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Situated Social Justice

A Capability Approach to the Study of Social Innovation

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List of abbreviations

BEPA - Bureau of European Policy Advisers

CA - Capability Approach

EaSI - EU programme for Employment and Social Innovation

EC - European Commission

EEA - European Economic Area

EES - European Employment Strategy

EHRC - Equality and Human Rights Commission

EO - Equality of opportunity

ESF - European Social Fund

EU - European Union

MDG - Millennium Development Goals

NGO - Non-governmental Organization

OMC - Open Method of Coordination

UK - United Kingdom

UNDP - United Nations Development Programme

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“The world in which we live is not only unjust, it is,
arguably, extraordinarily unjust.”

Amartya Sen (2006:237)

1. Introduction

John Rawls, the great political philosopher of the 20th century, once noted: “being first virtues of human activities, truth and justice are uncompromising.” (Rawls 1972:4) I think both “virtues” are actually connected: there is no point in defining what is just - what *should* be - without being concerned with human realities – with what *there is*. The notion of (in)justice triggers many feelings in every human being and it is this intuition that makes us all experts without having studied philosophy. Although moral reasoning is ultimately based on emotions, theoretical abstraction can indeed be helpful for scrutinizing our feelings. Nonetheless even thoughtful definitions of social justice (and of social innovation) cannot be more than vague reference points. The aim of this work is to explore what theory can and cannot accomplish for making sense of the idea of justice. And in fact, this work raises more questions than it gives answers. Yet, I believe that it raises important questions.

1.1 Context and motivation

The idea of social justice has a long history of political and theoretical contestation. The changing concepts, values and institutions have embraced social justice in a variety of ways. Welfare states in Europe and beyond state are currently in a phase of significant flux and transformation, a transformation that is being underpinned by years of financial and economic crisis since 2008. The dissatisfaction with both neo-liberal restructuring and the traditional Keynesian welfare state gave birth to a new social policy paradigm that began to develop in the 90's. Social investment became the new catchword of a third way that calls for the reconciliation of financial prudence and social development (see Cantillon 2011; Giddens 2000; Jenson 2010). This new discourse embraced an active and preventive social policy championing the importance of social investments as opposed to mere compensatory welfare benefits. Following this view, States should be opportunity-enhancing, emphasizing individual responsibility and measures of ‘activation’ (e.g. active labour market policies). Along with the rejection of universal welfare and standardized policy answers

there is a trend towards new forms of decentralized governance. In this context the concept of social innovation re-emerged in the debates about social and employment policy. However, the growing interest in the idea has various institutional and disciplinary origins. Grassroots initiatives, social enterprises and urban movements have been using the concept as a signifier for a variety of concerns. It was then taken up by the policy making community at regional as well as EU levels and applied to innovations in the public sector - principally for describing new forms of “multi-level-governance” or “governance-beyond-the-state” (Eizaguirre et al. 2012; Swyngedouw 2005).

These transformations offer a broad and exciting field for investigation. The difficulty of studying social innovation practices is their multi-faceted character. Following Oosterlynck et al. (2013:2), social innovations are innovations that create new social relationships as a mean to achieve genuine social goals (i.e. enhance well-being); hence they are “social in their ends as well as in their means”. This broad definition may refer to all kinds of creative solutions and is not very useful for the purpose of this research. Instead I will focus on the process dimension of social innovation. In this light social innovation is referred to as a specific way of organizing public action¹, or synonymously as a form of governance (see González and Healey 2005:2056). Whiles social innovations evolve spontaneously and organically, there is, from a policy perspective, a need for a more systematic approach. By analysing the boundaries of such a systematic approach to social innovation this work will be a contribution to the body of research available on the topic. Consequently, I will focus on the role of the State as a facilitator and co-ordinator of socially innovative public action. For this purpose a consistent normative and theoretical framework is required.

The aim of this work is to explore whether Amartya Sen’s *capability approach* (CA) can establish such a link between the idea of social justice and the practice of social innovation. I propose the CA for analysing and evaluating social innovation policy. The methodological discussion will be crucial in this regard since it highlights the controversies associated with the application of the CA and with the assessment of justice in general. The CA offers an encompassing philosophical foundation for the study of social justice and puts special emphasis on human diversity and value pluralism. Moreover, its attractiveness relates particularly to the centrality of human agency in assessing public policies. However,

¹ Here, public action refers broadly to organized collective action in the public sphere (as opposed to private matters), including civil society and market actors.

Sen never defined specific principles of justice that can serve as a decision-rule. The CA can be regarded as normatively thin and does not provide a complete system of social evaluation. Without additional references it remains analytically vague, consequently, its empirical relevance and practical implications are contested.

1.2 Research question and methodology

The main hypothesis of this work is that the capability approach has, despite its lack of specificity and normative incisiveness, heuristic value for the design of social innovation policy. The following research question will guide my analysis:

On the basis of the capability approach, which criteria of social justice can be developed for assessing social innovation policy?

The work at hand is an attempt of putting Amartya Sen's foundational perspective on social justice into practice. By 'putting into practice' I mean "transforming a theory into an object of practical value" (Comim 2001:1). Yet, this task cannot be accomplished completely without a direct link to the empirical world. Thus, I content myself with the theoretical analysis of empirically relevant concepts. The discussion about the relevance of the CA (or considerations raised by the CA) is all too often focused on selecting the right methods and techniques or, alternatively, on the (CA-external) specification of capabilities in terms of policy outcomes. Beyond that I will argue that the CA has normative and analytical value as a foundational framework for public policy analysis. And yet, it should not be confused with a normative theory of social justice.

In terms of operationalization there are competing approaches of dealing with human diversity and value pluralism. I will explore the practical value of the CA by analysing two contrasting methodological perspectives: the *technocratic approach*, popular in economics and in quantitative social sciences, and the *situated approach*, closely related to critical sociological research. They do not only correspond to different 'ways of knowing' but - as I will argue - also entail different views of public action. The separation between the technocratic and the situated approach is not so much a question of selecting a specific set of methods and techniques but about forms of reasoning, and consequently forms of organizing inquiry and public action. Understood in this way, a number of CA-internal implica-

tions become evident that allow the development of normative criteria in the form of policy *outputs* that is ways of dealing with practical issues of social justice (e.g. participatory planning) without having to define specific requirements for policy *outcomes* (e.g. reduction in drug crime).² As will be shown, in reality evidence-based policy making develops between the poles of both approaches. I argue that a situated understanding addresses the demands of justice more appropriately, since a broader reading of Sen allows including his considerations of practical reason and social choice theory. This way the capability approach enriches the understanding of social innovation policy and the study of social innovation more broadly.

Sen's thoughts are valuable particularly because he "maintains a conversation" with mainstream economists' despite his extensive criticism (Gasper 2004: 179). According to his notion of 'practical reason' methods and concepts should be scrutinized against their practical value not on the basis of dogma or theoretical imperatives. As a consequence, methodological pluralism, imagination and intuitive knowledge become relevant to such a framework of reasoning. Sen acknowledges that there is no mechanic device or ready-made formula for the analysis of justice. Normative and empirical precision is an ideal that does not fit into the convoluted circumstances that make up our human worlds. Thus, it is noteworthy that the exploration and explanation of the topics discussed in this work cannot be solely a matter scientific research, but need to be addressed from as many perspectives as possible.

1.3 Structure

My work is structured in the following way: First, I will approach the object of analysis by outlining the discourses and policies that frame the idea of social innovation (chapter two). This will lead to a discussion of the main achievements of the CA within the liberal egalitarian theory of justice (chapter three).

² The importance of this distinction with regard to the CA-internal and CA-external implications was raised by Goerne (2010). It proved to be useful for the purpose of this work.

The second step is to discuss the empirical relevance of the CA by contrasting two competing methodological perspectives: the technocratic approach (chapter four) and the situated approach (chapter five) to social justice.

Thirdly, drawing on the methodological discussion in chapters four and five the practical implications for social innovation policy will be discussed. I will review the social innovation literature against the background of social justice so as to explore the main tensions of socially innovative governance. (chapter six)

PART I

SOCIAL INNOVATION AND THE CAPABILITY APPROACH

2. Policy framework

The western European welfare states have undergone comprehensive changes since their 'Golden Age' in the 50's, 60's and 70's. The Keynesian welfare state that emerged after World War II was based on a clear-cut definition of social risks.³ Following the principle of universalism social security was guaranteed, provided and defined by national governments and their centralized administrations (Bonvin and Farvaque 2004:6). This first phase is characterized by a notion of social justice that focused on *equality of resources*. The rationale was to compensate for the uneven market outcomes, which were regarded as unfair. In the 80's the Washington consensus brought about a new agenda – in the OECD countries and in many parts of the developing world – with radical social policy reforms that aimed at substituting state welfare through market mechanisms.⁴ According to the neo-liberal view the excessive welfare state had to be reduced to its regulatory core functions in order to promote individual responsibility and enhance productivity. The neo-liberal reforms were accompanied by the rhetoric of promoting *equality of opportunity* as opposed to *equality of condition*. Following this line of arguments, welfare entitlements (such as cash benefits) were creating disincentives and therefore negatively impacting (economic) opportunities. In many countries a radical reduction of the distributive capacity of the state lead to increasing economic inequalities. In the developing world the structural adjustment programmes (SAP) promoted by the Bretton Woods institutions were the vehicle of this institutional change. Under the slogan "There is no alternative" Thatcher and Reagan reduced the role of social policy to its minimal function of a safety net.

The creation of an alternative political space to the Washington consensus originated from two poles: On the one hand, organizations like UNICEF that long have been sceptics of the neoliberal mainstream pointed to the negative consequences of structural adjustment policies in the developing World (especially for children). On the other hand, some of the

³ The definition of specific contingencies is closely related to statutory rights that have been established in many countries since World War II. The notion of a universal right to social security is clearly enforced through article 22 of the Universal Declaration of Human Rights, stating that "[e]veryone, as a member of society, has the right to social security" (General Assembly of the UN 1948).

⁴ Jenson (2010) analyses the convergence of social policy ideas comparing Europe and Latin America.

advocates of neo-liberal policies began to review their positions, most importantly the OECD, which began to emphasize the importance of social cohesion despite having been one of the main promoters of SAPs (Jenson 2010:68-70).

2.1 Social investment

In the beginning of the 1990's, as a response to the crisis of neo-liberalism and the end of the Cold War, the urgent need of a new social policy became more and more evident. Claims for a paradigm shift began to resonate in the rhetoric of *social investment*, a term that rapidly gained popularity among decision-makers, academics and opinion leaders in the OECD, the EU and also beyond (Jenson 2010). The new discourse embraced an active and preventive social policy championing the importance of social investments as opposed to mere compensatory welfare benefits. The essence of this view is that social policies have important productive and transformative functions. Rather than conceiving social expenditures primarily as a burden, it is suggested that well-designed policies create significant economic benefits in the mid- and long term. Consequently, the macroeconomic and financial imperatives that regarded social welfare and economic prosperity essentially as antagonists were challenged fundamentally.

This new approach to social policy also became to be known as the *Third Way* – a term that is particularly popular in the Anglo-Saxon countries. One of its most-known advocates in academia is Anthony Giddens who describes the Third Way in its core as a rejection of both neo-liberal meritocracy, with its marked inequalities, on the one hand and *old-style* social-democracy, with its top-down bureaucracy and the associated moral hazard and dependency traps (due to unconditional and universal welfare), on the other. He states that “[p]ost-1989 we can’t think of left and right in the same way as many once did.” (Giddens 2000:28) The Third Way was invoked as a new leftist or social-democratic politics, particularly by Tony Blair’s New Labour in the UK and by the Clinton Administration in the United States (where neo-liberalism was most pronounced). Other social-democratic governments in Europe, like Gerhard Schröder in Germany and Wim Kok in the Netherlands, joined their claims and embraced similar ideas of a modernizing welfare state. (Giddens 2000:1-7)

However, the remarkable diffusion of the concept of social investment can by no means be interpreted as a new consensus of social policy. The interpretations of the approach vary largely and definitions remain vague and ambiguous. Moreover, the translation of the public and academic debate into policy reforms is far from being linear and uniform. Comparative analyses of social policy clearly show that it is more appropriate to speak of varieties of social investment (Nikolai 2009, Bonoli 2009). A convincing argument is that it is precisely the inherent polysemy that contributed to the popularity of the concept:

A wide range of epistemic communities have been able to deploy the notion because it has the flexible qualities of a quasi-concept. It has scientific credentials but also a common-sense meaning. (Jenson 2010:74).

In the case of the European Union, it has been possible to unify divergent ideological and institutional perspectives under the umbrella of social investment. Consequently, academics and decision-makers struggle about its concrete meaning: Giddens' appeal to the Third Way as an "alternative political philosophy" to neo-liberalism (Giddens 2000:32) is contested by sceptics who point to the orthodox underpinnings of the language and practices employed (see Geddes 2000). For instance, advocates of the Nordic model, like Esping-Andersen, suggest that innovative social investment policies and extensive public welfare are not so much of a contradiction as many liberals suggest (Jenson 2010:73). Scandinavian countries, like Denmark and Sweden, have indeed a longer history of investing in high-quality child-care and education, and with progressive labour-market policies (Morel et al. 2009:16). The demands of modernization are obviously very different in these contexts, where there is much more continuity with the policies of the past.

Notwithstanding heterogeneity within the social investment paradigm there are a number of common features. In principle it can be understood as a logic of intervention where the state has a specific role that is different to neo-liberal and Keynesian conceptions; namely the role of proactively enhancing individual opportunities. The narrative usually presents social investments as an imperative: The welfare state has to be modernized in order to meet the new demographic and socio-economic challenges and to adopt to accelerating social change (Cantillon 2011). Thus, it is primarily the redundancy of past approaches - not ideological opposition per se - that advocates refer to. Social inclusion serves both as a goal for itself and as a mean for sustainable economic development. Given the insecurity and unpredictability of future societal developments, fostering individual preparedness,

adaptability and employability seems to be the only viable way for achieving social inclusion:

The announced goals of the social investment perspective are to increase social inclusion and minimise the intergenerational transfer of poverty as well as to ensure that the population is well prepared for the likely employment conditions (...) of contemporary economies. (Jenson 2009:27)

Thus the social investment paradigm retains the neo-liberal focus on individual responsibility and supply-side policies. Consequently, education, training and “making work pay” are in the focus of social policies (Jenson 2009:30). It is the future orientation on the mid- and long-term that is characteristic for the social investment paradigm and explains the strong emphasis on human capital creation (see Lundvall and Lorenz 2009), particularly child-centred investment (see Van Lancker 2013). Such a policy perspective is compatible with extensive social rights, if ‘activation’ and financial stability remain core goals. Social transfers are regarded as necessary but targeted and conditional instruments are increasingly favoured over universal statutory schemes. The rejection of ‘universalism’ and standardized policy answers in favour of customization and flexibilization goes along with new forms of decentralized governance (Andreotti et al. 2012).

THE EUROPEAN SOCIAL MODEL

It is in this context of a new transnational public discourse of social policy that social concerns gained increasing attention at the EU level in the 1990’s. However, Barbier (2011:19 f.) argues, that the initial success of putting new issues of social development on the agenda was followed by a period of marginalization and a revival of orthodox economic policy. He concludes, that the imperatives of financial and economic stability that came to the forefront with the outbreak of the economic crisis in 2008 are of particular relevance for justifying the recent set back of social policy vis-à-vis economic restructuring. It is precisely this tension that is characteristic for the policy debates of the third and the European Union’s role in it. The social investment discourse is gaining relevance in a situation where new challenges of both economic and social development are calling for action. Policymakers are facing the difficult task of harmonizing the need for reducing public deficits on the one hand and for tackling alarming levels of poverty and social exclusion on the other. As a response, the European Parliament renewed its commitment to social in-

vestment through the “Social Investment Pact” (European Parliament 2012). In its communication “Towards Social Investment for Growth and Cohesion” the European Commission (EC) explicitly indicates that more efforts towards social investment are required:

Stronger economic governance and enhanced fiscal surveillance in Member States is now in place. This must be accompanied by improved policy surveillance in the social areas which over time contributes to crisis management, shock absorption and an adequate level of social investment across Europe. (EC 2013c:21)

In line with this framework, EU social policy is mainly about promoting employment. The European Employment Strategy (EES) - implemented in 1997 - focuses on supply-side regulation that enhances the “employability” of the workforce (Salais and Villeneuve 2004). Dean et al. argue that the EES essentially “encapsulates the orthodoxy of administrative re-commodification” of labour (Dean et al. 2005:6). The approach is based on a combination of work incentives, investments in training and education, and measures of work protection, and is often described with the terms “welfare-to-work”, “workfare” or “flexicurity” (see Bonoli 2009). This type of active labour market policies has been implemented in most member states, though with varying degrees of labour market flexibility, benefit conditionality and human capital investments (Bonvin and Orton 2009; Dean et al. 2005; Salais and Villeneuve 2004).

The emphasis on social investment and activation policies for addressing social issues has to be seen in the wider context of the Lisbon agenda established in 2000 with its “new strategic goal” of becoming “the most competitive and dynamic knowledge-based economy in the world”. Human capital creation is considered to be the key to “sustainable economic growth with more and better jobs and greater social cohesion.” (Council 2000)

By now the bottom line of the social investment approach seems to be rather disappointing. The 2010 goals of the Lisbon Summit in 2000 have not been met and, as Cantillon (2011) suggests, that many of the *new social risks* have not been satisfactorily addressed. To large part this is attributed to the ongoing economic crisis. Asking whether a social investment strategy can actually address these challenges is a valid question. Notwithstanding, Morel et al. conclude that the actual implementation of recommended policies lags behind the proclamations of modernization in the policy making community (Morel

et al. 2009:16). In any case, the European Commission's support of "activating and enabling policies through targeted, conditional and more effective support" is unabated (EC 2013c:10).

2.2 Social innovation

Social innovation is a normative concept that, following the EC, is defined as an innovative idea that generates new social relationships as a mean to achieve genuine social goals and to enhance well-being (BEPA 2011:36; EC 2013b:6). Thus, the added value is related to both to the outcomes and to the processes to achieve these outcomes. It seems that given the contemporary challenges of rising unemployment, increasing economic disparities (within and between member states), ageing populations, changing patterns of social organization, increasing complexity and an ever accelerating economy many of the standardized policy answers of the 'old welfare state' have become obsolete. Contrary to traditional linear planning models, social innovation practices are understood as an open and multidirectional process that involves many perspectives and finding "new ways of involving users and citizens and encourage thinking out of the box" (EC 2013b:7). Rather than holding on to policy blueprints it aims at developing tailor-made solutions. Yet, if social innovation is to be more than a catchword, a more substantive account is needed:

Part of the current attractiveness of social innovation comes from the fact that it can serve as an umbrella concept for inventing and incubating solutions to all these challenges in a creative and positive way. And this is much needed in Europe today. (EC 2013b:5)

The term social innovation is not new, but it has quite recently gained popularity in the scientific and policy making community, "either to confront mainstream concepts of technological and organizational innovation, or as a conceptual extension of the innovative character of socio-economic development." (Moulaert 2009:11) On the other side it has been increasingly employed by grassroots initiatives to describe new forms of social organization and social change (see Moulaert et al. 2007). Thus, it suggests a more encompassing view of the way innovation processes shape social change beyond mere economic or technological transformations. These processes include a) the identification of social problems or needs, b) the design and development of solutions, c) the evaluation and finally d) the scaling and dissemination of successful social innovations (EC 2013b:6).

SOCIAL INNOVATION POLICY

Consequently, social innovation is about different ways of organizing inquiry, design and public action. However, these practices are difficult to grasp in a systematic way since they evolve organically (even accidentally) and are principally bottom-up phenomena. The challenge of social innovation policy consists precisely in fostering social innovations at various stages while moving from “random innovation to a conscious and systematic approach to public sector renewal” (EC 2013b:14) Public administrations need to build the institutional capacity to co-ordinate, co-create and absorb social innovations at various scales. It is precisely these governance processes which will be subject to my analysis.

Applying social innovation strategies to social policy implies adopting new values for public action. These include:

- (a) The idea of social innovation advances the importance of **tailor-made and demand-led** policies, and thereby affirms the “micro-turn” in social policy development. (BEPA 2011:93; The Young Foundation 2012:13)
- (b) Social innovation is **sector neutral** and embraces a broad understanding of public action, involving a wide range of organizations, groups and individuals from the civil society, the private and the public sector (EC 2013b:6). Particular emphasis is put on collaboration across sectors, fields and disciplines. (Mendes et al. 2012:10 f.)
- (c) An important feature is the emphasis of participatory planning, **stakeholder-involvement** and co-creation. Social innovations are basically understood as bottom-up initiatives. (BEPA 2011:83 f.; EC 2013b:8)
- (d) The **generation of evidence and knowledge** is crucial for social innovators, who explore new (and uncertain) ways of addressing social needs. This involves information-sharing, mutual learning and social policy experimentation (EC 2011). Yet, the role of scientific research and expert-led innovations is limited, since learning processes entail both explicit knowledge and tacit forms of knowledge that cannot be properly formalized. (Bund et al. 2013:24 f.)
- (e) The focus on the **creation of new relationships** and interactions resonates with the notion of empowerment in the social investment paradigm (The Young

Foundation 2012:30) “They [social innovations] are innovations that are not only good for society but also enhance individuals’ capacity to act.” (EC 2013b:6)

A PROMISING PATH?

The cross-sectoral dimension of social innovation was applied to the social agenda as part of the Europe 2020 strategy contributing to the overall goal of creating a competitive knowledge-based economy. The social innovation framework is an integral part of the *Social Investment Package* and thus connected to its policies, goals and priorities (see EC 2013a). In fact it might be seen as an essential element of the investment strategy since it provides the framework for learning and evidence-based policy making that is central to the social investment paradigm. Social investments require information about needs, local conditions and patterns of social change in order to address the complex societal challenges we are facing. Hence, innovation and learning are to be crucial in this regard. Moreover, innovation is expected to increase efficiency of social policies and ensuring both social cohesion and financial sustainability (doing more while spending less money). (BEPA 2011; EC 2013b).

Social innovation has a particular role within the public discourse of the EC. A closer examination will shed light on the potential for sustaining or reforming current social investment policies. It is by no means clear whether the new governance paradigm offers a promising path, or whether it is rather a contribution to a further marketization and erosion of social policy. Trends towards decentralization and new partnerships in some member countries have found critics as well as proponents. For instance, some point to a loss of public responsibility and potential de-politicization (Ellison and Ellison 2006; Geddes 2000), while other authors argue that the strong emphasis on community involvement can be seen as a successful strategy for enhancing citizenship through a “responsibilization of citizens” (Ilcan and Basok 2004). Moreover it has been claimed that the social innovation paradigm, by joining different “counter-hegemonic” initiatives outside the realm of public policies, challenges orthodox (neo-liberal) policies through new forms of flexible social organization (Eizaguirre et al. 2012; Moulaert 2009; Moulaert et al. 2007).

At the EU level social innovation policy is a relatively new domain of the social agenda. A systematic assessment of its potential contribution to social policy requires a meaningful

theoretical and normative framework. On the basis of which criteria should social innovation policy be assessed? I suggest that the aim of improving the efficiency and legitimacy of social policies should be evaluated from a social justice perspective. However, an analysis that draws on the political philosophy of social justice is still missing. Amartya Sen's capability approach may prove to be useful in this regard. I will explore the relevance of his perspective on justice in the next chapter.

