



Social innovation and austerity governance in Athens and Madrid: Rethinking the changing contours of policy and practice

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Athina Arampatzi 

National Technical University of Athens (NTUA), Greece

Abstract

The notion of social innovation (SI) has received significant attention in academic debates and policy, denoting the potential for bottom-up and ‘bottom-linking’ sociospatial transformations and solutions to societal challenges in times of crises. This article takes on a critical approach to how SI is being employed in institutional channels and urban policy, by suggesting a reconceptualization of the different dimensions or forms it may acquire in the context of austerity governance. The article engages with case studies of policy initiatives developed in the cities of Athens and Madrid in the post-economic crisis period, in order to contribute to a new line of investigation into how policy through the ‘co-paradigm’ reconfigures the meaning and practice of SI, by tapping into the innovative dynamic of the civil society. It then critically evaluates the possibilities and limitations for grassroots innovations to influence urban governance in an era of austerity.

Keywords

Athens, austerity governance, Madrid, social innovation, social solidarity economy

Introduction

In 2018, as Athens was receiving the honorary award of the ‘European Capital of Innovation’ (European Commission, 2018), the City of Madrid was publicizing the strategic plan for the development of the social solidarity economy (SSE), in coordination with the newly established Bureau for Social Innovation. A decade after the economic crisis, the southern European capitals have witnessed the severe impact of austerity, anticipated by the proliferation of grassroots innovation and socioeconomic activity. In light of these, the local governments of Athens and Madrid devised policy by signposting

social innovation (SI) as the discursive frame through which civil society actors would partake in collaborative projects of local development.

The concept of SI has been prevalent in urban studies (Gonzalez and Healey, 2005; Moulaert et al., 2005, 2010, 2013b; Moulaert and MacCallum, 2019; Swyngedouw and Moulaert, 2010), EU research (for a concise review of relevant projects see Moulaert

Corresponding author:

Athina Arampatzi, School of Architecture, National Technical University of Athens (NTUA), Patision 42, 10682 Athens, Greece.

Email: athinaarampatzi@yahoo.com

and Mehmood, 2020) and policy (e.g. BEPA, 2014), denoting a range of sociospatial transformations and solutions to societal challenges in times of crises. The seminal contribution of urban studies scholarship provided solid in-depth conceptualizations of SI as a bottom-up and 'bottom-linked' sociospatial practice and process (Garcia and Pradel, 2019). At its political contours, SI was further ascribed the role of a 'game changer' in governance, promoting democratic participation bottom-up (Galego et al., 2021). During the last decade, the positive overtone of SI became particularly pervasive in policy agendas of EU states, aspiring to serve as a panacea to social issues, in contexts dominated by austerity-driven reconfigurations and governing by 'doing more with less' (Bartels, 2017; Bragaglia, 2020). In this regard, scholars warned that SI policy may serve as a consensus-preserving mechanism of the social and political logics of 'caring neoliberalism', supplementing economic competitiveness via socially minded entrepreneurship (Fougère et al., 2017; Jessop et al., 2013).

Considering the increasing prevalence of SI in urban policy, in examples of co-management of urban space and collaborative governance, this article contributes to a new line of investigation in the field of urban studies that sees SI not exclusively as a bottom-up process, but also consolidated 'from the top' (Bragaglia, 2020). By employing key examples of policy initiatives developing in the crisis-ridden cities of Athens and Madrid, the article suggests that austerity conduced to the emergence of the 'co-paradigm', by engaging SSE actors in local development projects. The leveraging of their innovative potential in policy initiatives held further implications for bottom-up and bottom-linking forms of SI to articulate sociopolitical transformations. Following Marques et al. (2017), a reconceptualization of SI is thus proposed, in order to discern between bottom-up or bottom-linked transformative practices and instrumental forms of SI employed in discourse and policy in the context of austerity urbanism. Eventually, this gesture allows for critically evaluating the possibilities for bottom-up projects to articulate transformations and the limitations identified in institutional forms of SI that may perpetuate the austerity consensus.

The article is structured into four sections. The first section provides insights into the profoundly interdisciplinary concept of SI, by focusing on the fundamental contribution of urban studies scholarship and a growing strand that problematizes the political dimension of SI as manifested in EU policy. The second section discusses the context of austerity governance and grassroots innovation materializing in Athens and Madrid over the past decade. In the third section, key examples of policy initiatives in the two cities are employed in order to empirically trace the different dimensions of SI, identified in bottom-up practice and institutional policy. The latter is further problematized in a discussion of the empirical analysis, by identifying the tensions between civic empowerment and the reshaping of local political agendas. Finally, the concluding remarks reflect on SI debates and outline the merits for future research into the different forms and dimensions SI may acquire in urban policy and governance.

