

Chapter 2

Urban Governance and Social Innovations

Sandro Cattacin and Annette Zimmer

How do social innovations come to the fore? Are they exclusively based on the entrepreneurial spirit of change makers? And what makes social innovations work? Can a solid business plan make innovations sustainable? In other words, does *survival of the fittest* also hold true for social innovations? From this Darwinist perspective, social innovations are perceived as *new products* geared towards addressing new societal needs in competitive markets.

We question whether this perspective, based on microeconomics, really helps us understand how social innovations emerge, are further developed and finally integrated into the repertoire of welfare politics at the local level. Instead, we argue that, particularly at the local level, the emergence, development and firm establishment of social innovations constitute a political process whose outcome is highly dependent on both a decisive set of environmental factors, including coalition building, and specific constellations of actors. From our point of view, social innovations are highly embedded in their environment.

And indeed, environments differ significantly. Research has demonstrated that some environmental factors, like freedom, diversity and density of contacts, are correlated with innovation (Evers et al. 2014). That is why cities have always been places of innovation (Cattacin 2011). But the innovative capacity of cities differs, and we think that these differences are related not only to the factors mentioned but also to strategies and dynamics linked to government decisions and lobbies in the economic and social spheres. In particular, analyses of *social* innovation have to take into account these decisions and these actors. European cities, which are at the centre of our analysis, stand out for their diversity in terms of government set-up, social-policy traditions and local political cultures.

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Hence, we argue that social innovations have to be analysed against the background of their specific contexts or, to put it differently, that social innovations at the local level are the outcome of a political process and as such a reflection of city-specific (welfare) cultures—the institutional perspective—and local governance arrangements—the political perspective. These city-specific settings create both opportunity structures and constraints for new ideas and concepts that are put forward by agents in alliance with like-minded persons and *brokers* and which develop into locally embedded social innovations.

Although European cities are renowned for their specificity, their local traditions and their particular flair, the rich empirical material we have collected within the framework of the European project Welfare Innovations at the Local Level in Favour of Cohesion (WILCO)¹ allows us to identify groups of similar urban-governance arrangements.

This chapter provides portraits of these *arrangements*, which constitute the bedrock on which social innovations are built, based on a comparative analysis of governance and social innovations in the 20 cities included in the project. Doubtlessly, characterising specific constellations and hence developing a typology of governance arrangements that might enable, foster or discourage processes of social innovation constitute a courageous undertaking. We are aware that the governance arrangements we identify do not do justice to the complexity and variety of governance constellations to be found in European cities. But the typology of constellations we lay out here may be helpful for researchers of urban governance as well as policymakers trying to give meaning to the puzzling world of new ideas and approaches grouped together under the umbrella term *social innovation*. The typology may also help us better understand why some social innovations face a tough time being accepted and integrated into local welfare politics.

Of course, we have not developed the typology out of the blue. The four specific governance arrangements we identified are the outcome of in-depth analysis of the rich empirical material that researchers from ten different countries collected from Amsterdam to Warsaw.² From a methodological point of view, we took advantage of various distinct streams of research and theory building. In particular, we have drawn on the results and the repertoire of theoretical approaches put forward by urban sociology, and especially comparative urban governance, policy analysis and welfare research. We specifically tried to link together recent approaches in urban sociology and local governance.

The first section of this chapter outlines the theoretical approaches we refer to in order to develop a typology of different urban governance arrangements in core

¹ For details on the project see www.wilcoproject.eu and the first publications of this EU-financed comparative project in Ranci et al. 2014. The project involves 20 European cities from ten different countries, namely Stockholm, Malmö, Birmingham, Dover, Milan, Brescia, Barcelona, Pamplona, Warsaw, Płock, Zagreb, Varaždin, Berlin, Münster, Lille, Nantes, Amsterdam, Nijmegen, Geneva and Bern.