3. Why the capability approach?

Amartya Sen developed a novel understanding of well-being and social justice around the concept of *capability* (Sen 1988; 1994; 1999; 2006 [1979]; 2010). His *capability approach* (CA) is grounded in a critique of modern welfare economics, particularly of its utilitarian and rational choice foundations.⁵ Sen presented and developed the CA in a series of works since the 1980s.⁶ In this chapter I will outline the main features of the CA explaining why it is a valuable perspective for the study of social justice in general, and of social innovation in particular.

Since developments by other authors often subsumed under the term capability approach, such as Nussbaum's contributions⁷, it is worth noting that I will use the term *capability approach* for describing my understanding of the original framework developed by Sen. Yet, the richness of Sen's work allows for a variety of interpretations and is more appropriately understood as an analytical perspective. In the following I will use the terms capability approach and capability perspective as synonyms.

Sen can be considered a liberal egalitarian in the sense that he shares the fundamental concern of reconciling the notions of equality and liberty. As Cappelen and Tungodden argue, the "main achievement [of liberal egalitarianism] has been to include considerations of personal responsibility in egalitarian reasoning." (Cappelen and Tungodden 2004:2) In fact, the belief that justice demands that people are able to make autonomous choices - both regarding individual goals and regarding the means to achieve these goals – is a foundational principle of liberal societies in the occidental world. Yet, Sen's approach

⁵ Sen's critique of utilitarianism and rational choice theory, which is discussed in numerous publications, will not be discussed in detail.

⁶ He initiated the debate about a new perspective on well-being and individual advantage in 1979 in his article "Equality of What?" (Sen 2006 [1979]). Hence, it is no surprise that there has been an evolution in his ideas as well as changes in the language and concepts employed.

⁷ Due to the substantial differences between both authors' perspectives, a conceptual distinction is useful: Gasper (Gasper 2007:336) clarifies that the label 'capability approach' usually refers to Sen's original framework, while the 'capabilities approach' refers to Nussbaum's elaboration. Nussbaum's work entails a definition of a concrete list of basic capabilities (Nussbaum 2003) which has been subject to controversial debate (see Qizilbash 2011).

diverges in several key features of mainstream egalitarian theory, as developed by Rawls, Dworkin, Arneson, Cohen and Roemer (see Dworkin 1981; Rawls 1972; Roemer 1996).

The notion of equality of opportunity (EO) is central to contemporary liberal egalitarianism, since it retains sensitivity for human agency and individual responsibility. However, as an abstract idea EO can accommodate many contrasting notions of social justice (actually, EO only obtains a concrete meaning when a few key components are specified). Sen asserts that “every normative theory of social justice that has received support and advocacy in recent times seems to demand equality of *something*” (Sen 2010:291). The claim for equality of some basic form (e.g. equality of basic liberties) is not confined to egalitarians. Consequently, the central question is not whether some kind of equality should be demanded, but in which space the distributional issue should be assessed. Sen does not offer a complete normative theory but makes a strong case for broadening the informational focus by assessing individual opportunities in the space of capabilities. The capability approach offers an analytical framework that integrates human diversity and value pluralism.

The concern of capturing the social complexity of modern pluralistic societies suits the demands of flexible and customized social investment policy, and is particularly plausible in the context of the European Union. An analysis of social innovation in the context of third way social policy requires a normative and theoretical framework that captures social opportunities in their diverse and dynamic nature. At the foundational the CA seems to be useful in this regard, since it emphasizes the context-sensitivity and informational variety of social justice. The aim of this work is to explore whether a feasible link to public action can be established.

3.1 Liberal egalitarianism & Sen’s critique

Capabilities are defined as “substantive freedoms (...) to choose the life one has reason to value” and refer to “alternative combinations of functionings that are feasible for her to achieve. (...) or, less formally put, the freedom to achieve various lifestyles” (Sen 1999:75). Actually, Sen quite often changed his language using the terms “actual opportunities”, “substantive freedoms” or “effective freedoms” as synonyms. The notion of freedom - both in its intrinsic and its instrumental value - is central to the CA (Sen 1999:74-76;

2010:228-230). The distinction between ‘functionings’, which refer to *achievements*, and ‘capabilities’, which refer to *freedom to achieve*, is quite crucial here.

PROCEDURAL VS. SUBSTANTIVE JUSTICE

Sen makes a distinction between the ‘opportunity aspect of freedom’, which focuses on actually attainable achievements (or in a broader conception on a range of outcomes), and the ‘process aspect’, which is concerned with the “autonomy of decisions” and with the “immunity from encroachment” (Sen 1993:525). These aspects correspond with two different understandings of freedom, often referred to as *negative* and *positive* freedom. The former is associated with the libertarian tradition⁸, which conceives social justice mainly in terms of formal civil rights and fair procedures. The latter is constitutive for egalitarians who highlight the importance of counteracting the unequal distribution of resources and social endowments. For instance, Roemer (1996) distinguishes between the notion of EO as “non-discrimination” and EO as “levelling the playing field” respectively. The liberal egalitarian perspective, most prominently developed in Rawls’ *Theory of Social Justice* (1972), transcends the procedural principle of “non-discrimination”⁹ and combines both negative and positive freedoms (Rawls 1972:72-75). Similarly, Sen notes that a narrow focus on process-freedoms is problematic, since this allows justifying blatant inequalities and deprivations:

The uncompromising priority of libertarian rights can be particularly problematic since the actual consequences of the operation of these entitlements can, quite possibly, include rather terrible results. (...) [E]ven gigantic famines can result without anyone’s libertarian rights (including property rights) being violated. (Sen 1999:66)

According to Sen, opportunity-freedoms must be given priority, that is people’s actual opportunity to achieve valuable ends (social realizations), rather than evaluating justice

⁸ for instance Nozick’s “thesis of self-ownership” is challenged by Rawls’s work, “in which the right to derive income from personal attributes is denied when those attributes are due to luck, whether of the genetic or the environmental variety.” (Roemer 1996:232)

⁹ EO as non-discrimination entails a list of position-irrelevant characteristics which are not admissible for selecting candidates in educational or career opportunities, such as race, sex, religion, disability, etc. I refer to EO as non-discrimination as procedural fairness, since it does not address any structural injustices that require redistribution. This minimal approach, which Rawls called “careers open to talents”, is insufficient from a Rawlsian perspective of justice (Rawls 1972:72 f.).

against formal procedures or institutions. These social realizations should be assessed in the space of capabilities, that is to say that people have the responsibility and freedom¹⁰ to pursue a given objective or not:

A person's advantage in terms of opportunities is judged to be lower than that of another if she has less capability – less real opportunity – to achieve those things that she has reason to value. The focus here is on the freedom that a person actually has to do this or be that – things that he or she may value doing or being.
(Sen 2010:231 f.)

Capabilities may involve resources but are not limited to them and involve a variety of other personal and contextual endowments which expand individual freedoms. What counts is the overall freedom not some utility-measure or commodity bundles.

ACTIONS AND 'COMPREHENSIVE OUTCOMES'

Sen is in line with Rawls when arguing for a broad understanding of freedom that recognizes the *intrinsic* value of freedom in addition to its *instrumental* value of enhancing well-being (Sen 2010:228). The distinction between process-freedoms and opportunity freedoms corresponds to the philosophical opposition of deontological vs. consequentialist approaches to justice. While the former disregards actual realizations, the latter tends to neglect the importance of processes, relationships and institutions as the material of justice. Sen argues that this dichotomy is misleading, since consequences may be conceptualized in a way that allows for including processes and paying attention to agency and relationships as well. This point is illustrated by his distinction between “comprehensive outcomes” and “culmination outcomes” (Sen 2010:215). The notion of capabilities is precisely based on “the opportunity aspect of freedom, seen in terms of ‘comprehensive’ opportunities, and not just focusing on what happens at ‘culmination’.” (Sen 2010:232) Such a “state of affairs is informationally rich.” (Sen 2010:215) Hence, the CA goes beyond well-being achievements and embraces the nature and scope of a person's agency. Capabilities are actual opportunities to choose freely, to act and to achieve ‘reasoned ends’.¹¹

¹⁰ For Sen responsibility and freedom are two sides of the same coin: “freedom is both necessary and sufficient for responsibility.” (Sen 1999:284)

¹¹ Exclusive consideration of the opportunity aspect of freedom is characteristic for classical economic theory and can be found in every standard economic textbook about consumer theory. On the other

SOCIAL AND INDIVIDUAL RESPONSIBILITY

Comprehensive outcomes take note of agencies and, consequently, allow to include the notion of individual responsibility. Here, the *intrinsic* value of freedom refers to the *capability to act*. For Sen freedom and responsibility are two sides of the same coin. Yet, the definition of *individual responsibility* and its informational basis is an issue of ongoing concern. John Rawls' ground-breaking work *A Theory of Justice* (1972) is crucial in this regard.¹² Rawls is concerned with the just distribution of "primary goods" and holds individuals accountable for the welfare outcome derived from these "all-purpose" resources. Dworkin further developed and formalized this notion of responsibility. He tried to derive the social division of responsibility from the conceptual distinction between *given* determinants and those that result from *genuine choice* (Roemer 1998:166). More specifically, the former consist of circumstances or endowments beyond individual control, while the latter include personal ambition, effort and preferences.¹³ Both, Rawls and Dworkin contributed to a major shift in political philosophy: Bonvin and Farvaque (2004:11) argue that, by developing a responsibility-sensitive approach to social justice on the basis of widely accepted postulates, they co-opted the key right-wing argument against the redistributive welfare state. The dichotomy between choice and luck (i.e. circumstances beyond individual control) is a constitutive element of the opportunity-egalitarian framework in general (see Bonvin and Farvaque 2004).

The shift to opportunities, as the object of redistribution, evolved hand in hand with a growing emphasis on individual responsibility. For Rawls and Dworkin resources (in a broad sense) were still at the heart of their ideas of justice. Sen is in line with Rawls con-

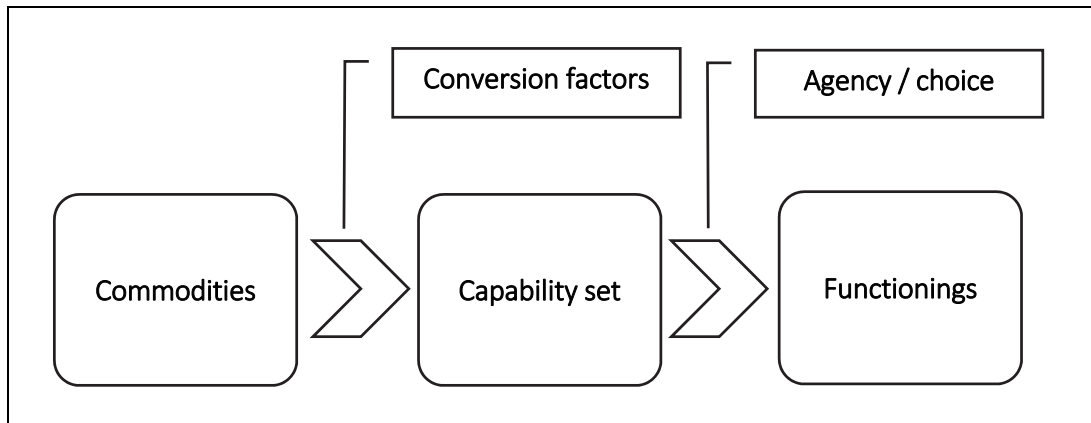
hand Hayek is a representative who concentrated radically on the process aspect of freedom (Sen 1993:523). Sen balances both extremes.

¹² Though Rawls's theory has been debated controversially, it is beyond doubt that his contribution had a lasting impact on the subject, influencing both political philosophers and economists: "[he made] the first grand attempt at deriving egalitarianism from a series of apparently acceptable postulates." (Roemer 1996:203) Sen writes that Rawls's theory "has been about the most influential theory of justice in modern moral and political philosophy." Sen (2010:55)

¹³ He introduced a second distinction in order to clarify the choice-luck distinction: On one hand, option luck refers to situations, which could have been avoided in the first place and therefore can be regarded as chosen in a broader sense. On the other hand, it is only brute luck that is not associated with voluntary choice and individual responsibility accordingly (Bonvin and Farvaque 2004:13). The debate Dworkin initiated is reflected in the various subsequent attempts of refining this conceptual distinction (see Roemer 2012)

cerning the rejection of utilitarianism. Yet, by scrutinizing the relationship between resources and social realizations, he criticized his narrow focus on the resource dimension of opportunities.

Figure No. 1: “The five building blocks of the capability approach”



Adapted from Goerne (2010:7)

CONVERSION FACTORS

Rawls acknowledges the diversity of individual ends, but he fails to address variations in people’s capability to convert ‘all-purpose means’ into valued achievements. In contrast, the CA shifts in focus “from *means* of living to the *actual opportunities* a person has”. This has been “a fairly radical change in the standard evaluative approaches widely used in economics and social studies.” (Sen 2010:253) The capability approach explicitly asks for the relationship between income (and other primary goods such as education) and the ends of good living. These conversion factors are highly contingent on individual characteristics and circumstances. Sen describes four dimensions that determine the variation in people’s capability to convert resources into valued achievements (Sen 1999:71; 2010:255 f.):

- (1) Diverse personal characteristics (such as age, gender or disability)
- (2) Diverse physical environments (such as climate or flooding)
- (3) Diverse social and institutional conditions (such as public healthcare or prevalence of crime)
- (4) Diverse relational perspectives (such as cultural standards and conventions)

Conversion factors can be critical in the understanding of poverty, particularly when various disadvantages are coupled:

Handicaps, such as age or disability or illness, reduce one's ability to earn an income. But they also make it harder to convert income into capability, since an older, or more disabled or more seriously ill person may need more income (for assistance, for prosthetics, for treatment) to achieve the same functionings (Sen 2010:256)

TRANSCENDENTAL VS. RELATIONAL JUSTICE

Sen's focus on social realizations entails a sharp critique of institutionalism, which defines justice solely in institutional terms - regardless of the ideological underpinnings such a view has:

There are a great many examples of such a concentration on institutions, with powerful advocacy for alternative institutional visions of a just society, varying from the panacea of wonderfully performing free markets and free trade to the Shangri-La of socially owned means of production and magically efficient central planning. (Sen 2010:83)

In this sense his theory is non-dogmatic, since he is concerned with human realities and the enabling processes that result from a given institutional setting. But his discontent with mainstream theories of justice goes beyond a rejection of "institutional fundamentalism". In fact, it is their absolute character, the aim of identifying perfectly just societal arrangements - what Sen calls transcendentalism - that constitutes the difference with Sen's framework (e.g. regarding the theories of Rawls, Nozick or Hobbes).

For Sen any consideration of justice needs to allow for incompleteness and indeterminacy of judgements. It is not only unrealistic to understand individual assessments in terms of complete and coherent preference orderings, but also to assume that people agree unanimously on all normative questions of public concern. Over some issues disagreement may still prevail, even when it is assumed that personal interests could somehow be excluded from the assessment.¹⁴ (Sen 2010:87-91) Thus, Sen's account of value pluralism contradicts with most contractarian approaches to social justice (such as Rawls' theory of justice), since he strictly rejects the assumption of a quasi-natural emergence specific principles of justice. In fact, he believes that there are many alternative principles with legitimate claims to impartiality (Sen 2010:57).

¹⁴ e.g. through a 'veil of ignorance', such as Rawls' "original position" (Sen 2010:57)

Social choice theory provides a framework for ranking different outcomes from a “social point of view” without relying on the transcendental assumption of complete agreements. It bases the normative framework on the systematic consideration of people’s diverse values and standpoints (Sen 2010:95). Hence, Sen concentrates on the processes of public reasoning (involving democratic debate and decision-making), in place of what should be the outcome of public decisions. This perspective accounts for the plurality of competing values allowing “partial orderings” and “limited agreements” (Sen 2010:243). Such comparative approach is, in Sen’s view, more appropriate for addressing the day-to-day injustices in the world around us. Sen argues that transcendentalism is neither sufficient nor necessary for comparative assessments of social justice (Sen 2010:98-102). Sen’s call for a paradigm shift away from “transcendental institutionalism” is unmistakable. In practice, however, this distinction becomes less evident and tensions associated with the capability perspective arise (as will be discussed later on).

SUBJECTIVE VS. OBJECTIVE WELL-BEING

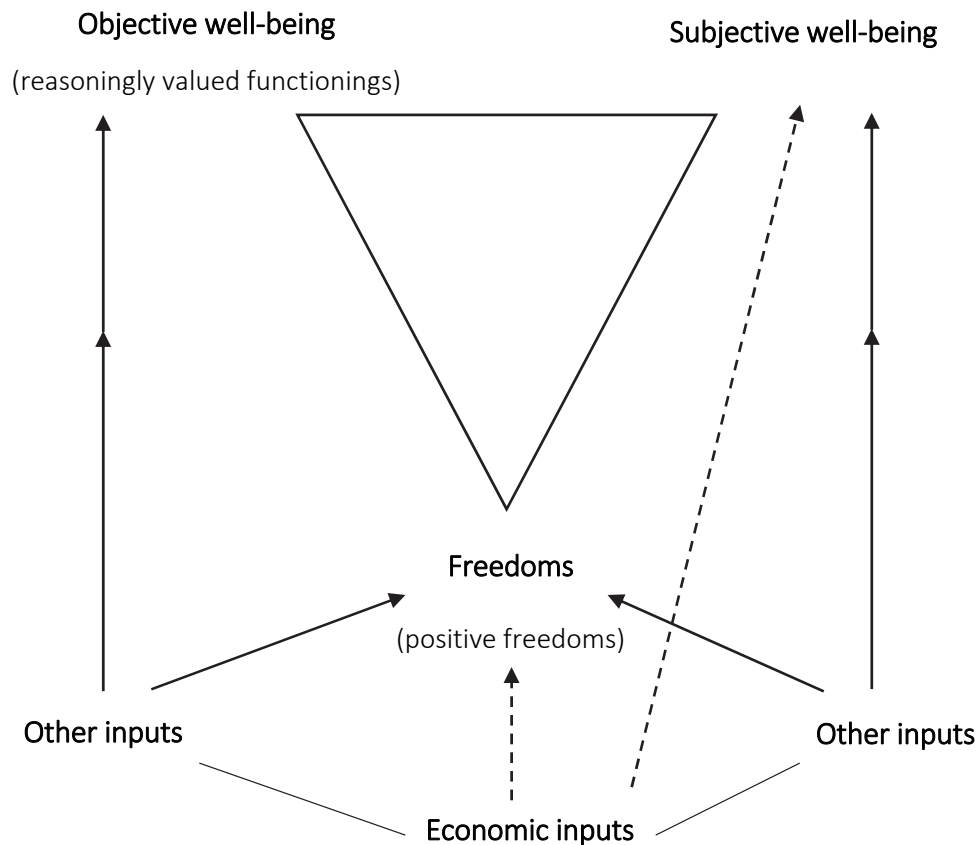
The CA is grounded in a specific form of relativism that should not be misunderstood with cultural relativism: the factual and normative basis of capability assessments is not completely idiosyncratic. Limited agreements allow certain objective measures even in heterogeneous societies. Yet, Sen’s understanding of ethical objectivity is not metaphysical in nature, but conditional on and restricted by the processes of public reasoning. The CA is explicitly value-guided and connects to the moral philosophy of Smith and Mill, and to Aristotelian ethics (Sen 1999:24). In this vein, his understanding of well-being transcends the merely subjective one.

Bruni and Porta distinguish broadly two conceptions of well-being: the “Benthamite-subjective-hedonic-individualistic” and the “Aristotelian-objective-eudaimonic-relational” (Bruni and Porta 2005:20). The first is predominant in modern economics and focuses on the notion of happiness as seeking pleasure and avoiding pain. A number of authors have challenged this orthodox thinking by emphasizing social values and the paradoxical nature of happiness. According to the *eudaimonic* idea of the ‘good life’, well-being “arises as people function and interact within society, an approach that places emphasis on non-material pursuits such as relationality and intrinsic motivation” (Bruni and Porta 2005:7). Sen’s CA is close to the second line of thought, which is concerned with genuine human

ends related to the actualization of human potential (see Dean 2009:264). For Sen self-reported life satisfaction or happiness (subjective well-being) can only be one component of well-being. His emphasis of the role of deliberation and reflection in defining reasonable human ends resonates with the idea of *quality of life*, which aims at objectifying well-being. Hence social justice is concerned with the things that are conventionally or arguably valuable, i.e. *functionings* that people have reason to value. The recourse to public reason in a way constitutes a middle ground between subjective and objective well-being, since valuable functionings are defined by the community. Thus, the *intrinsic* and *instrumental* value of freedom go along with a third dimension: the *constructive* role of freedom in defining human ends deliberately (Alkire 2006:135 f.). The concept of adaptive preferences in this regard:

“(...) utility, whether interpreted as declared feelings of satisfaction, or the fulfilment of preferences, or the fact of choice: all these are placed lower, because choices and preferences may have been formed without much reflection or in situations of deprivation of exposure, information or options.” (Gasper 2007:342)

Sen’s conception of well-being avoids both cultural relativism (which rejects any more general conversation about justice) and utilitarian subjectivism (which ignores processes of value construction and the sociality human ends). His work gave an important impulse to the debates about objective components of well-being, although he never defined or specified his understanding of *quality of life* (in contrast to other authors that adopted the CA). The CA embraces an idea of the good life that is neither subjective nor entirely objective.

Figure No. 2: Well-being triangle

Source: Gasper (2007:338)

COMPLEX EQUALITY

The distributional implications of the CA are far from being clear. The priority given to capabilities as the object of distribution does not entail a clear-cut distributive principle. In line with his critique of transcendentalism, he avoids formulating an absolute principle of capability equality or threshold levels for basic capabilities. For Sen reducing capability inequality is an important concern, but as such necessarily limited and incomplete. Trade-offs with other criteria should also be taken into account as well: "Significant as it is (...) [it] does not necessarily 'trump' all other weighty considerations (...) with which it might be in conflict." (Sen 2010:295) Sen is an egalitarian without a defined egalitarian principle. This makes it difficult to apply the CA to policy analysis, since the normative implications remain vague.

Sen makes an important point by noting "the general pattern of arguing against equality in some space, on the grounds that it violates the more important requirement of equality

in some other space.” (Sen 2010:295) Rather than asking ‘why equality?’ he argues that the relevant question is in fact ‘equality of what?’ It is the informational basis (what is to be distributed) that constitutes the main disagreements and divisions in the theory of justice. His case for a pluralistic understanding of equality that broadens the informational focus of justice can be understood as a principle of “complex equality” (Jayasuriya 2000:283). As I will explore later, this alternative notion of egalitarianism aims at giving substance to the foundational moral and political equality in a comparative and situated way, rather than strictly equalizing a predefined dimension of opportunities.