Conceptualizing social innovation (SI) in urban practice and policy

The concept of SI has pervaded academic debates and policymaking, as a designator of societal evolution and change (Edwards-Schacter and Wallace, 2017; Moulaert, 2000; Moulaert et al., 2007, 2013b; Moulaert and MacCallum, 2019), as an inherently territorialized process (MacCallum et al., 2009; Van Dyck and Van den Broeck, 2013) and an all-encompassing solution to societal challenges in times of crises and hardship (e.g. BEPA, 2014). Its origin traced back to the 19th century, SI marked a diversity of meanings and attributes of social and political change (Godin, 2012, 2015). The term served as a common denominator of collective action and social transformation, culminating in progressive and radical movements in European cities in the 1960s and 1970s (Moulaert et al., 2013a). The radical potential of SI became further explored in relation to urban and regional development since the 1980s, denoting an alternative to the logics of the market and expressed in terms of reciprocity and solidarity in neighbourhood and community organizing (MacCallum et al., 2009; Moulaert et al., 2007,

2010; Novy and Hammer, 2007). Since the 2000s, the high prevalence of SI in academic debates and EU policy resonated an increasing interest in ‘problem-solving’, noted in the aftermath of the global economic crisis (Bragaglia, 2020; Galego et al., 2021). The term’s ambiguity stems from its diverse interpretations and uses across academic disciplines (Bragaglia, 2020; Moulaert and MacCallum, 2019). In its generic definition, innovation is ‘an idea of a need that isn’t being met, coupled with an idea of how it could be met’ (Mulgan, 2006: 149).

Highly pertinent to the scope of this article, the seminal contribution of urban studies scholarship provided in-depth conceptualizations of SI, highlighting its bottom-up transformative potential. In this ‘grassroots strand’ (Oosterlynck et al., 2013), SI is understood as ‘a combination of processes and practices that aim to meet human needs that are not attended to – or insufficiently attended to – by the market or public sectors’ (Galego et al., 2021: 4). Accordingly, SI is located in collective initiatives of the civil society, the grassroots, forms of social economy (SE), community economies and solidarity-based economic activity (Gibson-Graham and Roelvink, 2009; MacCallum et al., 2009; Moulaert et al., 2005, 2013b; Moulaert and MacCallum, 2019). According to Galego et al. (2021), SI organically emerges from the bottom-up, by valorizing local communities’ knowledge and resources, toward alternative modes of local innovation and development, while striving for sociopolitical transformation. In this bottom-up pursuit for systemic change, Moulaert et al. (2013b) discern three key features of SI, namely: collective action toward neglected needs, a transformative effect on social relations and the empowerment of citizens. SI thus elicits locally embedded responses to growing inequalities, social exclusion of different types and uneven power relations in contemporary cities. Bragaglia (2020) highlighted the normative aspect of this approach, as a mobilizing and positive concept that raises hope toward democratic empowerment of vulnerable groups and marginalized societies. In this sense, SI serves as ‘an engine for rebuilding democracy’ (Galego et al., 2021: 5), reinforcing civic participation, social movements and community groups in the remodelling of governance models.

The fundamental contribution of urban studies debates further conducted to EU-funded research on local development dynamics combatting social exclusion in cities (for a detailed analysis of the epistemological and methodological premises of EU-funded projects see Moulaert and Mehmood, 2020). This body of research identifies SI in alternative forms of local development and democratic governance, as in inter-scalar and cross-sectoral collaborations, while particular notice is paid to the role of institutions (Galego et al., 2021; Moulaert et al., 2005; Moulaert and Mehmood, 2020; Pradel et al., 2013). In the ‘alternative model for local innovation’ (ALMOLIN) (Gonzalez et al., 2010; Moulaert et al., 2005) SI is analyzed based on different dimensions of social exclusion experienced in European cities, that is, material, social or political, focusing on the processual consolidation of SI as historically, institutionally, culturally and spatially embedded and negotiated. In a similar vein, the bottom-linked approach (Garcia and Pradel, 2019; Pradel et al., 2013) sees SI in participatory forms of governance and highlights the role of institutions in enabling and sustaining bottom-up initiatives. In this view, SI influences governance by establishing collaborations with external organizations and institutions, providing new solutions to policy problems through resource provision and, eventually, challenging political boundaries, discursive repertoires and power relations (Garcia and Pradel, 2019; Gonzalez and Healey, 2005; Pradel et al., 2013). Therefore, SI may serve as a game changer in governance relations, holding a key political dimension vis-a-vis notions of technological innovation that privilege economic competitiveness over social solidarity and empowerment (Galego et al., 2021; Morgan and Martinelli, 2019).