² Data were collected from various administrative and political documents linked to debates in local parliaments, local newspaper articles, interviews with stakeholders and focus groups organised with the intent of clarifying stakeholders' diverging or shared positions.

welfare domains. The second section describes how we analysed and systematised the empirical data in order to develop our typology of four urban welfare governance arrangements, and it offers an analysis of the *common trends* throughout Europe that trigger the need for social innovations in urban settings because established social-policy routines and welfare services no longer meet the demands and needs of major parts of the urban population. The key third section describes the four ideal types of urban governance arrangements. The conclusion summarises our findings and discusses the nexus between the identified urban governance arrangements and the emergence and development of social innovations in European cities.

2.1 State of the Art: The Governance Approach

In recent years, the social sciences have moved away from simplistic one-size-fits-all analyses and increasingly turned towards more complex and multi-layered methodological approaches. A textbook example of this trend is the shift from the study of *government* to the study of *governance*. Indeed, the concept of *governance*, first used by scholars of international relations, has become ubiquitous in the social sciences (Levi-Faur 2012). From an analytical point of view, *governance* stands for *horizontality* in the sense of non-hierarchical modes of co-ordination, steering and decision-making, in which, in contrast to classical top-down *government*, new constellations of actors are involved, among them, besides government officials, stakeholders such as representatives from civil-society organisations and the business community. As such, *governance* is used as synonymous with *regulation through networks of agents*, which constitutes a third mode of coordination besides *market* and *hierarchy* (Powell 1990).

But *governance* is not restricted to describing how decisions are made; the concept also involves a structural component, the limited set of options that are embedded in a distinctive local culture. A *governance arrangement*, therefore, encompasses the constellation of actors in a given setting as well as path dependency, or the prevailing and hence limited set of choices that are inherent to a particular urban context. Simply speaking, *urban governance* constitutes the set of rules by which a city operates. However, urban governance arrangements are not simply a set of rules imposed by local politicians and government officials; instead, they are the outcome of complex coalition-building processes through which core values are framed, and in which multiple stakeholders are involved. Urban governance arrangements are highly influenced by local traditions and cultures, and they are embedded in and hence affected by multi-layered institutional settings, including supranational frameworks, specific national administrative structures (federal or unitary state, self-government) and particular local and national welfare regimes (Ferrera 2005).

The ubiquitous use of the concept of *governance* has created a situation in which urban sociologists unanimously declare that it is very difficult and perhaps unrealistic to comprehend most recent developments in urban settings and cities through

any single orientation or theoretical framework (Blanco 2013). This is particularly the case in the field of comparative urban studies. Although the so-called classical schools of urban sociology (Lin and Mele 2012), with their focus on the analysis of urban structures, processes, changes and problems, are still acknowledged as an important point of departure, they are no longer exclusive points of reference. Instead, recent scholarship in urban sociology favours multifaceted approaches that build on various traditions and models that previously enjoyed a stand-alone position and were treated as distinct paradigms (Mossberger and Stoker 2001).

2.1.1 *The European-City Approach*

For analyses of how cities cope with current challenges and try to reconcile social and economic policies, urban sociologists nowadays turn to what is called an *integrated approach* to urban governance (DiGaetano and Strom 2003) that builds on different theoretical perspectives and combines distinctive methodological approaches (DiGaetano and Strom 2003; Kazepov 2005). In their seminal and widely cited article “The European City”, Häussermann and Haila identify four theoretical traditions of urban sociology, each of which provides useful insights into *urbanism*. In particular, they refer to the work of Georg Simmel, the Chicago School, political economy and the “global city” perspective. However, they advise against trying to ground empirical urban studies in a single “abstract urban model” (Häussermann and Haila 2005, p. 43) such as those developed by the Chicago or the Regulation Schools. Instead, in accordance with the work of Bagnasco and Le Galès (2000), they underline the specificity of the European city.