MAIN ACHIEVEMENTS

I agree with Gasper (2008:234 f.) who notes that the main achievement of the CA is that it brings a wider range of values into consideration, thus the valuation focuses on “core human realities”. The priority given to the concept of capabilities draws on the heterogeneity of both people’s means and ends. Conceiving disadvantages in terms of capability deprivation allows taking note of the contingency of specific personal, physical and social circumstances. Consequently an appropriate assessment of people’s ‘beings and doings’ requires an informational focus that captures the underlying processes, choices, and relations. Sen’s premise of pluralism is twofold: on the one hand it acknowledges the specificities of facts, to which I will refer to as *human diversity*, and on the other he is concerned with *value pluralism* and normative legitimacy of the evaluation of social justice. To sum it up, such a broad perspective:

- *rejects the narrow focus on negative freedom*: the CA is concerned with the distribution of effective freedom in contrast to procedural freedom or libertarian rights
- *rejects the focus on culmination outcomes*: the CA advances a comprehensive view of outcomes (social realizations), since narrow consequentialism (such as utilitarian focus on welfare) neglects agencies, relations and processes
- *rejects the focus on means*: personal, physical, social and cultural contingencies result in variations of people’s capability to convert certain means into ends
- *rejects transcendentalism*: the definition of perfect social justice is normatively arbitrary, still, value pluralism allows for comparative judgements on the basis of limited agreements and partial orderings

- *rejects exclusive focus on subjective well-being*: values and preferences are not merely subjective, public deliberation should be concerned with the social meaning of the 'good life'

THE CA AND SOCIAL INNOVATION

Despite numerous applications in the EU context, an application of the capability approach to the relatively new domain of social innovation has not been undertaken yet. A plausible and coherent methodology needs to be developed yet, but up to now, it seems that the CA is particularly suited for the analysis of social innovation since

- it accommodates processes of governance and deliberation reflected in the social innovation framework
- it endorses a broad understanding of public action, including a variety of actors and policy instruments (non-dogmatic with regard to the role of states and markets)
- it endorses a broad informational focus that captures the a variety of learning processes
- it aims at addressing social challenges that enhance the quality of life by focusing genuine human ends (rather than subjective, individualistic and materialistic well-being)
- it puts particular emphasis on human agency and highlights people's capability to act

3.2 Putting the capability approach into practice

Sen calls for a paradigm shift in the theory of justice. However, the usefulness of his proposal is contested and needs to be examined more closely. There have been several attempts to apply the capability perspective to policy analysis. Originally thought as an alternative approach to orthodox poverty measurement, it was predominantly applied to developing contexts. Yet, the CA became popular for social policy issues in richer nations as well. Applications range from UNDP's Human Development reports (Walby 2012), UK's Equality and Human Rights Commission (EHRC) (Burchardt and Vizard 2007), Germany's

National Action Plan for Social Inclusion (Carpenter 2009:363), to the ‘Sarkozy Commission’¹⁵ (Deneulin and McGregor 2010), which use the CA as a reference point. Carpenter (2009:363) argues that EU poverty measures in general have been influenced by Sen, namely the “conceptual shift from a narrow income poverty perspective to a multidimensional ‘poverty and social inclusion’”.¹⁶ Moreover, the CA received particular attention for the study of social investment policy (Bonvin and Farvaque 2004; Carpenter 2009; Jayasuriya 2000), and especially employment and active labor market policies (Bonvin and Orton 2009; Dean et al. 2005; Salais and Villeneuve 2004). It has been argued that the CA appropriately captures the concern of social justice in complex and pluralist societies. Yet, its popularity seems to be in part explained by its lack of specificity.

The variety of readings point to a tension inherent in Sen’s writings - between “traditional Western individualist liberalism” and more radical lines of thought, which may represent a more fundamental challenge to the liberal orthodoxy (see Dean 2009; Walby 2012). Walby (2012:101 f.) argues that the centrality of *agency* in Sen’s approach makes actually room for interpretations that approve neoliberal policies. However, she acknowledges that, despite this flexibility and potential ambivalence, the wide range of interpretations also indicates a poor understanding of Sen’s writings, since in some cases his concepts “are stretched too far” (Walby 2012:107).

OPERATIONALIZATION

The CA is neither a complete framework of social evaluation that allows assessing the fairness of a given arrangement nor is it a social theory that explains the underlying social phenomena. On the contrary it is an “informational perspective”, which “does not propose any specific formula about how that information may be used” (Sen 2010:323). Despite numerous publications, many of Sen’s abstract concepts remain unspecified. His intentional “underdefinition” has both advantages and disadvantages:

¹⁵ the Commission on the Measurement of Economic Performance and Social Progress

¹⁶ Compare also a study on social quality of the European Research Network (van der Maesen and Walker 2005). Moreover several EU research projects have been grounded on a capability-perspective: e.g. CAPRIGHT in 2007/08 on the relation between “social justice and economic efficiency” (see <http://ec.europa.eu/research/>¹⁹).

[Underdefinition] gives, fittingly, a lot of freedom for people of varied backgrounds to grow out from a small kernel in diverse ways, according to their interests and skills. (...) But underdefinition also has disadvantages for a research programme: (...) The risk increases that ‘anything goes’ during the inevitable simplifications in operationalization. (Gasper 2007:336 f.)

According to Deneulin and McGregor (2010:508) it is a “strength of the capability approach (...) that it is not a social theory or development theory and even less a theory of justice”. However, this ‘thin’ view of the CA contrasts with the ‘thicker’ accounts (Qizilbash 2011:28 f.), which have been developed by other scholars from a wide range of disciplines. In fact there are a number of different versions and understandings. For instance, Martha Nussbaum, certainly one of the most known contributors to the CA, draws on Sen’s writings to ‘thicken’ the approach. Her developments entail a definition of a list of basic capabilities, a specification Sen *intentionally* avoided.

The “list vs. non-list debate”, as Gough calls it (cited in Deneulin and McGregor 2010:511), is a result of this underdefinition. Some authors have advocated variants that rely on a principle of “universal possession of a set of basic capabilities” (Gasper 2007:352). The definition of ‘basic capabilities’ is contested and can have very diverse forms: Examples for such a universal list are the *Millennium Development Goals* (MDG) and the *Human Development Index* (HDI). Regardless of whether the specification of capabilities is pursued at local or global scales, explicit lists can be used to put pressure on governments. *Reasonably valued functionings* are indeed difficult to identify, since they constitute an ambiguous halfway house between objective and subjective well-being.¹⁷ Generally, it seems to be useful to distinguish between a narrow view, which is limited to the informational focus on capabilities and functionings, and a broader view, which points to the normative implications of the assessment and explores the categories of public reason and social choice more systematically (see for instance Alkire 2008:29).

Sen acknowledges that it remains to be explored whether the foundational relevance of the CA is valuable for empirical research and practical guidance. Critics argue that “the multidimensional-context-dependent-counterfactual-normative nature of the capability

¹⁷ Some authors have rejected the category of ‘basic capabilities’ *per se*. For instance, instead of using objective indicators, some have adopted measures of subjective well-being interpreting the things people have ‘reason to value’ as simple wants in the neo-classical economic sense (Gasper 2007:357) Yet, this interpretation seems to be in clear contradiction with Sen’s fundamental critique of ‘welfarism’.

approach might prevent it from having practical and operational significance.” (Comim 2001:2) Yet, following Sen’s notion of practical reason, the use of the CA necessarily involves practical compromises: “the need for pragmatism is quite strong in (...) the use of available data for practical evaluation and policy analysis”, however, he adverts to be careful, since measurement compromises may “hide more than they reveal” (Sen 1999:81). The CA is applied to competing methodologies with a wide range of both qualitative and quantitative research methods (Robeyns 2006:358 f.). Sen illustrates the range of potential applications by asserting that the CA is compatible with diverse strategies of evaluation: (1) the direct assessment of *capabilities* and *functionings* might be substituted by (2) traditional income assessments with additional (informal) capability considerations or by (3) an indirect approach that uses a common metric and calculates “adjusted incomes” (Sen 1999:81-83). The direct approach to assessing *capabilities to achieve reasonably valued functionings* does indeed entail considerable methodological difficulties. For instance, some argue that the theoretical distinction between *functionings* and *capabilities* is untenable in terms of operationalization (see Walby 2012). There seems to be a tension between empirical accuracy and practical convenience in interpreting and implementing the CA. As Zimmermann (2006:476) indicates, “Sen’s approach moves between the generic human being and the singular person.” In light of these difficulties in avoiding simplifications and generalizations, how far can the foundational concepts be stretched? And in which way can the conceptual complexity be linked to a heuristics that is of practical value?

Before going on to discuss these questions, it is important to clarify what I mean by operationalization. Broadly understood operationalization means ‘putting something into practice’. However, Comim (2001) indicates that operationalization can actually mean very different things: he identifies 4 “sequence[s] of transforming a theory into an object of practical value”: (1) “theoretical inclusion” refers to the theoretical analysis of empirically relevant concepts (methodological level); (2) “measurement” describes the translation into empirical variables; (3) “application” means using these variables in qualitative research; and (4) “quantification” applies to quantitative research methods (Comim 2001:1). My work will be (mainly) concerned with the first of these sequences. I will use the term operationalization in this sense.

The conclusion so far is that the CA offers indeed a valuable analytical and normative perspective, yet with ambiguous methodological implications. Hence, additional considerations are necessary. Sanderson (2003), who analyses the UK Government's vision of evidence-policy making, makes a distinction between policy making based on "what works" vs. policies based on "what is appropriate". The former champions the role of robust scientific knowledge in informing policy choices, while the latter questions the technical and apolitical rationality involved and points to the inherently moral and ethical character of evaluation. In the part that follows I will argue that these two perspectives offer different ways of operationalizing the CA and correspond to a thin and broad reading of Sen respectively. These conflicting approaches reflect distinct understandings of social inquiry and public action. And as such they constitute a fundamental tension in social policy discourse in general and social innovation policy in particular.

PART II

TOWARDS A PARADIGM

SHIFT IN THE ASSESSMENT OF
SOCIAL JUSTICE

4. The technocratic approach

In order to understand the implications of the capability approach (CA) in practice I will examine some of the operational challenges associated with the assessment of opportunities relevant for social policy analysis and evaluation. The technocratic approach to evaluation, discussed in this chapter, is defined according to the following features:

(1) The normative question is treated separately from the methodological one. More specifically, the focal question is: once a meaningful normative principle of justice is defined, what is the informational basis required for assessing certain policy instruments? Roemer's distinction between ethical reasoning and technical optimization illustrates this quite plainly:

(...) the philosopher's task is to discover the correct conceptual elements of the theory, and the economist's is to produce a workable (in particular, feasible) social policy that makes acceptable compromises among those conceptual elements. (Roemer 1996:309 f.)

(2) Empirically, there is a prevalence of quantitative methods which understand capabilities primarily in terms of statistical probabilities. Yet, what characterizes the technocratic approach is not so much the selection of specific methods or techniques, but the assumption that the rationale of evaluation is context-independent (involving standardized and comparable data).

(3) These context-independent procedures of analysis rely on a general definition of what justice requires (normative theory of justice). Hence, technocratic approaches are necessarily theory-based.

(4) The evaluative perspective does not only refer to 'ways of knowing' but also to the belief that social policies can and should be improved through objective and reproducible knowledge (see Sanderson 2003:335). The aim is to give recommendations for the appropriate design of policies that satisfy a set of given objectives or standards.

It will be explored to what extent technocracy, as a specific methodological perspective, can live up to the premise of human diversity and value pluralism present in the CA. My

aim is in particular to figure out whether the division between ethical and instrumental reasoning is feasible and consistent with the CA.

My discussion will be based on the notion of equal opportunities¹⁸ (EO) which can be translated into various competing principles of justice (depending on a set of normative presuppositions).¹⁹ The substance and reach of these principles varies widely, but it will be shown that any meaningful principle of EO is in fact quite limited in its practical value. The principled approach to social justice stands in some tension to the assumption of normative pluralism underlying the CA. In fact Sen never defined specific principles of justice, such as equality of capability or sufficiency of (basic) capabilities. Though being sceptical about the agreement on comprehensive and complete principles, he does not a priori preclude the possibility of guiding principles of justice. The legitimacy of such principles has to be judged against the processes of public reasoning involved. To the extent that these are based on shared values and understandings of actual political communities, they might be legitimate in Sen's terms. Thus, Sen's critique of transcendentalism implies a rejection of the claim of universal validity, but not of the very content of EO (as long as opportunities are assessed in the space of capabilities and allow for comparative assessments).²⁰

4.1 Opportunities as probabilities

According to Robeyns, capability assessments are dominated by quantitative measurement techniques, such as "descriptive statistics of single indicators, scaling, fuzzy sets theory, factor analysis, principle component analysis, and structural equation modelling" (Robeyns 2006:358 f.) Here, I will consider more broadly what an assessment of opportunities understood as statistical probabilities requires (without specifying the specific meth-

¹⁸ Here, *opportunities* refer to opportunity-freedoms that include Sen's notion of capabilities, but are not necessarily limited to it. Other conceptualizations are taken into account as well, inasmuch as they give valuable insights regarding the issue of operationalization.

¹⁹ A discussion of specific ideals of justice is outside the scope of this work. My aim is to work out CA-internal implications.

²⁰ Along these lines some authors have defined preliminary lists of relevant basic capabilities or principles of capability justice, such as thresholds, in order to evaluate certain policy outcomes (see Burchardt and Vizard 2007; Nussbaum 2003; Terzi 2007)

ods and techniques involved). Since capabilities refer to the freedom to achieve a hypothetical set of alternative *functionings*, they involve uncertainty with regard to the actual achievements in the future. Thus, it can be argued, in order to judge the quality of capabilities it is not only the hypothetical possibility that matters, but also a prediction based on probabilities.

In order to conduct a comparative assessment of the distribution of capabilities (in the following simply opportunities) two things are needed: a dependent variable (opportunity for what?) and relevant determinants that allow to compare between different groups of the population. Hild and Voorhoeve (2004:118) state that a core element of all conceptions of equality of opportunity is the distinction between “morally justified and unjustified inequalities”. They established a formal definition that highlights the main requirements of a meaningful conceptualization of EO: “A policy establishes *equal opportunity* when individuals with the same relevant characteristics attain the same outcomes, irrespective of their irrelevant characteristics.” (Hild and Voorhoeve 2004:119) Hence, any application of EO requires a specification of the outcomes of interest as well as of the morally justified/unjustified processes of differentiation, to which I will refer in the following also as legitimate/illegitimate determinants of inequality.²¹ Such a definition explains opportunities as a statistical probability, since the process of exclusion (i.e. deprivation of opportunities) is solely determined through a correlation between dependent and independent variables. The mechanism which explain this correlation - the capability vector - are not addressed directly.²² A necessary implication of a probabilistic conception of EO is that all legitimate determinants of inequality need to be isolated. Otherwise no normative statements can be made with regard to the distribution of opportunities (except for the case where all these determinants are assumed to be equally distributed among the groups, e.g. everybody has the same desires, ambition, ability etc.).²³

²¹ These determinants, of course, may vary according to the outcome of interest.

²² Statistical approaches to EO analyse the relationship between the distribution of a specific condition among groups (usually resources such as income, or educational attainment) and the distribution of certain group characteristics (e.g. socio-economic background, religion, gender, etc.). Thus they aim at predicting the likelihood of an outcome for a given set of characteristics (distribution of opportunities as chances).

²³ This is precisely the difference to applying the concept of social mobility, which does not imply this normative distinction between legitimate and illegitimate determinants. For that reason social mobility, understood in this way, is only descriptive and hence insufficient as a normative criterion for evaluation.

The selection of a relevant outcome dimension can be made on the basis of surveys (or existing databases about values, such as *World Values Survey*), existing political objectives (such as EU social indicators and EU-2020 goals) or other references that provide *external* legitimation. (The selection of appropriate references will not be considered here, we assume that the chosen framework satisfies the basic demands of the CA.) The definition of legitimate and illegitimate determinants is more demanding. There are, of course, competing notions of justice with respective emphases on troubling sources of inequality. Yet, a common feature of liberal egalitarian theory (and contemporary public discourses) is the prominent role of human agency, and consequently individual responsibility for choices. The relevance of merit contemporary debates on social justice is unabated. On that note I will discuss the assessment of agency-related attributes more broadly.

There is a large number of studies dedicated to the question of how to appropriately isolate those relevant factors considered to be a matter of individual responsibility. Given the complexity of the patterns of social exclusion, more and more sophisticated models are being developed. As Sanderson notes²⁴, a distinct feature of theory-based evaluation is its technical rationality, understood as matter of identifying the “‘correct’ procedure or method”:

(...) the appropriate response to increasing complexity in the policy making environment is ‘. . . to apply more powerful tools and draw on more specialist knowledge to enhance . . . capacity to design and implement successful policies.’

(Sanderson 2003:335)

Liberal egalitarians are particularly concerned with choice and ambitions (the *things* we are able to control; see chapter 3.1). Meritocratic notions of EO emphasize primarily the legitimate role of talent and skills in determining differential achievements. In contrast, luck egalitarians (such as Dworkin) insist on the illegitimacy of inequalities based on determinants that individuals *cannot* control (including inborn characteristics such as natural talent). Despite the differences, both are based on some conception of merit (such as

Swift (2004) argues that research on social mobility often rests upon the implicit assumption that perfect (high) mobility indicates complete (high) EO. Thus he adverts to be careful when applying the empirical evidence of these studies.

²⁴ Here, he refers to the UK Governments’ vision of evidence-based policy making.

skills, effort, smart choices, etc.). What is relevant here is the luck-choice dichotomy²⁵, thus I take merit to be something that is within the individual control in a wider sense.

4.2 The idealization of choice

Along these lines, EO can be defined as a distribution where those that equally *seek* a certain good or outcome should have the same chance of attaining it (see Arneson 1999).²⁶ Let's call the notion of 'seeking something' *effort*, that is choices and behaviour that increase the probability to achieve a given outcome (such as making one's homework, attend certain trainings, etc.) For the sake of illustration we say 'obtaining a high school degree' is the dependent variable. Translating this definition into empirical variables is challenging, since to "seek an outcome" is ambiguous and may mean "to want" or "to pursue" the outcome. (1) Not 'pursuing' an outcome may be explained by a lack of support, confidence or institutional impediments. (2) Not 'wanting' an outcome may be explained by different preferences or desires. These two aspects will be explored more in detail.

How can we account for the dimension of individual choice in the assessment of inequalities? Sen is concerned with these problems.²⁷ He poses two questions respectively: has the person the *capability to act* upon the valued outcome? And has she *reason to value* the outcome? Both questions point to the social contingency of effort: In order to understand a person's overall capability (option capability) we must understand her *social* impediments, including those that are supposedly related to choice. Generally speaking, Sen understands social and physical environments as capability enhancing or capability constraining. This may be either through an influence on preference formation or through institutional, economic, political or psychological (dis-)empowerment.²⁸ From a technocratic perspective on evaluation these issues are principally technical in nature. The aim is

²⁵ some with broader and others with narrower conceptions of luck, and choice respectively

²⁶ We could obviously modify this definition by saying 'those equally talented, provided that they equally seek it...' The basic structure is the same.

²⁷ For Sen capabilities have actually two dimensions: Well-being freedom and agency freedom (Gasper 2002:238). thus having choices is itself (intrinsically) valuable regardless of the instrumental impact on well-being

²⁸ The freedom to achieve is not only related to the intrinsic and instrumental role of freedom, but also to the constructive role of freedom (Sen 1999:153 f.).

to define objective measures as proxies for both determinants and desired outcomes. In the following I explore the two dimensions of social contingency, arguing that the empirical isolation of notions of merit is indeed problematic. That is not to say that the concept of merit is completely redundant, but rather that it requires more than exclusively technical considerations.

ENDOGENEITY

Endogeneity refers to a general problem of establishing causality in statistics. Empirical studies confirm that dynamic, inter-personal comparisons raise major difficulties of establishing causal relationships between means and outcomes (see Hild and Voorhoeve 2004; Pignataro 2012). Generally speaking this means that illegitimate determinants affect the outcome not only directly but also indirectly through their influence on another variable. Thus, the challenge is not only to find a feasible conceptual and empirical distinction between *given* and *chosen* circumstances, but also to isolate indirect the impact of illegitimate determinants on legitimate ones. To give an example: Determinants like the parents' socio-economic status²⁹ affect the children's school attainment by shaping individual desire, effort and skills. If we assume that these factors are legitimate determinants and the family background is not, then the impact parents' socio-economic status has on desire, effort and skills is illegitimate too. What effect could the parents' socio-economic status possibly have on these determinants? I will answer this question in the following.

Parallel to the two aspects of agency mentioned above (*wanting* and *pursuing*), it can be said that the external social, institutional, cultural or economic circumstances may affect (1) **skills and abilities** that enable a person to make specific choices as well as affect (2) the formation of **preferences** and behavioural norms. In reality the limits between both aspects become blurred.

SKILLS AND ABILITIES

Skills have an obvious social dimension. Gasper (2007:350) makes a useful conceptual distinction in this regard (drawing on Nussbaum): "P-capabilities" refer to undeveloped *potentials* such as biological endowments, "S-capabilities" describe actually developed *skills*

²⁹ which could be defined more specifically by the parents' occupation, income level or education

and abilities, e.g. through training, and “O-capabilities” describe the overall *options* set as a result of S-capabilities and external conditions. Chambers (2009:380) offers a further specification: skills may result either from effort (say time spent on homework) or from social endowments (say better education in a private school).³⁰ Moreover she adds another type of social endowments, which does not enhance skills (e.g. a valuable social network). These may serve as conceptual basis for deriving empirical variables and developing a statistical model that allows inter-personal comparison of skills. Considering the diverse circumstances of students is crucial for the CA. Some differences in social endowments seem to be easy to account for (e.g. by regressing differences between schools or between different household income sections). However, a crucial and necessary assumption is that there are neutral and objective proxies for skill-levels at all.

Young (1990) challenges this assumption in a convincingly thorough analysis. She shows that educational and other skill-related credentials have necessarily normative and cultural content. The main question is: what are appropriate indicators of skills? Young notes that an essential part of what pupils learn at schools are “cultural values and social norms such as obedience, attentiveness, and deference to authority” (Young 1990:193). Grading is consequently - to a remarkable extent - about internalizing these values. But not even standardized testing, as the most widely used proxy, seems to live up with the premise of neutrality. The individuality of people is (de)valued through a discriminatory process of “normalization”³¹:

What in pretested particularity is simply a difference in kind of skill or the mode of its expression becomes the presence of more or less skill when its measurement is standardized according to a single criterion and scale. (Young 1990:209 f.)

Empirical research confirms test biases against some groups (for instance against women or minorities), but it proved to be impossible to design completely neutral tests that would eliminate these biases (Young 1990:210). The only way to counter the inherent discrimination seems to be that inherent values are made explicit and that disadvantaged groups get a say in the design of tests and other evaluations. The point is not that tests are to be

³⁰ Here Dworkin’s distinction between “external resources” and “internal resources” gets blurred and has little value (see Bonvin and Farvaque 2004:12).

³¹ a term familiar to both economists as well as to critical social scientists familiar with Foucault: normalization means transforming into a common unit.

rejected in principle, but that they cannot provide “precise quantitative individual measures of technical or cognitive competence independent of and neutral with respect to values and culture.” (Young 1990:210). Yet, even if we were confident that standardized tests have at least some (or enough) comparative value, the manifold ways in which cultural and social differences influence qualifications (and what is considered to be merit) more generally, are hard to dismiss. In the face of these insights a statistical assessment of ‘pure’ position-relevant skills appears to be extremely challenging (see also Chambers 2009). If context-specific norms and values are intimately linked to what we understand as skills, then it seems quite obvious that they influence personal motivations and objectives as well.

