and a group of activists in the 1980s with the initial aim to defend regional traditions, good food, gastronomic pleasure and a slow pace of life.







Examples











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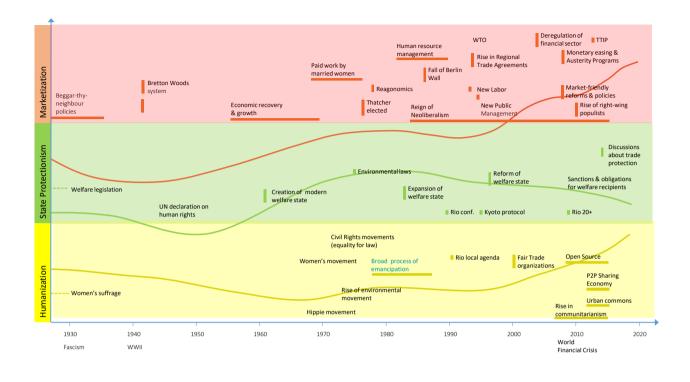
Self-determination theory

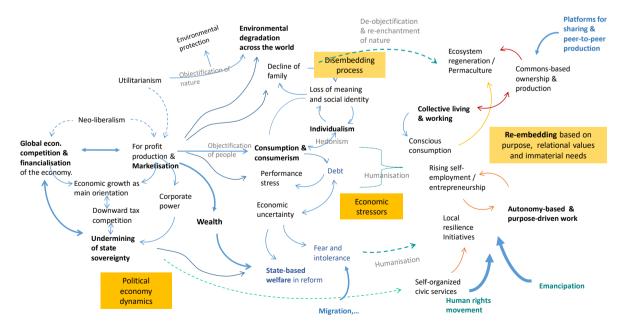


"people have innate psychological needs that are the basis for selfmotivation and personality integration. (...) SDT identifies three innate needs that, if satisfied, allow optimal function, growth and wellbeing"

- **Competence**: the ability to control the outcome and experience mastery
- Relatedness: feeling connected to others and experience caring for others
- Autonomy: to act in harmony with one's integrated self (based on intrinsic motivations)

• The third movement involves people from different walks of life: individualists interested in making a difference, communitarian minded people who start a co-op and engage in activities outside the market economy, social entrepreneurs seeking positive social impacts and municipalities who are experimenting with citizen participation and urban commons





Kemp et al. (2016) The Humanisation of the Economy through social innovation, conference paper

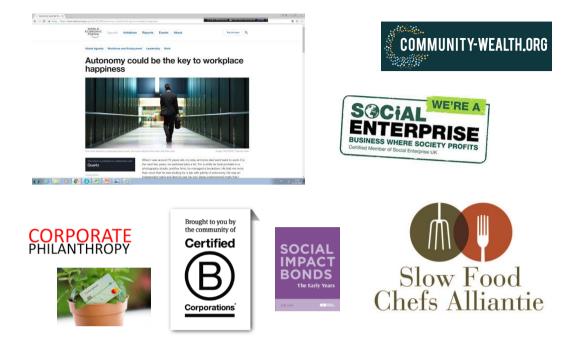
	First movement (marketization)	Second movement (social protection)	Third movement (humanization)
Institutional aim	Establishment of a self- regulating market	Conservation of man and nature as well as productive organization	Re-embedding of values of mutuality, social purpose and respect in economic relationships, in a way that offers conditions for humane human development and ecological thriving
Support of social forces	Trading classes	Those most immediately affected by deleterious action of the market: primarily, but not exclusively, the working and the landed classes	Those who are disenchanted by present arrangements for work and welfare state duties and seek to enhance human well- being through autonomy- enhancing solutions
Organizing principle(s)	Laissez-faire and free trade	Protective legislation, accountability demands and other instruments of intervention	Self-organization and purpose- orientation, generating a fitting context for autonomy, relatedness and competence.
Emerged in response to	Inefficiency, feudalism, and oppressiveness of state-based rule	Dis-embedding effects of laissez-faire economic (neo)liberalism: i.e. objectification of man & nature and economic stress cycle	Inadequacy of protection- and hierarchy-based responses to dis-embedding effects of neoliberalism