In the tradition of Max Weber, Häussermann and Haila argue convincingly that we must acknowledge the special features of European cities that make them distinct from cities in other parts of the world. The most important feature of the European city is its multi-faceted character. In the words of Bagnasco and Le Galès, European cities are simultaneously “political and social actors and [...] local societies” (Bagnasco and Le Galès 2000, p. 3). Hence, in contrast to cities in other regions, European cities traditionally constitute stand-alone arenas for policymaking, although there are significant differences with respect to the degree of autonomy European cities enjoy from their respective national governments.

In particular, since the heyday of industrialisation and urbanisation in the nineteenth century, the so-called social question has always been a central topic for European cities (Isin 2008, p. 273). In Europe, the welfare state began locally within internal city borders. Since then, the guaranteed provision of public services by city governments has emerged as a further key feature of the distinctiveness of European cities (Kazepov 2005, p. 13). Finally, citizens’ involvement in urban affairs, either through local self-governance or via civil society and its broad spectrum of organisations and initiatives, adds an additional facet to the specific character of the European city. But despite these distinguishing characteristics, European cities also display an impressive variety. Here regional differences and hence cultural

aspects come into the picture. As Häussermann and Haila have correctly remarked, in Europe there are “remarkable differences between cities with different welfare regimes and different political-institutional and cultural contexts” (2005, p. 50).

2.1.2 Analysing Urban Governance

In our WILCO research, we have focused on conceptualising the European city while simultaneously acknowledging the empirical variance among European cities and in particular among cities within any given country. Drawing on the results of studies of policy analysis and urban governance, a key point of departure is the recognition of the embeddedness or nestedness of governance arrangements (Granovetter 1985) within complex environments. In accordance with DiGaetano and Strom (2003), and in line with comparative policy-analysis studies (Kazepov 2008), we differentiate between the following (Fig. 2.1):

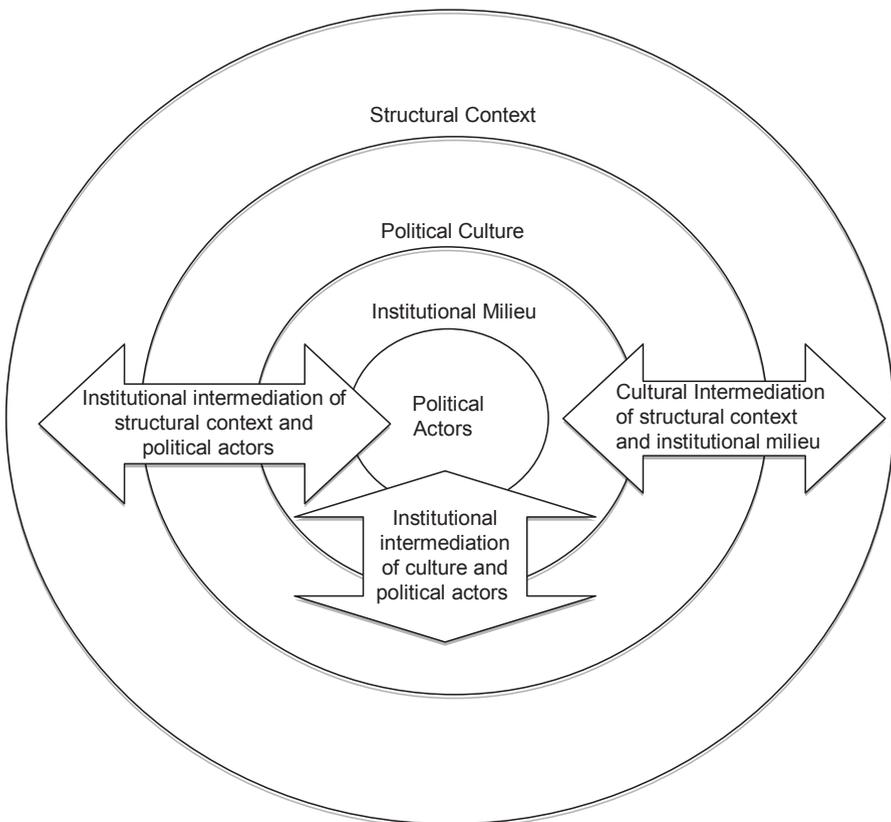


Fig. 2.1 An integrated approach to urban governance. (Source: DiGaetano and Strom 2003, p. 373)