Pertinent to this contribution, however, is a rethinking of the conceptual and discursive dimensions that SI acquires in policy, which may differ to the empirical realities of bottom-up collective practices. Notably, SI in EU policy has acquired a positive normative overtone, aspiring to address a range of societal challenges in the post-crisis period (see for instance BEPA, 2014) and often presented as a ‘magic concept’ or an ‘anti-crisis recipe’ (Bragaglia, 2020). Far from actual investment of resources, this

form of SI policy denotes the leveraging of the innovative dynamic of the civil society and collective actors toward the legitimization of welfare retraction and austerity cuts, or governance by ‘doing more with less’ (Bartels, 2017). Such novel forms of collaboration between (local) states and the civil society are evident in several EU contexts and reveal how SI serves as a ‘win-win’ solution to social issues and as a social entrepreneurial engine that defines anew governance frameworks.

Moreover, the use of the term in policy adheres to a widely accepted positive view of SI as ‘ideas that work’, or a ‘normative good’ that serves the public interest; thus, it grips subjects through fantasy and becomes a powerful concept that generates consensus (Bragaglia, 2020; Fougère et al., 2017). This consensus, however, implies the potential eradication of other forms of SI and a hegemonic view of social issues as unproblematic, naturalized or given. Such an ideologically driven pre-emption of antagonistic practices may obscure the causes of social problems or other possible alternatives and reinforce the social and political logics of ‘roll-with-it’ neoliberalization (Fougère et al., 2017). Jessop et al. (2013: 121) problematized the relationship between SI policy and neoliberal agendas, by pointing out that ‘innovation is promoted as a catalyst of market-oriented activity, aiming to supplement economic competitiveness with social measures that valorize and capture new niches for service-provision’, otherwise met by the public sector. Within this ‘caring neoliberalism’ framework, SI is seen in narrow market-economic terms and the economy as the prime sphere of social activity, while social entrepreneurship is often privileged over other forms of collective action, as the primary agent of SI and social change (Jessop et al., 2013; Moulaert and Van den Broeck, 2018). In a similar vein, Bartels (2017) highlighted the ‘double-bind’ paradox that SI is faced with when engaging with policy and governance. In this view, grassroots innovation and subversive practices may be co-opted and confined into a new power-preserving moral order of self-government and individual responsabilization. Similarly, Swyngedouw’s (2005) reading of the ‘Janus-faced’ role of institutions and governance stressed the legitimization of neoliberal agendas through SI policy,

leading to depoliticized engagement, rather than actual civic empowerment (also see Swyngedouw and Moulaert, 2010).

Subsequently, we may draw out a significant reconceptualization taking place that provides for new insights into the relationship of SI practice and policy in EU cities. Following Bragaglia (2020), such developments imply a reshaping of SI that channels civil society and grassroots dynamics into new forms of co-production and co-management of urban space. Hence, their outcomes need be attended to, in order to discern between SI as a bottom-up process and practice, promising to deliver transformative social change; and new forms of top-down SI consolidated through the co-paradigm, which suggest a change in the very nature of SI and serious risks for democratic inclusive urban governance (Bragaglia, 2020). Unpacking this argument, the distinction made by Marques et al. (2017) is useful in discerning between different dimensions or forms of SI, encountered in structural, targeted (radical or complementary) and instrumental innovation, according to the scale and scope of social change they refer to. In this view, structural SI nods to wider social, political and economic scale and change, relating to broader historical processes and transitions. Of particular relevance to this article, the targeted and instrumental dimensions of SI provide insights into: (a) radical practices that reconfigure production, consumption, services and so forth, and challenge power asymmetries; (b) complementary processes of social inclusion vis-a-vis social issues, which improve, rather than challenge institutional arrangements; and (c) the instrumental use of SI in the reshaping of political agendas and urban governance, aligned to engage the civil society in the delivery of goods and services (Marques et al., 2017). While the first two reveal key aspects of grassroots practices, as encountered in forms of SSE, the last points to the highly pervasive use of SI in policy discourse and urban governance.

Among the profoundly interdisciplinary conceptualizations of SI, the following discussion resonates a new line of investigation into how SI is promoted ‘from the top’ (Bragaglia, 2020). That said, the examples of policy initiatives employed reveal the role of SSE and bottom-up SI in addressing social needs,

through inclusive means and targeted activity in urban space (see Marques et al., 2017), and the ways in which SI becomes implicated in new modes of governance in the context of austerity in Athens and Madrid. This gesture contributes a reconceptualization of SI, through the particular dimensions or forms it acquires in bottom-up practice and policy, that is, radical, complementary, instrumental or institutional/discursive (Marques et al., 2017). Additionally, it provides nuance to the ways in which stakeholders navigate competing values, logics and demands, and how different meanings of SI co-exist and/or challenge the austerity consensus and its particular manifestations through the co-paradigm in governance (Bartels, 2017; Bragaglia, 2020; Pradel et al., 2013).