PREFERENCE FORMATION

The second issue of endogeneity relates to the achievement itself. What people value and desire might not only be related to people’s unique individuality, that is differences in natural tastes and temper, but also to the socio-cultural context they belong to. Sen is particularly concerned with the social contingency of objectives or preferences.³² His parable of the “tamed housewife” illustrates the phenomenon, usually referred to as *adaptive preferences*:

It is also clear that the fulfilment of a person’s desires may or may not be indicative of a high level of well-being or of living standard. The battered slave, the broken unemployed, the hopeless destitute, the tamed housewife, may have the courage to desire little, but the fulfilment of those disciplined desires is not a sign of great success and cannot be treated in the same way as the fulfilment of the confident and demanding desires of the better placed. (Sen 1994:11)

The problem of adaptive preferences is a special case of endogeneity. Sticking with the example above, children may not only acquire certain skills and behavioural norms from their parents, but they also adapt their preferences and ambitions, for instance for education or jobs.³³ As Roemer (1998:13) puts it:

³² e.g. in his critique of rational choice theory (see Sen 2010)

³³ The field of education is well studied with respect to equality of opportunity and structural disadvantage. Bourdieu’s work has been ground-breaking in this regard (see Bourdieu and Passeron 1971).

Children form views about the desirability of exerting effort in school by observing adults who have and have not achieved education, at various levels, and how their lives have consequently gone. These 'views' include their beliefs and their preferences: preferences themselves may be influenced by beliefs, through cognitive dissonance, as in the sour-grapes phenomenon. Influenced by these beliefs and preferences, a child decides what a reasonable level of effort to exert (...)

The reasons for people to adapt their preferences to specific circumstances can be manifold. For Sen such circumstances include personal characteristics (such as gender or disability), social norms or cultural beliefs, and institutional or physical environments (Sen 2010:255 f.). As social beings our dreams and desires are bound (at least in part) to the people who surround us and whom we interact with. We do not only develop a sense of the things we *want*, but also of what is possible, i.e. what *can be wanted*. The latter may even serve as a rational choice explanation for adaptive preferences: if the *expected* probability of success (due to imperfect information) is lower under certain circumstances (independent from the actual probability) than people adjust their objectives to what they conceive as reasonable. Regardless of the specific mechanism in place, the adaptive nature of preferences may result in a considerable constraint of a person's capability for well-being.

The difficulty of isolating these biases consists in the ambiguous character of positional evaluations. More generally, Sen points to the potential fallacy of assessing "social realizations in strictly impersonal terms":

The insistence that you and I, if we follow the same system of ethics, must value a comprehensive outcome in exactly the same way does correspond to the demands of utilitarian ethics, which is of course a classic case of consequential reasoning, but informationally a highly restrictive one. (...) [It] would seem to be entirely arbitrary, and indeed motivationally contradictory." (Sen 2010:220)

In other words: value is not only attached to the outcome itself (in a narrow sense) but to relations, processes and actions associated with the outcome (comprehensive outcomes). This type of positionality is the foundation of the adaptive preferences problem. Yet, the difficulty of grasping social biases is that positionality can be both illuminating and misleading. As in the case of the "tamed housewife", there may be good reasons for agency-independent (i.e. trans-positional) evaluations: for instance, Sen cautions that the use of

self-reported illness in health statistics is problematic, since they may be based on “parochially mistaken diagnoses” (Sen 2010:220). Other cases might demand positional evaluations (i.e. subjective or context-specific perspectives). There is no formula for choosing between relevant and distorting types of positionality, but, according to Sen, it is rather left to the exercise of ‘practical reason’ (which will be discussed in detail in chapter 5.4; see also (Sen 2000)).

ROEMER’S METHOD OF PURIFICATION

In order to use effort as a variable that defines individual responsibility (i.e. legitimate determinant of inequality), it has to be modelled in such a way that it is not distorted by arbitrary circumstances, either external such as socio-economic background or internal such as biological endowments. Roemer (1998; 2012) proposed a straightforward solution for this problem. (Whether the bias in effort is due to adaptive preferences or due to other behavioural norms is not relevant here, since the intuition applies to both.) In contrast to Arneson who bases his approach on ideal, autonomously chosen, preferences (Roemer 1996:270 f.) he suggests to consider differential effort only in relation to individuals within the same “type”, i.e. within a group with similar attributes (circumstances) that determine the effort distribution compared to groups with other attributes. By introducing the “effort rank” as a variable in his model he accounts for the indirect effect of circumstances, which determine effort endogenously. It is important to note here that effort is conceptualized as a residual variable, meaning that it consists of a number of residual factors, which are not included in the typology of circumstances (i.e. ‘types’). This is due to the fact, that effort cannot be measured directly. Roemer acknowledges this shortcoming and proposes to adjust the models accordingly: An accurate assessment of effort-levels requires ‘correctives’ compensating for the incompleteness of circumstances (Roemer 2012:178). Here, the technical procedure requires additional intuitive judgements.

In other words, following Roemer, the weakness of the effort argument is twofold: Firstly, effort is unequally distributed across ‘types’ and therefore partly based on circumstances. And secondly, measuring effort indirectly by accounting for all (!) circumstances is inevitably defective in the sense that effort cannot be isolated completely. The obvious conclusion is that effort is often overemphasized and mistakenly idealized. Indeed the margin of error depends overwhelmingly on the choice of appropriate variables. Roemer’s

method of “purification” is sensible, however, the methodological controversies associated with the concept of effort remain (for an application see Björklund et al. 2011). Critics indicate that the specific choice of variables is likely to create inherent biases.³⁴ For instance, individuals may well be assigned to various ‘types’. “The operational challenge here is how the *practical* nature of the context definition will influence the *objective* nature of capabilities.” [emphasis added] (Comim 2001:7)

INSTRUMENTAL RATIONALITY

From an operational perspective the key problem is that statistical approaches inescapably rely on oversimplification due to the informational constraint, specifically the limitations of measuring choice determinants directly. The social contingency of choice (or: the endogeneity of choice proxies) creates enormous difficulties in isolating personal characteristics in an unbiased way. The focus on comparable and measurable phenomena is likely to lead to unobserved patterns and omitted variables. But these shortcomings are not merely a question of choosing the right methods, but related to the strict separation of positive science and ethical considerations. It is precisely the discipline of economics, which has traditionally ignored these implicit judgements.³⁵ Gasper notes that the idealized neutrality goes along with “epistemic values”, such as precision, comparability and consistency, which determine not only the selection of techniques but also their use and interpretation: “Elegant error is often preferred to messy truth. Theoretical tractability is often preferred to empirical relevance” (Lipsey cited in Gasper 2008:240).

The example illustrates the limits of instrumental rationality in the evaluative exercise. The formulation of concepts, the selection of group variables, the generic interpretation of

³⁴ A methodological critique of his model is that it rests on the assumption “that the relevant factors that are *not differentially influenced by irrelevant factors* [1] and which therefore require no purification are also *statistically uncorrelated with irrelevant factors* [2].” (Hild and Voorhoeve 2004:122 f.; emphasis and nummeration added) In other words: Purification only works when legitimate determinants, say innate talent, are either equally distributed among groups (1) or influenced by the type’s circumstances (2). As Hild and Voorhoeve (2004:124) point out, empirical research indicates a positive correlation between genetic differences (innate talent) and parental education, although there is no direct causal relationship, i.e. genetic differences are not a cause of parental education. If then talent is purified (i.e. only considered in relation to others of the same type), than an equalizing policy would unjustifiably diminish the impact of talent on the outcome measure.

³⁵ Sen has quite extensively criticized mainstream economics for excluding value considerations (see for instance in *Ethics and Economics* (Sen 1988) or his elaboration on rational choice theory (see Sen 2010:184-187). I will come back to this discussion later.

effort, the identification of causes, and the focus on certain aspects of life, all require prioritizations which necessarily involve value judgements.³⁶ A technocratic inquiry that neglects these judgements is problematic from a capability perspective:

If informed scrutiny by the public is central to any such social evaluation (as I believe is the case), the implicit values have to be made more explicit, rather than being shielded from scrutiny (...) (Sen 1999:80)

Up to this point it is worth noting that, in light of the conclusions made so far, the focus on the individual and its ability to make choices appears to be less plausible than many scholars suggest. Walby (2012:104) argues that the emphasis on choice and merit is linked to liberal discourses of justice which notoriously neglect the “social construction of choice”: “Hence, a focus on choice as the centre of human value becomes merely a circular route, reproducing existing social relations and hierarchies.”³⁷ To be clear: I am not simply revoking the structuralist argument that there is no such thing as choice, but rather that it is embedded in complex social relations, and thus requires thorough scrutiny of statistical means.

4.3 Path-dependency and normative theory

As we have seen, social contingencies can restrict our ability to make ‘good’ choices, to form and reflect certain values and to strive for change. The issue of endogeneity in the statistical analysis of opportunities can be expressed in very diverse ways. Given the interdependency and interaction between individuals, people’s opportunities are not only affected by one’s own decisions, but by changes in the world around them. Moreover, each achievement, even if it occurred due to brute luck, is itself a new opportunity, thus creates a new opportunity landscape. These accumulative effects can be understood as a kind of *path-dependency* and are as diverse as the individual trajectories. It is evident that a meaningful understanding of merit and individual responsibility is related to temporalities, that

³⁶ Here I referred only to the problem of incomparability. The problem of incommensurability – that is the difficulty to aggregate and weigh various capability dimensions – needs be addressed in similar ways. (see Crespo 2012)

³⁷ Chambers (2009:378) makes a rather different argument stating that the problem does not consist solely in ignoring the very existence of these patterns of reproduction, but rather “that most advocates of equality of opportunity accept that it *should* occur.” [Emphasis added]

is probabilities are necessarily defined with regard to time horizons and certain assumptions about the environment (see Comim 2001:6 f.). Consequently, assessing capability deprivation requires an understanding of patterns of reproduction of capabilities.³⁸ If we are interested in assessing opportunities not only at a given point in time (backward-looking) but dynamically, then additional considerations are necessary. (Chambers 2009; Hild and Voorhoeve 2004; Sachs 2012)

POSITIONAL GOODS AND LEGITIMATE PARTIALITY

Path-dependency is especially relevant when it comes to “positional goods” (Brighthouse and Swift 2006) that is achievements with immanently relational value³⁹, e.g. the value of certain skills and qualifications (say a master’s degree) is not absolute but depends on skills and qualifications of potential competitors. Here, reducing absolute inequality becomes crucial for tackling deprivations of the worst-off. Yet, levelling-down may seriously conflict with basic liberties or generate arbitrary outcomes (such as counter-intuitive incentives). As Sen suggests, autonomy may contradict not only with others right to freedom as immunity, but also with the opportunity aspect of freedom (Sen 2010:231 f.). It is by no means clear where the line between both aspects of freedom is drawn. Basic social institutions like the family reproduce inequalities (ergo restricting opportunities of the worse-off) through “legitimate partiality”, as Brighthouse and Swift (2006:494) argue. The argument is that some sacrifice to autonomy in the name of EO is accepted as long as essential forms partiality remain untouched. Here, a definition of legitimate/illegitimate forms of partiality is required in order to justify interference with libertarian rights.

THE PARADOX OF NON-STOP JUSTICE

Given the epistemological controversies associated with the (static) assessment of choice, path dependency requires special attention. Any attempt to establish a fair starting point

³⁸ Sen does not in particular elaborate on power relations³⁸ (for criticism see Deneulin 2005), yet his sensitivity for social contingencies (in particular the coupling of unfavourable conditions³⁸) draws attention to the accumulation of disadvantages.

³⁹ Sen’s consideration of relationality is unmistakable (Sen 1999:71, 2010:155-168).

or to “level the playing field”⁴⁰ (see Rawls 1972; Roemer 1996) is necessarily imperfect to some extent. This fact cannot be neglected even if we speak about minor injustices, since the accumulation of small differences in advantages (no matter if they are justified or not) will eventually result in considerable inequalities, which are potentially arbitrary.⁴¹ An understanding of justice that is limited to establishing a hypothetical fair starting point is inevitably incomplete.

On the other hand, Chambers rightly points out, that applying the fundamental principle of meritocracy⁴² throughout a person’s life is not realizable in practice (Chambers 2009:385). She mentions three problems, regarding epistemology, efficiency, and incentive effects: Concerning the first, it is not difficult to imagine that the epistemological problems with applying the EO principle continuously rather than at a unique moment are unsurmountable. The second and third regard the discrepancy between natural talent and actual position-relevant skills. For instance, if job candidates were assessed solely on the basis of their natural talent than job positions would not be occupied by the most abled candidates, which implies huge efficiency losses. Moreover, incentives to improve skills would be removed.

It seems that the efficiency imperative and the incentive problem constitute a powerful argument against the continuous equalization of opportunities. They do indeed, however, on ethical grounds, it appears to be entirely arbitrary to compromise social justice for efficiency considerations (see for instance Rawls 1972:67-71). To put it plainly: “[E]conomics has no separate source of normativity apart from ethics.” (Broome 2009:8). Chambers argues convincingly that the attempt to derive clear-cut decision rules from abstract normative principles of justice is trapped in a paradox:

⁴⁰ It is often argued that inequalities in childhood should be mitigated, since children are not able to make responsible choices und therefore should not be held accountable for their choices (see Rawls 1972).

⁴¹ Does responsibility for choices imply responsibility for all (!) successive disadvantages, which go far beyond the immediate outcomes? The notion of path-dependency underlines the controversies of merit proxies discussed above.

⁴² Here I refer to the radical version of meritocracy, defining merit as natural talent. A more moderate version, which understands merit strictly as position-relevant skills regardless their origin, would avoid the efficiency and incentive problem, but facing similar epistemological difficulties in the assessment of merit.

(...) is the principle advocated as a practical guide to action that falls far short of what justice requires or is it to be thought of as a fundamental principle of justice which is hopelessly unrealizable?" (Chambers 2009:385) ⁴³

The dilemma seems to require practical compromises. But one might ask: on which normative bases should these be defined? Sen is aware of these trade-offs and argued quite extensively that the numerous attempts to find complete and meaningful principles of justice do not only lack legitimacy, but also fail to provide consistent policy recommendations (see Sen 2010:10-17). In fact this points to a general dilemma of normative theories, namely choosing between normative incisive models that "distort reality" (i.e. are empirically inaccurate) and those that are too abstract for practical guidance (Zurn 2005:119). It seems that a technocratic application of the capability framework cannot escape this criticism.

The evaluation of structural disadvantages cannot be reduced to a problem of the right institutions or the right rules, but requires practical compromises that take note of the specificities of different phases in the life course. Understanding path-dependency requires establishing counterfactuals: how would his/her life have gone under alternative circumstances? It is evident that

'instrumental rationality' (...) de-contextualises evaluation, restricts the analysis of potential effects, and fails to provide an understanding of how interventions produce such effects (Sanderson 2003:336)

Evaluative choices need to balance, among others, between 'fair rewards' for the advantaged and 'fair chances' for the disadvantaged, between efficiency and equal opportunities, between essential liberties and arbitrary biases. Roemer (2012:179) argued that an abstractly defined principle of compensation can be formalized in a way that it leads to a clear-cut decision rule (i.e. equalize all distributions of outcomes across types). I challenged this belief. Even if the formation of skills and preferences were to be assessed consistently, the exercise of translating a normative theory into empirically founded policy

⁴³ Rawls seems to be aware of this paradox and argues for a somewhat pragmatic approach: While endorsing a MEO in order to apply the principles of 'fair equality of opportunity', he recognizes that there might be a need for further correctives in order to address inequalities that develop afterwards. The discrepancy of Rawls' account is that his principles are more restrictive (since they require a continuous mechanism of EO) than the implementation mechanisms he suggests, and most probably any plausible implementation mechanism there is.

recommendations remains ambiguous and contested. In fact, without additional non-technical considerations the practical value of such principles remains quite limited.

4.4 Interim conclusion

Evidently, an assessment of opportunities understood as a technical and centralized exercise falls short of what human diversity and value pluralism demand. Different aspects of capabilities have been discussed. It is specifically the underestimation of the social contingency of choice and the reproduction of disadvantages that calls the detached and generic description of human realities into question. Taking note of the contingent character of agency has particular relevance when introducing time into the equation. Some fundamental assumptions associated with the evaluative perspective have been scrutinized: applying a previously defined ideal of justice cannot be a matter of theoretical and technical considerations alone. The separation of normative considerations on the one hand and the descriptive and analytical on the other are called into question. Such a technical and apolitical conception of social inquiry is characteristic for what I call technocratic approaches. If the “entanglement of facts and values” (Sen 2010) is to be taken seriously, the isolated observation seems to be misleading. Consequently, the public debate does not suffice with an agreement on a definition of EO (or other ideas of justice), as exemplified above⁴⁴, but rather is inalienable for solving the contradictions and trade-offs associated with its implementation. In this vein, the capability approach “challenges the existing border between engineering forms of economics, and ethical forms of public discussion and debate” (Alkire 2006:136) by acknowledging the complexity of capability equality.

⁴⁴ including the choice of valuable *functionings*, and of legitimate determinants, e.g. should natural talent justify unequal opportunities?

5. The situated approach

As shown in the previous chapter, the way technocratic approaches deal with human diversity and value pluralism is problematic. They offer a poor and limited understanding of the richness of the capability approach (CA) and ignore implicit values related to the assessment process. In contrast to the technocratic approach discussed above, I propose an interpretation of the CA that understands the value-orientation inherent in Sen's thought in terms of a holistic *value-consciousness* that embraces normative judgements as intimately tied to the process of inquiry. This chapter outlines the potential of a *situated approach* to social justice. I will argue that the situated understanding of human agency is necessary for grasping social disadvantages in their full complexity and to solve the epistemological, normative and practical problems outlined above. My interpretation suggests a broad reading of the CA, which has been developed, among others, by Alkire (2006) and Zimmermann (2006) and Gasper (2008).

My critique of technocracy seems to be questioning the possibility of inter-personal comparison per se, yet I will argue that there is a middle way between generic positivism and postmodern relativism: that is, an assessment that is embedded in processes of public reasoning. I will draw on Gregg's theory of "enlightened localism" in order to develop such a conception that looks for transparent ways of coping with plural value and human diversity (Gregg 2003; 2010). Gregg draws on two lines of thought - proceduralism and pragmatism - which, I will argue, connect to Sen's concepts of 'public reason' and 'positional objectivity'. Both analytical dimensions seen separately have considerable shortcomings. Therefore, an integrated view on the basis of Gregg's theoretical framework seems to be particularly fruitful for developing a methodological alternative to the technocratic approach.

5.1 Towards a situated approach

The question to be addressed here is whether there is a feasible alternative to the technocratic approach which establishes a plausible link between demands of justice and principles of regulation and public action. The pursuit of establishing clear-cut decision rules is legitimate, since considerations of justice are evidently practice-oriented. Which criteria can be developed for assessing and addressing capability deprivations in legitimate and effective ways? A consistent methodological framework is crucial for applying Sen's political philosophy to the study of social innovation policy. The methodological challenge consists in assessing *capabilities* and *functionings* on the basis of observable determinants, such as resources, procedures and choices. By focusing on 'reasonably valued ends', the capability approach stresses the actual capability to convert means into ends, as well as the potential bias in defining and aspiring certain ends (i.e. adaptive preferences, see chapter 4.2). Moreover, the perspective of effective freedom manifest in the CA sheds light on the social relations that shape our capability to lead the kind of lives we value. Having said this, the CA leaves enough room for substantial disagreement in making sense of these concepts. A framework of social evaluation requires additional theoretical and normative references.

Bonvin and Farvaque (2004; 2005) propose a situated approach, but do not go on to specify the theoretical framework. Zimmermann outlines a pragmatist reading of the CA and explores the notion of "situated agency" (Zimmermann 2006). The insights of pragmatist philosophy are indeed very valuable, since they offer a plausible link to the empirical world. Sen's thoughts are clearly inspired by philosophers in the pragmatist tradition (e.g. John Dewey or Hilary Putnam).⁴⁵ Yet, the wider policy implications remain ambiguous leaving a number of questions unanswered: a feasible and realistic operationalization for policy analysis has not been developed and the connection between micro and macro scales remains under-explored.

⁴⁵ for Putnam see for instance Sen (2010:41)

Table No. 1: Comparison of the situated and the technocratic approach

	Technocratic approach	Situated approach
Epistemology	- Generic individuals with generalizable attributes (static, absolute and essentialist) - Ethical and the instrumental reasoning can be separated (disagreement on explicit objectives and pre-suppositions is external to the analysis). - Informational basis accessible through context-independent expert knowledge (positivist epistemology)	- Singular persons with contingent attributes (dynamic, relational and socially constructed) - knowledge about facts is necessarily imprecise, context- and situation dependent: “triple entanglement: of fact, convention and value” (Sen 2010:119) - Informational basis only accessible through “immersion into the life-worlds” (Zimmermann 2006:479)
„Epistemic values“⁴⁶	- Precision, measurability, comparability, methodological consistency and elegance (Gasper 2008:252)	- Realism, empirical relevance, sufficiency, methodological plurality
Subject of inquiry	- Experts, decision-maker and “epistemic communities”	- stakeholder involvement, “communities of inquiry”
Object of inquiry	- Inter-personal comparison is possible on the basis of objective measures and generic categories (e.g. through statistical means) - requires distinguishing between chosen actions and given circumstances	- Inter-personal comparison is possible on the basis of shared values and understandings (i.e. inquiry that captures context-specific meanings, norms and interactions) - requires an understanding of situated action, i.e. person-environment relationships
Predominant data sources	- standardized data, secondary sources (databases)	- customized data, ad-hoc sources

⁴⁶ Gasper (2008:252)

A comparative theory that rejects transcendental norms is not necessarily trivial, because it does not identify perfectly just arrangements. Instead, I would argue with Sen that taking the actual social realities as a starting point for capability-assessments may help addressing some of the methodological and practical controversies associated with transcendentalism. Some have argued that ideal principles of justice may indeed be of practical relevance, allowing for institutional variety and comparative assessments. This point was made by Valentini (2011) who disagrees with Sen in his critique of Rawls' "institutional transcendentalism". I agree on the fact that normative principles are indeed necessary to make comparative judgements (and I think Sen does not object in this regard), but it seems that Valentini misses the point when rejecting Sen's arguments for a paradigm shift in political philosophy: Understanding Sen's critique of transcendentalism as a consequent methodological critique implies developing modes of inquiry that are pluralistic and value-conscious, that is accepting that the description of reality implies value judgements. If we take the premise of value pluralism and human diversity seriously then a situated assessment is necessary:

'Situatenedness' features as the key component of the capability framework in our view. The key role of local agencies in this perspective calls for the opening up of a new research agenda, emphasising the role of informational bases of judgements in social integration and employment policies. (Bonvin and Farvaque 2005:19)

My aim will neither be to identify specific research methods supposedly implied in the CA (see for instance Alkire 2005; Comim 2001; Hollywood et al. 2012; Robeyns 2006), nor to discuss the question of which *capabilities* or *functionings* to select (see Burchardt and Vizard 2007; Nussbaum 2003). Instead I will outline some basic methodological requirements which define ways of dealing with social justice that is a specific understanding of policy analysis and public action. Consequently I will stress CA-internal implications for policies that aim at promoting, co-ordinating and diffusing successful social innovations.

