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## ITSSOIN

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## Remark

This research brief is essentially a summary of ‘D 1.4 ITSSOIN Hypotheses’, which is why some text parts reappear here without being marked as citations.

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# A RESEARCH SHIFT

## Social Innovation as a core impact of the third sector

In recent years the third sector or non-profit sector (here used as a generic description for the various national and international usages to refer to the set of organisations operating at the intersection of market and the state)<sup>1</sup> and civic engagement (here used as a wider term to encompass volunteering, active citizenship, civic action, and related terms) have increasingly gained policy recognition and started to attract academic attention.

In particular, there has been increasing interest in the question as to their impact. This question has been approached from a variety of perspectives:

First, the sector has been mapped with a special emphasis on its scale, scope, structure, financing, and role (Salamon, Anheier, List, Toepler, & Sokolowski, 1999). Second, as part of this process, volunteering has received more attention, too (Anheier, Hollerwerger, Badelt, & Kendall, 2003). However, both approaches have primarily focused on structural data and economic figures, such as numbers of employees, contribution to GDP, monetary value of volunteer engagement etc. To date there have been only few attempts to fathom effects triggered by the third sector and volunteering that go beyond such standard measures of performance and impact (for the exceptions see Kendall & Knapp, 2000 on broader performance frameworks; Anheier & Carlson, 2001; Dörner & List, 2012 on the facets of civil society contributions; or Dekker & Halman, 2003 on the values of volunteering).

Coincidentally and despite a broadening of economic perspectives towards aspects of well-being or quality of life, efforts to gauge the impact of the sector suffer from two unresolved challenges: (1) The causality problem, that is the difficulty of tracking causes and effects in the complex social environment; (2) The measurement problem, that is the challenge of operationalising and measuring impact and outcomes in valid and reliable ways (see Anheier et al., 2014b, pp. 16f. on both aspects).

Yet we do not suggest that the agenda of tracking third sector impact is unlikely to bear significant results, but we do advocate a shift in focus: Instead of research that emphasises standard performance we propose alternative forms which are both conceptually as well as policy relevant and more feasible: one such aspect is innovation, understood as the capacity of organisations to generate novel ideas, ways and means of doing things, of addressing public and social problems of many kinds.

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<sup>1</sup> Salamon and Anheier (1992a); (1992b) made a seminal contribution to framing the third or non-profit sector which for the most part remains valid. Since in the EU discourse on social enterprises the generation of surplus is not as pronounced as in the US European Commission (2013a), we will also include them.

# PROPOSITIONS

## Core concept

When we are searching for actors that trigger “qualitative advances in socio-economic governance, fostering novel forms of organisation” or “practical advances in the areas of social inclusion and integration” (European Commission, 2013b, pp. 32, SSH.2013.3.2-3), we are actually looking for organisations that possess a high degree of ‘social innovativeness’, which we define as:

*“The ability to contribute to or create solutions to previously inadequately addressed social needs—this solution shall serve both a functionalist (efficiency & effectiveness) and a transformationalist function (change) and primarily aim at improving the situation for the beneficiaries and actors involved” (Anheier et al., 2014b, p. 33).*

*Increased social innovativeness is marked by a more frequent (overall or within the social innovation process) and more substantial (clearly recognisable or dominant) and more sustainable (lasting) involvement in the development of such solutions.*

## Main claims

Third sector organisations are generally recognised as more responsive to the needs of vulnerable target groups and better in providing access to society for marginalised people. Thereby the sector succeeds in being sensitive and responding to societal signals neglected by the other sectors. Due to these circumstances combined with a number of other characteristics to be laid out in the following sections, we have developed the following two main research propositions:

*Main proposition I: Social innovativeness varies by organisational form and actor involvement, in the sense that the properties of third sector organisations and volunteering make its formation particularly likely.*

*Main proposition II: Against this background, social innovativeness further varies by framework conditions, that is by institutional and perception environments.*

## Research perspectives

Repeatedly it has been shown that social innovation is influenced by a multitude of actors and at several levels which all have to be considered in the analysis of the phenomenon (Krlev, Bund, & Mildenerger, 2014). Throughout the ITSSOIN research process to date we have reviewed previous conceptual knowledge and partly empirical research on the themes involved.