- The institutional context of administrative structures and state organisation
- The welfare-regime context in which the local welfare regime is embedded
- The local political culture as an expression or outcome of specific norms and values

These environmental parameters serve as the background or—to put it differently—set of coalition-building opportunities for actors who aim to develop and stabilise social innovations as remedies for current social problems. At the same time, however, these institutional structures or parameters might also significantly hinder social innovation. In particular, metropolitan cities, thanks to their cultural and ethnic diversity hubs for innovativeness and productivity (Florida 2005), are not necessarily prone to making social innovations sustainable by integrating new concepts and ideas into the repertoire of local welfare politics.

2.1.3 *Urban Welfare Governance Arrangements*

In order to understand the multiple challenges faced by cities, we developed an analytical scheme that makes it possible to reconstruct why specific decisions were or were not made. We tried to identify the agents that contest social policies and propose a new way to handle them—through policy brokers that mediate between different coalitions' values and orientations—but also to comprehend the values, politics, technical constraints and especially expert discourses that have been developed by local *epistemic communities* (Majone 1997). The latter define the core ideas of what good local welfare practices are, i.e. what successful or innovative efforts to combat social inequality or encourage social cohesion look like. Epistemic communities are not only responsible for the coherence of local discourses regarding how policies should be implemented or problems should be interpreted but also related to other networks of specialists and stakeholders, which creates convergences between cities and policies at all levels of regulation (Ferrera 1996).

There are at least two approaches to analysing core values. The first is that of Sabatier, who assumes that there exist coalitions of values (or belief systems³) and power relationships between these coalitions in specific policy areas or constellations of actors (Sabatier 1998, 1999). A coalition is a discursively coherent group that produces intersubjectively shared realities or truths, which are then reflected in the group's discourses and in documents.

³ According to Sabatier, building on the philosophy of science by Lakatos (1970), a belief system is made up of three strata: the *deep core*, a set of normative axioms (what is fair, values such as freedom, defence of equality rather than preservation of status differences, etc.); the *near core*, which is about policy-oriented approaches and consists of general choices regarding the relevant patterns of intervention; and *secondary aspects*, which consist of instrumental decisions and the search for relevant information to implement specific public programs.

The second is the approach of Jobert and Muller, who analyse public administration's global and sectorial value orientations, which they call *referential*⁴ (Jobert and Muller 1987). Value orientations can be found easily in official public administration documents and debates in the local parliament that also reflect coalitions. We have tried to combine these two approaches by not only describing general and sectorial orientations, or configurations of coalitions of differences, but also focusing on the coherences and contrasts between majorities and minorities, and between the public administration's general and sectorial orientations.

2.1.4 *Social Policies at the City Level*

Cities are changing from a hierarchical model of governance to a heterarchical (Willke 1992) one, with many centres of decision. This change can lead to the horizontal integration of actors in the city, synergies between the producers of services and even solidarity in the city if the different actors are recognised as producers and if their resources can be combined.⁵ But this combination can take different forms, as indicated by studies on the alternative orientations of the local welfare state in the areas of social and health services (Blanke et al. 1986). For a given orientation to be successful, the actors involved have to recognise each other's relevant role in the creation of a workable urban society. But in relation to disadvantaged neighbourhoods or vulnerable individuals, it is clear that only capability-building policies lead to the creation of new (and autonomous) resources.

