Chapter 13

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

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ABSTRACT

A redirection towards wellbeing 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 today and 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 wellbeing, 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 wellbeing 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.

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INTRODUCTION

A growing number of economists are realizing that simple economic activity measured by the GDP is, alone, not enough to represent the well-being of citizens. In recent years, some scholars and some politicians have embarked on efforts to conceptualize and theorize new economic paradigms. Former president of the European Commission, Manuel Barroso, once featured that “Despite being an invaluable tool for economic policy, Gross Domestic Product (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 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 mitigating climate 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 shedding light on the potential role of social innovations praxis in improving the 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 in four illustrative cases. In this context, the 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 the applied country.
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