Austerity governance and grassroots innovation: contextual applications in Athens and Madrid

Austerity conduced to novel reconfigurations in urban governance in Athens and Madrid and became implicated in local policy, introducing SI practice in the co-production of urban space and services between local states and the civil society. While the origins and manifestations of the 2008 economic crisis may be traced to different trajectories and uneven development as regards Greece and Spain (see for instance Alexandri and Janoschka, 2018; Hadjimichalis, 2011), austerity impacted on urban areas disproportionately, due to pre-existing inequalities and high population densities dependent upon public infrastructure (Vaious, 2016). At its institutional contours, austerity triggered a restructuring phase, characterized by new regulatory norms and authoritative forms of governance that redefined cities' relations to central states (Bayırbağ et al., 2017). In this regard, municipalities' duties and responsibilities increased, while succumbing to strict financial monitoring and restrictive budgeting.

In the case of Athens, the municipal budget was stifled due to a major decrease in national funding, resulting in significant cutbacks and devastating consequences for the delivery of social services (Chorianopoulos and Tselepi, 2019). Subsequently, the municipal authority turned to collaborative forms of governance, by engaging private and civil society actors in the delivery of local development projects

and social services. Similarly, austerity impacted on the local government of Madrid, by enforcing strict budget monitoring, decreasing resources and devolving further responsibilities regarding the delivery of social services (Davies and Blanco, 2017; Martí-Costa and Tomàs, 2017). In this scenario, a new round of outsourcing of municipal services to private actors was instigated (Janoschka and Mota, 2020). Collaborative forms of governance in Athens and Madrid may be conceived as both an outcome *of* and a vehicle *for* austerity management, especially since local development became increasingly dependent upon place-specific projects that engaged civil society and private actors, and, eventually, replaced prior forms of redistributive policy (Chorianopoulos and Tselepi, 2019; Martí-Costa and Tomàs, 2017). These developments occurred in a context of 'weak' participation of civil society actors in governance, characterized by historically consolidated political coalitions, strong leadership and clientelist networks (Alexandri, 2018; Davies and Blanco, 2017).

During the same period, the two cities witnessed the proliferation of grassroots initiatives that devised innovative practices to tackle social exclusion and introduce alternatives to crisis-prone urban development. Neighbourhood-based groups, small-scale social enterprises, cooperatives and networked micro-projects constituted a wealth of SI and resourcefulness, responding to unaddressed needs through socially empowering means. Out of these, an incipient SSE sector emerged, primarily concentrated in the metropolitan area of Athens where austerity hit the hardest (Kalogeraki et al., 2018). The Directorate of SSE of the Greek Ministry of Labor and Social Affairs reported over 1700 SSE entities currently active and created since 2011, 94% of which adhere to small-sized social cooperative enterprises (Ministry of Labor and Social Affairs, 2020). This activity engages the sectors of education, culture, leisure, food production and distribution, and general services (European Commission, 2019). The majority of entities originate in informal initiatives of food production, consumption and services, fast progressing into professionalized enterprises (Bekridaki and Broumas, 2017). Additionally, informal practices of mutual aid and solidarity add to this emergent urban milieu of initiatives around food, health, alternative currencies and migrant aid (Arampatzi, 2017).

Despite its initial impetus, SSE in Athens remains nascent, whereas socioeconomic activity in Madrid dates back to the 1990s. Albeit less developed than in Spanish regions of the north, the Madrid sector managed to successfully consolidate novel modes of cooperative production and consumption, aligned with the ethical and sustainable principles of SSE (Kalogeraki et al., 2018). Responding to aggravating unemployment and social exclusion, SSE in Madrid expanded to new social enterprises reaching over 60% of the 7345 active entities (Municipality of Madrid, 2018). The Social Market of Madrid, linked to the city and national network of Alternative and Solidarity Economy (REAS) and its 200 participant entities, social enterprises, associations and cooperatives, reflects the centrality of solidarity practice in forms of socioeconomic activity (Arampatzi, 2020). Alongside the professionalized sector, mutual aid networks operate through neighbourhood-based initiatives that originate in social movements of the economic crisis period.