Attitude towards	Minimal state which	Unproblematic.	Hierarchical control
hierarchy and	upholds property rights	Subordination of	causes human
centralization	and safeguards public	individual behaviour to	disempowerment and
	goods	organizational and	alienation
		societal goals	
Dominant type	Extrinsic motivation	Extrinsic motivation	Autonomous motivation
of motivation	based on acquiring status	based on functional	(internalized, integrated
	position above others in	roles for the interest of	or intrinsic motivation)
	competitive social	bureaucratically	based on personal values
	hierarchy	managed social value.	& meaningful purpose.
Consequence for	Celebration of	Individual as statistical	Responsible, self-
(concept of)	individualism with little	fact. Not much	actualized self with an
selfhood	consideration of	attention is given to the	important role for self-
	alienated or egotistic self	authentic self in the	fulfillment through
		application of	serving a greater cause /
		bureaucratic rule	acting for the collective
			good
Welfare concept	Economic growth &	Economic growth with	A good life (e.g. Buen
	"trickle-down"	top-down welfare	Vivir) with important role
	justification for the super	redistribution to those	for personal growth and
	wealth of individuals	in need	well-being:
View on freedom	Freedom of individuals	Freedom within	Social bonds based on
	from interference from	constraints (to avoid	trust and mutuality
	others (exploitation)	constitute the means of
			our freedom

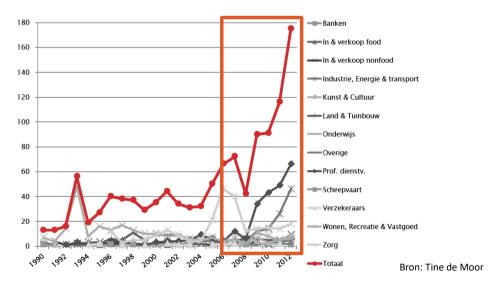
4. A world of three movements

- All movements have valuable elements and the challenge of creating a better world does not lie in the elimination of any of the logics but in combining them. This is a difficult task which must be taken up continuously since the three logics involve tensions.
- Cf Mintzberg on the need for
 - ✓ a public sector of political forces rooted in **respected governments**;
 - \checkmark a private sector of economic forces based on responsible businesses, and
 - \checkmark a plural sector of social forces manifested in **robust communities**

How big is it? Is it growing?



Rise in the number of cooperatives (new wave?)



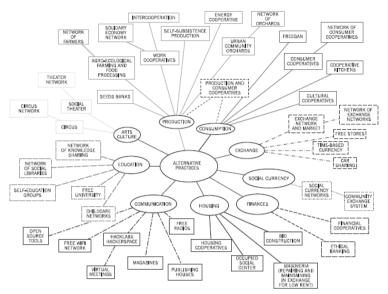


Fig. 9.1 Universe of alternative economic practices in Catalonia Note: This diagram illustrates the structure of the alternative economic practices that were most pervasive in Catalonia in 2010–2011.



'System faults' and 'solutions'

System	System faults	Social-material 'solutions'
Education and science	Disciplinary knowledge, publication- centered, one-way learning, service to society low	Transdisciplinary research, transformative science and problem-based education. Greater role for arts and humanities.
Energy	We must shift to renewable energy sources to prevent climate disruption and for additional reasons of depletion of fossil fuel stocks and reducing geo- political (resource) dependencies	Use of renewable energy technologies (owned by sustainable energy utilities and energy cooperatives), zero energy renovation houses
Mobility	Too many cars and too much car use. The physical infrastructure for cars cannot keep up with the rising levels. Cars and air travel are also responsible for noise and pollution	Cycling, electric cars, car sharing organisations, car-free zones, less long distance holidays.
Health care and social work	Overspecialised and money-driven with constant efficiency pressures. Insufficiently patient-centered. Excessive reporting requirements and protocols. People with multiple problems cannot be helped well.	Neighbourhood care, use of experience experts (ex-drug addicts, prisoners), family conferences, caring as a normal activity for everyone (not just for paid professionals).
Work in the market economy	Job insecurity and anxiety. Profits are unequally shared. Workers are subjected to performance pressures. Competition amongst workers degrades relational values.	Work that is meaningful, fulfilling and fitting with values and competences, better work-life balance. Worker cooperatives

Disciplinarity
Multidisciplinarity
Interdisciplinarity
Transdisciplinarity
Energie Coöperatie Wijdemeren
Car-Free
Neighbourhood Care Outly Creat Home
<u>6 4 0</u>