The properties of third sector organisations and the engagement of volunteers are ascribed particular potential (Anheier et al., 2014b). Beyond single organisations the special role of the structural conditions in which social innovations are enacted, becomes apparent in the cross-country analysis of national welfare and economic systems (Anheier, Krlev, Preuss, & Mildenerger, 2014a). These framework conditions were emphasised in the screening of policy conditions for social innovation (Eriksson, Einarsson, & Wijkström, 2014). Finally, the role of

the media as a sphere of channelling information and forming opinions has been identified along with citizen attitudes as a proxy for the societal climate framework for social innovations (Bekkers & Lund, 2014).

The above propositions and previous conceptual reasoning thus urge us to explore four different levels:

- (1) Organisational properties;
- (2) Volunteering and volunteers;
- (3) Institutional frameworks;
- (4) Citizen perceptions and media influence.

### **Testable hypotheses**

With reference to these aspects we will now propose a set of testable hypotheses which represent a summary of a more comprehensive and detailed formulation (see Anheier et al., 2014a); even more than the latter document, this research brief depends on the readers' effort to review the conceptual reasoning leading to the hypotheses and definitions of the involved terms, all of which were presented in the previously cited documents. The hypotheses displayed in the following section are therefore to be understood as a selective outline which can easily be received by readers. This outline is non-comprehensive and presents hypotheses in an abbreviated format, which moreover does not include the full line of argumentation they derive from.

Our ability for explicit testing, particularly when it comes to institutional frameworks, is limited by the research methods and strategy we intend to apply in the project, which will be presented after the summary of the hypotheses. Against this background, there will be some hypotheses which we will rather treat as explorative research questions and propositions. However, all hypotheses are equally valuable, since they represent a useful starting point for future research.

# **THE** **ITSSOIN** **HYPOTHESES**

### (I) Organisational Properties.

With regard to organisational properties there are factors which *(1) lever social innovativeness, (2) or actively impede it, or (3)* which are *only intermediately related* to it. We grouped the hypotheses according to these three perspectives in order to make the reading of the overview easier for its recipients; we preferred not to adhere to the order the hypotheses result in when following the coherent line of argumentation contained in the original document. This is why the numbering of hypotheses is slightly shifted in the following.

We first turn to those properties that are supposed to *directly enhance* social innovativeness and are thus positively correlated with it.

An organisation's social innovativeness increases together with:

- H1.1: the social needs orientation.
- H1.2: the importance of pro-social values.
- H1.3: the openness of organisational culture and actor dedication. (*internal perspective*)
- H1.4: the organisational openness. (*external perspective*)
- H1.7: the diversity of the employed resources.
- H1.8: the degree of volunteer engagement in the organisation.
- H1.10: the ability of tying together service provision and advocacy.
- H1.11: the ability to act independently from market, political and other pressures.

The variables that we propose have an *inverse relation* to social innovation are the following.

An organisation's social innovativeness decreases with increasing:

- H1.5: transaction costs in screening for societal challenges.

- H1.9: levels of 'unengaged' forms of volunteering.

And finally we posit one variable that is only *intermediately connected* to social innovativeness through the aspect of legitimacy.

An organisation will be more effective in acquiring social legitimacy for initiated social innovations with:

- H1.6: the social capital it possesses.

### (II) The Effects of Volunteering.

The effects of volunteering are all directly related to individuals, that is those that volunteer, and therefore do not require any further specification of aspects they refer to.

Volunteering improves/increases:

- H2.1: subjective wellbeing.
- H2.2: the size and diversity of individuals' social networks.
- H2.3: individuals' health.

### (III) Institutional frameworks.

The framework conditions refer to a variety of different aspects on the national level: *(1)* the *size and scope* of a country's *third sector and volunteering, (2)* the *social properties of national societies* (their equality and marketisation) as well as *(3)* the traits of national *political economies* (between coordinated market economies CME and liberal market economies LME), and *(4)* national *policy discourses*. These hypotheses contain the highest degree of aggregation and in lack of benchmarks will be most challenging to test. With regard to the shifted order in which the hypotheses appear, the same reasoning applies as above.