As Donzelot and Estèbe argued in their significant work on the *état animateur* (or *enabling state*) in French suburbs, the shift from a paternalistic to a capability-building policy helped improve living conditions in these neighbourhoods (Donzelot and Estèbe 1994). Urban development policies for these areas provided a kind of self-governance that empowered the powerless—although one may wonder whether this outcome was the product of a planned strategy on the part of the enabling state or just an accidental side effect.

In any case, this policy was discontinued in the 1990s—as a result of financial cutbacks, and not because the policy had failed. As a consequence, and as many authors have pointed out, living conditions once again deteriorated (Kokoreff and Lapeyronnie 2013). In other words, incorporating the resources of the poorest people requires that they have the opportunity to develop their own resources—an

⁴ We aim to understand the *referential* of the local welfare system, that is, the set of beliefs, values and technologies shaping how participants deal with social inequalities at the local level. More precisely, the referential refers to three dimensions: cognitive, normative and instrumental. The cognitive dimension regards how people interpret and define the problems that should be solved; the normative dimension is about values taken into account in the definition of problems and the implementation of measures to resolve them; the instrumental dimension regards the principles of action through which plans and programs to solve problems considered relevant or legitimate are separated from those that are considered illegitimate.

⁵ See Evers on the logic of “synergetic welfare mixes” (Evers 1993).

opportunity they generally take advantage of. This is an investment strategy that has been well documented by Sen's analyses on the building of capabilities (see, e.g., Sen 1992).

This political strategy of social responsibility is not necessarily opposed to a city's economic-growth strategy. The *growth machine* (Molotch 1976) needs social policies to be effective as an *innovation regime* (Häussermann and Wurtzbacher 2005). That is why our analysis was sensitive to the relationship between economic and social policies.⁶

2.2 Twenty Cities Compared

Based on these concepts and on the empirical analysis of 20 cities, we have developed a series of variables that reflect the political context, coalitions, orientations and values in the area of social policies and the context in which social policies are produced.⁷ These variables are at the core of the empirical analysis in each of the 20 cities (Cattacin et al. 2012) and have been treated as independent variables whose specific constellations explain why social innovation takes place. In particular, in both the case studies and this comparative analysis, we have focussed on variables able to describe the political context, value orientations and conditions of social-policy production.

The political context has been measured with the following variables:

1. Local government making intercity competition a top priority. With this variable, we measured the intensity with which governance is oriented towards growth and the attraction of elites (Molotch 1976).
2. Rescaling and deregulation policies at the national level. This variable measures the pressure on cities from national decisions to take responsibility for social policies (Kazepov 2005).
3. Political coalitions governing the city. With this variable, we measured the size of a coalition governing the city. It informs us about the strength of decisions taken by urban governments.
4. Social democracy or economic liberalism as the dominant orientation. This variable identifies the general reference system in the city.

⁶ Traditionally, economic and social policies were thoroughly interwoven. As outlined in Esping-Andersen's seminal *The Three Worlds of Welfare Capitalism* (1990), capitalist economies and social policies developed concurrently with the welfare state, which either buffered the negative side effects of economic development or even facilitated economic growth by providing the necessary resources or supporting a business-friendly culture (Kaufmann 2015).

⁷ The 20 cities were part of the WILCO project and chosen heuristically with the idea to represent the different parts of the European urban landscape. Each country is represented by two cities, permitting to verify the impact of the nation-state but also the autonomy of cities inside a national and international legal framework. A secondary criterion was the presence, in these countries, of experienced research groups known by the research leaders of the WILCO project.

5. Co-operation or confrontation between social and economic lobbies at the local level and the attitude of the economic lobbies towards social welfare. This variable measures the level of conflict or co-operation between economic and social interests (Häussermann 2008).
6. Strong external political influence on the local level regarding social policy (in particular through the policies of the European Union (EU) and the European Social Fund). This variable measures the independence of the city in developing solutions to social challenges.

