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Implications of policy framework conditions for the development of forestry-based social innovation initiatives in Slovenia

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ABSTRACT

Regardless of the crucial role of civil society in social innovation, European Union (EU) social innovation concepts emphasized market-economic features rather than social by prioritizing social business over social movements. By emphasizing the economic features of social innovation, social enterprises, as ventures with both social and economic goals, are frequently associated with social innovation, especially in the developed economies. As an EU member country, Slovenia needed to adjust its policies to the EU social innovation concepts. Bearing in mind the EU interpretation of social innovation and the significance of state policies for its development, our aim is to investigate the policy framework conditions for the development of forestry-based social innovation initiatives in Slovenia. We found out that the prevalent economic understanding of social innovation reflects in Slovenian policy documents by equating social innovation with social enterprise. In this sense, the view of social innovation as both growth engine and a way for solving societal problems translates into explicit statements on social innovation in cohesion policy documents and progresses by operationalization of social innovation through indicators solely on social enterprise. Within the regulatory framework on social entrepreneurship, social enterprise is defined strictly with respect to legal forms, activities, profit sharing and governance, imposing barriers to the registration and development. Similarly to cohesion policy, the Rural Development Programme embraces a market-oriented understanding of social innovation and focuses explicitly on social enterprise. Forest policy documents do not explicitly mention social innovation or social enterprise. This is reasonable for documents adopted before 2011 when social innovation and social enterprises became a part of the prevailing discourse in Slovenia. However, newly adopted forest policy documents also do not integrate either social innovation or social enterprise. As forestry-based social innovation initiatives cannot be officially recognized as such, there are two possible ways for them to develop. The first applies to market-oriented, forestry-based social innovation initiatives that offer new products or services. Such initiatives can register as social enterprises and mobilize resources they can access within the social entrepreneurship regulatory framework and the Rural Development Programme measures explicitly addressing social enterprise. The second way addresses forestry-based social innovation initiatives that are not market-oriented. Those initiatives will have to navigate through policy framework conditions for resources available through the Rural Development Programme and forest policy instruments that target cooperation and networking.

1. Introduction

Regardless of numerous definitions of social innovation (SI), its essence is in bringing positive change and transformations to society (Bosworth et al., 2016; Grimm et al., 2013; The Young Foundation, 2012; Hubert, 2010; Mulgan et al., 2007). Positive and innovative change through SI is achieved by the voluntary engagement of civil

actors resulting in a change of practices that benefit wider society. In that sense, SI can be defined as “the reconfiguring of social practices, in response to societal challenges, which seeks to enhance outcomes on societal well-being and necessarily includes the engagement of civil society actors” (Polman et al., 2017). Reconfiguring of social practices refers here to the intentional process of change of behavior and actions of a variety of actors, creating new products or services, new

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relationships, new institutions, and/or new organizational forms. That is why we understand social enterprise (SE) as being one of the possible organizational forms of SI, while we acknowledge that every SE is not necessarily a SI.

Although the phenomenon of SI has been familiar for centuries (Edwards-Schachter and Wallace, 2017; Baker and Mehmood, 2013), the European Union embraced the term SI less than two decades ago as a promising solution to many contemporary social and environmental problems (economic crises, welfare, migration, rural depopulation, etc.) (Edwards-Schachter and Wallace, 2017; Moulaert et al., 2017; Nicholls et al., 2015; Pisano et al., 2015; Moulaert, 2013). Until 2010, SI was a concept used in innovation systems, community development and social economy research but with a marginal role in the making of EU SI policy (Moulaert et al., 2017, p. 19). After 2010, the European Commission (EC) started shaping the EU SI concept through several documents and initiatives, namely the Social Business Initiative (European Commission, 2011a), Social Innovation Europe (European Commission, 2011b), and Social Investment Package (European Commission, 2013a) (ENSIS – European Network for Social Innovation and Solidarity, 2018.).

Regardless of the crucial role of civil society in SI, the EU SI concept emphasized market-economic features of SI rather than social ones in transforming the welfare state (Sabato et al., 2017; Fougère and Harding, 2012; Cools, 2017; Fougère et al., 2017) by prioritizing social business over social movements (Moulaert et al., 2017). The EU SI concept focused to a significant extent on efficiency, effectiveness and budgeting of social investments, and relied on metrics and indicators (European Commission, 2013b; Jenson, 2017; Moulaert et al., 2017). In that way, the EU SI concept took a rather neoliberal view of SI (Fougère et al., 2017), often undermining the relevance of the broader socio-political context for the development of bottom-up SI initiatives (Demming, 2016; Moulaert et al., 2017). By emphasizing the economic features of SI, social enterprises (SE), as ventures with both social and economic goals, frequently became associated with SI (Szijarto et al., 2018), especially in the developed economies (Chalmers, 2012).