In Athens and Madrid, austerity conduced to the emergence of the co-paradigm in urban affairs, resonating the increasingly pervasive idea of an ‘activating state’, which became a ‘less providing state’ (Bragaglia, 2020). In this context, the municipalities of Athens and Madrid pursued local policy by developing synergies with civil society groups, targeting their innovative potential. In the cases of policy initiatives of *SynAthina* and *Enterprise Socially* in Athens, funded by Bloomberg Philanthropies and the City of Athens, respectively, and the UIA–EU-funded policy initiative of *MARES* in Madrid, SSE assumed a central role in developing innovative responses to local development in areas where unemployment, poverty and decay prevailed. Contributing to the debate on how policy through the co-paradigm may reconfigure the meaning of SI, the following discussion employs these initiatives in order to bring forward the different dimensions and forms of SI that co-existed in policy in the two cities.

Social innovation (SI) and local policy in Athens and Madrid

In Athens and Madrid, grassroots innovation may be located in SSE and informal socioeconomic activity,

addressing unemployment, social inequalities and exclusion, and broader demands around democratic participation (Arampatzi, 2020). This activity reflects values of solidarity, cooperation and environmental sustainability, consolidated through collective action in neighbourhoods. Acknowledging this bottom-up dynamic, the local states of Athens and Madrid undertook policy initiatives to incorporate SI into collaborative projects.

The municipality of Athens adopted the discourse of SI in local development initiatives, employing social entrepreneurship and a participatory approach to grassroots groups across the city. In this respect, the *synAthina* platform was launched by the Vice-Mayor of ‘Social Innovation and Civil Society’ in 2013, aiming to bottom-link grassroots initiatives. At the same time, the *Enterprise Socially* initiative of the Development Agency of the City of Athens provided best practice exchange among SSE enterprises, facilitating their collaboration with market and public actors. In 2015, the City of Athens initiated public consultation with the local community around an historic market building in the city centre neighbourhood of *Kypseli*. The building renovation followed and the new ‘*Kypseli* Municipal Market’ opened in 2018 as the first market of social entrepreneurship in Greece, hosting eight permanent social enterprises and numerous ‘pop-up’ shops and cultural events.

Similarly, the City of Madrid devised a novel Strategic Plan for the development of SSE, piloting its key goals through project *MARES*, which targeted four urban areas with high levels of unemployment and social inequalities. This project signposted SI in local development, by engaging the public employment agency, NGOs, private companies and SSE groups in the chosen neighbourhoods, in the sectors of alimentation, energy, mobility, recycling and care. Specific implementation measures of the project included infrastructure provision, specialized consultation and training, and favourable financial tools for new social enterprises. As reported in the final stage of the project, this policy managed to support over 300 entities and incubate 140 new ones (Coppola, 2020) (Table 1).

Table 1. Social innovation (SI) and policy initiatives in Athens and Madrid.

	Policy initiative	Funding agency	Official collaborators	Objectives
City of Athens	<i>synAthena</i> (2013–)	Bloomberg Philanthropies		<i>Empowering, facilitating, bottom-linking the grassroots</i>
	<i>Enterprise Socially</i> (2013–2016)	City of Athens Development Agency (ADDMA)		<i>Local development and social entrepreneurship</i>
Urban 'prototype'	<i>Kypseli Municipal Market</i> (2018–2022)		<i>Impact Hub</i>	<i>Local development, SI and entrepreneurship</i>
City of Madrid	<i>SSE Strategic Plan</i> (2018–2025)			<i>Local development via social and environmental justice objectives</i>
	<i>MARES Urban Innovative Actions</i> (UIA–EU)	City of Madrid European Regional Development Fund (2016–2019)	<i>Agencia para el Empleo, Dinamia COOP, Grupo cooperativo Tangente, SIC Arquitectura y urbanismo, Vivero de Iniciativas Ciudadanas, Todo por la Praxis, Acción contra el Hambre, ECOOO</i>	<i>Urban and economic development through SSE</i>
Urban areas	<i>Centre Vallecas</i> <i>Vicálvaro</i> <i>Villaverde</i>			<i>New spaces for SI and entrepreneurship</i>

Methodology

The cases were investigated through qualitative field research in Athens and Madrid between 2017 and 2019, employing 14 focus groups and 41 in-depth semi-structured interviews with SSE entities and grassroots groups, coded under EN (16 in Athens and 14 in Madrid) and experts, coded under EX (6 in Athens and 5 in Madrid), including female and male respondents coded under F and M respectively. Respondents originated in the sectors of food (production, distribution and consumption), services (leisure, media, publishing, consultation, IT, research, commerce, culture and arts) and mutual aid/solidarity initiatives; while experts involved officials, academics, NGOs and policy consultants. In Athens, ex lege entities included social cooperative enterprises, limited liability social cooperatives,

worker cooperatives, agroecological producer and consumer cooperatives, associations and civil non-profit companies. Respondent entities from Madrid are registered as cooperatives and labour societies, third sector associations, ethical financing entities and integration companies. Data gathering further benefited from the organization of two workshops with the participation of 10 SSE entities from Athens and Madrid and 11 experts. The analysis of policy documents and reports also contributed to discursive insights into SE and SI policy. Data were coded and analyzed with the support of NVivo. Methodologically, a decentred comparative approach (Davies and Blanco, 2017) allowed for local particularities to be elicited, in response to the common problem of how SI becomes implicated in local policy under austerity governance. Data were organized and analyzed thematically, evoking explicit and

implicit comparative insights into the different policy initiatives and urban milieus, common qualitative traits of SI practices and their implication in governance.