System	System faults	Social-material 'solutions'	
State welfare system	Unemployment claimants are coerced to apply for jobs they have little interest in and very low chances at getting; failure to comply with rule and requests lead to punishment in the form of financial sanctions.	Basic income and availability of options to assume life in such a way that it is expressive of people's integrity.	"BASIC INCOME IS Not left or right, It is forward"
Land ownership and use	Private and individual ownership leads to private appropriation of rents and profits and negative costs for society	Land as a common property, land rents are used for the common good.	Perspectives and an analysis of the second s
Production and consumption of goods	The production of short-lived goods consumed for status and fancy which are disposed after first time use. External costs are passed on to society.	Product-service systems, circular economy. Less materialistic lifestyles with an importance role for self-development and doing-it- yourself (cooking, growing vegetables)	1 00
Financial system	Unsustainable levels of debts. Endemic tax avoidance. Orientation towards short-term financial gains at the expense of long-term stability. Contributing to disparities in wealth.	Separating high-risk 'casino' investment banking (e.g. derivative-market speculation) from traditional banking. Use of local currencies. Cryptocurrencies?	Waltham Forest Local Exchange Trading System

Socio-technical innovations co-shaping the future (also for social innovation)

- Blockchain and cryptocurrencies
- Local energy markets
- AI and big data (used for surveillance and algorithm-based control)
- Open source technologies and software
- Electric mobility
- Precision farming
-





www.transitsocialinnovation.eu

Conclusions

- The present modes of economic production and consumption have huge costs (precariate/inequality, environmental degradation, financial rises)
- We need to **rebalance society:** meaning full work for all, responsible innovation and behavior and responsive government
- Rebalancing activities occur **across society** (including the market economy and to a smaller extent in government) under different names
- As any development, it will experience twists and turns, but the motivations on which it is based are **basic psychological needs** – and not those of a special class or group of people – which therefore can be expected to assert themselves also in business and government.
- A **challenge** for the third movement is to bring about major institutional change (in the energy system, science, urban planning, welfare system, food culture, agriculture, cultures of sharing and responsibility,)

The research agenda on TSI

- What problems do TSI face in institutionalizing themselves and achieving transformative impact?
- How successful are TSI initiatives in catering for values of autonomy and relatedness?
- What interventions in social welfare provision, company law and the science system can help TSI to expand and build a more social, inclusive and responsible economy (e.g., what role for basic income, mandatory community service, social impact bonds, vouchers for research and advise, and the creation of new legal frameworks for the commons and for-benefit companies)?
- $\circ~$ In what respects are the TSI initiatives today different from those of the past?
- For policy makers
 - What can realistically be expected from social innovation for **policy goal delivery** (social inclusion/cohesion, health benefits, the energy transition, keeping money in the local economy)?
 - What role for social innovation in **rebalancing** society (more responsible companies, responsive government, active citizenry)?

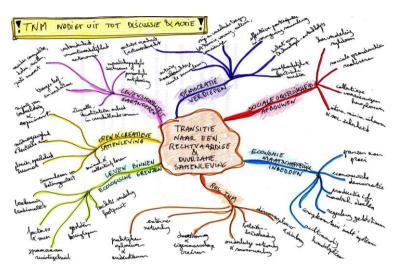


Contemporary meanings of social innovation

Concepts of Social innovation	Time Period / Discipline / Field	Societal Context	Particular Messages / Definitions
EMES (Nyssens 2007)	Rediscovery of économie sociale et solidaire (1990s on)	Succession of economic crises ousting people from jobs	Revival of social in interaction with market logic but also pursuing autonomous development
Young Foundations/SIX (Mulgan 2007; Murray et al 2010)	Responding to market and state failure in proving jobs and well- being	Transition from disciplining to caring liberalism – civil society as welfarist	'Innovations that social in both their ends and their means' (Mulgan 2006: 8)
TRANSIT (Pel et al. 2016, 2017) SI-DRIVE (Howaldt and Schwartz 2016, Howaldt et al 2018)	21 st -century challenges – financial crisis, rising inequality, climate change, food and water	Globally networked society; emergence of new counter- hegemonic movements	Social innovations as transformative, drivers of social/systemic change
WISIR (Westley and Andatze 2010)			

Source: Moulaert and MacMallum (2019: 28)

A better world involves multiple transitions / transformations



Eric Paredis CDO, Ugent