'ENLIGHTENED' VS. 'PAROCHIAL' LOCALISM

Gasper makes clear that an "approach cannot do everything required but should do something useful and not undermine what else is required." (Gasper 2008:349) In this sense I will employ additional references that give some lead in developing a heuristic aid for as-

sessing social innovation policy. Specifically I will draw on two lines of thought that connect to some key concepts of the CA: *pragmatism* and *proceduralism*. Both dimensions have been integrated by Gregg (2003; 2010) in his theory of “enlightened localism”. He explores ways of coping in politics with normative indeterminacy. Pragmatism and proceduralism will serve the aim of developing a methodology that identifies legitimate and effective social policies in the context of value pluralism and human diversity. Hence, Gregg’s framework suits the demands of this work: it helps linking the CA to practice in ways that resist the delusive premise of universalism. “Here pluralism is possible without an imagined unity among all the parts.” (Gregg 2003:165) More specifically unity, understood in terms of *imagined* coherency and continuity, neglects the fragmented and pluralist nature of liberal democratic societies. Such a perspective is particularly valuable for analysing patterns of multi-level governance in the context of the EU.

5.2 Proceduralism

In the context of value pluralism and socio-cultural fragmentation, procedural fairness comes to the forefront of social justice since it may help to facilitate cooperation, even if shared understandings and motivations are minimal. Instead of making normative assumptions concerning the very content and definition of principles of social justice, Sen formulates rather general evaluative criteria within a framework of reasoning. In fact, “the CA is procedural in its very essence” (Bonvin and Farvaque 2005:19). Others that emphasize the procedural dimension of the CA are Deneulin (2005) and Alkire (2006) focus on the procedural dimension of the CA. The open-ended process of looking for common grounds is not a solution itself, but the appeal for contestation and deliberation has a number of useful implications.

Procedural demands of justice are crucial for Sen, however he criticizes narrow proceduralism that precludes the possibility of more substantive norms of justice. By considering ‘comprehensive outcomes’ he combines procedural and substantive demands of justice (see chapter 3.1, the issue will be taken up again). In Sen’s view freedom is necessarily value-oriented, meaning it is not about absolute and sacrosanct libertarian rights but needs to be assessed against valuable human ends - it has both instrumental and intrinsic value. Thus, the recourse to procedures in the face of normative indeterminacy rests on the premise that partial agreements on ends are valuable and useful. Gregg’s theory of

‘enlightened localism’ captures this more encompassing understanding of proceduralism (and will help to connect it to the pragmatist aspects underlying the CA). Gregg clarifies that “proceduralist means” are not normatively neutral, as “[a]ny enlightened localist position is committed normatively.” I further quote: “It therefore stands in relationship of some tension to the notion normative or political neutrality” characteristic for the “formalist conception of proceduralism.” (Gregg 2003:40) Hence, the role of proceduralism I am exploring here is not in contradiction with the value-orientation of the CA.

IMPARTIALITY AND LIMITED AGREEMENTS

Proceduralism is primarily concerned with the legitimacy of certain claims of justice (specific standards or principles), not with the content of such claims: “Procedurally established legitimacy derives from the respect for the rules of argumentation that define the mode, the parameters, and the method of discussion.” (Gregg 2003:41) Legitimacy (hence justness) demands that all persons are equally entitled to participate in discussions and decisions that affect them.

Yet, since it is distinct situated viewpoints that engage in these processes, the outcome need not be neutral in any strict sense. The outcome of normative deliberation is not detached universal rationality, but guided by contingent values and understandings, shared by a given population. Neutrality of public action invokes a form of impartiality, which is not situated in socio-cultural contexts and inevitably leads to a single conclusion that all rational persons committed to neutrality would make. This is problematic according to Sen. Here, Sen and Gregg share a specific notion of impartiality:

Impartiality can mean open-mindedness even as the open-minded person remains situated and therefore of somewhat partial view and somewhat partisan conviction. And it allows for more than one valid viewpoint. (Gregg 2003:41)

At the heart of the particular problem of a unique impartial resolution (...) is the possible sustainability of plural and competing reasons for justice, all of which have claims to impartiality and which nevertheless differ from – and rival – each other. (Sen 2010:12)

Sen calls this weaker form of impartiality “open impartiality”, which is an essential precondition for his understanding of public reasoning. It is opposed to “closed impartiality”, which refers only to the group of people (or society) involved in the process of reasoning

(e.g. the contractarian procedure Rawls proposes). In contrast, open impartiality “can (and in some cases, must) invoke judgements, among others, from outside the focal group, to avoid parochial bias.” (Sen 2010:123) It demands an ‘impartial spectator’ in the Smithian sense, a “consideration of the views of others who are far as well as near.”⁴⁷ (Sen 2010:126) Thus, the emphasis of locally situated understandings of justice is *not* an argument in support of cultural relativism, which would suggest a normative and procedural closure of local communities. Even in the presence of more universal intentions, such a closed and unchecked procedure bears the risk of arbitrary reasoning, what Sen calls “procedural parochialism” (Sen 2010:150), since it allows that shared prejudices and biases are locally reproduced. On the contrary, ‘open impartiality’ points to the importance of communication, contestation and normative reflection beyond our local worlds.

In this sense, proceduralism somehow relaxes the tension between unanimous and complete agreement on the one hand and insurmountable differences on the other. Procedures are a medium, and hence they do neither determine, nor relativize claims of justice (Gregg 2003:40). They rather open a political space: political communities need not be internally consistent in order to allow reasoned and legitimate public choices: For Sen it is comparative assessments that matter (opposed to transcendentalism) since they do not require completeness and work well on the basis of “partial rankings” (Sen 1994:39 f.; 2006:225).⁴⁸ Gregg points out respectively:

And to agree (at least partially and sporadically) on standards of meaning and value is to possess (at least partially and sporadically) preconditions for the possibility of agreement on at least some normative questions. (Gregg 2010:566)

PROCEDURES AS FILTERS

The premise of ‘enlightened localism’ is that legitimate public policies are based on persuasion, meaning that their justification is the result of a deliberative process (within and

⁴⁷ Sen gives three reasons for the consideration of outsiders’ views: 1. People may identify with others beyond the boundaries of their community. 2. Our actions have impacts on people and places that are far away. 3. Other historical, cultural and geographic perspectives may be enriching and reduce the risk of parochialism. (Sen 2010:130)

⁴⁸ By distinguishing *maximization* and *optimization* Sen adverts that “[m]aximization does not, in fact, demand that all alternatives be comparable, and does not even require that a best alternative be identifiable. It only requires that we do not choose an alternative that is worse than another that can be chosen instead” (Sen 2000:486).

beyond the political community). As such, these justifications are only momentary and tentative: the constant negotiation and transformation of common values and shared understandings engages citizens to form and reflect their views (see Alkire 2006:135 f.; Deneulin and McGregor 2010:512). Since ‘enlightened localism’ is non-coercive, it is ultimately based on mutual respect and understanding, both in its internal and external consolidation. Such a perspective can accommodate value pluralism (and even conceive it as an asset), as long as peaceful contestation and respectful interaction are guaranteed (see Deneulin 2005:10). Without any more substantial *a priori* foundation, deliberation leads to restricted judgements with “relative validity, standards less than universal yet more than idiosyncratic” (Gregg 2010:567). He refers elsewhere (2012) to this limited common ground as “thin norms”. Proceduralism, as an example of “normative thinness”, does not specify any form of desired outcomes but joins different worldviews (themselves characterized by “thick norms”) through an agreement on processes and procedures for defining outcomes. Even though proceduralism has no real normative substance, it can be thought of as a filtering process, since

(...) beliefs and viewpoints can be transformed by becoming more informed and more rational, so that a person’s political viewpoints or social convictions develop from unreflected preferences into informed and considered judgment. (Gregg 2012:631)

This feature of the processes of public reasoning is particularly important for Sen, since they contribute to fulfil the demand of impartiality. Gasper argues in a similar vein that - from a capabilities perspective - the aim of these processes is

to share and test ideas, to establish mutual awareness and recognition, to build informed and sufficiently accepted statements of public purpose, to treat people with respect and thus constitute and maintain a framework of cooperation, and to provide the sort of essential political pressure seen in open reporting of disasters such as famine. (Gasper 2008:247)

Accordingly, *reasoned* individual assessments involve deliberation and reflection against other viewpoints. The inter-subjective dimensions of both value formation and reasoning is essential for Sen. Generally speaking, cooperation based on any basic agreement on formal procedures entails a learning process that is not only related to facts, but also to values and conventions. I will come back to this point later.

What ‘people have reason to value’ involves a strong case for transparent public debate and democratic decision-making (Sen 1999:148). However Sen makes a sharp distinction between choices of private and those of public concern. A reasoned agreement (though only partially achievable) is necessary when it comes to choices that transcend the private realm, affecting larger groups of people, e.g. public goods (Qizilbash 2011:31). The category of public reason is fundamental for assessing social justice and decisions about common rules and institutions in the capability framework.

QUESTIONS AND CRITICISM

Sen is evidently in line with the Enlightenment authors (Kant, Smith and Hume), deeply convinced of the promising and constructive role of reason in the evaluation of justice. Despite the centrality of reason in his work, I agree with Gaspers (2007:344) that the demands of good reasoning remain often vague and sometimes even ambiguous. To some point he seems to be aware of this fact when he states: “The remedy for bad reasoning lies in better reasoning, and it is indeed the job of reasoned scrutiny to move from the former to the latter.” (Sen 2010:49) The centrality of public reason and procedures of social choice in Gregg’s and Sen’s writings rests on a strong belief in peaceful conflict resolution - despite a good deal of heterogeneity and fragmentation in contemporary societies. Mutual respect, cooperation and solidarity can be considered foundational values in such a framework. Some authors have criticized the underestimation of conflict, trade-offs and power relations (see Dean 2009; Deneulin 2005):

(...) Sen’s writings never acknowledge explicitly how the inevitable conflicts that arise from people’s different conceptions of wellbeing are ultimately to be resolved. His faith in human reasoning is unshakeable. (Deneulin and McGregor 2010:513)

A further specification of the kind of reasoning involved in public decisions is necessary. Sen’s understanding of reason, specifically practical reason, will be taken up again in the next section. However, the reach of procedural claims is certainly limited. The exclusive reference to procedures without reference to outcomes is somehow arbitrary, since power asymmetries may lead to the subordination of minorities (see Deneulin 2005:2005). There is a need for giving more substance to the procedural demand that “everyone be seen as morally and politically relevant.” (Sen 2010:117) In fact, the CA de-

mands going beyond the right of local self-determination based on deliberative democracy: “The universality of inclusion (...) is, in fact, an integral part of impartiality.” (Sen 2010:117) What would such a moral criterion look like, that helps distinguishing between “enlightened” and “parochial”, between emancipatory and authoritarian localism? Proceduralism is principally concerned with political and normative legitimacy. Criticism is indicated to the extent that Sen’s focus on the processes of reasoning leads to a narrow operational focus on formal procedures of evaluation and decision-making. In order to give more ‘substance’ to the situated approach, a second line of thought will be helpful. In the following I will complement the picture with a consideration of *pragmatism*.

5.3 Pragmatism

I will draw on a second component of ‘enlightened localism’ that connects to proceduralism: The *pragmatist* perspective offers a foundation of the very processes of reasoning that are crucial for the situated approach which rejects the “utopian objective of transcendence” (Sen 2010:170). Pragmatism is a specific type of relativism that is not clearly delimited joining quite diverse points of view. However, I will concentrate on two main features that will be relevant for my analysis:

1. *Morally committed towards solving practical problems*

(a) For pragmatists, the division between the empirical and the non-empirical is misguided. Understanding stems necessarily from experience and evaluative judgements are assessed against their capacity to solve practical problems. “The point for pragmatism is not knowledge but action, action that improves life (...)” (Gregg 2010:570).

(b) Consequently, inquiry is morally committed. It involves the deliberation about ends, rather than simply applying analytical techniques: “Whatever may be the action, it is always essentially moral. Since human action is moral, human science has a moral commitment.” (Crespo 2012:80).

2. *Recognizing the contingency of human agency*

(a) Pragmatism supports justifications derived from culturally specific practices and avoids invoking absolute and universal truths. This implies that evaluative judgments are necessarily bound to concrete (and unique) situations. The specificities of practical problems require special attention and limit the possibility of generalization. (Gasper 2008:237; Gregg 2003:78 f.; Zimmermann 2006)

(b) Taking note of human diversity implies inexactness of judgements, since human affairs are messy (i.e. complex and do not demand consistency). Selections and prioritizations being made in the appraisal are themselves bound to certain values and conventions. Accepting this incompleteness is essential for pragmatist philosophy and does not at all imply the redundancy of evaluation. (see Comim 2001:7 f.; Crespo 2012)

VALUE-CONSCIOUSNESS

According to the pragmatist view, and contrary to the technocratic approach, the deliberation about ends is part of the evaluative exercise. For instance, Sanderson advocates an understanding of policy analysis that goes beyond the instrumental concern of making policies based on “what works”. His “politics of what is appropriate” draw on Aristotle and actually corresponds to Sen’s notion of practical evaluations:

it must be acknowledged that the ethical and moral implications of policies and the values and ‘goods’ (and ‘bads’) that they promote are amenable to ‘rational’ consideration and debate (cf. Julnes et al., 1998). Broadening the focus of evaluation in this way also involves broadening its methodologies (Sanderson 2003:343)

The ethical dimension of pragmatist reasoning strongly resonates with Sen’s work: “one of the merits of the approach is the need to address these judgmental questions in explicit way, rather than hiding them in some implicit framework.” (Sen 1999:75) The value-orientation of the CA cannot be understood solely in terms of explicit policy objectives, but also as an exploration of values that are implicit in the process of inquiry. As Gasper (2008:240) notes, the analysis involves numerous choices and prioritizations that are essentially value choices, including the definition of concepts, the selection of focal aspects and the scope of the analysis. Thus, value-orientation has implications for epistemology.

It is not simply about adopting a more careful separation between normative and positive statements, but about questioning the possibility of such a division per se. Sen is clearly aware of this “entanglement of fact and value” (Sen 2010:119).

It can be argued that value-guided policy requires qualitative inquiry, such as discourse analysis, with the aim of “digging out values and value-choices” (Gasper 2008:252). The “immersion into the life-worlds” of communities is demanding and can be approached by methods that include ethnographic observations and biographical interviews (Zimmermann 2006:479). Here social inquiry is understood as a normative and deconstructive exercise that goes beyond description and factual reasoning. Such an understanding of inquiry cannot be implemented through pre-defined formalistic (and apparently neutral) procedures, but is necessarily experimental or organic in nature (see Miettinen 2000:61 f.). An important implication might be that the very process of inquiry need to be open to public scrutiny and deliberation: “all those affected by the outcomes of inquiry should be able to participate in inquiry” (Evans cited in Gasper 2008:241).

Since social inquiry is always directed towards practical problems, it has necessarily a political dimension, and thus can be seen as a form of public action. Here, science has a moral commitment, and policy analysis becomes an exercise that involves ordinary citizens as much as policy-maker and scientists:

For Dewey (1938: 104–5), scientific inquiries do not basically differ from inquiries carried out by ordinary citizens in everyday life: they all aim to grasp problems and to reach a better understanding in order to solve them. (Zimmermann 2006:481)

Dewey’s concept of “communities of inquiry” illustrates the role of local ownership: “communities of inquiry should be open, accountable and relevantly disciplined, in order to safeguard the quality of knowledge and for democratic reasons.” (Gasper 2008:241) In contrast to “epistemic communities” which are selective expert groups that are bound by institutional interests, these communities of inquiry emerge around a common practical purpose and reflect the diverse viewpoints of those who are affected. There is a necessity of broadening the informational and methodological scope through a consideration of plural perspectives. This implies an emphasis on inter- and transdisciplinary research as well as the participation of stakeholder outside the scientific community. Understanding policy analysis (and social inquiry more generally) as action-oriented, rather than truth-

guided is epistemologically relevant. Rather than striving for exact models that display reality, evaluations are grounded in experience and have the aim of guiding behavior. This aspect will be concretized in the following. Here, Dewey's parable of scientific analyses as maps serves as a first approximation:

Every map is selective and employs principles of selection that reflect the interests of intended users (e.g. navigation concerns or political concerns). Maps are known to be imperfect and open to improvement, but good maps are both disciplined by data and serve user interests. (Gasper 2008:238)

SITUATED AGENCY

Sen understands human agency as a function of environmental factors, which can enable or constrain the individual's capability to act upon certain ends. The CA and pragmatist philosophy share the emphasis on "intentionality and sociality" of human behaviour (Zimmermann 2006). Rather than focusing on genuine achievements Sen stresses the importance of considering actions and motives as part of the state of affairs (Sen 2000:488).⁴⁹ And it is particular these agency-related considerations that are often positional, meaning that they dependent on the evaluator's perspective (especially when it comes to understanding responsibility for outcomes; see chapter 4.2). On a practical level, there is a tension between focusing on objective attributes and on positional agencies, e.g. one's own role in bringing about that outcome. Similarly, Zimmermann notes that it is quite distinct notions of agency that can be associated with the CA: they range between the kind of generic or generalized individualism manifest in rational choice theory and the notion of "personhood", which embraces the individual with its unique characteristics and circumstances. It is specifically the empirical studies that mostly fail to apply the pragmatist notion of "situated agency"⁵⁰ in a consequent way:

In other words, from a pragmatist viewpoint, the shift from the individual to the person, although central in Sen's work, does not go far enough. One can even

⁴⁹ While emphasizing the importance of consequence-sensitive evaluation ("social realizations"), Sen distances himself from the narrow consequentialist perspective of utilitarian ethics, which excludes components not related to utilities (see chapter 3.1). Yet his broad consequentialism has been discussed controversially: the difficulty of distinguishing empirically between *capabilities* and *functionings* has been one of the main concerns (see Walby 2012).

⁵⁰ Zimmermann makes a conceptual distinction between Sen's "loose understanding of positional agency" and the pragmatist concept of "situated agency" (Zimmermann 2006:475).

wonder whether once the plurality of persons has been introduced in order to assert inequalities in the conversion of resources, Sen is not caught up by the economic figure of the generic and rational individual on an empirical level. (Zimmermann 2006:474)

Many applications of the CA tend to adopt aggregated measures of well-being and macro-level comparisons (see Walby 2012:100). Here, generalization seems to contradict with the premise of plurality and positionality, which requires addressing “the specificities and the constitutive singularities” (Zimmermann 2006:476). As Gregg points out:

(...) what counts for politics and morality are actual political communities. They are through and through contingent: social positions, shared understandings, even ways in which people are affected by this course of action rather than that one (Gregg 2010:571)

I think Zimmermann makes a fair point here. The predominance of quantitative methods in the implementation of the CA supports his argument. However, Sen insists in distinguishing between the foundational level and the practical level: he repeatedly clarified that the attempt to define any formula is to be rejected (Sen 1999:85; 2010:323). The emphasis on methodological pluralism is a central merit of the CA. Sen’s aptitude for economic models and quantitative analysis should not be read as a clue to the ideal way of operationalization. Zimmermann mixes both levels in his critique. I think one of the main insights of pragmatism is that the suitability of specific methods is bound to a specific case or practical purpose. Sen believes that “evaluations can (...) be reasonably situated in the life of the person doing the evaluation and making the choices.” (Sen 2000:485) But he has no general answer to the question of implementation.

Sen places the demands of human diversity at the centre of his approach, but does not reject inter-personal comparisons in principle. He adverts “positionality” and “impersonality” are not mutually exclusive, since positionality requires “to put it in mildly mathematical terms, that parametric note be taken of the respective positions of the different persons, but not of the exact personal identities involved.” (Sen 2000:486) Quantitative research methods are virtually compatible with less compelling forms of positionality. The pragmatist reading Zimmermann suggests introduces a more rigorous account of situated agency and challenges the aggregated frameworks that account for a limited list of group

characteristics, with an emphasis on observable physical factors (see part two). Well-designed statistical studies may detect some conversion problems of particular groups, but they cannot explain the nature and the exact causes of these variations.

For instance, generic categories tend to ignore invisible local meanings⁵¹ as well as multiple identities (see White 2010). These meanings determine the capability to convert resources and actions into well-being as well as the actions themselves: “Socially constructed meanings are essential for all human life, and are what enable people to translate their ‘doings’ into states of ‘being’.” (Deneulin and McGregor 2010:503) Sen considers social meanings, yet his elaboration remains marginal.⁵² He makes reference to the necessity of extending the notion of “fact-value entanglements” to the “*triple* entanglement: of fact, convention and value”, since it is the understanding of conventions that gives meaning to facts and values (Sen 2010:119). However, a pragmatist understanding of justice may contribute to a more straightforward and critical reading of Sen.

Zimmermann (2006:479 f.) is particularly concerned with the neglect of the interactional dimension in Sen’s framework. Here, the environment is mainly perceived as an externally given parameter. As a consequence, people’s role in shaping the environment and the underlying power structures are mainly ignored. Similarly, Deneulin and McGregor (2010) focus on the micro foundations of the CA and argue for a social constructivist approach to equipping the CA with more sensibility for power relations within the community (interpersonal interaction). However, over-ambitioned constructivism might miss the point here, since my aim is to establish a framework that informs policy making at different scales of analysis. Addressing dynamics of social change in the wider institutional framework can only be accomplished by linking micro with macro dynamics. I side with Gasper (2008:249) in noting that Sen’s approach allows for such a macro-micro connection, though he does not fully explore this dimension.

We will see that such framework cannot and should not aim principally at truthful descriptions of reality, but rather at solving practical problems. Part of discussion on situated agency (in Deneulin and McGregor 2010; Zimmermann 2006) boils down to an opposition

⁵¹ For Dewey meanings are “programs of behaviour for modifying the existent world” (Dewey cited in Miettinen 2000:69).

⁵² In *The Idea of Justice* he dedicates no more than a page to the importance of communication and conventions. (Sen 2010:119)

of quantitative and qualitative research. While pointing to the pitfalls of quantitative studies, they do not specifically address the issues of incomparability and incommensurability which are vital for policy analysis (besides proposing a mixed-method design as a compromise) Qualitative research is more accurate, but also extremely demanding. In fact the emphasis on micro-environments might cheer some critical sociologist but is painstaking for policy analysts. A pragmatist evaluation requires concrete situations and seems to involve imprecise judgements. However, it will be shown that the procedural demand of multi-level policy making opens a door for addressing the issues of incomparability and incommensurability. In contrast to postmodernist relativism, pragmatism allows going beyond the merely local. It can accommodate the concept of 'enlightened localism' suggesting a third way between universal and purely idiosyncratic statements:⁵³

An enlightened localist approach begins with cognitive and normative standards immanent to a society's cultures, understandings, and practices but then transcends them (Gregg 2003:161).

QUESTIONS AND CRITICISM:

The centrality of situated action, gives priority to short-term effectiveness and to smaller groups of people who share practical purposes (see Ahedo 2010). This may even be at the expense of political legitimacy at the wider community level. Moreover, most distributional issues cannot be satisfactorily solved at the local scale. (As we will see later, the macro-micro connection is crucial here.) From the perspective of central administrations (e.g. the European Commission) the question arises, how "communities of inquiry" can be coordinated and integrated to a coherent framework? There is at least a tension between the undeniable demand of generalization and aggregation in public affairs and the demand of situated action founded in pragmatism. Is the informational diversity of the situated approach too demanding for an empirical approach? What is the cost of compromising singularity against statistical elegance and political convenience?