Athens

The diminished capacity of the City of Athens to address the impact of austerity paved the way for novel collaborative projects and local development policy, which incorporated the SI potential of local communities and the civil society, aspiring to ‘give solutions around issues where institutions cannot reach’ (Athens-EX-M), according to a policy consultant. Indicative of these policy initiatives, the *synAthina* platform envisioned a resource pool of SI and an institutional interface, between the local state and society. As explained by an official, in its inception, this initiative aimed to move beyond a best practice mapping and ‘revive the municipal institution itself, by addressing social needs through grassroots innovation and by re-introducing the participation of social actors in the process’ (Athens-EX-F).

At the same time, *Enterprise Socially* synergized with social enterprises in order to advance local development through the integration of vulnerable groups. The City of Athens Development Agency (ADDMA), acting as the key funder, stated that democratic governance, equitable economic relations, social impact and entrepreneurship would serve as the key criteria of the policy’s actions around innovative socioeconomic activity (ADDMA, 2016). Intramunicipal synergies developed between the two projects, linking social entrepreneurship with grassroots initiatives in urban areas. These synergies consolidated into the redevelopment of the *Kypseli* municipal market, a collaborative project between the City of Athens, SSE entities and the local community. Following public deliberations with Kypseli residents, the City contracted Impact Hub to manage the historic building on a non-profit basis, with the participation of social enterprises. This project, according to an official, reflected the political decision to implicate SSE actors, in light of limited capacity of the municipality due to budget reductions:

The City renovated the market, but there was no way to sustain its management . . . there was no staff available, nor money to invest . . . and this is how *synAthina* helped, we created a common vision for the market, *with* the local community and brought in people who could manage it . . . it would have otherwise remained closed, a ghost building with a high symbolic value for the locals . . . It is a good example, a model, through which we tried to appropriate the social impact of civil society groups and co-design policy *with* them, a way of ‘harvesting’ collective intelligence and innovation . . . (Athens-EX-F)

The co-management of the building was anticipated with doubt by locals, who demanded the investment of resources to secure its long-term sustainability. This mistrust in the workings of the municipality, according to an official, originated mainly in ‘the failure to deliberate with locals around the management of the building and create a long-term public consultation forum’ (Athens-EX-F). Sceptical views were also articulated by participant enterprises, noting how co-management eventually obscured the role and responsibilities of the municipality:

The City proclaimed a model of co-management for the market, but they did not take up any responsibility, they just provided the building . . . this blurred the roles and, logically, created doubts as to whether our job [social enterprises] would substitute that of the [local] state . . . (Athens-EN-M)

SSE participant entities further brought forward serious tensions regarding the empowering potential of this project, given the heavy focus on entrepreneurship on behalf of the City. Their perspective as to what constitutes SI and, indeed, social entrepreneurship, was differently focused on ‘social benefit and impact, a response to social needs and environmental issues, as opposed to speculative profit, often attributed to such activity’ (Athens-EN-F). Moreover, their account of SI differed to that of a substitute for absent state intervention, especially regarding local development and social policy. This was made further explicit in respondent views from activist-oriented groups, which eventually abstained from participating in the policy initiatives.

These reveal how SI became incorporated in municipal projects, first as a consequence of austerity, and further articulated as a discourse and political will to engage the civil society. By setting strict criteria of entrepreneurship and integration in the local economy via economic means, the limits to participation became evident, especially for non-(market)-economic focused SI initiatives. Moreover, beneficiaries of the *Kypseli* market, that is, social enterprises and the local community, became implicated as stakeholders, albeit with limited accessibility to long-term public deliberations. Eventually, as the roles of the City and SSE in reviving a local area became blurred in the process, the devolution of management responsibilities was not anticipated with the necessary resources or, more crucially, actual civic empowerment.