Firstly, we examine how all of the above variables affect social innovativeness. The number in brackets behind the hypotheses serves as a reference to the respective aspects.

National social innovativeness will be highest where:



- H3.1: the third sector is large and the degree of volunteering is high. **(1)**
- H3.2: stratification is low and decommodification is moderate. **(2)**
- H3.4: state and market influence are at a moderate level (that is in LME-like countries). **(3)**
- H3.7: social innovation is recognised as a distinct and important concept in policy making. **(4)**

Secondly, we look at how the political economies supposedly affect the *nature of social innovation*, just as they are found to influence technological innovation. Thereby CME countries are compared directly to LME countries, that is the extremes of the continuum are explored.

Social innovation in CME countries versus LME countries is more:

- H3.3: incremental than radical.

Finally, and extending the above line of argumentation we consider how political economies alter *policy characteristics and orientations*.

Social innovation policies in CME countries versus LME countries are more:

- H3.6: oriented to social policy than to technological innovation policy.
- H3.6b: oriented to grass-roots involvement than to top-down steering.
- H3.6c: oriented to the local level than to the national level.

#### **(IV) Citizen Perceptions.**

In terms of citizen perceptions we look at citizen attitudes that are expressed in a variety of existing social surveys.

First, we consider variables that we suppose to affect the *normative assessment of the third sector* (here: to view it in a more positive light), without a direct relation to social innovation.

Citizens perceive third sector organisations more positively the higher:

- H4.1: the national level of volunteering.
- H4.2: the national level of trust.

Second, we posit variables that affect citizens *perceptions of the social innovativeness of third sector organisations*. These relate mainly to traits of these organisations, but also to the national environment.

Citizens perceive third sector organisations as more socially innovative:

- H4.3: the younger and less established they are.
- H4.4: when they focus on the local rather than on the national level.
- H4.5: independent of whether they are members of an accountability club or not.
- H4.6: in less corrupt and more prosperous countries.

#### **(V) Media Perceptions.**

With regard to perceptions of the media, more precisely of the press, we focus on **(1)** the *level of activities* where third sector organisations are *perceived most positively*, **(2)** the *nexus* of press reporting *to policy*, and **(3)** the *thematic focus* of press reporting. As for the framework conditions, the number in brackets behind the hypotheses serves as a reference to the respective aspects.

Press perception is:

- H5.1: more positive on third sector organisations at the micro-level than on the meso- or macro-levels.
- H5.2: in line with the national policy discourse on social innovation.
- H5.3: more focused on other civil society values of third sector organisations than on social innovativeness.

# RESEARCH STRATEGY

## Direction of the analysis

We intend to test the core ITSSOIN assumption that in comparison to public agencies or business firms third sector organisations are characterised by higher social innovativeness, in a backward fashion, that is first positing, based on what we know from previous research, which organisational properties, context conditions and further characteristics can be supposed to lever social innovativeness. This is what we have done in the previous section.

## Case studies

Moving on from there, in work packages 4-7 (WPs) we will perform in total about 20 case studies on recognised social innovations in seven fields of activity:

*Arts & culture; social services; health care; environmental sustainability; consumer protection; community development; and work integration.*

The case analysis will result in a cross-country comparison of about 3 countries per selected dominant social innovation in the respective field of activity. The level of analysis will be the specific social innovation which allows us to trace back the organisations, actors and constituents that have contributed to its emergence.

## Process tracing

The method of 'process tracing' (George & Bennett, 2005), mostly applied to explicate the dynamics that led to new legislation, will be used to track phases of the emergence of social innovation and the entities involved. It will provide necessary and sufficient conditions for the specific innovation's coming into being (Collier, 2011).