⁵³ Following pragmatism both forms of subjectivism are defective: the generic account of utilitarianism is atomistic and neglects sociality, and the relativist account of postmodernism (in its extreme form) tends to a deterministic view of human behaviour (restricted by discourses) and denies the possibility of social critique and reflection beyond genuine worldviews (Gregg 2003; Zimmermann 2006). "A post-modern localism is parochial in the sense that its moral scope is so limited as to be incapable of claiming validity across disputes or among communities." (Gregg 2003:79)

5.4 Synthesis: the exercise of practical reason

Which conclusions can be drawn, from the delusionary insight that there is no formula in policy analysis? How can the issues of incomparability and incommensurability be solved? For Sen, the evaluation of public policies concerned with social justice, and human affairs more generally, is a matter of ‘practical reason’ (see Sen 2000). Despite its centrality in Sen’s work, his understanding of practical reason remains rather vague. It is, of course, easier to describe what it not is, than what it is exactly like. Nonetheless, there are some connections to pragmatist philosophy. The rejection of positivist objectivity is unmistakable:

(...) ethics cannot be a matter to truthful description of specific objects. Rather, as Putnam argues, ‘real ethical questions are a species of practical question, and practical questions don’t only involve valuings, they involve a complex mixture of philosophical beliefs, religious beliefs, and factual beliefs as well’. (Sen 2010:41)

First of all, Sen stresses that practical reason is basically an exercise that demands rationality. However, the concept of rationality involved need to be clarified. While impartiality refers to scrutiny against other points of view (as has been discussed in the context of proceduralism), rationality relates to one’s critical self-scrutiny. Sen believes that “people are, by and large, able to reason and scrutinize their own decisions and those of others” without presuming that they “invariably act in a rational way” (Sen 2010:178). For Sen rationality relates to “subjecting one’s choices – of actions as well as objectives, values and priorities – to reasoned scrutiny.”⁵⁴ (Sen 2010:180) It is in fact not limited to the kind of instrumental rationality that optimizes the fulfillment of given ends. He joins pragmatist philosophers in their critique of narrow rational choice theory, yet holding on to the premise of self-determining subjects, who can choose among discursive means (for pragmatism see Gregg 2003:82). Thus rationality is socially embedded and not exclusively directed towards one own self-interest. Such a broad understanding of the rationality requires a further distinction. Practical reason involves different forms of rationality or knowledge. Here the Aristotelian notion of “practical wisdom” is particularly illuminating:

Practical wisdom is a translation of Aristotle’s concept of *phronesis* which, in contrast to *episteme* (theoretical knowledge) and *techne* (instrumental knowledge),

⁵⁴ Rationality cannot be reduced to a simple formula (like optimization) and has a plurality of reasoned outcomes. (Sen 2010:178 f.)

involves (...) persuasion, reflection upon values, prudential judgement, and free disclosure of one's ideas.' (Sanderson 2003:339 f.)

Transparency and openness in the form of "free disclosure of one's ideas" is central for Sen, since it is a prerequisite for impartiality. Opinions and values are not to be excluded from reasoning, but need to be available for public scrutiny. Moreover, practical reason is not only an ethical, but also a culturally specific exercise: analytical perspectives are laden with conventions, concepts and instruments that are invisible for the external observer (Miettinen 2000:63 f.). Following Miettinen, social inquiry (and learning) require the mobilization of culturally specific resources and conceptions. It is especially these tacit forms of knowledge, which characterize 'practical wisdom'. 'Tacit knowledge' is knowledge or wisdom that cannot be explained or formalized, since it is intuitive and habitual - it is about "having a feel for the situation" (Bund et al. 2013:25).⁵⁵ Keynes, who understood economics as a moral science⁵⁶, advocated a similar understanding of economic reasoning, "in which theory and fact, intuitive imagination and practical judgment, are blended in a manner comfortable to the human intellect" (Keynes cited in Crespo 2012:74)

METHODOLOGICAL PLURALISM

The first aspect of practical reason is its methodological pluralism. Following, Aristotle's distinction the exercise of practical reason involves theoretical, technical (or instrumental) and practical knowledge. Policy analysis needs to combine these forms of reasoning. However, there is no methodological prescription implicit in the contingent and complex nature of human affairs (the 'object of analysis'). Rather, following the Aristotelian line of thought, there is a need of making use of a variety of methods and sources of information, including conventional quantitative analyses: "A wise mix of adequately chosen scientific types and historic, cultural and empirical elements is the key to a correct interpretation of human action." (Crespo 2012:80) Hence, the aggregated statistical assessments are not rejected per se, but considered just as one among many inputs to a situated assessment of social practices. Practical reason demands scrutinizing these inputs and finding a rea-

⁵⁵ From a pragmatist point of view, intuition and reflection are complementary and interconnected. Both stem from experience and practical problems: "For Dewey, the basis of, and reason for reflection was the necessity of solving problems faced in habitual ways of action." (Miettinen 2000:61)

⁵⁶ In line with the classical economists, like Adam Smith and James Stuart Mill.

sonable balance between theoretical, instrumental and practical rationality. Yet the overall judgement is necessarily a qualitative one, not amenable to numerical precision. In fact, this kind of evaluative exercise is more of an art or a craftwork than a (positivist) science:

In his *Nicomachean Ethics* and in *Politics*, Aristotle admirably combines axiomatic deduction, inductive inference, dialectic arguments, rhetoric suggestions, imagination, examples, and topics. (Crespo 2012:80)

‘COMPARATIVE BROADENING’

The second element of practical reason is its inter-subjective dimension. As we have seen, Sen encourages tentative and partial agreements, also beyond the merely ‘local’: These agreements may not only be legitimate in a procedural sense, but also *reasoned* in terms of inter-subjective reflection and deliberation. Sen’s account of “positional objectivity” connects to the pragmatist notion of “weak objectivism”, which acknowledges the possibility of “objective grounds for the most part, but not grounds that will be morally legitimate always and everywhere.” (Gregg 2003:80) As Sen states, “[o]ur very understanding of the external world is so moored in our experiences and thinking that the possibility of going entirely beyond them may be rather limited.” (Sen 2010:170) Yet, the possibility of reflection, what he calls “comparative broadening” of positional perspectives, underlines the procedural demand of public deliberation. Gregg argues, similarly to Sen, that internal justifications based exclusively “on a community’s limited experience” are problematic, since they may lead to parochialism, i.e. they “likely would only reinforce the convictions of those already persuaded.” (Gregg 2010:565) He opposes this kind of “parochial localism” to an “enlightened localism” that is open to external scrutiny. Thus, culturally specific ‘practical wisdom’ can both illuminate as well as mislead the assessment of social policies. It demands that a given political or epistemic community is in conversation with ‘outsiders’ whom tries to persuade. Here, the aim of improving the knowledge about facts goes hand in hand with a redefinition of conventions (social meanings and discourses), and of political values. Thus freedom is not only relevant in terms of empowerment (intrinsically) and in terms of addressing local concerns more effectively (instrumentally) but moreover a third dimension is evident here: the constructive role of freedom, that is freedom to engage in value formation and learning processes beyond the boundaries of local communities (see Sen 2010:153 f.). A valuable insight of the CA is that these three dimensions of freedom are interlinked and should not be considered in isolation.

5.5 Interim conclusion

The foundational role of public reason and social choice in Sen's work indicates a dissatisfaction with extreme forms of transcendentalism and relativism. Proceduralism concentrates on a minimal consensus on rules and modes of discussion and decision-making. This paves the way for finding limited agreements despite heterogeneity and normative pluralism in contemporary societies. However, the implications remain vague and controversial. Pragmatism expands the perspective by calling attention to the contingency of facts, values and meanings: that is, evaluation is bound to specific situations and contexts and therefore cannot claim perfectly accurate judgements. Moreover, it is the practical and ethical nature that characterizes policy analysis that aims at finding appropriate (i.e. effective and legitimate) solutions.

In the synthesis, I suggest an interpretation of Sen's understanding of practical reason in light of both lines of thought. I have identified two relevant aspects:

- (a) The first, methodological pluralism, consists in finding an appropriate balance between theoretical, instrumental and practical forms of reasoning. Practical reason underlines the importance of involving local perspectives in the analytical process.
- (b) The second aspect points to the inter-subjective dimension of practical reason, namely the necessity of argumentation and persuasion. It suggests that processes of public reasoning, understood as normative deliberation, entail a valuable learning process to improve evaluative judgements (hence providing legitimacy and efficacy).

This synthesis illustrates that a combination of pragmatism and proceduralism is valuable. Notwithstanding, we should bear in mind that there is a potential tension between both: The concern is with focusing on the local context and the situated social, and at the same time going beyond it and broadening the perspective. The main challenge might consist in the fact that local perspective can be illuminating and misleading at the same time.

Instead of focusing on policy outcomes (capability dimensions) or on the research methods themselves, I delineated the basic methodological requirements for situated evaluation.⁵⁷ The next part will outline the understanding of public action that goes along with this framework.

⁵⁷ For instance, Martha Nussbaum, also drawing on Aristotle, is concerned with developing a normative theory of justice.

PART III

SOCIAL INNOVATION AND PUBLIC ACTION

6. Making sense of situated public action

My aim is to join two different strands of research by linking the idea of social innovation with the political philosophy of Amartya Sen. In order to discuss the role of social innovation within contemporary social policy, I will begin with outlining some evaluative criteria (based on my discussion in part two). The situated approach to social justice questions the border between scientific inquiry and public action. From a pragmatist view, scientific inquiry is a reflexive process that aims at solving practical problems.⁵⁸ Accordingly, it is indeed not so different from public action itself as both base their judgments (and actions) on reflection and experience. Civil initiatives that engage actively or indirectly in knowledge production are valuable contributions to the situated understanding of (in)justice. Consequently, basing public action on top-down bureaucracy and expert knowledge has considerable shortcomings. I will explore the understanding of public action as a *reflexive* process. This in turn raises a number of important questions and controversies. My aim is not to work out specific methods or policy prescriptions, but to envisage how such a perspective can be embodied in the institutional framework.

6.1 Linking the CA to social innovation

As we have seen, the capability approach (CA) is itself not a normative theory of justice, consequently it does not offer clear-cut decision-rules. However, I have argued that a broad reading has some valuable - CA-internal - implications. It is important here to distinguish between CA-internal and CA-external reference points when establishing a normative framework for policy analysis, since the CA is often applied to identify policy objectives that draw on additional external references. Goerne points to the potential risk of justifying the choice of the dependent-variable on the basis of the CA: “My contention about this rhetoric is that a necessarily normative selection process of relevant functionalities is presented as a merely neutral process of scientific reasoning.” (Goerne 2010:11)

⁵⁸ see chapter 5.3

Others have highlighted the importance of participatory methods for defining context-sensitive capability lists (Alkire 2006; Burchardt and Vizard 2007). Thus a definition of genuine human ends requires CA-external references, regardless whether these are included in explicit or implicit ways. This does not mean that the CA does not offer normative criteria at all. There are some relevant CA-internal implications, but – to use Goerne’s terminology – they do not relate to policy *outcomes* but to policy *outputs*, that is a general characteristic of a policy which may translate into a variety of different outcomes. For example, the outcome of a new policy on healthcare could be the impact on the health status of a certain population, while the output may refer to the increased individualization of services through community centres. As I will show, this focus on outputs is helpful for the analysis of social innovation.

The situated approach to social justice points to the normative requirements of organizing inquiry and - as matter of fact - implementing policies. As such it challenges traditional policy analysis that focuses on the content and impact of social policies (Bonvin and Farvaque 2005:20). I agree with Deneulin in the fact that

(...) one would need also to evaluate whether the exercise of political freedom has been valuable or not, not only according to the outcomes it should normatively produce, but also according to the processes it should normatively respect.
(Deneulin 2005:18 f.)

The theoretical framework employed here can only serve as a normative horizon, but it provides a valuable foundation for the analysis of social innovation from the perspective of social justice. My concern is that the reference to “the importance of information and reasoned debate in the public arena” (Gasper 2008:247) or to the need of “individualisation of policies” (Goerne 2010:17) remains too vague and hardly provide valuable insights. The situated approach outlined above indeed allows for a more radical shift in the understanding of public policy.

SOCIAL INNOVATION AS GOVERNANCE INNOVATION

Social innovation has become a buzzword. The way it is employed to describe all types of solutions, it tends to appear as a panacea for the societal challenges we face today. The Bureau of European Policy Advisers of the European Commission offers the following definition:

Specifically, we define social innovations as new ideas (products, services and models) that simultaneously meet social needs (more effectively than alternatives) and create new social relationships or collaborations. In other words they are innovations that are not only good for society but also enhance society's capacity to act. (BEPA 2011:33)

Thus, social innovations are concerned with processes of social interaction involved in the assessment of social needs and the creation of solutions. Moulaert et al. (2007:207) note that social innovation may refer to “new counter-hegemonic discourses, new resistance or creative actions, new governance processes, or new organizational structures”. For the purpose of this work I will focus on the process dimension of social innovation, meaning that I understand social innovation as a structuring principle of public action. This is in line with González and Healey's understanding of “socially innovative governance”, whereas *governance* refers to “the organisation of collective action in general” (that is formal and informal relations) (González and Healey 2005:2056).⁵⁹ In this vein, Moulaert (2005b:58) argues that social innovation is principally about (social) institutions that “reveal basic needs and coach the processes that should satisfy them.” The Bureau of European Policy Advisers of the European Commission (BEPA) links the idea of social innovation as “a new governance mode” to “the culture of trust and risk-taking” that is essential for other non-social innovations (BEPA 2011:7). Instead of focusing on the evaluation of predefined outcomes, such a definition calls attention to the interactional patterns. The specific outcome of social innovation practices is indeed an empirical question and, following the intuition of the CA, a matter of situated evaluation. Notwithstanding, the situated approach to social justice can serve as a heuristic aid for assessing the governance processes associated with social innovation.

OVERVIEW

There is a number of general features of the CA which will be relevant here. Broadly, situated public action involves three criteria: (a) it is *rooted* in local communities, (b) *con-*

⁵⁹ In the following I will use this broad (and descriptive) definition of *governance*.

nected to a wide range of perspectives and (c) organized around specific and shared *practical purposes*. Their value for the understanding of social innovation will be explored in the following chapters.

- (a) An important implication of the CA is the necessity of integrating local perspectives in the design, implementation and evaluation of social policies. The relevance of recognizing contingent norms is important not only to define capability lists and thresholds, but also for the very process of design and implementation.⁶⁰ Practical reason demands an integrated consideration of means and ends of social justice. This is evident in the very concept of *capability*: capabilities can be both ends and means. Thus, even when a widely accepted list is used (such as EU-2020 goals is used), the importance of participatory policy approaches remains. Collective action needs to be **rooted** in local communities.
- (b) The CA is explicitly value-guided and is based on the idea of the public policies should promote the ‘common good’. However, public deliberation cannot be limited to the grassroots level since participation and empowerment are not one-way processes. The idea of ‘enlightened localism’ demands debates and rapprochement across boundaries of culture, language, profession and organization. The underlying understanding of public action is not limited to institutions of the state but implies a variety of actors and organizations from the civil society and the private (for-profit) sector. Collective action needs to be connected to public institutions and a wide range of relevant non-state actors. Collective action needs to be **connected** to public institutions and a wide range of relevant non-state actors
- (c) Even when there is an agreement on ends, solutions may vary from situation to situation since capabilities are never an absolute measure, but relative to complex and messy local conditions (e.g. relative to other dimensions of justice - including other capabilities -, to available means, cultural conventions etc.). As such specific insights and policy recommendations can only be developed by exploring empirically specific cases. Public reasoning requires a common sense of purpose. There is an important link to the concept of social innovation, as defined above: both aim at finding appropriate answers to **specific practical problems** and social needs.

⁶⁰ I revealed some of the implicit and epistemic values of conventional policy analysis in part two.

Despite striking similarities there have not been a noteworthy attempt to connect both bodies of research. An exception is a contribution by Ziegler et al. who developed the concept of “capability innovations”⁶¹ which (in analogy to the Schumpeterian understanding) are defined as “the carrying out of new combinations of capabilities” e.g. the linkage between bodily health and political participation in sanitation projects (Ziegler et al. 2013:423).⁶² However, they focus on the outcome dimension of social innovation and offer no systematic analysis of the underlying governance processes. A useful insight of their work is that there is a potential tension between the driving forces of innovation and the demands of justice implied in the CA. Both perspective can be joined, but this requires an integrated consideration of both perspectives. Similarly my premise is a situated understanding of social justice can enrich the understanding of social innovation as a governance arrangement.

6.2 Governance trends

Governance processes have been in transformation in the last two decades with local administrations (at regional and community levels) gaining more responsibility and autonomy in planning processes and implementation of social policies (Andreotti et al. 2012:1926). This trend is particularly encouraged by supranational intuitions of the European Union, as Garcia notes, in terms of policy implementation “urban and regional governance are gaining momentum in European cities” (García 2006:746). This decentralization goes hand in hand with new partnerships with non-state actors at different scales (including for-profit and non-profit sectors, and ranging from the neighbourhood to the transnational level). Terms like “network governance”, “community governance” (Geddes 2000:793), “governance-beyond-the-state” (Swyngedouw 2005), “subsidiarisation of social policies” (Andreotti et al. 2012:1927), or more broadly “multi-level governance” (Eizaguirre et al. 2012) describe the new principles in social policy - and urban and regional policy in general.

⁶¹ Their case study is about *Ecotact*, a public sanitation project in Kenya that combats discrimination and humiliation through innovative public toilets. (Ziegler et al. 2013:425)

⁶² That is, a “[c]apability innovation focuses on the production of the goods and services interlinking and promoting capabilities, as well as the design choices these imply.” (Ziegler et al. 2013:436)

Oosterlynck et al. (2013) show that “localized socially innovative policies” already began to emerge in the late 1970s with the crisis of the Keynesian welfare state. Yet, the expertise and creative potential of grassroots initiatives has long been neglected by policymakers: “This is only now beginning to be recognised by official urban policies, with the financial crisis.” (Eizaguirre et al. 2012:2011) The discourse of social innovation emphasizes the emancipatory and transformative potential of involving businesses and civil society organizations as “equal” partners in local policy making:

(...) such horizontally networked tripartite composition are viewed as empowering, democracy enhancing and more effective forms of governing compared with the sclerotic, hierarchical and bureaucratic state forms that conducted the art of governing during much of the 20th century. (Swyngedouw 2005:1992)

However, empirically, the value-added of these new partnerships has been discussed controversially. There is in particular scepticism about the capacity of the public sector for breaking long established routines and for absorbing and scaling social innovations generated at local scales. There is clearly no agreement about the synergies and mutual benefits of these new strategies. As Swyngedouw (2005) notes, the new transformation in governance mechanisms has indeed a “Janus face”. While critics highlight the democratic deficit and power asymmetries of cooperation, others have pointed to the potential of bottom-up social innovation. For instance, Moulaert et al. note that local social innovations

(...) can ‘filter-up’, either through institutional hierarchies or through other forms of networks, and contribute to the creation, strengthening or perfecting of macro governance dynamics and grand social innovation discourses. (Moulaert et al. 2007:207)

In contrast, risks and negative consequences are generally attributed to “a neoliberal laissez-faire framing of the solutions” (Oosterlynck et al. 2013:27), i.e. privatization legitimises fiscal austerity and reinforces spatial inequalities (see Eizaguirre et al. 2012:2003; Geddes 2000; Seyfang 2004). The former emphasize the political space that is created allowing a variety of grassroots initiatives to establish new *horizontal* networks. The latter concentrate on democratic deficits and power asymmetries in *vertical* centre-periphery relations. I agree with Seddon et al. (2005:582) who state that the polarization between counter-hegemonic community appropriation and paternalistic domination is misguided: “partnerships are sites of struggle. They cannot be dismissed as simple neo-liberal policy instruments.”

THE ROLE OF THE EUROPEAN UNION

There have been several new instruments implemented at EU level for incubating, generating, disseminating and coordinating new policy solutions and regulatory approaches at local, regional and national levels. An important tension of the aim of “opening up government structures” is the dual goal of promoting social cohesion and competitiveness (Eizaguirre et al. 2012:2011). The EU is a unique institutional setting for promoting these learning processes since knowledge generation and information sharing can draw on a wide range of different policy experiences, which all align behind a common strategic framework. Here, the role of standardized statistical tools and the development of a coherent indicator system have been particularly important.

The EU is uniquely placed to provide a European platform for policy exchange and mutual learning in the employment and social area that involves the Member States (including the EEA and candidate countries). Knowledge of the policies carried out in other countries increases the range of options available to policy-makers, triggers innovative policy developments and encourages national reform. (EC 2011:30)

The EC has the role of coordinating this learning and innovation process among the member states, which is considered an indispensable component of the EU-2020 strategy. On a macro-level, the success of social innovation is assessed against the EU-2020 goals and the respective performance indicators. However, a fundamental critique is, that EU social policy is not pursued by hard law, implementation is up to the member states. The opinions about soft policy instruments like the OMC are divided. Notwithstanding these shortcomings, beyond the immediate impact on national law and policies its role in fostering a common vision should not be underestimated:

The EU plays a significant role in developing common narratives and a common vision around specific issues. In this respect, it is well placed to lead the way in terms of developing an overarching narrative and vision for social innovation (...) (Davies et al. 2012:17)

In the following two chapters I will explore the main tensions associated with these multifaceted approaches to public action. On the basis of the CA and a discussion of the literature on governance and social innovation I will develop a sharper understanding of social innovation from a justice perspective. Firstly, I consider the horizontal dimension of local

community networks (the paradox of local autonomy). Secondly, in the chapter that follows, I analyse the vertical relationship between central administrations and local actors in partnership arrangements (the paradox of control).

6.3 Community networks: bonding vs. bridging

A situated understanding of social justice first and foremost points to the relevance of localized patterns of collective action. The aspect of ‘community governance’ has been studied quite extensively in the urban and regional development literature, particularly the role of the civil society in addressing social needs along with market and public actors. The question to be addressed here is: from the perspective of the CA, what is the role of community networks for social innovation?

THE COMMUNITY – A HUB FOR SOCIAL INNOVATION?

New approaches to addressing social needs are often based on already existing ties of trust and proximity. The neighbourhood or community level is fundamental for social innovation discourse since local networks exchange ideas and tacit knowledge and can generate tailor-made responses to local problems. As Oosterlynck et al. (2013:33 f.) note, “place-based bonds” allow a more encompassing form of deliberation and cooperation in comparison to strict hierarchies and anonymous market transactions: “They foster a broader and more holistic concept of social justice in line with Nancy Fraser’s ideas of redistribution, recognition, and representation.”

The emphasis on communal forms of cooperation vis-à-vis the individualist approaches that emphasize self-interest is an important component of the CA (see Gasper 2008:247). However, Sen’s concern with parochialism underlines the ambiguity of claims of localization. Community-centred thinking can be both positive and negative in terms of the broader societal impact. Strengthening group affiliation is often – but not necessarily – related with exacerbating exclusion of ‘outsiders’.⁶³ It is precisely the openness towards plural worldviews that is essential for Sen’s understanding of ‘public reason’. Most social

⁶³ This concern was addressed by Deneulin by introducing a “non-arbitrariness” condition to the procedural framework of public reasoning (Deneulin 2005:16).

innovation scholars are well aware of this tension between the value of local perspectives and the limited focus on group-specific practices, beliefs and concerns. For instance, Gerometta et al. (2005:2018 f.) note that given the fragmentation of urban societies the main challenge consists in “producing a shared sphere of reciprocal responsibility and solidarity”. They underline the importance of a “communal spirit” for the emergence of social innovations, but

[s]ocial innovation in governance at a local level (...) will only hold good when new links are established between excluded and integrated segments of the local society and when the public sphere is enriched by the participation of the formerly excluded social groups. (Gerometta et al. 2005:2019)

Trust seems to be an essential requirement for any form of cooperation among diverse, groups, organizations, cultures, etc. This is especially relevant in the face of pervasive power relations. Similarly Klein et al. argue that community initiatives “can put forward aims and goals of extreme right wing community organizations as well as NIMBY attitudes.” (Klein et al. 2009:39) Their argument is that the social objectives of local networks are not per se legitimate and inclusive. The role of neighbourhood movements and community organizations with particularistic concerns is both potentially arbitrary as well as limited in terms of sustainable social change. “Localised networks can become a force for darkness as much as good” (Seddon et al. 2005:572). I will explore these arguments in the following.