Madrid

Following the collapse of previous forms of pro-growth ‘local boosterism’, the ‘new municipalist’ agenda of Madrid (Janoschka and Mota, 2020) resonated a novel governance paradigm for the Spanish capital. In 2017, the City incorporated SSE in strategic planning, promoting territorial cohesion and urban development. As discussed by an official from the General Directorate of Economy and Public sector of the City of Madrid:

Our main goal was to capture ideas coming out of grassroots initiatives from different neighbourhoods and establish collaboration with municipal services, so that they have a chance of success, become more professional and obtain legal status . . . [then] we can intervene to secure resources via agreements with financial institutions, e.g. favorable loans, credit and guarantees . . . our long-term goal is to develop a culture, [plant] a seed of an economy with different values. (Madrid-EX-F)

This strategy, rendering SI visible in the public sphere and mainstream market actors, became piloted through project *MARES*. This local development initiative designated a novel role for SSE in implementing SI in four urban areas to tackle high unemployment, poverty and low levels of civic

participation. Discussing the goals and criteria of the action, a policy consultant noted that:

We focus on grassroots initiatives of the SSE that have some hope of success, [in order] to have a different take on SI . . . *MARES* gives a central role to employability, integration and inclusion, as in collective self-employment . . . the choice of the four neighbourhoods was based on the will to connect to civil society, those more active in terms of community . . . the three Vs are more representative of the ‘underdeveloped’ periphery, while the center, is where [it] all connects in Madrid . . . each of the building nodes of the project is linked to a sector, where we provide consultation and incubation activities for initiatives. (Madrid-EX-M)

The criteria of this bottom-linking policy designated viability and sustainability goals for participant initiatives. In their responses, SSE entities stressed the various limits these criteria induced, for example, in the sector of alimentation:

We applied for a permit for the [organic food] market, but the local politician said that they could not favour us instead of a private company . . . this facilitation was crucial, because, obviously, we cannot compete with big market actors . . . if we could offer more money for the permit . . . is this the only rule they follow, the money? . . . They put pressure, asking for something . . . a product more finished, rounded, according to market rules. (Madrid-EN-M)

Similarly, other respondents stressed that such process of ‘market standardization’ often stifled their innovative potential by enforcing a fast pace of development according to market criteria. This limitation became more evident for initiatives in their initial incubation stages, which otherwise held SI potential, partaking in the ‘[so-called] non-productive economy operating outside the market as such, setting in motion a series of human, social and environmental resources’ (Madrid-EN-M). According to an official, such forms of grassroots innovation may be often disregarded by policy, despite their SI potential, as they cannot be acknowledged by mainstream economics: ‘In the end what we do is economy . . . we are interested in other projects too, for example non-enterprise activity or associations, but

always looking at them with the ‘eyes’ of economy . . . we have to choose because resources are limited. (Madrid-EX-F)

Substituting prior forms of local development, policy in Madrid proclaimed a new co-paradigm inclusive of grassroots innovation, reflected through project *MARES*. Nevertheless, as eloquently described by a policy consultant, this change took place in a context where ‘fresh ideas emanating from the civil society encountered weak participation channels in urban politics’ (Madrid-EX-M). Limitations were further induced by internal organizational characteristics of initiatives, such as their small size and limited capacity for network-building. Beyond the discursive use of SI, the policy criteria and implementation obstructed forms of grassroots innovation to partake of crucial resources, rendering several initiatives invisible vis-a-vis pervasive entrepreneurial logics. The spatial impact of these limitations became more evident in popular neighbourhoods, in the absence of measures to integrate a range of initiatives. Such an outcome portrays a ‘trade-off’ between innovation and territorialization, as SI concentrated in high-social-capital neighbourhoods and did not diffuse horizontally across local areas (Coppola, 2020).

Discussion

The implementation of austerity agendas in Greece and Spain had severe consequences on the capacity of local states to deliver local development schemes. In this context, the municipalities of the two cities engaged grassroots initiatives and SSE entities, aiming to employ their innovative dynamic vis-a-vis crisis-prone urban development. Regarding *Enterprise Socially*, the City of Athens proclaimed that social enterprises would operate as a middle way in the conflict between social and economic policy as experienced during the crisis, and enhance SI and citizen participation in governance (ADDMA, 2016). Similarly, the *MARES* initiative in Madrid rendered SSE a driver of SI and transformative agent of local economies in crisis-hit areas, by introducing ‘different values and a new culture of economic development and innovation that is sustainable

overtime and does not depend on more or less resources invested’ (Madrid-EX-F).

These developments provide crucial insights into a qualitative shift in local state agendas and SI policy. Considering the prior ‘weak’ participation culture in urban affairs, this shift suggests new possibilities presented for SSE and local communities to partake in urban policy and governance. SSE entities in Athens highlighted as empowering the visibility and legitimacy gained through policy initiatives, suggesting that innovative socioeconomic practices bring forward ‘a good example, despite its problems, of how civil society actors can collaborate with the local state in order to change the everyday reality of a local area’ (Athens-EN-M). Respondents in Madrid further identified the potential of local policy to ‘decentralize the innovative potential of SSE across areas and social groups, where little resources previously existed’ (Madrid-EN-M).

