Chapter 2

Going beyond GDP: The Role of Social Innovation in Building a Welfare State

Seyithan Ahmet Ates  
*Istanbul Medipol University, Turkey*

Muradiye Ates  
*Istanbul Medipol University, Turkey*

Murat Ali Yülek  
*Istanbul Commerce University, Turkey*

ABSTRACT

A redirection towards well-being with a view to produce lasting social and economic vitality for the global civilization necessitates moving from conventional economic methods towards innovative solutions, which are necessary to face challenges of the future to foster sustainable growth. Social innovation and its agents can be considered as a toolbox which may facilitate a transition by positively influencing well-being, developing ways of integrating it into policy, and promoting it as an alternative measure of progress. Social innovation may increase the role of civil society in solving social problems, while sustaining and improving people’s well-being beyond increasing their welfare in monetary term. By providing up-to-date solutions to challenges ranging from global warming to fair income distribution, and from social innovative entrepreneurs to grass-rooted innovation, social innovation seems to be capable of transforming the society in a way to tackle with a new kind of societal problems, and of exploring new ways to create added value for the economy.

1. INTRODUCTION

Growing number of economists are realizing that simple economic activity measured by the GDP is, alone, not enough to represent the well-being to citizens. In recent years, a number of scholars and some politicians have embarked on efforts to conceptualize and theorize new economic paradigms. Former president of European Commission, Manuel Barroso, once featured that “Despite being an invaluable tool...”
for economic policy, Gross Domestic Production (GDP) is unfit to reflect many of today’s challenges, such as climate change, public health and the environment. We cannot face the challenges of the future with the tools of the past” (European Parliament, 2009, p.24)). Innovative solutions are necessary to face with the challenges of the future and foster sustainable growth. Measuring a prosperous society as a whole is more complex and necessitates considering several other elements besides robust GDP growth, such as peace and happiness, economic and financial well-being, and individual freedoms and liberties (Urama & Acheampong, 2013). A redirection towards sustainability and well-being, which produces lasting social and economic vitality for global civilization as a whole may be the most viable option for further development (Rogers et al., 2012; Fullerton, 2015).

There are numerous economic, social and technical developments which led governments and societies to seek new approaches to overcome related contemporary challenges and provide sustainable well-being. Shifting focus of economies to a greener form of production, engagement of cities throughout the world in the promotion and pursuit of climate mitigating activities, growing attention on ecological developments are some of the illustrative cases of big shifts.

We argue that social innovation is capable of providing new means to overcome today’s challenging problems, ranging from zero-carbon housing to fair economic system by providing social capital needed for the improvement of the human well-being and social progress. In this process, social innovation is expected to change beliefs, basic practices, resources and social power structures profoundly by providing a unique opportunity to step back from a narrow way of thinking about social enterprises, business engagement, and philanthropy and to recognize instead the interconnectedness of various factors and stakeholders (Urama & Acheampong, 2013).

The main objective of this chapter is to highlight the shifting dynamics by elaborating the drivers of the change and to shed light on the potential role of social innovations praxis in improving welfare of the people. After the introduction, the second section of the chapter addresses the beyond GDP approach from various aspects with a particular focus on the “new economy” discussion. In the third section, by following conceptual heuristic, foundational drivers of new economic paradigms, namely exogenous developments, socio-technical transformation, socio-ecological transformation, economic crisis and the shifting the role of government and society are elaborated as the drivers of the “new economy”. In the fourth section, we analyze the role of social innovation from various aspects as a facilitator in building the welfare state. Possible contributions of social innovations have been highlighted under four illustrative cases. In this context, role of social innovation is investigated in four categories including creating a fair economic system, facilitating the social transition, providing sustainable added value, empowering the community to adapt itself to socio-ecological transition and building a “competitive advantage” in applied country.

2. BEYOND GDP: THE NEED FOR A NEW ECONOMIC PARADIGM

In the face of massive advancement in technological and scientific areas, we are witnessing today rapid paradigm change, extensive structural transformation and dimensional shift in many fields including human being-technology, human being-environment, and human being-material prosperity relationships. As a result of various symptoms relating to this shift, growing number of scholars and politicians started recently envisaging contemporary approaches to the so called “state-of-the art challenges” including resource shortages, demographic realities, and planetary boundaries. In this respect, content and motivation of economic development has been one of the subjects of intensive discussions.
Related Content

Inside Entrepreneurship and Innovation Activities
George M. Korres (2012). Knowledge Management and Drivers of Innovation in Services Industries (pp. 67-76).
www.igi-global.com/chapter/inside-entrepreneurship-innovation-activities/65249?camid=4v1a

Rvolta, a Case for Open Innovation: How can a SME be Innovative in a Competitive Industrial Environment?
Margarida Cardoso and Isabel Ramos (2012). Cases on SMEs and Open Innovation: Applications and Investigations (pp. 82-99).
www.igi-global.com/chapter/rvolta-case-open-innovation/60175?camid=4v1a

Implementation of a Social Innovation Model for Economic Value Creation
www.igi-global.com/chapter/implementation-of-a-social-innovation-model-for-economic-value-creation/224760?camid=4v1a

Analysing the Effects of Symbolic Capital on Ethnic Entrepreneurship
www.igi-global.com/article/analysing-the-effects-of-symbolic-capital-on-ethnic-entrepreneurship/210052?camid=4v1a