Table No. 2: EU Social innovation policy

The Bureau of European Policy Advisers of the European Commission distinguishes 7 areas where EU initiatives and policy instruments are promoting social innovation (BEPA 2011:81-96):

- knowledge-sharing,
- stakeholder participation,
- policy coordination and administrative capacity,
- research,
- social experiments,
- social entrepreneurship,
- infrastructure and framework conditions.

The variety of EU programmes that support these areas (though not all of them have an explicit social innovation dimension) include the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Open Method of Coordination (OMC), the European Agricultural Fund for Rural Development (EAFRD), the Framework Programmes for Research and Technological Development (FP RTD), the Lifelong Learning Programme, and the Competitiveness and Innovation Framework Programme (CIP). The only (completed) programme with social innovation as an explicit objective is EQUAL⁶⁴. However, new programmes are currently being implemented as part of the overall EU Initiative for Employment and Social Innovation, which will consist of four components for the 2014-20 period (see <http://ec.europa.eu/c>):

- (1) The European Social Fund (ESF)
- (2) The European Aid for the Most Deprived
- (3) The European Globalisation Adjustment Fund
- (4) The new EU programme for Employment and Social Innovation (EaSI)⁶⁵

The EaSI is a new programme on social innovation that integrates and expands existing programmes on employment and innovation. Its main part, with a budget of € 500 million (compared to the overall EaSI budget of € 815 million), is PROGRESS, which is a programme for developing, coordinating and facilitating new public policies and reform processes in the member states (see <http://ec.europa.eu/d>). One of the components of PROGRESS is to foster learning processes and information sharing on EU law and on policies that form part of the PROGRESS priorities (EC 2008). For the new period starting in 2014 there will be a budget assigned specifically to policy innovation that is to “test, evaluate and scale up innovative solutions” (EC 2011:30). The immediate aim of EaSI is to facilitate social innovation on local and national levels, in the public sector as well as in the social economy. (BEPA 2011)

INNOVATION AS SOCIAL CAPITAL CREATION

The conceptual distinction between social capital as *bonding* and *bridging*, as common in network and social capital theory, is insightful in this regard: The former refers to inwardly

⁶⁴ The EQUAL was a community initiative in the 2000-2006 programming period, jointly financed by the European Social Fund (ESF) and the EU Member States. “The initiative focused on supporting innovative, transnational projects aimed at tackling discrimination and disadvantage in the labour market.” (see <http://ec.europa.eu/b>)

⁶⁵ EaSI yet requires final approval, but is expected to take effect in 2014 (see <http://ec.europa.eu/c>)

oriented group ties, while the latter describes weaker inter-group ties (Gerometta et al. 2005:2012; Seyfang 2004:53). The overemphasis of bonding is evidently problematic. The importance of building networks that transcend the local community is widely acknowledged, hence, a balance between *bonding* and *bridging* is required. So the real challenge is not to foster exchange and cooperation within a social milieu (where there is already a sense of belonging and a cooperative basis), but to build bridges between different groups and spheres of society. As some have argued, “plurality is a constitutive element of a socially innovative civil society” (Gerometta et al. 2005:2019). The paradox is that places with most pressing social problems due to fragmentation and extreme forms of exclusion are those where collective public action is most impaired. The creation of new political spaces through local governance requires coping with diversity and value pluralism in ways that seek to overcome fragmentation: applying Sen’s notion of ‘comparative broadening’ to the social innovation of local governance implies putting special emphasis on the creation of new relationships between the diverse sectors and milieux of society. The engagement with different, potentially conflicting, positions and worldviews, is crucial for public reasoning. Empowerment cannot be reduced to establishing local autonomy, but needs take into account the processes that contribute to the formation of values, to mutual learning and to the reproduction of discourses and cultural practices.

An example for the creation of learning environments and cross-boundary relationships are the ESF Learning Networks which promote transnational exchange and cooperation on diverse topics. However, being directed to “strategic stakeholders” the link to the grassroots level is fairly loose. Notwithstanding they connect “managing and implementing bodies” from a wide range of disciplines and sectors. The infrastructure for networking activities among member states is continuously expanding. (BEPA 2011:82)

INDIVIDUAL VS. COLLECTIVE SOCIAL CAPITAL

Applying the concept of social capital to a capability-based analysis of social innovation bears the risk of misunderstanding. It is certainly misguided to interpret the CA as a confirmation of mainstream development discourse with its emphasis on social and human

capital.⁶⁶ The idea of social capital can be understood in very diverse, potentially opposite, ways. The instrumental (economic) interpretation of social capital focuses on the mobilization of resources within social networks (serving given individual interests). In contrast, the CA draws attention to the importance of networks as a political space for deliberation: in this view interaction and engagement with the community are crucial for the creation of shared values, the redefinition of objectives, for reinterpreting and reflecting certain standpoints and for finding limited agreements for collective action. In short: people that gather in “communities of inquiry”⁶⁷ for making sense of the world and building a cooperative basis. Leadership and a collective vision may play an important role in this respect. Klein et al. show on the basis of case studies that “local pluralist and flexible governance” create a space where local leadership is created:

(...) social entrepreneurs achieved success in their local leadership to the extent to which they were able to inspire the community with a type of *long-term vision* and collective vision alongside one or more powerful short-term projects. [emphasis added] (Klein et al. 2009:34)

Thus, a community’s inspiration or vision may turn out to be crucial for the creation of new patterns of interaction that address social problems. Conventional social capital theory does not accommodate such vague inter-subjective attributes. Seyfang’s (2004:54) distinction between individual and collective social capital is instructive in this regard: She argues that social capital cannot be owned and is more than the sum of each individual’s social capital. It is rather a collective asset that captures the “social energy” and the visions and values people share. Along these lines Moulaert and Nussbaumer (Moulaert and Nussbaumer 2005a; 2005b:55) explore a more holistic perspective on social capital: in its concrete form any type of capital is embedded in the history and social struggles that constitute the community. This implies taking into account tensions between individual and collective control: “[e]thical norms, behavioural rules or political visions do not drop from the sky, but form part of the development trajectories of communities.” {Moulaert, 2005 #167@2086)

⁶⁶ “Social capital, alongside human or cultural capital, has become increasingly important in the Anglo-American model as a palliative for social exclusion and effective removal of social rights exacerbated by fiscal austerity.” (Seyfang 2004:53)

⁶⁷ To employ Dewey’s term, see chapter 5.3

Hence, understanding social innovation as the development of new types of social capital requires a careful definition of the concept of social capital involved. From a capability perspective, the individualistic and instrumental understanding is misleading and needs to be broadened towards a more holistic perspective which takes note of its collective dynamics:

(...) the social meanings through which we can conceive of wellbeing are dynamic. They are in a process of ongoing construction and modification through all our relationships in society, at all levels {Deneulin, 2010 #95@512}

It becomes evident that community empowerment is an ambiguous and complex endeavour. Bottom-up social innovation is necessarily about governance forms that address parochial biases and seek to promote an “enlightened localism”, to use Gregg’s terminology.⁶⁸

6.4 Multi-level governance: control and empowerment

Another aspect of community governance is its vertical dimension - the interaction between community actors and central administrations. The new discourse suggests empowerment of communities and advantaged groups. However, formal partnerships with and participation of community actors in public policies does by no means guarantee the actual empowerment in terms of political and economic inclusion. The EU has been launching several programmes that aim at strengthening local networks (BEPA 2011:87).⁶⁹ Yet, many public-private⁷⁰ partnerships have revealed considerable difficulties in establishing trust and mutually beneficial relationships. What needs to be taken into account when assessing the vertical dimension of ‘socially innovative governance’ from a capability perspective?

⁶⁸ see discussion chapter 5.2 and Gregg (2010)

⁶⁹ “Twelve Member States allocated more than € 2.4 billion to support ‘Local Development and Employment Initiatives’, ‘Territorial Employment Pacts’ and Local Social Capital initiatives in their ESF Operational Programmes.” (BEPA 2011:87)

⁷⁰ ‘private’ refers to both for-profit and non-profit organizations.

EMPOWERMENT AND PARTICIPATION

The move towards participatory governance approaches and the empowerment of communities does not uncommonly stay with empty rhetoric. Empirical evidence confirms that despite formally established participation actual community involvement is often limited due to a lack of trust or the asymmetric nature of partnerships (Ellison and Ellison 2006; Geddes 2000:790; Milbourne 2009:290). Power asymmetries are evident in most public-private partnerships. Yet, this does not exclusively relate to formal rules and decision-making procedures, but can be manifest in tacit patterns of behaviour and mentalities. For instance, the cooperation with public agencies may undermine the role of grass-roots initiatives “as critics and alternatives to government and mainstream institutions” since these partnerships rarely imply that local initiatives are actually on a par with local authorities (Milbourne 2009:292).

To give an example, SIED⁷¹, an EU funded enterprise development initiative for ethnic minorities in the UK, found that reaching marginalized groups through existing public institutions⁷² like the chambers of commerce (e.g. by making them “more user friendly to ethnic minorities”) is limited since there is a lack of trust from both sides: on the one hand there are “barriers connected with language, racial stereotypes”, and on the other hand mainstream institutions tend to “ignore the innate business capacity and tradition within the [ethnic and religious] communities themselves.” Instead, SIED focused on “strengthening and professionalising the business support that the community itself can provide”, since it is easier to build trust and reach the people through local community centres. (AEIDL 2008:16)

In a similar vein, QUASAR, an Italian project aimed at building partnerships between social enterprises and the chambers of commerce, opted for an organizational hybrid: “a sort of semi-public company formed under the wing of the chamber of commerce.” This type of agency is more flexible, less bureaucratic and operated as a mediator between local community organizations and the chamber of commerce. (AEIDL 2008:43-44) Both projects

⁷¹ SIED - *Social Inclusion through Enterprise Development*

⁷² The same applies for other mainstream establishments, such as banks and national development agencies.

have been supported through EU development partnerships as part of the EQUAL initiative.⁷³ The examples illustrate that proximity to ‘target groups’ and mediation between cultures and organizational logics is of great relevance.

The challenge of *practical reason* in Sen’s terms consists in the fact that local concerns cannot be satisfactorily addressed through formal procedures, but require a more holistic approach. This involves paying more attention to the community context and acknowledging culturally-specific competences, resources and knowledge. As Alkire (2006:141) notes, participation needs to be actively facilitated since “[i]n many areas, participatory processes are an innovation rather than an established cultural or social practice that is used by many institutions.” They need to create a space of deliberation that addresses the specificities of the local context. This is necessarily an iterative and demanding process since the project has to accommodate conflicting mentalities and mind-sets. The aim cannot be simply to reveal needs, but to facilitate learning processes and to mobilize energies that allow successful implementation. Moreover, the CA challenges the separation between policy planning and policy implementation.

CONTROL AND ACCOUNTABILITY

The apparent difficulties of institutionalizing participatory processes point to a fundamental tension between the idea of local empowerment and the central governments concern with steering and coordinating social policies:

There are real difficulties here that may prove insurmountable: most obviously the perennial issue of how to resolve the contradictions inherent in any desire to achieve national outcomes by means of local autonomy. (Ellison and Ellison 2006:341)

Institutionalization of networks and new partnerships goes hand in hand with an alignment of interests that is bottom-up approaches are necessarily confronted with top-down logics. Many authors have found that generic and centrally defined management strategies conflict with local practices and cultures (see Bonvin and Orton 2009:572; Eizaguirre

⁷³ The EQUAL was a community initiative in the 2000-2006 programming period, jointly financed by the European Social Fund (ESF) and the EU Member States. “The initiative focused on supporting innovative, transnational projects aimed at tackling discrimination and disadvantage in the labour market.” (see http://ec.europa.eu/employment_social/equal_consolidated)

et al. 2012:2009; Milbourne 2009:290-293; Oosterlynck et al. 2013:27). For instance, top-down targets and compliance standards such as performance indicators likely fail to capture the essential value that is created (which can or not be measurable at all). The underlying intuition is that main factors of success are context-independent or related to the institutional design. Yet, a variety of empirical studies⁷⁴ show that this narrow view is problematic since “the commitment, dispositions and networks of individuals, and situated experiences” are ignored. “If key individuals leave and contexts change, risks for collaborative work grow.” (Milbourne 2009:291) Likewise, Rees et al. (2012:1) mention the contradiction between “results-orientated commissioning climate” and the “broader relationship based impacts”. However, they argue that alternative approaches that rely on locally defined goals tend to prioritize particular interests at the cost of more general considerations of the ‘public good’.

This contradiction has two implications particularly relevant for social innovation and directly connected to the CA: firstly, social innovations as new forms of addressing social issues are risky and cannot be expected to fit into generic performance indicators (see BEPA 2011:11). Thus, “decontextualised, impersonal, rule-driven” management practices fail to benefit from local expertise (Seddon et al. 2005:581). That is those tacit and situated forms knowledge that are particularly valuable for developing creative and innovative social initiatives (Bund et al. 2013:24 f.). Secondly, technocratic understandings of policy analysis tend to reinforce power asymmetries through a process of “normalization” (see chapter 4.2):

Small community organisations experienced the exercise of power from both national and local government arrangements as devaluing their local knowledge and experience and restricting what counts as legitimate information about their achievements. (Milbourne 2009:291)

Bigger organizations are naturally in advantage for applying generic management procedures, but fail to address locally embedded knowledge and place-specific concerns appropriately. Here, situated justice and practical reason demand going beyond the narrowly defined technical knowledge and are concerned with a variety of positional aspects of evaluation. This also relates to the ethical nature of evaluations: “practical rationality” is

⁷⁴ Most of which were conducted in the UK (see Milbourne 2009; Rees et al. 2012). Seddon et al. (2005) explore the Australian context, and Geddes (2000) draws on research from ten EU member states.

the “rationality of ends” (Crespo 2012:78), hence, autonomy for implementation necessarily involves the adaption and redefinition of the very objectives.

Notwithstanding, the necessity for some degree of central control cannot be dismissed. Sen’s concern with deliberation and limited agreements does not end with the micro-scale. Developing common strategies and guidelines on meso- and macro-scales is an important part of the CA. For instance, Sen is concerned with the re-definition of macro-level indicators and with global debates about social justice. Yet, what is important here is the concrete form of coordination and control involved. Policy objectives, e.g. in the form of basic capability thresholds, can be formulated as

(...) definitive statements or as indicative suggestions; as exact prescriptions or as requiring local interpretation; as purportedly complete or explicitly partial statements (Gasper 2007:345)

My pragmatist reading of the CA makes a strong case for local democracy and reflexive and context-sensitive policies. From this point of view, accountability requires less rigid directives and more flexible forms of reporting. In any case necessary specifications “should be collaborative, visible, defensible, and revisable” (Alkire cited in Crespo 2012:77). The sensitivity for different organizational logics certainly challenges the focus on competition and efficiency of New Public Management.

RIGHTS AND OBLIGATIONS

For example, the enforcement of basic rights is an important issue when talking about situated justice. Here, the tension between top-down prescription and bottom-up deliberation is quite obvious. Sen is in principle a proponent of extensive political, social and economic rights. However, at the same time he acknowledges that actual enforcement of rights can only be effective when local agencies assume responsibility, since “[r]esponsibility (...) demands situated valuation by the agents.” (Sen 2000:486). There is a potential paradox between clearly defined obligations that ignore the specificities of local contexts and loose obligations that provide only limited accountability:

The alleged need to specify “perfect obligations” (specifying exactly who will do what) to correspond to rights, which are sometimes taken to be essential for making any sense of rights, are overly restrictive. In contrast, looser forms of obliga-

tions (sometimes called "imperfect obligations"), which point to the need for others to pay serious attention to their responsibilities in preventing harm and the violation of freedoms and rights, can have an extensive role in making us understand such concepts as "human rights" and "basic civil rights". (Sen 2000:502)

Here rights conventions do not only have a regulatory function, but also a discursive one, meaning that they are important frames for more empirically grounded debates and negotiations. Sen's argument is that enforcing overarching rights in a meaningful way is only possible if obligations are specified and equipped with familiar practices at various scales. Similarly, Gregg notes that "[h]uman rights are actionable only if can trigger specific obligations and behavior in particular venues under concrete circumstances." (Gregg 2010:572) Statutory rights can define and regulate generic aspects of our lives, such as the provision of cash benefits, but they cannot guarantee people's overall freedom to lead a 'good' life, which is bound to the complexity of human realities (including local meanings, norms and practices). In contrast, imperfect obligations need to be interpreted, completed and implemented at different levels.

However, a potential risk associated with such a conception of rights, is that it might serve as a legitimization for less ambitious legal frameworks at national and EU-levels with reference to the responsibility of regional authorities. This would especially be relevant when normative and political responsibility is decentralized, while core financial and economic authority remain centralized. Then, the social responsibility of communities would not be equipped with financial resources and real decision-making power.

INSTITUTIONALIZATION

In this vein, social Innovation should not be understood as an alternative to rights-based approaches, but as complementary in the sense that situated action helps developing and specifying obligations, where the definition of perfect obligations is difficult or implausible (as is the case for social rights at the EU-level). From the perspective of the CA, processes of deliberation and decision-making are multidirectional. This view highlights the simultaneity of bottom-up and top-down processes and resonates with the concept of "bottom-linked" governance by Eizaguirre et al. (2012:2010): "as a method of combining channels of participation and producing social innovation." Systemic changes require thinking beyond the local scale, however, institutionalization of social innovations generated at grass-roots levels is not always in the interest of local agents. Still the issue of coordinating local

initiatives is a key for tackling structural issues at bigger geographical scales, since civil society responses are often “short-lived, fragmented and patchy” (BEPA 2011).

The attempt to scale innovative solutions or to use ‘best practice’ as policy blueprints is limited in this regard, since the outcomes are likely to vary from one-context to another (González and Healey 2005:2057). Ziegler et al. note that the possibilities of scaling depend precisely on the “indirect conversion factors”, that is the conditions that determine the production of policy inputs (Ziegler et al. 2013). The EU has been actively engaged in the promotion of knowledge sharing and social policy experimentation. An example is the PROGRESS programme, which aims at “fact-finding and evidence-gathering about relevant policy developments” (EC 2011:3) From a capability perspective, some scepticism is indicated with regard to practical value of the expertise that is generated in the pilots and social experiments.

6.5 Hybridisation: resolving conflicts

These tensions show that the main challenge consists in the creation of new relationships (institutionalized or informal) that build bridges between different spheres of society, both horizontally (between milieux and sectors) and vertically (between different geographical scales). Local arrangements of ‘community governance’ are necessarily embedded in a wider system of ‘multi-level governance’ with a variety of state and non-state actors. The success of such a complex governance system depends to a large extent on the ability to impulse learning processes that take advantage of diversity and contestation rather than avoiding conflict. As we have seen, there is obviously no formula to achieve this. Yet, the notion of practical reason elaborated in the previous part constitutes a useful reference for social innovation policy.

INSTITUTIONALIZATION

The situated approach to social justice endorses an institutional view of social innovation that connects local concerns to a broader non-local perspective. This does *not* mean that it encourages the development of institutional blueprints. But rather that it accepts the nature of human agency as institutionally embedded. González and Healey’s (2005) term “social-constructivist ‘institutionalist’ approach” is more appropriate in this regard. Here

institutions refer broadly to social norms of interaction. Accordingly, social innovation must shape these social institutions in ways that facilitate reflexive collective action. Such an institutional view is close to Moulaert and Nussbaumer (2005b), who envisage social learning as a specific form of “institutional capital”. Similarly, Salais and Villeneuve (2004:8) see the value of the CA in its situated notion of public action: “located within established negotiation and decision-making of local actors, in territories, trades, networks or firms”. This implies that the “subsidiary State” is linked to bottom initiatives and is “aware of the risks of excessive regulation and looking for flexibility and revision by learning.”⁷⁵ (Salais and Villeneuve 2004:16)

Seddon et al. (2005:576) point to the variety of possible forms of institutionalization: “enacted partnerships” are initiated from external actors like government agencies, while “community partnerships” emerge from within the community. Other forms include “negotiated partnerships” that are actively pursued by several partners. There are substantial differences in the concrete form of regional and urban governance arrangements. These reflect, among others, distinct historical roots of cities and properties of national frameworks (Eizaguirre et al. 2012:2003). Yet, the common theme is the need of integrating different concerns and “organisational logics”:

Partnerships are sites where these different organisational logics [market, hierarchy and network] confront one another—where the negotiation of voice and power to consolidate the partnership is mediated by organisational logics of different agencies but framed by the over-riding rhetoric of network and its trust-based order. (Seddon et al. 2005:575)

In line with Sen’s pluralist understanding of public action they argue that “organisational hybridisation” may create significant synergies:

(...), networks may play a civilising role by pressing hierarchy to better acknowledge the value and insight of local agencies and their knowledge (...) or by pushing markets to acknowledge the benefits of cooperation (Seddon et al. 2005:575)

Such a balanced approach does not seem very encouraging compared to more radical claims of counter-hegemonic initiatives. Yet, the emancipatory potential depends pre-

⁷⁵ In their view this corresponds to the main role of the European Social Dialogue.

cisely on the form of cooperation. If mutual learning and organizational synergies are exploited a considerable contribution to the advancement of social justice might be possible. From the perspective of the capability approach *hybridization* is desirable since it accommodates the demand of methodological pluralism depicted above. Notwithstanding, the related risks and ambiguities need to be addressed properly. These *communities of inquiry* need to find a way to accommodate differences around a common purpose. This requires a minimal common basis of values and the disposition to create mutually beneficial relationships. As Gerometta (2005) notes, in the last instance plurality needs to be integrated in “the overall constitution of a coherent society”. The CA is ultimately based on the idea of the common good as a collective frame. In other words: it presupposes that democracy is not perceived as a zero sum game and that the public arena is not reduced to its instrumental value.