As an EU member country, Slovenia needed to adjust its policies to the EU SI concept. Bearing in mind the EU interpretation of SI, and the significance of state policy on SI development (Mikhailovich Sergey et al., 2017; Eriksson et al., 2014) we need to investigate if and how Slovenia integrated the EU SI concept in its policy documents. Indeed, Slovenia started introducing regulations on SI in 2011, first with the Law on Social Entrepreneurship, followed by other strategic documents. As a result of Slovenian efforts, in 2018 there were 258 registered social enterprises (SE), of which just one was registered for forestry related activities (Ministry of Economic Development and Technology, 2018).

With the increasing discourse on societal interest in the social and ecological roles of the forest, and the expanding political support for a bio-economy, forest resources have a growing potential for innovation and new business opportunities in a range of fields, including non-wood forest products, tourism and recreation, or new wood-based products (Winkel, 2017; Živojinović et al., 2017; Ludvig et al., 2017; Ludvig et al., 2016). Innovation support in the forest sector, however, tends to focus on timber production and process innovations and less on social or environmental activities (Weiss, 2013; Weiss et al., 2011; Kubezcko et al., 2006; Rametsteiner and Weiss, 2006).

In this paper, we focus on forestry-based SI initiatives, as Slovenia is the third most forested country in the EU, with 58.4% of forests (Zavod za Gozdove Slovenije, 2017). 76% of forests are privately owned and are mostly under managed (Pezdevšek Malovrh et al., 2015). The private forest sector is characterized by a high degree of property fragmentation (314,000 plots owned by 461,000 private owners) and small average size (approx. 2.5 ha) (Ministry of Agriculture Forestry and Food, 2017a; Poje et al., 2016). Private forest owners are mostly inactive and do not manage forests due to the low profitability of activities conducted on a small property (Pezdevšek Malovrh et al., 2015; 2012; Zavod za Gozdove Slovenije, 2017). In that respect, favorable

policy conditions could stimulate the engagement of private forest owners in SI initiatives, creating collaborations and partnerships and diversifying their activities for social, environmental and economic benefits. These collaborations and partnerships could spin off new organizational and governance arrangements among state, private and civil actors related to forestry, thus transforming a hierarchically organized forest sector, and shifting the traditional understanding of forestry as a primary production branch of the economy (Liubachyna et al., 2017; Rogelja and Shannon, 2017; Secco et al., 2017; Brukas, 2015; Weiss, 2013; Buttoud et al., 2011).

Bearing in mind the potentials of SI in the forestry-based sector, our aim is to investigate the policy framework conditions for the development of SI initiatives in Slovenia. To achieve our aim, we were guided by two research questions:

- 1) How is the EU concept of SI reflected in Slovenian policy documents relevant to forestry?
- 2) What are the possible implications of Slovenian policy framework conditions for the development of forestry-based SI?

We start by describing our qualitative content analysis and interviewing methods. In section 3, we answer our first research question presenting how SI is addressed in Slovenian policy documents, triangulating our findings with interviews and previous studies on SI and SE in Slovenia. In section 4, we reflect on the implications of the policy framework conditions for forestry-based SI initiatives (second research question). In the end, we draw conclusions describing two possible ways for the development of forestry-based SI initiatives in Slovenia.

2. Methods

We used a qualitative deductive approach in this study, as we started from the already defined phenomenon of SI and strictly defined categories of policy instruments. We focused on the content of policy documents, as they are written and negotiated plans of actions that prescribe policy instruments that should be used for delivery and implementation of the respective policies (Ludvig et al., 2017; Crabbe and Leroy, 2008; Fischer et al., 2006; Knoepfel et al., 2007). According to Vedung (1998, p. 21) “public policy instruments are the set of techniques by which governmental authorities wield their power in attempting to ensure support and effect social change”. To distinguish among policy instruments, we started from Vedung's (1998) tripartite classification: regulatory, economic and information. We then borrowed from the quadripartite typology of Baldwin and Cave (1999) who, besides regulatory, economic and information instruments, introduced instruments for partnership and cooperation, which we named networking instruments. In this way, we distinguished among regulatory, economic, information and networking instruments, the definitions of which are provided in Table 1.

In policy terms, the topic of SI in the forestry-based sector is at the intersection of several policy sectors:

- 1) cohesion policy
- 2) innovation policy
- 3) rural development policy
- 4) forest policy
- 5) environmental policy.

We used these sectors as a starting point for the identification of potentially relevant policy documents. We identified the documents by searching websites of Slovenian governmental bodies. We screened these documents and selected those that were explicitly relevant for potential impacts on SI. In this way, we selected 18 policy documents, on which we applied content analysis.

Content analysis is “a research technique for making replicable and valid inferences from texts (or other meaningful matter) to the contexts

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