The value orientations in the area of social policies were operationalised with the following variables:

7. Orientation towards individual responsibility and empowerment. This variable indicates how social policies adapt to differences in the population through measures to individualise services, and how far social policies diverge from old schemes of resource scattering.
8. Prevention policies and social investments. This variable measures whether cities are proactive in recognising social problems. It allows identifying cities that have a systematic approach towards social policies.
9. Changing or stable social-policy orientations. This variable measures cities' orientations towards innovation in regard to social policies.

The context of the production of social policies was summarised through three key variables:

10. Federalism and local autonomy. This variable measures the independence and financial autonomy of the city from national social policies. It also measures the strength of the local welfare state.
11. Co-decision logics of local welfare-state institutions (participation in networks of actors) and co-operation with non-profit organisations in the production of social policies.
12. The dominant welfare mix. This variable measures the degree to which the production of social policies is distinguished by logics oriented towards the state or society (non-profit organisations).

In all cities, qualitative and partially quantitative data have been collected, permitting us to describe the different ways in which social policies and social innovations are produced and how they are embedded.⁸ The data concerning the 12 variables are largely descriptive and were interpreted in various meetings involving the authors of the individual city reports until we arrived at a consensus concerning a general classification of each city through a simple scheme of representations of the values. Following the logic of the qualitative comparative analysis (QCA, see Ragin 1987) we dichotomised all variable values as 1 or 0 (some disputed cases received the value 0.5). The result was a sort of truth table indicating the combination of the presence or absence of specific characteristics from the above-mentioned variables.

⁸ City reports are available on the WILCO project's website: www.wilcoproject.eu.

In the first step, all variables were eliminated that indicated the same value. These variables describe common trends for all cities (presented in Chap. 4.1), while the other variables describe the configuration specific to each city (see Table 2.1).

For general information about the data collection during this part of the project, we refer the reader to the introductory chapter. For specifics on the data collection and sources for each of the 20 cities and for the city chapters in this volume, we refer to the city reports available on the project website www.wilcoproject.eu.

The comparative analysis then tried to simplify the results of the truth table in different ways. First, it isolated variables that have the same or similar values (in Table 2.1, they are in italics); they probably influence social policy outputs but are not likely to determine key differences between cities. Second, it reorganised the table in a simplified way by putting forward similar constellations of variables. Table 2.2 indicates the final result of this reorganisation. Similar variables are excluded and cities with similar constellations or the same constellation are grouped. Four groups with similar constellations of variables resulted from this analysis.

Third, analysis had to address why certain cases are similar but nonetheless differ on some crucial variables. In Table 2.2, we identify four constellations and some varieties inside the constellations, which concern Varaždin, Geneva, Nijmegen, Plock, Warsaw and Zagreb (the explanatory differences are indicated in light grey). For the cities of Eastern Europe, we undoubtedly found that the explanation for the specific constellation of variables that places them in a given group is the strong influence of the EU on local social policies. Concerning Nijmegen and Geneva, the presence of a coalition government (the first variable in the table) is explained by the logic of the political system, which favours coalitions (Kriesi 1996). It is less easy to explain why Geneva is in the second group even though it is embedded in a strong federalist context. Patricia Naegeli, in her chapter in this book, explains this specificity through Geneva's political orientation towards France. Naegeli argues that Geneva uses federalism to organise decision-making and policies according to a hierarchical, state-oriented logic, putting it nearer to French cities. Finally, we had to make sense of these groups and argue for a typology.

2.3 A Typology of Urban Governance

Analysing our 20 cities, we focused on common trends and main differences. We were interested in particular in a constellation of variables used to develop a typology, more than on causalities, that were hard to postulate for such extreme differentiated realities. Nevertheless, in the conclusion, we describe some elements that seem to indicate some kind of relation between a governance style and the potential for social innovation.

Regarding the common trends, all cities are experiencing major challenges and transformations in their attempts to improve the competitiveness of their economy without exposing the population to increased social threats. In the area of social policies, the driving forces are related to the competition between cities in the context



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