CONSTRUCTIVE FREEDOM

A common vision, is a good starting point. But the Sen’s emphasis on normative deliberation is not limited to the attempt of finding common grounds, e.g. through generic voting-procedures. There is no premise of harmonious consensus needed.⁷⁶ The continuous aim of comparative-broadening is a process of value formation, not just negotiation. It involves testing ideas, exchanging information, and engaging in processes of persuasion and reflection. Although some basic understanding and willingness is required, conflicts may exist in such partnerships. The aim of seeking shared understandings does not imply that all disagreements need to be solved, (as long as sufficient basis for a mutually valuable partnership is established). Again, Sen stresses the practical value of limited agreements despite substantial differences between the parties: “systematic guidance to reasoned decisions can come from incomplete orderings that reflect unresolved conflicts.” (Sen 2010:144) In some cases it is the distinct leadership of certain organizations or individuals (gatekeeper, broker) that determines the success of such a painstaking process. The development of these partnerships is always uncertain due to their complexity. Relationships and trust need to be built, agreement need to be negotiated – results may be opposite to initial expectations (in both directions) (see Seddon et al. 2005:579-581). As Wenger notes

⁷⁶ as some have argued (see for instance Deneulin and McGregor 2010)

with regard to social learning: “Organizations can take part in them; they can foster them; they can leverage them; but they cannot fully own or control them.” (Wenger 2000:243)

In such a view, social innovation (e.g. participatory planning processes) has various interconnected roles: (1) new governance arrangements have an *instrumental* value, since they reveal needs and set goals according to people’s choices and priorities (relates to what is decided); (2) they are *intrinsically* valuable by empowering people to voice and to act upon their concerns (relates to who decides); and (3) they have a *constructive* role which refers to the formation of values in the process of deliberation (Alkire 2006:139; Sen 1999:153 f.). It is particularly the constructive dimension which becomes relevant when assessing social innovation practices, since it highlights the social learning process involved in the creation of reciprocal relationships. Public debate and citizen involvement ensure that a choice of public interest is both *legitimate* and *reasoned*. Here, reason does not only refer to learning in a factual sense but especially to ethical and practical reasoning, which is reasoning about ends. A consequent application of this foundational framework leads to a quite radical change in understanding of the role of the state. It could be close to Donald Schön’s view of social learning:

He [Schön] recommends a fundamental conceptual shift from central government as a trainer of society, in a linear manner, to central government as facilitator of society’s learning. (Blackmore 2010:203)

These situated learning processes contrast with the engineering rationality which simply aims at optimizing the achievement of given ends. Hence social innovation (of any form) should resist the appeal of technocratic and depoliticized approaches to social exclusion. That is not to say that expert knowledge is irrelevant, but that it is embedded in (and subordinated to) the processes of public reasoning. However, as Gasper notes, “[s]tress on public discourse and rational scrutiny must be combined with understandings of political power and organizational process and structure” (Gasper 2007:356). Thus, social innovation demands institutions and relationships (“institutional capital”) that are sensitive for power asymmetries and facilitate the participation of excluded groups. What is important here is that social innovation in governance consist in finding context-specific arrangements that integrate different cultures and practices.

SOCIAL LEARNING SYSTEMS

It is noteworthy that there are two aspects of constructive freedom: on the one hand the participation in inter-subjective deliberation - that is to engage, to debate, to persuade, to broaden one's horizon - and on the other hand the personal competences and dispositions necessary for this process of 'comparative broadening'. Both aspects are obviously intertwined. The latter refers to Sen's presumption of critical self-scrutiny and of respect for other viewpoints and cultures, but also to the social and communicative skills necessary for equal participation and the public debate. On that note Deneulin (2005:9) calls for "a certain threshold level of adequate political functioning, which is 'the capability for full and effective use of political opportunities and liberties in deliberation.'" Deneulin does not specify this demand, but in order address power asymmetries within *communities of inquiry* the reference to "cognitive and communicative skills" appears to be rather short-sighted. As discussed earlier knowledge is necessarily embedded in cultural norms and practices. Thus, involving disadvantaged groups is also about mediating different understandings of competence. In other words: individual, social and cultural conditions of learning are intimately linked. The emergence of learning processes that transcend the proximity of neighbourhood relations and cultural identities require the ability to deal with contradictions and dissent in a productive way. The term hybridization captures this idea. Or alternatively, in Churchman's sense of the word it requires a certain degree of *maturity*:

West Churchman (1971), the American philosopher, referred to the ability to hold different, preferably conflicting, worldviews together at the same time with others as 'maturity'. This implies viewing the world from as many different perspectives as possible and from a systemic perspective to use those different worldviews to inform the other. (Blackmore 2010:35)

Given that individual competences cannot be understood independent from their social and cultural context, constructive freedom is necessarily about creating learning environments. The literature about social learning systems gives valuable insights in this regard. Wenger notes that learning at the boundaries between different "communities of practice" (professions, disciplines, cultures, etc.) is particularly valuable, but only when there is a common basis: that is an "intersection of interest" or a practical purpose, the open engagement with differences and commonalities, and the "commitment to suspend judgement" in order to consider other norms (Wenger 2000:233). He suggests that organ-

izations should focus on the promotion of informal learning processes, on respecting people's identities in terms of group membership, and on links and platforms that bring a wide range of perspectives and knowledge cultures together, i.e. "create complex knowledge beyond the purview of any practice." (Wenger 2000:244) This sounds very much like an agenda for situated justice. Sen's framework has evident connections to the literature on social learning and communities of practice. Consequently, putting the situated approach to social justice into practice is intimately linked to the design of social learning systems.

HUMAN CAPITAL VS. HUMAN POTENTIAL

Promoting the development of skills is an important concern of social innovation scholars. For instance, Moulaert and Nussbaumer (2005b:58) propose a broader understanding of the concept of human capital: "human capital also serves to govern, to assist, to be artistically creative, to coordinate social services". The creation of human capital in conventional (instrumental) terms falls short of the demands of social justice (see Sen 1999:292-296).⁷⁷ Sen is a convinced supporter of free universal education, explicitly stressing the capability to reflect stereotypes and parochial worldviews (the constructive role of freedom). There are some EU initiatives for fostering the development of "boundary-spanning" skills, with a clear focus on formal training programmes and education (BEPA 2011:107-109). However, considering the relevance of informal learning environments, a policy focus on the development of analytical competences and on formal learning seems to be misguided. The holistic understanding of practical reason - which is close to the Aristotelian idea of reasoning as an art or a craftwork - underlines the importance of imagination and creativity as fundamental elements of social innovation. Narrowly defined concepts of human and social capital fail to capture the complex, dynamic and contested nature associated with individual and collective aspirations for a better life. In fact, social innovation policy is articulated precisely between the technocratic and the situated understandings of social justice. Specifically, there is a tension between mainly technocratic

⁷⁷ Analogous to the concept of social capital, an instrumental and essentialist notion of human capital should be rejected: by concentrating on production possibilities (means for the good life) the conventional view on human capital ignores the myriad possibilities to achieve and define valuable human ends.

forms of knowledge generation and diffusion on the one hand, and situated notions of policy design and implementation on the other hand.

Justice requires emanating from human realities and people's entrenched perspectives, but it at the same time it is not a private matter: it is necessarily subject to debates and dispute within the neighbourhood, in local development roundtables, at regional as well as national and global levels. Yet, effective social innovations cannot be based on abstract claims of justice: they require a practical purpose that engages different parties in close relationship to practice and joint experiences. These networks of collective action come close to Dewey's 'communities of inquiry' (as described in chapter 5.3). An interesting example of implementing the concept of 'communities of inquiry' is *La 27e Région*, a French NGO which promotes the co-creation of public services with citizens. Their "friendly hacking" framework consists in the creation of "public innovation labs" in the form of experiments. The idea is that a multi-disciplinary team spends time with local communities and administrations to transform values and develop new methodologies around a specific topic. These labs are understood as "collective processes of self-investigation within public administrations". (Jégou et al. 2013)

On the basis of these thoughts I want to conclude with a tentative definition of that integrates the idea of situated justice with the concept of socially innovative governance. Analogous to Ziegler's definition of "capability innovations" as combinations of capabilities (in their concrete form, whatever this may be), I suggest that governance innovations should be understood in terms of their potential to combine the three capability dimensions mentioned above. That is interlinking the instrumental, intrinsic and constructive role of freedom. It can be argued that these dimensions actually may constitute trade-offs. Incidentally, this may be the case, but I would like to follow Sen in emphasizing their mutually reinforcing nature. Social innovation, this is the condition, consists in the creation of positive linkages between the capability to achieve (i.e. generates social impact in terms of outcomes), the capability to act autonomously (i.e. empowerment, including the capability for voice), and the capability to actively engage in a process of social learning. The latter is of crucial relevance here: new forms of collective action can be understood as dynamic social learning systems. Hence, a successful social innovation of governance arrangements (e.g. a partnership) manages to combine all three dimensions.

6.6 Interim conclusion

The capability approach offers a valuable foundational framework for assessing social innovation against criteria of social justice. There are some important similarities between the findings of research concerned with socially innovative governance and the idea of situated public action implicit in the CA. Joining both bodies of research proved to be instructive for the understanding of social innovation.

I discussed two main tensions that can be addressed on the basis of the CA. First, movements for local autonomy face the challenge of overcoming parochial forms of localism. Trust-based cooperation is an important asset of communities, yet socially innovative governance consists precisely in building networks that transcend the boundaries of the familiar *local* towards other spheres and groups of society. Second, bottom-up processes of social innovation are necessarily complemented by the top-down logic of central governments. Partnerships between local communities and public institutions can have very diverse forms, but it is evident that formal regulations and rigid procedures of participation are insufficient for successful social innovation. Top-down processes are necessary for ensuring accountability, co-ordinating networks, aligning and balancing interests, yet they are in constant tension with the unpredictability of the deliberative moment created through new governance arrangements.

The analysis shows that a situated approach to social justice requires complex organic governance forms that bring a wide range of actors together – across different scales, sectors and social milieux. The three main criteria for socially innovative networks of collective action (communities of inquiry) are: (1) they are *rooted* in context-specific configurations, local values and understandings. (2) They are *connected* to different organizational logics and facilitate social learning at the interface of boundaries (in line with Sen's notion of 'comparative broadening'). (3) They are action-oriented and have a common practical *purpose* that is, in one way or another, linked to the empowerment of disadvantaged groups and to the very goal of promoting well-being.

7. Final Remarks

Amartya Sen's capability approach (CA) contributed to a major shift in the analysis of poverty and social justice. Some valuable insights can be gained from the idea that social justice should be analysed on the basis of the actual freedoms people enjoy for pursuing a good life. The theoretical framework employed here can only serve as a normative horizon – not as complete normative theory of justice. Notwithstanding, I was able to show that the CA can enrich the understanding of social innovation. Specifically, social innovation has been defined as governance innovation, meaning new ways of organizing the design, evaluation and implementation of social policies. I argued that the heuristic value of the CA consists precisely in addressing these processes and mechanisms of collective action.⁷⁸ The interactional dimension of social innovation connects to the situated approach to social justice which has been discussed in detail. I suggested a distinction between two methodological perspectives that offer different ways of reading and operationalizing the CA. In essence, these conflicting approaches correspond to different understandings of social inquiry and, as a consequence, of public action. As such they reflect a fundamental tension in social policy discourse in general and social innovation policy in particular.

The technocratic approach is based on a narrow understanding of the CA that reduces its operational value to the informational focus on the space of capabilities. Here, the processes of public and ethical reasoning are external to the analysis, which concentrates on establishing causal relationships and clear-cut decision rules. Thus, *reasoned* ends, are taken as externally given in the form of 'conventionally' valued outcomes or publicly agreed norms (e.g. the EU-2020 goals with their respective indicator systems). The dominance of quantitative methods goes without saying. Yet, what characterizes the technocratic approach is not so much the selection of specific techniques but, the assumption that the rationale of evaluation is context-independent.

⁷⁸ I distinguished policy *outcomes* but to policy *outputs* (see Goerne 2010). To give an example, the outcome of a new policy, say healthcare, could be the impact on the health status of a certain target group, while the output may refer to the increased individualization of services through community centres.

The claim of equality of opportunities has almost universal appeal. Nevertheless its concrete meaning, the definition of merit, the understanding of the myriad circumstances that determine people's life paths, are inevitably bound to the confined human worlds – with all their idiosyncrasies and complexities. The idea of justice itself is normatively thick, meaning that it cannot be reduced to certain formal procedures. Yet, this thick content, the norms and principles and values that define social justice, cannot be approached independent from the human realities that equip them with concrete meaning.

I have argued that a situated understanding addresses the demands of justice more appropriately. A broader reading of Sen includes his considerations of practical reason und public deliberation. These connect to two distinct lines of thought, which substantiate the situated perspective, namely proceduralism and pragmatism. According to the situated approach, the apparent neutrality of scientific evidence and expert-led policy analysis is problematic. It is based on the premise that human diversity can only be grasped through “immersion into the life-worlds” (Zimmermann 2006:479) that is taking note of people's social, cultural and personal perspectives. Contrary to the instrumental rationality of technocratic assessments, it accepts the interdependence of facts, cultural meanings and social values.

Broadly, three main criteria can be distinguished:

- *Collective action needs to be **rooted** in local communities*

The involvement of the people who are concerned is crucial, not only with regard to the definition of objectives but in the very process of inquiry. The CA foregrounds the role of practical reasoning (in contrast to theoretical and technical rationality). Thus, evaluation should recognize the importance of tacit and culturally-specific forms of knowledge. Value judgements should be made transparent instead of invoking apparent neutrality.

- *Collective action needs to be **connected** to public institutions and a wide range of relevant non-state actors*

Situated evaluation in terms of complete local autonomy can lead to parochialism (e.g. exacerbating exclusion of minorities through discriminatory practices). Therefore, boundary-spanning learning processes are particularly important since they bring a wide range of people together. Here, the aim of improving the knowledge

about facts goes hand in hand with a redefinition of norms, discourses and political values.

- *Collective action needs to be focused on a specific **practical purpose**.*

The contingent nature of human affairs (i.e. context- and situation-dependent) demands practice-oriented reasoning. In other words: reasoning is ultimately based on experience, furthermore public reasoning requires joint experiences and a common sense of purpose.

These evaluative criteria connect to the literature on social innovation and social learning and prove to be useful for assessing governance innovations. They allow a discussion of new forms of public action from a social justice perspective. A review of the social innovation literature illustrated that governance arrangements evolve around two basic tensions. I showed that the CA accommodates both bottom-up and top-down dynamics. Situated public action is necessarily embedded in multi-level governance arrangements that span - vertically - across geographical scales and - horizontally - across sectors and segments of society.

From the community perspective, strengthening the social capital of communities is important for local empowerment. Trust-based relationships and a communal spirit turn out to be essential for the mobilization of ideas, resources and knowledge at the grassroots level. However the capability approach suggests that: (a) social capital should not be reduced to its individualistic and instrumental notion, but rather needs to be understood as a collective potential that is essential for constructing a common vision of the good life. (b) Place-base bonds need to be complemented by relationships that transcend the boundaries of the neighbourhood or community.

From the government perspective, the fundamental challenge consists in reconciling the concern for central control and coordination with the concern for local autonomy. This potential conflict is manifest in many partnerships between government bodies and community organizations. Evidently, many conventional results-based management procedures contradict with the organic and complex nature of social innovation. Initiatives that create new forms of cooperation are risky since they cannot draw on prior experiences. They rely heavily on tacit knowledge and competences, including their intuition and imagination, and on a great many intangible resources such as trust and enthusiasm. Generic

performance indicators generally fail to capture the actual value that these initiatives create. Consequently, a major challenge consist in finding ways to evaluate the success of social innovation. Here, flexibility and transparency turn out to be important requirements.

Norms, ideas and knowledge can ‘filter up’ as well as ‘trickle down’. The CA points to the importance of creating spaces where both logics are complementary and create synergies. For instance, minority rights can be addressed more effectively through innovative approaches that are embedded in local contexts and by generating active citizen involvement and local ownership (in contrast to rigid bureaucracies). To give an example, the SIED project addresses cultural barriers and the lack of trust between local communities and public institutions by creating new ways of providing enterprise development services.⁷⁹ Along these lines, the “friendly hacking” approach of 27e Région aims at developing a culture of co-creation (with citizens and other stakeholders) through “public innovation labs” (Jégou et al. 2013).⁸⁰ The idea of multi-level policy making goes far beyond formal participation procedures and the principle of subsidiarity. It is about new ways of understanding public action, and creating dynamic boundary-spanning networks.

The capability approach foregrounds the role of normative deliberation and value-guided policy-analysis. I suggested to interpret social innovation in terms of social learning systems that will create a space for rapprochement. Yet, these learning processes are more than simply an exchange of information or the negotiation of predefined interests. They allow for reflection and persuasion, inspiration of ideas, and finding shared values and understandings, in short: they contribute to broadening people’s horizons by engaging with diversity. These spaces are particularly valuable when transcending the boundaries of established institutions, professional circles, organizational logics, disciplines, policy sectors, social milieux, etc. As such they embrace the idea of Dewey’s concept of *communities of inquiry*, which gather around a common purpose employing diverse forms of knowledge, means and heuristics. The management of cross-boundary linkages and of spaces that allow for informal learning appear to be crucial in this regard.

⁷⁹ supported through EU development partnerships as part of the EQUAL initiative (see AEIDL 2008:43-44) and chapter 6.4

⁸⁰ see chapter 6.5

Finally, I suggested that governance innovations should be understood in terms of their potential to combine the intrinsic, constructive and instrumental role of freedom. Consequently, social innovations, as understood here, manage to create positive linkages between (1) the effective involvement and empowerment of disadvantaged groups (capability to act), (2) social learning processes that redefine norms and practices of interaction, and (3) the actual improvement of the quality of life of a given group, community or population (capability for well-being).

Such a framework implies rethinking the role of the state as an instructor who controls policy implementation from a neutral and ‘professional’ perspective (along with the technocratic approach). Alternatively, its role should shift to that of a facilitator and coordinator of learning processes, which, however, cannot be entirely controlled. The discourse of social innovation may contribute to challenging dominant notions of evidence-based policy making, but a coherent vision is missing. I have shown, that the CA points to a number of tensions and risks that need to be examined with scrutiny. By connecting the literature on social innovation with the extensive research on the CA I provided a useful foundation for the study of social innovation thus confirming the practical value of the CA as a holistic approach.

Ultimately, policy analysis cannot be a purely scientific and analytical exercise. Designing better policies and institutions requires situated evaluations thereby filling the concepts and considerations, which have been raised here, locally with meaning, knowledge and social values. In fact, putting the ideas of social justice and social innovation into practice requires a good deal of imagination and dedication. Scientists as well as policy makers and ordinary citizens need to cross boundaries for this task. I join Sen in his optimism about reasoned public deliberation. “There are few non-neighbours left in the world today.” (Sen 2010:173)

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9. Appendix

9.1 Abstract

The work at hand is an attempt of putting Amartya Sen's 'capability approach' (CA) into practice. I argue that his philosophical foundation of social justice has, despite its lack of specificity, normative and analytical value for social policy analysis, specifically the study of social innovation. Its main achievement is that it broadens the 'informational perspective' emphasizing human diversity and value pluralism. However, the CA should not be confused with a normative theory of social justice since Sen never defined specific principles of justice that can serve as a decision-rule. The methodological discussion is crucial in this regard: it highlights the controversies associated with the application of the CA and with the assessment of justice in general. Therefore I suggest a distinction between the 'situated approach' and the 'technocratic approach', which offer different ways of reading and operationalizing the CA. In practice, (evidence-based) policy making develops between the poles of both approaches. I argue that a situated understanding addresses the demands of justice more appropriately, since a broader reading of Sen allows including his considerations of practical reason and social choice theory. This way the capability approach enriches the understanding of social innovation policy and the study of social innovation more broadly. Here, I define social innovation as governance innovation, meaning new ways of organizing the design, evaluation and implementation of social policies. Understood in this way, social innovation connects directly to the situated understanding of social justice. I argue that the heuristic value of the CA consists precisely in addressing these processes and mechanisms of collective action offering a holistic approach to the study of social innovation. I conclude with the suggestion that governance innovations should be assessed against their potential to create positive linkages between (1) the effective involvement and empowerment of disadvantaged groups (capability to act), (2) social learning processes that redefine norms and practices of interaction, and (3) the actual improvement of the quality of life of a given group, community or population (capability for well-being). This work is structured according to the following three steps: In the first part I outline the discourses and policies that frame the idea of social innovation,

followed by a discussion of the main achievements of the CA within the liberal egalitarian theory of justice. Secondly, I discuss the empirical relevance of the CA by contrasting two competing methodological perspectives, namely the ‘technocratic approach’ and the ‘situated approach’ to social justice. Thirdly, drawing on the methodological discussion of part two I explore the practical implications by discussing the main tensions of socially innovative governance.

9.2 Abstract German

Die vorliegende Arbeit ist ein Versuch Amartya Sens ‚Capability Approach‘ (CA) in die Praxis umzusetzen. Ich zeige, dass sein philosophisches Fundament der sozialen Gerechtigkeit trotz dessen Unbestimmtheit für die Analyse sozialpolitischer Fragen, und insbesondere für den Bereich der sozialen Innovation, von normativer und analytischer Bedeutung ist. Eine wesentliche Errungenschaft von Sens Arbeiten ist, dass er die der Analyse zugrundeliegende ‚Informationsbasis‘ erweitert und auf menschliche Vielfalt und Wertepluralismus aufmerksam macht. Allerdings darf der CA nicht als normative Theorie der sozialen Gerechtigkeit missverstanden werden, da Sen nie konkrete Gerechtigkeitsprinzipien definiert hat, die als Entscheidungsregel herhalten könnten. Die methodologische Debatte ist in dieser Hinsicht von zentraler Bedeutung, da sie die Kontroversen aufzeigt, die mit der Anwendung des CA und der Bewertung von Gerechtigkeit im Allgemeinen einhergehen. Ich schlage daher eine Unterscheidung zwischen dem ‚situieren‘ und dem ‚technokratischen‘ Zugang vor, um auf zwei unterschiedlichen Lesarten und Ansätzen der Operationalisierung aufmerksam zu machen. In der Praxis ist die (evidenzbasierte) Gestaltung der Politik durch das Spannungsfeld zwischen beiden Ansätzen bestimmt. Meine Diskussion zeigt, dass der ‚situierende‘ Zugang den Gerechtigkeitsanforderungen des CA besser Rechnung trägt, da er Sens Überlegungen zur praktischen Vernunft und zur Sozialwahltheorie miteinbezieht. Auf diese Weise bereichert der ‚Capability Approach‘ den Forschungsbereich soziale Innovation und die Untersuchung entsprechender politischer Maßnahmen. Soziale Innovation wird hier als ‚Governance‘-Innovation definiert, d.h. als neue Organisationsformen im Design, der Evaluierung und Umsetzung von Sozialpolitik. In diesem Sinne kann ein direkter Bezug zwischen sozialer Innovation und dem situierenden Verständnis von sozialer Gerechtigkeit hergestellt werden. Ich lege dar, dass der heuristische Wert des CA genau darin besteht, dass er die besagten Prozesse und Mechanismen des kollektiven

Handelns erfasst und somit ein holistische Betrachtung von sozialen Innovationen ermöglicht. Abschließend schlage ich als Bewertungsgrundlage vor, dass ‚Governance‘-Innovationen drei wesentliche Elemente zusammenbringen und miteinander verknüpfen müssen: (1) die wirksame Beteiligung und Ermächtigung von benachteiligten Gruppen, (2) Prozesse sozialen Lernens, die Normen und Praktiken der Interaktion neu bestimmen, und (3) die tatsächliche Verbesserung der Lebensqualität einer bestimmten Gruppe, Gemeinde oder Bevölkerung. Die Struktur dieser Arbeit gliedert sich in drei Schritte: Im ersten Teil werden die Diskurse und die Politik rund um die Idee der sozialen Innovation dargestellt. Es folgt eine Diskussion der wesentlichen Errungenschaften des CA innerhalb der Theorie des egalitären Liberalismus. Im zweiten Schritt erörtere ich die empirische Relevanz des CA, indem ich zwei konkurrierende methodologische Zugänge gegenüberstelle: Den ‚situierten‘ und den ‚technokratischen‘ Ansatz. Im dritten Teil werden die Konsequenzen, die sich daraus für die politische Praxis ergeben, untersucht und zentrale Spannungsfelder von sozialen Innovationen in der Politikgestaltung herausgearbeitet.

9.3 Curriculum Vitae

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Englisch - Verhandlungssicher

Spanisch - Verhandlungssicher

Portugiesisch - Fließend