Heavily focused on ‘ideas that work’ and providing quick fixes to long-term social issues, however, these policies also present critical limitations. Beyond the positive aura of SI policy discourse and the new role ascribed to SSE in the co-management of urban space, these projects revealed that the City is no more ‘the provider or organizer, but a facilitator in local development’ (Athens-EX-M), as explicitly stated by an official. This view evokes crucial implications for SI policy that may legitimate a new role for local states and further consolidate austerity urbanism. Considering that SI is often concentrated ‘in areas of high social capital, where public infrastructure and social policy are prominent’ (Madrid-EX-M), the withdrawal of local states from the active provision of services might actually hinder the transformative and empowering potential of SI, and further conduce to existing inequalities and uneven spatial development.

SI bottom-up practice holds a transformative potential and a complementary or ameliorative dimension in tackling social exclusion (see Marques et al., 2017). Policy in the two cities, however, showed how an instrumental use of SI sustained the entrepreneurial logics of social inclusion via strict economic criteria, rendering other forms of SI invisible in institutional terms. This created doubt as to

the empowering outcome of such policy that precipitated fast results, products or outputs, by neglecting the pivotal processual dimension of innovation (Oosterlynck et al., 2013). In this sense, we may note that SI policy in Athens and Madrid privileged, what Fougère et al. (2017) termed, the ‘activated, employable and enterprising subjects’ over other forms of agency that would potentially challenge the austerity consensus. Finally, the short-term, project-based character of the policy cases in the two cities elicit spatially and temporally fragmented local development interventions, raising serious concerns as to the future sustainability of grassroots innovation.

Conclusions

The spatial dimension of SI highlighted in urban studies scholarship brought forward the intrinsic role of grassroots practices in reconfigurations of sociospatial relations and local development (Moulaert et al., 2013a; Moulaert and MacCallum, 2019). Debates on SI and governance reflected on its political dimension and contribution to modes of urban collaborative projects between local states, and private and civil society actors, promoting novel participatory means, overlapping roles and responsibilities and new solutions to social demands (Galego et al., 2021). Focused on bottom-up practices and processes, these approaches to SI also underscored the empowering and transformative role of civil society actors. In the past decade, however, SI dominated EU policy discourse, ‘driving change’ (e.g. BEPA, 2014) and redefining governance in cities and regions (Jessop et al., 2013). In line with this article’s contribution, the highly pervasive use of the term in policy agendas raised concerns as to whether we can still think of SI as an essentially bottom-up process, or if (local) governments are active agents of institutional forms of innovation that serve specific political agendas (Bragaglia, 2020; Marques et al., 2017).

In Athens and Madrid, austerity conduced to the emergence of institutional forms of SI, through the co-management and co-production of local development projects. The policy initiatives that developed in the two cities attested to this novel paradigm, which tapped into the grassroots dynamic in order to

address social exclusion and anticipate the diminished capacity of local states to deliver local development and services. Resonating a bottom-linking approach to SI and governance (Pradel et al., 2013), the policy initiatives in the two cities did not immediately reflect an antagonistic relationship between local states and SSE. Yet, the increasing porosity between local states and the civil society neither effected transformative change on austerity urbanism. In the two cities, policy privileged an entrepreneurial culture in socioeconomic activity and, eventually, obstructed other forms of SI practice to partake in and potentially subvert the existing austerity consensus. Subsequently, such policy initiatives of spatial co-production cannot be seen merely as outcomes *of*, but also as vehicles *for* further austerity management on behalf of local states (Chorianopoulos and Tselepi, 2019), with doubtful empowering outcomes for civic participation.

This article contributed a reconceptualization of SI, by discerning between its different dimensions or forms, consolidated in the fields of bottom-up practice and institutional policy. These different forms, located in SSE and targeted innovation, hold potential in disrupting and reshaping existing modes of urban development, complementing services and promoting social inclusion. As it was shown, however, their transformative potential may be hindered by institutional forms of SI, aligning with and deepening the logics of austerity urbanism. This reconceptualization further provides analytical merit to future research into the instrumental uses of SI in policy, potential limitations induced and subsequent implications for the role of the civil society in the actual devolution of powers, beyond the devolution of mere responsibility. Eventually, it aims to foreground factual resonance for transformative or radical innovation that actively contests depoliticizing forms of SI in urban affairs and affirm the relevance of SI as a normative guide for progressive agendas that promote sociopolitical change in contemporary cities.

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ORCID iD

Athina Arampatzi  <https://orcid.org/0000-0001-8972-2840>

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