## Strategic action fields

An in-depth analysis of the involved entities and the mechanisms at play will then allow us to determine whether the presumed characteristics and properties were really the factors responsible for the emergence and spreading of the social innovation in question and who specifically exhibited these characteristic features (considering public agencies and business firms, and third sector organisations). The theory of 'strategic action fields' will be used to derive a general design for the case studies, in the course of which we will not only give attention to the actors involved but also, and in particular, to their interplay. Prompts for innovation will serve as 'episodes of contestation' and we expect to find challengers (those promoting the innovation), on the one hand, and preservers which try to maintain the status quo, on the other (Fligstein & McAdam, 2012).

## Qualitative comparative analysis

Finally, across cases (within or even transcending the boundaries of activity fields) and by means of a 'qualitative comparative analysis' (QCA) (Ragin, 1989, Ragin, 2000; Rihoux & Ragin, 2009) we will be able to isolate combinations of influencing variables that serve as a lever for social innovations and to establish causal conditions if not causal inference across the complex

social innovation process. For the application of QCA it will be necessary to precisely define what we mean by the different conditional factors for social innovation addressing all four levels illustrated above, that is these factors will have to be operationalised.

In parallel to direct insights from the case work in relation to the question as to whether in contrast to other actors third sector organisations played a more pronounced role in the realisation of the social innovation, this research strategy will allow us to test whether the presumed traits were relevant for the emergence of social innovation.

### **Analyses of survey data, policies, media perceptions & citizen attitudes**

In addition to the focus on organisational characteristics in the case studies, we will specifically consider civic engagement as a special form of participation at the micro-level. WP3 will focus on the innovative aspects of volunteering, but more importantly, as the latter will also be covered in WPs 4-7, on the effects of volunteering on volunteers as (another) genuine impact of the third sector, since volunteering is for the most part closely tied to it. The latter analysis will mainly be based on survey data. At the macro-level framework conditions in which organisations are embedded have an impact on their performance. WP2 will contain a policy analysis as well as a media analysis and an analysis of citizen attitudes. By analytic comparison across the field-based case studies across the ITSSOIN countries, WP8 will complete the image of social innovation as impact of the third sector, taking explicitly into account the hypotheses on the national level also developed in WP2 in reference to institutional conditions at the macro level.

### **Openness of the research**

The hypotheses on organisational properties are formulated in a way so that they can apply to organisations from all sectors in order to avoid an a-priori bias towards third sector organisations. The other chapters and the respective hypotheses instead, which will partly be tested by other research methods (such as the media analysis) have been drafted against the background of a research focus on socio-economic impacts of the third sector and therefore explicitly relate to it. Yet, some of the issues involved such as the influence of welfare regimes and political economies on social innovativeness or the analysis of social innovation policies remain open to the consideration of actors from other sectors. All hypotheses are at least loosely linked to the common conceptual thread of social innovation or complementary socio-economic impacts.

# RELEVANCE

## What do we gain in practice?

Facing the current challenges of our time (such as: sustainable financial markets; social inclusion; environmental sustainability; health and social services provision; liveable communities; demographic changes; employment; competitiveness), the proposed research addresses the needs of Europe in three respects:

- (1) It responds to the Lisbon agenda, where Europe is described as an ‘innovation engine’ that has to provide and secure space for creativity, the development of new solutions, citizen participation etc. in order to compete with established regions and countries, such as the USA, and those on the rise, like many countries in Asia. This should not only include technological innovation that increases economic competitiveness, but also social innovation that levers societal well-being.
- (2) It explores the sources and patterns of continued modernisation of society that can, by means of social innovation, help reducing the (financial and regulative) burdens on the state, improve business-society relations and increase societal cohesion on a broad scale.
- (3) It puts a major emphasis on self-organisation as a (new) principle for the viability of European societies by proposing a pivotal role of civic engagement and more precisely volunteers in the emergence of new, socially innovative approaches to solving and preventing problems.

Thus, ITSSOIN is all about a systemic analysis across nine European countries of the question how the third sector and volunteering contribute to the future development of mature market economies and democracies—framing social innovation as a primary impact and considering its conditioning factors as well as some further socio-economic impacts.

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